



EBA • MAY 6 - 7, 2019

## ANNUAL MEETING & CONFERENCE

### SESSION B: LNG EXPORTS

MAY 6, 2019, 2:00 PM – 3:15 PM

Export of LNG is substantially impacting both foreign and domestic markets for the supply and transportation of natural gas. The process of developing such projects ties into domestic and foreign gas supply, and requires interconnection with domestic sources of natural gas supply and transportation, all of which can profoundly impact natural gas prices and associated transportation rates. The federal regulatory overlays associated with these commercial issues can be complex. An esteemed panel from will discuss current trends in LNG project development, how the federal regulatory process impacts such projects, and predictions for the future.

**Moderator:** David Wochner, Partner, K&L Gates

**Panelists:**

Jane Nakano, Senior Fellow, Energy and National Security Program Center for Strategic and International Studies (CSIS)

Charlie Riedl, Vice President, NGS&A and Executive Director, Center for LNG

Michael Weber, Senior Advisor for Energy Policy and Economic Relations, Embassy of the Federal Republic of Germany

## **LNG Exports – Emerging Issues**

### Short-form description:

The shale-driven transformation of the United States from a net importer of natural gas to a major exporter is expected to grow substantially as new LNG export terminals are developed and approved, changing our global role fundamentally. This panel will discuss that shift, and the issues that affect its outcome.

### Long-form description:

The U.S. has evolved from a major importer of Liquefied Natural Gas (LNG) to potentially one of the largest exporters, with the exportable U.S. surplus increasing rapidly. EIA projects that LNG exports will grow from 1 Bcf/d in 2016 to 14 Bcf/d by 2030, an increase of 1300 percent, taking LNG exports from 1 percent of US production to 12 percent. The paradigm shift and the infrastructure necessary to accomplish this has caused issues to emerge, from facility approvals for the export terminals and their supply pipelines, to national security and the impact on foreign markets, to changing contractual and market structures affording greater flexibility to international purchasers, and to the always-difficult process of risk management in the export industry. A panel of regulatory experts and industry experts will explore these issues.

### Panelists:

David Wochner, K&L Gates – moderator

Jane Nakano, Senior Fellow, Energy and National Security Program, Center for Strategic International Studies

Charles Riedl, Vice President, NGS&A and Executive Director, Center for LNG

Michael Weber, Senior Advisor for Energy Policy and Economic Relations, Embassy of the Federal Republic of Germany

### Roundtable Discussion Points

Examine FERC's approach to addressing GHG emissions and impact on permitting for LNG facilities

Review impact of FERC commissioner-level retirements on LNG issues

Discuss trade issues affecting LNG markets

Review of current LNG issues from a national security perspective

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### Panelists & Topics for Discussion:

David Wochner, K&L Gates -- moderator

Charles Riedl, Executive Director, Center for Liquefied Natural Gas -- to discuss regulatory issues and the diversity of commercial approaches

- An overview of President Trump's energy policy.
- Recent FERC authorizations of LNG export terminals and the debate at FERC over the approach to assessing the impact of LNG projects on climate change, including Commissioner LaFleur's recent remarks that it is getting harder to compromise on LNG authorizations and her most recent concurrence.
- The implications of the existing Commission vacancy and the end of Commissioner LaFleur's term on June 30, 2019 (with the option to stay on until the end of this congressional term) with respect to future authorizations.
- Impact of DOE's Final Rule on Small-Scale LNG Exports on demand for U.S. LNG
- Impact of Mexican energy industry reforms on Mexican imports of U.S. natural gas.
- Discuss current commercial trends, such as offtake volume, pricing benchmarks, and contractual terms

Michael Weber, Senior Advisor for Energy Policy and Economic Relations, Embassy of the Federal Republic of Germany – to discuss global and national security issues, with an emphasis on Europe

- Europe is facing declining indigenous production making both U.S. gas molecules and the optionality that U.S. LNG presents an important contribution to the region's energy security.
- The impact on European demand for U.S. LNG in the context of the general emphasis on clean energy, including the Clean Energy for All Europeans Package and Clean Planet for All.
- Germany's priorities with respect to energy markets and opportunities for U.S. LNG, including uncertainty over the future of nuclear power.
- Differences among the European countries with respect to energy mix and geopolitical priorities and related impact on demand on demand for U.S. LNG.
- Practical implications of the Joint Statement between EU President Juncker and President Trump to strengthen EU-U.S. strategic cooperation with respect to energy on European demand for U.S. LNG.

- Impact of geopolitical tension between the United States and Russia (e.g., President Trump's criticism of the Nord Stream 2 project) and Europe and Russia (e.g., EU's binding obligations on Gazprom to end contractual restrictions on the free flow of gas supply into Europe) on the European market and demand for U.S. LNG.

Jane Nakano, Senior Fellow, Energy and National Security Program, Center for Strategic International Studies, or someone else from CSIS – to discuss global and national security issues, with an emphasis on Asia

- Asia as a center of global energy demand, with both mature and developing Asian economies recognizing the geopolitical benefits of U.S. LNG, namely the diversification of supplier pool and trading routes (alternative to the Strait of Malacca and the South China Seas).
- U.S. LNG as a key enabler of a more competitive and liquid LNG market in the region, which helps enhance regional energy security.
- U.S. LNG helps to lower the accessibility to gas in emerging Asia, where coal, which is a higher carbon fuel, has been the dominant fuel.
- Uncertainty of the future of nuclear energy in Japan and Korea will continue to favor natural gas.
- Geopolitical benefits of U.S. LNG as articulated by the energy agenda under the Administration's Free and Open Indo-Pacific vision: U.S. LNG helps to reinforce the rule-based order, including in the trade and investment arena, in the region.