

Data centers to lift US gas demand, but LNG looms larger, analysts say

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Data center demand is expected to contribute to a tightening of gas markets over the next five years, but the impact is expected to pale in comparison to LNG export demand, analysts said at an LDC Gas Forums event.

Peak power demand in the [Electric Reliability Council of Texas Inc.](#) region is expected to rise by 56 GW in the next three years, up from 85 GW currently, because of [demand from data centers](#), cryptocurrency mining and industry, said Robert Gaudette, president of business and wholesale operations at [NRG Energy Inc.](#) He made his comments in a Nov. 17 keynote talk at the LDC Gas Forums' NatGas to Power Forum in San Antonio.

"I know the question is, 'Is this actually going to happen?'" Gaudette said. "This is real. I talk to hyperscalers, I talk to customers every day."

Gaudette said comparisons to infrastructure overbuild during the dotcom bubble are off the mark. "This one's different," he said. "This is demand-driven. This is real load growth."

NRG is building 8 GW of gas-fired generation to meet this rising demand, Gaudette said. "There's no plant that should be shutting down," he said. "I don't care what it burns, [there is] no renewable project that shouldn't be built, no battery project that shouldn't be built, no new gas generation that shouldn't be built, given the amount of load that's coming."

Big LNG demand

However, analysts at the conference said the impact of data centers on US natural gas demand will be smaller than [the demand](#) from supplying [US gas liquefaction and export terminals](#).

"Data centers are big, and there are going to be localized regions where ... new pipelines are going to have to be built," David Braziel, president and CEO of energy market consulting firm RBN Energy LLC, said in a panel discussion. "The biggest thing going on, by a long shot, is LNG."

In Texas and Louisiana, "you do see big fundamental basis swings when you bring 3 Bcf/d or 2 Bcf/d of new liquefaction capacity in Brownsville, Texas, or Houston Ship Channel ... that is going to move the market," Braziel said. "Even for the big data centers, there is a lot of gas in this region and a lot of legacy pipelines that can be utilized to help meet those needs."

RBN's models suggest that data centers will add around 1.2 Bcf/d of demand in Texas and Louisiana over the next five years, Braziel said.

Around 25 GW of data centers are planned to go online in 2026, but only around 12 GW are on schedule to do so, based on satellite images of their sites and typical construction timelines, David Bellman, lead researcher at analytics company SynMax Intelligence, said during the same panel. "It's not that it won't happen, but it's not happening in the timeline everyone thinks it is."

Tightening gas market

"There is ample supply and deliverability out there, but that can change very rapidly," Jack Weixel, senior director at East Daley Analytics, said during the panel discussion. "When you add in 4 Bcf/d of LNG demand [in 2026], that's going to instigate some stress. And then you lay on another 4 Bcf/d in 2027 — again, another added layer of stress."

The extra demand from LNG terminals, and to a lesser extent, data centers, should drive up prices, the analysts said. "There is a point where you get a price signal, where a lot of production can just rush in," Weixel said. "I think that point's probably going to be around \$7-\$8/MMBtu."

Other analysts felt the price range was lower. "If you hit \$5 or \$6/MMBtu, I think that's the pricing where everybody who's got any sort of slack reduction capacity in a place like the Haynesville, they're going to produce it now," Braziel said.

Price spikes to around \$8-\$9/MMBtu could be possible as an "emergency price," but that would quickly rebalance LNG flows, Bellman said.

The LNG build-out may narrow the spreads between US and [international markets](#), and utilization of LNG terminals "may not be as high as everyone has anticipated," Bellman said. "I've been 30 years in the energy industry. We always overbuild."

S&P Global Commodity Insights analysts expect LNG feedgas demand to grow by almost 140%, or more than 18 Bcf/d, between 2024 and 2030, according to an Oct. 24 outlook.

A similar overbuild dynamic could be seen in AI data centers, Braziel said. Hyperscalers will need to generate returns on the huge amount of money they are investing. "What if they don't?" he said. "What if everybody's out there because it's the sexiest story there is in private capital?"

"I think it's very possible we are seeing ... a tremendous overbuild," Braziel continued. "And that doesn't make you popular. That's like being the guy in Vegas on the no pass line; you're betting against the whole table."

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