LNG exports set the stage for a new era of growth

New export commitments and pipeline expansions signal a long runway for midstream energy infrastructure

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Our last two blog posts on increasing demand for natural gas in the United States, Midstream energy to fuel growth in Artificial Intelligence (AI) and Midstream growth outlook: Increasing Natural Gas Demand, focused mostly on the need for natural gas to fuel power demand from artificial intelligence/data centers.

This write up provides an update on the potentially largest driver of increasing natural gas demand, natural gas exports. Last year we cited that liquified natural gas (LNG) exports would increase natural gas demand by 11-12 bcf/d by 2030 and noted we expected more to come.[1] With the contracting activity since, we can now confirm that LNG exports will most likely continue beyond 2030 and meaningfully so.

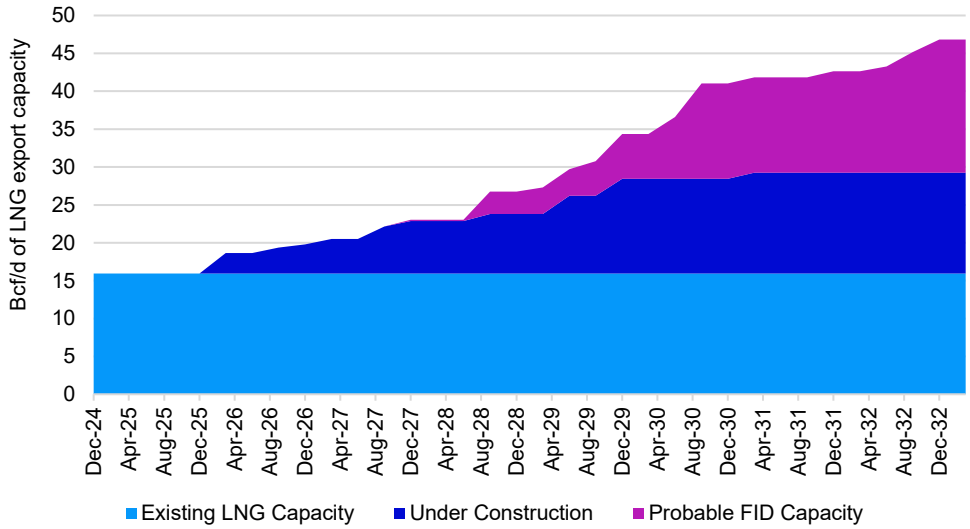
US LNG exports: The biggest is only getting bigger

The US is the largest natural gas exporter in the world, moving 11.9 billion cubic feet per day (Bcf/d) to mostly Asia and Europe in 2024 in the form of LNG. [2] To put this into perspective, in 2024 the U.S. consumed 90 Bcf/d of natural gas, excluding exports. [3]

The increase in demand through 2030 noted above is supported by the 12 LNG export projects currently under construction. [4] However, since January of this year, there has been a significant increase in LNG contracting activity with over 3.0 Bcf/d of contracts signed and another 1.7 Bcf/d under active consideration. [5, 6, 7, 8, 9, 10] Some of these recent commitments help to support those projects already under construction but some support the 14 LNG projects that are considered "probable" but have yet to reach a final investment decision (FID). In total, these 14 projects could provide an additional 17 Bcf/d of export capacity.

Below you can see how much natural gas demand these projects may create.

US LNG export capacity



Source: KS Wolfe, Wells Fargo Securities and company reports as of 8/1/2025.

Demand drivers

As discussed in previous blog posts, the US is likely to see a decade long step up in power demand. But this increase in power demand is not a US specific phenomenon; it is a global one. In 2024, data centers globally consumed 373 terawatt-hours of electricity, with 38% of that demand coming from the US. By 2035, it is expected that data centers will consume 1,596 terawatt-hours of electricity.[11] This quadrupling of demand is estimated to be mostly powered by natural gas, with global combined cycle gas turbine and gas peaker demand growing by 12x from 2025 to 2035.[11]

In fact, despite the substantial growth in US LNG export capacity, it is likely that LNG demand will outpace supply next decade, based on operating and under-construction LNG facilities.[12] While power generation demand certainly plays a large role in this estimate, demand is also being driven by global coal-to-gas switching, increasing use of natural gas for transportation in shipping and trucking, and increasing industrialization.

Bring in the pipelines

There are two reasons why the US can support this magnitude of LNG growth. First, since 2011, the US has been the largest producer of natural gas in the world. In 2023, the US produced nearly double the natural gas of its closest competitor, Russia.[13] Second, the US has the existing midstream infrastructure and capability to build more to meet the growing global demand for US LNG.

Almost all the currently operating and under construction US LNG export facilities are along the Gulf Coast of Texas and Louisiana. While there is significant natural gas infrastructure existing in those areas, more pipelines are needed to move natural gas from the Permian, Haynesville, and other shale basins to meet the area's natural gas needs. Below is a summary of recently completed/currently under construction natural gas pipelines that will help meet that demand. In aggregate, these pipelines are expected to move over 13 Bcf/d of natural gas.

- Blackcomb Pipeline: Designed to move 2.5 bcf/d from the Permian Basin to the Agua Dulce area of South Texas. The pipeline is expected to be in-service in the second half of 2026.

- Eiger Pipeline: Designed to move 2.5 bcf/d from the Permian Basin to the Katy area near Houston. The pipeline is expected to be in-service in mid-2028.

- Trident Pipeline: Designed to move 2.0 Bcf/d from Katy, TX to near Port Arthur, TX. The pipeline is expected to be in-service in the first quarter of 2027.

- Rio Bravo Pipeline: Designed to move 4.5 Bcf/d from the Agua Dulce Hub in South Texas to Next Decade's Rio Grade LNG project in Brownsville, TX. The pipeline is expected to be in-service in 2026.

- Louisiana Energy Gateway: Designed to move 1.8 Bcf/d from the Haynesville Basin to South Louisiana. This project was placed into service in July 2025.

However, LNG demand-pull will benefit more than just the large, long-distance pipelines. The entire midstream logistics chain from wellhead gathering to processing, treating, compression, and storage is required to complete the movement of natural gas from producing basins to these facilities.

To meet this demand, new assets will need to be constructed. Even better, in some cases, existing assets with spare capacity may simply enjoy growing throughput for little new capital. Regardless, we believe the coming LNG driven demand will be healthy for many midstream providers.

Outlook

The midstream sector offers investors an attractive distribution yield and an improving outlook for cash flow and distribution growth, in our view. These fundamentals are supported by our expectation of significant natural gas volume growth for many years. Notably, roughly 75% of the sector is natural gas production focused.[14] In total, natural gas demand appears set to potentially grow 25%–34% by the end of the decade with growing visibility into an additional 10% of demand growth from recent LNG commitments alone. [15]

While US natural gas demand experienced significant growth over the previous two decades, today's demand growth is remarkable for its visibility and that it is occurring in an environment of upstream and midstream capital discipline. As a result, we believe today's natural demand growth may be particularly healthy for midstream investors.

Important information

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4. Wells Fargo - Equity Research – Weekender 7/25/25
5. These contract represent 22 MTPA and 12 MPTA, respectively.
6. Wolfe Research - Midstream of Consciousness, 06/29/25.
7. Cheniere and JERA Sign Long-Term LNG Sale and Purchase Agreement :: Cheniere Energy, Inc. (LNG), 8/7/2025.
8. ConocoPhillips Signs 20-Year LNG Contract With Sempra – MarketWatch, 8/21/2025.
9. EQT to buy LNG from Sempra's Port Arthur Phase 2 project | Reuters, 8/27/2025.
10. EQT Corporation - EQT Signs 20-Year Deal with NextDecade for 1.5 MTPA of LNG from Rio Grande LNG Train 5, 9/5/2025.
11. BloombergNEF Theme: AI Data Centers Fuel Quicker Growth in Power Demand, 8/18/25.
12. Shell LNG Outlook 2025.
13. International - U.S. Energy Information Administration (EIA), 08/2025.
14. Bloomberg L.P., 8/27/2025.
15. Assuming 28 Bcf/d natural gas demand growth by KinderMorgan.