



ARTICLE NOV 6, 2023

LNG Exports Raise Natural Gas Prices for Americans

U.S. export terminals for liquified natural gas (LNG) are turning what was once a domestic energy source into an internationally traded commodity, exposing American households and businesses to higher natural gas prices set on a volatile global market.

AUTHOR



Chris Martinez

[Tackling Climate Change and Environmental Injustice](#), [Clean Energy](#), [Climate Change](#), [+5 More](#)



Construction cranes stand silhouetted by the sunset at the Golden Pass LNG terminal in Sabine Pass, Texas, on April 14, 2022. (Getty/The Washington Post)

This column contains a correction.

Natural gas production in the United States has spiked since the fracking boom of the mid-2000s, with about two-thirds of total production coming from Texas, Pennsylvania, Louisiana, and West Virginia— typically transported by pipeline to power plants and home furnaces throughout the country. Domestic natural gas supply and demand have generally tracked one another, and the relatively small amount of international trade has consisted primarily of imports via

pipelines from Canada. But the boom in new liquified natural gas (LNG) export terminals has changed these economics and is increasingly tying domestic gas prices to global markets.

As with crude oil, increasing LNG exports will cause U.S. natural gas prices to be set on the international market, meaning that domestic prices will be subject to global price fluctuations, rather than just domestic consumption and production. Analysts at the U.S. Energy Information Administration (EIA) recently found “that higher LNG exports results in upward pressure on U.S. natural gas prices and that lower U.S. LNG exports results in downward pressure.” In particular, the EIA projected that prices are likely to increase by \$1.50 per million British thermal units (MMBtu) in the case of higher volume U.S. exports of LNG—a price increase of roughly 10 percent that will be felt through household natural gas and electric utility bills as well as across manufacturing industries.* The Rhodium Group, building on this insight, found that even if global gas prices do not remain at elevated levels, the growth in U.S. LNG exports will still keep natural gas prices higher than what they would have been with the decline in domestic natural gas demand. This, in turn, will postpone U.S. natural gas extraction and production from falling even as Americans use fossil fuels less and less.



If the industry continues to increase LNG exports, this will raise domestic natural gas prices, prop up domestic production when it should be declining, shift greenhouse gas emissions overseas, and make the United States vulnerable to international price swings.

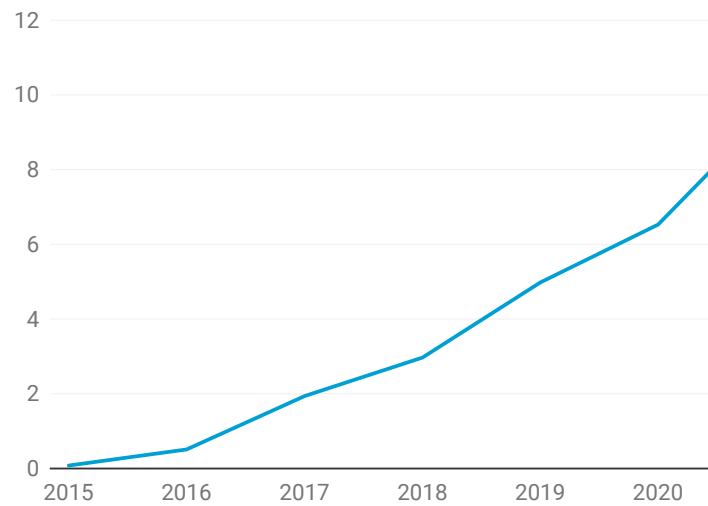
The growth of LNG exports has been rapid and is poised to accelerate further. The first LNG export facility in the United States was built in 2016, and by 2017, the United States had become a net exporter of natural gas. (see Figure 1) A construction boom followed, to the detriment of the health and safety of local communities. There are now eight LNG export facilities in the country, with another 17 expected to be built within the next five years and seven more currently seeking federal approval, according to the Federal Energy Regulatory Commission’s October 24, 2023, update. (see Figure 2) As of 2022, more than 10 percent of U.S. natural gas production was exported as LNG; the Rhodium Group projects this share to grow by as much as 33 percent by 2035.



FIGURE 1

U.S. exports of liquified natural gas (LNG) are rising rapidly

Timeline of gross exports by billion cubic feet per day, 2016–2024



Hover or click to see values.

**The first U.S. terminal for LNG exports was built in 2016.*

Source: U.S. Energy Information Administration, "Short-Term Energy Outlook Data Browser: U.S. Natural Gas Supply, Consumption, and Inventories," available at

https://www.eia.gov/outlooks/steo/data/browser/#/?v=15&f=A&s=0&start=2015&end=2024&map=&linechart=~NGEXPUS_LNG&ctype=linechart&maptype=0

(last accessed October 2023).

Chart: Center for American Progress

FIGURE 2

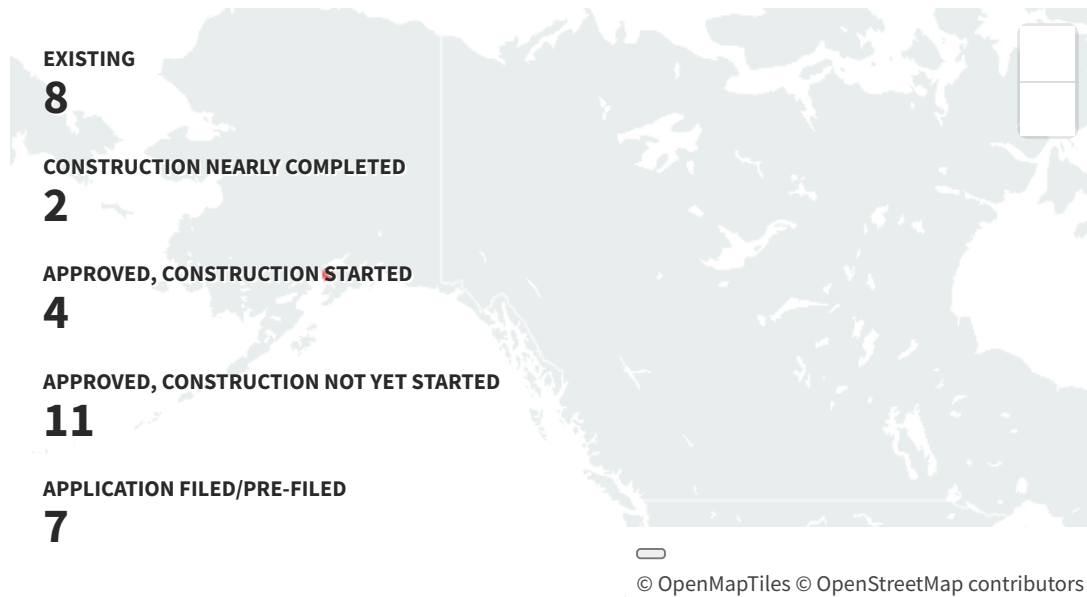




5 of 5

Liquefied natural gas (LNG) export terminals are expected to quadruple within a decade

Current and projected onshore LNG export terminals by project status and estimated time of completion, location, and number



Click on status categories to isolate, and hover or click on dots to see detail.

† Correction, November 10, 2023: This figure has been updated to clarify that not all completed export facilities are fully operating.

Sources: U.S. Energy Information Administration, "STEO Between the Lines: U.S. LNG exports will increase next year as two export terminals come online," Press release, July 11, 2023, available at <https://www.eia.gov/outlooks/steo/report/BTL/2023/07-LNG/article.php#:~:text=We%20expect%20U.S.%20LNG%20exports,increase%20to%2013.3%20> Federal Energy Regulatory Commission, "North American LNG Export Terminals – Existing, Approved, Yet Built, and Proposed," available at <https://cms.ferc.gov/media/north-american-lng-export-terminals-existing-approved-not-yet-built-and-proposed-8> (last accessed October 2023); Miranda Willson, "surging. Can FERC reviews keep up?", E&E News, May 11, 2023, available at <https://www.eenews.net/articles/lng-is-surging-can-ferc-reviews-keep-up/>.

Map: Center for American Progress

This substantial and rapidly growing LNG export capacity is exposing U.S. natural gas prices to international events and factors, such as [the Russian invasion of Ukraine](#). Although LNG exports served as a [vital lifeline for U.S. allies and partners in Europe](#) in the immediate aftermath of the invasion, Europe's energy reserves have [since rebounded](#). Longer-term reliance on LNG exports would undermine [U.S.](#) and [European Union](#) energy independence and climate objectives by diverting investments away from clean energy initiatives and perpetuating dependency on fossil fuel markets that remain exposed to the decisions of petrostate dictators.

It is a marvel of the Inflation Reduction Act's investment-forward climate policy that it is projected to cut greenhouse gas emissions even as it puts downward pressure on the price of natural gas. This is because it motivates shifts in the electricity sector from natural gas power plants to renewables and, to a lesser extent, shifts in the residential sector from natural gas to electric alternatives.

[READ MORE](#)


ARTICLE

5 Reasons Why the United States Can't Drill Its Way to Energy Independence

Mar 10, 2022

[Jenny Rowland-Shea](#), Sally Hardin, Miriam Goldstein,
[+ 1 More](#)

Without LNG exports, Americans' declining demand for natural gas would translate into not only lower energy bills and fewer greenhouse gas emissions but also less natural gas production. Yet if the industry continues to increase LNG exports, this will raise domestic natural gas prices, prop up domestic production when it should be declining, shift greenhouse gas emissions overseas, and make the U.S. vulnerable to international price swings. Building even more LNG export terminals may pad fossil fuel corporations' profits, but it will hurt American consumers and the fight against climate change.

The author would like to acknowledge Shannon Baker-Branstetter and Trevor Higgins for their contributions to this column.

**Author's note: This number was calculated using the 2022 average natural gas residential price of \$14.75.*

The positions of American Progress, and our policy experts, are independent, and the findings and conclusions presented are those of American Progress alone. A full list of supporters is available [here](#). American Progress would like to acknowledge the many generous supporters who make our work possible.

AUTHOR

Chris Martinez

Associate Director, Domestic Climate



TEAM

Domestic Climate

It's time to build a 100 percent clean future, deliver on environmental justice, and empower workers to compete in the global clean energy economy.



ALSO FROM CAP