



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 12, 2018

S. 1981 **Small Scale LNG Access Act of 2017**

*As ordered reported by the Senate Committee on Energy and Natural Resources
on March 8, 2018*

S. 1981 would require the Department of Energy (DOE) to approve any application to export less than 51.1 billion cubic feet of natural gas in a year to any nonsanctioned country with which the United States does not have an applicable free trade agreement (FTA). That volume represents roughly 1 percent of total approved natural gas exports to non-FTA countries to date. From 2012 through 2017, DOE received eight applications to export natural gas to non-FTA countries in amounts at or below the bill's threshold. CBO expects that expediting the applications would reduce the time to approve them by several months, which could increase both the number of applications and the volume of gas exported. However, based on information provided by individuals working in the gas industry, CBO estimates those effects would be small.

Changes in the price of gas, in the production of gas on federal lands, or a combination of the two could change the payments associated with the production of gas on federal lands. (Those payments are recorded as decreases in direct spending.) CBO expects that any additional demand for gas exports under the bill would be met by a commensurate increase in supply, which would result in no significant change in the price of gas. In addition, CBO expects that any increase in the production of gas would probably occur in states that accounted for more than 80 percent of gas exports over the 2012-2016 period. Because those states, including Michigan, Texas, and New York, contain only small amounts of federal land (between 0.5 percent and 10 percent of the total land area in each state), we estimate that any increase in the production of gas on federal lands would be small.

Because enacting S. 1981 could decrease direct spending from payments associated with the production of gas on federal lands pay-as-you-go procedures apply. However, CBO estimates that any such effects would not be significant in any year. Enacting the bill would not affect revenues.

CBO estimates that enacting S. 1981 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

S. 1981 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Jeff LaFave. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.