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October 23, 2012

The Honorable Steven Chu
Secretary, U.S. Department of Energy
1000 Independence Ave., SW
Washington, DC 20585

Dear Secretary Chu:

As you know, the discovery of new natural gas resources, coupled with new technology to recover them, provides the country with an opportunity to reshape its national energy policy. The newfound abundance of natural gas better enables the United States to achieve energy independence, combat the causes of climate change, preserve the environment, and improve the economic competitiveness of American manufacturers. To take advantage of these opportunities, the U.S. must have a coherent and consistent policy when it comes to exports of these American resources in the form of liquefied natural gas (LNG).

U.S. law has long held that imports and exports of energy must be considered differently than other commodities, because the nation's economic and national security rely on its ability to obtain affordable energy. Section 3 of the Natural Gas Act (NGA) explicitly rests approval of natural gas exports with the government. Under the NGA, the government is responsible for determining whether to approve an initial export of LNG as well as determining whether such exports remain in the "public interest." The statute stipulates that an export to a country with which the U.S. has a free trade agreement is predetermined to be in the public interest. It is important to understand the criteria that the Department of Energy (DOE) will use to determine whether LNG exports to a non-FTA country are in the public interest.

The U.S. Department of Energy (DOE) is in receipt of LNG export applications totaling more than 21 billion cubic feet a day – or more than 25 percent of U.S. consumption – to countries with which the U.S. does not have an FTA. Similar applications, which exceed 27 billion cubic feet per day, are pending to countries with which the U.S. does have an FTA. These amounts far exceeds the 2 billion cubic feet per day analyzed in the Sabine Pass decision (DOE/FE Order No. 2961, May 20, 2011), or the amount predicted in the U.S. Energy Information Administration (EIA) analysis prepared for DOE at the beginning of the year ("Effect of Increased Natural Gas Exports on Domestic Energy Markets," January 2012). EIA projected a low-volume case of 6 billion cubic feet a day and a high-volume case of 12 billion cubic feet a day.

Given that there is already an effort underway by DOE, through EIA and an outside contractor, to provide assistance in understanding the economic impacts of proposed LNG exports, I ask that you explain how DOE will establish the actual decision-making criteria to be used in making the required export determinations – for pending and future applications – and the manner in which these criteria will be promulgated.

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I request an all-inclusive description of the factors that DOE will consider in determining whether to approve a supplier's authority to export LNG, and what factors DOE will consider in revoking such authority. It is important that DOE include in its description how it considers current and proposed exports' impact on domestic natural gas supplies, air pollutant emissions, domestic natural gas prices, electricity prices, U.S. employment and manufacturing, and economic growth.

I appreciate your consideration of my request.

Sincerely,

A handwritten signature in cursive script that reads "Ron Wyden".

Ron Wyden
United States Senator