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**UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY**

**REPLY TO INITIAL COMMENTS TO
THE 2012 LNG EXPORT STUDY**

by

GULF COAST LNG

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GULF COAST LNG [FE Docket No. 12-05-LNG]

FEBRUARY 25, 2013

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

REPLY TO INITIAL COMMENTS CONCERNING THE
2012 LNG EXPORT STUDY

I.
INTRODUCTION

Gulf Coast LNG Export, LLC (“Gulf Coast”) filed an application (“Application”) In January of 2012 with the Office of Fossil Energy (“FE”) of the Department of Energy (“DOE”) under section 3 of the Natural Gas Act (“NGA”), 15 U.S.C. 717b, Part 590 of the Regulations of the DOE,¹ and Section 201 of the Energy Policy Act of 1992.² This Application requested long-term authorization to export LNG to both FTA and to non-FTA countries. The authorization to export to FTA countries was approved without limitation by DOE/FE Order No. 3163 on October 16, 2012. The evidentiary docket for the pending application to export to non-FTA countries closed last year. Authorization to export to U.S. domestic LNG to non-FTA countries has been pending until completion of the comment period on the 2012 LNG Export Study. On January 27, 2013 Initial Comments were filed on the 2012 LNG Export Study. Today the period for Reply Comments to the Initial Comments closes.

The 2012 LNG Export Study was commissioned by DOE for the singular purpose of assisting it in evaluating the macroeconomic impacts of LNG exports to non-FTA countries. These macroeconomic impacts are but one of several aspects of the public interest determination. The publication of the 2012 LNG Export Study and the receipt of comments on that study did not re-open the evidentiary docket or record of the Gulf Coast Application. Neither did it amend section 3 of the NGA or the historic policies of the DOE concerning LNG exports.

The NGA mandates that DOE/FE review the Gulf Coast application in a manner consistent with the rebuttable presumption that Gulf Coast’s proposed LNG export to non-FTA countries is in the public interest. Therefore DOE is required to approve the Application of Gulf Coast unless a party opposing the Application has demonstrated by a preponderance of the evidence that the export is contrary to the public interest.³ No party to the Gulf Coast docket has

¹ 10 C.F.R. § 590 (2010).

² Pub. L. No. 102-486, § 201, 106 Stat. 2776, 2866 (1992) (codified as amended at 15 U.S.C. § 717b(c) (2010)).

³ DOE/FE Order No. 2961, Sabine Pass Liquefaction, LLC, FE Docket No. 10-111-LNG, page 28.

made such a showing.

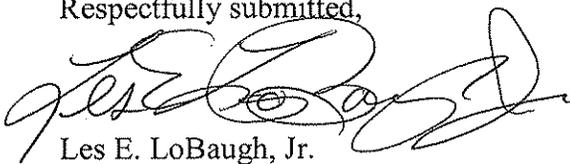
Concerning the 2012 LNG Export Study, as noted above, the subject matter and the subsequent comments concern only one element of the public interest, namely the macroeconomic impact of LNG exports. The overriding finding of the 2012 LNG Export Study is that: "Across all [modeled] scenarios, the U.S. was projected to gain net economic benefits from allowing LNG exports. Moreover, for every one of the market scenarios examined, net economic benefits increased as the level of LNG exports increased. In particular, scenarios with unlimited exports always had higher net economic benefits than corresponding cases with limited exports."⁴

Many of the Initial Comments, including those of Gulf Coast, observed that the 2012 LNG Export Study was conservative in several respects. As a consequence, the results of its technical analysis somewhat understated the macroeconomic benefits of LNG exports. However, since the conclusions of the macroeconomic analysis were so overwhelming positive, somewhat understating the macroeconomic benefits does not invalidate the results. The bottom line is that the macroeconomic analysis strongly supports Gulf Coast's Application to export LNG to non-FTA countries. Gulf Coast recognizes that macroeconomic impacts of LNG exports to non-FTA countries may be somewhat indistinguishable from such exports to FTA countries, and that macroeconomic impacts are only one of several aspects of the public interest: job creation; reduction of the U.S. balance of payment deficits; increased governmental tax revenues; international considerations including national security; etc. But each of these aspects of the public interest are also supportive of LNG exports.

II. CONCLUSION

WHEREFORE, for the foregoing reasons, Gulf Coast respectfully requests that DOE/FE expeditiously approve its Application for authorization for long-term exports of domestic LNG to any country which has or will develop the capacity to import LNG via ocean-going carrier, and with which trade is not prohibited by U.S. law or policy.

Respectfully submitted,



Les E. LoBaugh, Jr.

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February 25, 2013

⁴ *Macroeconomic Impacts of LNG Export from the United States*, NERA Economic Consulting ("NERA Study", December 3, 2012, Page 1.