

Why Manufacturers Oppose Legislation that Removes LNG Consumer Protections

Policy Needed to Insulate the U.S. Market from LNG Impacts

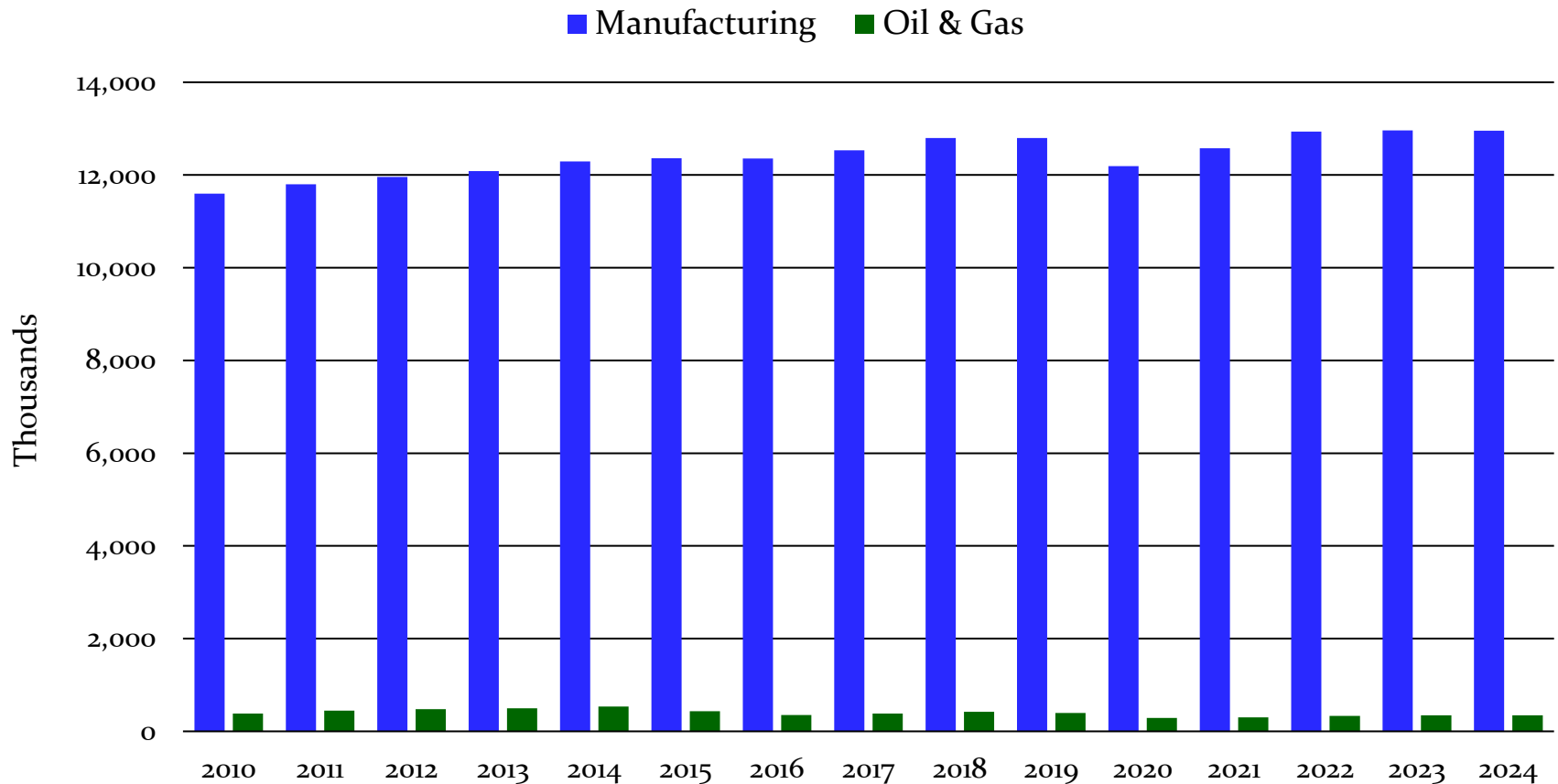
**Paul N. Cicio
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Manufacturing Competitiveness is at Risk

- For every \$1.00/MMBtu increase in natural gas Henry Hub price:
 - Natural gas = \$34 billion
 - Electricity = \$20 billion
 - Total = \$54 billion
- U.S. consumers and power generators do not have an alternative for natural gas. 75 of 127 million households and over 300,000 factories.

Manufacturing Jobs Dwarf the Oil & Gas Employment

(Policymakers Must Ensure that LNG Exports Do Not Put Manufacturing Competitiveness and Jobs at Risk)



Source: National Employment, U.S. Bureau of Labor Statistics (BLS), <https://www.bls.gov/ces/data/>

IECA Position on LNG Exports

1. IECA is not against LNG exports, unless they impact domestic prices of natural gas and electricity and/or reliability.
2. IECA supports an “America First LNG Export Policy.” A policy to insulate U.S. consumers from LNG impacts.
3. We have concluded that LNG export do pose an increasing threat to higher domestic prices and reliability impacts.

Current Statute Governing LNG Export Approvals

- Section 3 of the Natural Gas Act requires the DOE to ensure that applications to export LNG to NFTA countries are not inconsistent with the public interest. (About 80% of all LNG shipments are to NFTA countries.)
- The public interest includes impacts to natural gas and electricity prices and reliability, among other things.

Reconciliation Bill Removes LNG Consumer Protections

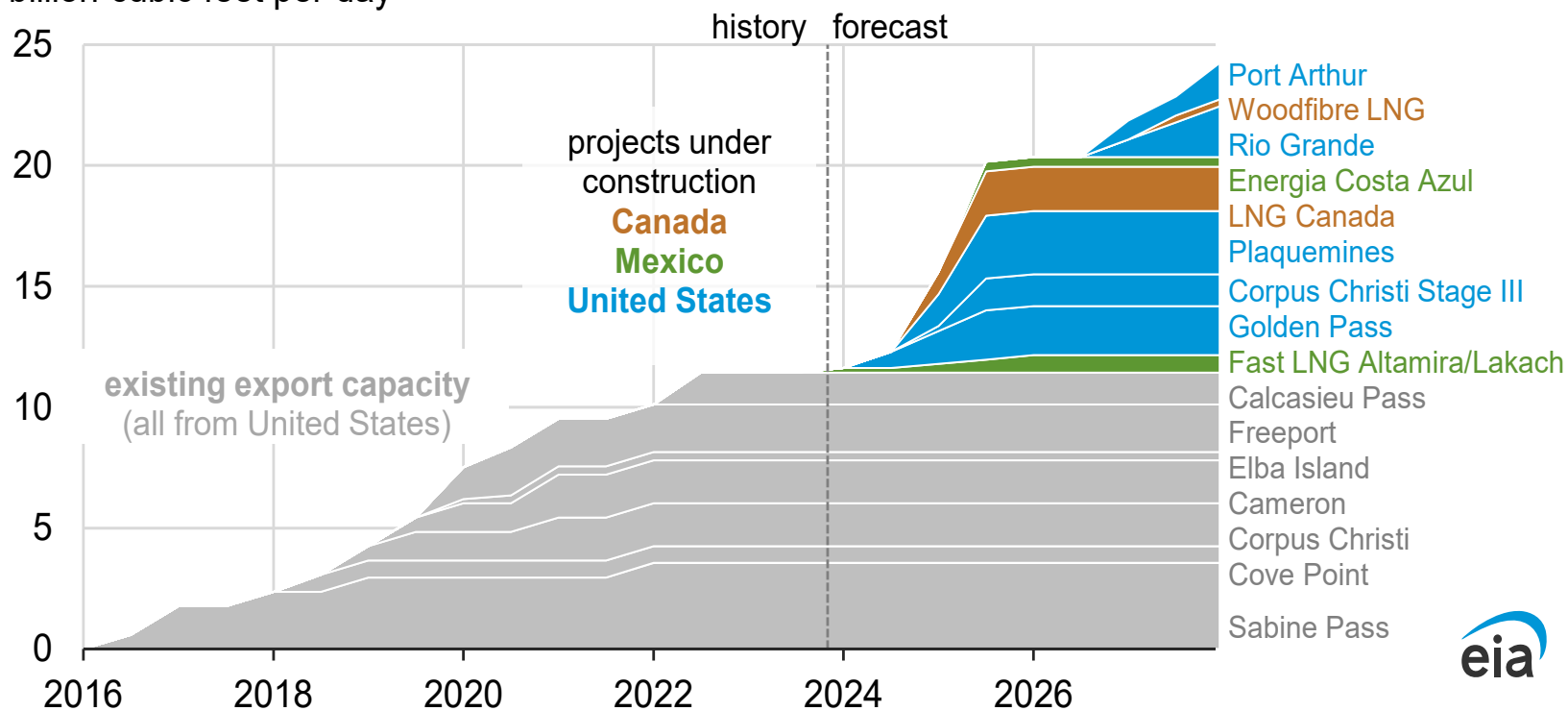
1. Removes DOE from having any authority and oversight to protect the public interest.
2. Guarantees that all applications to export LNG will be approved.
3. Would prevent DOE from implementing the IECA “America First LNG Inventory Policy”.

Reasons Why Consumers are Concerned

1. Consumers do need the ability of the DOE to protect the public interest. A lot can and will go wrong (production/pipeline capacity/inventory levels).
 2. DOE has already approved significant volumes equal to 48 Bcf/d, 51% of 2024 net supply. Plus 6.4 Bcf/d exported to Mexico.
- 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.

LNG Exports to Increase 92% by 2027

Annual North American liquefied natural gas export capacity by project (2016–2027)
billion cubic feet per day



Status of U.S. LNG Export Capacity (FERC)

May 6, 2024

1. **Operating capacity:** 14.23 Bcf/d (*15.0% of net supply)
2. **Approved, under construction:** 17.43 Bcf/d (*18.4%)
3. **Approved, not under construction:** 16.69 Bcf/d (*17.6%)
4. **Pending Applications:** 2.34 Bcf/d (*2.5%)
5. **Projects in Pre-filing:** 5.91 Bcf/d (*6.2%)
- **TOTAL:** 56.60 Bcf/d **

DOE has approved 51% of net 2024 supply

Only 10 percent of U.S. gasoline is exported and import net 19 percent of crude.

*EIA. In 2024, total U.S. dry production was 103.5 Bcf/d. Total net supply of 94.6 Bcf/d (minus lease and plant fuel, pipeline and distribution use).

**Source: U.S. LNG Export Terminals – Existing, Approved not Yet Built, and Proposed, FERC, as of May 6, 2025,
<https://www.ferc.gov/media/us-lng-export-terminals-existing-approved-not-yet-built-and-proposed>

LNG Export Impacts

1. LNG shipments are highest during our peak winter demand (Nov-March). Exports accelerate a reduction in inventory and increases natural gas prices.
2. LNG consumers are countries. Insensitive to price. Will pay any price to keep the lights on in their country vs price sensitive U.S. manufacturing.
3. If U.S. inventories are low, unlike gasoline & crude oil, natural gas cannot be imported (example: Winter of 2021/2022).
4. Higher LNG export volumes risk linkage to the higher priced int'l market. This is what happened in Australia.

Increased LNG Exports Link US Prices to Higher Global Prices

“US gas prices to be increasingly linked to international markets through LNG”, S&P Global, April 1, 2025

"Once these facilities ramp it will be 20% of US production going to exports," said Zack Van Everen, director for infrastructure research at investment bank Tudor Pickering Holt, at Hart Energy's DUG GAS+ Conference & Exhibition 2024. "We think we really are going to be really tied to the international market even with the 20% exposure just because there is a lot of flexibility with all the SPAs [sales and purchase agreements]."

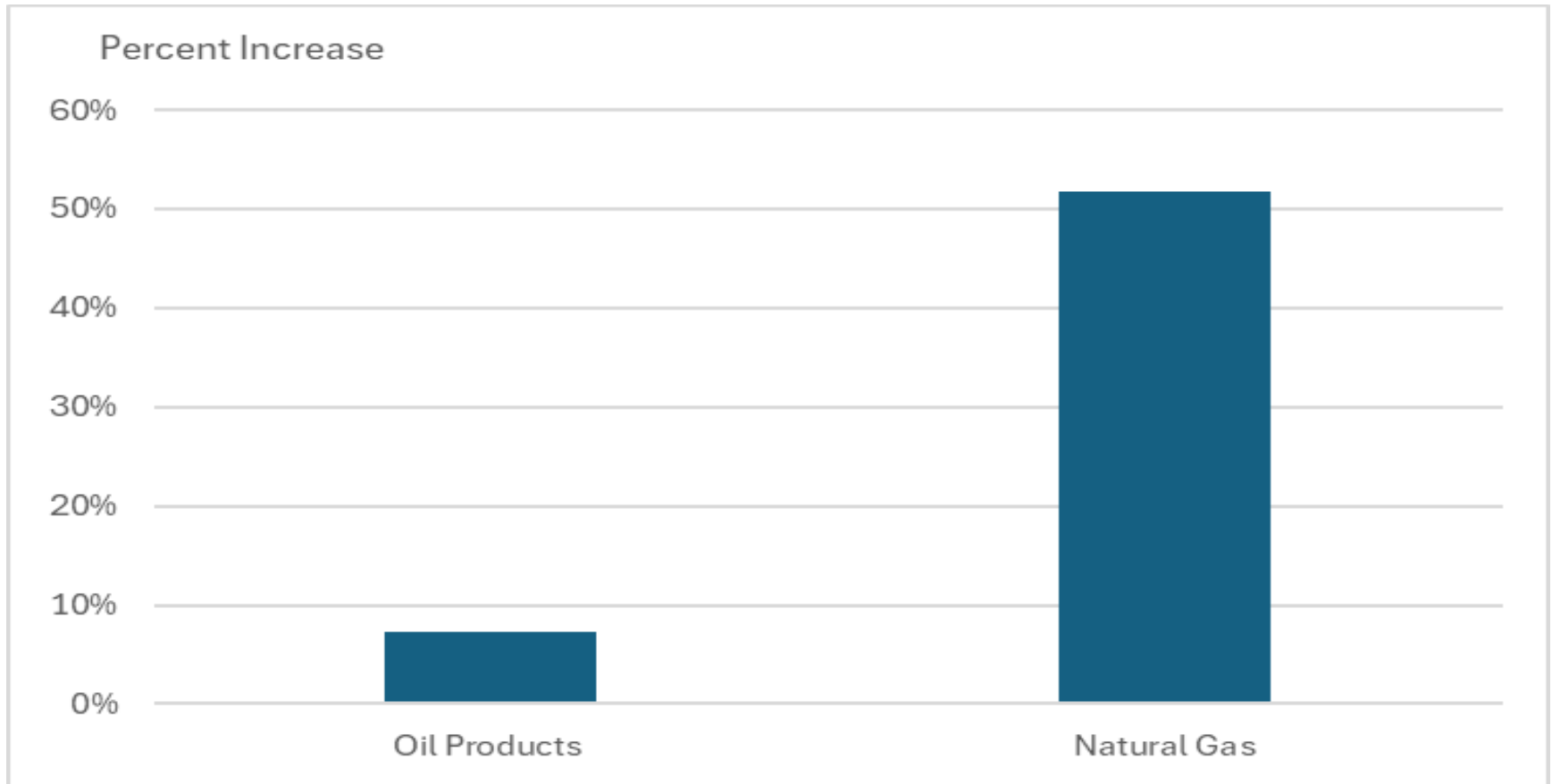
“Rising LNG export capacity will make the US gas market increasingly sensitive to global gas prices if spreads tighten, strong international demand should generally keep utilization rates high at US terminals, market analysts said on March 27.”

“Rising LNG feedgas demand will contribute to price volatility...”

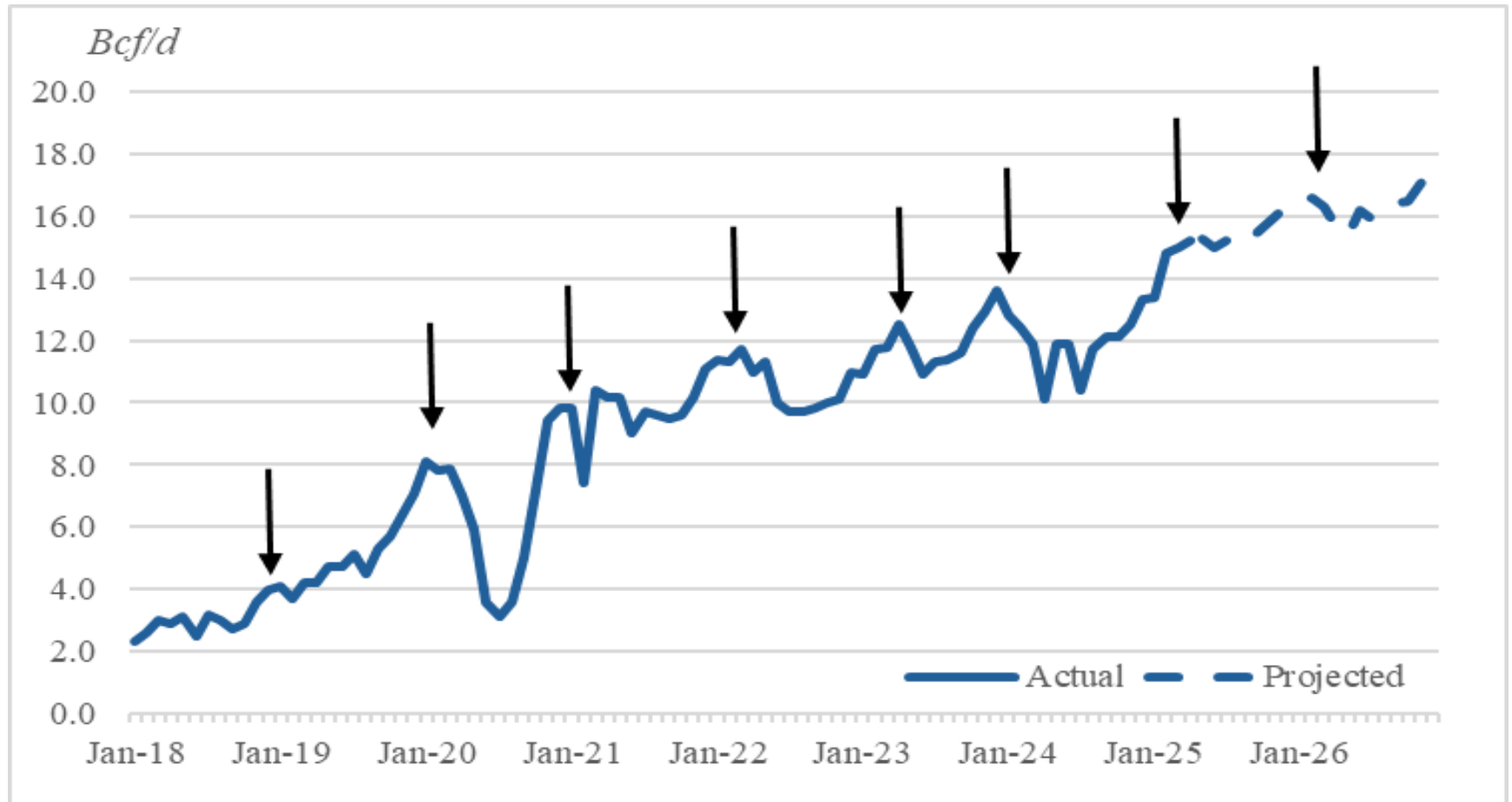
LNG Export Impacts

5. LNG 25-year contracts. Guarantees supply to foreign countries. Shifts supply and price risk from other countries to U.S. consumers. Reduces U.S. energy independence.
6. 25-year LNG contracts lock-up what limited pipeline capacity is available. Manufacturers cannot compete with 25-year LNG contracts for the dwindling pipeline capacity. **(EIA: In 2024, 52% of new pipeline capacity for LNG exports.)**
7. Manufacturers are the most vulnerable because we are the first to be curtailed for both natural gas and electricity at great costs.

Seasonality Plays a Far Bigger Role in Natural Gas than Oil Products (EIA)



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

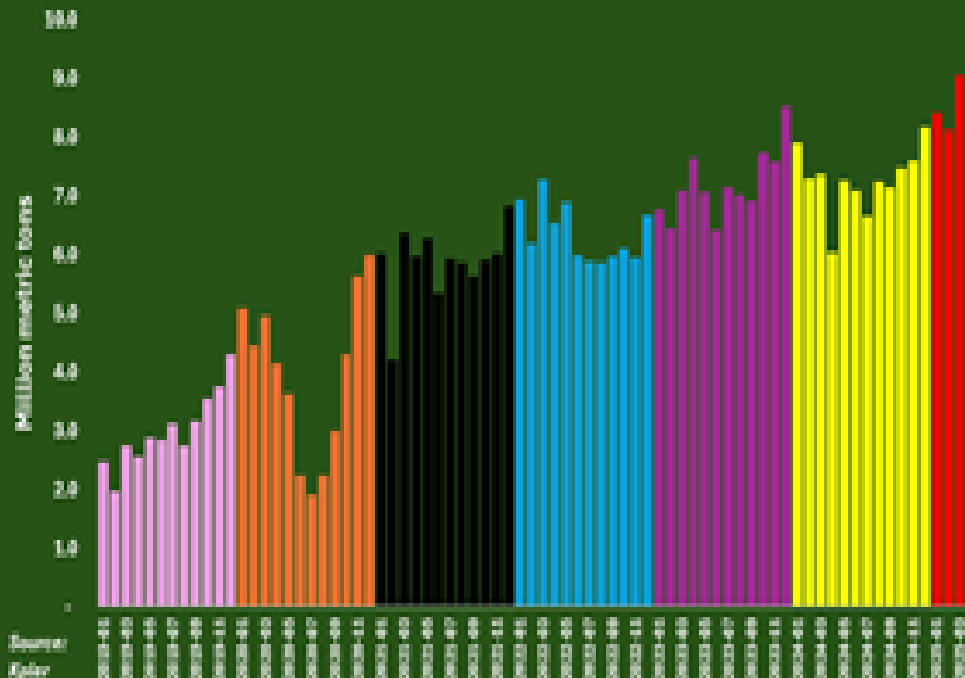


LNG Exports Surge During Winter Months

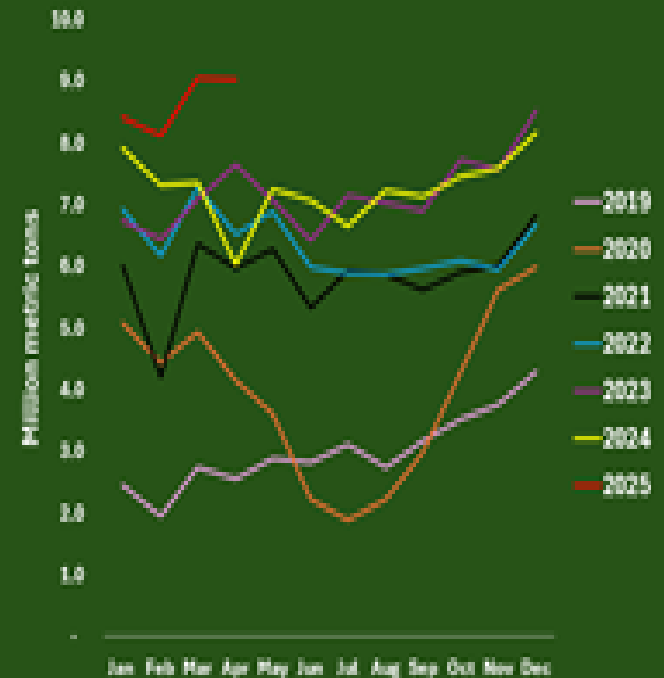
U.S. LNG exports surge to new highs in early 2025

Liquefied natural gas exports during January to April were up 21% from the same months in 2024 to 34.6 million tons

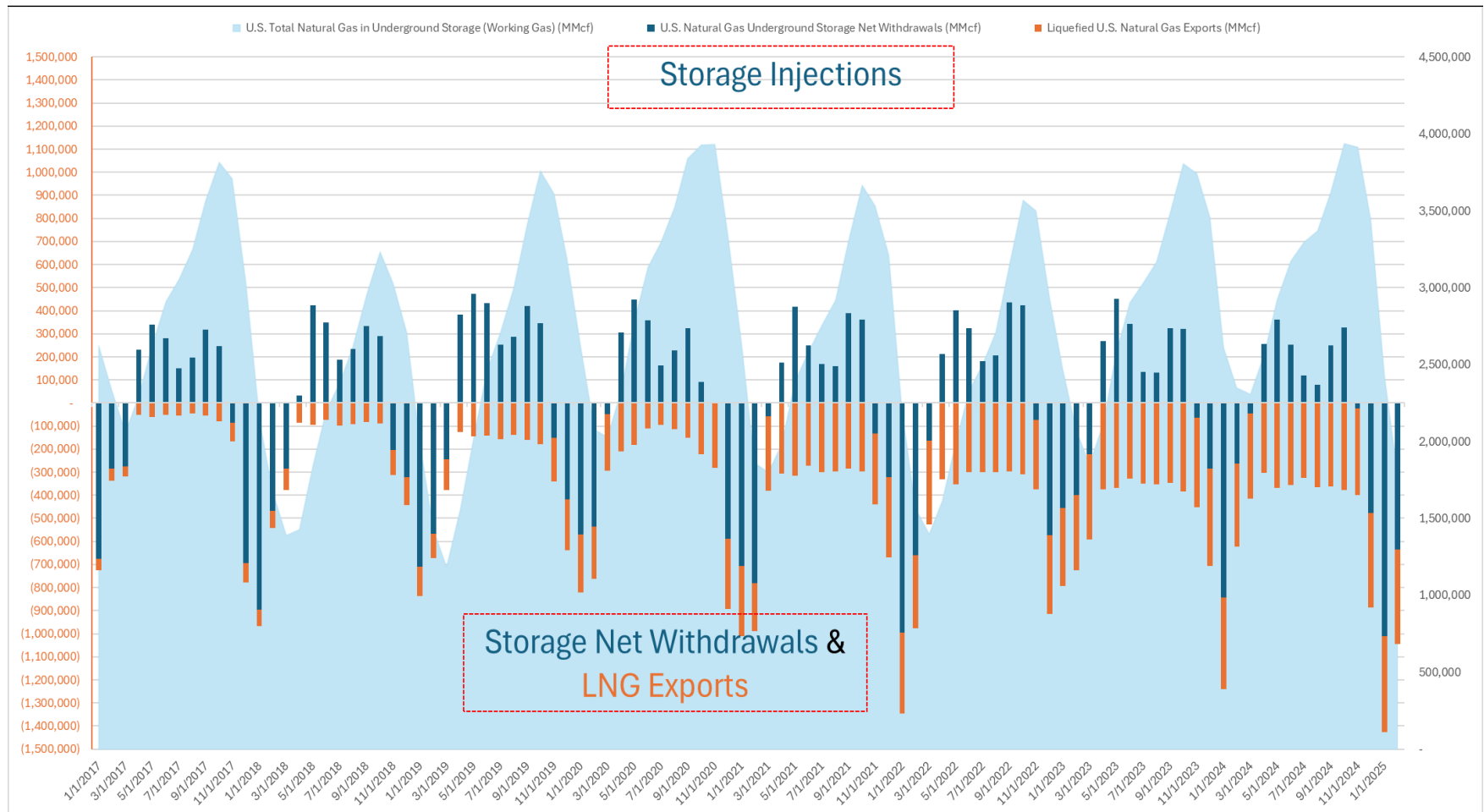
US monthly exports of LNG
(2019 - present)



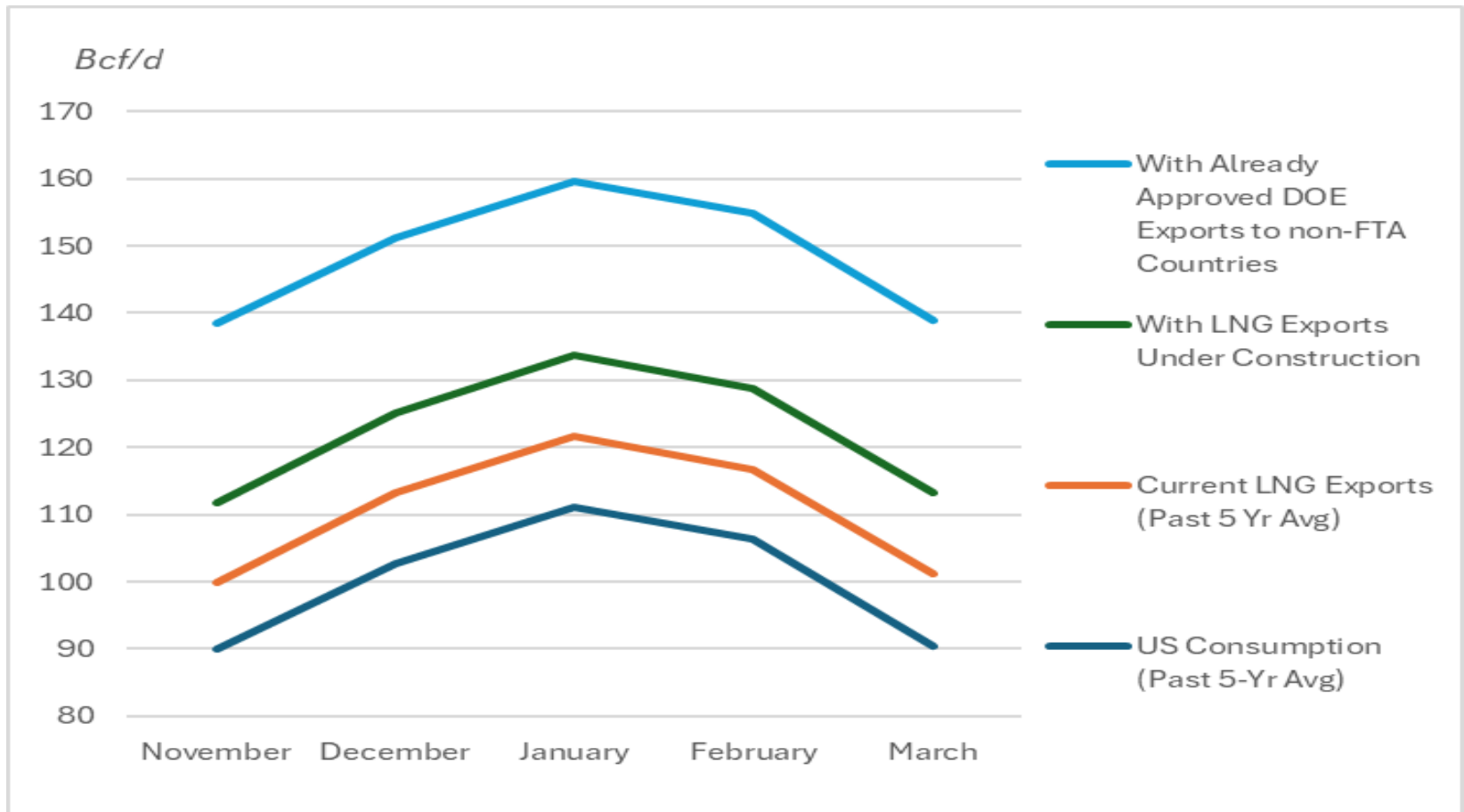
Seasonal US LNG exports
(2019 - present)



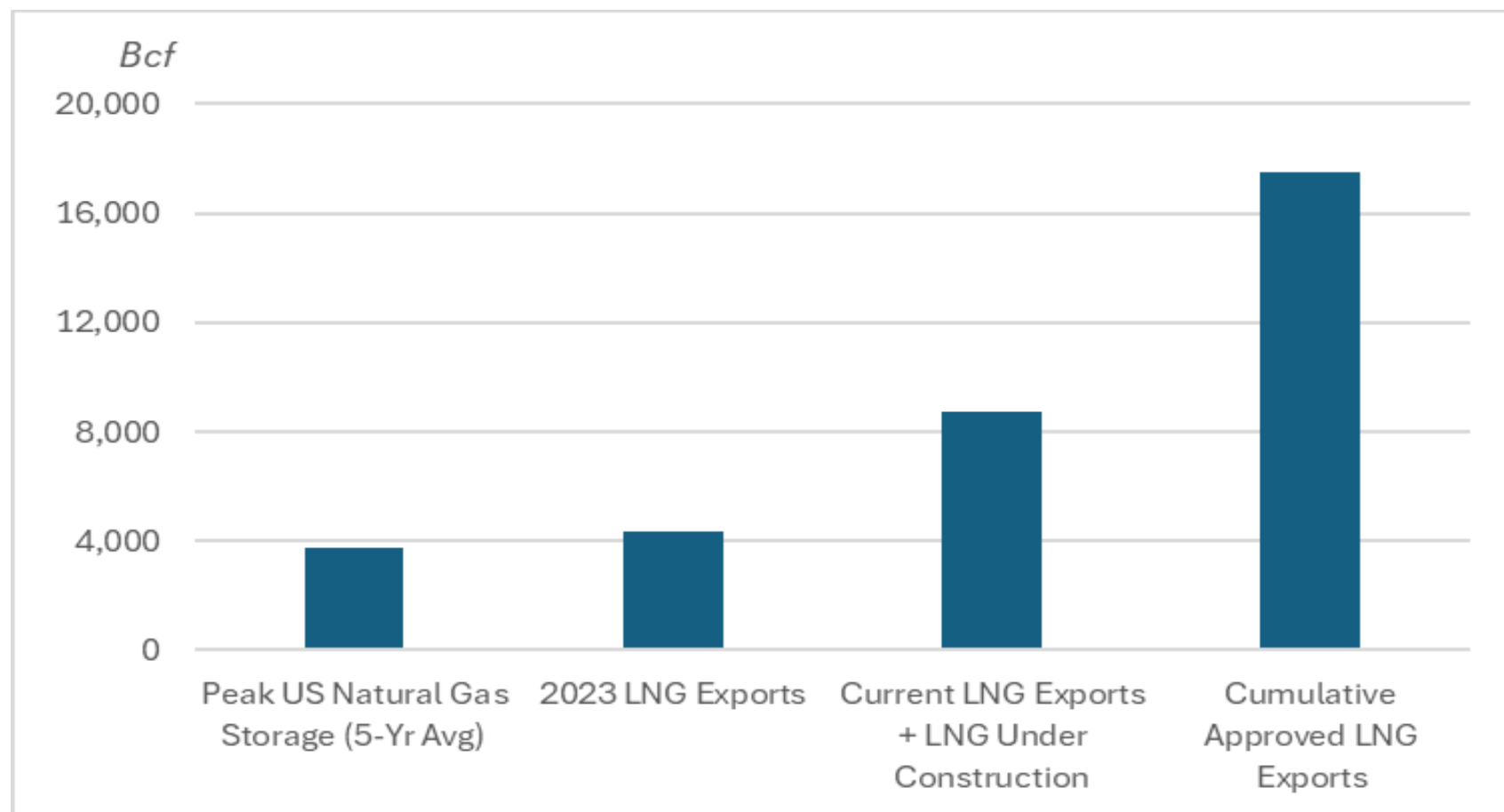
LNG Exports in Red- Increasingly a Larger Share of Inventory Draw Down (2017-Jan 2025)



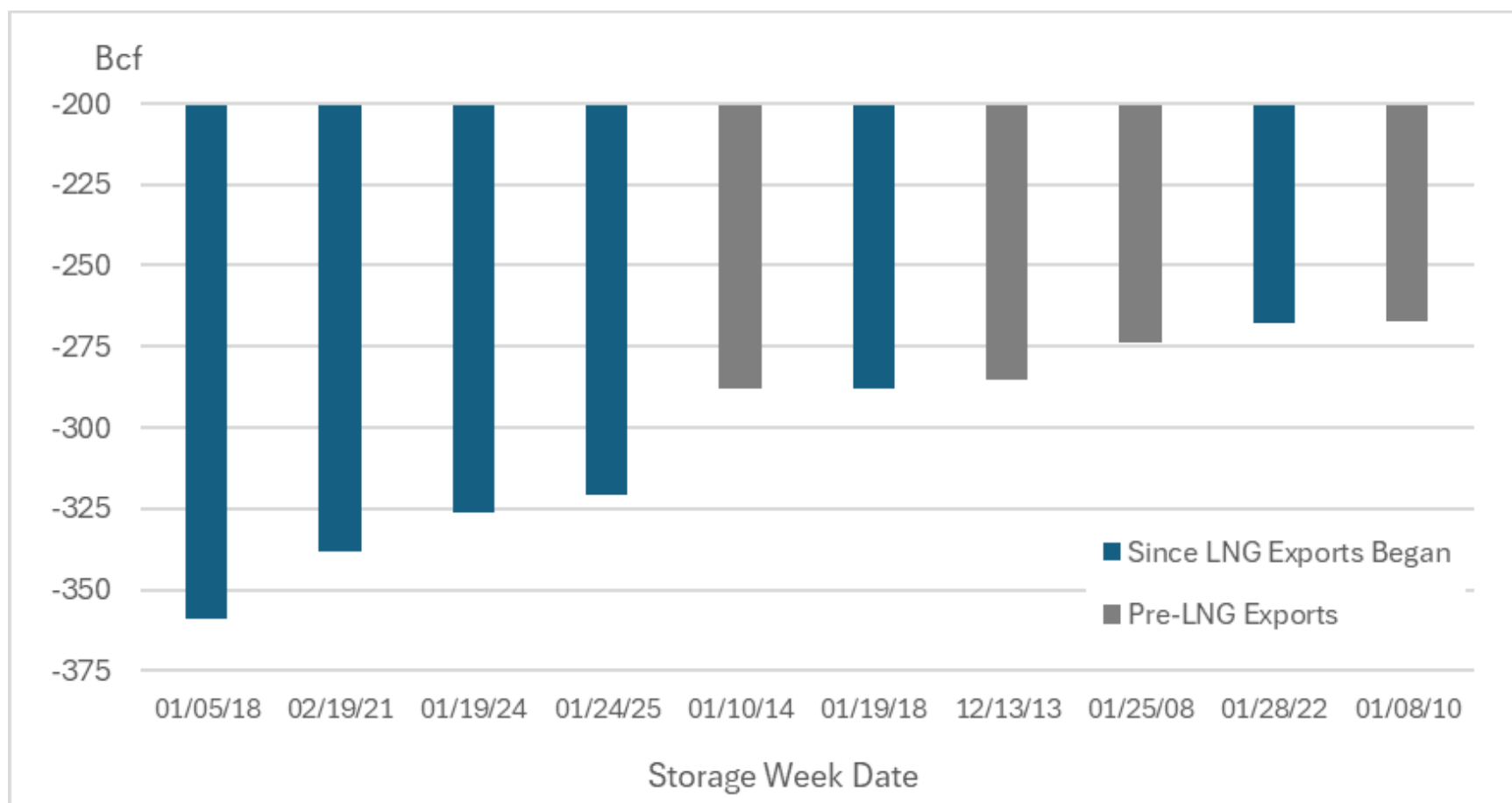
Already Approved LNG Exports Lift Peak Winter Demand 34% Above Current Records



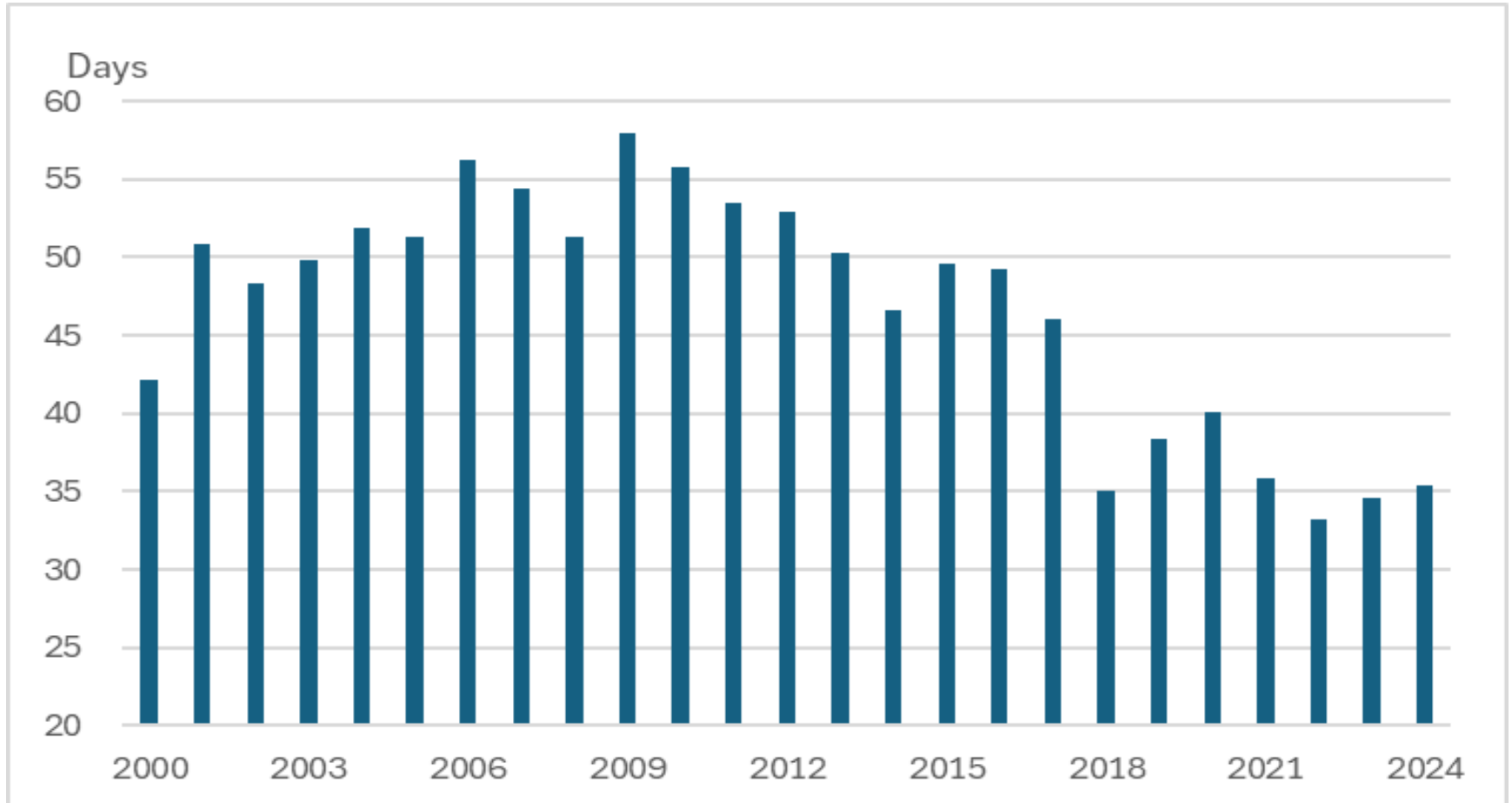
Already-Approved LNG Exports Dwarf Storage Inventories to Destabilize Market (EIA/DOE)



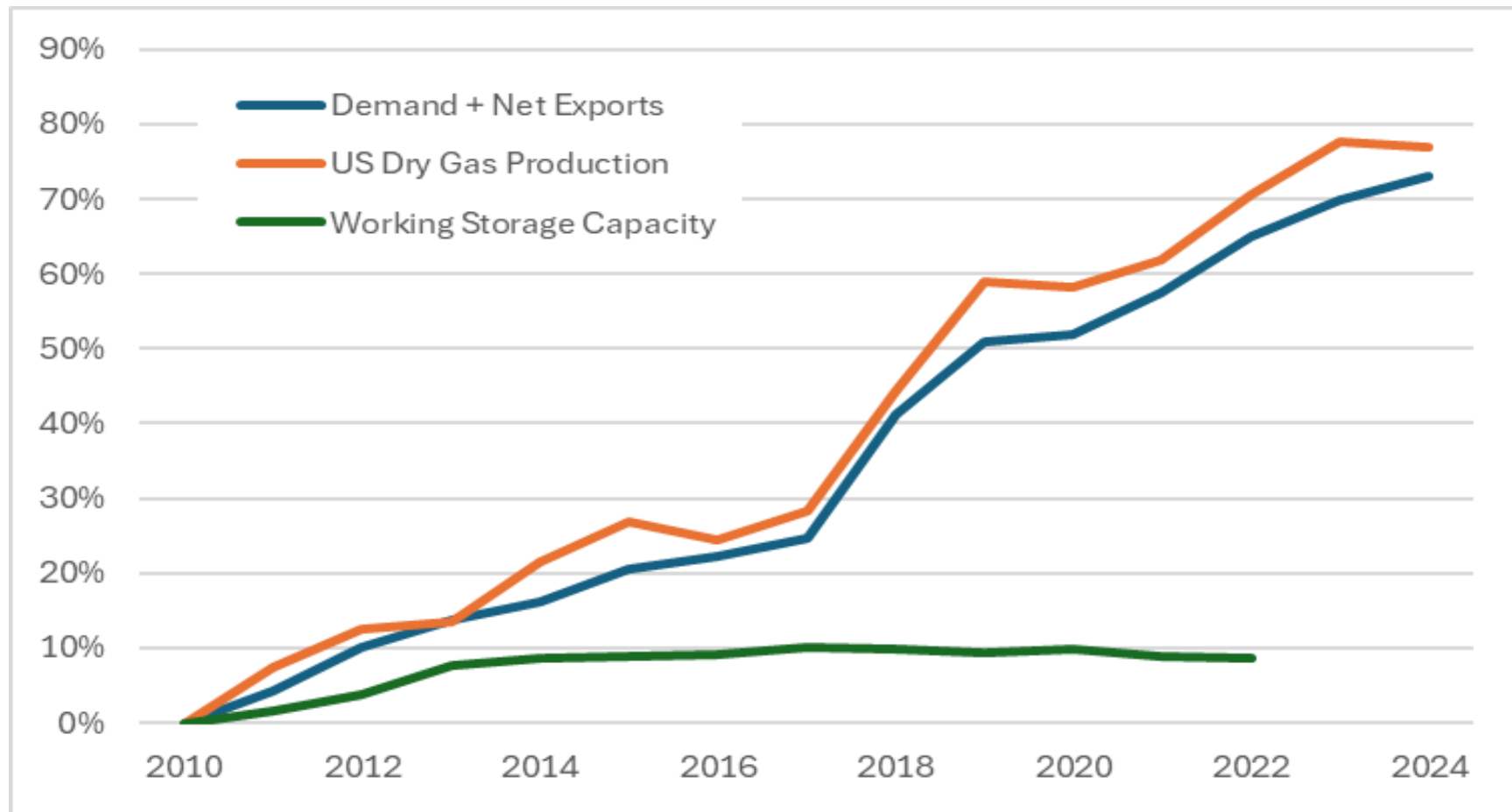
Largest Single-Week EIA Storage Withdrawals in History Are Since LNG Exports Began (EIA)



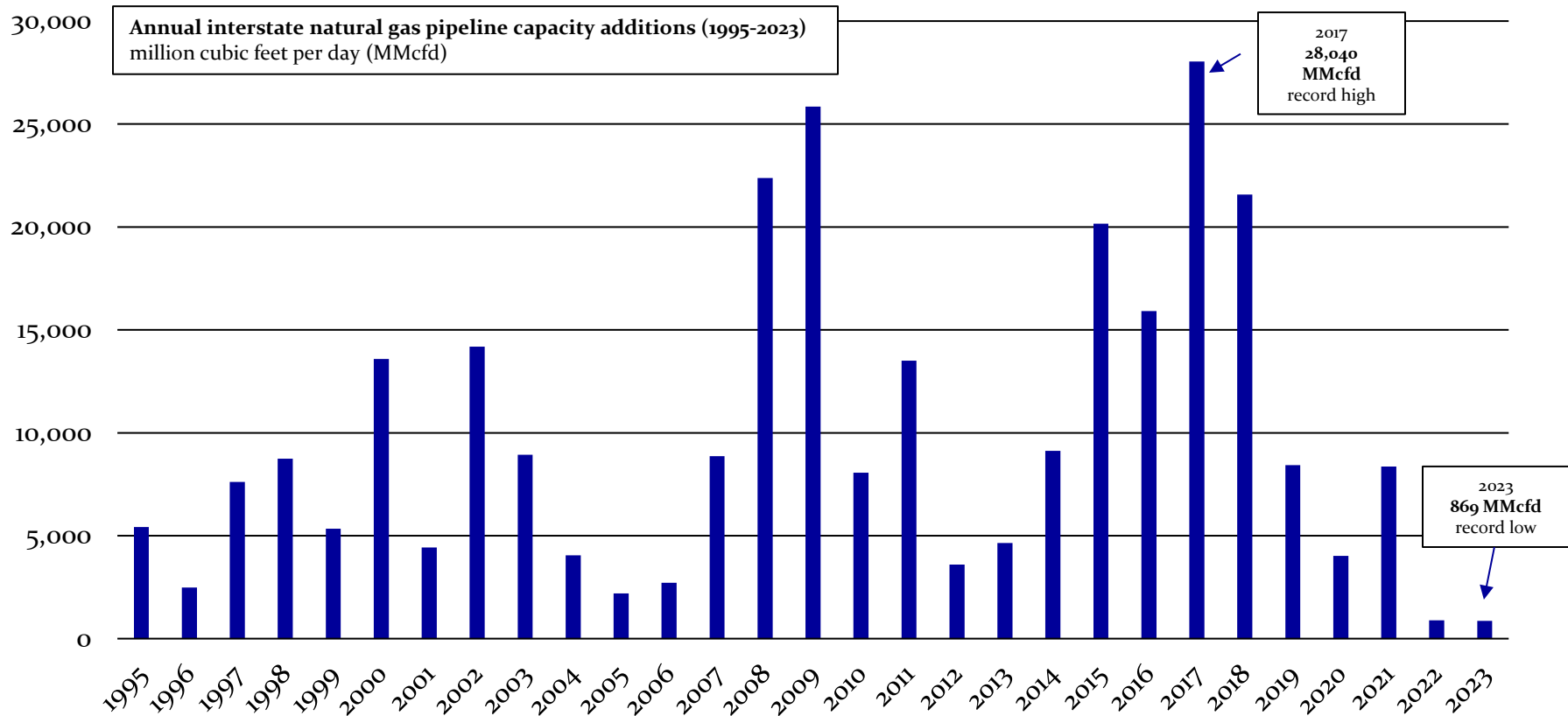
Lowest Natural Gas “Days of Forward Cover” Since Exports Began (EIA)



Storage Availability Unable to Keep Up With Supply/Demand



Interstate Pipeline Capacity -Record Low Additions-



Source: Pipelines, U.S. Energy Information Administration (EIA), <https://www.eia.gov/naturalgas/data.php#pipelines>

Solution: “The America First LNG Inventory Policy” Makes U.S. Consumers a Priority

1. DOE issues an order to LNG terminals.
2. In the event that U.S. natural gas inventories are low, DOE has the option (not the requirement) to require a reduction in export volumes to NFTA countries.
3. LNG terminals will plan for it. Would likely build/lease private storage.
4. Would only impact their spot business, which is about 20% of their volume.

China Supplied by US LNG

- (DOE) China has 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 US LNG operating capacity. More than any other country.
- Does not account for contracts between China and multinational oil, gas, trading companies.
- Accused of predatory resale of US LNG. (American Security Project.)
- Not using it to displace coal. Using it in manufacturing and residential.

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Total Natural Gas Exports, 2024

- LNG: 12.0 Bcf/d
- Mexico: 6.4 Bcf/d

Total: 18.4 Bcf/d

- Percent of U.S. net supply: 19.5%

* *EIA. In 2024, total U.S. dry production was 103.5 Bcf/d. Total net supply of 94.6 Bcf/d (minus lease and plant fuel, pipeline and distribution use).