



November 29, 2022

VIA EMAIL

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The Honorable Charles Baker
Governor of Massachusetts
24 Beacon St., Room 280
Boston, MA 02133

The Honorable Ned Lamont
Governor of Connecticut
210 Capitol Ave
Hartford, CT 06106

The Honorable Janet T. Mills
Governor of Maine
1 State House Station
Augusta, ME 04333

The Honorable Chris Sununu
Governor of New Hampshire
107 North Main Street
Concord, NH 03301

The Honorable Dan McKee
Governor of Rhode Island
82 Smith Street
Providence, RI 02903

The Honorable Phil Scott
Governor of Vermont
109 State Street, Pavilion
Montpelier, VT 05609

RE: A Jones Act Waiver Would Not Reduce New England's Energy Costs This Winter

Dear Governors Baker, Lamont, Mills, Sununu, McKee, and Scott:

The American Maritime Partnership (AMP) writes to address recent statements suggesting that higher energy prices in New England during the upcoming winter are the result of the Jones Act. This is flatly wrong and particularly surprising given that your states rank among the top U.S. states in per capita domestic maritime industry jobs. Neither maritime transportation in general nor the Jones Act in particular is the problem, and a waiver of the Jones Act will not reduce energy prices in your states. Higher energy prices in the region are the culmination of years of policies and commercial decisions that have decreased reliability and increased costs for New England consumers.

The Jones Act is not the cause of New England's higher energy costs and a Jones Act waiver would not reduce costs for New England consumers. Earlier this year, you sent a letter to the Secretary of Energy requesting “suspen[sion of] the Jones Act for the delivery of [liquefied natural gas (LNG) to New England] for a portion or all of the winter of 2022-2023.”¹ Your letter implied that a prospective, blanket waiver of the Jones Act would benefit New England consumers by allowing access to lower priced domestic natural gas.

¹ *Letter from New England Governors to Secretary Granholm* (July 27, 2022), available at: [July 2022 Letter to Secretary Granholm](#).

We are deeply sympathetic to the need to provide relief to struggling citizens of your states; the U.S. maritime industry employs tens of thousands of mariners and shoreside personnel throughout New England and they, too, are bearing the brunt of higher energy costs this winter. However, blaming the Jones Act for this situation is misdirected. The real cause of the high energy prices is the lack of natural gas pipelines, the most efficient form of transportation for gas within and into New England; the lack of LNG storage capacity in New England, making long-term energy preparation impossible; inadequate LNG receiving facilities and other infrastructure in New England; and the region's risky reliance on short term "spot market" LNG purchases, which are more expensive, not long-term contracts traditionally employed by other LNG buyers. The current situation is the result of policy and commercial decisions made over the past several years, leaving New England consumers dependent on a fragile energy supply.

A Jones Act waiver would not reduce prices to Northeast energy consumers. LNG sells at the global market price; New England would still be subject to "spot market" LNG prices, whether the gas that arrives is sourced domestically or internationally. It is completely unrealistic to think that LNG brokers would sell LNG to New Englanders for less money than they would make on the open market; there is no "hometown discount" for LNG. And, even with a waiver, commodity traders, not New England consumers, would pocket any insignificant savings from using a foreign ship in domestic commerce, operating free of U.S. laws, avoiding taxes, and employing extremely low-wage foreign sailors.²

In sum, New England's higher energy costs result from (1) continued dependence on a spot market for immediate deliveries in the dead of winter to fill supply gaps and meet fuel needs and (2) a reluctance to invest in the long-term energy infrastructure necessary to ensure stable energy prices and reliable delivery of fuel. Reliance on the spot market may have seemed attractive when energy prices remained low, but the downside is clear now that energy prices have spiked. In fact, with such strong demand for LNG, prices for the commodity can be expected to be high, regardless of whether ships could offload their cargo in New England or European ports.

Blaming the Jones Act is a political soundbite, not a real solution. Blaming the Jones Act for an energy problem that has nothing to do with the law does not help consumers. Amy Andryszak, President and CEO of the Interstate Natural Gas Association of America, put it best: calls to waive the Jones Act "are not lasting or affordable solutions to addressing electric reliability concerns."³ Calling for a waiver of the Jones Act provides the appearance of action but deflects from the real issues that need to be addressed in order to solve the problem of higher costs and provide relief for New Englanders. A Jones Act waiver will not reduce consumers' energy costs or lead to more reliability in New England. The high price of natural gas that can be expected in New England this winter is not due to "expensive" Jones Act ships, since transportation costs are a minuscule fraction of the delivered cost of LNG. Demand in other parts of the world, particularly Europe, has caused LNG prices to soar this year. As a global commodity, the law of economics dictates that LNG will be exported to Europe—until the price in New England matches the price in Europe.

² International Transport Federation Workers' Federation, *Flags of Convenience*, available at: [Flags of Convenience | ITF Global](#).

³ Amy Andryszak, *Answer to NE's Energy Woes – Boost Infrastructure*, Boston Herald (September 8, 2022).

There is a well-established legal procedure for waivers of the Jones Act that can be considered if circumstances dictate. There is neither a need for a prospective, blanket waiver of the law, nor is a blanket waiver allowed under U.S. law, as U.S. Energy Secretary Granholm has explained to you. Should a circumstance arise in which a waiver is requested, and it meets the legal criteria for granting such a waiver, the Biden Administration has all of the authorities needed to grant such a waiver.

Calls for prospective, blanket Jones Act waivers are detrimental to America and American workers, including New England workers who rank among the top in the United States in per capita domestic maritime industry jobs. Such waivers undermine our national security, which relies on having a readily accessible domestic maritime industry and a pool of American mariners. Additionally, waiving the Jones Act would place the pecuniary interest of foreign commodity traders over the interests of American workers, including the tens of thousands of mariners, shipyard workers, vessel owners, academy students, and other American maritime industry workers in New England.

AMP welcomes the opportunity to engage in meaningful conversations about long-term solutions to New England's energy challenges, and we stand ready to play a constructive role in bringing about those solutions. But we hope future discourse reflects the reality of the larger regional energy situation, rather than soundbites that distract from underlying issues and do nothing to provide relief to your constituents.

Sincerely,



Ku'uhaku Park
President, American Maritime Partnership

cc: The White House
New England Congressional Delegations
Congressional Committees of Jurisdiction
Secretary, U.S. Department of Transportation
Secretary, U.S. Department of Homeland Security
Secretary, U.S. Department of Energy