

118TH CONGRESS <i>1st Session</i>	HOUSE OF REPRESENTATIVES	REPORT 118—
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UNLOCKING OUR DOMESTIC LNG POTENTIAL ACT OF 2023

MARCH --, 2023.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mrs. RODGERS of Washington, from the Committee on Energy and Commerce, submitted the following

R E P O R T

together with

____ VIEWS

[To accompany H.R. 1130]

[Including cost estimate of the Congressional Budget Office]

The Committee on Energy and Commerce, to whom was referred the bill (H.R. 1130) to repeal restrictions on the export and import of natural gas, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Unlocking our Domestic LNG Potential Act of 2023”.

SEC. 2. ADVANCING UNITED STATES GLOBAL LEADERSHIP.

Section 3 of the Natural Gas Act (15 U.S.C. 717b) is amended—

- (1) by striking subsections (a) through (c);
- (2) by redesignating subsections (e) and (f) as subsections (a) and (b), respectively;
- (3) by redesignating subsection (d) as subsection (c), and moving such subsection after subsection (b), as so redesignated;
- (4) in subsection (a), as so redesignated, by amending paragraph (1) to read as follows: “(1) The Federal Energy Regulatory Commission (in this subsection referred to as the ‘Commission’) shall have the exclusive authority to approve or deny an application for the siting, construction, expansion, or operation of a facility to export natural gas from the United States to a foreign country or import natural gas from a foreign country, including an LNG terminal. In determining whether to approve or deny an application under this paragraph, the Commission shall deem the exportation or importation of natural gas to be con-

sistent with the public interest. Except as specifically provided in this Act, nothing in this Act is intended to affect otherwise applicable law related to any Federal agency's authorities or responsibilities related to facilities to import or export natural gas, including LNG terminals.”; and

(5) by adding at the end the following new subsection:

“(d)(1) Nothing in this Act limits the authority of the President under the Constitution, the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), part B of title II of the Energy Policy and Conservation Act (42 U.S.C. 6271 et seq.), the Trading With the Enemy Act (50 U.S.C. 4301 et seq.), or any other provision of law that imposes sanctions on a foreign person or foreign government (including any provision of law that prohibits or restricts United States persons from engaging in a transaction with a sanctioned person or government), including a country that is designated as a state sponsor of terrorism, to prohibit imports or exports.

“(2) In this subsection, the term ‘state sponsor of terrorism’ means a country the government of which the Secretary of State determines has repeatedly provided support for international terrorism pursuant to—

“(A) section 1754(c)(1)(A) of the Export Control Reform Act of 2018 (50 U.S.C. 4318(c)(1)(A));

“(B) section 620A of the Foreign Assistance Act of 1961 (22 U.S.C. 2371);

“(C) section 40 of the Arms Export Control Act (22 U.S.C. 2780); or

“(D) any other provision of law.”.

H.R. 1130 UNLOCKING OUR DOMESTIC LNG POTENTIAL ACT

COVER PAGE/AMENDMENT

[Attachment—Insert Cover Page/Amendment]

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PURPOSE AND SUMMARY

H.R. 1130, the “Unlocking our Domestic LNG Potential Act of 2023,” was introduced by Representative Johnson (R-OH) on February 21, 2023. The legislation would lift all restrictions on the import and export of natural gas, with limited exceptions to limit trade with a person or foreign country under sanction or listed as a state sponsor of terrorism.

BACKGROUND AND NEED FOR LEGISLATION

The United States has emerged as the world’s number one producer of oil and natural gas, and a leading exporter of liquified natural gas (LNG), contributing to enhanced energy security, economic growth, and diplomatic leverage.

The Department of Energy (DOE) has studied the domestic benefits of LNG exports under multiple Presidential Administrations, beginning with President Obama, and has

determined that as U.S. LNG exports increase, domestic production increases to meet global demand.¹ DOE has also studied the environmental effects of natural gas production and LNG exports, finding that U.S. LNG production and exports are the cleanest in the world.² According to these studies, LNG exports could add between \$50-73 billion to the U.S. economy by 2040, and between 220,000 and 453,000 American jobs by 2040. LNG exports can also create billions of dollars in revenues for federal, state, and local governments, and increase downstream industries like manufacturing.

Expanded U.S. LNG exports also benefit U.S. energy security and national security by reducing the influence of Russia and OPEC in international markets. While U.S. LNG exports have allowed Europe to begin to diversify away from Russian natural gas, U.S. allies and trading partners continue to be threatened by Russian supply disruptions and unfair pricing. Russia's war on Ukraine has exposed the world's vulnerability to unstable energy suppliers, emphasizing the importance of stable, secure, and more affordable American natural gas supplies.

Under current law, any person wishing to import or export U.S. natural gas must obtain multiple Federal and State permits, undergoing a regulatory review that can take many years and cost millions of dollars. Applicants must obtain authorization to import or export the commodity, natural gas, and must also obtain approval to construct and operate the LNG facility.

The Committee has found that some aspects of the regulatory reviews are duplicative and unnecessary, which has contributed to

¹ See, e.g., Effect of Increased Levels of Liquefied Natural Gas on U.S. Energy Markets, conducted by the U.S. Energy Information Administration upon DOE's request (2014 EIA LNG Export Study); The Macroeconomic Impact of Increasing U.S. LNG Exports, conducted jointly by the Center for Energy Studies at Rice University's Baker Institute for Public Policy and Oxford Economics, on behalf of DOE (2015 LNG Export Study); an Macroeconomic Outcomes of Market Determined Levels of U.S. LNG Exports, conducted by NERA Economic Consulting on behalf of DOE (2018 LNG Export Study).

² See, Addendum to Environmental Review Documents Concerning Exports of Natural Gas From the United States, 79 FR 48132 (Aug. 15, 2014); Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States, 79 FR 32260 (June 4, 2014); and, 2019 Update to Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States, 84 FR 49278 (Sep. 19, 2019).

delays and introduced regulatory uncertainty that has stifled economic growth and job development. For example, under current law, applicants must spend millions of dollars to complete an environmental and safety review of a proposed LNG export facility with the Federal Energy Regulatory Commission (FERC) before DOE will consider whether to grant authorization to export natural gas to Non-Free Trade Agreement countries, even though DOE has already determined that expanded LNG exports are broadly in the nation's public interest. The Natural Gas Act (NGA) does not require a separate public interest determination in the case of exports to countries where a Free Trade Agreement (FTA) is in effect; however, even while the statute requires DOE to issue authorization "without modification or delay," DOE routinely waits months to issue FTA authorizations.

The Committee has determined that natural gas should not be subject to burdensome and unnecessary trade restrictions, and that the regulatory framework for natural gas should be harmonized with that of petroleum products and crude oil. In 2015, Congress recognized the need to adapt to changing crude oil market conditions and repealed all restriction on the export of crude oil on a bipartisan basis. Lifting the restrictions on the export of crude oil encouraged additional domestic energy production, created American jobs, and economic development, and allowed the U.S. to emerge as the leading oil producer in the world. In 2019, as a result of lifting the oil export ban, the U.S. became a net exporter of petroleum products for the first time since 1952, and the reliance of the U.S. on foreign imports of petroleum products has declined to historic lows.

H.R. 1130 would remove restrictions on the import and export of natural gas, by eliminating the need for an applicant to apply to DOE for authorization to import or export the commodity. With H.R. 1130, FERC would maintain exclusive authority to approve or deny an application for the siting, construction, operation, or expansion of a facility to import or export natural gas. The Committee does not intend for H.R. 1130 to affect the existing FERC procedures to review the facility or change any standards for environmental or safety review. However, H.R. 1130 directs FERC to deem the export or import of natural gas to be consistent with the public interest. The Committee intends for the scope of FERC's review to be limited to the facility itself, and not to extend upstream or downstream beyond those effects that are direct or reasonably foreseeable.

The Committee finds that free trade, open markets, and competition have contributed to the rise of the U.S. as a global energy superpower. The Committee expects that lifting restrictions

on the import and export of natural gas would contribute to net economic benefits, increased natural gas production, and improved energy security and national security for the American people.

COMMITTEE ACTION

On February 7, 2023, the Subcommittees on Energy, Climate, and Grid Security and Environment, Manufacturing, and Critical Materials held a joint hearing entitled, “Unleashing American Energy, Lowering Energy Costs, and Strengthening Supply Chains,” on 17 pieces of legislation, including H.R. 1130. The Subcommittees received testimony from:

- The Honorable Mark Menezes, Former United States Deputy Secretary of Energy, Department of Energy;
- The Honorable Bernard McNamee, Former Commissioner, Federal Energy Regulatory Commission;
- Jeffrey Eshelman, II, President and Chief Executive Officer, Independent Petroleum Association of America;
- Katie Sweeney, Executive Vice President and Chief Operating Officer, National Mining Association;
- Raul Garcia, Legislative Director for Healthy Communities, Earthjustice; and
- Tyson Slocum, Director of the Energy Program, Public Citizen.

On February 28, 2023, the Subcommittee on Energy, Climate, and Grid Security met in open markup session and forwarded H.R. 1130, without amendment, to the full Committee by a record vote of 16 yeas and 9 nays. On March 9, 2023, the full Committee on Energy and Commerce met in open markup session and ordered H.R. 1130, without amendment, favorably reported to the House by a record vote of 27 yeas and 21 nays.

COMMITTEE VOTES

Clause 3(b) of rule XIII requires the Committee to list the record votes on the motion to report legislation and amendments thereto. The following reflects the record votes taken during the Committee consideration:

[Attachments—Insert Votes]

OVERSIGHT FINDINGS AND RECOMMENDATIONS

COMMITTEE ON ENERGY AND COMMERCE
118TH CONGRESS
ROLL CALL VOTE #15

BILL: H.R. 1130, Unlocking Our Domestic LNG Potential Act

AMENDMENT: An amendment offered by Rep. DeGette, No. 1.

DISPOSITION: **NOT AGREED TO**, by a roll call vote of 21 yeas and 28 nays.

REPRESENTATIVE	YEAS	NAYS	PRESENT	REPRESENTATIVE	YEAS	NAYS	PRESENT
Rep. Rodgers		X		Rep. Pallone	X		
Rep. Burgess		X		Rep. Eshoo	X		
Rep. Latta		X		Rep. DeGette	X		
Rep. Guthrie		X		Rep. Schakowsky	X		
Rep. Griffith		X		Rep. Matsui	X		
Rep. Bilirakis		X		Rep. Castor	X		
Rep. Johnson		X		Rep. Sarbanes	X		
Rep. Bucshon		X		Rep. Tonko	X		
Rep. Hudson		X		Rep. Clarke	X		
Rep. Walberg		X		Rep. Cárdenas	X		
Rep. Carter		X		Rep. Ruiz	X		
Rep. Duncan		X		Rep. Peters	X		
Rep. Palmer		X		Rep. Dingell	X		
Rep. Dunn		X		Rep. Veasey	X		
Rep. Curtis		X		Rep. Kuster	X		
Rep. Lesko		X		Rep. Kelly	X		
Rep. Pence		X		Rep. Barragán	X		
Rep. Crenshaw				Rep. Blunt Rochester	X		
Rep. Joyce		X		Rep. Soto	X		
Rep. Armstrong		X		Rep. Craig	X		
Rep. Weber		X		Rep. Schrier			
Rep. Allen		X		Rep. Trahan			
Rep. Balderson		X		Rep. Fletcher	X		
Rep. Fulcher		X					
Rep. Pfluger		X					
Rep. Harshbarger		X					
Rep. Miller-Meeks		X					
Rep. Cammack		X					
Rep. Obernolte		X					

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COMMITTEE ON ENERGY AND COMMERCE
118TH CONGRESS
ROLL CALL VOTE #16

BILL: H.R. 1130, Unlocking Our Domestic LNG Potential Act

AMENDMENT: A motion by Mrs. Rodgers to order H.R. 1130 favorably reported to the House, as amended.

DISPOSITION: **AGREED TO**, by a roll call vote of 27 yeas and 21 nays

REPRESENTATIVE	YEAS	NAYS	PRESENT	REPRESENTATIVE	YEAS	NAYS	PRESENT
Rep. Rodgers	X			Rep. Pallone		X	
Rep. Burgess	X			Rep. Eshoo		X	
Rep. Latta	X			Rep. DeGette		X	
Rep. Guthrie	X			Rep. Schakowsky		X	
Rep. Griffith	X			Rep. Matsui		X	
Rep. Bilirakis	X			Rep. Castor		X	
Rep. Johnson	X			Rep. Sarbanes		X	
Rep. Bucshon	X			Rep. Tonko		X	
Rep. Hudson	X			Rep. Clarke		X	
Rep. Walberg	X			Rep. Cárdenas		X	
Rep. Carter	X			Rep. Ruiz		X	
Rep. Duncan	X			Rep. Peters		X	
Rep. Palmer	X			Rep. Dingell		X	
Rep. Dunn	X			Rep. Veasey		X	
Rep. Curtis	X			Rep. Kuster		X	
Rep. Lesko	X			Rep. Kelly		X	
Rep. Pence	X			Rep. Barragán		X	
Rep. Crenshaw				Rep. Blunt Rochester		X	
Rep. Joyce	X			Rep. Soto		X	
Rep. Armstrong	X			Rep. Craig		X	
Rep. Weber	X			Rep. Schrier			
Rep. Allen	X			Rep. Trahan			
Rep. Balderson	X			Rep. Fletcher		X	
Rep. Fulcher	X						
Rep. Pfluger	X						
Rep. Harshbarger	X						
Rep. Miller-Meeks							
Rep. Cammack	X						
Rep. Obernolte	X						

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Pursuant to clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII, the Committee held hearings and made findings that are reflected in this report.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

Pursuant to clause 3(c)(2) of rule XIII, the Committee finds that H.R. 1130 would result in no new or increased budget authority, entitlement authority, or tax expenditures or revenues.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII, at the time this report was filed, the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974 was not available.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII, the general performance goal or objective of this legislation is to increase American energy production and restore energy leadership by removing restrictions on the import and export of U.S. LNG.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII, no provision of H.R. 1130 is known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of Public Law 111-139 or the most recent Catalog of Federal Domestic Assistance.

RELATED COMMITTEE AND SUBCOMMITTEE HEARINGS

Pursuant to clause 3(c)(6) of rule XIII,

(1) the following hearings were used to develop or consider H.R. 1130:

On January 31, 2023, the Committee on Energy and Commerce held an oversight hearing entitled, “American Energy Expansion: Strengthening Economic, Environmental, and National Security.” The Committee received testimony from:

- The Honorable Paul Dabbar, Former Under Secretary of Energy, Department of Energy;
- Robert McNalley, President, Rapidan Energy Group, LLC;
- Donna Jackson, Director of Membership Development – National Center for Public Policy Research, Project 21; and
- Ana Unruh Cohen, Former Majority Staff Director, U.S. House Select Committee on the Climate Crisis.

On February 16, 2023, the Subcommittee on Energy, Climate, and Grid Security held a field hearing in Midland, Texas, entitled, “American Energy Expansion: Improving Local Economies and Communities’ Way of Life.” The Committee received testimony from:

- The Honorable Lori Blong, Mayor of Midland, Texas, and President of Octane Energy;
- Adrian Carrasco, Chairman Midland Hispanic Chamber of Commerce, and President of Premier Energy Services;
- Steven Pruett, President and CEO, Elevation Resources, and Chairman of the Board for Independent Petroleum Association of America; and
- Dr. Michael Zavada, Professor of Biology and Geosciences, and Chair, Department of Geosciences at The University of Texas – Permian Basin.

(2) The following related hearing was held:

On February 7, 2023, the Subcommittees on Energy, Climate, and Grid Security and Environment, Manufacturing, and Critical Materials held a joint hearing entitled, “Unleashing American Energy, Lowering Energy Costs, and Strengthening Supply Chains,” on 17 pieces of legislation, including H.R. 1130. The Subcommittees received testimony from:

- The Honorable Mark Menezes, Former United States Deputy Secretary of Energy, Department of Energy;
- The Honorable Bernard McNamee, Former Commissioner, Federal Energy Regulatory Commission;

- Jeffrey Eshelman, II, President and Chief Executive Officer, Independent Petroleum Association of America;
- Katie Sweeney, Executive Vice President and Chief Operating Officer, National Mining Association;
- Raul Garcia, Legislative Director for Healthy Communities, Earthjustice; and
- Tyson Slocum, Director of the Energy Program, Public Citizen.

COMMITTEE COST ESTIMATE

Pursuant to clause 3(d)(1) of rule XIII, the Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974. At the time this report was filed, the estimate was not available.

EARMARK, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

Pursuant to clause 9(e), 9(f), and 9(g) of rule XXI, the Committee finds that H.R. 1130 contains no earmarks, limited tax benefits, or limited tariff benefits.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short Title

Section 1 provides the short title of “Unlocking Our Domestic LNG Potential Act.”

Section 2. Advancing United States Global Leadership

This section strikes the provisions within the Natural Gas Act that requires DOE to issue an authorization to export natural gas from the United States or import natural gas from a foreign country. This section clarifies that FERC shall have exclusive authority to approve or deny an application for the siting, construction, expansion, or operation of a facility to import or export natural gas. This section requires FERC, in determining whether to approve or deny an application for a facility, to deem the export or import of the commodity, natural gas, to be consistent with the public interest. This section also contains a savings clause that clarifies nothing in the Act limits authorities under other laws to impose sanctions or restrict trade to a country that is designated as a state sponsor of terror.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

With respect to the requirement of clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, this section was not made available to the Committee in time for the filing of this report.

MINORITY VIEWS

[Attachment--Views]

Minority Views for H.R. 1130, the “Unlocking our Domestic LNG Potential Act of 2023”

H.R. 1130 would substantially weaken the Federal review and authorization process for natural gas exports. The bill removes the requirement under section 3(a) of the Natural Gas Act (NGA) that the Department of Energy (DOE) find that the export of natural gas is in the public interest before allowing an exporter to export gas from a facility to a country the United States lacks a free trade agreement with. The process under the bill would require the Federal Energy Regulatory Commission (FERC) to deem that any export or import of natural gas to be consistent with the public interest.

On February 7, 2023, the Subcommittees on Energy, Climate, and Grid Security and Environment, Manufacturing, and Critical Materials held a joint legislative hearing entitled “Unleashing American Energy, Lowering Energy Costs, and Strengthening Supply Chains.” At this hearing, the Subcommittees heard testimony from Mr. Tyson Slocum. In his written testimony, Mr. Slocum detailed how increased LNG exports have raised costs for American consumers, and that loosening the approval process for LNG exports would likely further increase costs Americans pay for heating and electricity. Mr. Slocum also testified that increased LNG exports would further tie American natural gas prices to international natural gas prices, exposing Americans to increased gas price volatility.¹ A document entered into the hearing record underscored the point, detailing how a sudden decrease in U.S. LNG export capacity resulted in a plunge in natural gas prices.²

Furthermore, H.R. 1130 eradicates existing protections to make sure that American LNG is not being exported to rival nations against the public interest. According to the Energy Information Administration, 13 percent of U.S. LNG exports went to China in 2021 – over 450 billion cubic feet.³ A Reuters article entered into the record during the Full Committee markup further underscored that point, reporting how within the last month, U.S. exporters continued to sign long-term supply and offtake agreements with Chinese LNG purchasers.⁴

During both the Subcommittee and Full Committee markups, Democrats introduced amendments designed to address their concerns. At the Subcommittee markup, Ranking Member Frank Pallone (D-NJ) offered an amendment that would have prevented the changes made by the bill from taking effect until DOE certified that the changes made by the bill would not increase U.S. domestic natural gas prices. At the Full Committee markup, Ranking Member of the Subcommittee on Energy, Climate, and Grid Security, Rep. Diana DeGette (D-CO) offered an amendment that would have kept the requirement that DOE find exports are in the

¹House Committee on Energy and Commerce, Testimony of Tyson Slocum, Director of the Energy Program, Public Citizen, *Hearing on Unleashing American Energy, Lowering Energy Costs, and Strengthening Supply Chains*, 118th Congress. (Feb. 7, 2023).

²*Natural Gas Plummets as Freeport Delays Facility Restart Following Explosion*, CNBC (June 14, 2022) (<https://www.cnbc.com/2022/06/14/natural-gas-plummets-as-freeport-delays-facility-restart-following-explosion.html>).

³U.S. Energy Information Administration, *U.S. natural gas exports and re-exports by country* (Feb. 28, 2023).

⁴*China Gas Holdings signs two 20-year LNG supply deals with Venture Global*, Reuters (Feb. 24, 2023) ([https://www.reuters.com/business/energy/china-gas-holdings-signs-two-20-year-lng-supply-deals-with-venture-global-2023-02-24/#:~:text=SINGAPORE%2C%20Feb%2024%20\(Reuters\),and%20the%20U.S.%20since%202021\)](https://www.reuters.com/business/energy/china-gas-holdings-signs-two-20-year-lng-supply-deals-with-venture-global-2023-02-24/#:~:text=SINGAPORE%2C%20Feb%2024%20(Reuters),and%20the%20U.S.%20since%202021))).

Minority Views for H.R. 1130, the “Unlocking our Domestic LNG Potential Act of 2023”

public interest for exports to China, Russia, Iran, North Korea, or any country under U.S. sanctions. Both amendments failed on a recorded vote.

For the reasons stated above, we dissent from the views contained in the Committee’s report.

A handwritten signature in blue ink that reads "Frank Pallone, Jr." in a cursive script.

Frank Pallone, Jr.
Ranking Member
Committee on Energy and Commerce