

LNGStudy

From: おおたき まさと/中部電力 [Masato.Otaki@chuden.co.jp]
Sent: Thursday, January 24, 2013 3:57 AM
To: LNGStudy
Subject: 2012 LNG Export Study
Attachments: Comments of Osaka Gas and Chubu Electric.pdf

Attached is the comments of Osaka Gas and Chubu Electric.

Regards,

On behalf of Osaka Gas and Chubu Electric

Masato Otaki
Manager of LNG Business, Fuels Dept.
Chubu Electric Power Co., Inc.

January 24, 2013

U.S. Department of Energy (FE-34)
Office of Natural Gas Regulatory Activities
Office of Fossil Energy
Forrestal Building, Room 3E-042
1000 Independence Avenue, SW
Washington, DC 20585

Re: 2012 LNG Export Study - Comments from Osaka Gas and Chubu Electric

Dear Sir/Madam:

Osaka Gas and Chubu Electric welcome the 'Macroeconomic Impacts of LNG Export from the United States' prepared by NERA for the US Department of Energy (the "Report"). We are in general agreement with the contents of the Report and believe that sound observations and analyses have been presented. Our comments on the Report include the following;

1. In view of the vast reserves of natural gas including shale gas in the United States, which, according to the EIA estimate, is equivalent to about 92 years' consumption in the United States, impacts of US LNG exports on increasing domestic natural gas prices would be limited as stated in the Report.
2. The analytical studies in the Report assume that all the investments in liquefaction facilities and natural gas development would be made by entities in the United States. We are of the view, however, that substantial capital would be invested in these projects by entities in LNG importing countries and that this investment should prove greater than the figures mentioned in the Report. Accordingly, the economic benefits for the United States should prove even greater than what is reflected in the Report.

Osaka Gas and Chubu Electric are leading energy utilities in Japan who rely on imported LNG for their gas distribution and power generation activities. Their total imports amounted to approximately 2.7 bcf/d in FY2011 (1.0 bcf/d and 1.7 bcf/d for Osaka and Chubu, respectively). For the purpose of diversifying the sources of such LNG and achieving their stable procurement, each of the two companies concluded a 20-year natural gas tolling agreement with FLNG Liquefaction, LLC last July and is expected to take approximately 0.3bcfd of LNG produced at the Freeport Terminal located in Quintana, Texas.

Following the devastating earthquake/tsunami that occurred in March of 2011, reconstruction has been under way in Japan. We, as Japanese utilities, are in significant need of secure sources of energy supply. Among new LNG supply sources, we have increasing interest in US LNG exports as economical and stable sources of supply with high liquidity and transparency. Such supplies should make a positive contribution to enhancing the security of energy supply for Japan over the long term.

It is our sincere hope that, following the Report, the DOE/OFE will move forward with processing applications to export LNG to non-FTA countries in an expedited manner.

Sincerely yours,

Osaka Gas Co., Ltd



Hidetaka Matsuzaka
Senior Executive Officer
Member of the Board
Head, Energy Resources and International Business Unit

Chubu Electric Power Co., Inc



Yuji Kakimi
Director
Senior Managing Executive Officer