Asia Natural Gas
& Energy Association

9 Battery Road, Downtown
Singapore 049910

4 January, 2024

The Honorable Jennifer Granholm
Secretary of Energy U.S. Department of Energy
1000 Independence Ave.,
S.W. Washington,
D.C. 20585

Dear Secretary Granholm,

Subject: DOE non-FTA permits for LNG export facilities

The Asia Natural Gas & Energy Association (ANGEA) was founded in Singapore to work constructively with governments, society, and industry to build effective and integrated energy policies to support climate objectives while promoting sustainable economic growth and energy security.

ANGEA and its members (which include U.S. and Australian-based LNG exporters, Asia-based energy buyers (such as Japan's JERA), shipping companies, utilizes and more) are committed partners to Asian nations in their efforts to reduce GHG emissions while maintaining energy security. ANGEA members are committed to a progressive and accelerated decarbonisation of the natural gas value chain in line with the Paris Agreement.

The opportunity to advance climate goals in Asia via coal to gas switching is also clear. In power generation, taking into account both CO2 and methane emissions on average, coal-to-gas switching reduces emissions by 50 per cent when producing electricity, according to the IEA.

While the Ukraine conflict has diverted many cargoes to Europe, Asia remains the fastest-growing LNG market, with forecasts that it will command 80 per cent of demand through 2040. To a large extent it is either the U.S. which will meet this growing demand, or Russia.

In my conversations with leaders across the Asia-Pacific region, there are significant concerns about the commitment of trusted energy supplier nations - such as the U.S. - to support Asia's energy demands with cleaner fuel such as natural gas during the energy transition. By 2050, Asia's

energy demand will more than double. Governments in Asia are increasingly challenged by the need to balance their energy security, economic growth and in many cases, raising their populations out of poverty, with environmental priorities.

Given these concerns, ANGEA co-sponsored a study by Rystad Energy into "*Energy Security in Southeast Asia*." Key findings from the study include:

- **Declining Domestic Gas Resources**: Most countries in southeast Asia have dwindling domestic energy resources. On average, gas production across Vietnam, Thailand and Indonesia will decline 11 per cent year-on-year between 2031 – 2040. But Vietnamese gas demand is projected to expand at a Combined Annual Growth Rate of 4.7 per cent between 2022 – 2050.
- **Coal to Gas Switching Reversed**: Some Southeast Asian countries naturally are prioritising short-term economic and energy security concerns at the cost of long-term decarbonisation efforts. The only viable solution for some countries in Asia is to turn once again to increased coal use. According to the International Energy Agency (IEA), even with commodity prices now moderating, economies in the region are set to increase coal use to help power their longer-term economic growth. In fact, the latest IEA data forecasts record coal demand in 2023 in Vietnam, Indonesia and the Philippines, beyond the much greater demand from China and India.
- **Costs of Policy Failure**: A clear warning sign from the findings of that study is the cost of inaction by policymakers. Take the experience of Europe, where the cost of securing alternative energy supplies after Russia invaded Ukraine has risen to approximately USD $1 trillion. Most Asian countries simply do not have this luxury, either financially or in terms of the potentially negative political effects.

These findings put a spotlight on the risk of placing developing nations across Asia in a state of energy poverty and stalling energy transition efforts. Put simply: the cost of inaction amongst wealthy and LNG producing countries is an increased reliance on coal amongst fast-growing nations in Southeast Asia.

Each country will determine its own energy transition pathway, but emerging Asia needs pragmatic supply-side policy support that recognizes the critical role of natural gas and the need for reliable low-carbon supplies of LNG and gas to the region for the foreseeable future. Policy in responsible, reliable gas-producing nations such as the U.S. and Australia should prioritize the return of a more stable and balanced global natural gas market. This is direct support to international efforts to limit global warming by ensuring timely buildout of gas infrastructure through streamlined and transparent regulations. It is only nations such as the U.S. and Australia, which have adequate energy export capacity and commitment to stringent environmental standards that can provide leadership on this critical front of the ongoing energy transition.

As such, we advocate strongly for the U.S. to establish new infrastructure links from the Rockies to future export opportunities in the United States, Mexico or Canada, and these same export

locations can serve future decarbonized ammonia or hydrogen markets, if built with the future end in mind. Giving Rockies and Permian gas greater connectivity to domestic and international markets adds to the substantial supplies available elsewhere in the U.S. ensures that domestic and export prices are not in conflict.

We are also strongly in favor of U.S. enabling and speeding up non-FTA authorizations, including those which will support future North America LNG export outlets that can reach the Pacific, such as Energía Costa Azul LNG and Vista Pacifico LNG, Saguaro Energía, LNG Canada and Woodfibre LNG. With the Panama Canal increasingly becoming an operational and political risk because of transit bottlenecks, Pacific exports become ever more critical.

These opportunities can position the U.S. as the major supplier of energy to Asia, which will continue to yield enormous economic, domestic, and geopolitical benefits for decades. Based on the recent Rystad study, the U.S., with its vast supplies of natural gas and current regulatory regime, is able to provide low emissions LNG to Asia while also keeping domestic prices low demonstrating that domestic and international economic growth and reducing carbon emissions can be achieved together.

Most countries in Asia are net importers of energy. Large-scale infrastructure investments across the energy chain require long-term supply-side policy certainty. Failure to recognize this fundamental point risks placing developing nations across Asia in a state of energy poverty and will stall energy transition efforts.

Many countries in South-East Asia simply do not possess the natural solar and wind assets that countries like the United States, Australia and China do. As such, solar and wind energy is unlikely to play the significant role in their near term decarbonization.

Both the recent Net Zero America and Net Zero Australia studies noted the critical role of gas in the energy transition as a natural complement to intermittent renewable energy. It is encouraging to see, in both the Group of Seven Nations' most recent communique and the U.S. Japan Energy Dialogue, a recognition of the essential role LNG producing nations such as the US can play meeting energy security and climate goals in Asia, especially for allied nations. Policymaking decisions that enable continued access to gas supplies and provide the assurances that make responsible investments in flexible infrastructure such as LNG-to-hydrogen facilities possible.

Without sufficient access to gas imports, energy security and the energy transition will be elusive for the people of Southeast Asia, and that in turn places at risk the ambitious decarbonisation plans spearheaded by Japan, which take into account Asian nations' specific requirements.

Yours sincerely,

Paul Everingham
Chief Executive
Asia Natural Gas and Energy Association