

# LNG build-out along US Gulf Coast brings increased focus on feedgas

Tuesday, October 10, 2023 2:29 PM ET

By Corey Paul  
*Market Intelligence*

The next supercycle of US LNG export projects taking shape along the Gulf Coast could spur a wave of pipeline development, as regional supply is not expected to keep up with surging feedgas demand.

The dynamic, described by market participants on Oct. 9 at the Gulf Coast Energy Forum in New Orleans, has also put pressure on US LNG developers to come up with plans for supplying new export facilities sooner than they once had to in order to advance new projects to construction.

"When it comes financing a project, not only do you have to have the [LNG] contracts, which is of course key, but also you need to have a sound feedgas strategy," said Nikolay Filchev, director for global gas at S&P Global Commodity Insights. "In the previous waves, feedgas arrangements would have been firmed up as construction proceeded, given the general availability of pipe space and gas from multiple sources. Now you probably need to have a more specific feedgas plan sorted out well in advance to convince the bankers."

A massive increase in export demand is likely to turn the Gulf Coast into a net exporter of gas by 2037, Filchev said. Total US LNG feedgas demand was expected to average about 13.1 Bcf/d in 2023, according to S&P Global Commodity Insights. This could increase to an average 24.7 Bcf/d by 2028 and an average 27.5 Bcf/d by 2032.

## Feedgas planning

Gas production in the Haynesville Shale basin, the formation nearest to the concentration of LNG export terminals in Louisiana and East Texas, was on track to grow significantly in the coming years. But production there was expected to start declining by the early 2030s, and major LNG export terminals are constructed to operate for decades.

Against this backdrop, feedgas planning has become an "increasingly important part of the process" of getting to a final investment decision for LNG terminals, with the terminal projects now requiring not only header pipelines but also expansions of infrastructure further upstream, RBN Energy President and CEO David Braziel told attendees during a panel at the conference.

"LNG feedgas arrangements are crucial to the next wave of LNG development, because you cannot take it as a given that the gas is going to be there, because there is so much competition in that tight geography that is the US Gulf Coast," Braziel said on the sidelines of the conference.

Speakers at the conference pointed to Cheniere Energy Inc.'s recently disclosed plans to build a short pipeline to support a proposed expansion of its flagship Sabine Pass LNG export facility in Louisiana by increasing access to gas supplies across the Texas border.

The 48-inch-diameter Sabine Crossing pipeline would extend 5.2 miles under the Sabine-Neches Waterway from the export terminal in Cameron Parish, La., into Jefferson County, Texas, where the line "is expected to become interconnected with interstate and/or intrastate pipelines to be developed by others in the future," Cheniere wrote in an August filing at the Federal Energy Regulatory Commission.

## Gas pipelines

Additional infrastructure for intrastate natural gas transportation in Louisiana is likely, according to Filchev, speaking on a panel at the conference. Filchev cited a need for more intrastate infrastructure in Louisiana to connect LNG terminals to the emerging Gillis hub in the southwestern part of the state, a major receipt point.

East Daley Analytics analyst Jack Weixel told attendees that the lack of pipeline infrastructure build-out in the Gulf Coast region could become acute between 2026 and 2028, based on pipeline projects in development and the feedgas demand expected to emerge as new LNG facilities come online.

"It's going to take a lot," Weixel said during a conference panel. "Get your projects lined up. It is a field of dreams out there — if you build it they will come, because the demand is there."

*S&P Global Commodity Insights reporter Corey Paul produces content for distribution on Platts Connect. S&P Global Commodity Insights is a division of S&P Global Inc.*

*S&P Global Commodity Insights produces content for distribution on S&P Capital IQ Pro.*

*This article was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global.*