United States Senate
WASHINGTON, DC 20510

February 11, 2015

Secretary Ernest Moniz
United States Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Dear Secretary Moniz:

We are writing to express our concerns about the pace at which the United States Department of Energy (DOE) is approving large volumes of liquefied natural gas (LNG) exports. We are concerned that LNG exports will disproportionately benefit the natural gas industry, at the expense of households and industries that will suffer from higher natural gas and electricity prices. In addition, we do not believe enough consideration has been given to regional impacts, particularly for states that are not large producers of natural gas, rely heavily on natural gas-intensive industries, or have limited access to natural gas. Given the potential for long-term negative impacts on many regions and industries in the United States, we ask the DOE to address the following major concerns, and to reconsider the pace at which it is approving LNG exports to non-free trade agreement (FTA) countries.

To date, the DOE has issued final authorizations for four LNG export projects, and conditional authorizations for four additional projects. Approved export volumes for these projects include 10.56 billion cubic feet per day (bcf/d) to non-FTA countries, and an additional 1.63 bcf/d to FTA countries. The total approved exports for these projects represent 16.5 percent of our domestically produced natural gas, which will be sold overseas to countries such as South Korea and Japan, where LNG prices are three to four times higher than in the United States. Exporting to countries with higher LNG prices will drive up domestic prices, which should be a key consideration in your public interest determination. We commend the DOE for exploring this issue by commissioning two studies on the economic impacts of LNG exports, which were performed by the DOE's Energy Information Administration (EIA) and NERA Economic Consulting (NERA). But we are concerned with the conclusions you draw from these analyses, which we believe demonstrate that large volumes of LNG exports are not consistent with the public interest.

First, we are concerned that large volumes of LNG exports will hurt American industries. The DOE has argued that LNG exports are in the public interest because they will increase the net gross domestic product (GDP) of the United States. This argument is rooted in the analysis performed by NERA, but the same study found that LNG exports preferentially benefit natural gas property owners and producers, at the expense of other industries. For example, NERA states that the agricultural, electricity, and paper, pulp, and primary metal manufacturing sectors will suffer disproportionately negative economic impacts: output in these industries decreases in all export scenarios, and labor income across all industries could decline by up to $25 billion in 2035.

We are also concerned that large volumes of LNG exports could hurt American families and households. According to the NERA and EIA studies, wage income decreases while the price of residential natural gas increases in all export scenarios. In the most extreme case, residential natural gas expenditures increased by 10 percent before 2025. Such a rapid and dramatic increase, coupled with a decrease in wage income, would be damaging, particularly for low-income households that rely on natural gas for heating and cooking.

EIA also expects supply prices to rise at the producer level, with a maximum predicted increase of 23 percent. This will translate to higher electricity prices for American households and industries, because natural gas currently accounts for more than 30 percent of electricity generation in the United States. Further, the Environmental Protection Agency's draft Clean Power Plan encourages the growth of natural gas-powered electricity, so the domestic demand for natural gas is likely to increase over the next 15 years. The combination of increased demand for natural gas in the electricity sector, and decreased domestic supply due to LNG exports, suggests that the cost to American consumers is likely even higher than predicted by EIA's analysis.

Finally, we urge you to consider the *cumulative* volume of approved natural gas exports as you finalize your decisions for pending LNG export applications. The maximum LNG export volume that is considered in detail in your commissioned economic studies is 20 bcf/d. But to date, nearly twice that amount has been proposed for LNG exports to non-FTA countries. While many of these projects may not ultimately be built, these LNG export volumes also do not include the large quantities of natural gas that have already been approved for export via pipeline. Moreover, NERA's analysis of unlimited LNG exports showed that the negative impacts described in this letter would grow with increasing volumes of LNG exports. Therefore, the burden on American households and industries could be even greater than we have described if you continue to approve LNG exports at such a rapid pace.

Given the long-term nature of your authorizations, which typically extend for twenty years, we believe that these predicted negative impacts on the majority of the American economy are too great a risk. Therefore, we ask that you reconsider the pace of your approvals, in light of the following questions about the regional, sectoral, and social impacts of LNG exports:

1. How do you weigh the impact of the predicted widespread increase in consumer natural gas and electricity prices—particularly for low-income households and states that are not large producers of natural gas, rely heavily on natural gas-intensive industries, or have limited access to natural gas—against the concentrated economic benefits for the natural gas industry?

2. How do you balance the predicted widespread loss of manufacturing and jobs against the concentrated economic benefits for the natural gas industry?

3. How would your analysis and conclusions change if you took into account the growth in natural gas-powered electricity generation that is encouraged by the Environmental Protection Agency's draft Clean Power Plan?

4. In your review of pending and future applications for LNG exports to non-FTA countries, do you plan to consider the cumulative volume of approved LNG exports, and the corresponding cumulative economic burden on American households and industries?

5. In order to ensure consistency in future reviews of LNG export applications, how should the definition of "public interest" be clarified? Do you think such a definition should consider the economic impacts on certain regions and sectors?

To summarize, we are concerned about the pace at which the DOE is approving large volumes of LNG exports. Your own commissioned studies have shown that LNG exports would disproportionately benefit the natural gas industry, while driving up natural gas prices, reducing labor compensation, and decreasing output in all other domestic industries. These negative regional, sectoral, and social impacts suggest to us that large volumes of LNG exports are not consistent with the public interest, so we ask that you address our major questions and concerns, and reconsider the pace at which you are approving LNG exports to non-FTA countries.

Thank you for your attention to this matter. We look forward to your responses to these important questions.

Sincerely,

Al Franken United States Senator	Debbie Stabenow United States Senator
Angus S. King, Jr. United States Senator	Edward J. Markey United States Senator
Bernard Sanders United States Senator	Patrick Leahy United States Senator

Sheldon Whitehouse
United States Senator

Richard Blumenthal
United States Senator

Elizabeth Warren
United States Senator

Jeanne Shaheen
United States Senator

Tammy Baldwin
United States Senator

Sherrod Brown
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United States Senator

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United States Senator