

MANAGING ENERGY SECURITY IMPERATIVES AND CLIMATE ASPIRATIONS IN AN ERA OF GLOBAL CONFLICT

The following is a transcript of the Energy Law Journal/Energy Bar Association September 22, 2022 online symposium: “Managing Energy Security Imperatives and Climate Aspirations In An Era of Global Conflict.” The Russian invasion of Ukraine has spawned turbulence in global markets, but none as dramatic as reshaping the map for energy supply accessibility and affordability. As European countries recalibrate their economies to lessen dependence on Russian-supplied hydrocarbons, the United States is poised to bolster Europe’s energy security partially for the foreseeable future, and to support Ukraine’s fight on behalf of democratic values. The panel of experts participating in the symposium examined how the emphasis on energy security squares with US domestic and international commitments to lessen dependence on fossil energy to meet climate challenges as the United States and other suppliers encourage increased sales of liquefied natural gas to aid Europe.

Moderator: Robert W. Gee¹

Panelists: Gillian R. Giannetti²,

J. Patrick Nevins³, Former Ambassador Andras Simonyi⁴

PANEL DISCUSSION

MR. GEE: My name is Robert Gee and on behalf of the Foundation for the Energy Law Journal, I welcome you to this symposium entitled Managing Energy Security Imperatives and Climate Aspirations in an Era of Global Conflict.

As a long-time member of the Energy Bar Association, whose Foundation publishes this Journal, I’m honored to moderate today’s symposium. I’ve been an attorney and energy professional for many years, but as pertinent here, I served as the Assistant Secretary for Policy and International Affairs during the Clinton Administration, during which time I chaired the Energy Department’s Caspian Energy Desk.

Our objective was to influence the routing and construction of commercial hydrocarbon pipelines in Central Asia to blunt Russian economic domination of

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the newly independent states of the former Soviet Union; thus, I've had an acquaintanceship with the matters to be discussed today.

Today's symposium is sponsored by the Energy Law Journal. Its content will be recorded, transcribed, and published in the Journal's fall edition. For that reason, I advise members of our live audience with us today, as well of our online viewers, to be aware of that should you wish to participate in our Question & Answer session during today's discussion.

On February 24th of this year, the world was shaken by Russia's invasion of Ukraine, rupturing geopolitical relations in a manner that can justifiably be termed as tectonic. In immediate response, the United States, the European Union, and the UK escalated economic sanctions against Russia, layering them atop those already in place owing to Russia's prior annexation of Crimea.

These new sanctions upended long-term European plans to rely on substantial quantities of Russian natural gas via transit to the Nord Stream 1 and Ukrainian pipeline systems. Despite long-held notions of avoiding disruption of energy supplies during wartime, Russia retaliated by halting Nord Stream Gas supplies.

In the meantime, the EU girds for this winter, shoring up its stocks of natural gas storage from other suppliers, imposing mandates to reduce demand, 15 percent for natural gas in some instances, and seeing its industrial manufacturing capacity starting to falter, all while natural gas and electricity prices soared to astronomic highs.

In the words of noted energy economic historian, Dan Yergin, the Russo/Ukrainian Conflict opened a second battlefront and energy war in Europe. On March 25th, the United States and the European Commission announced the creation of a joint taskforce to reduce Europe's dependence on Russian fossil fuels and strengthen European energy security.

The taskforce's dual objectives are to, one, diversify liquefied natural gas supplies in alignment with climate objectives, and two, reduce demand for natural gas. The former goal means that the U.S. and its international partners will work to increase LNG volumes for the EU market of at least 15-billion-cubic meters in 2022 with expected increases going forward, a portion undoubtedly originating from the United States.

Concurrently, however, the announcement also calls for the countries to undertake efforts to reduce the greenhouse gas intensity of all new LNG infrastructure in associated pipelines, including using clean energy to power onsite operations, reducing methane leakage, and building clean and renewable hydrogen-ready infrastructure.

With this heightened emphasis on the EU's energy security, a host of questions with global and domestic U.S. consequences have followed. Can or should the United States supply the EU with escalating U.S. sourced LNG for the foreseeable future? Conversely, how will this initiative be squared with U.S. and other developed countries' pledges for greenhouse gas mitigation steps likely to be assessed at the COP 27 Summit in Egypt this November?

Finally, how can the Biden Administration meaningfully fulfill domestic climate change mitigation goals while serving in its new role in what is essentially now a co-guarantor of European energy security?

To address these and other salient questions, we've assembled a panel of energy and environmental experts to hear their perspectives. So, let me turn to introduce them now.

To my right, Ambassador Andras Simonyi, is a former Hungarian Ambassador to the United States and to NATO, who is now a U.S. citizen. He is a Senior Fellow at the Atlantic Council Global Energy Center and a visiting scholar at the George Washington University School of Engineering and Applied Science.

His focus areas are transatlantic security, in particular, energy security, Russia and Central Eastern European countries in the EU/US relationship. He is a transportation economist by training and has a Ph.D. in International Relations. And on a parenthetical note, Mr. Ambassador, I might also add that I did some research on your unofficial bio and I note that you are also an accomplished guitarist and play with U.S. Secretary of State Tony Blinken in the Rock and Blues Band Coalition of the Willing, but that is for a different discussion on another day.

To Ambassador Simonyi's right is Gillian Giannetti, who is a senior attorney with the Natural Resources Defense Council's Sustainable FERC Project. Her area of expertise is U.S. gas infrastructure, including pipelines and LNG export terminals.

Previously, Gillian worked at a large international law firm. She is regularly cited in trade and national press on gas issues and is an active member of the Energy Bar Association. Gillian earned her bachelor's degree from George Washington University and her law degree from the University of Virginia.

And finally, to my far right is Patrick Nevins. Patrick is a partner in the Washington, D.C. office of Latham and Watkins with over 30 years of experience advising leading energy companies in the development of major infrastructure projects, administrative litigation, and high-stakes regulatory matters with a primary focus on natural gas.

His experience with LNG extends many years to working on U.S. LNG import projects, as well as numerous LNG export projects over the past decade. Among his current clients are operating LNG export terminals, terminals under construction, LNG projects that have been permitted but are not yet under construction, as well as LNG projects currently subject to the regulatory approval process.

He appears with the customary disclaimer that he is not representing nor speaking for any of his clients here today.

So, let me begin by turning to Ambassador Simonyi, who is our European expert to get his perspective on the events that have transpired this year.

Mr. Ambassador, let me ask you, prior to the Russo/Ukrainian War, the EU relied on Russia for around 40 percent or so of its gas supplies. Germany relying around 50 percent for its gas supplies. How did Europe get to this place and did concerns of energy security ever play a role in its planning?

AMBASSADOR SIMONYI: Thanks so much. It's a thrill to be here. I was spending the whole morning with European leaders. As a matter of fact, the Danish Prime Minister is here to talk about energy, energy security, energy transition. Let me just say something. Last night I played a gig at Madam's Organ. I don't know if anyone had heard of Madam's Organ? One of the songs we played is "One Way Out" by the Allman Brothers. And I just want to say there's only one

way out for Europe: closer cooperation with the United States. There is at this moment no other alternative.

So, how did we get here? I think it's part naivete, part neglect, part ignorance. We've known all along that Germany, and in fact, through Germany, Europe is making itself way too dependent on Russian gas. And something I, because of my experience having lived much of my life in a country that was suppressed and dominated by the Russians, I knew that once the Russians got an opportunity to use energy as a weapon against the Europeans they would and this is what happened and nobody was listening, so I was PNG'ed (persona non grata) from one particular unnamed embassy in Washington, D.C. that did not want to talk to me because I spoke out very clearly against Nord Stream 2.

And I also think it's because Russian gas was cheap. The whole concept of developing this relationship with the Russians is driven by German industry. What is going to happen now? And I agree with you when the Russians attacked Ukraine, the world turned on its head and Europe was scrambling to figure out, okay, what do we do now?

I think they did the right thing. They – the Europeans turned – away from the Russians and in just a couple of months there will be a halt to Russian oil imports and they're going to as fast as possible turn away from Russian gas. The question is what is going to happen this year, right?

I think this year is going to be fine. I think Europe will survive the winter. The real question is what is going to happen next year. The problem is that the Europeans when they were offered a lot more U.S. LNG, they said we're not interested and we tried to tell them it's not a turn on/turn off situation, you know, that the gas will be there when you ask for it.

The U.S. gas and LNG industry has been going out of its way to figure out how to meet the demands for cleaner gas production in the United States, so methane capture, water recycling, the replenishment of the environment. You can tick all those boxes. So, the U.S. gas industry has done a lot to meet European demands for cleaner gas, but we have not -- the United States has not built the infrastructure necessary to be able to supply more U.S. LNG to Europe.

And that's a problem because now that the Europeans are begging us for more, we don't have more. We can't deliver more. We are at full capacity. More importantly, the Europeans have neglected their own infrastructure and so therefore we have a serious, infrastructure situation.

My mantra is: more energy security, not less green transition. I repeat: more energy security, not less green transition. The two have to go hand in hand. In the world that I deal in -- which is security writ large -- if there is no energy security, then you can forget about the rest. And if there's no security, you can forget about the stability of our democracy, so that is really what is at stake. Therefore, those who suggest that the two big issues, energy security and green transition, are mutually exclusive, I don't think so. I think we have to figure out how to balance the two.

Finally, let me say this. Europe is doing a lot right with the green energy revolution, but the baseload has to be there and there is no other way you can provide the baseload than through enough gas to support the powerplants and enough nuclear plants. Otherwise, the baseload otherwise will simply not be there. This problem will be with us for a long, long time. Just a final thing, the Europeans

are now looking for gas all over the world. There are only two countries globally that can provide them with energy which does not come with strings attached. One is Norway and, the other, is us, the United States.

I'll stop here and I'm very much looking forward to a good conversation.

MR. GEE: So, the picture you sketch, Mr. Ambassador, is one of, let's just say, European naivete, elimination of optionality in their resource mix, failure to account for the localized geopolitical situation with Russia as their neighbor, over reliance on Russia as a supply source.

Let me just ask you this. It had been conventionally believed among people in the geopolitical world and the global political world of which you've been a part, that even during wartime there have been very rare instances where supplies of energy have been interdicted or disrupted, but Russia has now done that. Were you surprised when that occurred?

AMBASSADOR SIMONYI: No, I was totally not surprised because the nature of the Russian system has changed. Even under Brezhnev, even under communism, there was more collective leadership in Russia than there is now. Russia is now an authoritarian dictatorship led by, let's face it, a looney.

MR. GEE: By one person.

AMBASSADOR SIMONYI: By one person, Vladimir Putin. And so I was totally not surprised, knowing and having been a student of the Stalinist regime, this is basically the repetition, a carbon copy of the Stalinist system. I'm surprised at how surprised others were and I have to say this: I'm kind of angered by the fact that nobody in Europe and not even the United States really wanted to listen to the Central-Eastern Europeans who said the writing is on the wall, be careful, this is not going to end well.

MR. GEE: Understood. Let me shift a little bit of gears and I'm going to ask Gillian for her perspective because, obviously, there may be some differences of opinion, which we welcome.

And so, Gillian, you represent a very well-known environmental organization that is very heavily involved in issues dealing with U.S. infrastructure, particularly, on the natural gas side and have been very active before the FERC in advocating on behalf of your NGO's interests. Let me ask you. Based upon your understanding of the geopolitical situation and things that Ambassador Simonyi has mentioned, there appears now to be a large policy imperative for the U.S. to play a much bigger role in increasing its presence in Europe through supplies of LNG. Are there any downsides from the U.S. perspective of this approach that you'd like to highlight for us?

MS. GIANNETTI: Sure. Thank you very much, first of all, for inviting me to this forum, and Ambassador, for your thoughtful comments.

I want to start off before we go into the downsides and actually talk about the fact that there's a lot of agreement between the Ambassador and myself on some of the core challenges and the issues that we're dealing with.

First of all, I think it was incredibly foolhardy of Western Europe, and potentially willfully blind, to not see this coming. A continued dependence on a despotic regime that is impulsive and selfish -- something was going to happen. And when you think of the potential weapons that they have that they could use to pin Western Europe in a corner, natural gas is a clear weapon in its arsenal that it was going to use.

And so, I think that it is unfortunate that whether it was from convenience or lack of political will, lack of economic will, that our friends and partners in Western Europe did not come up with a robust Plan B years ago to make sure that they were ready for this moment.

And the other thing that I want to highlight that I agree with is that I think that the U.S. has a critical role to play in managing this difficult situation. Because when you look at the major gas players in the world, the Ambassador mentioned Norway and the U.S., there are some democracies that are a part of it, such as Australia and the U.S. and Norway, but there are many countries that are not and many countries where the geopolitics of the gas supply could be very unstable, such that engaging in a relationship with some of the other major players in the space, isn't necessarily long term a better decision than being beholden to Russia.

So, it's not an easy situation and I think that anyone who is oversimplifying it and saying, oh, we can just do what we need to do and not think about the hard decisions that have to be made, are being foolhardy themselves, just as the exact situation that got us into this mess.

So, from my perspective, my organization, the NRDC, has been heavily involved in U.S. domestic gas infrastructure, but we also play a unique role in that we are the site of the Sustainable FERC Project, which you mentioned during the introduction. And the Sustainable FERC Project is a coalition that represents not just NRDC, but a large swath of national, regional, and local grassroots organizations that represent a variety of interests.

And it is sometimes very difficult to come to agreement on things. So, I will say also that even though I'm here representing my role in the FERC Project, that there are significant differences of opinion amongst even the Green Community of what should be done in this moment. So, if you've got the talking points from NRDC, or from the Sierra Club or from the Environmental Defense Fund, or from a grassroots organization of 20 people in Calcasieu Parish, Louisiana, you're going to get very different answers.

So, despite the fact that I am here in that collective capacity, I do largely come at this from my own personal perspective. But my personal perspective here is that -- and the Ambassador talked about balance, about how we can't abandon the green transition. Timelines are timelines. The science is not politically created, but is a creature of fact, but at the same time we have a significant security issue that we can't ignore.

I agree with that balance. I think that on the U.S. side that we have to strike a similar balance between energy democracy and diplomacy, and making sure that we are supporting our partners overseas, and energy justice at home and making

sure that we are not going about it in a way that has unintended consequences of harming our local communities or U.S. energy consumers.

So, the two areas that I'll focus on in that is first the actual siting of infrastructure. So, I come at this from a personal lens. I grew up in Pennsylvania. I used to live and work in Louisiana. I've been to the places we're talking about and know them intimately. And just as the Green Community is not a monolith, neither is Western Pennsylvania or Cameron Parish, Louisiana.

They're wrestling with these same issues that we are today. And I'll highlight specifically a recent conversation that I had with a group of individuals who live in Western Louisiana feeling like they are in a bit of a rock and hard place, where if you are looking for economic opportunity in Western Louisiana, without a doubt the single biggest contributor to economic advancement and employment in that region is the oil and gas industry.

I used to be a high school teacher in Louisiana and these stereotypes of military recruiters coming into the classroom didn't happen, but the oil and gas industry did. And when you are 18 years old and you're offered an \$80,000-a-year job, it's hard to say no to that and there're a lot of people who been able to rise themselves out of poverty working in the oil and gas industry in these regions. It doesn't come without a price, though.

If you look at global climate trends and in Louisiana, you know the number of storms that have continued to happen, sea level rise, erosion effects, flood insurance rates, asthma rates, cancer rates, they are not coincidental. We can connect the regions in which this infrastructure is located and the incidents of these various either scientific or public health harms and there's a recognition of that.

And so, there is a strong desire from many in the communities that are the backbone of our oil and gas industry to find a way to be able to continue to encourage economic and energy development, while at the same time making sure that communities are protected and that we are not sacrificing American communities to protect European communities. I don't think that that's something that anybody wants to do.

So, in particular, one of the areas that the Federal Energy Regulatory Commission can work on is making sure that the breadth and the depth of the Natural Gas Act, which is the federal law that guides review of these applications to build gas pipelines and LNG infrastructure, is given the life that Congress gave it.

So, what I mean by that is specifically, so for example, for a pipeline, interstate gas pipeline applications are supposed to be reviewed to determine whether they are in the public convenience and necessity. And if they're required for the public convenience and necessity, they have to be approved. But if they're not, they have to be denied. And the factors that go into the public convenience and necessity are supposed to be very robust, are supposed to look at public health and environmental justice and climate change and public health issues with endangered species and others.

Historically, however, there have been challenges in making sure that all of those aspects of the problem are being thoroughly considered and the FERC has lost in numerous cases over the years for failing to consider an important aspect of the problem.

When it comes to LNG infrastructure, the legal regime is a little bit different in that rather than a red light/green light, required by the public convenience and

necessity or not, there is a presumption of approval, but the projects have to be found -- essentially they shall be approved unless they're not inconsistent with the public interest. It's a bit of an awkward grammatical structure in the statute, but that still requires a look at the public interest factors that go into building this infrastructure and making sure that we're doing it in the most responsible way.

So, one of the challenges has been that if you ask a lot of people in these local communities, that hasn't been done, so making sure that there are better site visits and that the true impacts of this infrastructure are being considered and we are actually taking the public interest into account. That could be a very positive step to making sure that we are striking that balance between energy security and energy justice.

And some people have asked me, do you think that the European energy situation is a factor that the FERC and the DOE should be considering when reviewing this and my answer is absolutely because that does affect the domestic public interest. Generally, if you look at our filings, ours is a "yes and" type of approach -- we want the FERC and the DOE to look at everything and the pluses and minuses -- to have a robust perspective. And unfortunately, it is our view that that has not historically been the case.

If you look at approval rates, the FERC has only denied one LNG export application ever and it approved it four years later. So, in reality, it hasn't ever really denied any of them and these projects are not fungible. Some of them are being built in a much more environmentally responsible way than others.

Some are investing in much more effective carbon capture technology than others. Some are way better at being able to engage with communities and making sure that community impacts are being considered and thoroughly incorporated into the building of the project than others. And yet, the actual review of these projects in our experience has been fungible in that the details and the specifics of a particular project haven't really mattered as much.

So, that's something that I think that we can do now that isn't going to slow down the process, but could make it more efficient, because the one thing that we see time and time again is that when U.S. regulators fail to consider an important aspect of the problem, then these projects end up in court and they get dragged out longer and longer and longer.

And having an efficient system that allows projects that are able to capture that balance of protecting the public interest and adding energy security get built I think is something that we can all support, but we want to make sure that we have a robust domestic regime in place so that we're not becoming so afraid of the current geopolitical moment that we are rubber stamping projects without making sure that they are as clean and efficient and effective as they can be.

MR. GEE: Let me ask you. I do want to get to Patrick in just a moment, but let me just do a very quick follow up, Gillian.

Understanding that obviously the world has changed since early this year, and thank you so much for your perspective on how you see the geopolitical events factoring into the overall equation of whether to permit, site and permit, additional LNG export capacity.

The Biden Administration, and we actually tried to get somebody from the Biden Administration with us today. Unfortunately, through my own failings, I'll

admit, we were not able to do so. But there was an announcement made when they announced the creation of this taskforce in March that if there was going to be additional LNG export with additional LNG infrastructure, that it was going to be done in an environmentally responsible way to mitigate greenhouse gas emissions, also address methane leakage, and then, as I mentioned, try to incentive some type of build out of hydrogen-ready infrastructure as well.

What's your take on this position of the Administration? Are you in some fashion -- admittedly, FERC is an independent regulatory agency. You've got the whole plethora of issues that have to be addressed by them.

MS. GIANNETTI: Right.

MR. GEE: But what is your take on where the Administration's stance on this is relative to the events in Europe?

MS. GIANNETTI: Certainly. So, very briefly because I want to make sure that Pat has plenty of time to offer his interesting remarks --

In terms of ensuring that these projects are being reviewed and evaluated in an environmentally responsible way, there are a couple of things that the Administration could do right now that would make that better. So, for example, during the Trump Administration, LNG exports -- taking a step back, just to make sure that everyone here is working in the same space.

An LNG export project has the physical infrastructure, you know, the pipelines and the export terminals, but it also has the actual decision of whether the gas leaves the country and those decisions are made by different agencies.

So, FERC reviews the applications for the infrastructure and DOE reviews the application for the actual commodity.

MR. GEE: Export license.

MS. GIANNETTI: Exactly. Under the Trump Administration, there was a decision to make reviews of the commodity, so DOE's part of the equation, categorically excluded from the National Environmental Policy Act. What this means is that the environmental review of those decisions was cut at the knees and particularly when it comes to looking at the greenhouse gas effects of LNG export, the DOE side of the coin essentially fell to the wayside.

And what's interesting about that is that there was case law from a few years ago where the Sierra Club had challenged the Federal Energy Regulatory Commission for not looking at the so-called indirect or upstream or downstream environmental impacts of LNG infrastructure. And I should say there's agreement, including from the current FERC, that they are responsible for the direct emissions, so we're only talking about the indirect emissions, the upstream and downstream, which are the majority of the emissions that are associated with LNG infrastructure.

And in that case it was determined that FERC was not responsible for considering the upstream and downstream emissions because DOE had said, well,

that's our job. So, when you then overlay a case from before the Trump Administration where FERC isn't looking at them because it's DOE's job and then DOE has come forward and said, well, it's not our job, nobody is really looking at those emissions right now.

MR. GEE: That's what you call a regulatory gap in legal words.

MS. GIANNETTI: Right. Nobody is looking at them. Now, based on public statements, it is my understanding that Secretary Granholm and this Department of Energy agrees that that the categorical exclusion is unlawful and is a problem, but there has been no action onto it. So, that is one example. I'll leave it there for now of the kinds of things that could make sure that the declarations of ensuring that the environment is being considered are actually being executed in the regulatory review.

MR. GEE: Understood. Patrick, thank you so much for your patience. I know you've been champing at the bit.

MR. NEVINS: I was having to bite my tongue with a lot of things here.

MR. GEE: And what I'd like to do, I'm going to ask you, this is an overall question, but I want you to feel free to weigh in on what you've heard from Ambassador Simonyi and from Gillian.

But let me just ask you, your world changed on February 24th. How did it change and what do you see as the outlook for the industry at this point from your perspective? And if you would, as I said, feel free to comment on what you've heard, thus far, from our two previous panelists.

MR. NEVINS: Sure. I'll try not to do too much of that. I do disagree with a lot of what we just heard from Gillian, though.

MR. GEE: We're not shying away from disagreement. In fact, I think we need to frame the issues, so obviously, if there is some disagreement --

MR. NEVINS: Debating what FERC has to analyze for the public convenience and necessity for pipelines would take us down a whole other rabbit hole.

MR. GEE: Okay. Understood. Right.

MR. NEVINS: But to start with your question, I did agree with pretty much everything the Ambassador said. And frankly, I mean it's good to hear part of Gillian's perspective recognizing that there is an important role for increased LNG exports and that is not a uniform view in the environmentalist community. There are much more extreme groups out there who are adamantly fighting every LNG project. So, I would disagree with Gillian less than I would with, say, a Sierra Club representative, I think, but there are strong areas of disagreement.

But you're right, I mean the Russian invasion was a dramatic event for U.S. LNG exports. Now, gas prices were already getting higher before that.

MR. GEE: Right. And actually, we're going to get into that in a just a moment.

MR. NEVINS: And they were going up and even before sort of the rumblings of Russia, so it wasn't black and white; but the prices in Europe and Asia right now are astronomical. And the differences between U.S. gas prices and anywhere you can land LNG in the world are incredible opportunities, at least in the immediate term, for anyone who exports LNG from the U.S.

So, in the short term, that leads to maximizing all the LNG exports we can right now. We've got seven operating terminals. One came on in March of this year. Now, Freeport went off online, but certainly everyone is maximizing the throughput as much as you can. There are a lot of LNG companies that are making a lot of money right now. A lot of that is the customers who have contracted for the rights in these projects and to some extent it's the terminals and their affiliates in some cases, but there's clearly a large economic opportunity right now in the short term.

In the longer term, now there is obviously an increased demand for LNG and much more interest in signing long-term contracts. The Ambassador's point about a lot of Europeans have kind of said, no, we don't need that. We don't want long-term contracts. We can live on a spot market and we can live on Russia. That hasn't turned out to well.

So, for a few years there were very few long-term LNG offtake contracts being signed. Cheniere and Venture Global had a lot of success, but not many other projects did until recently. Now, in the last year, there are many more contracts being signed by many more projects.

Those contracts are necessary to build the infrastructure. You need long-term contracts to finance these projects. So, the upshot of that is we will see more projects that are possible to get built. There are three projects that are under construction. We can get into the details of how much LNG there is and what else can happen, but clearly, the number of projects that will be built is increasing as a result of recent events.

Frankly, it hasn't been so much Europeans signing most of these LNG export contracts, with some exceptions. Harkening back to something the Ambassador said, PGNiG from Poland has been signing these contracts going back longer term, because they recognized the need to divorce themselves from Russia. Some of the other Europeans, not so much even now. Now, there are contracts with portfolio players who can supply Europe. I think you will see contracts with Europeans coming, but they need to be long-term contracts. So, there's an issue there on if that's going to happen and how is that going to happen.

The other important thing that changed, I think, is the policy implications. The geo-strategic importance of U.S. LNG has been recognized for a long time by some people, including by DOE. Every export authorization since at least 2014 has a piece where they talk about the geopolitical advantages of LNG exports for the U.S., for its allies, for its trading partners. That's always been out there.

MR. GEE: There's also been a preference for U.S. allies towards the public interest determination in the export license, anyway, that's a part of legal process. Rebuttable presumption that it's in the public interest with a free trade partner.

MR. NEVINS: For free trade partners it's essentially automatic, right? There's actually a rebuttable presumption even for non-free trade nations.

MR. GEE: Understood. Okay. Yes.

MR. NEVINS: But you're right. But actually, I mean my point is the geopolitical importance has become more obvious and more incontestable. And I do think the policy dynamic has shifted much more in favor of LNG exports and we see that from some of the Administration's pronouncements and the part of the announcements of the taskforce you pointed out that essentially said that the U.S. will facilitate and expedite the regulatory process.

Now, whether or not that's actually happening we can talk about, but the commitment from the Administration to LNG has ratcheted up dramatically and I think that the public consciousness has shifted toward much more favorable support for the projects.

MR. GEE: Let me ask you this, and I don't mean to take you down a side path, but it is an important part of the conversation. We didn't talk about it during the prep call, but I did some extra reading. I don't know if I get extra credit for that, and I've been talking to people at the state level.

You know there's a huge issue of affordability now, energy affordability, natural gas affordability, power price affordability. One-sixth of every -- one of every six American families now is in arrears in paying the utility bill. That's a number I heard recently. There had been a notion, a number of years back during the Obama Administration, whether there's a linkage between the domestic spot price of natural gas and allowing exports to go overseas. I don't think that there's dispute today, unless you tell me there is, that there is a correlation between, at least for now, a correlation between domestic price of U.S. gas and the volumes they're exporting overseas. How do you address that issue from a near-term and long-term perspective, given the fact that affordability is something that crosscuts everything, right?

People who can't pay their utility bills, although they might care about the value of democracy in Ukraine, aren't really going to be focused on that.

MR. NEVINS: Yes, it's an important topic. The consistent opposition to LNG export projects for a decade has been, one, from environmentalists and two, from certain consumer groups -- municipalities, some of the industrials -- and that has been a debate whether LNG exports are going to raise domestic gas prices.

MR. GEE: Right.

MR. NEVINS: Now, you mentioned correlation, we can talk about correlation versus causation. I'm not sure I totally concede that point.

MR. GEE: Understood.

MR. NEVINS: LNG exports are not really up that much this year. Gas prices are.

MR. GEE: Right.

MR. NEVINS: There's a lot of increased gas power generation going on. So talking about what's driving U.S. gas prices up is complicated.

MR. GEE: There's a tightening of supply overall.

MR. NEVINS: And that's the most important point, right? I mean the U.S. has an amazing amount of natural gas reserves that can be produced over time. And over time, I think that there is ample U.S. gas supply for domestic needs and international needs without significantly increasing U.S. prices.

We can debate that. Not everyone's going to agree with that. Clearly, prices are high right now. They're much higher than they've been in years and that leads to hardship for people. And again, there are complicating details. Where it's worst is in New England because we can't build gas pipeline to New England, right? So, suspend the Jones Act and let us export gas from Louisiana to Boston.

MR. GEE: And they have to rely on LNG imports in order to meet their needs.

MR. NEVINS: So, it's really complicated. But you're right, it's an important part of the puzzle. And certainly, if you look at the data for the last year and you can look at data when Freeport went offline and what happened to prices --

MR. GEE: And there was a price spike temporarily.

MR. NEVINS: Certainly, the arguments that there's a tie between LNG exports and domestic gas prices, it's harder to dismiss those arguments. I do think it's a little bit simplistic to say you're exporting LNG; therefore, domestic gas prices are going up.

AMBASSADOR SIMONYI: May I add?

MR. GEE: Sure. Go ahead. Have a conversation amongst yourselves.

AMBASSADOR SIMONYI: May I add something to this? It'd be latching onto what Pat said.

So, first of all, what you just asked should be told to Europeans. There is an internal debate. Don't take this for granted. It's not just the United States is not

producing more. It's also because Americans are asking, well, why are we sending it overseas?

By the way, in a way one of your arguments that some Americans would care more about their own well-being and their own environment than about our allies -- I think it's not the right way to put the issue. The bottom line is there are domestic, internal, and social considerations that Europeans have to be told of.

On the other hand, I think it takes some leadership. It takes some leadership from Biden. It takes some leadership from Granholm to tell the American people that the price of not providing Europe with adequate amounts of LNG from the United States, which by the way, is sourced cleaner than the Russian gas they so much depended on, that is going to be more costly because we might have to go to war for Europe if there is a total disaster.

So, I think these are issues which have to be vectored into the conversation and I don't see it that much.

MR. NEVINS: And where U.S. gas prices have maybe doubled, they've gone up 10 times in Europe, right? That's a whole order of magnitude, the burden on the Europeans consumers.

MR. GEE: That's an interesting parallel you drew, Mr. Ambassador, about our military and defense needs versus how we meet our energy security imperatives and there's never really been a holistic perspective taken by our side, by our government in the budget process to determine how much more money do we need to spend on the military and defense in order to secure supply lanes overseas for everybody.

AMBASSADOR SIMONYI: I agree.

MR. GEE: Not just for us, to maintain security in venues where there are very precarious regions of the world, transit points that need to be maintained. I once had a conversation with Former Secretary of Defense, Robert McNamara, about that very subject and he actually took the view that we ought to be taking that into account as we determine what our military budget is.

AMBASSADOR SIMONYI: Let me say this and let's step out of this transatlantic sphere. Two weeks ago, my good friend and maybe your former colleague, Dan Poneman, former Deputy Secretary of Energy, received the Order of the Rising Sun Gold and Silver Star from the Japanese. And you know what the argumentation was? His input into helping out with Fukushima and building LNG relationships. That's a pretty, pretty strong message and it's not from the Europeans. It's from our Asian, most important Asian ally. And I think we need to think about this.

I mean Dan Poneman was serving under Moniz. By the way, Moniz said the same in his speech there and they were serving under Obama. I want to take as much party politics out of this debate as possible. I think there is way too much party politics in this right now, which --

MR. NEVINS: Including at FERC.

AMBASSADOR SIMONYI: Including at FERC. And the last thing we need in this is ideology to get in the way of a reasonable and realistic approach.

MS. GIANNETTI: So, one of the points that I wanted to comment on that I think is really important that you mentioned, Bob, is this question of domestic pricing. So, I agree with Pat that it's not as simple as you export more gas, domestic prices go up, right? Like that is a reductionist way to look at the problem.

It's not a one-to-one. However, and this was briefly mentioned, when you look at when Freeport went offline, in that little pop, domestic prices actually went down and you look at that and you have to concede that there is a relationship that we have to consider about making sure that we are not sending gas overseas at the sacrifice of making sure that gas is affordable at home for people who are dependent on it.

And part of the reason I mention that is that if you look at gas uses in the United States by domestic consumers certainly there are people who are in high income brackets that do use gas without a doubt, but increasingly you are actually seeing shifts in higher income brackets towards electrification, LEED homes, things of that nature. Where you see a lot of gas use is in apartments, people who are lower income, people who do not necessarily have the choice of being able to go and buy that fancy electric stove that they want to use instead.

So, they're already dealing with higher, different margins. Different margins. And that goes back to a point that the Ambassador picked up on that I said, is that I personally, speaking as me, think that national security and international security are interrelated and so making sure that we are putting forth an energy policy that has a world view is a public interest.

However, if you look at the federal laws that guide LNG export and review in this country, the words "public interest" are meant to mean the U.S. public interest and so I think that when we're evaluating whether a particular project or proposal or export commodity is in the public interest, we need to frame the international debate within the context of U.S. benefits and costs.

Because, "something is good for Europe" is not the legal regime -- it's "does it benefit America?" And I think in many cases it could, right, because of the points that the Ambassador made of making sure that our friends and allies are secure, right? But we need to make sure that we are looking at it from that perspective, so that's part of the point I was trying to make earlier, is that the legal regimes that guide review of these projects are expressly directed to look at what does the U.S. get out of building these projects.

MR. NEVINS: On this pricing point, that has clearly been part of the public interest analysis. It's been a central part of the public interest analysis that DOE has done for a decade. They have repeatedly studied the issue and rejected the arguments that LNG exports will increase domestic prices.

They've had three studies on that over three Administrations or two Administrations.

MS. GIANNETTI: That is true.

MR. NEVINS: And every time they issue a new export authorization, they update it with new data and they look at it and they have consistently rejected this pricing argument, right? Now, to say that when Freeport went off the market, if you take 1.8 Bcf of demand off on a day and there is no supply response, yeah, there's going to be a price difference. That's obvious. That's a very different question from saying if we double the amount of LNG exports volumes from the U.S. over the next five years, what happens to prices, which is a much more relevant question than what happens if a project goes off line and their demand suddenly disappears.

And the other point is: what's in the U.S. interest? Sure, it's the U.S. public interest at issue, but helping our allies and trading partners is in the U.S. interest.

AMBASSADOR SIMONYI: Can I say something? Here's my problem with the radicals in the environmental community. So, you cannot single out --

MR. GEE: Present company excepted.

AMBASSADOR SIMONYI: No, you're [Gillian] not one of them. No, I'm sorry. No, no, you're definitely not one of them.

MS. GIANNETTI: I don't think I should take a side on that.

AMBASSADOR SIMONYI: You can't single out gas and say that the American people are angry if the price goes up. Because what you are saying is they care more about the end of the month than they care about Europe.

When it comes to the climate issues, most Americans do care more about the end of the month than they care about the end of the world and that's an issue. So, let's just be very, very careful about it, it's just a tiny little bit altruistic to say that the American people are angry because the prices go up.

Here's something else. The United States is the leader of the Western world and the United States has huge responsibilities for its friends and allies and I understand the approach. Our primary responsibility, of course is the welfare and the health of the American people, but we cannot forget about the fact that we are the leader of the free world and that entails certain responsibilities and this is part of it.

MR. GEE: Well stated. And let me just also add that the phrase "We care more about the end of the month than the end of the world" was actually made by the Yellow Vest people in France when they were rioting in the streets over energy crisis.

AMBASSADOR SIMONYI: Yes, but it was in French. I never knew others read French, so that's why I dared to "invent" it.

MR. GEE: I do think that if you were to talk to those people at the state and local level, as much as they care about what's going on in Europe, and they

do care very deeply about democratic values being maintained in Europe and in Ukraine, the economic pressures that they're under right now sort of focuses their attention at this point because of affordability and the notion that somehow or another there's a correlation between gas exports and the domestic price of natural gas, even if it's not well founded, is probably going to persist, Patrick, and your clients are probably going to have spend a lot of time on it.

MR. NEVINS: It comes up in every case. Sure.

MR. GEE: Let me just ask you a corollary question though and this is really kind of off the charts. If you think this is beyond your capability as an attorney to address, that's fine. It's more of an economic question. Do you think ultimately long term there could be a convergence between U.S. domestic spot prices and global prices for natural gas?

Is Henry Hub a thing, will Henry Hub still be around in 20 years? I guess that's what I'm saying.

MR. NEVINS: So, at a minimum, I think this is probably implied in your question, but: You'd have to take into account the cost of liquefying, the cost of shipping, the cost of regasifying. But then whether you will have some convergence between a domestic price, plus all those variables, and an international price, I mean, we are clearly getting closer to that world. But natural gas has never been a global commodity. It's not oil. It's still not. There have always been two very distinct Pacific and Atlantic markets

That's collapsing to some extent and we see interesting things like, I read some trade press about the Chinese taking U.S. exports, taking them to Europe and then they're picking up cheap Russian gas. So, it's an interconnected market. I think it's moving towards a global market. Could it get there some day? Sure. I don't think it's near term.

MR. GEE: Understood.

MR. NEVINS: But it's heading in that direction.

MR. GEE: Gillian?

MS. GIANNETTI: So, yes, that's an important point. I was going to pivot back to the conversation of how we wrestle with the realities in the United States of the effects, the perceptions of effects, and then also our international security needs.

So, one of the things that I have noticed over the years is that there have been several efforts by the Federal Energy Regulatory Commission and by DOE to seek feedback on what it should be looking at and what it should be considering in deciding whether or not to approve new federal interstate gas infrastructure, whether it's pipelines, LNG exports facilities, and so forth.

And it has seemed, at least from the perception of most of the environmental community, the consumer community, landowners, consumer trade groups,

that the answer from the industry is, no, you shouldn't consider anything more than you're already considering. Opposition to continued evaluation of greenhouse gas effects, of looking at upstream and downstream, historical opposition to looking at environmental justice, though interestingly recently INGAA and the American Gas Association actually came out and said that they agree that environmental justice should be a part of it, so that was a shift.

Historic opposition to looking at a variety of factors that affect landowners and ensuring that their rights are being protected. And I think there would be less animosity in some of these dockets, because as Pat knows, they can get extremely heated, if there was a feeling that there actually was a joint desire to make sure that all relevant factors are being considered.

The perception, speaking from people who are directly affected by this, who live right by the infrastructure that's sited, is that their views do not matter, their interests do not matter, and that the industry is looking for the fastest process to make sure that they can build and make money and it doesn't matter what the effects may be.

Now, I am not saying whether or not that actually is the position of the industry. I actually think that there have been a lot of shifts in the gas industry over the last 15 years, recognizing that these are factors that need to be considered, right, especially as our collective perception of gas has shifted and the conversation has become more muddled.

But one thing, going back to your earlier question of what are some things that, for instance, the Biden Administration could do to bring life to that other part of the announcement, of making sure that environmental responsibility is a collective interest, is making sure that to the extent that there are environmental justice impacts, that they are being considered and that they are being mitigated to the vast extent possible.

To the extent that carbon capture technology is being used, that it is the best available and not window dressing that is used to try and be politically appealing, right? Like there are things that could be done from a collective approach that I think would, in the long run, lessen litigation and actually cause more projects to be built, and would also leave it such that there isn't this feeling of animosity by so many of the people who are living right by the infrastructure, who feel like they're holding the short end of the stick.

MR. GEE: Let me let Patrick answer that. Before I do that, program note. I want to ask our live audience here and those watching online if you have any questions. For those of you who are with us today, do you want to raise your hand to ask a question, please feel free to do so.

For those of you watching, if you could use the Chat Box to indicate what question you have, if you want to direct it to a particular speaker, please, please do that. Does the show of hand function work for the Zoom? Okay. You could try the show hand function. I'm not too sure. I can see the participants. Here are the attendees. If you want to try to use the show hand function to be heard verbally, we can try to arrange for you to ask your question. My only request for all of you is, please identify yourself and any affiliation, so we'll know to get that down for the record when we produce the transcript as opposed to unknown voice from

somewhere asking a question. I think it helps to know who the identity is of the questioner.

But Patrick, please go ahead and take the floor.

MR. NEVINS: Thanks. I think a couple things that once again I would disagree with pretty vehemently. Gillian mentioned a couple of times the opposition by the people who are in the community. I'm sure that that's true of some people. I also know that I have multiple clients who are investing billions of dollars in Louisiana and Louisiana state and local politicians seem to be really, really happy about it. So do a lot of people who are employed and are getting a lot of benefit from that. So, the fact that there is some opposition, let's not detract from the fact that there's a lot of support from the local community as well.

The FERC process takes two to three years. It's a very, very detailed process. FERC goes through a lot of factors. The idea that downstream greenhouse gas emissions or upstream greenhouse gas emissions should not be part of the analysis, that's a legal argument. It's an argument you're going to disagree with, but I could make it: that's not part of the Natural Gas Act public convenience and necessity. From a NEPA standpoint, it's not reasonably foreseeable. So, there are legal arguments about whether those emissions should be addressed or not, certainly at FERC.

On the other hand, DOE has very consistently addressed this greenhouse gas emissions argument. And again, they have studied it under different Administrations and they have concluded that LNG exports do not increase worldwide greenhouse gas emissions. This red herring about the Trump Administration policy statement of categorical exclusions has never been applied for any project. Every project is going through a NEPA review led by FERC with the DOE participating as a cooperating agency, so there's no categorical exclusion leading to projects being built.

And I would say that LNG exports are the best thing we can do to reduce greenhouse gas emissions. The fact is that there's a lot of coal being burned around the world. The U.S. is moving off of coal. The rest of the world is not. Particularly, in Asia: India and China are building massive amounts of coal plants. The best thing we can do to improve greenhouse gas emissions is to replace that with U.S. LNG.

Europe is moving back to coal. For Europe, it's a short-term thing. It's not for China, right? To me, the LNG export opportunity to reduce greenhouse gas emissions is tremendous. EQT put out a big piece on this – which I had nothing to do with, so I can tout it in good faith. It was great. It was released back in March, and explains the opportunity to replicate the success the U.S. had had from 2005 through now reducing greenhouse gas emissions by transitioning power generation from coal to natural gas. Repeating that transition internationally is a tremendous opportunity. So, I don't see this tension that LNG exports are supposedly bad from a greenhouse gases standpoint.

AMBASSADOR SIMONYI: The Europeans included gas in their famous taxonomy and the so-called delegated act with some very, very strict criteria, which I think in terms of intensifying the relationship. Exporting more gas to

Europe, means that the United States will be forced to apply those criteria, which I think is a good thing.

By the way, many companies have already discovered that. So, I just want to say there is a connection between beefing up our support for Europe in terms of more LNG and the environmental interests. Let's be very clear about this. I mean until now Europe has been viewed as the example we should be following and now the Europeans have included gas, short and medium term, as part of their energy mix.

MR. GEE: Mr. Ambassador, you raised another technology we barely touched on and I know that the focus today is really on LNG, but I want to ask our other panelists too. What role do you think small modular nuclear might play in the resource mix overseas and both here in the U.S., obviously, as well as in -- and Mr. Ambassador, you mentioned Europe is now placing high priority on resuming at least or extending the economic lives of its conventional nuclear fleet, but also I know they're also looking at small modular nuclear. Any thoughts about that potential as opposed to additional exports of LNG as a potential fuel resource in overseas markets? Good, bad, indifferent? Gillian, any thoughts?

MS. GIANNETTI: Sure. So, a couple points. First, let's put it out there, right? I've been talking about how I think that the FERC and the DOE can do a better job in making sure that they are evaluating all the aspects of these projects. The approval rates of LNG projects, as I said earlier, is essentially 100 percent.

There was a project in Oregon that was rightly rejected in 2016 and then was approved in 2020. So, when we're talking about how long the FERC process takes, how intensive the FERC process takes, it has not stopped an LNG project that has the financial resources and development in play from getting approved.

The reason why we don't have some of these other LNG projects that have been approved, there's a huge, bunch of them that are sitting in the queue, is because there has not been financial investment in them to reach a final investment decision.

And so, when we're talking about making sure that we are considering these factors, I mean, the approval rate is 100 percent and, especially, when it comes to pipelines, the approval rate is like 99.5 percent, and that's supposed to be an on/off switch and I don't think that you can discredit the concerns that folks have about whether the robustness and richness of those statutes is actually being given life, when the question is not, if these projects will get approved, but when they'll get approved from a perspective of commercial advancement.

Now, turning to your questions about nuclear, I mean, full disclosure, I do not work on nuclear, so I am stepping way out of my box here. But I think that, in general, Europe needs to be creative about the variety of solutions that it can look at to make sure that it continues to maintain itself on a green energy transition.

Personally, I think that, in the long term, the more appetizing potential is to look at the possibility of green hydrogen and using hydrogen to be able to replace a lot of things that we are currently using on gas.

Now, it obviously wasn't recorded, but we had a discussion beforehand about whether or not that is practical. I think at this point there's still a lot of innovation and research that has to be done and I will say that I -- you know, Pat talked about

red herrings -- I think when you hear the gas industry say, oh, we'll just retrofit these pipelines that we've built and use them for hydrogen, that that is the biggest red herring of all, and fails to take into account the scientific differences between shipping gas and hydrogen.

But to the extent there was a possibility to make sure that infrastructure that is being built today is flexible to be able to adjust to the energy transitions that we need to make, I think that's a great thing.

MR. GEE: Patrick, let me allow you to answer my comment -- my question -- as well as any response to what Gillian and the Ambassador said.

MR. NEVINS: Thanks. Nuclear is not my area and I will not step outside of my box.

MR. GEE: Understood.

MR. NEVINS: So, I have nothing to offer on that front. On the last point, hydrogen, sure, interesting opportunity years down the road, right? Not going to help Europe in the near term, but certainly building infrastructure to the extent possible that it could be retrofitted for that process or modified for that process, great idea. A lot of Europeans are talking about that, but I'm not really a hydrogen guy either, though more so than nuclear, so I'll stop on that.

On the FERC front, Gillian and I could continue this debate all day. The fact that the statute says it should be authorized if not inconsistent with the public interest could be why the projects are getting approved -- because it's not inconsistent with the public interest, right? DOE has found that it's in the public interest to export LNG.

Now, there are literally hundreds of conditions in these Orders, so it's not like there's some sort of rubber stamp that the projects can do whatever they want. We can contrast it with crude oil exports where there's no gate process at all for exporting crude or petroleum products. And the fact that LNG projects are all getting approved eventually certainly doesn't mean they get built. As you pointed out, there's lots of projects out there that got the regulatory approvals that -- now more of them are more likely to be built than it looked two years ago, but still, that doesn't mean they're all going to get built. There's a lot of other requirements for a project to actually happen.

Now, on pipelines, I would disagree. To me, it's getting ridiculously hard to build interstate pipelines. I represented Atlantic Coast Pipeline, which was a great project that was essentially killed by the regulatory process. There's a bunch of projects like that. The idea that we can't pipe gas to New England is a big problem.

All my clients right now they want to build intrastate pipelines, which kind of works in Texas and Louisiana, but it's not a great model. And part of what we will need to really significantly increase the amount of LNG exports is new pipelines. And to me, you can talk about FERC approval rates as much as you want, but it's getting really, really hard to build interstate pipelines right now.

MR. GEE: Let me put a hold on that discussion, park that. We do have a question from one of our online viewers I'd like to read aloud and I'm going to make this a kind of a jump ball to see who wants to take it. So, let me just read it.

This comes from Mark Vatter, V-a-t-t-e-r. I'm just going to read it verbatim. "The tax on emissions equal to their climate damage cost should suffice to optimize them and lower the price of energy by lowering demand. Why regulate supply of LNG on climate grounds when taxing emissions is enough and restrictions on supply raise the price of energy and necessity of hurting the poor?" Who wants to take that question?

AMBASSADOR SIMONYI: Try to get this idea through Congress and then we'll see. It's not going to work, not in the United States.

MR. GEE: There's a problem with the term "tax" I think. It becomes kryptonite to both sides of the aisle.

AMBASSADOR SIMONYI: That's where the whole thing dies, so I don't think we can answer.

MR. GEE: If that were within the realm of political feasibility, operationally, would that work? Would that be a simpler, more elegant process of internalizing the cost of climate mitigation? Some economists say so. I'm not one of them, but I'm not an economist, first of all, so I can't pass judgment on that.

MS. GIANNETTI: There have been some proposals made for, a carbon tax, that I think that organizations like NRDC could be supportive of. I think the concern, and this is again not my area, so I'm speaking as me, is that if we're talking about something that we need to address in order to mitigate significant climate effects, simply doing that through a price of doing business is not going to effectively deal with the challenge.

That being said, I mean, I think that there is general support from most of the environmental community to do whatever we can to divorce ourselves from not internalizing the cost of the energy choices we make.

MR. GEE: Anybody else want to respond.

MR. NEVINS: I'll pass on that one.

MR. GEE: I'm not hearing -- yes. Go ahead, please. Name yourself for the record.

MR. REITER: I'm Harvey Reiter. I'm the editor-in-chief of the Energy Law Journal. So, Ambassador Simonyi, I had a question mostly really for you. I've read about protests in the Czech Republic about rising gas prices and I wonder what effect concerns about that and concerns about the wobbliness of NATO allies in the face of rising prices or with regimes like Turkey and Hungary's autocratic

tendencies, how wobbly is the coalition and how would that affect what the United States needs to do to protect democracies and can do?

AMBASSADOR SIMONYI: Good question. Well, first of all, the Czechs, the Hungarians and the Slovaks are the ones who are exposed to Russian imports the most inside the European Union. So, for the Czechs and the Slovaks this is basically economic. For the Hungarians, it's really them maintaining their close ties to the Russians, of Viktor Orban's closeness to Vladimir Putin, so it's not the same issue.

I have the feeling that part of these protests have been the result of some Russian activity in the region, but I would agree that the level of tolerance in these countries is relatively low.

Now, I want to tell you that I'm totally surprised, positively surprised, at how well the solidarity inside the European Union is holding and the European Union, together, is trying to mitigate the impact of the Russian embargo. So, what I would say is I don't think it's a danger to democracy, per se. It's a danger to the solidarity and the cohesion of the European Union. That's the way I would put it. But I don't know how long this will hold.

And by the way, the one thing we haven't talked about is what happens if Ukraine is a provider of energy, if and when it comes on board as a supplier to Europe? You know that the Ukrainians are now a part of the European Energy Electricity System (ENTSO-E), the European grid, which is an important thing. They switched to the European network on the very day when the Russians attacked the country.

So, that brings me to another point: I'm all in favor of hydrogen. Hydrogen is all the rage in Europe. Shell is building the largest hydrogen facility anywhere in the world. It's the size of three football fields. We will need a hundred of these to meet the demands that will satisfy the 2050 goals. So, therefore, and this is really what I want to get to, is blue, pink, green hydrogen, are all part of the solution and I stress blue as well.

So, I think we might want to start using the expression that I hear more and more from the European Commission. Gas is not the enemy. CO2 is the enemy. Let's figure out how to fix this. I know we are coming to the conclusion of the event, we are under some time pressure, I want to make sure that we set a clear pathway, a clear strategy what we will be doing in terms of LNG exports in not just the next five years, but the next 10, 20 years. The "stranded assets" issue should be part of the debate. The faster we make this clear the more there is a chance that when there is a peace with Russia, between Russia and Ukraine, that people will not revert back to Russian imports, which, by the way, would cloak Europe global green ambitions right there because the way the Russians are producing gas is a disaster and nobody wants to talk about it. So, American gas should not be singled out as the enemy.

MR. GEE: Do you really think that in the end -- let's say Russia sues for peace with Ukraine. They're losing the war under this scenario, is there a possibility that the European countries might revert back to --

AMBASSADOR SIMONYI: Oh, sure. Oh, absolutely. Many in Germany would like this. Oh, absolutely. Absolutely.

So, here is what I think will happen.

MR. GEE: They're addicted to cheap Russian gas?

AMBASSADOR SIMONYI: I will tell you what will happen. I will be a little brutal here.

(Everyone speaking over each other)

AMBASSADOR SIMONYI: I will be a little brutal here. So, the next day after peace breaks out there's a meeting between the Chancellor's office and the leaders of German industry, the chair of Daimler and BASF and you know it, Siemens, and others and they will, say we've got to get back importing Russian gas. It's in our national interest. So, that danger is there if there is no alternative.

MR. GEE: Because it makes them competitive globally.

AMBASSADOR SIMONYI: No. Because that's all they care about. They have no other considerations.

MR. GEE: No energy security interest?

AMBASSADOR SIMONYI: Nothing. None other than doing business and that's my worry.

MR. NEVINS: I hope you're wrong.

AMBASSADOR SIMONYI: Well, I hope I'm wrong. No, no, no, I hope I'm wrong, but I'm painting a dark picture of a possibility and that is why the more intensive and the faster we move to stabilize the U.S./Europe energy relationship long term, the less there is a chance that this will happen.

MR. GEE: We have just a few more minutes left and what I'd like to do is to ask each of panelists to make some closing commentary of what you have gotten out of today's discussion and also your outlook, if you can, put your crystal ball to play. What in your mind would be your best-case scenario of where the United States should be, vis a vis, its European allies in this very difficult period.

So, let me start with Patrick and then Gillian and then Mr. Ambassador I'd like for you to go last. So, Patrick, please go ahead.

MR. NEVINS: Thank you. I enjoyed the conversation. I'm sorry we sandwiched you here, Gillian, a little bit.

My crystal ball is a little bit fuzzy, but I do think that the level of U.S. LNG exports will probably double in the next five years. And a year or certainly two ago, I would've said that's crazy optimistic. I now think that's kind of the baseline and it could certainly be more.

I think that's a good thing for the U.S. I think it's certainly a good thing for Europe. I think it's a good thing for greenhouse gas emissions. I think the policy debate has shifted. If the war ended tomorrow, it would be interesting to see how that changes, but the war is not going to end tomorrow, right?

I would acknowledge there are some important issues that need to be thought about, like the impacts on the communities where the projects are and like the domestic gas prices and is this going to affect domestic gas prices and by how much. The "public interest" is a big topic and there's a lot of arguments to be made, but I would say, just as FERC and DOE have found for a decade, that LNG exports are consistent with the public interest and I think they're going to keep happening, and I think that's a good thing.

MR. GEE: Gillian?

MS. GIANNETTI: Sure. Well, I very much enjoyed this conversation and I'm familiar with sometimes been the token representative of a different point of view, so I'm okay with that.

MR. GEE: But you represented well.

MS. GIANNETTI: I'm actually going to go back to an anecdote from when I was first starting my professional career right out college. I started as a ninth grade English teacher in LaPlace, Louisiana, which is in St. John the Baptist Parish. I'm certain that Pat knows it well. It is right on the coast and is about an hour or so away from Baton Rouge and it is definitely in the heart of the petrochemical industry.

And I walked through the halls of my high school for my first day, and this was a high school that was really struggling with test scores and graduation rates and poverty, and you kind of have a stereotypical view of like what a school like that might look like, right? You know the stereotypical ceiling tiles are falling down -- and that's not what school looked like at all.

State-of-the-Art smart boards, revolutionary science labs -- it looked like a Blue Ribbon School in the wealthiest district in Northern Virginia. All of the laptops that my students had had a giant Shell Oil label on the back. The science lab was the Marathon Oil Science Lab. The smart boards were donated by BP and there were immaculate water fountains lining throughout the halls. And the very first thing the principal told me is, "Don't drink the water. Those are there for show. Do not drink the water. It's not safe. Everybody drinks bottled water because it's not safe because of the impacts of all the petrochemical industries that are around us."

And I continued to see things over and over again where there was clearly a price that was being paid by the local community. So, my closing remark here is that this is a very difficult international problem and folks who try to oversimplify it are missing the fact that the complexity is where the richness can be found and where that good conversations can be found, but it is not as simple as build all the projects and everybody wins. There are people who pay a price. There are people whose lives are affected and that we need to make sure we're not forgetting that in the process.

MR. GEE: Thank you. Mr. Ambassador, please close us out.

AMBASSADOR SIMONYI: No, that's a challenge. I don't think we're that far apart. Definitely a takeaway for me is that maybe we need to pay more attention to the social and individual aspects, but I would strongly argue, and here I side with Pat that we have to make, those who believe in or who are working in the energy security sector, and the few who work in the LNG sector, we have to make a much better case, an even stronger case for why more LNG is not just national security, is a national interest for the United States. That's really my takeaway.

And I truly believe that. This has been a great conversation. I really appreciate it and the culture of conversations like this are really important to make sure that we fix this huge dilemma, balancing energy security and climate. But at the end of the day, I started by saying there's only one way out: a much closer relationship between the United States and Europe.

MR. GEE: Thank you so much and I want to thank all three panelists for a wonderful job today. Patrick, Gillian, Andras, thank you so much for being with us today. Thank you for those of you who took the time to be with us physically live and then thanks to those of you who dialed in online. We hope that this provided at least some clarity on a very difficult issue that affects all of us and will affect all of us for years to come.

And with that, any other thoughts? We bid you farewell. Thank you so much.