

**From:** [Edward Timmons](#)  
**To:** [LNGStudy](#)  
**Subject:** 2012 LNG Export Study Comment  
**Date:** Thursday, January 24, 2013 9:41:03 AM  
**Attachments:** [Chuletter.pdf](#)

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To whom it may concern:  
Please find attached my comments on the EIA and NERA studies.

Yours faithfully,  
Edward Timmons

Edward Timmons  
Associate Professor of Economics  
School of Business  
Saint Francis University  
P.O. Box 600  
Loretto, PA 15940-0600

Phone: 814-472-3073  
Fax : 814-472-3174



Edward J. Timmons  
Associate Professor of Economics  
Dept. of Business Administration  
P.O. Box 600  
Loretto, PA 15940

Dr. Steven Chu  
Secretary of Energy  
1000 Independence Ave. SW  
Washington DC 20585

Dear Secretary Chu,

I appreciate the opportunity to comment publicly on both the US Energy Information Administration (EIA) and the NERA Economic Consulting reports analyzing the effects of increasing US exports of LNG on domestic energy markets and the broader US economy respectively. After reading both reports, it was nice to see affirmation of the basic trade concepts that I regularly teach in my Principles of Economics classes. Namely, the gains from expanding international trade outweigh the losses.

As noted in the NERA study, consumer welfare improves in every simulation (Figure 33, P.56) and there is a slight improvement in GDP in nearly all simulations (Figure 34, P.57). Of course, there are some potential costs associated with the increase in exports. Figures 3 and 4 of the EIA report (P. 8 and 9 respectively) suggest that natural gas prices may rise domestically. However, increases in utilization of coal and renewable energy may make up for reduced domestic stock of natural gas ultimately restoring domestic natural gas prices to nearly original levels.

In noting these costs, however, it is important to note that the net economic effects are positive. I noticed that some previous public comments seem to focus on the environmental impact of hydraulic fracturing or "fracking." Although I completely understand the concerns that are raised, the purpose of this study was not to debate the merits of hydraulic fracturing technology. Instead, this study was intended to demonstrate the benefits of exporting LNG. Also, as noted in the EIA report (P.6), the renewable energy market may benefit slightly from exporting LNG. Rising prices for fossil fuels domestically only works to make renewable energy more competitive in the domestic market. It seems to me that opposition to the export of LNG on environmental grounds is misguided.

For the reasons I note above I would recommend that the Department of Energy approve the pending LNG export applications currently under review. Finally, I would like to acknowledge the research assistance I received from Caleb Brantner in preparing this letter.

Sincerely,

Edward J. Timmons, Ph. D.