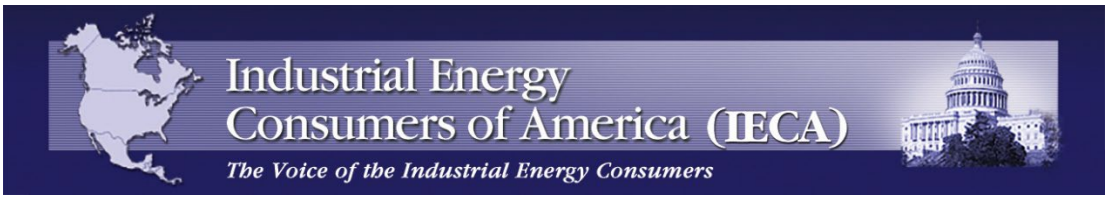

May 27, 2025

U.S Department of Justice
Antitrust Division
950 Pennsylvania Ave, NW
Washington, DC 20530

Re: Docket No. ATR-2025-0001, Anticompetitive Regulations Task Force

Ladies and Gentlemen:

Growing Market Power of LNG Exporters Harm US Consumers by Increasing Prices for Natural Gas and Electricity and Impacting Reliability

President Trump has made reducing energy costs one of his highest priorities and touts an 'America First' policy. We strongly support both priorities. Unfortunately, as noted below, our nation's current LNG export policy is an 'America Last' policy. Without action to protect US consumers, current policy puts LNG exporters and their customers first and US consumers last. Therefore, consumer protection is desperately needed. One such policy that we have crafted as a solution is the 'America First LNG Inventory Policy'.[1]

President Trump supports LNG exports because he correctly recognizes that we have a lot of natural gas resources in the ground. What he does not understand is that LNG exports have attributes that increase prices. For the record, IECA supports LNG exports so long as they do not impact domestic prices of natural gas.

Prior to the exporting of LNG, US consumers had a level playing field. The US natural gas market, the largest in the world, was essentially a closed market where relatively small amounts were either exported or imported. Neither buyers nor sellers of natural gas had leverage over one another. Now, that is no longer the case.

Large and accelerating volumes of LNG exports that are insensitive to price, threaten US consumers with higher natural gas and electricity prices and impacts to reliability and national security. As export capacity increases - the threat increases. Consumers nationwide have no idea as to what is about to happen to their energy bills. A small number of LNG exporting companies and natural gas producers stand to profit as energy costs

[1] 05.08.25_LNG-Inventory-Policy-to-Insulate-the-US-Market-from-LNG-Export-Impacts_FINAL.pdf

increase for homeowners, farmers and businesses. The manufacturing sector that employs over 10 million people is poised to lose relative competitiveness to its counterparts worldwide, creating serious economic consequences.

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.[2] Today's natural gas prices are twice what they were a year ago.

The US Department of Energy (DOE) has already approved 48 Bcf/d for shipment to non-free trade agreement countries (NFTA), which equals 51 percent of 2024 net supply and more applications to export are in the queue.[3] To put this in perspective, 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.[4]

Adding further potential injury is legislation passed by the House of Representatives on May May 22, 2025 entitled, H.R. 1, the One Big Beautiful Bill Act. Section 41003, Natural Gas Exports and Imports, supported by LNG exporters and the oil and gas industry, 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. Section 41003 is anti-consumer and inconsistent with the intent of Congress to deliver affordable and reliable natural gas and electricity. As of this writing, we do not know if the Senate version of the Reconciliation Bill will include this language.

LNG export attributes that impact the domestic consumer

It is particularly important to point out that the number one determinant of price is the US natural gas inventory level. If inventory is high, prices are relatively low and vice versa. It is also important to point out that natural gas demand is far more seasonal than any other fuel. Both points are fundamental to illustrating LNG impacts. (Figure 1.)

The customers of LNG exports are countries and insensitive to price.

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. The ultimate LNG customers are a country's natural gas and electric utilities or state-owned enterprises (SOEs like in China) who have automatic cost pass through. This means that the U.S. can find itself with low and falling inventory in the middle of the winter heating season and with escalating prices, and these countries will pay the higher price, further escalating our price and reducing the availability of natural gas.

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[2] Natural Gas, U.S. Energy Information Administration (EIA), https://www.eia.gov/naturalgas/

[3] 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

[4] Petroleum & Other Liquids, U.S. Energy Information Administration (EIA), https://www.eia.gov/petroleum/

LNG terminals maximize shipments during our winter heating season from November to March which accelerates the reduction of inventory and increases prices and impacts reliability. (Figure 2)

During the winter of 2021-2022, U.S. inventories decreased because of cold weather (Storm Uri) and lower production, and still, LNG exports were maximized, which accelerated the reduction of inventory, resulting in much higher prices. The monthly average Henry Hub natural gas price increased from $2.00/MMBtu to $8.40/MMBtu, a 300 percent increase and electricity prices increased by 30 percent.

This past winter (2024-2025) the EIA reports that we started with inventory that was 6 percent above the five-year level and as of March 7, 2025 inventories are 12 percent below the five year level, a precipitous drop of 18 percent. As of March 27, 2025, inventories are 24.2 percent below the previous year. Henry Hub prices increased from $1.50/MMBtu to $4.27/MMBtu or up 285 percent. Manufacturers saw spot natural gas prices as high as $120/MMBtu. Despite falling inventories, DOE/EIA report that, for example, during the week of February 24, 2025, LNG exports reached new record levels of 16.8 Bcf/day, marking the eight consecutive day of LNG demand surpassing 16 Bcf/day.

Every increase in LNG export capacity increases peak winter demand that draws down inventory and increases prices (Figure 3).

As a result of increased LNG exports during the U.S. winter heating season, we have experienced the largest single week EIA storage withdrawals in history. All since the U.S. started exporting LNG (Figure 4).

LNG contracts shift supply and price risk from LNG consuming countries to US consumers and also decreases U.S. energy independence.

LNG contracts shift supply and price risk from the LNG purchasing country to U.S. consumers. The LNG contracts guarantee physical natural gas molecules will exit the U.S., even if U.S. inventories are low and falling and prices are increasing, directly impacting reliability of natural gas and electricity and prices consumers nationwide. No U.S. consumer has contracts for 25 years that guarantee supply to them, not even US electric utilities.

Long term LNG contracts are used to lock-up U.S. natural gas pipeline capacity, which reduces capacity that is available for domestic consumers.

The US is faced with accelerating demand and pipeline capacity has not kept pace. (Figure 5). The long term LNG export contracts are a competitive advantage and allow the exporter to lock-in long term agreements for firm pipeline capacity which has reduced available pipeline capacity for manufacturing companies.

Industry LNG consultants say that about 80 percent of an export terminal's volume is under long-term contracts. DOE lists the contracts, and they are 10-year, 15-year, 20 years. DOE is now extending LNG export terminals approval to export to 2050. While this gives the exporters and their country customers comfort, it shifts more risk on US consumers because short-term supply is not certain.

Higher LNG export volumes risk linkage to the higher priced international market.

As export volumes increase, the US risks that domestic prices will become linked to international prices that are much higher. This means that the US has given away its competitive economic advantage, which is the envy of the world- only to the benefit of a small number of LNG export companies and natural gas producers. This is what happened in Australia. Australia was the largest exporter until overtaken by the US. Manufacturers in Australia are no longer competitive on the global stage and jobs are declining.

When U.S. inventories are low, LNG exports threaten U.S. supply chains, including the production of defense-related equipment.

It is critical to also understand that when there is insufficient supply, whether because of low inventories or inadequate pipeline capacity versus demand, it is the manufacturing sector that is always the first to be curtailed. Homeowners, electric utilities and LNG exporters get the natural gas, and we do not. When we cannot operate, it disrupts supply chains for consumer, industrial and national defense goods that we produce.

The problem is very serious and getting worse especially each winter. In December of 2024, 44 natural gas pipelines issued IECA manufacturing companies either operational flow orders, restrictions or curtailments. [5]

Industrial Energy Consumers of America (IECA)
IECA is a non-profit 501 C 6 organization whose membership is exclusively manufacturing companies who are large consumers of natural gas and electricity. They are from energy intensive industries who compete globally and are energy price sensitive to the extent that the price of energy can dictate their ability to compete. 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). The member companies are from the following industries: 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.

Sincerely,
Paul N. Cicio
Paul N. Cicio

[5] 02.06.25_Pipeline-Capacity-Shortage_EC.pdf

President & CEO

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pcicio@ieca-us.org

Figure 1.

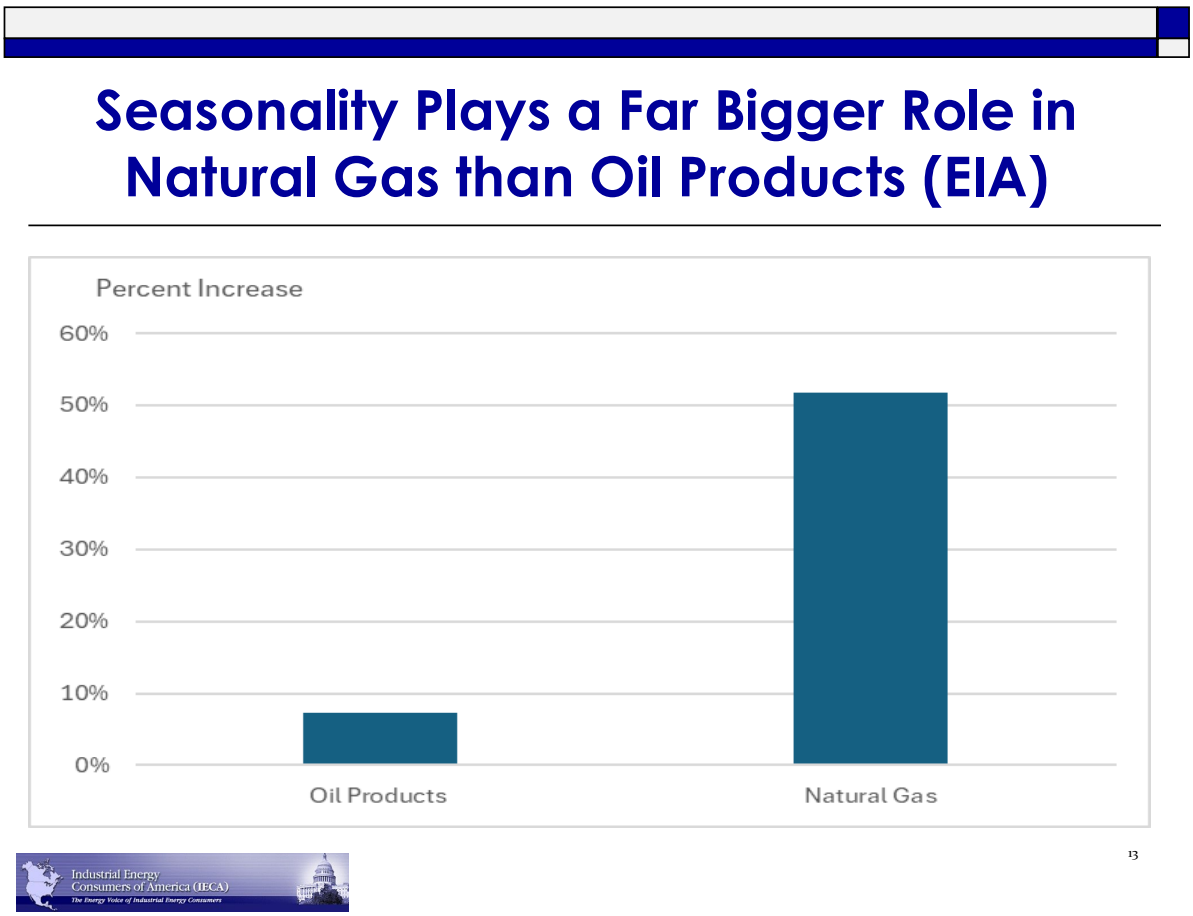
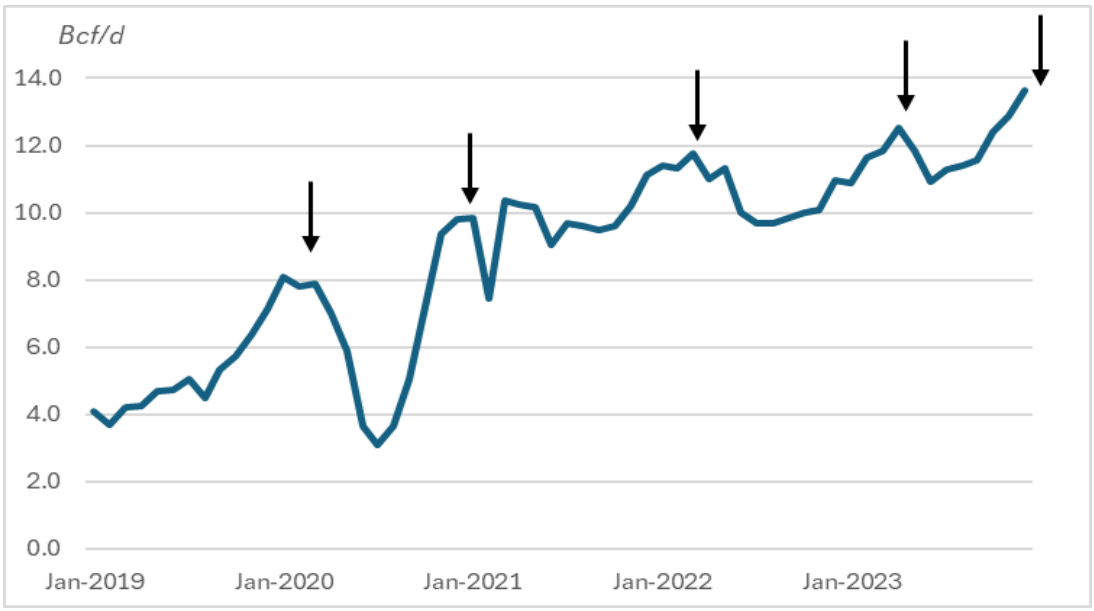


Figure 2.

LNG Exports are Highest During Winter Months Which Increases Natural Gas and Electricity Prices (EIA)



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Industrial Energy Consumers of America (IECA)
The Energy Voice of Industrial Energy Consumers

Figure 3.

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

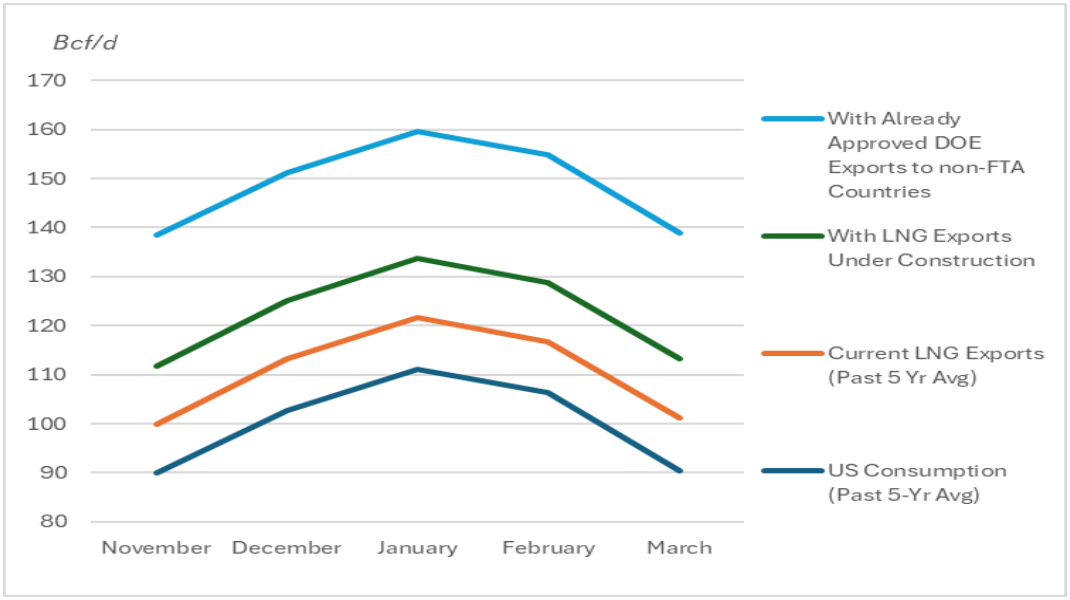

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Figure 4

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

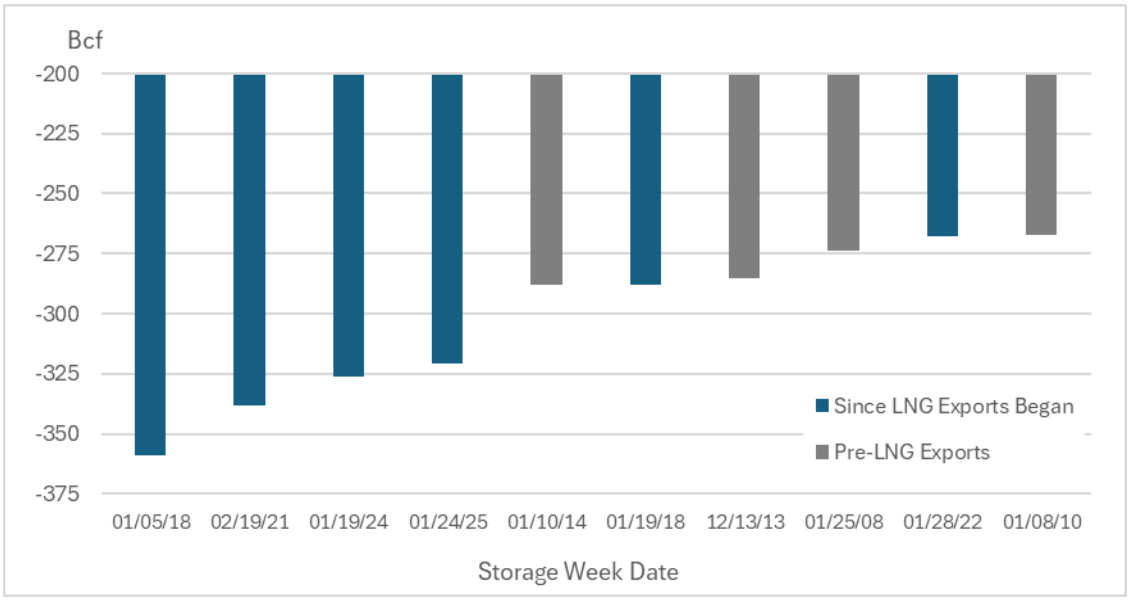

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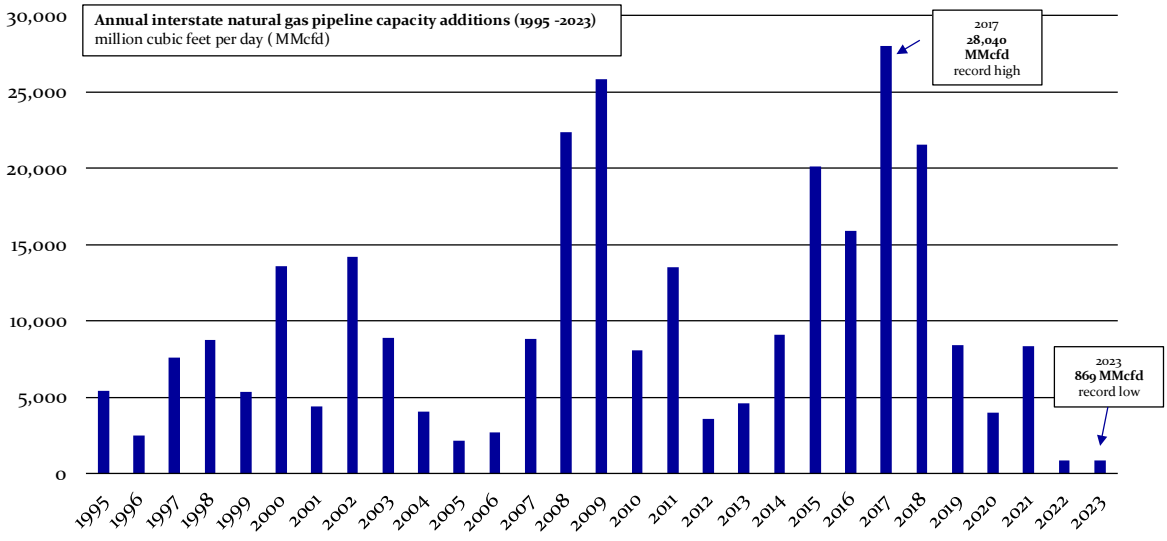
Figure 5

Interstate Pipeline Capacity
-Record Low Additions-



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

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