

US LNG 'TRUMPS STATE-LED ALTERNATIVES': THINK-TANK

North America is a preferable source of LNG for importers over states where the government controls the sales, said Energy Studies at Rice University's Baker Institute. She was contributing to a May 26 webinar on the benefits of US LNG. She also found reasons for developing west coast gas in particular for delivery to Asian markets.

US LNG originates in a market-oriented economy with a reliable legal system. Mikulska said that in other regimes where the government controls the sales, business could be less predictable over the long term and this jeopardised security of supply. Free from any government interference, where the seller can fetch the best price.

She also said exports of LNG would be a better tool than sanctions for neutralising Russian influence in Europe: LNG is a better tool than sanctions for neutralising Russian influence in Europe: LNG

Most Russian gas is sold at European hub prices, as is LNG, so the two compete head-to-head for market share, although LNG is a different market.

US president Joe Biden disappointed many US congressmen with his decision not to impose harsher sanctions on G7 countries. [Europe relations was the deciding factor](#) but Mikulska agreed with the approach: "Sanctions are not as useful as co-operation with the US," Mikulska said. The US, as a major gas supplier, would diminish Gazprom's status and lead to better geopolitical relations with the US, she said.

So far this year however Gazprom has been sticking to its long-term capacity bookings through Ukraine rather than European hubs and paying Ukraine more for extra capacity each month. This has led to accusations from Ukraine that Gazprom has not commented on its reasons.

The second strand of Gazprom's 55bn m³/yr Nord Stream 2 pipeline could be finished this summer and begin commercial operations while the first strand meanwhile has been going to higher priced markets in Asia. Combined with Norwegian offshore maintenance and supply issues in Groningen in the Netherlands, Europe has had problems with [refilling storage after a very long winter](#) with an impact on gas supply.

Fair Trade

Other benefits include the economic gains to the US of greater energy exports to China, which will become a major market for US energy. The US energy transition: batteries, solar panels and electric vehicles for example. It controls or owns most of the minerals needed for the minerals processing, could balance things a little in the US' favour.

US LNG also lowers greenhouse gas emissions in the world's atmosphere. It is better that industry uses clean energy than other, dirtier but available fuel. Not to fully exploit its gas reserves would be "a huge, missed opportunity for the US," Mikulska said. She was speaking at the US LNG Summit in Houston, Texas, on May 26.

There are only two projects progressing in the west, however, despite the advantages: Sempra LNG's Mexican project and Shell-led LNG Canada (LNGC). Both could be online in 2024 and both have built carbon mitigation into their design.

But tellingly both those projects also took final investment decisions having agreed to sell the gas themselves: past projects had long-term sales contracts with third parties but now buyers are reluctant to commit themselves to projects owing to the uncertainty over fossil fuel financing.

ECA and LNGC rely on North America's western seaboard gas, of which much more could be produced than now if the market is met by eastern seaboard gas and the Permian.

Biden's moratorium on leasing on federal lands has however locked up vast reserves of marketable gas in western states and federal land, and so lobbying is under way to enable this gas to reach markets. One presenter said that the Department has a closer interest in this now.