

Congress of the United States

Washington, DC 20515

May 8, 2012

The Honorable Steven Chu
Secretary
Department of Energy
1000 Independence Avenue, S.W.
Washington, DC 20585

Dear Secretary Chu:

I am writing in regards to the recent terrorist attacks on natural gas pipelines in Yemen and the ramifications for New England energy supplies.

As you know, it was reported yesterday that an al-Qaeda affiliate group in Yemen plotted to destroy an airliner bound for the United States around the one-year anniversary of the killing of Osama bin Laden. Fortunately, that plot was thwarted by the CIA. However, recent attempts by al-Qaeda affiliated terrorists in Yemen to destroy oil and natural gas infrastructure have been much more successful. The most recent attack on April 26th in the eastern province of Shabwa was the third within a month and the second targeting the pipeline carrying natural gas to the export facility in Balhaf. These attacks have come in response to U.S. airstrikes that have targeted and killed militants in the region, the most recent of which came this past weekend with the reported killing of a senior Al Qaeda militant in Shabwa who was linked to the deadly bombing of the U.S.S. Cole. As one the largest importers of liquefied natural gas (LNG) in the United States, New England is vulnerable to serious supply threats from such attacks. The LNG import terminal located in my district in Everett, Massachusetts is the busiest in the country, taking in 35 percent of all U.S. LNG imports by volume. LNG makes up 20 percent of New England's natural gas supply, and during times of peak natural gas demand LNG is used to meet 30 percent of the region's needs. Since 2010, roughly 18 percent of LNG shipments into the Everett LNG facility have originated in Yemen.

The most recent pipeline attack will interrupt at least two LNG shipments from Yemen to New England, roughly two weeks of LNG supply for the region. Depending on how long pipeline repairs take to complete and whether there are subsequent attacks, this supply interruption could be even more serious. Alternative LNG supply options from Trinidad are currently being explored, but it is unclear how much LNG would be available from that source. And while domestic natural gas production is at an all-time high here in the United States, there is no existing infrastructure to easily get it to New England. As a result, electrical grid operators—who depend on natural gas to meet more than half of New England's electricity needs—are developing contingency plans for dealing with possible shortages later this summer.

Moreover, had such a supply disruption occurred during the winter months of peak natural gas demand, it could have had an impact on the ability of families in the region to heat their homes.

These natural gas supply problems highlight the importance of developing the domestic infrastructure that would allow all Americans to benefit from the low-price, abundant and secure supplies of natural gas now being produced in the United States. The disturbing connection between American energy demands and violence in the Middle East is one that we must work to eliminate. I believe that using our domestically produced natural gas here in America to reduce our dependence on foreign supplies should take precedence over any plans to export our natural gas. Currently, nine applications have been filed with your Department to export more than 20 percent of current domestic natural gas consumption. And more applications could come in to the Department in addition to these initial applications.

With these concerns in mind, I ask you to respond to the following questions:

1. Do you believe that reducing or eliminating natural gas imports from regions of the world where terrorist activities are more likely to result in supply disruptions would enhance America's economic and national security?
2. What is the Department of Energy doing to reduce America's exposure to disruptions of natural gas supplies imported from foreign nations?
3. What impacts could the supply disruptions from Yemen have on energy supplies and prices in New England?
4. Do you expect the United States to produce enough natural gas domestically to fully supply its own needs within the next five years? What are the primary barriers to eliminating dependence on foreign natural gas supplies?
5. What is the Department doing to facilitate the development of infrastructure to transport domestic natural gas to regions of the country like New England, that currently suffer from pipeline constraints? In your opinion, is domestic transport of LNG to pipeline-constrained coastal regions of the country a feasible option in the future? What steps do we need to take to ensure this option is available to assist in meeting demand for natural gas?
6. If the United States were to export more than 20 percent of its domestically-produced natural gas—as companies are currently requesting permission to do—could it undermine our ability to provide American consumers and businesses with adequate and secure

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supplies at fair and reasonable prices? What regions of the country would be most susceptible to supply disruptions or price spikes under a high export/domestic pipeline constrained scenario?

Please respond to this request by June 4, 2012. Should you have any questions, please contact Jonathan Phillips on my staff at 202-225-6065. Thank you for your attention to this important matter.

Sincerely,



Edward J. Markey
Member of Congress