

SUPPLY/DEMAND

US Price Volatility Growing as Data Centers, LNG Compete for Gas

Copyright © 2026 [Energy Intelligence Group](#) All rights reserved. Unauthorized access or electronic forwarding, even for internal use, is prohibited.

Fri, Oct 16, 2026

Author

[Michael Sultan, New Orleans](#)

Editor

[Mark Davidson](#)

Generate an AI synthesis
of related coverage on:

Gas Prices ✨



CC7/Shutterstock

A surge in new US LNG capacity is coinciding with a rapid data center build-out to increase gas market volatility as pipeline and storage capacity struggle to keep pace, industry officials and analysts said this week.

A "huge wave" of [liquefaction projects](#) totaling about 26.5 billion cubic feet per day is set to go live over the next decade, including those under construction or headed toward final investment decisions, East Daley Analytics Senior Director Jack Weixel told the Gulf Coast Energy Forum in New Orleans. He called that "an unprecedented call on supply."

The concurrent build-out of artificial intelligence campuses will add another 3 Bcf-10 Bcf/d of potential demand for gas-fired power generation, forcing the AI and LNG sectors to increasingly compete for the same gas supplies.

"Data center load is energizing faster than ever," Weixel said, noting that 75% of that demand sits within gas-rich plays such as the Marcellus and Haynesville Shales and the Permian Basin. That means AI-linked power plants will "intercept the gas in the basin" before it can make its way to Gulf Coast LNG terminals.

As a result, producers seeking exposure to international gas pricing will likely seek out new sources of supply in more expensive "Tier 2" basins such as the Anadarko or the Barnett Shale, he said.

Two Distinct Markets

James Fowler, manager of LNG analytics for Sempra Infrastructure, doesn't see this dynamic as a battle between AI and LNG. He stressed that the two markets are very different, with data centers having more location flexibility than LNG export terminals, which are concentrated in one region and farther from many of the largest gas plays.

"Data centers are, and should be, targeting in-basin development," he said, which makes shale plays such as the Bakken and Marcellus — with trapped gas and limited takeaway capacity — prime locations for AI-facing gas-fired power plants.

"The only constraint is going to be on that infrastructure where you're piping gas from the basin to the coast where you have the LNG facilities," he said.

"It's not a resource issue," agreed Charlie Riedl, executive director of the Washington-based Center for LNG. "It's not that we can't get enough out of the ground. Can we get enough out of the ground and actually move it to where it needs to go in the timeline that we're talking about doing it?"

Storage, Pipeline Challenges

James Pearson, senior analyst for gas fundamentals at ConocoPhillips, said price volatility "is increasing because the market continues to grow, and it's tough for infrastructure to keep up with it, specifically in storage."

"We are seeing a lot of storage fields get proposed and get put under construction, but the market has been growing faster than storage has been growing. It's also been growing faster than interstate pipelines have been growing, and so we think that that is driving volatility," he told the forum.

Pearson sees the Permian Basin, where a years-long glut has kept gas prices deflated and often sent them plunging below zero, as being a major supplier to both the LNG and power generation sectors. But that could mean continued volatile pricing as the industry works to match supply with demand.

He noted that several billion cubic feet per day of new pipeline capacity out of the Permian is planned, which will provide price relief while meeting much of the new LNG feed gas and power generation load over the next decade. But he cautioned that once prices improve, operators will step up drilling in parts of the Permian with rising gas-to-oil ratios.

"You'll start to develop these wells, and there's even some wells that are completely dry gas," Pearson said. "You'll start to see dry gas production come on line, and it's our anticipation that you will fill those pipelines" — after which Permian prices could spiral once again.

Topics: [Gas Prices](#), [Gas Supply](#), [Gas Demand](#), [LNG Projects](#), [Data Centers](#), [LNG Supply](#)