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United States Senate

WASHINGTON, DC 20510

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The Honorable Steven Chu
Secretary
U.S. Department of Energy
1000 Independence Avenue Southwest
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Dear Secretary Chu:

I write to express my appreciation for the completion and release of the recent report commissioned by President Obama and conducted for the Department of Energy by the National Economic Research Associates (NERA) group titled, "Macroeconomic Impacts of LNG Exports from the United States." The goal of exporting liquefied natural gas (LNG) from the United States has numerous merits that justify the robust private capital interest in developing multi-billion dollar assets that could employ tens of thousands of our fellow Americans while simultaneously strengthening international ties and reinforcing America's geopolitical strength. The theoretical concerns that exist are not unique to LNG, and it was reassuring to see that the report has concluded that each scenario examined resulted in a net benefit to our economy.

As you well know, advances in private sector technology have spurred a tremendous resurgence in natural gas production in the United States. Without question, the anemic economic recovery we have experienced over the last four years has been buoyed by one sector, the domestic oil and gas industry. The production of domestic fossil fuels as a direct result of private capital investment on lands not controlled by the federal government has had unequivocally positive effects for our nation in the creation of jobs, tax revenues, royalties, equipment orders, and the production of materials from domestic manufacturers. Opponents of LNG exportation argue that opening domestic natural gas consumption to the entire LNG market will drastically impact consumers here at home. However, as the NERA study clearly pointed out, "U.S. consumers are better off in all of the export volume scenarios that were analyzed" and "for every one of the market scenarios examined, net economic benefits increased as the level of LNG exports increased."

We can argue ad nauseam about the speculative impacts on domestic prices based on exporting, which would hold true for any raw material including timber, agricultural products, other minerals, and even refined products from shale gas and ethane. My concern is that the protectionist arguments represent a slippery slope that could exacerbate other efforts to crush exports by inappropriate extrapolation of our environmental laws. The reality is trade and exports are imperative to the success of the U.S. economy, and our deficits in trade and the national budget are fundamental challenges that cannot be resolved by closing the door on LNG or other domestic energy exports.

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The United States is not the only nation with abundant shale gas reserves, and as technology developed in the U. S. advances around the world, many nations will see their resources base amplify. However, we do have significant advantages that will take competitors many years to rival, such as best-in-class technology, gas processing and pipeline infrastructure developed over decades, a financial system that matches capital with promising investment opportunities, well-defined mineral ownership, a mature legal system, and a highly productive work force. While other nations work to duplicate the success of America's shale industry, it is imperative that America reinforce its leadership and commitment to our allies in Europe and Japan as they seek to import from the United States.

I remain cautiously optimistic in light of the NERA study that a handful of LNG export facilities will be built and this fledgling opportunity can be realized to provide additional jobs domestically and strengthen our international standing and relationships. In the wake of the DOE report, and the truly unique economic opportunity, I ask that the Administration continue to move forward with the permitting process for export terminals.

Thank you for taking this request into consideration.

Sincerely,



David Vitter
Ranking Member
Committee on Environment and Public Works