

**UNITED STATES SENATE COMMITTEE ON
ENERGY & NATURAL RESOURCES**



Chairman Ron Wyden (D-Oregon)

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Wyden Opening Statement, “Opportunities and Challenges for Natural Gas”

When it comes to natural gas, America is truly the land of opportunity.

First, it’s an economic opportunity. An affordable, stable gas supply provides a competitive advantage for American businesses that can spark a US manufacturing renaissance.

Second, it’s an environmental opportunity. Gas is 50% cleaner than other fossil fuels and it is a major reason why U.S. CO2 emissions have gone down in recent years.

Finally, it’s an energy security opportunity. For the first time in decades, our nation will be able to rely on our own US energy resources, especially new oil and gas development from shale, instead of being dependent on imports from the Middle East and other parts of the world that haven’t always had our best interests at heart.

This is a huge change for US energy policy. Thirty-six (36) years ago, the predecessor to this Committee, the Interior and Insular Affairs Committee, held hearings on natural gas as the country faced a supply emergency that triggered shortages across the Northeastern United States. During that supply emergency, hundreds of thousands of people were laid off as commerce and industry reduced hours or simply shut down altogether.

We in the Northwest, particularly Senator Cantwell and I know the committee was then chaired by our legendary Senator Henry “Scoop” Jackson, the Committee released a report prepared by the Department of Defense predicting that liquefied natural gas (LNG) imports would account for 10 percent of our nation’s gas supply.

The view expressed in that 1977 report released by the Committee has dominated America’s energy policy until just a few years ago. In 2005, Congress, over the objections of some, swept aside the ability of States to even approve the siting of LNG import terminals. And as recently as 2007, when Congress last enacted major energy legislation, the focus was still overwhelmingly on energy scarcity.

Today, the outlook could not be more different. Instead of scarcity and shortages, the prediction is that domestic production will soon outstrip American demand.

Given the dramatic change in the outlook for natural gas supply, it is clearly time for a fresh look at our current policies and to start thinking about how to update those policies to reflect the very new reality.

As part of today's hearing, the committee is interested in hearing from the witnesses what they think is needed to safeguard the advantages of affordable, stable gas supplies.

Some of our witnesses will say the best approach is to say the market will take care of things. Others will say caution is in order. Just a few years ago, investors were still betting on building new natural gas import terminals. They now face in communities across America, billions in stranded investment.

It is hard to see the logic behind replacing that kind of speculation on gas imports with similar speculation on gas exports.

My own view is we have to make sure we don't miss an opportunity for our nation's economy and millions of unemployed workers now looking for good paying, family wage jobs that you can get in American manufacturing.

As the CEO of Dow Chemical, Mr. Liveris, will testify if unfettered exports drive the price of gas back toward the \$10 per thousand cubic feet (mcf) price America saw in recent years, that would essentially eliminate any competitive advantage for US manufacturers and investment that could be made here at home will instead go overseas.

Instead of a manufacturing renaissance, major gas consumers could find themselves hit hard with energy price hikes and forced to sideline job-creating efforts.

It's also important to keep in mind that the guidance the Energy Department now uses for evaluating gas export applications was originally created almost a quarter-century ago for import policy.

It seems to me it is time to have a serious discussion as to whether the guidelines that now are in place at the Energy Department for approving export applications are what they need to be. A recent study commissioned by the Department of Energy to examine the impact of natural gas exports, in my view raised more questions than it answered.

Now export policy is not the only issue on the table.

It would also be a missed opportunity if the environmental benefits that natural gas can provide in terms of reduced CO2 emissions were lost, lost because of inadequate attention to issues such as fracking, methane emissions, flaring and underground aquifers.

Communities across the country have already been in touch with the committee to share their thoughts and concerns about whether the hydraulic fracturing process that's used to produce shale gas near their communities could result in contamination of their groundwater supplies.

That type of situation would not only be tragic for the affected community but also could lead to citizen pressure to shut down not only the unsafe production but also operations that were safe.

Colorado's Governor, the Honorable John Hickenlooper, who has been in the front lines of grappling with these issues, will testify today on how he has worked to strike a balance between the economic and environmental interests in regulating natural gas production in his state. Governor, we're interested if your approach can be a good model for the country.

Here's my bottom line: Let's see if there is an economic and environmental sweet spot where US gas producers make enough money to continue producing and US manufacturers have an affordable stable supply of natural gas, and where the environment is not only protected, but actually benefits from greater use of natural gas and lower CO2 emissions.

Today's hearing gives us a chance to look at these and issues and other opportunities and challenges that natural gas provides for our nation's economy, environment and energy security. I look forward to hearing from all the witness.

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