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## **Government Relations: Political Concerns Over U.S. Shift to LNG Exporter** **Thomas J. Spulak, Allison F. Kassir**

With new techniques to access shale gas in the United States resulting in dramatic increases in supply and as a consequence, lower prices for consumers, terminals originally constructed to import LNG are now attempting to convert to LNG export terminals. Multiple applications to approve LNG export facilities are pending before the Department of Energy (DOE) and the Federal Energy Regulatory Commission (FERC). This has caused some in Congress to complain that exporting LNG to foreign markets may result in negative economic and environmental consequences in the U.S.

On February 14, 2012, Congressman Ed Markey (D-MA), the Ranking Minority Member of the House Natural Resources Committee, introduced two bills to prohibit LNG exports. H.R. 4024, the North America Natural Gas Security and Consumer Protection Act, would prohibit FERC from approving any new domestic LNG export terminals until 2025. Congressman Markey also introduced H.R. 4025, the Keep American Natural Gas Here Act, which would require the Secretary of the Interior to ensure that all natural gas produced on federal lands be offered for sale only in the U.S. and prohibit natural gas pipelines that cross federal lands from shipping gas for export.

In January 2012, Congressman Markey sent a letter to Energy Secretary Steven Chu raising questions about plans to convert LNG import terminals into export facilities. Specifically, Congressman Markey noted that “I am worried that exporting America’s natural gas would raise energy costs for American consumers, reduce the global competitiveness of U.S. businesses, make us more dependent on foreign sources of energy, and slow our transition away from dirtier fuels.” Congressman Markey asked Secretary Chu to provide a written response to 11 questions regarding DOE’s evaluations and analyses related to natural gas export plans, including a request for “all materials created or reviewed by DOE in assessing the effects of Sabine Pass’s export plan.”

Senator Ron Wyden (D-OR), who is the second-ranking Democrat of the Senate Energy and Natural Resources Committee, after Chairman Jeff Bingaman (D-NM) who will retire at the end of this Congress, also has expressed reservations about exporting natural gas. While he has not introduced legislation similar to Congressman Markey’s yet, Senator Wyden has indicated his openness to such an approach, noting his concern that we may be “trading away the enormous economic advantage of having a large, low-cost domestic natural gas supply.” Senator Wyden’s interest dates back several years, to 2008, when he asked DOE to reverse a policy to allow natural gas from the Kenai LNG plant in Alaska to be exported. Last month, during his questioning of Secretary Chu at a Senate hearing, Senator Wyden observed that “[t]here are substantial questions that have to be addressed before our country starts allowing significant natural gas exports.” Senator Wyden then asked whether Secretary Chu already had embraced exports, referencing a comment that the Secretary made that “exporting natural gas means wealth comes into the United States.” Secretary Chu responded that DOE will be watching prices on a continuous basis but also observed that exporting LNG does create American jobs.

Congressman Markey and Senator Wyden have both focused on energy export issues related to oil shipped through the proposed Keystone XL pipeline. In February 2012, Congressman Markey proposed an amendment, which was defeated by a vote on the House floor, to ban the export of crude oil shipped through, and all refined oil products whose crude oil was imported via, the proposed pipeline.

House Oversight and Government Reform Committee Chairman Darrell Issa (R-CA) has pledged to fight any efforts to restrict LNG exports from the United States, noting that other countries would accuse the U.S. of uncompetitive market practices. Last month, Chairman Issa convened a field hearing in Texas specifically focused on the region's oil and gas boom and featuring testimony from the developer of the Sabine Pass LNG facility. Chairman Issa announced his intentions to hold a series of hearings on the transformation of the U.S. energy industry, including one focused on the geopolitical implications of the U.S. becoming a large energy supplier in addition to being a large energy consumer.

As the LNG industry in the United States and worldwide continues to evolve, expect to see continued and growing interest and involvement from Congress and the Administration.

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