

**Center for International Environmental Law • Clean Water Action • Earthjustice • Earthworks
• Environment America • Friends of the Earth • League of Conservation Voters • Sierra Club
• The Wilderness Society**

March 11, 2013

President Barack Obama
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Re: The Need for Careful Study and Sound Strategies on Liquefied Natural Gas Export

Dear Mr. President,

On behalf of our millions of members and supporters, we urge you and your Administration to develop a national strategy to respond to proposals to export liquefied natural gas (LNG) based on an informed assessment of the significant environmental and economic impacts of LNG export.

The Department of Energy is currently considering proposals to export overseas up to 45% of our nation's natural gas production. The huge volumes of proposed LNG exports would not only raise domestic energy prices and disproportionately harm the middle class and US manufacturing, but would also require a significant expansion of unconventional gas production using hydraulic fracturing ("fracking"). This drilling expansion would cause a substantial increase in emissions of methane, which is a powerful climate disrupting pollutant. That additional methane, along with the increased energy needed to produce and transport LNG, makes it the most carbon-intense form of natural gas on a life-cycle basis. LNG exports thus risk worsening climate change.¹ For all these reasons, exporting even a fraction of the gas proposed could seriously harm American communities and the environment.

We urge the Administration to thoroughly study the economic and environmental aspects of these exports before making final decisions on export proposals. Deciding whether and how to move forward with LNG exports is among the most pressing environmental and energy policy decisions facing the nation. Yet, to date, DOE has failed to seriously analyze or respond to the significant national risks and implications of LNG exports. DOE has undertaken no environmental analysis of the major increases in natural gas production and shifts in use that

¹ See, e.g., P. Jaramillo *et al.*, "Comparative Life-Cycle Air Emissions of Coal, Domestic Natural Gas, LNG, and SNG for Electricity Generation", *Environ. Sci. & Tech.* (2007), available at: http://www.ce.cmu.edu/~gdrgr/readings/2007/09/13/Jaramillo_ComparativeLCACoalNG.pdf; see also, Comments of Sierra Club *et al.* (2013) at 30-33 (providing methane emissions calculations).

would result from export. Moreover, the economic study DOE commissioned discounts the harm that LNG exports would inflict on the poor and middle class due to lower wages and higher utility bills. DOE needs to fully evaluate and disclose these serious impacts. Doing so is particularly urgent at this moment, given that pending trade negotiations may inadvertently cost the United States its ability to manage LNG exports to a significant number of countries.

Before making any decision on LNG exports or the construction of any proposed export facilities, we believe the Administration must undertake the following steps:

- 1) Redo the flawed economic study DOE commissioned. DOE commissioned a study of LNG export economics from NERA Consulting, which has deep ties to fossil fuel interests and is known for attacking the Administration's green jobs efforts and clean air rules. This recently released study endorses LNG export while downplaying a fundamental fact: LNG exports would reduce incomes by billions of dollars nationally for ordinary Americans while benefitting the ultra-rich.² The study shortchanges its treatment of the impact on the middle class and the poor by relying on flawed analyses of the role of natural gas in American industries and outdated energy forecasts. Further, the study fails to consider whether America can capture greater economic benefits by focusing on domestic economic growth, rather than exporting raw materials overseas. Credible research by unbiased economists shows that these effects are large and may even offset any GDP increases from export.³ Rather than relying on the flawed NERA study, DOE should commit to a serious comparative look at alternative energy and export strategies that would better protect the middle class.

- 2) Develop a full environmental impact statement for LNG export, including the unconventional gas production it will require. According to the Energy Information Administration, at least two-thirds of the natural gas produced for export will come from fracking in unconventional gas fields.⁴ That increased production would create significant new air and water pollution risks and new waste management challenges for communities across the nation, and could worsen climate change by increasing national methane emissions. These risks and impacts must be carefully assessed under the provisions of the National Environmental Policy Act (NEPA) before our nation commits to LNG exports. As the Environmental Protection Agency has repeatedly advised DOE, a comprehensive environmental impact statement (EIS) is essential to understanding the

² See NERA Economic Consulting, "Macroeconomic Impacts of LNG Exports from the United States" (2013) at 8 (showing billions in losses to income and acknowledging that households dependent on wages will not benefit from export).

³ See, e.g., Dr. Wallace Tyner *et al.*, Purdue University, "Comparison of Analysis of Natural Gas Export Impacts from Studies Done by NERA Economic Consultants and Purdue University" (2013), available at: http://www.fossil.energy.gov/programs/gasregulation/authorizations/export_study/30_Wallace_Tyner01_14_13.pdf; Dr. Elizabeth Stanton *et al.*, Synapse Energy Economics, "Will LNG Exports Benefit the U.S. Economy?" (2013), available at: <http://www.synapse-energy.com/Downloads/SynapseReport.2013-01.SC.LNG-Exports-Benefits.13-009.pdf>.

⁴ See EIA, "Effect of Increased Natural Gas Exports on Domestic Energy Markets" (2012), available at: http://fossil.energy.gov/programs/gasregulation/reports/fe_eia_lng.pdf.

public health and environmental implications of increased domestic fracking. Completing a programmatic EIS is a prerequisite for federal agency decision making on LNG exports.

- 3) Protect domestic control of our natural gas resources. The Natural Gas Act, which governs export licensing, requires DOE to license gas exports, of any amount, to nations with which the U.S. has signed a free trade agreement providing for national treatment of natural gas. This statute could soon have major consequences for LNG exports: America is negotiating a new trade agreement, the Trans-Pacific Partnership, with major Pacific Rim gas importers. The agreement, in its current form, would make the Administration unable to condition or deny export licenses to hungry gas markets, even if those exports would harm the public health and the domestic economy. The Administration should work with DOE and the U.S. Trade Representative on appropriate drafting solutions to ensure that DOE will not lose its authority to protect the public interest in the LNG export context.

Gas exports would transform the energy landscape and affect communities across the country. We owe ourselves an open and informed national conversation to test whether they are actually in the public interest. This is an especially appropriate time to act because DOE is now gathering comments and information on LNG export issues before making decisions on the licenses before it. Taking these three steps before making any decision on LNG exports or allowing the construction of any proposed export facilities, will help ensure an informed and public conversation and maintain the Administration's authority to safeguard our environment and economy.

Thank you, in advance, for your help in implementing these measures to build a serious and data-driven framework for making decisions on this pressing issue.

Sincerely,

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Earthjustice

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