MOTION FOR LEAVE TO INTERVENE AND PROTEST OF
THE AMERICAN PUBLIC GAS ASSOCIATION

Pursuant to Sections 590.303 and 590.304 of the Administrative Procedures with Respect to the Import and Export of Natural Gas, the American Public Gas Association ("APGA") files this motion to intervene and protest in the above captioned proceeding. In support, APGA states the following:

I. COMMUNICATIONS

Any communications regarding this pleading or this proceeding should be addressed to:

David Schryver
Executive Vice President
American Public Gas Association
Suite C-4
201 Massachusetts Avenue, NE
Washington, DC 20002
dschryver@apga.org

William T. Miller
Miller, Balis & O'Neil, P.C.
Twelfth Floor
1015 Fifteenth Street, N.W.
Washington, D.C. 20005
Telephone: (202) 296-2960
wmiller@mbolaw.com

II. INTERVENTION

APGA is the national, non-profit association of publicly-owned natural gas distribution systems, with some 700 members in 36 states. Overall, there are some 950 publicly-owned systems in the United States. Publicly-owned gas systems are not-for-profit retail distribution entities that are owned by, and accountable to, the citizens they serve. They include municipal gas distribution systems, public utility districts, county districts, and other public agencies that have natural gas distribution facilities. APGA members purchase interstate natural gas transportation services, usually as captive customers of a single interstate pipeline, at rates and under terms and conditions that are regulated by the Federal Energy Regulatory Commission (“FERC”). APGA’s members are active participants in the domestic market for natural gas where they secure the supplies of natural gas to serve their end users.

On December 21, 2011, Cameron LNG, LLC ("Cameron") filed an application in FE Docket No. 10-162-LNG seeking long-term, multi-contract authorization to export approximately 1.7 billion cubic feet per day (Bcf/d) of domestically produced liquefied natural gas ("LNG") by vessel ("Application"). Cameron seeks authorization to export LNG from its existing Cameron LNG terminal in Cameron Parish, Louisiana ("Cameron Terminal") to any country with which the United States does not have a Free Trade Agreement requiring the national treatment for trade in natural gas and LNG, that has or in the future develops the capacity to import LNG, and with which trade is not prohibited by U.S. law or policy.

APGA has a direct and substantial interest in this proceeding that cannot be adequately represented by any other party. APGA respectfully submits that good cause exists to grant its motion to intervene.
III. PROTEST

Cameron’s request for authority to export domestically produced LNG is inconsistent with the public interest and should be denied. The U.S. Energy Information Administration (“EIA”) recently released a report on the effect of LNG exports in response to a U.S. Department of Energy Office of Fossil Energy (“DOE/FE”) inquiry.\(^2\) The EIA Export Report concludes that exporting domestic LNG will significantly increase domestic natural gas prices. In addition, EIA recently issued an early release of its Annual Energy Outlook 2012 (“AEO2012”), which substantially reduces the level of estimated technically recoverable natural gas in the Marcellus Shale formation. These new assessments undermine the basis for Cameron’s application, which is premised on the assumption that vast recoverable reserves will keep domestic gas prices low despite LNG exports.

Instead, it appears likely that exports will lead to potentially significant price increases that will jeopardize the viability of natural gas as a “bridge-fuel” in the transition away from carbon-intensive and otherwise environmentally problematic coal-fired electric generation. Inflated natural gas prices will also inhibit efforts to foster natural gas as a transportation fuel, which is important to wean the U.S. from its historic, dangerous dependence on foreign oil. Furthermore, high natural gas prices and resulting increases in the price of electricity will reverse the nascent trend toward renewed domestic manufacturing before it gains momentum.

Eventually, Cameron’s plan to export LNG will not prove economically viable. Economically recoverable domestic natural gas may prove even less robust than the revised projections, especially given looming environmental costs and regulations. Foreign alternatives

will one day remove the price arbitrage opportunity that Cameron seeks to take advantage of, as natural gas reserves and export capacity expand around the world.

A. Background

Domestic, non-conventional natural gas production has increased dramatically in a few short years, upending the business model of LNG importers, including Cameron, which completed construction of the Cameron Terminal in 2009.\textsuperscript{3} In 2006, Cameron applied to expand the terminal’s import capacity before it completed construction.\textsuperscript{4} When Cameron built its export terminal, it gambled on long-term natural gas supply trends. Its bet did not pay out, as evidenced by the current application and the fact that Cameron’s affiliate, Sempra LNG marketing, was forced to seek export authority for the previously imported volumes of foreign sourced LNG at the Cameron Terminal.\textsuperscript{5} Cameron submitted its application in the instant proceeding in a bid to salvage its recent investments.

So far, nine companies have applied to export domestically produced LNG to FTA and Non-FTA nations based on the promise of huge unconventional domestic gas reserves.\textsuperscript{6} Seven of those nine applicants own or are affiliated with companies that own existing or previously planned LNG import terminals. The total export capacity applied for to date is 14 Bcf/d and 13.71 Bcf/d to FTA and Non-FTA nations, respectively.\textsuperscript{7} Total marketed natural gas production was approximately 66 Bcf/d in the U.S. in 2011;\textsuperscript{8} therefore, based on current marketed

\textsuperscript{3} Application at 3.
\textsuperscript{4} "Cameron LNG, LLC, Abbreviated Application for Amendment to Section 3 Authorization, FERC Docket No. CP06-422-000 (July 17, 2006)."
\textsuperscript{5} "Sempra Energy Marketing, LLC, DOE Order No. 2885 (2010)."
\textsuperscript{6} Summary: Long-Term Applications Received by DOE/FE to Export Domestically Produced LNG from the Lower-48 States (as of March 23, 2012), available at http://fossil.energy.gov/programs/gasregulation/LNG_Summary_Table_3_23_12_2.pdf.
\textsuperscript{7} Id.
\textsuperscript{8} EIA Export Report at 1.
production, the total applied for export capacity would result in a roughly 21% increase in total natural gas demand. The combined volume of requested export authority is substantial by any measure.

DOE/FE previously granted Cameron authority to export its requested quantity of LNG to any nation that has, or develops, the capacity to import LNG and with which the United States has, or enters into, a Free Trade Agreement requiring national treatment for trade in natural gas ("FTA Nations"). The DOE/FE granted this authority pursuant to NGA section 3(c), which provides that applications to export shall be “deemed to be consistent with the public interest” and must be “granted without modification or delay.” Pursuant to this mandate, the DOE/FE did not have discretion to consider the serious policy implications of granting this export authority and stated that its order “should not be read to indicate DOE’s views” regarding the policy arguments raised in Cameron’s application.

Despite the earlier, automatic grant of export authority, the DOE/FE has a duty to ensure that the application before it in the instant proceeding for broader export authority is not inconsistent with the public interest pursuant to NGA section 3(a). APGA respectfully submits that Cameron’s proposal to export domestically produced LNG to non-FTA Nations is inconsistent with the public interest because it will increase domestic natural gas and electricity prices and will limit natural gas supply at a time when the nation has an opportunity to forge a path toward energy independence. Ultimately, exports by Cameron will fail to compete with natural gas exports by other nations.

---

9 Cameron LNG, LLC, FE Docket No. 11-145-LNG, DOE/FE Order No. 3059.
11 Order No. 3059 at 5.
B. Exports Will Increase Domestic Natural Gas Prices

The “public interest analysis of export applications” should be “focused on domestic need for natural gas,” threats to domestic supply, and “other factors to the extent they are shown to be relevant.”\textsuperscript{13} Relatively low and stable domestic natural gas prices make natural gas competitive against coal and fuel oil and viable as a transportation fuel. The DOE/FE should not pursue policies that directly increase natural gas commodity prices for American consumers, thereby making natural gas less competitive in this country as a replacement for foreign-sourced fuels or for fuels that are less clean and more carbon-intensive. Today’s skyrocketing gasoline prices, occurring despite increased domestic oil production, should make apparent the dangers and downsides of the U.S. becoming part of a global natural gas market.

i. Cameron’s Application Does Not Accurately Forecast the Impact of Exports on Domestic Prices

Cameron commissioned a price study by consulting firm Black & Veatch that considered the effect on natural gas commodity prices of just one 1.0 Bcf/d of incremental demand due to LNG exports on the range of scenarios posited by the EIA’s Annual Energy Outlook 2011 ("AEO2011").\textsuperscript{14} Cameron, however, estimates that its proposal will create 1.9 Bcf/d in incremental natural gas demand due to the 1.7 Bcf/d in exports and an additional 0.2 Bcf/d in fuel consumption.\textsuperscript{15} Thus, the Black & Veatch Report fails to analyze the total volume of incremental demand at issue in the instant proceeding, let alone the actual total volumes of LNG export authorization currently pending before the DOE/FE.

\textsuperscript{13} Sabine Pass Liquefaction, LLC, Opinion and Order Denying Request for Review Under Section 3(c) of the Natural Gas Act, October 21, 2010, FE Docket No. 10-111-LNG.

\textsuperscript{14} Black & Veatch, Price Response to Incremental LNG Export Demand (“Black & Veatch Report”).

\textsuperscript{15} Application at 21.
The Black & Veatch Report considered the various estimates in the AEO2011, but failed to consider a realistic volume of additional demand due to LNG exports. The DOE/FE must consider the full volume of incremental demand proposed in the instant application. In addition the DOE/FE should consider the cumulative impact of actual proposed exports.\(^\text{16}\) As indicated above, the total export capacity applied for to date is 14 Bcf/d and 13.71 Bcf/d to FTA and Non-FTA nations, respectively.\(^\text{17}\)

In addition, Cameron premised its application on a total of over 2,000 to 2,543 Tcf of technically recoverable natural gas, a range based on the AEO2011 and other sources published prior to the EIA’s AEO2012.\(^\text{18}\) EIA now estimates that the “unproved technically recoverable resource (TRR) of shale gas for the United States is 482 trillion cubic feet.”\(^\text{19}\) This number is “substantially below the estimate of 827 trillion cubic feet in AEO2011.”\(^\text{20}\) This reduction “largely reflects a decrease in the estimate for the Marcellus Shale, from 410 trillion cubic feet to 141 trillion cubic feet,” a reduction of over 65%.\(^\text{21}\) EIA revised its Marcellus Shale estimates due to a U.S. Geological Survey (“USGS”) report that concluded that there is only 84 Tcf of “undiscovered, technically recoverable natural gas” in the Marcellus Shale formation,\(^\text{22}\) and due to improved data from producers as drilling has expanded in the Marcellus area.\(^\text{23}\)

\(^{16}\) See Sabine Pass Liquefaction, LLC, FE Docket No. 10-111-LNG, Order No. 2961 at 33.

\(^{17}\) Summary: Long-Term Applications Received by DOE/FE to Export Domestically Produced LNG from the Lower-48 States (as of March 23, 2012), available at http://fossil.energy.gov/programs/gasregulation/LNG_Summary_Table_3_23_12_2.pdf.

\(^{18}\) Application at 19.

\(^{19}\) AEO2012 at 9.

\(^{20}\) Id.

\(^{21}\) Id.

\(^{22}\) Assessment of Undiscovered Oil and Gas Resources of the Devonian Marcellus Shale of the Appalachian Basin Province, United States Geological Survey (Aug. 23, 2011).

\(^{23}\) AEO2012 at 9.
The magnitude of this reduction is sobering in the context of this proceeding. The DOE/FE must take a harder look at natural gas export applications given the recently revised estimates by EIA and USGS. DOE/FE's previous decision in the Sabine Pass Liquefaction, LLC proceeding, Docket No. 10-111-LNG, accepted the applicant's projections regarding natural gas supplies and the impact of exports without conducting an independent analysis. That will no longer suffice in light of the most recent EIA studies.

Specifically, DOE/FE must consider the EIA Export Report, which presumably it requested due to a lack of thorough and independent price impact data in pending LNG export proceedings. The EIA Export Report is of particular relevance in the instant proceeding because it considered the same scenarios as the Black & Veatch Report, only with a more accurate estimate of incremental demand due to LNG exports.

ii. EIA Export Report

As requested by the DOE/FE, EIA analyzed four scenarios of export-related increases in natural gas demand:

- 6 (Bcf/d), phased in at a rate of 1 Bcf/d per year (low/slow scenario),
- 6 Bcf/d phased in at a rate of 3 Bcf/d per year (low/rapid scenario),
- 12 Bcf/d phased in at a rate of 1 Bcf/d per year (high/slow scenario), and
- 12 Bcf/d phased in at a rate of 3 Bcf/d per year (high/rapid scenario).\(^{24}\)

In addition, DOE/FE requested that EIA consider the four scenarios of increased natural gas exports in the context of four cases from the EIA's then current AEO2011 that reflect projected domestic natural gas supply situations and growth rates for the U.S. economy:

- the AEO2011 Reference case,

---

\(^{24}\) EIA Export Report at 1.
- the High Shale Estimated Ultimate Recovery ("EUR") case (reflecting more optimistic assumptions about domestic natural gas supply prospects, with the EUR per shale gas well for new, undrilled wells assumed to be 50 percent higher than in the Reference case),

- the Low Shale EUR case (reflecting less optimistic assumptions about domestic natural gas supply prospects, with the EUR per shale gas well for new, undrilled wells assumed to be 50 percent lower than in the Reference case), and

- the High Economic Growth case (assuming the U.S. gross domestic product will grow at an average annual rate of 3.2 percent from 2009 to 2035, compared to 2.7 percent in the Reference case, which increases domestic energy demand).\textsuperscript{25}

In contrast, the Black & Veatch Report analyzed the effect of only a single Bcf/d in incremental demand due to LNG exports. The EIA analyzed increased demand due to LNG exports more broadly. Given then pending export applications, DOE/FE determined that 6 Bcf/d would be the "low" and 12 Bcf/d would be the "high" export scenario.

Under every scenario, EIA forecasts that exports will increase domestic natural gas prices. According to EIA, "[I]arger export levels lead to larger domestic price increases,"\textsuperscript{26} EIA also concluded that "rapid increases in export levels lead to large initial price increases," but that slower increases in export levels" will, "eventually produce higher average prices during the decade between 2025 and 2035."\textsuperscript{27}

Even under the "low/slow" baseline scenario, EIA projects that wellhead price impacts will peak at about 14% in 2022 before moderating to just under 10% around 2026.\textsuperscript{28} Under the low/rapid baseline scenario EIA projects that wellhead prices will be approximately 18% higher in 2016 than they otherwise would be, but that impact will also moderate to just under 10% by

\textsuperscript{25} \textit{Id.}
\textsuperscript{26} \textit{Id. at 6.}
\textsuperscript{27} \textit{Id.}
\textsuperscript{28} \textit{Id. at 8.}
In fact, under all of the “low” scenarios accounting for different economic and shale reserve conditions, EIA predicts price impacts well above 10% that then moderate.\textsuperscript{30}

EIA projects that prices will increase by 36% to 54% by 2018 under the “high/rapid scenario,” depending on natural gas supplies and economic growth. Given the number of export applications that DOE/FE has received to date and the total export capacity requested of 14 Bcf/d and 13.71 Bcf/d to FTA and Non-FTA nations, respectively, it appears that “high/rapid” was the most realistic scenario considered by EIA.

In addition, the Low Shale EUR case reflecting less optimistic assumptions about domestic natural gas supply prospects than the \textit{AEO2011} Reference Case may be the most accurate scenario considered in the EIA Export Report, given the reduction in technically recoverable gas per the early \textit{AEO2012} overview report. Under the high/rapid scenario in the Low Shale EUR case, EIA projects that exports could increase natural gas prices by 54% in 2018.\textsuperscript{31} Even under the slow/low scenario in the Low Shale EUR case, EIA projects that exports will increase domestic wellhead prices by 20% in 2020.\textsuperscript{32}

Even these projections may not accurately predict the full scope of price increases resulting from unchecked LNG exports because the EIA Export Report very conservatively assumes that domestic prices will only be affected by domestic supply/demand factors but will not be affected by prices in the global market. In addition, the EIA Export Report fails to consider several factors that may further limit economically recoverable domestic gas supplies and increase domestic natural gas demand in the near future, such as increased regulation of non-

\textsuperscript{29} \textit{Id.}

\textsuperscript{30} \textit{Id.} at 9.

\textsuperscript{31} \textit{Id.}

\textsuperscript{32} \textit{Id.}
conventional natural gas production and less demand elasticity due to growing reliance on natural gas for electric generation. The Black & Veatch Report relied on the same assumptions and the same data from the AEO2011 and, therefore, suffers from the same potential flaws as the EIA Export Report.

C. Effect of High Prices

Currently, relatively low natural gas prices give the U.S. an opportunity to wean itself off of carbon-intensive coal and expensive foreign oil, to attract renewed domestic manufacturing, and to stimulate displacement of gasoline by CNG-fueled vehicles. Increased prices due to exports jeopardize each of these prospects and ultimately our national security and national wellbeing. Estimates of domestic natural gas resources are still markedly higher than just a few years ago, but given revised supply projections, U.S. policy makers cannot take current low prices for granted.

Inflated prices will decrease the viability of natural gas as a bridge-fuel from carbon-intensive coal. Current low prices make natural gas-fired electricity generation an economically sound alternative to coal-fired generation. Sustained low prices may encourage this transition by private initiative regardless of increased environmental regulations as investors find natural gas competitive with coal. If exports inflate natural gas prices, the economics turn against cleaner burning natural gas.\(^3\)

In addition, pending environmental regulations will soon force coal retirements, and further greenhouse gas regulation may cause additional retirements in the future. If natural gas prices remain low, the U.S. may be able to transition away from carbon intensive coal without causing electricity prices to increase significantly. If natural gas prices are high, electricity

\(^3\) EIA Export Report at 17.
prices will spike as relatively cheap coal-fired generators are forced to retire for regulatory reasons. Spiking electricity rates will have rippling effects on the U.S. economy.

Currently, the U.S. imports billions of dollars worth of oil from around the globe, a great deal of which is used for gasoline to fuel vehicles. The replacement of current gasoline-powered fleets with natural gas vehicles (and support infrastructure) would significantly reduce U.S. dependence on foreign oil, and thereby enhance U.S. security and strategic interests and reduce our trade deficit. Substantial resources are being expended today to put that infrastructure in place, including an initiative in Texas, not far from the Cameron Terminal.\textsuperscript{34}

Earlier this year, in his State of the Union Address, President Obama spoke of “an America that attracts a new generation of high-tech manufacturing and high-paying jobs - a future where we’re in control of our own energy, and our security and prosperity aren’t so tied to unstable parts of the world,” and “an economy built on American manufacturing, American energy.”\textsuperscript{35} Low natural gas prices in the U.S. provide the path forward. Lower energy prices are spurring a nascent return to American manufacturing. Cameron’s application cites the jobs its proposed expansion may create.\textsuperscript{36} Cameron does not acknowledge, however, the many jobs in other sectors of our economy that may be destroyed if the DOE/FE sanctions further natural gas exports and predicted increases in natural gas prices occur along with increased price volatility.\textsuperscript{37}

\textsuperscript{34} Texas S.B. 20 (On July 15, 2011, the governor of Texas signed S.B. 20, supporting a network of natural gas-refueling stations along the Texas Triangle between Dallas/Ft. Worth, San Antonio, and Houston. The new legislation will lay a foundation for wider-scale deployment of heavy-duty, mid- and light-duty natural gas vehicles (NGVs) in the Texas market).


\textsuperscript{36} Application at 22.

\textsuperscript{37} Evaluating the Prospects for Increased Exports of Liquefied Natural Gas from the United States, Brookings Institution, at 18 (January 2012) (“Brookings Report”) (“The industrial sector is highly price-sensitive with respect to energy inputs.”).
Economic data demonstrate that when domestic energy prices increase, the country loses manufacturing jobs, particularly in the fertilizer, plastics, chemicals, and steel industries.\footnote{U.S. House Committee on Natural Resources Democrats, \textit{Drill Here, Sell There, Pay More: The Painful Price of Exporting Natural Gas} (March 2012) available at http://democrats.naturalresources.house.gov/reports/drill-here-sell-there-pay-more}

Low natural gas prices make efforts to transition away from coal and foreign oil and to resuscitate American manufacturing economically viable. LNG exports will drive up domestic natural gas prices, as the EIA has determined, thereby undermining these national priorities. The DOE should not pursue an export policy that undermines the efficient, local use of a domestic fuel stock and America’s first and best opportunity to move toward energy independence by decreasing reliance on foreign oil.

\textbf{D. Cameron’s Exports Will Not Prove Economical}

Cameron’s export plans likely will prove uneconomical. Currently, there are significant disparities between domestic natural gas commodity prices and prices in some nations that rely on LNG imports. These disparities provide Cameron and other would-be exporters with appealing arbitrage opportunities in the short-term, but they may not last. Gas rich shale deposits are a global phenomenon that are just now beginning to be tapped. As other nations develop their resources and export capacity and as U.S. natural gas prices increase due to the very exports Cameron proposes, international and domestic prices will converge, leaving the U.S. with the worst of all worlds, i.e., higher (and likely more volatile) domestic prices that thwart energy independence and that undermine the competitiveness of the manufacturing sector that relies heavily on natural gas as a process fuel.

Shale gas formations are not isolated to the United States – this is not a U.S. phenomenon; it is a world-wide phenomenon.\footnote{U.S. House Committee on Natural Resources Democrats, \textit{Drill Here, Sell There, Pay More: The Painful Price of Exporting Natural Gas} (March 2012) available at http://democrats.naturalresources.house.gov/reports/drill-here-sell-there-pay-more}
Shale Gas Initiative ("GSGI") in April 2010 in order to help countries identify and develop their unconventional natural gas resources.\textsuperscript{40} To date, partnerships under GSGI have been announced with China, Jordan, India, and Poland.\textsuperscript{41} The big energy players, including ExxonMobil, Chevron, Shell, BP, etc. are spending billions of dollars world-wide to pursue shale gas plays.\textsuperscript{42}

The United States is at the forefront technologically of the development of shale gas reserves. A recent study by MIT concludes that the U.S. should export its technology and expertise.\textsuperscript{43} According to MIT, the development of international non-conventional natural gas reserves will create a more liquid market with less disparity between prices around the globe.\textsuperscript{44} The U.S. should follow this strategy, instead of spending billions of dollars to build facilities in order to export a commodity that will likely be abundant world-wide before the LNG export facilities can even be completed.

\textsuperscript{40} \textit{E.g.,} Dallas Parker, \textit{Shale Gas: Global Game Changer}, Oil and Gas Financial Journal (Feb. 8, 2011); Vello A. Kuuskraa and Scott A. Stevens, \textit{Worldwide Gas Shales and Unconventional Gas: A Status Report}, ("The final segment of this 'paradigm shift' - the worldwide pursuit of gas shales and unconventional gas - has only just begun, with Australia, China and Europe in the lead. Europe's gas shale geology is challenging, but its resource endowment and potential are large.") available at: http://www.rpmia.org/attachments/articles/239/KuuskraaHandoutPaperExpandedPresentWorldwideGasShalesPresentation.pdf. Debajyoti Chakraborty, \textit{Asia’s First Shale Gas Pool Found Near Durgapur}, Times of India Online, (January 26, 2011); Hillary Heuler, \textit{Shale Gas in Poland Sparks Hope of Wealth, Energy Security}, Voice of America Online (June 11, 2011) (Reporting on efforts by U.S. and other western gas companies to develop gas from shale deposits); Mark Summor, \textit{The Shale Gas Run Spreads Worldwide}, IPS, Deccan Herald (Aug. 1, 2011) ("Recent discoveries of deeply buried oil shale layers containing natural gas or oil are being reported in Australia, Canada, Venezuela, Russia, Ukraine, Poland, France, India, China, North Africa and the Middle East. Taken together, say some energy analysts, these ‘plays’ could become a game-changer, making Australia and Canada into new Saudi Arabias").

\textsuperscript{41} \textit{See} http://www.state.gov/s/cia/gsgi/.

\textsuperscript{42} \textit{Id. see also}, Rakteem Katakey, \textit{India Signs Accord with US to Assess Shale-Gas Reserves}, Bloomberg News (November 8, 2010) (The US signed a memorandum of understanding with India to help it assess its shale gas reserves and prepare for its first shale gas auction at the end of this year.); Kate Andersen Brower and Catherine Dodge, \textit{Obama Says US, Poland Will Cooperate on Economy, Energy}, Bloomberg News (May 28, 2011) (Reporting on President Obama’s pledge to share U.S. shale gas extraction expertise and technology on a recent trip to Warsaw); see also, \textit{Energy in Poland: Fracking Heaven}, The Economist (June 23, 2011).

\textsuperscript{43} Ken Silverstein, \textit{Big Oil Betting on Shale Gas}, EnergyBiz (July 31, 2011).

\textsuperscript{44} \textit{MIT Energy Initiative, The Future of Natural Gas}, at 14 (2011).
Furthermore, even at today’s prices, domestic natural gas is at a disadvantage compared to gas sourced from certain other nations. For example, there are three Canadian export facilities under construction in British Columbia, and Canadian natural gas still tends to trade lower than domestic gas in the contiguous United States.\textsuperscript{45} Canada and the U.S. are not alone in developing LNG export capacity; investors in Australia hope to overtake Qatar as the world’s largest exporter of LNG.\textsuperscript{46} Qatar meanwhile has a moratorium on further developing its vast reserves of natural gas; natural gas is largely a by-product of liquids production in Qatar and sells for far less than even today’s U.S. prices.\textsuperscript{47}

LNG itself is at a disadvantage compared to pipelines due to higher fixed costs. For example, if Cameron supplies Western Europe, it could one day find itself competing with shale gas piped from Poland or Ukraine at lower fixed costs. The cost of liquefaction, transportation and regasification processes and facilities must be acknowledged when considering the economic wisdom of LNG projects. The Brookings Institution estimates that current price spreads between the U.S. and potential export markets must remain intact for at least 10-12 years in order for investors to recoup the pre-planning and facility construction costs associated with an LNG terminal.\textsuperscript{48} Beyond that, domestic prices must still be low enough to overcome foreign competition and the higher fixed cost of liquefaction, transport by vessel and regasification.

Even Cameron acknowledges that domestic and international gas prices may converge, stating that "[i]f gas prices in the United States converge with those in other markets, the

\textsuperscript{45} Brookings Report at 25.
\textsuperscript{47} Brookings Report at 23.
\textsuperscript{48} \textit{Id.} at 29.
Project’s customers may elect not to export their supplies of natural gas. While customers of the Cameron Terminal may enjoy this flexibility depending on the terms of their contacts with foreign buyers and suppliers, the rest of the nation will be suffering from higher and more volatile natural gas prices. The swings Cameron anticipates between exporting and importing natural gas will only make economic sense if domestic natural gas prices are volatile and fluctuate to prices above those found in other countries.

The EIA has reduced the projected technically recoverable resources of domestic natural and independently concluded that LNG exports will increase domestic prices substantially. Despite this sobering news, the U.S. may still have an opportunity to transition away from our reliance on coal-fired electricity generation, without risking price shocks, and finally make real progress towards energy independence. All of this, however, depends on relatively low and stable natural gas prices. DOE/FE should not turn a blind eye and allow the same businesses that gamble and lose on projections of the need for future natural gas imports to now potentially squander our Nation’s future on what will likely turn out to be another failed venture as natural gas production and export capacity develop throughout the world.

---

49 Application at 5.
IV. CONCLUSION

WHEREFORE, based on the foregoing, APGA respectfully requests that the DOE/FE (1) grant its motion to intervene in this proceeding with all rights appurtenant to that status, and (2) deny, as inconsistent with the public interest, Cameron’s application for additional export authority.

Respectfully submitted,

AMERICAN PUBLIC GAS ASSOCIATION

By

William T. Miller
Justin R. Cockrell
Miller, Balis & O’Neil, P.C.
Twelfth Floor
1015 Fifteenth Street, N.W.
Washington, DC 20005

Its Attorneys

April 23, 2012
UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

Cameron LNG, LLC

FE Docket No. 11-162-LNG

VERIFICATION

WASHINGTON

DISTRICT OF COLUMBIA

Pursuant to C.F.R. § 590.103(b) (2011), Justin R. Cockrell, being duly sworn, affirms that he is authorized to execute this verification, that he has read the foregoing document, and that all facts stated herein are true and correct to the best of his knowledge, information, and belief.

Justin R. Cockrell
Miller, Balis & O’Neil, P.C.
Twelfth Floor
1015 Fifteenth Street, N.W.
Washington, DC 20005
Telephone: (202) 296-2960
Fax: (202) 296-0166
Email: wtmiller@mbolaw.com

Subscribed and sworn to before me this 23rd day of April, 2012.

Notary Public
My Commission Expires: July 14, 2015

JUSTIN SHUTTERS
Notary Public, District of Columbia
My Commission Expires July 14, 2015
CERTIFIED STATEMENT OF AUTHORIZED REPRESENTATIVE

Pursuant to C.F.R. § 590.103(b) (2011), I, Justin R. Cockrell, hereby certify that I am a duly authorized representative of the American Public Gas Association, and that I am authorized to sign and file with the Department of Energy, Office of Fossil Energy, on behalf of the American Public Gas Association, the foregoing document and in the above-captioned proceeding.

Dated at Washington, D.C., this 23rd day of April, 2012.

Justin R. Cockrell
Miller, Balis & O’Neil, P.C.
Twelfth Floor
1015 Fifteenth Street, N.W.
Washington, DC 20005
Telephone: (202) 296-2960
Fax: (202)-296-0166
Email: wtmiller@mbolaw.com
CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon on the applicant and on DOE/FE for inclusion in the FE docket in the proceeding in accordance with 10 C.F.R. § 590.107(b) (2011).

Dated at Washington, D.C., this 23rd day of April, 2012.

By: 

[Signature]

Justin R. Cockrell
Miller, Balis & O'Neil, P.C.
Twelfth Floor
1015 Fifteenth Street, N.W.
Washington, D.C. 20005
(202) 296-2960