A safe, workable solution to our natural gas shortage

Liquefied fuel is plentiful, but so is NIMBY mentality By REPS. GENE GREEN and AND LEE TERRY

Houston Chronicle Inside the Washington Beltway, there is less agreement between the political parties nowadays. The same holds true for the businesses and interest groups that follow Congress. So it was encouraging when a politically diverse coalition of business and environmental groups came together recently to offer solutions to the nation's natural gas shortage. In a memo to Congress, major companies joined with environmental advocates, urging Congress to craft a comprehensive, balanced natural gas policy that finally addressed high prices and production declines. Signers of the memo include Dow Chemical Co., the Natural Resources Defense Council, the Alliance to Save Energy and the American Chemistry Council.

One of the highlights is the groups' endorsement of increased supplies of liquefied natural gas, or LNG, natural gas converted into liquid form, that allows safe transportation and storage. This follows a recommendation by the independent Commission on Energy Policy, which concluded that the United States must encourage the construction of new LNG terminals.

These are just the latest voices to join the choir of energy experts and economists who insist that LNG must play a larger role in our energy portfolio if we are to meet expected growth in demand.

LNG is nothing new. For half a century, liquefied natural gas has been safely transported and stored around the globe. Some countries, such as Japan and South Korea, rely on it almost exclusively for their natural gas needs. But less than 1 percent of U.S. natural gas supply currently is from LNG, despite Department of Energy estimates that U.S. consumption will be 30 percent in the next 15 years.

That is why we are working to make LNG a more vital part of a comprehensive, diversified national energy plan.

Natural gas is a clean-burning fuel that heats and cools homes, provides fuel for cooking, generates electricity (with fewer emissions than other fossil fuels) and serves as a raw material for petrochemicals use to make everything from plastic to medicines to fertilizers. It provides one quarter of all of America's energy needs.

But high natural gas prices are forcing some manufacturing companies to move operations overseas where the fuel is often much less expensive. A prime example can be found in the fertilizer industry. About half of America's nitrogen fertilizer - made mostly from natural gas - is imported today, due mostly to high gas prices. Since 2001, at least 15 U.S. fertilizer plants have closed or quit operations. This could have a severe impact on U.S. farmers and those who consume the food they produce.

On another front are the chemical manufacturers. Until 2002, this industry had been one of the nation's few sectors with a positive balance of trade. Sustained high natural gas prices have transformed billion dollar trade surpluses into deficits. There is now a real danger that the nation's largest manufacturing export sector could follow others that have shifted production overseas, potentially creating a new Rust Belt along the U.S. Gulf Coast.

Over the past four years, American consumers have paid an estimated $130 billion more for natural gas than in the prior 48 months. Federal Reserve Chairman Alan Greenspan has warned that unless we expand our supply, the United States will become increasingly uncompetitive in industries that rely on natural gas. To do this, Greenspan advocates a drastic increase in our LNG capacity to serve as a safety valve to ease price volatility.

Vast amounts of natural gas around the globe (at least 10,000 trillion cubic feet) are ready to be developed, from places such as the Caribbean, Australia and Eastern Europe that look more favorably on U.S. interests. In this country, mitigation measures coordinated by federal, state and local agencies will make LNG terminals, ships and ports the world's most secure.

The good news is that more than 30 LNG terminals are in various stages of planning throughout North America.

The bad news is that not-in-my-backyard opposition and litigation-minded outside interests in certain areas, particularly Southern California and New England, have delayed many of these plans. Ironically, these regions consume massive amounts of natural gas. In fact, one-third of the natural gas consumed in New England is currently supplied by an existing LNG facility.

The opposition to LNG by a handful of communities is costing the nation dearly, as these costly delays have forced many companies to abandon their plans.

Last year, we introduced bipartisan legislation to expand America's LNG capacity by establishing a more predictable, streamlined process for the construction and expansion of LNG facilities - allowing industry, communities and government to more easily work together to ensure adequate natural gas supplies. Our bill will allow for substantial input by all parties, but not unwarranted and open-ended delay.

We are currently working with other leaders in the House and Senate to include this legislation in the new draft of the comprehensive energy bill, and are optimistic about our chances.

Members of Congress, on both sides of the political aisle, can agree that energy supply is a national issue and that our economy, jobs and quality of life depend on a foundation of plentiful, affordable natural gas. We believe that after a thorough discussion and study of the facts, more members of Congress will agree that LNG should play a sizable role in the U.S. energy mix.

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Historical Information