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Mr. Steven Winberg
Assistant Secretary for Fossil Energy
United States Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

July 26, 2018

RE: Macroeconomic Outcomes of Market Determined Levels of U.S. LNG Exports 2018 LNG Export Study

Dear Assistant Secretary Winberg,

On behalf of the Pennsylvania Chamber of Business and Industry, the largest, broad-based business advocacy organization in the Commonwealth, which represents nearly 10,000 member companies of all sizes and commercial and industrial categories, I am writing in response to your office's notice of availability for the 2018 LNG export study and request for comments.

Broadly, the diverse array of Pennsylvania's energy assets, including nuclear, coal, oil, natural gas and renewables has powered the national economy over the past two centuries, and the PA Chamber advocates for policies that will continue to afford Pennsylvania's diverse energy portfolio a leadership role in the national and global economy. The PA Chamber's interest in this matter is to comment on behalf of its many members who are directly and indirectly benefitting from the increased development, use, transmission, and export of natural gas.

The energy renaissance that has occurred in this country, spearheaded by the increased development of natural gas production in Pennsylvania, has increased domestic economic activity, has dramatically improved air quality, and has significantly increased the nation's energy security and global competitiveness. An efficient, effective federal regulatory construct that allows for the continued build-out of energy infrastructure, including facilities for the export of LNG, will ensure that these important outcomes continue to be achieved.

As your office is well aware, Pennsylvania is now the second-leading producer of natural gas and its production accounts for more than 20% of total U.S. production. Supporting continued production and the build-out of natural gas transmission and LNG infrastructure is a priority for the PA Chamber. Continued market development for natural gas, both domestic and abroad, will aid in achieving the country's national security, environmental and economic goals.

As the LNG export study notes, there is more than sufficient domestic supply to satisfy domestic demand and accommodate an increase in exported volumes. While Pennsylvania's geography affords it limited coastline and its existing waterways would need to be significantly deepened to accommodate an LNG export facility in the state, nonetheless the state still stands to benefit by moving natural gas through pipeline projects to export terminals in other states. Notably, the Cove Point export facility in Maryland is currently helping to sustain natural gas production in northeastern Pennsylvania, a rural area of the state. The shale gas deposits in northeastern Pennsylvania are more thermally mature and thus do not contain the value-rich liquids, such as ethane and propane, found in southwestern Pennsylvania. This facility also helped develop the market need for the expansion of the existing interstate transmission project that is delivering gas to new markets in the mid-Atlantic – the Atlantic Sunrise expansion of the Transco system, which will be operational next month, increasing the system's delivery capacity by more than 1.7 Bcf/day. Broadly speaking, moving forward with LNG export projects results in a stable and affordable supply of natural gas to residential, commercial and

industrial customers. It should be noted that concerns about significant price increases occurring after the LNG exports have been authorized have not been borne out. It is therefore through our direct experience that we can affirm the discussion included in the LNG Export Study, outlined on pages 20-21 and in full on pages 65-78, identifying an overall consumer benefit to the increased export of LNG.

There remains considerable additional economic gains to be achieved should more LNG export infrastructure be constructed. Last year, two PA Chamber member companies, Chevron and Peoples Gas, contracted with one of the world's leading management consulting firms, to outline the tremendous economic benefits available to Pennsylvania should its natural gas assets be fully leveraged. The report, Forge the Future, included analyses of potential market development in the power generation (including electric generating units and combined head and power or other distributed energy resources), advanced manufacturing and export sectors. The report identified the potential for Pennsylvania to export up to 3.6 trillion feet of natural gas per year to domestic and international markets, without hurting competitive gas prices in the state. As the report notes, "[exports of this amount] are unlikely to raise prices to a level that would impair Pennsylvania's manufacturing cost competitiveness or hurt consumers."¹

The Forge the Future report also estimates the significant market potential for the use of natural gas in advanced and additive manufacturing sectors, such as petrochemical, ammonia, cement, robotics, automation, at approximately 1 Tcf per year. This estimate of 1 Tcf includes significant new investment into three to five new ethane crackers and a similar number of propane dehydrogenation facilities, as well as a number of new ammonia and plastics manufacturing facilities and data centers. Even should such a sizeable amount of new investment occur, there still remains much greater demand abroad for Pennsylvania's abundant natural gas reserves. Thus, the Forge the Future report affirms a similar finding identified on p. 77 of the LNG Exports Study: "there is no support for the concern that LNG exports would come at the expense of domestic natural gas consumption."

It must be noted in closing that much of the opportunity to attract new investment into manufacturing assets in Pennsylvania relies not just on affordable natural gas, but on access to overseas markets. The Forge the Future report notes that the largest growth markets for propane and plastics are in Asia. The PA Chamber remains concerned with the potential for major economic losses should the administration continue to engage in a trade war over tariffs with trading partners overseas. Nearly 1.7 million Pennsylvania jobs are supported by trade, according to an analysis by the U.S. Chamber of Commerce.² Pennsylvania's energy assets can position the country to a continued leadership role in manufacturing, but not if markets across the world are closed off. The Department of Energy's LNG Exports Study affirms the significant benefit that trade can bring our country, and we hope to continue to work with this administration on policies that will support continued market development abroad for all industries.

Thank you for the opportunity to comment on the LNG Exports Study and for your consideration of our comments.

Sincerely,



Kevin Sunday
Director, Government Affairs

¹ Forge the Future: Pennsylvania's Path to an Advanced, Energy-Enabled Economy. July 2017.

<http://paforgethefuture.com/pdf/PA-Forge-the-Future.pdf>

² Trade Works for Pennsylvania. United States Chamber of Commerce, June 2018.

https://www.uschamber.com/sites/all/modules/custom/tradeworks_map/2014/trade-works-for-us-share-pennsylvania-report-small.pdf