

From: Byers, Dan
Sent: Thu, 8 May 2025 15:33:40 +0000
To: Byers, Dan
Subject: [EXTERNAL] New S&P Global Study on Russian Gas and USLNG in Europe

Good morning,

I wanted to make you aware that, earlier this morning, S&P Global released an important new study modeling the impact of both higher and lower exports of Russian gas into Europe on USLNG project investment and development.

Here is a link to the [slide presentation](#) and [full report](#), and key takeaways are below.

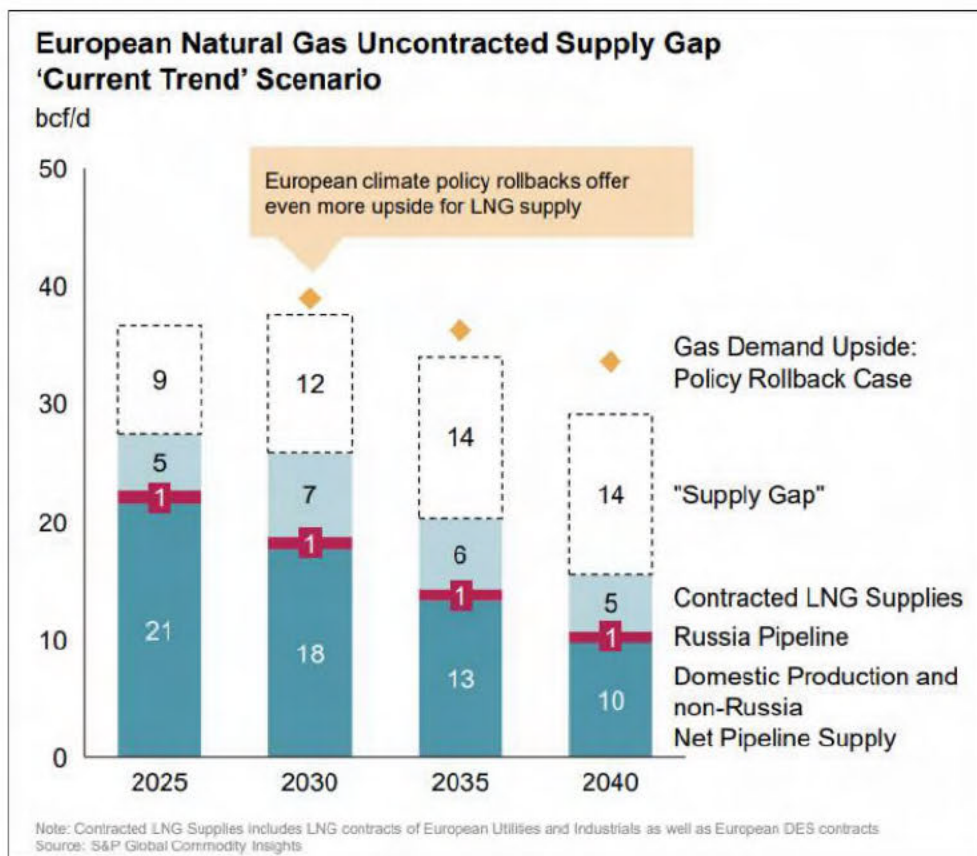
- Europe faces a significant and growing natural gas supply gap in coming years, as domestic production declines and industrial sector and power sector demand recovers from recent weakness (first chart below). On top of this, increasingly likely climate policy rollbacks offer further upside to Europe's gas demand.
- LNG exports will play a major role in addressing the supply gap, and the flexibility and speed to market of U.S. LNG will make it an attractive option for Europe.
- However, as a swing provider to Europe, **U.S. LNG exports are disproportionately impacted by the future role of Russian gas in Europe**. For example, an increase of 30 million tons per annum of Russian exports to Europe would reduce U.S. exports by 17 mtpa, compared to only 6 mtpa reduction from the rest of the world combined (second chart below).
- On the flip side, there is significant upside potential for U.S. LNG exports if the EU actually phases out Russian gas imports as it [proposed to do yesterday](#). In this scenario, an 18 mtpa reduction in Russian imports is replaced by 12 mtpa of increased US exports, versus only 3 mtpa of increases in the rest of the world.
- **The net 29 mtpa swing between the two scenarios ("Open the Taps" and "Phasing Down") would greatly impact the number of USLNG projects reaching final investment decision**, and translates to a \$120B delta in LNG value chain expenditures.
- A final important point: current EU methane regulations present a significant obstacle to the ability of USLNG to address Europe's shortfall of contracted gas and ensure security of supply. As S&P notes, "European industry participants and industry bodies have stated that **the EU Methane Emissions Regulation is already preventing certain gas supply contracts from being signed**. Uncertainties regarding compliance with requirements yet to be defined, liability risks, and potential penalties make it difficult for parties to assess risk and move forward with agreements. US LNG is expected to meet the large majority of Europe's supply gap...Therefore, **US export projects are likely to be disproportionately impacted by the methane importer requirements relative to other suppliers.**"

- Related, a [previous S&P study released in March 2025](#) estimates that the average methane emissions intensity of Russian LNG and pipeline gas is 44% and 59% higher, respectively, than the comparable intensity of U.S. LNG export projects halted by the Biden Administration's "Pause" on new licenses. The methane emissions of Algerian pipeline gas—a growing supply source for Europe—are 161% higher than U.S. LNG.

Let me know if you have any questions or would like to be connected to the project team at S&P that led the study. Thanks.

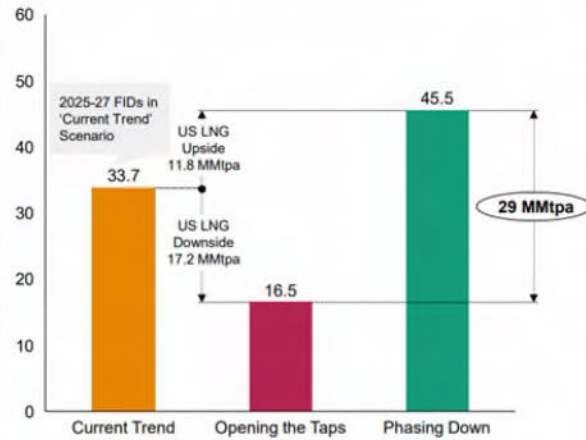
Dan

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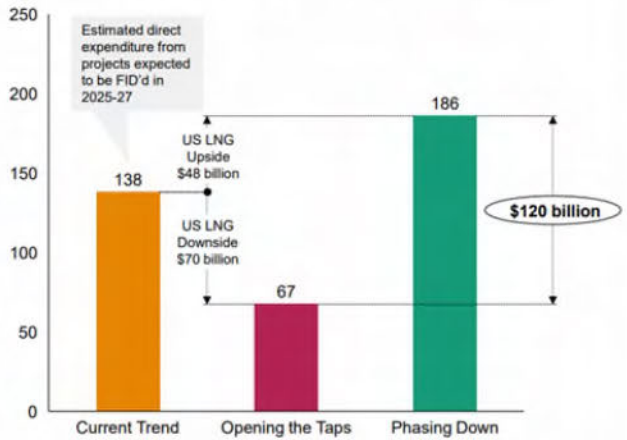


\$120 billion in US LNG value chain direct expenditure is at risk in an 'Opening the Taps' scenario relative to the 'Phasing Down' Russia gas supply scenario

US LNG Liquefaction project FIDs by Scenario (2025-27)¹
MMtpa of LNG



US LNG Value Chain Direct Expenditure² by Scenario
Nominal \$ billion



Includes the April 2025 sanctioning of the 16.5 MMtpa Woodside-Louisiana LNG facility. 2 Incremental US LNG Value Chain Direct expenditure estimation (2025-40) based on US LNG Impact Study Phase 1 report covering direct expenditure for LNG, Pipeline & Storage and Upstream (Drilling, Completion, Facilities and Gathering & Processing costs)
Source: S&P Global Commodity Insights

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