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March 20, 2025

U.S. Department of Energy (FE-34)
Office of Regulation, Analysis, and Engagement
Office of Fossil Energy and Carbon Management
Forrestal Building, Room 3E-056
1000 Independence Avenue, SW
Washington, DC 20585

Re: 2024 LNG Export Study: Energy, Economic, and Environmental Assessment of U.S. LNG Exports

The study fails to address critical short-term market fundamentals that demonstrate how LNG exports impact natural gas and electricity reliability and price to domestic consumers. Like other DOE LNG studies conducted by the Obama and Trump Administrations, the use of macroeconomic models to discern impacts and the public interest, by themselves, are not useful in measuring consumer impacts due to increased LNG exports.

Do LNG exports negatively impact U.S. natural gas and electricity reliability and prices?

The answer is YES and EIA/DOE data prove it. Below are many characteristics of LNG exports that illustrate how they negatively impact the domestic market when U.S. inventories of natural gas are low, which according to the EIA happens about 50 percent of the time. The most damaging characteristic is that LNG shipments are maximized during our highest peak winter demand months, which accelerates the reduction of U.S. inventory, resulting in even higher natural gas and electricity prices for U.S. markets. Drawing down our inventories increases scarcity, volatility, and impacts reliability for both natural gas and electricity and therefore can impact national security.

It is for this reason that we have proposed an “America First LNG Inventory Policy,” which is a policy to insulate U.S. consumers and the economy from the negative impacts of increasing LNG exports.¹ This is a policy that the DOE can implement right now and there is no cost to U.S. taxpayers.

¹ America First LNG Inventory Policy, https://www.ieca-us.org/wp-content/uploads/03.19.25_LNG-Inventory-Policy-to-Insulate-the-US-Market-from-LNG-Export-Impacts.pdf

Prices forecasted for 2050 have already arrived.

Below is the transcript from page S-27 of the report that forecasts natural gas prices to 2050. As noted, it says we can anticipate Henry Hub prices from \$3.53/MMBtu to \$4.62/MMBtu by 2050. On March 10, 2025, the forward one-year Henry Hub price was \$4.93/MMBtu. On March 11, 2025, the U.S. Energy Information Administration (EIA) released its price update. For 2025, the price is \$4.20/MMBtu and for 2026 it is \$4.50/MMBtu.² The point being that higher natural gas prices, which the study forecasted will not arrive until 2050, are already here and LNG exports are a major driver.

Page S-27:

Under the Defined Policies scenario with reference U.S. supply assumptions, a 32.6 Bcf/d increase in U.S. LNG exports in 2050 from existing and FID levels (23.7 Bcf/d) leads to a \$1.09/MMBtu (31%) increase in Henry Hub prices in 2050, from \$3.53/MMBtu to \$4.62/MMBtu.

Macroeconomic models cannot address the following LNG export characteristics that damage domestic consumer natural gas and electricity reliability and increase U.S. prices.

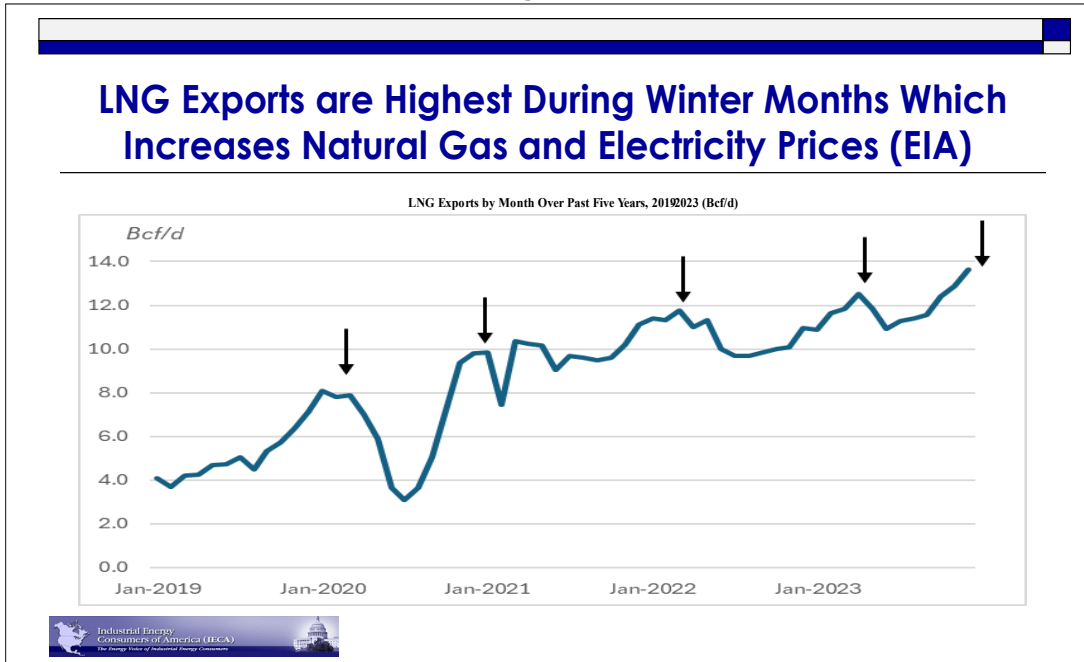
- A. LNG terminals maximize exports during our winter heating season months of November through February, which accelerate the reduction of domestic natural gas inventories, which increases domestic prices for natural gas and electricity.**

This happened in the winter of 2021/2022 and the monthly Henry Hub price increased from \$2.00 to \$8.40/MMBtu and electricity prices increased on average 30 percent. DOE LNG export data shows that export volume reached peak capacity during winter months (see Figure 1.)

The same thing happened this winter (2024-2025). The EIA reports that we started the winter heating season with inventories that were 6 percent above the five-year level. As of March 7, 2025, inventories are 12 percent below the five-year level, a precipitous drop of 18 percent. Henry Hub prices increased from \$1.50/MMBtu to \$4.27/MMBtu, a 285 percent increase. Manufacturers saw spot natural gas prices of \$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.

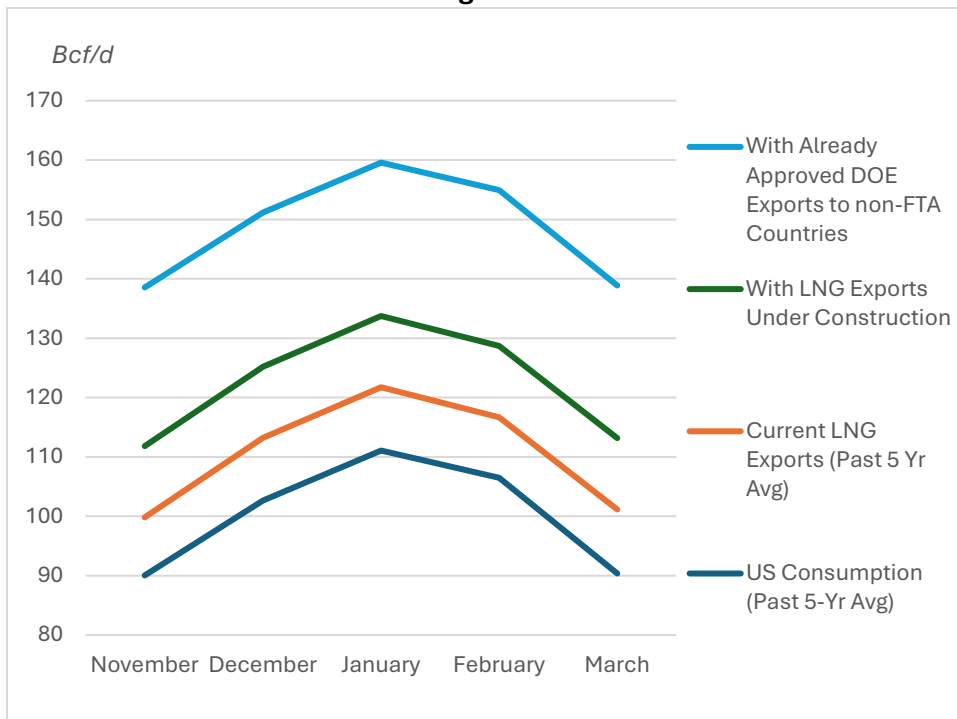
² EIA updates forecast for 2025 U.S. natural gas prices, expects oil prices to decrease later in the year, U.S. Energy Information Administration, March 11, 2025, <https://www.eia.gov/pressroom/releases/press566.php>

Figure 1

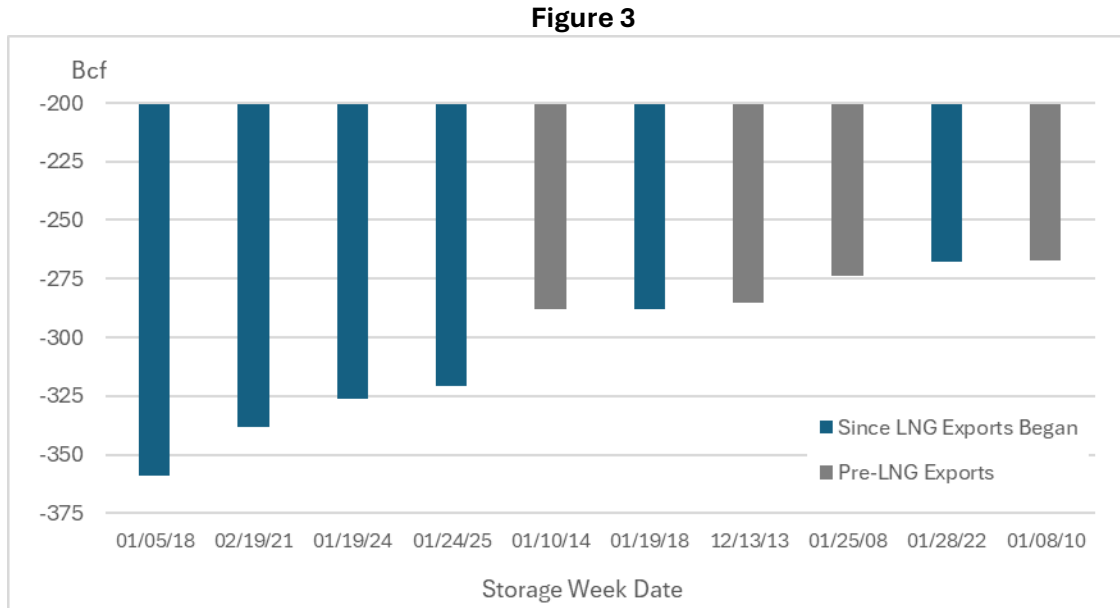


Every increase in LNG export capacity increases peak winter demand that draws down inventory and increases prices (see Figure 2).

Figure 2



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 (see Figure 3).



Source: EIA

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

Countries will pay any price, no matter how high to keep the lights on in their country. This means that the U.S. can find itself with low and falling inventories and escalating prices and these countries will pay the higher price, further escalating ours.

C. LNG volumes under long-term contracts for up to 25 years decrease U.S. energy independence.

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. LNG contracts shift supply and price risk from the LNG purchasing country to U.S. consumers.

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

The manufacturing sector consumes 25 percent of U.S. natural gas and 26 percent of electricity. If there are inadequate inventories due to ever increasing exports of LNG, it is the U.S. manufacturing sector that will be directly impacted because we are always the first to be curtailed. Homeowners, power generators, and now LNG exports who have 25-year contracts will get the natural gas and we will not.

E. The DOE study assumes that there is always sufficient natural gas pipeline capacity.

The DOE knows that the U.S. does not have adequate natural gas pipeline capacity, yet the study assumes that there is sufficient pipeline capacity to move natural gas from production fields to consumers. There is no guarantee there will be sufficient pipeline capacity now and there are no guarantees that we will going forward.

F. LNG 25-year contracts are used to lock up U.S. natural gas pipeline capacity, which reduces capacity that is available for domestic consumers.

As stated above, no other entity in the U.S. has 25-year contracts that allows them to lock in and lock up what little pipeline capacity is left.

One hundred percent of IECA's members are manufacturing companies. We are an important stakeholder and look forward to meeting with the U.S. DOE to discuss the "America First LNG Inventory Policy".

Sincerely,

Paul N. Cicio

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President & CEO

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.