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Biden's LNG-export study warns about risks to U.S. economy, environment

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- by Shipping Telegraph

The U.S. Department of Energy (DOE) released an updated study of U.S. liquefied natural gas (LNG) exports. The study warns the incoming Trump administration that “unfettered exports of LNG” would increase wholesale domestic natural gas prices by over 30% and increase planet-warming greenhouse gas emissions.

The U.S. Department of Energy's (DOE) updated study finds that a wide range of domestic consumers of natural gas – from households to farmers to heavy industry – would face higher prices from increased exports.

The analysis also found that an LNG project exporting 4 billion cubic feet per day, considering its direct life cycle emissions, “would yield more annual greenhouse gas emissions by itself than 141 of the world’s countries each did in 2023.”

“Unconstrained exports of LNG would increase costs for the average American household by well over \$100 more per year by 2050,” the U.S. Department of Energy said.

The U.S. liquefied natural gas export sector has experienced transformative and unprecedented growth in just a decade, with the first LNG exports from the lower-48 states commencing in 2016.

DOE has authorized 48 billion cubic feet per day of natural gas for export, or nearly half of current domestic production.

DOE analysis exposes a triple-cost increase to U.S. consumers from increasing LNG exports – the increasing domestic price of the natural gas itself, increases in electricity prices (natural gas being a key input in many U.S. power markets), and the increased costs for consumers from the pass-through of higher costs to U.S. manufacturers.

“Increases in LNG exports would lead to increases in global net emissions, despite very aggressive assumptions in the model regarding deployment of carbon capture, utilization, and storage,” the U.S. Secretary of Energy Jennifer M. Granholm said, adding that, “the more volumes of U.S. LNG are exported, the greater the risk of this global price volatility being imported into the domestic market and impacting U.S. consumers and manufacturers.”

“That final study, now available for public comment, exposes a whole range of considerations that must be taken into account,” the U.S. Secretary concluded.

LNG demand has already peaked in Japan, and growth is expected to flatten in South Korea by 2030, the new study said.

On the other hand, based on current global demand for LNG, the People’s Republic of China is already the world’s largest importer.

Looking ahead, China’s LNG exports are expected to nearly double between now and 2030, and China’s LNG imports are expected to be the highest of any country through 2050.

DOE has been given the responsibility by Congress under the natural gas act to evaluate the public interest of proposed exports to countries with which the United States does not have a free trade agreement.

The study will have a 60-day comment period that will begin once published in the federal register.