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US needs infrastructure to meet EU LNG demand: Forum



The US lacks the infrastructure to meet European LNG demand that has increased since Russia invaded Ukraine in February, the Natural Gas Supply Association said.

President Joe Biden has said US LNG exports can help meet the natural gas demand in Europe that was previously supplied by Russia, but regulatory constraints are preventing the requisite development of new LNG export facilities and pipelines, Dena Wiggins, chief executive officer at Natural Gas Supply Association, said at the LDC Forum in Boston, Massachusetts, on 14 June. Appalachian producers cannot ramp up gas production without the infrastructure needed to transport the fuel, she said.

Adding 50 Bcf/d to US LNG export capacity, up from current capacity of about 13 Bcf/d, would bring in a surplus of gas that would reduce volatility in the market and lower prices for consumers in the US, Toby Rice, chief executive officer at EQT told the forum.

The additional capacity would replace Russian natural gas exports two and a half times over as Russia exports a total of about 20 Bcf/d, and would provide energy security domestically and to US allies, he said.

But Rice acknowledged the US would need an additional 50 rigs and more pipelines to achieve an additional 50 Bcf/d of LNG export capacity, and that would take about 10 years.

The 50 Bcf/d plan is "ambitious", and the US has the resources to make it happen, but logistically it does not seem feasible, David Brazier, chief executive officer at RBN Energy, said. RBN Energy expects increasing US feed gas to about 20 Bcf/d by 2025, he said.

There is a lot of LNG capacity that could come on line if it were contracted and it would support Rice's 50 Bcf/d plan, but all that capacity is not likely to be built, Brazier said.

Europe relies primarily on imports to meet its natural gas demand and there should be long-term contracts between the US and Europe if the US is expected to meet that demand, panelists at the forum said.

Four countries control two thirds of the world's natural gas supply: US, Russia, Iran and Qatar, Rice said.

Russia announced it will cut off natural gas flows to Germany by 60pc over a stranded Nord Stream compressor undergoing maintenance in Canada, according to Gelber & Associates.

Germany is indefinitely keeping Gazprom's 1.9 Tcf/yr (55bn m³/yr) Nord Stream 2 pipeline off line and Russian gas transit through Ukraine to Europe could halt completely by the end of 2022, said Sergiy Makogon, chief executive officer at Gas Transmission System Operator of Ukraine.

Iran is not likely to help Europe with its gas needs, and Qatar is a small country, leaving the US as the most viable option to aid Europe, Rice said.

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