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May 12, 2025

The Honorable Brett Guthrie
Chairman
House Committee on Energy and Commerce
Washington, DC 20515

The Honorable Frank Pallone
Ranking Member
House Committee on Energy and Commerce
Washington, DC 20515

Re: Reconciliation Bill: Manufacturers Oppose Section 41003, Natural Gas Exports

Dear Chairman Guthrie and Ranking Member Pallone:

On behalf of our member companies, the Industrial Energy Consumers of America (IECA), we oppose Section 41003, Natural Gas Exports and Imports. The section removes the public interest determination that Congress wisely put in place to protect consumers if LNG exports to non-free trade agreement (NFTA) countries negatively impacts U.S. prices and reliability of natural gas and electricity. Today's natural gas prices are twice what they were a year ago and electricity prices are accelerating. One hundred percent of our member companies are from the manufacturing sector.

The U.S. Department of Energy (DOE) has already approved 48 Bcf/d for shipment to NFTA countries, which equals 51 percent of 2024 net supply and more applications to export are in the queue.¹ The U.S. only exports 10 percent of its gasoline. For crude oil we export 1,504,021 thousand barrels annually, while importing 2,411,293 thousand barrels, for a net import of 18.8 percent of production.²

Section 41003 is anti-consumer and inconsistent with the intent of Congress to deliver affordable and reliable natural gas and electricity. The stakes are high. For every one dollar increase in the Henry Hub natural gas price, consumers pay on average \$34 billion more for natural gas and \$20 billion more for electricity, or \$54 billion annually.³

Section 41003 removes the long-standing Natural Gas Act (NGA) consumer protection provision that requires the DOE to evaluate whether applications to export to NFTA countries are inconsistent with the public interest. Approximately 80 percent of all LNG exports are to NFTA countries. Under this provision, the DOE is required to evaluate, among other things,

¹ Summary of LNG Export Applications of the Lower 48 States, U.S. Department of Energy, <https://www.energy.gov/fecm/articles/summary-lng-export-applications-lower-48-states>

² Petroleum & Other Liquids, U.S. Energy Information Administration (EIA), <https://www.eia.gov/petroleum/>

³ Natural Gas, U.S. Energy Information Administration (EIA), <https://www.eia.gov/naturalgas/>

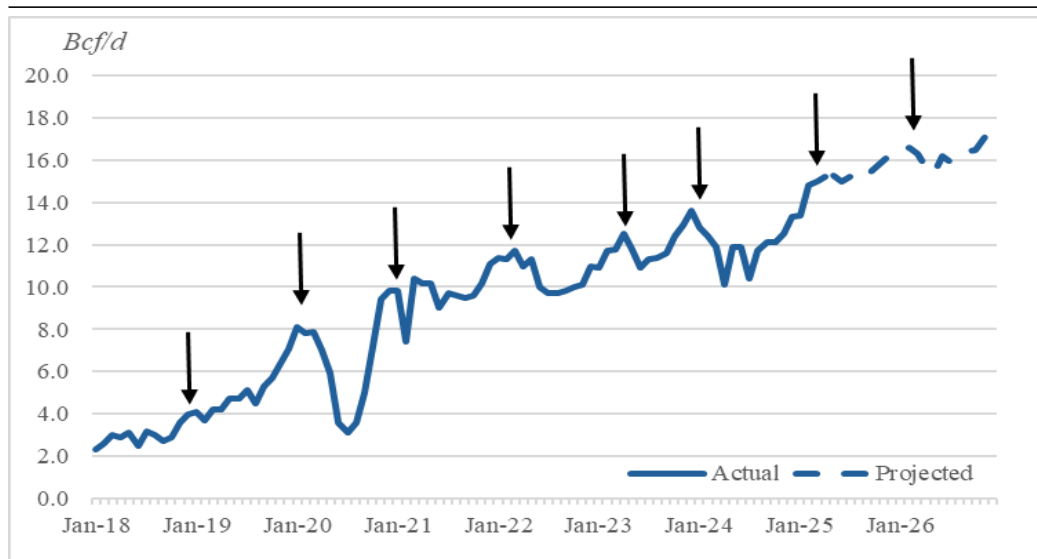
whether an application to export to NFTA countries impacts the public interest, which includes impacts to domestic prices of natural gas, electricity, and reliability. Section 41003 eliminates DOE's authority and oversight.

LNG customers are countries who are insensitive to price and will pay any price for natural gas to keep the lights on in their country. No matter how high U.S. prices go, they will buy away natural gas even when U.S. winter inventories fall and prices rise. The LNG 20-year contracts shift supply and price risk from LNG buying countries to U.S. consumers and the economy. No U.S. entity has 20-year contracts, not even electric utilities.

U.S. Energy Information Administration (EIA) data proves that LNG export volumes are highest during our winter peak heating season months of November through March, which accelerates a reduction in U.S. inventory, increasing the prices of U.S. natural gas and electricity and reducing reliability. The severity of the problem increases as export capacity increases (see figure below).



Problem: LNG Exports Accelerate During US Winter Peak Demand (2018-2026) (Bcf/d)



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As manufacturers who compete with China and are price sensitive, Chinese company LNG contracts represent 36.8 percent of U.S. LNG operating capacity.⁴ We believe that U.S. consumers should be a priority over LNG customers, but LNG contracts flip the priority.

⁴ China LNG Contracts with U.S., https://www.ieca-us.org/wp-content/uploads/11.13.24_China-US-LNG-Contracts.pdf

We need Congress to protect U.S. consumers and the economy – not LNG exports. We ask that you oppose Section 41003 and urge the DOE to implement a policy to insulate U.S. consumers from the impacts of LNG exports. IECA has proposed the “America First LNG Inventory Policy” as a policy solution.⁵

Sincerely,

Paul N. Cicio

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President & CEO

cc: House Committee on Energy and Commerce
The Honorable Chris Wright, U.S. Department of Energy
The Honorable Doug Burgum, U.S. Department of the Interior

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. One hundred percent of IECA members are manufacturing companies whose competitiveness is largely determined by the cost and reliability of natural gas and electricity. IECA's sole mission is to reduce and avoid energy costs and increase energy reliability through advocacy in Congress and regulatory agencies, such as the Federal Energy Regulatory Commission (FERC). 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.

⁵ America First LNG Inventory Policy, Industrial Energy Consumers of America, https://www.ieca-us.org/wp-content/uploads/05.08.25_LNG-Inventory-Policy-to-Insulate-the-US-Market-from-LNG-Export-Impacts_FINAL.pdf