

What Does Trump's Reelection Mean for US Natural Gas and LNG

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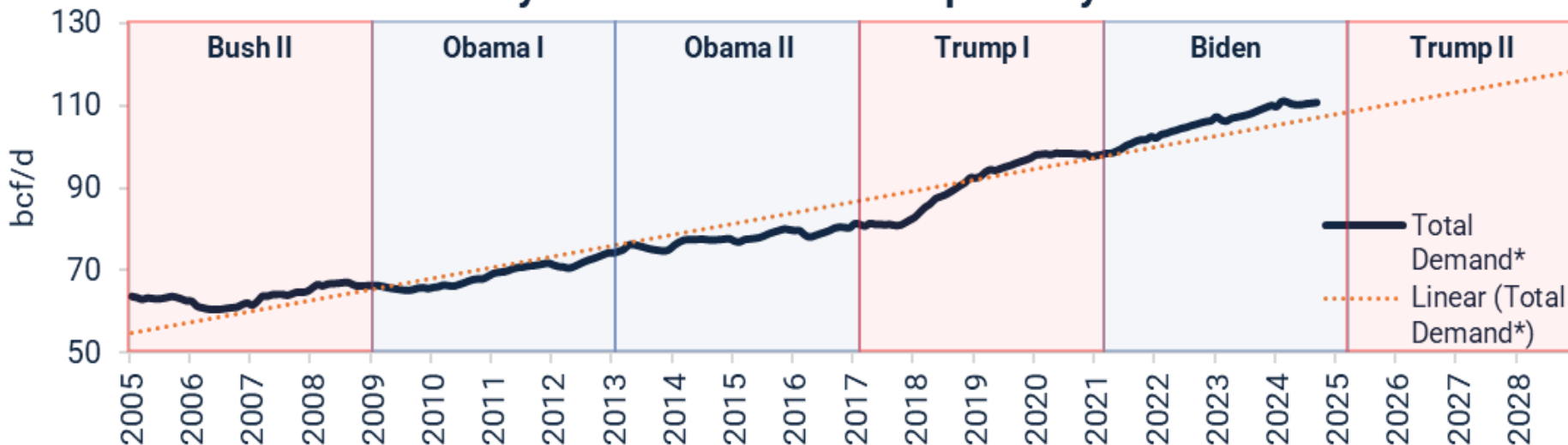
Key Takeaways

- **Trump 2.0 puts US natural gas demand on a firmer upward trajectory in the medium-to-longer term**
- **New administration policies will further elevate already growing US gas demand, especially for power generation and exports**
- **Efforts will be made to reform regulatory bodies and streamline the permitting process for natural gas pipelines**
- **The US' growing role as a regional and global gas supplier intersects with international trade and foreign policy under Trump**

US Natural Gas Demand Has Proven Resilient to Electoral Cycles and Political Transitions

Growth has been driven predominantly by geology, technology and market forces – aka the 'shale revolution'

US Monthly Natural Gas Consumption by President



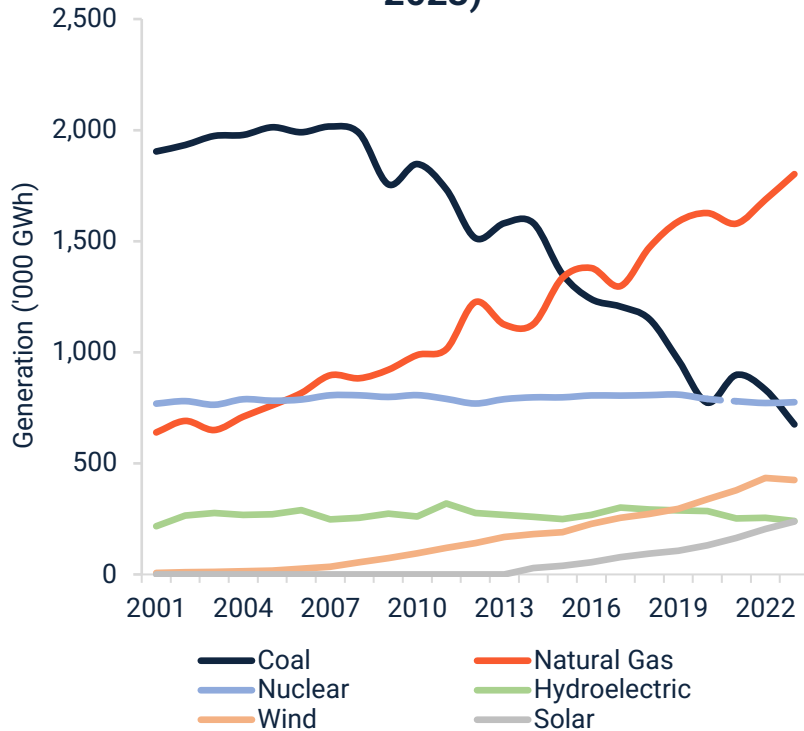
Note: (*) Reflects the 12-month trailing moving average to smooth due to seasonality; includes domestic consumption and total US exports.

Source: Rapidan Energy Group, US EIA.

The Power Sector Has Been the Primary Driver of Demand Growth – Gas' Cost Competitiveness the Overriding Factor

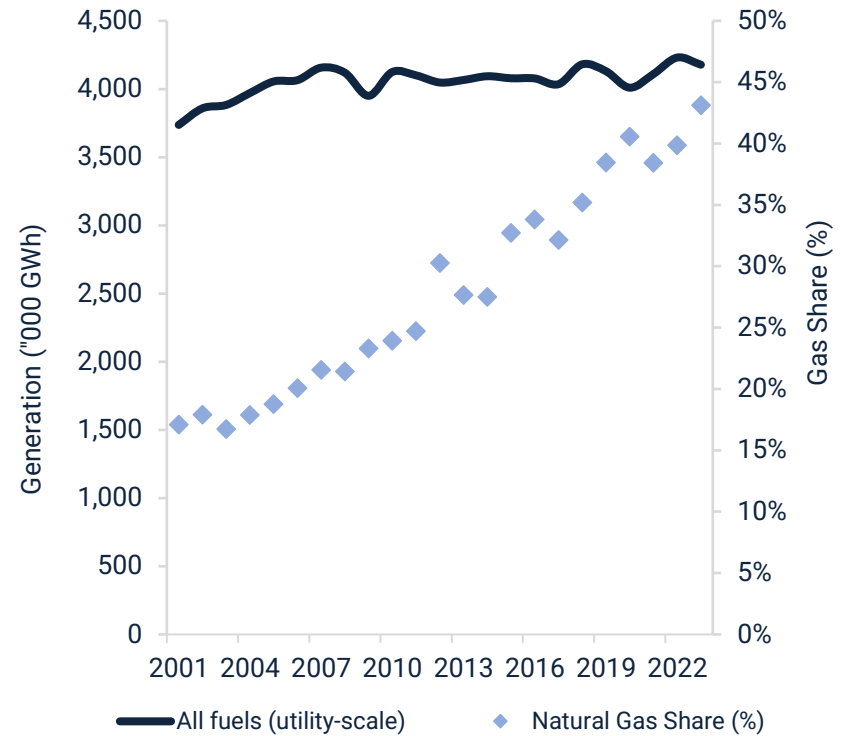
Natural gas' share of the US generation mix increased from 24% in 2010 to 43% in 2023

US Power Generation by Source (2001-2023)



Source: Rapidan Energy Group, IEA

Total US Power Generation (2001-2023)

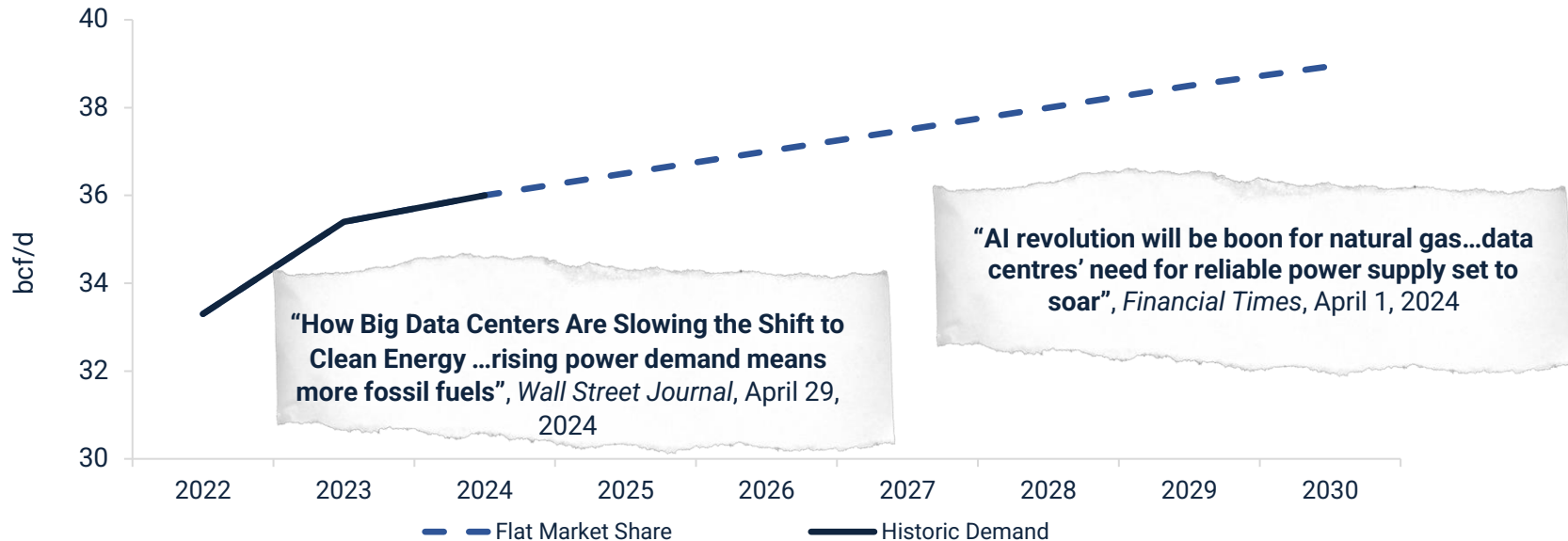


Source: Rapidan Energy Group, IEA

US Electricity Demand is Increasing More Rapidly Today Than at Any Point in the Past Decade

This will likely lead to increased gas demand for electricity generation, both annually and peak day.

Forecasted US Natural Gas Power Demand – Flat Market Share

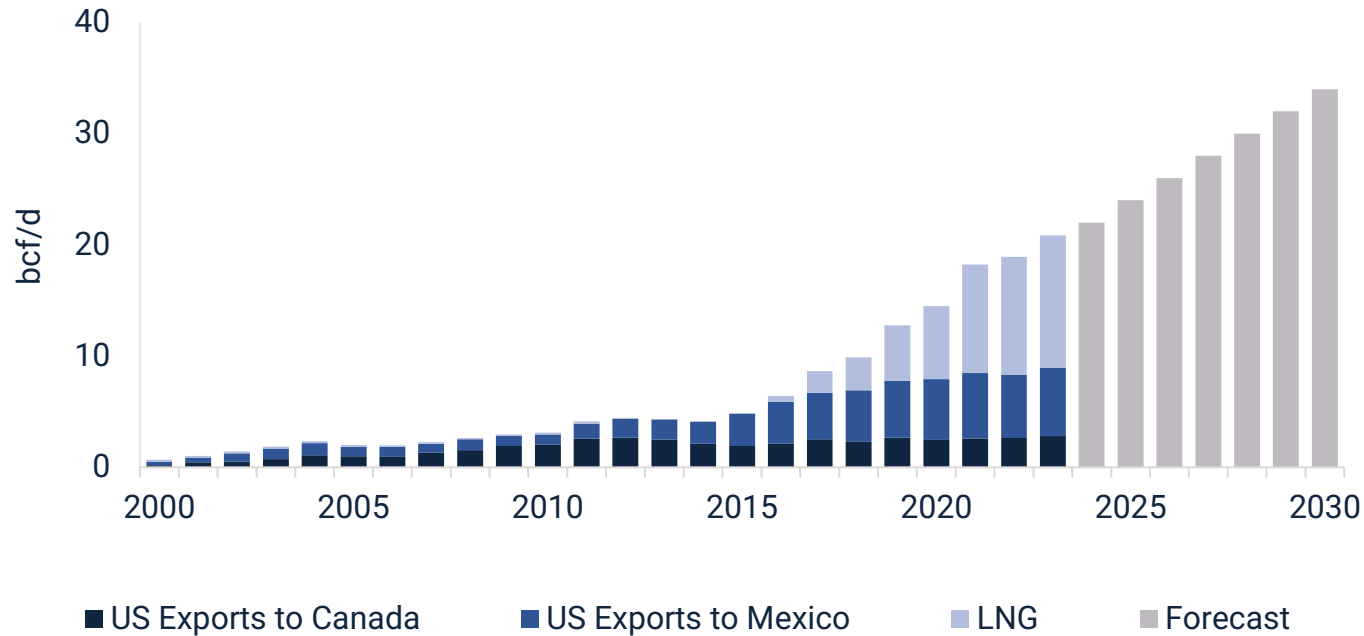


Source: Rapidan Energy Group.

Exports Have Been The Next Major Driver of Growth – Generally With Bi-Partisan Support

Currently, ~20% of US gas production is exported, mainly to global markets in the form of LNG

US Natural Gas Exports via Pipeline and LNG

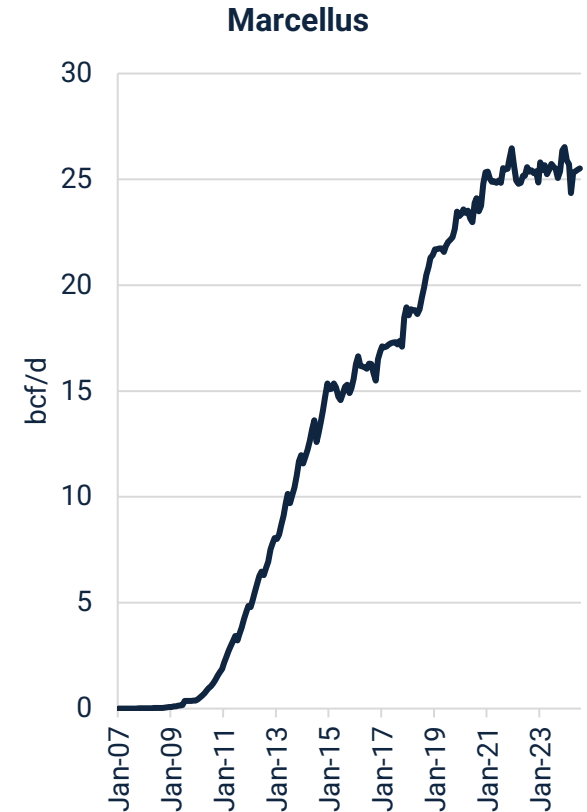
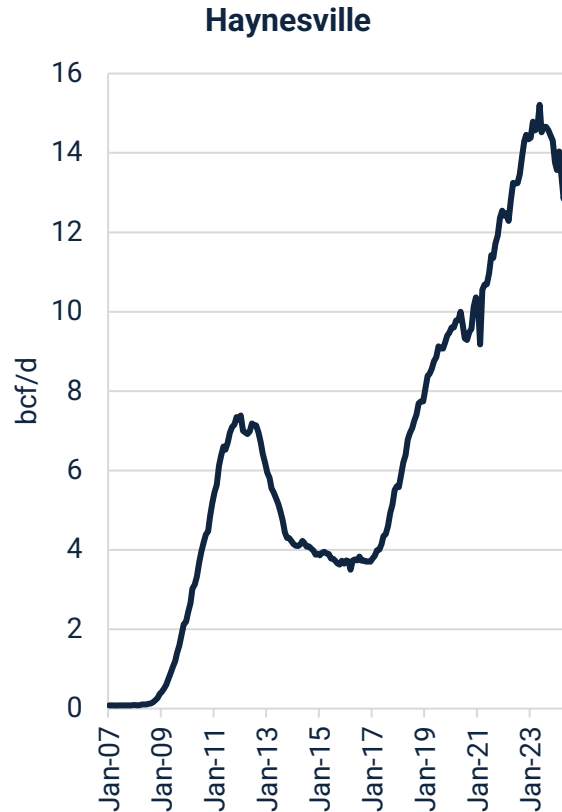
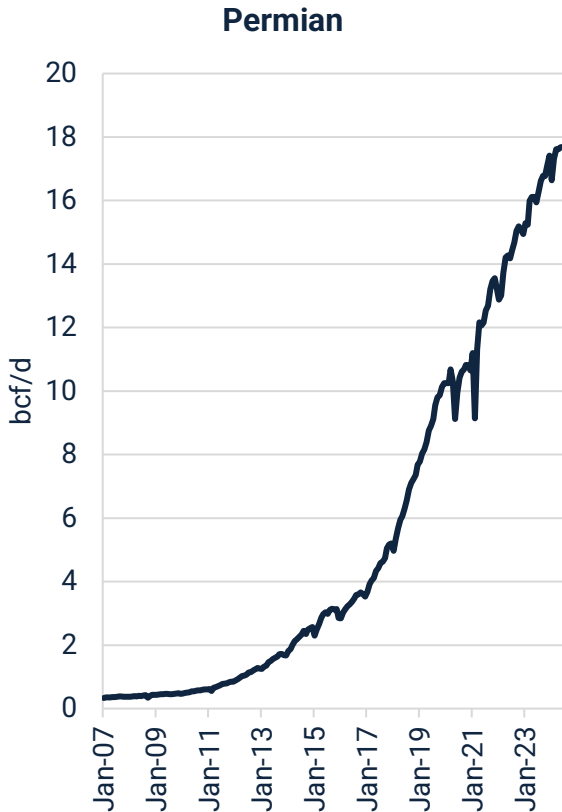


Source: EIA, Rapidan Energy Group

The Permian, Haynesville and Marcellus Formations Have Fueled Nearly All of the Supply Growth

The Permian Basin is predominantly an oil play that has seen booming associated gas production, and the Haynesville is the largest source of non-associated gas production proximate to the LNG demand in the US Gulf Coast; Marcellus is the lowest cost non-associated gas but is infrastructure constrained.

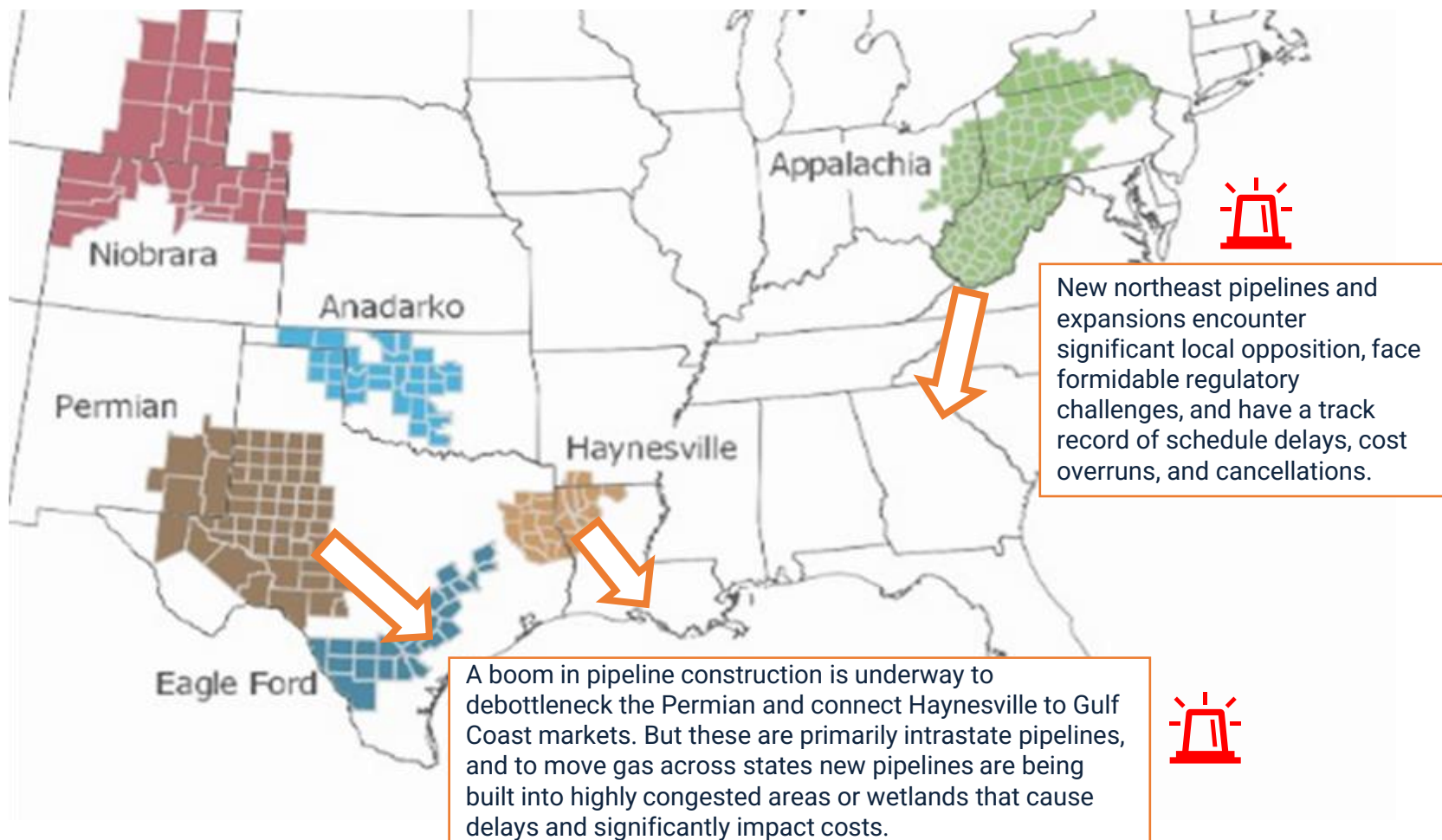
Largest US Lower 48 (L48) Natural Gas Shale Plays



Source: Rapidan Energy Group, EIA

Infrastructure Challenges Are Not Confined to the Northeast

While pipeline projects in Texas and Louisiana do not face the same regulatory challenges as expanding capacity from the Marcellus, the challenges are growing



The market set up for US natural gas is bullish through the medium-to-longer term

Trump's campaign slogan is 'Drill, baby, Drill', but permitting powers alone offer limited ability to boost supply - "Day One" actions of a Trump administration will alter the trajectory of US natural gas demand more than they will supply

- **LNG:** Trump will end the LNG permitting pause facilitating increases in export capacity:
 - Multiple, commercially advanced pre-FID projects led by experienced operators have non-FTA permits pending – several are likely to move forward to construction during Trump's presidency.
 - However, the backlog is substantial and will take time to work through
 - LNG will remain contentious, with battles to stop or slow development fought through regulatory agencies (e.g. FERC) and the courts.
- **Power:** Trump will scale back federal support for renewable energy, and put a bigger focus on gas-fired generation.
 - This will bolster gas demand for electricity generation as overall US electricity demand is poised to rise rapidly.
- **Pipelines:** Trump will seek to reform the permitting process, speeding up environmental reviews and removing climate analysis from decision-making.
 - Putting time limits on review schedules will require adequate agency staffing

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