

Monday, April 8, 2024

Subcommittee on Energy, Climate and Grid Security – Field Hearing

Location: 1800 Lakeshore Dr. Port Arthur, TX 77640

Hearing Title: “Biden’s LNG Export Ban: How Rush-to-Green Politics Hurts Local Communities and U.S. Energy Security”

Summary:

Information provided by Larry Kelley, Port Director/CEO Port of Port Arthur. Located in Port Arthur, Texas, the region is home to an industrial cluster of energy and commodities production, including several Liquefied Natural Gas, LNG facilities. A recent policy to slow or stop the development of LNG export facilities could have impacts to local jobs, maritime commerce, economic development, balance of trade and security matters.

The Honorable Chair Duncan and Committee Members:

Good afternoon and welcome to Port Arthur, Texas. My name is Larry Kelley and I serve as Port Director/CEO for the Port of Port Arthur. I am here to share a perspective on the impacts of slowing or stopping the LNG export developments. I ask for your support to lift this restriction on the permitting process. I am only one of about 1 million US port workers that support some 2.5 million US jobs. Maritime commerce in Texas represents 20-25% of the State’s Gross Domestic Product, GDP. The action of stopping or suspending LNG exports has an obvious and direct impact on maritime commerce and the jobs it supports. My comments are about jobs, the economy and security.

Our port is located on the Sabine-Neches Waterway, SNNW and Gulf Intracoastal Waterway.

Our waterways are the lifeblood of our region. As an operating port we handle a variety of cargos including breakbulk, liquid energy and dry bulk in the form of renewable energy wood pellets for export. We have an active Foreign Trade Zone and engage in international commerce. We

frequently handle Roll On/Roll Off cargo for the military as Port Arthur and Beaumont are both USDOT - MARAD designated Strategic Seaports. We also move a considerable volume of project cargo. The project cargo movements are a specialized capability supporting industrial development like the LNG facilities in Texas and Louisiana as well as all other forms of energy infrastructure development. As a port area we handle tonnage impacting the US and global trade. Exemplified by energy production and of note, most of the nation's jet fuel and military fuel comes from our waterway. There are a number of other commodities produced on the waterway by local manufacturers and exported globally; attracting domestic and foreign private investment. For our region, the most recent US Army Corp data shows the combined Sabine-Neches Waterway tonnage between 4th and 5th in the nation. Southeast Texas is a net exporter. Texas is number one in the nation for maritime tonnage and exports outweigh imports 3 to 1. In broad economic terms our waterway and our State contribute towards a positive US balance of trade with friendly trading partner countries. Arbitrarily creating barriers or walls to trade will have long term negative job and economic impacts to our community, State and Nation. For the US, having a robust export trade supports domestic energy independence along with jobs and economic vitality. LNG is one of the best examples where US energy exports can support our trading partners and allies through long winters and provide political independence, versus obtaining energy from our peer adversaries.

Large investments like the LNG projects likely have a design life of 50 years or greater. In all practicality the infrastructure will exist for many more years, providing generational opportunities for local employment. If 100 years seems like a long time or an odd projection, look around our area where 3 or 4 large job producers have 120 year plus local history of providing energy to the nation and the world. These producers provide the tax base that supports

schools, roads, clean water and our local economy. A history that has supported 5 generations of my family.

Our region is a complex web of interrelated inputs and outputs for production of energy, and products used in our everyday lives. The processes continue to evolve, improve and innovate; essentially reinventing itself over and over again. Through innovation and trade we mitigated or at least navigated through economic swings as well as the boom and bust cycles of the past.

Diversification, innovation and additional forms of energy are important. LNG is just one part of the story. Stopping the export effort is like cutting off an arm or a leg of a larger body. One innovation begets another. Exemplified by Texas leading the way, as the largest producer of wind and solar energy. Locally we are home to the largest carbon sequestration efforts and lead the way in renewable future fuel development involving Hydrogen, Ammonia, etc., with several projects under construction. Those innovations can only exist because of our existing and continuously evolving energy infrastructure.

Understand our community does face some significant challenges related to employment. LNG projects like those impacted by this policy choice, will cost ten thousand construction jobs and decades of economic activity for our community. By all measures of economic distress our community exceeds regional, state and national levels. Every month, every year as far back as data is available for calculation. The point is, every job matters in our community; whether at a port, railyard, pipeline, local industry, or a hospital. An arbitrary work stoppage will cost jobs and at minimum expose the project approvals to inflated construction costs as well as add risk to the financial decision-making process.

In closing, it is about the jobs, it is about the economy and it is about our security. I ask you for your favorable consideration. Pleased to answer any questions and respectfully I appreciate the opportunity to speak with you today.