

The Appalachian Energy for National Security Act of 2019

Ranking Member Joe Manchin

Background:

- In November 2018, the U.S. Department of Energy (DOE) examined the feasibility of establishing an ethane storage and distribution hub in the United States, and issued a report entitled “Ethane Storage and Distribution Hub in the United States.”
- The report noted that domestic natural gas production is expected to more than double from 2017 to 2050.
- The main driver of total domestic natural gas production is continued development of the Marcellus and Utica shale plays in the eastern United States.
- If the Appalachian Basin were an independent country, it would be the third largest producer of natural gas in the world.
- The report highlighted the potential for the new hub to be built in Appalachia, as well as the economic and strategic benefits of such a hub. For example, the report noted that 95 percent of current ethylene production capacity in the United States is currently clustered along the Gulf Coast in Louisiana and Texas. This geographic concentration of assets and operations may pose a strategic risk to the economy of the United States as extreme weather has significantly impaired U.S. production in the past.

Purpose:

- The Appalachian Energy for National Security Act would require the DOE to conduct a study and issue a report on the national security benefits of the proposed hub located in Appalachia. This was not examined in the 2018 report.

Summary:

- The Appalachian Energy for National Security Act outlines a series of findings based on the 2018 study about the economic implications and feasibility of a potential hub.
- The act requires the Secretary of Energy to conduct and complete the study, in consultation with the Secretary of Defense and the Secretary of the Treasury, within two years of enactment.
- The act requires the study to include an examination of potential risks to national and economic security posed by foreign ownership and control of United States domestic petrochemical resources.
- The act requires an examination of:
 - the types of additional infrastructure needed to fully optimize the potential national security benefits of the hub;
 - whether geopolitical diversity of export destinations would undermine or bolster national security;
 - the necessity of evaluating public interest with respect to exports for national security; and
 - the potential benefits of locating the proposed hub in the area near the Marcellus, Utica, and Rogersville shale plays.
- The act also provides the relevant Congressional committees the ability to request and receive status updates before completion of the study.