

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2561 Rayburn House Office Building
Washington, DC 20515-6515

February 28, 2024

The Honorable Joseph R. Biden, Jr.
President of the United States
The White House
1600 Pennsylvania Ave. NW
Washington, DC 20210

The Honorable Jennifer M. Granholm
Secretary
U.S. Department of Energy
1000 Independence Ave. SW
Washington, DC 20585

Dear President Biden and Secretary Granholm:

The Committee on Small Business writes to express its deep confusion and concern regarding the Department of Energy's (DOE) decision to indefinitely pause export approvals for newly constructed Liquefied Natural Gas (LNG) export terminals.¹ Delaying the approval of important LNG exports will have detrimental impacts not only on small businesses, but on the U.S. economy and its strategic interests worldwide.² In response, Qatar announced it would expand its LNG export capacity, attempting to fill the void left by the Biden Administration and limiting opportunities for U.S. small businesses.³ Currently over 90 percent of oil and natural gas extractors are small businesses, and the Committee seeks a deeper explanation of this decision and its impacts on those businesses and U.S. strategic priorities.⁴

Natural gas is a growing and essential part of the American economy, making up most of electrical production in the U.S.⁵ Over the last seven years, the U.S. has worked to improve its ability to export this natural gas as LNG—by 2040 these exports are expected to contribute \$73 billion to the economy and supply nearly half a million jobs.⁶ This decision upends years of business planning and prohibits the natural gas industry from continuing its essential growth. Taken with other actions by the Biden Administration, such as the Rice's Whale rule, it seems the Administration is set on making it increasingly difficult for small oil and gas operators, particularly in the Gulf of Mexico region, to compete and earn a living.⁷

¹ *Statement from President Joe Biden on Decision to Pause Pending Approvals of Liquefied Natural Gas Exports*, THE WHITE HOUSE (Jan. 26, 2024).

² *Oil, Natural Gas, Our Economy and Small Business*, SMALL BUS. & ENTREPRENEURSHIP COUNCIL (May 22, 2023); See also Emily P. Mallen, et al., *Implications of US Department of Energy Decision to Pause Authorizations of Liquefied Natural Gas Exports May Extend Beyond Delays to Pending Projects*, AKIN GUMP (Jan. 31, 2024).

³ Ben Geman, *Qatar Expands LNG Push as the U.S. Takes a Breath*, *Axios* (Feb. 26, 2024).

⁴ *Oil, Natural Gas, Our Economy and Small Business*, SMALL BUS. & ENTREPRENEURSHIP COUNCIL (May 22, 2023).

⁵ *Electric Power Sector Basics*, ENV'T PROT. AGENCY (last visited Feb. 5, 2024).

⁶ *Impact of LNG Exports on the U.S. Economy: A Brief Update*, ICF (Sept. 2017).

⁷ *The Economic Impact of Gulf of Mexico Oil and Natural Gas Vessel Transit Restrictions*, AM. PETROLEUM INST. (Nov. 5, 2023).

Additionally, U.S. LNG exports to Europe increased by 141 percent in the first year of the Russo-Ukrainian war, as European countries shifted away from relying on Russian natural gas.⁸ This export decision will force the U.S. to turn its back on our European allies and push them back into the hands of the Russian Federation. This not only works against the U.S.’ strategic interests, but creates challenges for businesses, large and small, that had planned to export their products to Europe and Asia over the coming years.⁹ Global opposition to Russia has provided small U.S. natural gas producers an opportunity to replace Russian gas in foreign supply chains. Limiting U.S. exports will reduce these opportunities for small businesses and undermines America’s standing in the eyes of our allies.

Lastly, though it is the crux of the reasoning behind the decision, it is unclear what environmental benefit the DOE believes this rule will have. Germany, for example, likely does not have sufficient gas or renewable energy to replace the U.S. LNG it would be expecting, but has substantial coal reserves domestically that it will likely be forced to use.¹⁰ Additionally, the failure to export sufficient amounts of American LNG will drive countries toward Russian LNG, which has far fewer emissions controls, making it far more harmful to the environment.¹¹ This decision harms American industry without any clear environmental benefit or supporting reasoning. Holding exports of American LNG, which meet U.S. environmental standards, in favor of European and Asian coal or Russian LNG, is likely to harm the environment more than simply approving these exports.¹²

It is important for agencies to examine small businesses interests—which make up 99.9 percent of all businesses in the U.S.—when making such an impactful decision. America’s small businesses deserve to have their voices heard and considered. We therefore request the following information as soon as possible but no later than March 13, 2024:

1. Please provide the number of small natural gas businesses impacted by this pause.
2. Provide all resources available to small businesses to navigate this sudden policy change and how these resources will be communicated to small entities.
3. Given that this rule puts all these producers in-flux with an “indefinite” timeline for the decision, how can small entities plan to restart their exports?

⁸ *Europe Was the Main Destination for U.S. LNG Exports in 2022*, U.S. ENERGY INFORMATION ADMIN. (Mar. 22, 2023).

⁹ Bradford Betz, *Texas official blasts Biden admin for LNG export pause, warns millions of jobs at risk: ‘war on energy’*, FOX BUS. (Jan. 31, 2024).

¹⁰ Riham Alkousaa, *Germany Approves Bringing Coal-Fired Power Plants Back Online this Winter*, Reuters (Oct. 4, 2023).

¹¹ Robert Rapier, *How an American LNG Export Pause Could Increase Global Carbon Emissions*, FORBES (Jan. 29, 2024).

¹² *Id.*

4. What alternative energy sources does the Biden Administration anticipate our European and Asian trade partners will utilize until exports from these terminals are approved?
 - a. If it is likely that most of these European and Asian countries will resort to using more coal, what is the environmental justification for this action?
5. Given that Europe is still so reliant on natural gas that it imports it from Russia, how much more money does the Biden Administration believe this pause will divert back into the hands of Gazprom and the Russian government, and away from American small businesses?¹³
6. Provide evidence relied upon by the DOE that this decision will reduce global emissions instead of either exporting greenhouse gas production to other countries, or increasing emissions?

To schedule your response or ask any related follow-up questions, please contact the Committee on Small Business Majority Staff at (202) 225-5821. The Committee on Small Business has broad authority to investigate “problems of all types of small business” under House Rule X. Thank you in advance for your cooperation with this inquiry.

In God We Trust,



Roger Williams
Chairman
Committee on Small Business

cc: The Honorable Nydia M. Velasquez, Ranking Member
Committee on Small Business

¹³ Julia Payne, *EU has no immediate plans to ban Russian LNG, says Spain's Ribera*, REUTERS (Sep. 8, 2023).