Mythbusting Industry's False Claims about the Pause on New LNG Exports

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On January 26, 2024, the Biden Administration announced that it would pause all pending and future approvals of new liquefied natural gas (LNG) export projects until the Department of Energy (DOE) updates the analyses used to review and consider such projects. This reevaluation will address longstanding shortcomings in DOE's outdated and incomplete approach to determining whether LNG export projects are in the public interest. DOE is required to make such determinations under the Natural Gas Act, but it has never issued clear or consistent guidance on how it assesses what is in the public interest.

The Biden Administration now has the opportunity to take long overdue action to clarify how it measures the climate, domestic energy costs, and environmental justice impacts of proposed LNG export projects. Since announcing this reevaluation, the oil and gas industry (and its allies in Congress) have wasted no time spreading misinformation about the rationale for, substance of, and implications of the pause. In reality, their claims simply don't hold up.

MYTH: The Biden Administration is pausing all LNG exports.

FACT: The pause only applies to pending and future LNG export applications. It has absolutely no impact on existing LNG exports or LNG terminals.

The Biden Administration's pause will not affect current LNG exports, existing LNG terminals that already have export permits, or new LNG export capacity already under construction. Since 2018, daily LNG exports from U.S. terminals have more than quadrupled and another 13 LNG export projects are already approved and/or under construction. The United States is now the world's leading exporter of LNG, and LNG export capacity is expected to more than double by 2027 as projects under construction come online. The Biden Administration's decision to update how *pending* and *future* proposals are evaluated will have no bearing on existing export capacity or capacity scheduled to come online in the years ahead as projects already under construction are completed. Rather, the pause will only affect projects that have not yet been approved, like the proposed CP2 export terminal in Louisiana, which would be the largest LNG export terminal in the country; this pause will allow DOE to assess the full climate impacts of CP2 and other proposed projects, rather than prematurely greenlighting them.

MYTH: The Biden Administration is abandoning our allies abroad.

FACT: LNG exports from existing terminals and terminals under construction will continue to help our European allies meet their energy needs for many years to come. Meanwhile, European demand for LNG from the United States is declining.

The oil and gas industry is exploiting Russia's invasion of Ukraine to exaggerate and misrepresent our allies' need for additional LNG from the United States. The pause on new approvals will only affect projects that, if approved, would not come online until in the 2030s; in other words, future projects affected by this pause would have no impact on our allies' current energy needs—needs which are already being met with the existing oversupply of LNG exports.

Despite industry rhetoric, the pause on new exports will not threaten European energy security, largely because markets are already "on pace for record increases in global supply this decade." In recent years, skyrocketing LNG exports from the United States have aided our European allies, especially amid Russia's invasion of Ukraine. However, there is no evidence of European need or demand for *additional* LNG from the United States. European LNG imports were mostly flat in 2023, and the European Union even met its 2023-2024 winter gas storage targets ahead of schedule. Moreover, since Russia's invasion of Ukraine, European countries have implemented new policies and programs aimed at shifting their energy mix, and European leaders have accordingly expressed support for the Biden Administration's to pause approvals for new LNG export facilities.

As a result of this evolving energy mix, European demand for natural gas—including LNG from the United States—is declining, and European LNG import capacity is expected to exceed its demand for natural gas by 2030. In fact, by 2030, U.S. export capacity will be 76% higher than Europe's forecasted LNG demand. That is why the International Energy Agency (IEA) recently underscored that "global gas demand growth has slowed considerably" and "mature markets—notably in Europe—are moving into stronger structural decline and emerging markets may lack the infrastructure to absorb much larger volumes." IEA further warned that unfettered LNG exports may soon create a global supply glut.

MYTH: The Biden Administration is undermining U.S. national security.

FACT: The pause on new LNG export approvals not only strengthens our national security, but it also gives DOE the time it needs to ensure that any future exports are aligned with our national security interests—especially given the rapidly changing geopolitics of natural gas markets.

The oil and gas industry claims that any limits on LNG exports will harm U.S. national security, but the facts prove otherwise. Our economic competitors and geopolitical rivals are increasingly buying up and exporting U.S. LNG to expand their influence over global energy markets. They seek to control an ever-growing volume of U.S.-produced gas in order to build their own power—all while families, small businesses, and manufacturers across the United States pay higher energy prices as a result.

Since there are no destination restrictions on U.S. LNG exports, international buyers (including companies affiliated with governments that are hostile to the United States) are allowed to buy, stockpile, and sell U.S. LNG anywhere and, in turn, seize control of the market. Consequently, U.S. consumers are forced to compete for *U.S.-produced energy* with buyers in Southeast Asia—where industry sees "all the action" in LNG demand growth—while also being subjected to volatility resulting from disruptions to global natural gas markets. That is why national security experts are increasingly sounding the alarm about how LNG exports expose the United States to geopolitical risk.

In practice, countries like China are using American resources to expand their influence all over the world and strengthen their geopolitical power. According to Bloomberg, "Chinese companies are agreeing to buy more liquefied natural gas on a long-term basis than any single nation. Importers are consistently signing some of the industry's longest and largest contracts." This "buying spree" has one objective: to expand "China's control over global gas supply."

China is already the world's largest LNG importer, and its demand for LNG is set to double over the next decade. According to the IEA, Chinese demand for LNG will account for almost half of total growth in global gas demand by 2026, providing the country with ample resources "to serve its industrial production, power sector and urban areas." In other words, U.S. natural gas is expected to help one of our top competitors lower its cost of electricity generation and manufacturing and, in turn, bolster its economy at the expense of our own.

Against this backdrop (and as noted above), the United States is already meeting and exceeding its commitments to our allies in Europe, even as European demand for natural gas declines while diversifying its energy resources. DOE's pause on new LNG export approvals will allow the U.S. to consider these realities and better assess how exports—which are largely destined for Asian markets—will affect our national security and economic interests.

MYTH: The Biden Administration is exceeding its authority under the Natural Gas Act.

FACT: Under the Natural Gas Act, DOE is required to determine whether LNG exports are in the public interest. For the first time ever, DOE will now comprehensively update the analyses it uses to assess exports' impacts, including by looking at critical factors that have been absent or undercounted in past analyses.

Under the Natural Gas Act, DOE is required to determine whether it is in the public interest to export LNG to counties where the U.S. does not have an existing free trade agreement. DOE is similarly required to determine whether LNG *imports* are in the public interest, and in 1984 it published specific guidelines for how such determinations would be made, following a robust public engagement process with stakeholders. **DOE has never initiated a similar process for LNG exports, instead evaluating projects on a case-by-case basis and using outdated, incomplete approaches to assessing a proposed project's impact.**

For instance, DOE has failed to assess the full lifecycle emissions from the natural gas supply chain, despite a growing body of research showing that LNG may be significantly worse from a climate perspective than previously thought. DOE has similarly failed to assess whether impacts on consumer costs—which may increase by up to 14 percent if pending LNG export projects are approved—are in the public interest. According to the Federal Energy Regulatory Commission, "continued growth in net exports, including from liquefied natural gas (LNG) export facilities, will place additional pressure on natural gas prices", resulting in higher costs for American families and businesses. By one estimate, recent spikes in the price of natural gas—a result of domestic gas markets now being tied to global markets—cost U.S. consumers $111 billion between September 2021 and December 2022. And yet, DOE has not historically considered such cost impacts in its public interest determination process.

Four decades after issuing guidance on the public interest determination for LNG imports, DOE has now initiated a public engagement process to inform how it determines whether proposed LNG export projects are in the public interest. This process will ultimately result in DOE issuing clear, comprehensive guidance on how it will make such determinations.

MYTH: The Biden Administration is ignoring the climate benefits of LNG.

FACT: Research increasingly shows that LNG exports are worse for the climate than previously expected. The pause and reevaluation will allow DOE to update how it weighs the climate impacts of LNG exports.

For years, industry has claimed that LNG is a “clean” fuel. However, such claims are simply false and don't withstand scrutiny. The primary component of LNG is methane, which is more than 80 times more effective at trapping heat in the atmosphere than carbon dioxide over a 20-year period. **New research shows that, because of methane’s potency and leaks along the supply chain, lifecycle greenhouse gas emissions from LNG may be significantly higher than previously thought.** Even when accounting for variability in the factors that influence LNG’s climate footprint, the science shows that the climate damages of LNG exports exceed its economic benefits. By one estimate, for instance, lifecycle emissions from LNG exported to Europe and Asia (from its extraction, transportation, combustion, and leakage along the supply chain) may be at least 24% higher than emissions from coal extracted and combusted in those regions.

The lifecycle emissions from existing and proposed LNG export terminals in the U.S. would be equivalent to the climate pollution from 681 coal plants. In other words, approving all proposed LNG export projects without considering their climate impacts would make it nearly impossible for the U.S. and its allies to achieve our shared climate goals and avoid locking us into decades of climate pollution. The Biden Administration's decision to update the public interest determination process will allow DOE to strengthen how it assesses climate and other environmental impacts, ensuring that such determinations are based on rigorous scientific analysis.

MYTH: The Biden Administration’s pause on new LNG exports is a political stunt.

FACT: There is broad support for pausing new LNG exports while DOE updates how it determines whether proposed projects are in the public interest.

The pause on new LNG exports enjoys broad support from a wide range of voices. Voters support limits on natural gas exports by a 2-to-1 margin, with 60% of likely voters supporting this exact sort of pause and reevaluation. Domestic manufacturers also support the pause: The Industrial Energy Consumers of America—whose member companies operate over 12,000 manufacturing facilities nationwide with $1.1 trillion in annual sales and employ more than 1.8 million Americans—voiced strong support for a pause on new approvals. Even European leaders have even called for a pause on new LNG exports from the United States, pending a review of the climate, economic, and environmental justice impacts.

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