

US gas storage seen as crucial to meet future demand

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Ponte Vedra Beach, 9 April (Argus) — New natural gas storage will be key to managing spikes in demand and the growing need to supply power to energy-intensive data centers, panelists at the Southeast LDC Gas Forum in Ponte Vedra Beach, Florida said on Thursday.

The panelists raised concerns that gas infrastructure such as pipelines and storage were not keeping up with expected demand growth from LNG export projects along the US Gulf coast, from power plants and from burgeoning data centers.

Gas storage buffers the US market against surges in demand or supply shortfalls. The US has added little gas storage in the past decade because robust US gas production has helped squeeze seasonal price spreads. But increases in structural demand in the US, or the constant need for gas supplies, plus usual swings in demand resulting from extreme cold and heat, have put the spotlight back on storage capacity.

Pipelines are only as resilient as the ability to handle swings in demand, said Ryan Leahy, director of business development for energy infrastructure company Kinder Morgan. Storage capacity has not kept pace with pipeline growth, he noted.

Demand has also surged as new LNG export capacity began service along the US Gulf coast. US LNG exports last year rose to 14.7 Bcf/d (416mn m³/d), up by 24pc from a year earlier. US export capacity was expected to nearly double by the end of the decade, provided that planned projects enter service, according to the US Energy Information Administration.

In addition, gas demand to supply the power sector was expected to increase as new data centers come on line.

Storage capacity was not expected to grow as fast, however.

Jack Weixel, senior director of East Daley Analytics, said during a panel discussion on Wednesday that the US gas industry needs to add another 12 Bcf/d of gas deliverability from storage by 2030, outside the planned additions of the nearly 18 Bcf/d, to be able to service 108pc of gas demand by that date.

US storage was last able to service 108pc of demand in 2022, Weixel said.

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