

**Statement of Dustin Meyer  
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**Philadelphia LNG Export Task Force  
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**Introduction:**

Chair White and Philadelphia LNG Export Task Force members, thank you for the opportunity to testify today. My name is Dustin Meyer, and I am the Vice President of Natural Gas Markets at the American Petroleum Institute (API), the national trade association representing approximately 600 member companies involved in all aspects of the U.S. oil and natural gas industry.

Prior to my time at API, I worked at IHS Energy, the American Council on Renewable Energy and the Natural Resources Defense Council. In all of these roles, my work has centered on the critical relationship between energy, the environment and geopolitics, and I remain convinced that what we do here in the United States can serve as a model for other countries in how to reduce emissions while bolstering energy security and maintaining reliable and affordable energy access. U.S. natural gas is at the core of this effort and Pennsylvania—as the second largest gas producing state—is uniquely well-positioned to play an outsized role. As such, API applauds the bipartisan formation of this Task Force and is committed to assisting it in its work ahead.

**Background:**

It is important to remember why we are here and why we are even able to have this conversation. It was not that long ago that natural gas production in the United States was in

rapid decline and the U.S. was a major importer of LNG. As recently as 2010, many projections envisioned the United States becoming the world's largest *importer* of LNG. Instead, the United States is now not only the world's largest producer of natural gas, but we are now also, quite remarkably, the world's largest *exporter* of LNG. This rapid transformation was fundamentally driven by the shale gas revolution, itself the result of relentless industry innovation and smart, consistent public policy. The epicenter of it was, and remains, right here in Pennsylvania.

It is fitting, therefore, that Pennsylvania now has the opportunity to help drive an equally significant shift, this time for global natural gas markets. Among the many tragic consequences of Russia's invasion of Ukraine is an energy crisis quite unlike anything the world has ever seen. We believe—and we are far from alone—the European Union's bold commitment to eliminate its reliance on Russian natural gas represents the biggest fundamental shift global gas markets have ever experienced.<sup>1</sup> Russia has long been the largest supplier of natural gas to Europe—40% as of 2021—and the entire European energy map is predicated on the flow of Russian gas in the East to European markets in the West. Those flows began falling precipitously in late-2021 and by August of last year had effectively come to a halt.

The market consequences of Russia's blatant weaponization of its gas flows were immediate and enormous. European natural gas prices, which typically hover near \$8/MMBTU, quickly jumped four-fold to \$30/MMBTU and ultimately peaked in August at \$100/MMBTU – the equivalent of \$580/barrel oil prices. Utility bills skyrocketed, industrial operations shuttered and the economic outlook turned dismal, especially with winter approaching.

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<sup>1</sup> White House, *FACT SHEET: United States and European Commission Announce Task Force to Reduce Europe's Dependence on Russian Fossil Fuels*, (March 25, 2022), available at <https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/25/fact-sheet-united-states-and-european-commission-announce-task-force-to-reduce-europes-dependence-on-russian-fossil-fuels/>.

Fortuitously, the worst-case outcomes were avoided—the winter was warm, Asian LNG demand remained soft, industrial facilities remained offline. But the most critical variable was the dramatic surge of U.S. LNG flowing to European markets. The U.S. sent more than 800 LNG cargoes to Europe last year, compared to only three cargoes in 2016 and a 141% increase over 2021.<sup>2</sup> For context, each cargo typically carries enough gas to meet a country like Spain's heating needs for a day. Not only was the U.S. the largest LNG supplier to Europe, but by July, flows of U.S. gas to Europe actually exceeded Russian flows—an astonishing outcome that not only would have been unthinkable, but quite literally impossible, just a few short years ago.

To their credit, both the Biden Administration and the European Commission swiftly recognized the necessity of U.S. LNG in preventing a true catastrophe. In response to the invasion, the United States and the European Commission signed a joint statement in March 2022 committing the U.S. to provide additional LNG in both the short and long term.

Maintaining a longer-term perspective is imperative. While the immediate energy crisis has partly receded, European natural gas prices are still double their average and more than quadruple U.S. prices; and there is widespread concern that the coming winters will be even more difficult. A full long-term rebalancing of European gas markets will be difficult. In the absence of Russian pipeline gas, European LNG imports will need to increase significantly through 2040, even under scenarios in which total European natural gas demand falls precipitously. U.S. LNG is among the most feasible sources of natural gas to replace the magnitude of Russian gas flows. The dynamics are thus quite clear: To meet European long-term

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<sup>2</sup> "Europe Was the Main Destination for U.S. LNG Exports in 2022." Eia.Gov, 22 Mar. 2023, [www.eia.gov/todayinenergy/detail.php?id=55920#:~:text=In%202022%2C%20Europe%20increased%20LNG,accord ing%20to%20data%20from%20Cedigaz.](https://www.eia.gov/todayinenergy/detail.php?id=55920#:~:text=In%202022%2C%20Europe%20increased%20LNG,accord ing%20to%20data%20from%20Cedigaz.)

demand and ensure the energy security of our allies and trading partners, U.S. LNG export capacity will need to expand significantly over the coming decades.

### **Meeting Asian Natural Gas Demand**

While much of the focus of the past year has justifiably been on European markets, we must not forget the vital role LNG is poised to play in meeting soaring demand in Asia and the developing world. In these markets, beyond bolstering energy security, the increased use of LNG also offers significant emission benefits.

It is my observation that too often global energy and climate conversations proceed as if coal has already been largely eliminated from the global energy system and therefore gas is in a zero-sum competition with renewable energy development. In reality, nothing could be further from the truth. Last year the world burned more coal than at any point in human history; we are expected to set a new record this year. In 2021 alone, just the growth in Asian coal demand matched the *total* annual coal consumption of the United States. In China and India—the world’s two most populous countries—more than 70% of electricity generation comes from coal. Both continue to invest in new coal plants—in fact, China is bringing online the equivalent of two new plants per week.<sup>3</sup> Amid spiking LNG prices, multiple countries—not just China and India, but Pakistan, Bangladesh and even Germany, among others—deepened their reliance on coal. This remains the dominant paradigm driving market dynamics—if adequate supplies of natural gas are not available, countries will turn to coal.

The persistence of global coal demand is a reminder of how challenging sustained emissions reductions are. The world is looking for emissions success stories. We have a pretty

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<sup>3</sup> <https://energyandcleanair.org/publication/china-permits-two-new-coal-power-plants-per-week-in-2022/>

good one right here in the U.S. On an absolute basis, the U.S. has led the world in emissions reduction since 2005 and nearly two-thirds of these reductions were driven by natural gas displacing coal in the U.S. power sector. Combined with rapidly rising renewable generation from wind and solar, this represents—in our opinion—a winning recipe and pragmatic template for other countries to follow as they look to meet their climate and energy security goals. To do this, the world must have abundant access to natural gas, and we believe the United States is uniquely well positioned to be a leading supplier of that gas.

### **Addressing the Climate Challenge**

Before closing, I want to reiterate the industry's support for climate action beyond coal to gas switching. We understand that solving the dual challenge of meeting growing energy demand while ushering in a lower carbon future will be complex and requires smart policy. API welcomed President Biden rejoining the Paris Climate Accord. We support a federal economy wide price on carbon and the direct regulation of methane by EPA. We agree on the need to accelerate renewable energy deployment and also support strong incentives for the development of promising low carbon technologies, such as CCUS, Hydrogen, Direct Air Capture and Renewable Natural Gas.

We know much more work remains to be done, and API stands ready to support policies in Pennsylvania and Washington, D.C. that ensure Americans receive the reliable, and affordable energy they deserve while also reducing emissions.

### **Conclusion:**

In closing, the arrival of U.S. LNG on global markets offers enormous benefits to both the United States and our allies around the world. These benefits were widely acknowledged

even before Russia invaded Ukraine. That unfortunate conflict has further clarified the vital role of U.S. natural gas in maintaining global energy security now and well into the future. America has become more prosperous and more secure in the world because of U.S. LNG, and this Task Force can build upon this success by putting forward smart, balanced recommendations to establish Pennsylvania as a leader in this effort.

Again, I thank you for the opportunity to testify before this task force, and I look forward to answering your questions.