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January 7, 2025

The Honorable John Thune
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mike Johnson
Speaker of the House
United States House of Representatives
Washington, DC 20515

The Honorable Charles E. Schumer
Democratic Leader
United States Senate
Washington, DC 20510

The Honorable Hakeem Jeffries
Democratic Leader
United States House of Representatives
Washington, DC 20515

Re: 2025 LNG Exports Legislation: We Need An “America First LNG Policy” Not an “America Last Policy”

Dear Majority Leader Thune, Speaker Johnson, and Democratic Leaders Schumer and Jeffries:

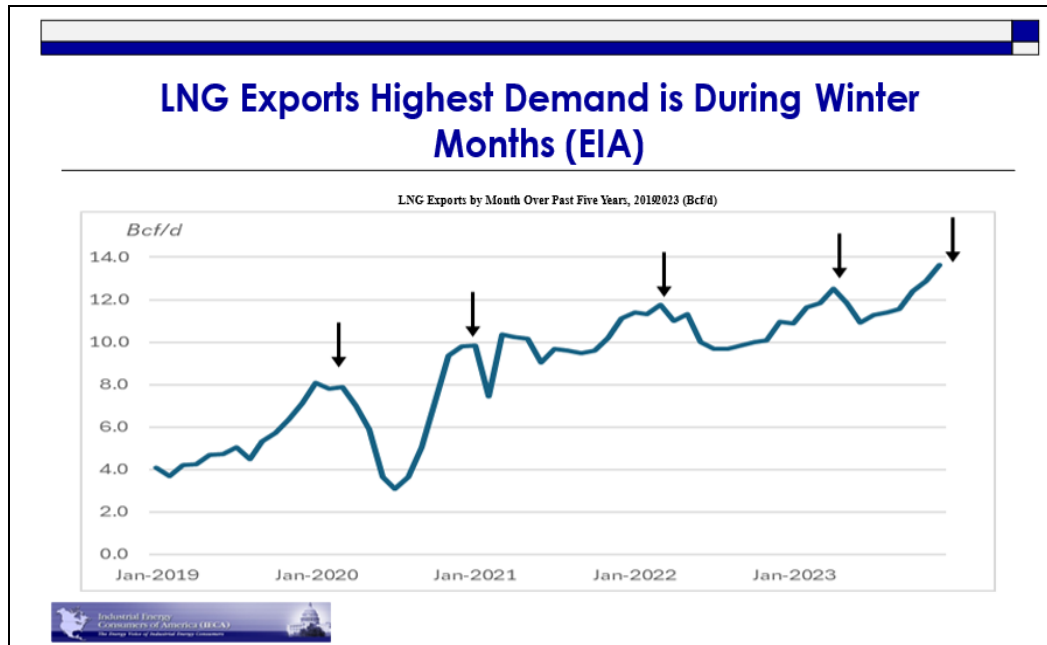
As you consider LNG export legislation in 2025, we urge you to first take action to protect U.S. households and manufacturing companies from the impacts of increased LNG export volumes when U.S. inventories are low. This happened during the winter of 2021-2022 and prices rose over 300 percent. Secondly, we urge you to not change the Natural Gas Act, which provides consumer protections and the public interest determination for shipments to non-free trade agreement (NFTA) countries. Third, we opposed Title VI of S. 4753, the Energy Permitting Reform Act of 2024.¹ Title VI would guarantee that all LNG export applications will be approved. Macroeconomic modeling cannot model short-term market impacts resulting from LNG exports.

The U.S. Energy Information Administration (EIA) has data that proves that LNG export volumes are highest during our winter peak demand season and puts upward price pressures on natural gas and electricity (see Figure 1). This is what is happening right now. In December 2024, U.S. LNG exports surged to a new high of 8.5 million metric tons, pushing the annual total up by 4.5 percent from 2023 and higher than in November 2024 at 7.75 million metric tons, contributing to soaring prices nationwide.²

¹ Manufacturers Oppose Title VI – Liquefied Natural Gas Exports / S.4753, The Energy Permitting Reform Act of 2024, https://www.ieca-us.org/wp-content/uploads/07.30.24_LNG-Provision-Opposition-Letter_FINAL.pdf

² U.S. LNG Exports Surged at the End of 2024, Irina Slav, oilprice.com, January 3, 2025, https://oilprice.com/Latest-Energy-News/World-News/US-LNG-Exports-Surged-at-the-End-of-2024.html?utm_source=substack&utm_medium=email

FIGURE 1



The U.S. Department of Energy (DOE) has already approved 48 billion cubic feet per day (Bcf/d) of LNG exports, a volume equal to 50.5 percent of 2023 net supply and substantially more than exports of gasoline and crude oil.³ The U.S. only exports 10 percent of its gasoline. As of December 6, 2024, the U.S. exports only 23 percent of crude production and imports an equivalent of 44 percent of production.⁴ For crude and gasoline, the U.S. has a Strategic Petroleum Reserve. There is no equivalent for natural gas. Consumers are completely exposed.

LNG exports are insensitive to price and exacerbate structural reliability and price volatility risks for U.S. natural gas and electricity markets.⁵ As LNG exports increase, they import global market volatility – a phenomenon that the U.S. market has been insulated from historically, especially when U.S. inventories are low.⁶

We also question the wisdom of the U.S. allowing China to secure 34 long-term contracts, equal to 5.32 Bcf/d for periods of up to 25 years, a volume equal to 36.8 percent of U.S. operating capacity. This volume does not account for contracts with U.S. multinational oil companies, and it does not account for spot purchases. China has contracted more volume than any other country. China is not using LNG to displace coal. They are using it to expand their manufacturing industries to compete

³ Testimony of Brad Crabtree, Assistant Secretary of Energy for Fossil Energy and Carbon Management U.S. Department of Energy, before House Committee on Oversight and Accountability, December 4, 2024, <https://oversight.house.gov/wp-content/uploads/2024/12/Written-Testimony-Crabtree.pdf>

⁴ Table 1. U.S. Petroleum Balance Sheet, Week Ending 12/6/2024, U.S. Energy Information Administration, <https://www.eia.gov/petroleum/supply/weekly/pdf/table1.pdf>

⁵ LNG Exports do Negatively Impact Consumers: https://www.ieca-us.org/wp-content/uploads/04.17.24_LNG-Exports-Do-Impact-U.S.-Prices.pdf

⁶ Hearing on “Exposing the Truth on LNG: How the Administration Played Politics with America’s Energy Future,” https://www.ieca-us.org/wp-content/uploads/12.04.24_LNG-Hearing_House-Oversight-1.pdf

with U.S. manufacturers.⁷ The American Security Project report states that the “United States is sacrificing its strategic advantage in global energy markets” and China is engaged in “predatory” resale of U.S. LNG.⁸ According to the Baker Institute for Policy “Chinese buyers account for almost 25 percent of the volume of long-term contracts entered into by LNG export facilities affected by the DOE’s LNG export pause.”⁹

For the reasons listed above, IECA urges Congress to not remove consumer protections under the Natural Gas Act, oppose Title VI of S. 4753, the Energy Permitting Reform Act of 2024,¹⁰ and for the U.S. DOE and/or Congress to put in place a policy to insulate the U.S. from the negative impacts of increased LNG exports. Our recommended policy is an LNG Inventory Policy that is an America First policy.¹¹

Sincerely,

Paul N. Cicio
Paul N. Cicio
President & CEO

cc: U.S. Senate
U.S. House of Representatives

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.3 trillion in annual sales, over 12,000 facilities nationwide, and with more than 1.9 million employees worldwide. It is an organization created to promote the interests of manufacturing companies through advocacy and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: chemicals, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, consumer goods, building products, automotive, independent oil refining, and cement.

⁷ LNG is not displacing coal in China's power mix, Institute for Energy Economics & Financial Analysis, June 25, 2024, <https://ieefa.org/resources/lng-not-displacing-coal-chinas-power-mix>

⁸ Perspective - The U.S.-China LNG Export Dilemma: Reclaiming Leverage in an Imbalanced Trade Relationship, American Security Project, October 16, 2024, <https://www.americansecurityproject.org/us-china-lng-competition/>

⁹ Is the US Preparing to Ban Future LNG Sales to China?, Baker Institute for Policy, April 25, 2024, <https://www.bakerinstitute.org/research/us-preparing-ban-future-lng-sales-china>

¹⁰ Manufacturers Oppose Title VI – Liquefied Natural Gas Exports / S.4753, The Energy Permitting Reform Act of 2024, https://www.ieca-us.org/wp-content/uploads/07.30.24_LNG-Provision-Opposition-Letter_FINAL.pdf

¹¹ IECA LNG Inventory Policy, https://www.ieca-us.org/wp-content/uploads/01.07.25_LNG-Inventory-Policy-to-Insulate-the-US-Market-from-LNG-Export-Impacts.pdf