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# Congress of the United States

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### Opening Statement of Rep. Jackie Speier, Ranking Member Subcommittee on Energy Policy, Health Care, and Entitlements

### Subcommittee Hearing on "Examining the Effects of Liquefied Natural Gas Exports on U.S. Foreign Policy" Committee on Oversight and Government Reform

April 30, 2014

Thank you, Chairman Lankford, for holding today's hearing. I look forward to what I hope will be an informative discussion.

I certainly agree that Russian control of the natural gas supplies into and through Ukraine is a critical issue. The European Union gets 24% of its gas from Russia, but some countries, such as Lithuania, Finland, and Latvia, are dependent on Russia for the entirety of their supply. Considering President Putin's obvious imperial ambitions, the United States must help our European allies lessen their dependence on Russian gas as much as possible.

Unfortunately, at least in the short-term, proposals to help Ukraine by fast tracking approvals of new LNG export terminals are unrealistic. Currently, the U.S. has only one LNG export terminal, in Alaska, with another terminal in Louisiana scheduled to start operation in 2015. Building more terminals – and finding the private investment to fund them – will take several years. I am all in favor of giving the Department of Energy and the Federal Energy Regulatory Commission the resources they need to speed up the permitting process. FERC in particular has a complex and slow process, which could benefit from additional resources. However, we shouldn't pretend that faster permitting alone is a panacea.

In addition, the main barrier to U.S. exports to Europe is not the permitting process. It is the fact that U.S. gas, shipped to Europe, would be substantially more expensive than cheap Russian gas. Most experts agree that LNG exports from the U.S. would be far more likely to go to Asia, where prices are higher, than to Europe. This is not to say that the U.S. should not aim to market gas in Europe, but that conducting foreign policy via energy export is complex.

So how can we help Ukraine, given these practical constraints? A number of efforts are already underway. The U.S. is working with the EU and the International Monetary Fund on a suite of efforts to move Europe towards a greater diversity of energy sources, such as reversing flows of natural gas from existing pipelines into Ukraine and further developing Ukraine's own natural gas resources.

Encouraging energy efficiency rarely makes headlines, but in Ukraine, it could be a game-changer. Ukraine produces nearly as much gas as it uses, but Ukrainians are notoriously profligate energy users thanks to government energy subsidies. By implementing the same efficiency measures that other European countries already use, Ukraine could be nearly self-sufficient.

Mr. Chairman, I think these efforts to use America's resources to bolster our foreign policy are admirable, and will become increasingly important over the next decade. However, we must not lose sight of the economic and environmental side effects of our current energy boom. A Brookings Energy Security Initiative study found that U.S. LNG exports would have a "modest upward impact on domestic prices." Even this modest increase – estimated to be around \$50 per year for a family - would be damaging to low-income consumers, who must often choose between heating their homes and buying food. That means that an increase in LNG exports should go hand in hand with full funding of the Low Income Home Energy Assistance Program. We must also not forget the businesses and manufacturers that have built businesses plans around plentiful low-priced natural gas. Creating jobs through LNG export could be offset by the loss of jobs elsewhere in the economy.

Increasing LNG exports would also increase the environmental risks associated with drilling and gas liquefaction. A strong foreign policy cannot come at the cost of polluting Americans' drinking water with unknown chemicals from fracking fluid, or drowning the coasts – including my district - with uncontrolled sea level rise.

U.S. LNG exports can provide substantial benefits, but we must be realistic about what is feasible, and control for the costs.

Thank you again, Mr. Chairman for holding this hearing, and to our witnesses for being here today. I yield back.