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POLITICS

As Head of DOE, Perry Would Favor Policies That Increase Natural Gas Prices

Former Gov. Rick Perry faces a confirmation vote in the Senate on Tuesday for his nomination to lead the U.S. Department of Energy. Among all the questions Perry's appointment has raised, one that's gotten little scrutiny is what it might mean for natural gas prices.

MOSE BUCHELE, KUT | JANUARY 24, 2017, 7:16 AM (LAST UPDATED: JANUARY 24, 2017, 8:12 AM)



A liquefied natural gas storage facility in Massachusetts. BY FLETCHER6 VIA WIKIMEDIA COMMONS

UPDATE: *The Senate Energy and Natural Resources Committee has postponed a meeting that had been scheduled for Tuesday to vote on the nominations of Ryan Zinke and Rick Perry to head the departments of Interior and Energy. –Associated Press*

Former Gov. Rick Perry faces a confirmation vote in the Senate on Tuesday for his nomination to lead the U.S. Department of Energy. Among all the questions Perry's appointment has raised, one that's gotten little scrutiny is

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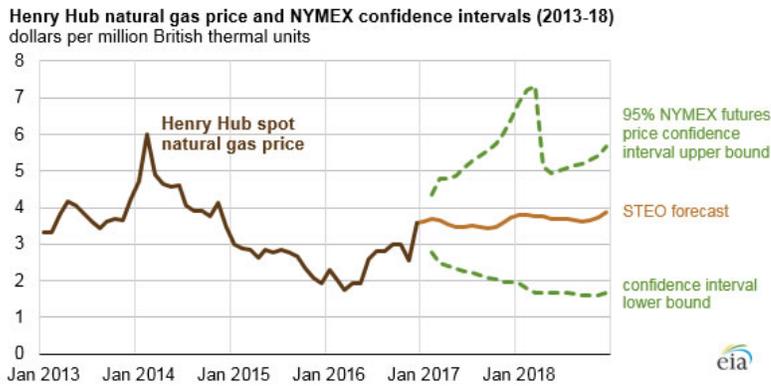
what it might mean for natural gas prices.

The Energy Department is one of the agencies that decides how much liquefied natural gas (LNG) the U.S. can export. But there's a catch, as Maine Sen. Angus King explained at Perry's Senate hearing last week.

"For the DOE to issue a permit it has to be in the public interest," he said.

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So what does that mean? There are environmental and natural security implications to exporting. Environmental groups say it increases pollution and [exacerbates climate change](#). Those in favor of exports think it gives the U.S. more [leverage in foreign affairs](#).



But what King was talking about was domestic economic impacts. When natural gas is cheaper here than overseas, many U.S. companies can make money exporting it.

Gurcan Gulen, a research scientist at UT's Bureau of Economic Geology says over the last several years "many, many companies wanted to do this, and they had to get permits."

The economic activity generated by exports may have a marginal benefit on the economy, according to [this analysis](#). But keeping cheaper gas in the country also brings benefits in the form of lower prices for factories, power plants and ratepayers.

That's what King was getting at when he questioned Perry.

"My request of you is to be sure that the public interest definition includes affect on domestic prices," he said. "Will you give me that commitment?"

Perry, in a nutshell, said no.

"If we produce it in America ... it makes abundant good sense to sell it to the world," he said.

So, would exporting natural gas raise its price domestically?

A U.S. Energy Information Administration analysis [says yes](#). As gas exports increase, so do gas bills here. And the agency expects LNG exports [to rise over the next couple years](#).

But UT's Gulen [doesn't believe they'll rise dramatically](#).

"Right now the global LNG market is a little bit oversupplied," he said.

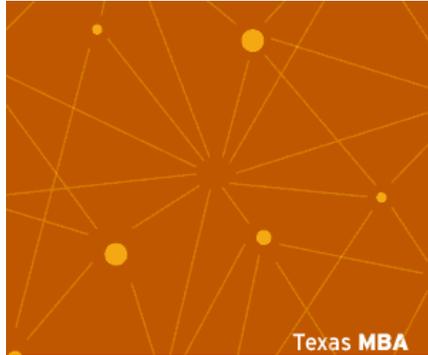
He added that could change if the global economy starts to pick up steam.

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