

**TESTIMONY OF
BRAD CRABTREE
ASSISTANT SECRETARY
OFFICE OF FOSSIL ENERGY AND CARBON MANAGEMENT
U.S. DEPARTMENT OF ENERGY**

**BEFORE THE
COMMITTEE ON OVERSIGHT AND ACCOUNTABILITY
SUBCOMMITTEE ON ECONOMIC GROWTH, ENERGY POLICY, AND
REGULATORY AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
REGARDING
LIQUEFIED NATURAL GAS ANALYSIS UPDATE
DECEMBER 4, 2024**

Introduction

Chairman Fallon, Ranking Member Bush, Chairman Comer and Ranking Member Raskin, and distinguished members of the Subcommittee: thank you for providing me the opportunity to testify at today's hearing regarding the Department of Energy's (DOE) updates to our analysis that supports public interest determinations of liquefied natural gas (LNG) export applications.

I have previously testified before this Committee on the Department's update to the analyses that underpin our decisions on applications to export LNG to non-free trade agreement (FTA) countries. I look forward to sharing a status update of where we are today.

But before I get into those details, let me first take a moment to confirm that there has never been a ban on LNG exports and that DOE has been responsive to ongoing litigation regarding the update. The U.S. is already the number one exporter of LNG worldwide – with U.S. LNG exports expected to double by the end of this decade. Commercial activity for U.S. LNG exporters also continues at pace, with multiple contracts signed in the last several months.¹

This year, U.S. LNG exports reached a new high – averaging over 12 billion cubic feet per day (Bcf/d), and they are expected to increase to approximately 14 Bcf/d next year as new projects come online.² By the time all authorized projects currently under construction are complete later this decade, our export capacity is set to reach over 26 Bcf/d, more than double our current export level. This means that in 2030, U.S. export capacity will be more than 40% greater than any other country, even accounting for those countries' announced capacity additions.

And our level of *authorized* exports to countries with which the U.S. has no qualifying free trade agreement (non-FTA countries) goes well beyond these numbers; the Office of Fossil Energy

¹ The US has signed 7 MMtpa of firm contracts so far in 2024. In addition, 13 MMtpa of non-firm Heads of Agreements (HOAs) have been signed by the US in 2024, bringing the total volume of firm plus non-firm contracts signed in 2024 to 20 MMtpa; comparable to the 24 MMtpa signed in 2023, and there are still two months left of the year. See Executive Briefings from S&P Global Commodity Insights LNG, November 20, 2024.

² U.S. Energy Info. Admin., Short-Term Energy Outlook Data Browser (Nov. 13, 2024), <https://www.eia.gov/outlooks/steo/data/browser/#?v=15&f=A&s=0&start=2019&end=2025&linechart=NGMPPUS&maptype=0&ctype=linechart>.

and Carbon Management that I lead has authorized exports over 48 Bcf/d³ to non-FTA countries – four times our actual current LNG export levels and nearly twice the anticipated export volumes at the end of this decade. This level of authorized exports to non-qualifying FTA countries represents nearly 45% of our current domestic natural gas production levels. By any measure, our export posture is strong and will grow dramatically during the remainder of this decade, regardless of future export approvals.

With that context in mind, DOE needs to update its evaluations of the impacts of authorizing further exports. We need to understand how additional authorized exports could impact our economy, communities, energy prices for domestic consumers and manufacturers, international partners, and the environment.

To that end, earlier this year, we announced that DOE would be undertaking a review of our analyses that underpin public interest determinations of applications to export LNG to non-FTA countries, as well as pausing the issuance of final authorizations on these export applications. On July 1, 2024, in *Louisiana v. Biden*, the U.S. District Court for the Western District of Louisiana enjoined DOE and other defendants from “halting and/or pausing the approval process for pending and future applications for LNG exports of [LNG] to non-FTA countries.” On August 31, 2024, DOE issued a non-FTA export authorization to NFE Altamira FLNG, S. de R.L. de C.V.⁴ Concurrently, on November 1, DOE appealed to the United States Court of Appeals for the Fifth Circuit.

During this period while the update is being completed, several other types of applications have been and continue to be reviewed and processed in addition to the NFE Altamira authorization mentioned above including applications to export to countries with which there is a free trade agreement in effect requiring national treatment with respect to natural gas (which are deemed in the public interest pursuant to the statutory language of the Natural Gas Act), applications submitted under DOE’s small scale rule⁵, applications to import LNG, applications for the export of previously imported LNG, applications to amend the date to commence exports for current authorization holders.⁶

PAST ANALYTIC UPDATES AND PROCESS

Regular updates to economic and environmental analyses have long been a critical component of DOE's public interest determinations under NGA section 3(a). In 2011 and 2012, with 15 pending applications to export LNG from the lower-48 states to non-FTA countries, DOE commissioned two studies to examine the domestic economic impacts of U.S. LNG exports. In December 2012, DOE published the first two economic studies collectively as the 2012 LNG

³ See “North American Large-Scale LNG Export Projects with non-FTA Export Authority from DOE” in Liquefied Natural Gas Exports, September 2024, <https://www.energy.gov/sites/default/files/2024-10/LNG%20Snapshot%20Sep%2030%202024.pdf>.

⁴ *NFE Altamira FLNG, S. de R.L. de C.V.*, DOE/FECM Order No. 5156, Docket No. 22-110-LNG, Order Granting Long-Term Authorization to Re-Export U.S.-Sourced Natural Gas in the Form of Liquefied Natural Gas from Mexico to Non-Free Trade Agreement Nations (Aug. 31, 2024), https://www.energy.gov/sites/default/files/2024-08/ord5156_new.pdf.

⁵ Under DOE’s regulations, “[s]mall-scale natural gas exports are deemed consistent with the public interest under section 3(a) of the [NGA].” 10 C.F.R. § 590.208(a).

⁶ See <https://www.energy.gov/fecm/articles/listing-doe-authorizationsordersnotices-issued-2024>.

Export Study. During that update, as with this one, DOE temporarily deferred its review of all pending non-FTA applications.

Two years later, in 2014, DOE announced plans to undertake new economic studies to gain a better understanding of how even higher levels of U.S. LNG export—at levels between 12 and 20 Bcf/d of natural gas—would affect the public interest. In late 2015, DOE published the 2014 and 2015 LNG Export Studies to inform its public interest determinations on non-FTA applications under NGA section 3(a).

By early 2018, DOE again determined that a new economic study was warranted in light of both the total volume of non-FTA exports authorized at that time (equivalent to 21.35 Bcf/d of natural gas) and the additional volume of LNG requested for export in then-pending applications. Accordingly, six years ago—in June 2018—DOE published its fifth and most recent economic study, entitled *Macroeconomic Outcomes of Market Determined Levels of U.S. LNG Exports (2018 LNG Export Study)*. DOE provided notice of each of these economic studies in the *Federal Register* and solicited public comment. This associated public comment process has been a valuable part of DOE's decision-making. That said, the most recent study no longer adequately accounts for considerations like potential energy cost increases for American consumers and manufacturers beyond current authorizations.

Additionally, beginning in 2014, DOE undertook studies to evaluate the environmental impacts associated with LNG exports to inform its NGA section 3(a) public interest determinations in non-FTA export applications, because the existing analysis does not account for the latest scientific understanding of the impact of greenhouse gas emissions. DOE has continued to rely on the following three environmental studies in its review of non-FTA applications, including DOE's National Environmental Policy Act (NEPA) review:

- Addendum to Environmental Review Documents Concerning Exports of Natural Gas from the United States (2014);
- Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States (2014); and
- Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States (2019).

The established framework for making public interest determinations relies on economic and environmental analyses to inform DOE of the potential impacts of additional exports. As we explained in an order denying a petition for rulemaking brought by several environmental organizations in summer 2023, “[b]ecause the U.S. LNG market and related issues—including climate change considerations and global energy security—are dynamic, the LNG export program is best served by continuing to update the economic and environmental studies, analytical approaches, and public interest factors that DOE considers in an iterative fashion, based on developing facts and circumstances.”⁷ DOE’s current analysis update is consistent with that order, which affirmed the need to keep our analyses current.

⁷ Dep’t of Energy, Order Denying Petition for Rulemaking on Exports of Liquefied Natural Gas, at 28 (July 18, 2023), <https://www.energy.gov/sites/default/files/2023-07/DOE%20Response%20to%20Sierra%20Club%27s%20Petition%20for%20Rulemaking%207.18.2023%20%28002%29.pdf>.

NEXT STEPS AND TIMELINE

The forthcoming update of our economic and environmental analyses is both robust and comprehensive. We have partnered with two of our national laboratories—the National Energy Technology Laboratory, NETL, and Pacific Northwest National Laboratory, PNNL—to support the underlying modeling work. The work is nearing completion and comprises a summary document and four technical appendices covering topics including impacts on gross domestic product, domestic prices, energy security, and communities, as well as a consequential greenhouse gas analysis. We expect to release the final study this calendar year for public comment.

This effort is similar to prior analytic updates in that we are evaluating the economic and environmental impacts of U.S. LNG exports. One key difference is that, when past analytic updates were undertaken, the reality of U.S. LNG exports was speculative or nascent. Now, after several years of a burgeoning U.S. natural gas export sector, there exists extensive data and many key global events and trends to acknowledge and incorporate. We have seen the pivotal role U.S. LNG is playing in safeguarding global energy security. We have also seen periods during which U.S. LNG exports had a noticeable influence on domestic prices, especially when demand outpaced supply following the post-COVID economic recovery.⁸ And we are seeing how LNG exports affect communities near liquefaction sites, in both positive and negative ways. Finally, over the past several years, we have learned a lot more about greenhouse gas emissions from the natural gas supply chain, and what actions can and should be taken in order to mitigate them.⁹

We are completing this work in a conscientious and defensible manner, and we are planning for a comment period of at least 60 days.

CONCLUSION

The update to our program is a necessary step so that DOE can avoid reliance on stale data and analyses in our review of non-FTA applications under NGA section 3(a). Protecting the wellbeing of American communities and taking steps to guard against the volatility of energy prices for consumers and manufacturers is of the utmost importance to this Administration. DOE is proud of its strong record of success defending NGA determinations that rely on well-supported and up-to-date analyses. The update ensures that DOE relies on the most up-to-date and robust data and analyses, to the benefit of U.S. consumers and the Nation's economic competitiveness.

Thank you. I look forward to your questions.

⁸ The Federal Energy Regulatory Commission (FERC)'s 2022-23 Winter Energy Market and Reliability Assessment concluded that "continued growth in net exports, including from liquefied natural gas (LNG) export facilities will place additional pressure on natural gas prices this winter." FERC, Winter Energy Market and Reliability Assessment, 2022-2023, at 1 (Oct. 25, 2022), <https://ferc.gov/media/report-2022-2023-winter-assessment>.

⁹ Dep't of Energy, Fact Sheet: Greenhouse gas Supply Chain Emissions Measurement, Monitoring, Reporting and Verification Framework (Mar. 22, 2024), <https://www.energy.gov/fecm/articles/fact-sheet-greenhouse-gas-supply-chain-emissions-measurement-monitoring-reporting-and->