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Shell, EQT, SK Gas back new export approval
Application follows April denial of permit extension

Customers of Energy Transfer's proposed Lake Charles LNG export terminal including Shell, EQT and South Korea's SK Gas are urging the US Department of Energy to issue a new export license for the Louisiana facility soon to enable a final investment decision on the project.

Energy Transfer filed the application for the new export authorization in August, seeking "expedited consideration" by the DOE, after the agency in April had rejected the US midstream giant's request for a three-year extension to bring the Lake Charles project online. The denial amounted to a significant blow to the project, leaving in place an existing deadline to begin LNG exports at the Lake Charles plant by December 2025. The developer told DOE it would not be able to meet that deadline.

The letters from the potential Lake Charles customers were among dozens in support of the approval that had been submitted to the agency and published online as of Oct. 18.

"We fear that the Lake Charles LNG project will not only be delayed, but ultimately cancelled if the DOE does not promptly approve this export authorization, leaving its planned buyers without their contracted LNG supply," wrote Jill Davies, president of Shell subsidiary Shell NA LNG, in a letter dated Oct. 9. "We underscore the attention with which global customers are monitoring the Lake Charles LNG export application and urge the Department's expeditious approval in order to enable this project to progress and allow us to provide cleaner and reliable LNG from the United States to our international customers."

Long-term customers

In seeking the new authorization, Energy Transfer emphasized offtake agreements it has secured to support the 16.5 million mt/year project. Those include binding long-term deals covering 7.9 million mt/year, and preliminary deals covering some 3.6 million mt/year.

The Shell unit has a 20-year sale and purchase agreement for 2.1 million mt/y, signed in Aug. 2022.

In a separate letter, SK Gas CEO Byung Suk Yoon cited a "high degree of confidence that, if the Department of Energy approved the application, Lake Charles LNG will reach an affirmative final investment decision promptly following such approval."

SK Gas signed a long-term contract in April 2022 to buy 400,000 mt/year for 18 years.



Citing the importance of that supply to SK Gas and its affiliates, the company pressed the DOE to “act in an expeditious manner” to approve the export authorization so the project can advance.

Lake Charles has announced additional binding long-term deals with China’s ENN and China Gas and global commodities trader Gunvor.

The non-binding deals include an agreement with gas producer Chesapeake Energy and Gunvor for 1 million mt/year; another with EQT for 1 million mt/year; and a third with an unnamed Japanese consortium for 1.6 million mt/year.

EQT told the DOE the US gas producer is in talks with Lake Charles LNG to convert the preliminary deal it entered into in summer 2023 to a long-term tolling agreement.

“We have spent considerable time and effort in evaluating various U.S. LNG export projects and are cognizant of the significant progress that Lake Charles LNG has made in developing its project,” Keith Shoemaker, a senior vice president for commercial at EQT, wrote to the DOE in a letter dated Sept. 29.

EQT urged DOE to act quickly on the new export authorization “to allow this project to reach final investment decision.”

DOE policy shift

When the DOE denied the extension for Lake Charles in April, the agency also released a new policy announcement that raised the bar for extending export deadlines. The DOE said the policy change was intended to address an “overhang” of authorized projects that had made the agency’s planning and economic forecasting related to the US LNG market more difficult. The DOE also said the revision would increase transparency in the LNG market and remove uncertainty for market participants that could deter potential new entrants.

But the move created new uncertainties for developers that have yet to advance their projects to construction, and how the DOE handles Energy Transfer’s pending application could shed new light on the extent of the policy shift.

Charlie Riedl, executive director of the Center for Liquefied Natural Gas trade group, told attendees at the recent LDC Gas Forums' [Gulf Coast Energy Forum](#) in New Orleans that some 23 projects could be affected by the policy shift, including a number of projects that have been long-pending.

“The question becomes: how do you enforce this uniformly across DOE?” Riedl said. “Is Lake Charles going to have to jump to the back of the line again because they have now refiled at DOE? ... There are a lot of unknowns as far as the certainty on this permitting part at DOE. We are waiting.”

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