

116TH CONGRESS
1ST SESSION

S. _____

To require the Secretary of Energy to conduct a study on the national security implications of establishing a storage and distribution hub in the United States for ethane and other natural gas liquids.

IN THE SENATE OF THE UNITED STATES

_____ introduced the following bill; which was read twice
and referred to the Committee on _____

A BILL

To require the Secretary of Energy to conduct a study on the national security implications of establishing a storage and distribution hub in the United States for ethane and other natural gas liquids.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Appalachian Energy
5 for National Security Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

1 (1) the Energy Information Administration
2 projects that—

3 (A) domestic natural gas production from
4 shale resources will more than double between
5 2017 and 2050; and

6 (B) continued development of the
7 Marcellus and Utica shale plays in the eastern
8 United States is the main driver of growth in
9 total domestic natural gas production across
10 most scenarios;

11 (2) the Department of Energy has found that—

12 (A) the shale resource endowment of the
13 Appalachian Basin is so bountiful that, if the
14 Appalachian Basin were an independent coun-
15 try, the Appalachian Basin would be the third
16 largest producer of natural gas in the world;

17 (B) with more than \$300,000,000,000 of
18 net revenue, 900,000 workers, and 7,500 estab-
19 lishments, Appalachia accounts for nearly a
20 third of United States activities in 13 petro-
21 chemical industries; and

22 (C) projected domestic incremental capaci-
23 ty growth for the value chain for ethane and
24 other natural gas liquids will generate nearly

1 \$227,000,000,000 in revenue between 2018 and
2 2040;

3 (3) geographical diversity and structural resil-
4 ience is critical, given that the Department of En-
5 ergy has found that—

6 (A) 95 percent of ethylene production ca-
7 pacity in the United States currently exists in
8 the States of Louisiana and Texas;

9 (B) this concentration of assets and oper-
10 ations may pose a strategic risk to the economy
11 of the United States as extreme weather events
12 impacting petrochemical and plastics production
13 on the Gulf Coast can limit the availability of
14 feedstocks to manufacturers across the United
15 States; and

16 (C) in August 2017, many refineries and
17 petrochemical facilities in the United States
18 Gulf Coast shut down due to concerns about
19 flooding related to Hurricane Harvey, and be-
20 cause most production and consumption of
21 ethylene in the United States occurs in the
22 States of Louisiana and Texas, 54 percent of
23 ethylene production and 36 percent of ethylene
24 consumption capacity in the United States went
25 offline during that shutdown;

1 (4) there are economic efficiencies and economic
2 security benefits to maintaining all elements of the
3 value chain for ethane and other natural gas liquids
4 in multiple self-contained clusters in various geo-
5 graphical regions, provided each cluster includes nat-
6 ural gas production, natural gas processing plants,
7 natural gas liquids fractionation plants, natural gas
8 liquids transportation infrastructure, natural gas liq-
9 uids storage, and ethane and other natural gas liq-
10 uids crackers;

11 (5) there are economic efficiencies to maintain-
12 ing a storage and distribution hub for ethane and
13 other natural gas liquids within close proximity to
14 the petrochemical clusters in the eastern parts of the
15 United States; and

16 (6) it is a priority of the United States to mini-
17 mize effects of volatility in any individual market by
18 maintaining—

19 (A) a robust domestic natural gas liquids
20 resource base;

21 (B) the requisite physical assets along the
22 value chain for ethane and other natural gas
23 liquids; and

24 (C) diversity in customers, both domesti-
25 cally and internationally.

1 **SEC. 3. STUDY AND REPORTS ON ESTABLISHING STORAGE**
2 **AND DISTRIBUTION HUB FOR ETHANE AND**
3 **OTHER NATURAL GAS LIQUIDS.**

4 (a) STUDY.—

5 (1) IN GENERAL.—Not later than 2 years after
6 the date of enactment of this Act, the Secretary of
7 Energy (referred to in this section as the “Sec-
8 retary”), in consultation with the Secretary of De-
9 fense, the Secretary of the Treasury, and the heads
10 of other relevant Federal departments and agencies
11 and stakeholders, shall conduct a study assessing the
12 potential national security impacts of establishing a
13 storage and distribution hub for ethane and other
14 natural gas liquids in the geographical vicinity of the
15 Marcellus, Utica, and Rogersville shale plays in the
16 United States.

17 (2) CONTENTS.—The study conducted under
18 paragraph (1) shall include—

19 (A) the identification of potential benefits
20 of the proposed hub to national security, includ-
21 ing the identification of potential risks to na-
22 tional and economic security of significant for-
23 eign ownership and control of United States do-
24 mestic petrochemical resources; and

25 (B) an examination of, with respect to the
26 proposed hub—

1 (i) types of additional infrastructure
2 needed to fully optimize the potential na-
3 tional security benefits;

4 (ii) whether geopolitical diversity in
5 areas to which the ethane and other nat-
6 ural gas liquids will be exported from the
7 proposed hub would undermine or bolster
8 national security;

9 (iii) the necessity of evaluating the
10 public interest with respect to exports of
11 ethane, propane, butane, and other natural
12 gas liquids, to ensure the potential stra-
13 tegic national security benefits are pre-
14 served within the United States; and

15 (iv) the potential benefits, with re-
16 spect to significant weather impacts, com-
17 pared to other regions, of locating the pro-
18 posed hub in the geographical vicinity of
19 the Marcellus, Utica, and Rogersville shale
20 plays.

21 (b) REPORTS.—

22 (1) STATUS REPORTS.—Prior to completion of
23 the study under subsection (a), the Committees on
24 Energy and Natural Resources and Armed Services
25 of the Senate and the Committees on Energy and

1 Commerce and Armed Services of the House of Rep-
2 resentatives, from time to time, may request and re-
3 ceive from the Secretary status reports with respect
4 to the study, including any findings.

5 (2) SUBMISSION AND PUBLICATION OF RE-
6 PORT.—On completion of the study under subsection
7 (a), the Secretary shall—

8 (A) submit to the Committees on Energy
9 and Natural Resources and Armed Services of
10 the Senate and the Committees on Energy and
11 Commerce and Armed Services of the House of
12 Representatives a report describing the results
13 of the study; and

14 (B) publish the report on the website of
15 the Department of Energy.