

MERITS OF PETITIONING THE U.S. DEPARTMENT OF ENERGY TO HALT LIQUIFIED NATURAL GAS EXPORTS

Tyson Slocum, Energy Program Director, Public Citizen

February 24, 2022

Currently Operating LNG Export Terminals

- Cove Point, Maryland: 0.82 billion cubic feet/day of export capacity
 - *Owned by Dominion Energy (75%) and Brookfield Asset Management (25%).*
- Sabine Pass, Louisiana: 3.79 bcf/d (trains 1-5)
 - *Cheniere Energy owns 50.6%, and joint venture of The Blackstone Group/Brookfield owns 49.4%.*
 - *Carl Icahn (6.38%) and Blackstone (4.67%) are significant shareholders of Cheniere Energy and their executives vote on the board of directors.*
- Hackberry, Louisiana: 2.15 bcf/d (trains 1-3)
 - *Cameron LNG is owned 50.2% by Sempra Energy, French oil giant Total (16.6%), Mitsui & Co (16.6%), and a joint venture of Mitsubishi Corp & Nippon Yusen Kabushiki Kaisha (16.6%).*
- Corpus Christi: 2.16 bcf/d (trains 1-3), owned by Cheniere Energy.
- Freeport, TX: 2.13 bcf/d — privately-held Freeport LNG.
- Elba Island, GA: 1.8 bcf/d
 - *Southern LNG owned by Kinder Morgan, Inc. (51%), EIG Global Energy Partners (49%)*

LNG Export Terminals Are Extremely Profitable

- Dominion and Brookfield Asset Management earned \$409 million from operating Cove Point in 2020, on \$885 million of revenue (FERC Form 2 Annual Report).
- Kinder Morgan and EIG Global Energy Partners made \$150 million on \$250 million in revenue in 2020 from their ownership of Southern LNG in Georgia (FERC Form 2).
- Cheniere Energy Partners—the venture between Cheniere Energy, The Blackstone Group and Brookfield Asset Management—which operates the LNG terminal at Sabine Pass, LA, has only [513 employees, all on loan from Cheniere Energy](#). Cheniere Energy Partners boasted net income of \$1.63 billion for 2021.
- Sempra Energy recorded [\\$753 million in profits](#) from its 50.2% ownership of Cameron LNG in Louisiana in 2020.
- Unfortunately, FERC does not compel detailed, public annual reports for all LNG export terminals under its jurisdiction.

Applications to Export Natural Gas Are Reviewed by the U.S. Department of Energy

- Exports must “be consistent with the public interest” 15 U.S.C § 717b(a)
- The Dept of Energy can “amend, and rescind such orders, rules, and regulations as it may find necessary or appropriate” 15 USC § 717
- The Department of Energy’s June 2018 [Policy Statement Regarding Long-Term Authorizations to Export Natural Gas to Non-Free Trade Agreement Countries](#) notes that DOE can revoke, in whole or in part, previously issued LNG export authorizations “[i]n the event of any unforeseen developments of such significant consequence as to put the public interest at risk”

US gas export boom

US LNG exports, billion cubic feet per day

0.0008387096774



Source: Energy Information Administration

© FT



Natural-Gas Exports Lift Prices for U.S. Utilities Ahead of Winter

The supply squeeze, one of the first ever since the U.S. began sending large volumes of gas abroad, means hefty heating bills for consumers

GAS MARKETS

By Collin Eaton [+ Follow](#) and Katherine Blunt [+ Follow](#)
November 07, 2021 05:30 a.m. EST

American utilities are facing the highest natural-gas prices in years as they build stockpiles for winter. The reason: Exporters are [sending more gas than ever](#) to countries starved for the fuel.

Pipelines to Mexico and Canada and tankers traveling to Europe and Asia have moved record amounts of U.S. gas out of the country this year as parts of the [world fall short of supplies](#).

American frackers, meanwhile, are [holding the line on new drilling](#) as investors pressure them to maintain capital discipline and return money to shareholders.

The result is that natural-gas exports are pushing domestic prices higher—only the second time this has happened since companies began shipping shale gas from the Gulf Coast to other countries in 2016, other than a brief period during the February freeze in Texas, analysts say.

U.S. Henry Hub gas prices closed Friday at \$5.516 per million British thermal units. That is up from just over \$3 per million British thermal units a year ago.

Shale company EQT's fracking site in Mannington, W.Va.

The pinch shows a growing tension between exporters and buyers who have enjoyed cheap gas for more than a decade. Some manufacturing and chemical companies [have built entire businesses](#) around low U.S. gas prices.

Utilities from the Pacific Northwest to New England have filed regulatory requests to raise rates for natural gas this winter, citing a supply squeeze as a result of higher global demand. The Energy Information Administration has forecast that the average U.S. household that relies on natural gas for heating [will pay 30% more](#) for the fuel this year.

Eversource Energy, a utility that serves 3.6 million electric and natural-gas customers in Connecticut, Massachusetts and New Hampshire, warned this month that average natural-gas customers in Connecticut can expect to see their bills increase by about 14% this month. In Massachusetts, customers may see bills increase by as much as 21%.

James Daly, Eversource's vice president of energy supply, said the company typically stores enough gas to meet about a third of its winter needs and relies on the market for the remainder. He said the cost of natural gas has increased by about 20% compared



Heather Boushey [@hboushey46](#)

In November's Consumer Price Index report released yesterday, we learned that energy prices contributed roughly one third of higher costs facing families. A thread ...



Council of Economic Advisers [@WhiteHouseCEA](#) · Dec 10, 2021

Energy prices are contributing substantially to monthly inflation, adding 26 basis points in November. 10/

[Show this thread](#)



Heather Boushey [@hboushey46](#)

Because low-income and middle-class families spend a higher share of their income on things like electricity, natural gas, and fuel (heating) oil, they are disproportionately affected by higher energy prices (three charts!) 2a/

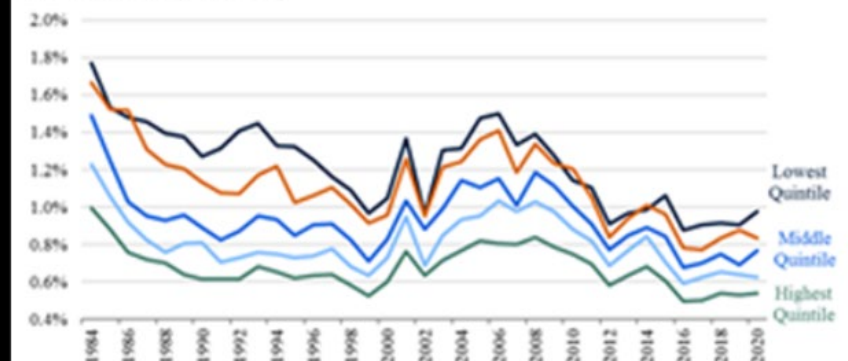
8:57 AM · Dec 11, 2021 · Twitter Web App

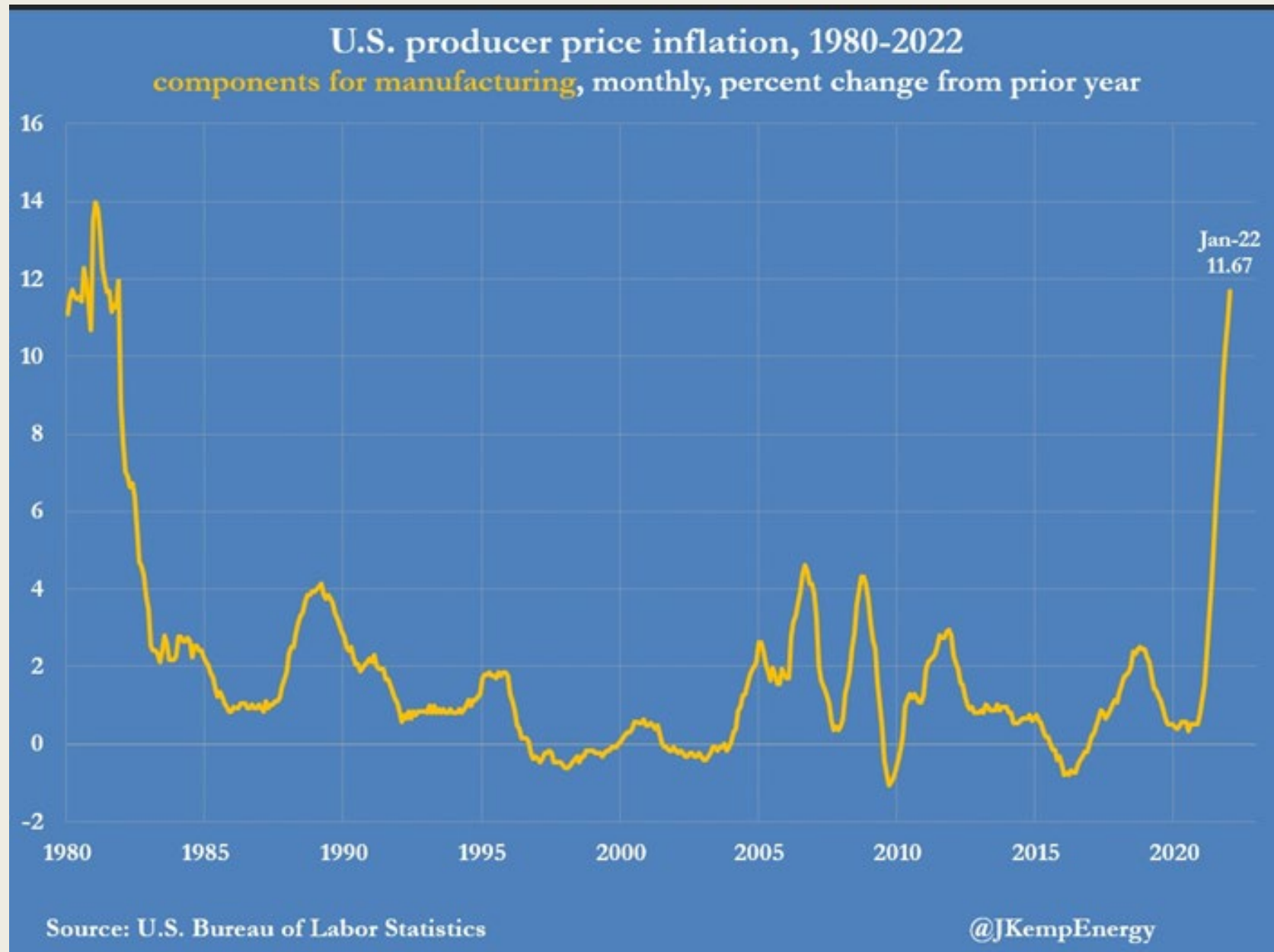


Heather Boushey [@hboushey46](#) · Dec 11, 2021
2d/

Natural gas expenditure as a share of consumption spending by income quintile

Total share of consumption spending





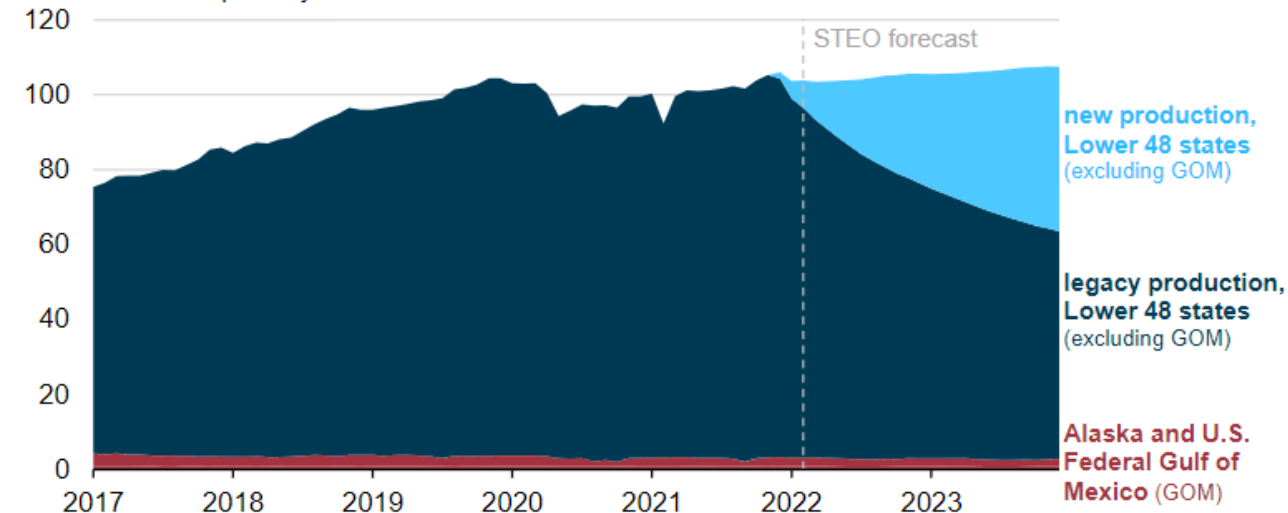
Record LNG Exports = Record Domestic Fracking Production

FEBRUARY 17, 2022

U.S. marketed natural gas production forecast to rise in 2022 and 2023

U.S. monthly marketed natural gas production (Jan 2017–Dec 2023)

billion cubic feet per day

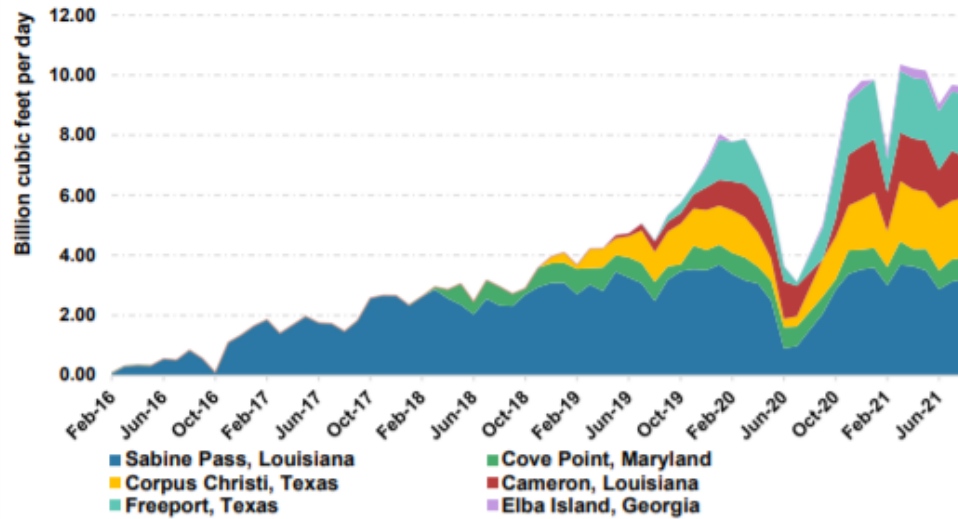


Source: U.S. Energy Information Administration, *Short-Term Energy Outlook* (STEO), February 2022

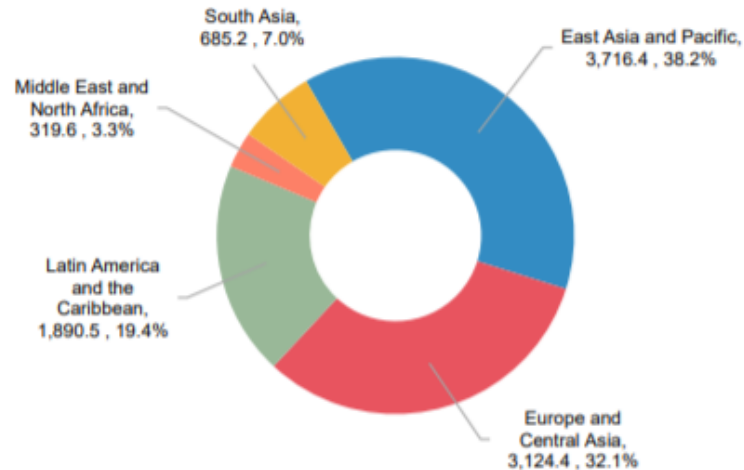
We forecast that U.S. natural gas marketed production will increase to an average of 104.4 billion cubic feet per day (Bcf/d) in 2022 and then further increase to a record-high 106.6 Bcf/d in 2023, according to our latest *Short-Term Energy Outlook* (STEO). Around 97% of production over the next two years will come from the Lower 48 states (L48), excluding the Federal Offshore Gulf of Mexico (GOM). The other 3% will come from Alaska and the GOM.

We estimate that the wholesale spot price of natural gas at the U.S. benchmark Henry Hub will average \$3.92 per million British thermal units (MMBtu) in 2022, an eight-year high, and will average \$3.60/MMBtu throughout 2023. We expect these elevated prices will drive continued increases in U.S. drilling activity and natural gas production.

**1c. Domestically-Produced LNG Exported by Terminal
(February 2016 through December 2021)**

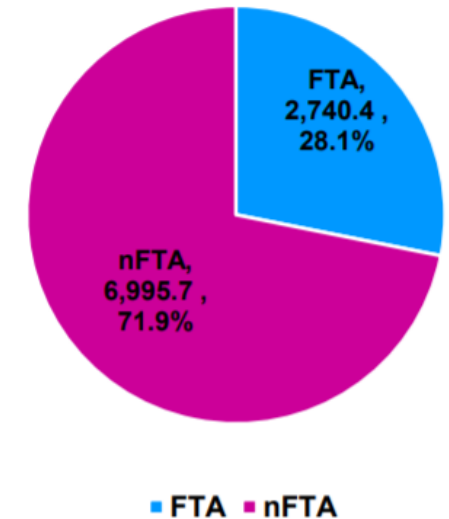


**1d. Domestically-Produced LNG Exported by Region
(Cumulative from February 2016 through December 2021)
(Bcf, %)**

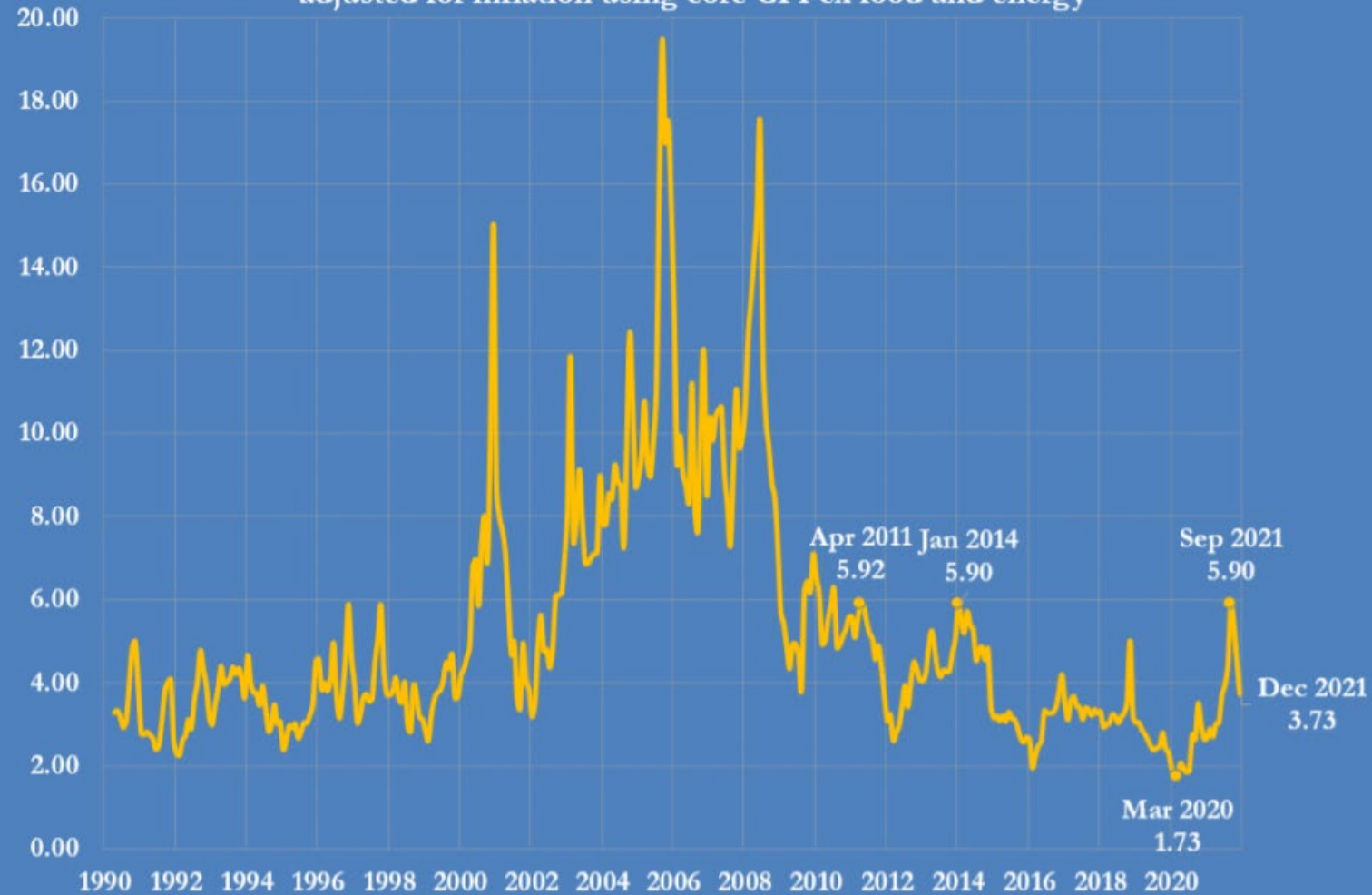


**1e. Volumes and Percentages of FTA and nFTA Shipments of
Domestically-Produced LNG Delivered
(Cumulative from February 2016 through December 2021)**

	Volume (Bcf)	Percentage of Total Volume	Number of Countries
FTA	2740.4	28.1%	9
nFTA	6,995.7	71.9%	33
Total LNG Exports	9736.1	100.0%	42



U.S. real natural gas price, 1990-2021
front-month futures, U.S.\$ per million British thermal units, month-end
adjusted for inflation using core CPI ex food and energy



Sources: CME Group, U.S. Bureau of Labor Statistics

@JKempEnergy

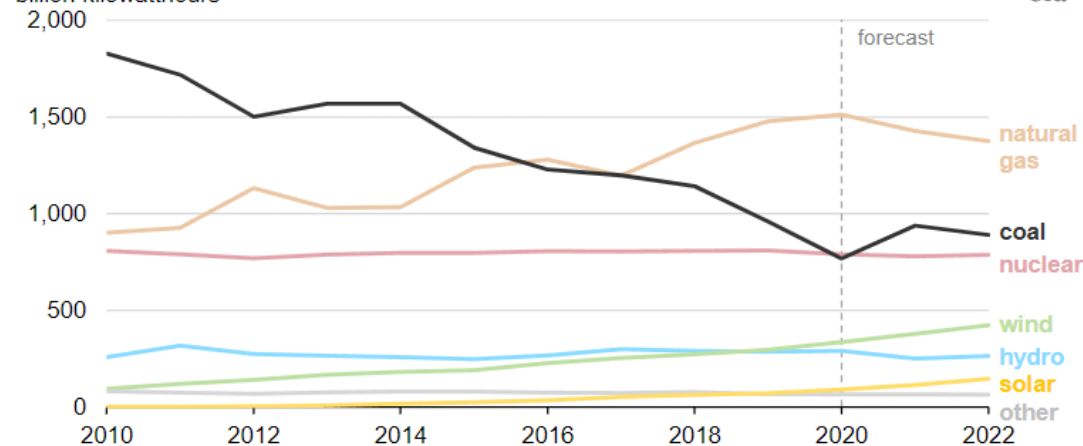
As LNG Exports Push Domestic Gas Prices Higher, Previously Uneconomic Coal Increases Dispatch

OCTOBER 18, 2021

Annual U.S. coal-fired electricity generation will increase for the first time since 2014

U.S. annual electric power sector generation by source (2010–2022)

billion kilowatthours



Source: U.S. Energy Information Administration, *Short-Term Energy Outlook*

We expect 22% more U.S. coal-fired generation in 2021 than in 2020, according to our latest *Short-Term Energy Outlook* (STEO). The U.S. electric power sector has been generating more electricity from coal-fired power plants this year as a result of significantly higher natural gas prices and relatively stable coal prices. This year, 2021, will yield the first year-over-year increase in coal generation in the United States since 2014.

Coal and natural gas have been the two largest sources of electricity generation in the United States. In many areas of the country, these two fuels compete to supply electricity based on their relative costs. U.S. natural gas prices have been more volatile than coal prices, so the cost of natural gas often determines the relative share of generation provided by natural gas and coal.

US coal companies defy obituaries with ‘amazing’ results Myles McCormick in New York FEBRUARY 17 2022

Mine production and carbon emissions are on the rise as power plants burn more fuel

For a sector written off as in terminal decline, the US coal industry is raking in money.

Over the past week America’s biggest coal mining companies have enjoyed profit bonanzas, notching up some of their best results in decades as they enjoy resurgent demand and soaring prices.

Peabody Energy, the world’s largest private sector producer, reported its [most profitable quarter on record](#). Arch Resources, the next biggest, posted its best results since large asset sales five years ago.

“These are prices that we’ve never seen, frankly, in 20-plus years,” Paul Lang, Arch’s chief executive, told investors on Tuesday. “It’s an amazing position to be in.”

Opportunities for LNG Exports As Commodity Diplomacy is Limited

Europe is and will always be the market of last resort for [LNG](#). When there is a glut, as occurred in 2020 following the pandemic-induced collapse in energy demand, excess LNG cargoes flooded into Europe and consumers enjoyed very cheap gas. However, in times of scarcity, the opposite occurs: state-owned Asian gas buyers outbid European rivals for LNG until their demand is met, and EU consumers pay a huge winter heating premium.

Can U.S. LNG Meet European Energy Demand? The Case to Limit Natural Gas Exports

Testimony of Tyson Slocum, Energy Program Director, Public Citizen, before the U.S. Senate Energy & Natural Resources Committee

September 13, 2018

Record LNG Exports Have Significant Adverse Economic Consequences

- Each of the individual export authorizations can be challenged, via formal petition, to address the “significant consequences” to the public interest.
- The Department of Energy elaborates in the [individual export authorizations](#) that “the cumulative impact of these export authorizations could pose a threat to the public interest. DOE is authorized, after opportunity for a hearing and for good cause shown, to take action as is necessary or appropriate should circumstances warrant it” to protect the public interest.
- Gas Exports Now 3rd Largest Source of Demand Behind Electric Power & Industrial
 - *LNG and pipeline exports to Canada + Mexico = 545,121 million cubic feet in October 2021 - that's 27% of total gas delivered to U.S. customers (2,003,309 million cubic feet). More gas is exported than is consumed domestically for the residential, commercial and vehicle fuel sectors COMBINED.*

The U.S. Department of Energy public interest determination weighs several variables, including domestic needs for the gas; the impact on US gross domestic product, consumers and industry; US balance of trade; and job creation. Public Citizen believes that most of these variables have been negatively impacted by record LNG exports, requiring a determination that the net impact of exports are no longer in the public interest.

THE MACROECONOMIC IMPACT OF INCREASING U.S. LNG EXPORTS

October 29, 2015

Macroeconomic Outcomes of Market Determined Levels of U.S. LNG Exports

Prepared by: NERA Economic Consulting

June 7, 2018

Both recent DOE economic studies concluded LNG exports provide net economic benefits. The 2018 study concluded that LNG exports negligibly affect energy-intensive domestic manufacturing and will not result in higher domestic prices for consumers, and that the high-multiplier upstream investment in LNG export infrastructure more than offsets price-driven downside for energy-intensive sectors.

But these estimates have crumbled under real-world conditions over the last many months.

States Have Some Emergency Authority To Potentially Halt LNG Exports

MD Code, Public Safety, § 14-107
Formerly cited as MD CODE Art. 16A, § 6A; MD CODE Art. 16A, § 6B

§ 14-107. State of emergency--Declaration by Governor

[Currentness](#)

In general

(a)(1) If the Governor finds that an emergency has developed or is impending due to any cause, the Governor shall declare a state of emergency by executive order or proclamation.

2010 Georgia Code

**TITLE 38 - MILITARY, EMERGENCY MANAGEMENT, AND
VETERANS AFFAIRS**

CHAPTER 3 - EMERGENCY MANAGEMENT

ARTICLE 3 - EMERGENCY POWERS


PART 1 - GOVERNOR

**§ 38-3-51 - Emergency powers of Governor; termination
of emergency; limitations in energy emergency;
immunity**

Cause of Emission Event or Excess Opacity Event, or Reason for Scheduled Activity:

In accordance with the Disaster Declaration issued by the State of Texas due to severe winter weather, the Governor's office asked that Freeport LNG voluntarily curtail operations at its Liquefaction Plant to minimize the use of natural gas and electrical power consumption. Subsequent to this request, Freeport LNG reduced feed and shut down its Liquefaction Train 2. This resulted in unplanned venting to the Liquefaction Flare (LIQFLARE) as the train was shutdown.

Air Emission Event Report Database Incident 350574

Export emission point and contaminant information to  [Excel spreadsheet](#).

Incident Tracking Number:	350574	Incident Status:	CLOSED
Report Type:	FINAL	Report Date:	02/28/2021
Name of Owner or Operator:	FREEPORT LNG DEVELOPMENT LP	CN:	CN601720345
Regulated Entity Name:	FREEPORT LNG LIQUEFACTION PLANT	RN:	RN103196689
Physical Location:	Corner of Lamar and Cortez Streets		
County:	BRAZORIA		
Event/Activity Type:	AIR SHUTDOWN		
Date and Time Event Discovered or Scheduled Activity Start:	02/14/2021 01:41 PM		
Date and Time Event or Scheduled Activity Ended:	02/15/2021 04:47 AM		
Event Duration:	15 hours, 6 minutes		
Process Unit or Area Common Names			
Freeport LNG Liquefaction Plant			