

U.S. ramps up LNG exports in response to invasion of Ukraine

By Colette D. Honorable and Debra A. Palmer

Takeaways

- The United States became the largest exporter of LNG in 2021
- It will attempt to increase LNG exports to the EU by 15 bcm in 2022 to reduce EU dependence on Russian oil and natural gas
- The United States and the EU Commission agreed cut overall demand for natural gas by deploying clean energy measures



The United States became the world's largest producer of LNG in 2021, at a time of increased European demand for LNG. Europe's need for LNG increased due to reduced purchases of fossil fuels from Russia following Russia's invasion of Ukraine and the imposition of economic sanctions on Russia. The United States and the European Commission reached an agreement on March 25, 2022, under which the United States will strive to increase LNG deliveries to Europe by 15 bcm this year and further increase LNG volumes in future years.

Expanded U.S. LNG exports will replace about 30 percent of the LNG that EU countries previously imported from Russia. At the same time, the United States and the European Commission agreed to try to reduce the greenhouse gas intensity of LNG infrastructure and overall demand for natural gas, [by deploying clean energy measures](#).

The United States has greatly increased its ability to export LNG in recent years. On April 27, 2022, the U.S. Department of Energy (DOE) granted increased export authorizations to two LNG export projects. [The DOE's orders](#) allow Golden Pass LNG to export an additional 0.35 bcf per day of LNG and Magnolia LNG to export an additional 0.15 bcf per day, to any country not specifically prohibited by U.S. law or policy.

The U.S. Energy Information Administration (EIA) predicted in April 2022 that the United States will export 12.19 bcf per day of LNG this year, up from 9.76 bcf per day in 2021. The EIA also predicted that U.S. LNG exports will further increase to 12.64 bcf per day in 2023. EIA estimates have been increasing – its March 2022 prediction was that the United States would export 11.34 bcf per day of LNG in 2022.



Currently, the United States has eight operational LNG export facilities with a capacity of more than 13 bcf per day, with three others under construction that will expand capacity by more than 6.5 bcf per day. The Federal Energy Regulatory Commission (FERC) has approved an additional 12 export facilities with a total capacity of about 21.6 bcf per day, but the project sponsors have not yet started construction on these. FERC is considering applications filed by project sponsors to construct and operate seven more export facilities, with two others in the pre-filing stage at FERC. U.S. LNG export capability has increased dramatically since 2016, when it had almost no LNG export capability, permitting the United States to become the largest exporter of LNG over a five-year period.

U.S. LNG exports are very near their limit with current infrastructure. [About 98 percent of available liquefaction capacity was in use](#) in the fourth quarter of 2021, underscoring the need for project sponsors to move forward with construction of additional LNG export facilities.

Environmental groups have expressed concerns that the increase in the U.S. LNG industry, given that natural gas is a fossil fuel, may contribute to climate change. The March 2022 agreement between the United States and the European Commission recognizes these concerns by requiring the countries to implement clean energy initiatives to reduce overall natural gas consumption. The Russian invasion of Ukraine, however, clearly has made it likely that LNG exports from the United States will remain high.





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Colette leads the firm's Energy Regulatory group and is a member of the firm's executive committee. She is also a member of the firm's ESG group and is resident in the Washington, D.C., office. Colette is a highly regarded thought leader and strategist in domestic and international energy sectors. Colette recently served as Commissioner at the Federal Energy Regulatory Commission (FERC). She was nominated by President Barack Obama in August 2014, and unanimously confirmed by the U.S. Senate, serving from January 2015 until her term expired in June 2017. At the firm, Colette is a trusted advisor and counselor to several Fortune 500 energy companies,

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