June 19, 2015

The Honorable Frederick S. Upton, Chairman
House Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Frank J. Pallone, Ranking member
House Committee on Energy and Commerce
2322A Rayburn House Office Building
Washington, DC 20515

Dear Chairman Upton and Ranking Member Pallone:

As you consider comprehensive energy legislation in the coming months, the Natural Gas Supply Association urges you to adopt policies that build on the economic and environmental benefits that abundant U.S. natural gas supplies are already providing to American consumers.

Three policies are essential to maximizing the economic and environmental benefits that come from abundant U.S. natural gas supplies. Comprehensive energy legislation must –

- Facilitate natural gas infrastructure development.
- Expedite U.S. LNG exports.
- Foster compliance with Federal Energy Regulatory Commission (FERC) market rules.

In the last decade, the U.S. has emerged as the world’s leader in natural gas production. Over the last five years, Lower-48 marketed natural gas production has increased more than 25 percent, setting new all-time records year after year. At the same time, consumer demand for natural gas has been steadily growing, and for all the right reasons: it is abundant, burns clean and is affordable.

Plentiful natural gas means lower greenhouse gas emissions, lower household energy bills, lower overhead costs for businesses, and lower costs for products as

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diverse as pantyhose and fertilizer. \(^1\) That’s in addition to the tax and revenue base generated by natural gas production, which directly employs more than 1.5 million people in the United States, and indirectly supports the jobs of millions more. \(^2\)

Abundant natural gas supplies have given U.S. industrial companies a competitive advantage over their global competition, leading to the resurgence of natural gas-intensive manufacturing in the United States. U.S. industry is projected to invest between $110 and $120 billion in this decade on expansions, new builds and re-starts of 98 major industrial facilities in the fertilizer, steel, petrochemical and paper industries. \(^3\)

In addition to spurring economic growth, greater use of natural gas for electricity generation has produced significant reductions in U.S. carbon emissions. Market-driven natural gas consumption to generate electricity helped the U.S. achieve 2012 electric power sector carbon emissions that were the lowest since 1994. \(^4\) The environmental advantages have positioned natural gas to become an even more important part of energy portfolios and a key to achieving U.S. climate objectives. Natural gas remains the most economically and environmentally sound power generation investment available today. \(^5\)

**Facilitate Natural Gas Infrastructure Development**

Consumers cannot realize the economic and environmental benefits that the U.S. abundance of natural gas can provide if infrastructure is not developed to connect supply with demand. Adequate infrastructure enhances the resiliency and reliability of the energy delivery system, alleviates bottlenecks that prevent timely and efficient delivery, and facilitates market liquidity, which leads to a more stable pricing environment.

**Expedite LNG Exports**

The economic benefits of increased natural gas use must not stop at the U.S. border. U.S. liquefied natural gas (LNG) exports extend the economic benefits that stem from robust U.S. natural gas production to the rest of the world, fueling the world economy that will in turn help continue U.S. economic growth.

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\(^1\) See NGSA “Stuff of Everyday Life- Understanding the Uses of Natural Gas in Industrial Processes” issue paper illustrating consumer products made from natural gas available at [http://www.ngsa.org/download/issues/fact-sheets/the%20stuff%20of%20everyday%20life.pdf](http://www.ngsa.org/download/issues/fact-sheets/the%20stuff%20of%20everyday%20life.pdf).


\(^3\) See NGSA 2015 Summer available at [www.ngsa.org](http://www.ngsa.org).


There is more than enough natural gas to accommodate both exports and domestic consumers to the benefit of the U.S. economy and environment -- and estimates continue to grow each year. If the 1966 resource estimate of 600 trillion cubic feet (Tcf) had remained static, the U.S. would have run out of natural gas 10 years ago. Instead, estimates doubled by 2002 and in 2014 grew to nearly 2,500 Tcf.

**Foster Compliance with FERC Market Rules**

In addition to infrastructure and a robust world market, a healthy natural gas market requires long-term regulatory certainty. Equally important as the rules themselves, market participants must have a clear understanding of the rules governing natural gas market participation.

The job of ensuring well-functioning natural gas markets should extend beyond creating and enforcing market rules to include facilitating market participant compliance with those rules. Compliance must be facilitated through the creation of a Federal Energy Regulatory Commission (FERC) office of compliance assistance and increased transparency in the compliance process. Regulatory certainty underpins cost-effective long-term natural gas market participation and the energy investment. FERC must play a role in facilitating market rule compliance.

We welcome the opportunity to work with you in the coming months to advance policies that are essential to ensuring the long-term contribution of natural gas to U.S. economic and environmental goals.

Sincerely,

Dena E. Wiggins, President and CEO
Natural Gas Supply Association

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The Natural Gas Supply Association represents America’s major producers and suppliers of natural gas. Established in 1965, NGSA encourages the use of natural gas within a balanced national energy policy and promotes the benefits of competitive markets, thus encouraging increased supply and the reliable and efficient delivery of natural gas to customers.