

Leveraging America's abundant supply of clean-burning natural gas to maximize its economic and environmental benefits should include increased exports of liquefied natural gas (LNG). What follows is a primer on how natural gas - including increased LNG development - can boost the economy, create jobs and protect the environment.

Step 1: Understanding the Law

Under the Natural Gas Act of 1938, importing or exporting natural gas requires authorization from the U.S. Department of Energy (DOE), which makes its determination based upon the public interest. Selling natural gas to countries with which the United States has a free trade agreement is automatically deemed to be in the public interest, assuming all applicable environmental standards are met. Selling to countries outside of existing free trade agreements undergoes further regulatory review. In addition to the DOE process, the Federal Energy Regulatory Commission (FERC) must also authorize the siting of each LNG facility. (Learn more about the current regulatory process by clicking here.)

Step 2: Maximize Economic Benefits

Here are a few examples of the economic benefits LNG projects can provide:

- Each LNG export project would be a multi-billion dollar investment in the U.S. According to the U.S. International Trade Administration, each \$1 billion of exports could result in 5,555 new jobs.

- Based upon current projections, this means that LNG development could mean the creation of between 70,000 and 140,000 new American jobs.

- A single liquefaction plant represents a multi-billion dollar investment in the United States and can support as many as 9,000 American jobs in construction and facility operations. In addition, tens of thousands of jobs can be supported in a variety of service sectors, including manufacturing, field services, pipeline construction, transportation and many other related industries throughout the country. This translates into approximately \$1 billion in new wages for U.S. workers over just a six year period.

- Michael Levi, Director of the Energy Security and Climate Change program at the Council on Foreign Relations, projects that new natural gas production required for a portion of the proposed LNG facilities would support approximately 40,000 jobs.

- LNG exports are consistent with the President's National Export Initiative, which aims to double exports by 2015 in order to create "sustainable economic growth" and "good high-paying jobs."

Step 3: Minimize Environmental Impacts

Natural gas has roughly half the carbon emissions of coal when used to generate electricity, and has much fewer emissions of compounds linked to smog, acid rain and asthma. Emissions do not stop at the water's edge, so this benefits the United States and other countries. The International Energy Agency (IEA) notes that increased natural gas use could reduce global CO₂ emissions by 740 million metric tons by 2035 - more than is currently emitted each year by France, Brazil, the United Kingdom or Canada. The U.S. Energy Information Administration (EIA) found that in 2012, U.S. carbon dioxide emissions resulting from energy use were the lowest since 1992, due, in large part, to increased natural gas use.

Step 4: Protect Consumers

Some claim that increased LNG export capacity in the United States will precipitously increase domestic natural gas prices. But the Brookings Institution has shown that the basis for this claim is an "unlikely" scenario in which the United States would somehow capture one-third of the entire world LNG market - in just six years. In reality,

each facility takes several years to be completed due to planning, permitting and construction times that often cannot overlap. Brookings found that under more realistic scenarios, if there were any price impact it would be “modest.” The 2012 DOE-commissioned report on the macroeconomic effects of LNG exports found that “consumers, in aggregate, are better off as a result of LNG exports.”

Step 5: Enhance Security

Increasing natural gas supplies on the world market will promote the “long-term national interests of the United States,” according to the Baker Institute at Rice University, giving us greater control over our energy future. America also has an opportunity to help our trading partners, such as Japan, access the energy they need. Dollars can flow back into the United States in exchange for LNG, and our trading partners will receive a clean and affordable supply of energy. In addition, the Brookings Institution notes that exports of natural gas will expand the U.S. benefits from international trade.

Step 6: Increase Supply

The United States has an abundant supply of natural gas to meet current consumption levels for nearly 100 years. In fact, the U.S. has plenty of natural gas to meet both domestic needs and exports. Instead of limiting markets for natural gas, our focus should be on the abundance of what we have and on promoting the development of natural gas supplies.

By recognizing the importance of natural gas exports, the United States will ensure the continued utilization of our domestic natural gas supplies in ways that create U.S. jobs on an extraordinary scale and grow the economy while also enhancing national security and expanding U.S. trade. According to Deloitte, the domestic resource base is estimated to have enough to meet demand for several decades, and the “volume of LNG exports represents a relatively small increment to the total demand.” Furthermore, the U.S. EIA projects that natural gas production will grow at a rate of 40 percent from 2012-2014, while U.S. consumption will only grow by 20 percent. Exporting natural gas would also mean billions of dollars in new business for American manufacturers.

Conclusion

Due to its economic and environmental benefits, natural gas has rightly been dubbed a “game changer” for the United States. Increasing utilization of this important resource will be a major source of new jobs and new economic activity for the foreseeable future. CLNG recommends adopting the following principles as a strategy that best leverages America’s abundant supply of natural gas to create jobs, increase economic growth, and expand the U.S. benefits from international trade:

- Increase development of domestic natural gas supplies to create U.S. jobs and grow the U.S. economy – including in electricity generation, transportation, industry and LNG exports.
- Resist shortsighted calls to limit natural gas exports, as exports are a major source of domestic job creation.
- Recognize that increased natural gas development can create jobs in manufacturing sectors that provide the materials and equipment that support natural gas development and LNG export facilities as well as in sectors that use natural gas as a feedstock or fuel.
- Enhance American economic growth by committing to policies that will expand U.S. trade. This includes helping important overseas allies meet their energy needs.
- Promote domestic energy development to create jobs and keep consumer prices affordable.