



## PRESS RELEASE

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### **MANUFACTURERS URGE DOE TO REQUIRE REDUCTION IN LNG EXPORT RATES TO PREVENT FURTHER PRICE SPIKES**

Today, the Industrial Energy Consumers of America (IECA) sent a [letter](#) to Energy Secretary Jennifer Granholm on LNG exports. IECA urged the U.S. Department of Energy (DOE) to take immediate action under the Natural Gas Act (NGA) to prevent a supply crisis and price spikes for consumers this winter by requiring LNG exporters to reduce export rates in order to allow U.S. inventories to reach the 5-year average storage levels, and to place a hold on all existing, pending, and prefiling permits and approvals on LNG export facilities in the lower 48, and to conduct a review of whether they are in the public interest under the NGA.

“Action is necessary because the global LNG market is not a free market and buyers of LNG who compete for natural gas with U.S. consumers are state-owned enterprises and foreign government-controlled utilities with automatic cost pass through. They can and will pay any price necessary to secure LNG for their countries. U.S. manufacturers cannot compete with them on prices,” said Paul Cicio, President and CEO of IECA.<sup>1</sup>

The Energy Information Administration (EIA) states that natural gas exports are up 41% from a year ago. Henry Hub natural gas prices are double from a year ago at an annualized rate equal to a \$109 billion increase to consumers. The EIA reports that working natural gas stocks are 17% lower than a year ago and 7% below the five-year average. S&P Global Platts calculates that “Henry Hub prices would have to increase to \$10 per MMBtu to provide incentive to fulfill domestic natural gas demand.”<sup>2</sup> At those price levels, as we experienced in 2008, manufacturing demand destruction occurs. Many manufacturers can no longer compete in the market at those prices, which results in a loss of jobs.

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<sup>1</sup> “WoodMac: Uncontracted demand by world’s seven largest LNG buyers to quadruple,” LNG World News, December 13, 2018, [https://www.lngworldnews.com/woodmac-uncontracted-demand-by-worlds-seven-largest-lng-buyers-to-quadruple/?utm\\_source=email&utm\\_medium=email&utm\\_campaign=daily-update-lng-world-news-2018-12-14&uid=55872](https://www.lngworldnews.com/woodmac-uncontracted-demand-by-worlds-seven-largest-lng-buyers-to-quadruple/?utm_source=email&utm_medium=email&utm_campaign=daily-update-lng-world-news-2018-12-14&uid=55872)

<sup>2</sup> “State of Natural-Gas Market Looks Unnatural,” The Wall Street Journal, September 13, 2021, <https://www.wsj.com/articles/natural-gas-market-conditions-look-unnatural-11631368802>

Excessive LNG export volumes are inflationary and threaten the competitiveness of trillions of dollars of manufacturing capital assets, millions of jobs, and economic growth by driving up the cost of natural gas, natural gas liquids feedstock, and electricity. This also presents a threat to reliability, national security, and is a cost and human safety issue.

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*The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.1 trillion in annual sales, over 4,200 facilities nationwide, and with more than 1.8 million employees worldwide. It is an organization created to promote the interests of manufacturing companies through advocacy and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: chemicals, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, building products, automotive, independent oil refining, and cement.*