

# US LNG projects face ‘regulatory chaos’

The US is the world’s largest exporter of LNG but new projects could face lengthy approval delays and see investors turning their attention to the Middle East, Africa, and Canada.

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September 18, 2024



Freeport LNG terminal marine dockCredit: Freeport LNG Development L.P.

“Regulatory chaos” is the title of the most recent webinar in a series on LNG markets presented by Poten & Partners. This mid-September presentation came only a week after rulings by the US Department of Energy (DOE) set the stage for exports of US sourced gas, from New Fortress Energy’s (NFE) Altamira floating LNG facility.

Poten’s team, led by Jason Feer, its Head of Business Intelligence, described the DOE’s action as a “one-off decision”, against the backdrop of the “pause” in the requisite DOE permitting for new LNG export projects to non-FTA countries put into effect by the Biden administration in late-January, 2024. FTAs, or Foreign Trade Agreements, are in place between the US and a list of countries that does not include many of the major LNG export destinations.

According to Poten, the pause, with the purpose of letting DOE recalibrate its analytics, will likely delay projects that had not gone to FID (Final Investment Decision) prior to January. For projects not yet at the FID stage, delays of at least a year or two could be expected.

He added that, “Many US and Mexican projects [sourcing US gas, with exports therefore under DOE purview] will be affected by the pause,” He added that these entities might re-apply for approvals- a timely and uncertain process.

In general, Feer said, we are likely to see courts, as well as individual states, looking at LNG related issues in the coming years, with a likelihood of additional lawsuits that would be aimed at gas projects. He also suggested that regulators are going to be looking very carefully at the impacts of LNG exports on prices for gas in the States. Also, environmental groups are likely to be more vigorous

in raising objections to LNG projects, he suggested, noting the deleterious impacts of still increasing CO<sup>2</sup> emissions on climate.

With the Presidential election coming up in early November, many observers have suggested that it would bring some clarity to the situation regarding LNG projects with Trump thought to be supportive and Harris thought to be more cautious.

Poten's Jason Feer, however, said, "I am not entirely sure that is the case". Explaining further, he said: "I think a Harris administration would definitely impose additional requirements to get DOE permits, and environmentalists will go after any attempt by a Trump administration to accelerate approvals." However, "either party- both of them, will inherit a very understaffed DOE, so there will be a large queue of applications and a lot of regulatory uncertainty."

Recent data shows the US to be the world's largest exporter of LNG, followed by Australia and Qatar, and then Russia and Malaysia. Poten offered the opinion that the regulatory issues described here might be opening up the door for international projects that may be able to get to FID more quickly (with the decision to "go" actually expedited by delays in the US), and then get into production more quickly than delayed US projects.

They suggested that "Investors have begun to pay more attention to projects in Canada, the Middle East, and Africa," as well as "other projects in the Americas, Tanzania", and others (including Russia and Iran- which have aspirations to be larger gas exporters). "If the US does not build, there are a lot of projects globally that can step in and fill that gap," Feer said.

Resource:

US DOE LNG export data:

<https://www.eia.gov/todayinenergy/detail.php?id=61683>

Poten webinar registration

<https://energy.poten.com/webinar/poten-webinar-regulatory-chaos-legal-issues-create-headwinds-uncertainty-for-us-lng-projects-september-11>