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Executive Orders and U.S. LNG Exports: Frequently Asked Questions

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Introduction

On January 20, 2025, Inauguration Day, President Trump signed a number of executive orders related to energy, including natural gas and liquefied natural gas (LNG) exports. One of the objectives of Executive Order (E.O.) 14154, "Unleashing American Energy," was to lift the "pause" on issuing LNG export permits for trade with countries that do not have a free trade agreement with the United States.[1] The pause had been implemented by the Biden Administration in January 2024.[2] In July 2024, a federal judge reversed the Department of Energy's "pause."[3]

Questions and Answers

Has the Biden Administration "pause" been lifted?

Yes. Section 8(a) of E.O. 14154 states that "the Secretary of Energy is directed [to] restart reviews of applications for approvals of liquefied natural gas export projects as expeditiously as possible, consistent with applicable law."[4] In addition, this executive order states that when assessing the public interest, the Secretary of Energy should consider economic and employment effects to the United States and security of allies and partners. The Natural Gas Act, which gives the Secretary of Energy authority to approve natural gas exports, does not define "the public interest," and the criteria to consider (referenced in the previous sentence) do not change the law.[5]

Do other executive orders mention LNG exports?

Yes, directly and indirectly. Section 2(d) of E.O. 14153, "Unleashing Alaska's Extraordinary Resource Potential," prioritizes the development of Alaska's LNG potential, including the sale of LNG to other parts of the United States. Selling Alaskan natural gas to other parts of the United States would likely require Jones Act-compliant LNG tankers (i.e., tankers built in the United States).[6] At present, the United States does not build LNG tankers, which is a barrier to compliance with the Jones Act. In addition to lifting the "pause" mentioned above, E.O. 14154 also supports the approval of an application to construct an offshore, deepwater LNG project in the U.S. Gulf, which is pending with the Maritime Administration (MARAD).

The following list summarizes three executive orders with potential effects on natural gas exports and, more generally, natural gas production:

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[1] Executive Order 14154 of January 20, 2025, "Unleashing American Energy," 90-18 *Federal Register* 8357, January 29, 2025.

[2] Department of Energy, "DOE to Update Public Interest Analysis to Enhance National Security, Achieve Clean Energy Goals and Continue Support for Global Allies," press release, January 26, 2024, https://www.energy.gov/articles/doe-update-public-interest-analysis-enhance-national-security-achieve-clean-energy-goals.

[3] Niina H. Farah, "Judge Overturns Biden's LNG Export Pause," *EnergyWire*, July 2, 2024, online edition.

[4] In support of the executive order, Secretary of Energy Chris Wright issued a secretarial order for LNG export permits to return to regular processing. Department of Energy, "Secretary Wright Acts to 'Unleash Golden Era of American Energy Dominance,'" press release, February 5, 2025, https://www.energy.gov/articles/secretary-wright-acts-unleash-golden-era-american-energy-dominance.

[5] 15 U.S.C. §717b(a).

[6] For additional information on the Jones Act, see CRS Report R45725, *Shipping Under the Jones Act: Legislative and Regulatory Background*, by John Frittelli.

- E.O. 14153, "Unleashing Alaska's Extraordinary Resource Potential," promotes LNG exports from Alaska.[7]
- E.O. 14154, "Unleashing American Energy," lifts the LNG export pause and promotes deepwater ports for LNG exports. E.O. 14154 also encourages natural gas production.[8]
- E.O. 14156, "Declaring a National Energy Emergency," promotes the development of fossil fuels and infrastructure, including natural gas, for domestic use and allies.[9]

Generally, what is the LNG export permitting process?

To export natural gas from the United States, a company must obtain two permits—one from the Federal Energy Regulatory Commission (FERC), to construct the facility to liquefy the natural gas and load it on a tanker, and one from the Department of Energy (DOE), to export the commodity itself. The DOE permitting process depends upon where the natural gas is going and whether or not that country has a free trade agreement (FTA) with the United States requiring national treatment for natural gas.[10] If the shipment is going to a country that does not have an FTA with the United States, DOE must make a determination whether the export is in the public interest prior to granting or denying the permit. This is the part of the process the pause had affected. If the United States has an FTA with a country, the export is predetermined by statute to be in the public interest and the permit must be granted "without modification or delay."[11] This process is laid out in the Natural Gas Act (NGA) and regulations promulgated by DOE pursuant to its authority under the act.[12]

How is "the public interest" defined?

Congress did not define "the public interest" in the NGA, giving DOE discretion in making and adjusting its public interest determinations. For example, when Russia invaded Ukraine in 2014, DOE started emphasizing national security when discussing the public interest determination. This emphasis also highlights that DOE has adjusted the factors of its public interest determination over time, although it has never publicly defined these factors in specific terms.[13] Based on the contents of the first permit granted by DOE in 2010 for export from the lower 48 states to a non-free trade country, analysts surmised that the DOE criteria likely included national security, climate change, jobs, and other such issues.

[7] Executive Order 14153 of January 20, 2025, "Unleashing Alaska's Extraordinary Resource Potential," 90-18 *Federal Register* 8347-8351, January 29, 2025.

[8] Executive Order 14154 of January 20, 2025, "Unleashing American Energy," 90-18 *Federal Register* 8353-8359, January 29, 2025.

[9] Executive Order 14156 of January 20, 2025, "Declaring a National Energy Emergency," 90-18 *Federal Register* 8433-8437, January 29, 2025.

[10] National treatment for natural gas means treating the import from a country with which the United States has a free trade agreement the same as natural gas produced in the United States.

[11] 15 U.S.C. §717b(c).

[12] 15 U.S.C. §717b.

[13] U.S. Congress, House Committee on Energy and Commerce, Subcommittee on Energy and Power, *Quadrennial Energy Review and Related Discussion Drafts*, 114th Cong., 1st sess., June 2, 2015, Serial No. 114-47.

After that first approval, the Senate Committee on Energy and Natural Resources held a hearing on LNG exports in November 2011.[14] At the hearing, DOE was asked to undertake two studies—in part, to better understand the effects of LNG exports on consumers and the country. The first study was related to domestic natural gas prices and was undertaken by the U.S. Energy Information Administration (EIA) with hypothetical export volumes.[15] The second study was an economic evaluation by an external consulting firm, NERA Economic Consulting, of exports, using the price study as an input.[16] The first study provided a range of outcomes based on the criteria. The second study concluded that more exports were better for the overall economy.

DOE stopped issuing permits while the congressionally requested studies were being conducted, although this was not mandated by statute or executive order. The next DOE permit approval was not granted for approximately two years from when the company's application was submitted, whereas the first permit took 10 months. Additionally, since those two studies were completed, DOE has periodically commissioned other studies—for example, on price effects of different levels of exports, on life cycle greenhouse gas emissions, and on the effect of exports on domestic natural gas prices and the economy. The most recent study was released in December 2024.[17]

When did the United States start exporting LNG and what has been the effect on the global market?

The United States has been an LNG exporter since 1969, initially from a relatively small facility in Alaska and exporting almost exclusively to Japan. From the lower 48 states, LNG exports started in February 2016 with Cheniere Energy's Sabine Pass facility in Sabine, Louisiana. As new export terminals have begun operations, U.S. LNG export quantities have increased every year, to the point where the United States LNG export quantities are comparable to those of Qatar and Australia. The United States became the largest LNG exporter by volume in 2023.[18] Additionally, while U.S. LNG exports have been the focus of policy, the United States also exports large quantities of natural gas by pipeline, primarily to Mexico.

In addition to bringing growing volumes of natural gas to the global market, U.S. LNG exports have changed the market dynamics. U.S. contracts were more market-oriented and pushed other countries to follow suit. Most global contracts had been indexed to oil prices and contained destination clauses, which limited where the exports could go. Today, the global market for natural gas is much more tradeable, with more buyers, sellers, and risk management tools, making it more like oil as a commodity.

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[14] U.S. Congress, Senate Committee on Energy and Natural Resources, *Hearing to Consider Market Developments for U.S. Natural Gas, Including the Approval Process and Potential for Liquefied Natural Gas Exports*, 112th Cong., 1st sess., November 8, 2011, https://www.energy.senate.gov/hearings/2011/11/full-committee-hearing-to-consider-market-developments-for-us-natural-gas-including-the-approval-pro.

[15] U.S. Energy Information Administration, *Effect of Increased Natural Gas Exports on Domestic Energy Markets*, Department of Energy, January 2012, https://www.energy.gov/sites/prod/files/2013/04/f0/fe_eia_lng.pdf.

[16] NERA Economic Consulting, *Macroeconomic Impacts of LNG Exports from the United States*, Department of Energy, December 3, 2012, https://www.energy.gov/sites/prod/files/2013/04/f0/nera_lng_report.pdf.

[17] Department of Energy, "U.S. Department of Energy Completes LNG Study Update, Announces 60-Day Comment Period," press release, December 17, 2024, https://www.energy.gov/articles/us-department-energy-completes-lng-study-update-announces-60-day-comment-period.

[18] Energy Institute, *Statistical Review of World Energy 2024*, June 2024, p. 43, https://www.energyinst.org/__data/assets/pdf_file/0006/1542714/684_EI_Stat_Review_V16_DIGITAL.pdf.

What is the United States LNG export capacity?

As of early 2025, the United States has almost 15 billion cubic feet per day of liquefaction capacity.[19] It also has approximately 17 billion cubic feet per day of liquefaction capacity under construction and approximately another 19 billion cubic feet per day of liquefaction capacity that has been approved by FERC and DOE but has not broken ground.[20] This last category indicates some market hesitation for companies that could, in theory, start construction but have chosen not to. The second category of projects, those that are under construction, are likely to be completed. Construction of liquefaction terminals is expensive, costing somewhere between $10 billion and $20 billion per terminal. Companies generally do not make such an investment without confidence that they will receive a return on their investment. Additionally, to get financing for a terminal, the facility's owner generally has to secure contracts, usually for up to 80% of the terminal's capacity.

Since the United States started exporting LNG from the lower 48 states, what has happened to domestic natural gas prices?

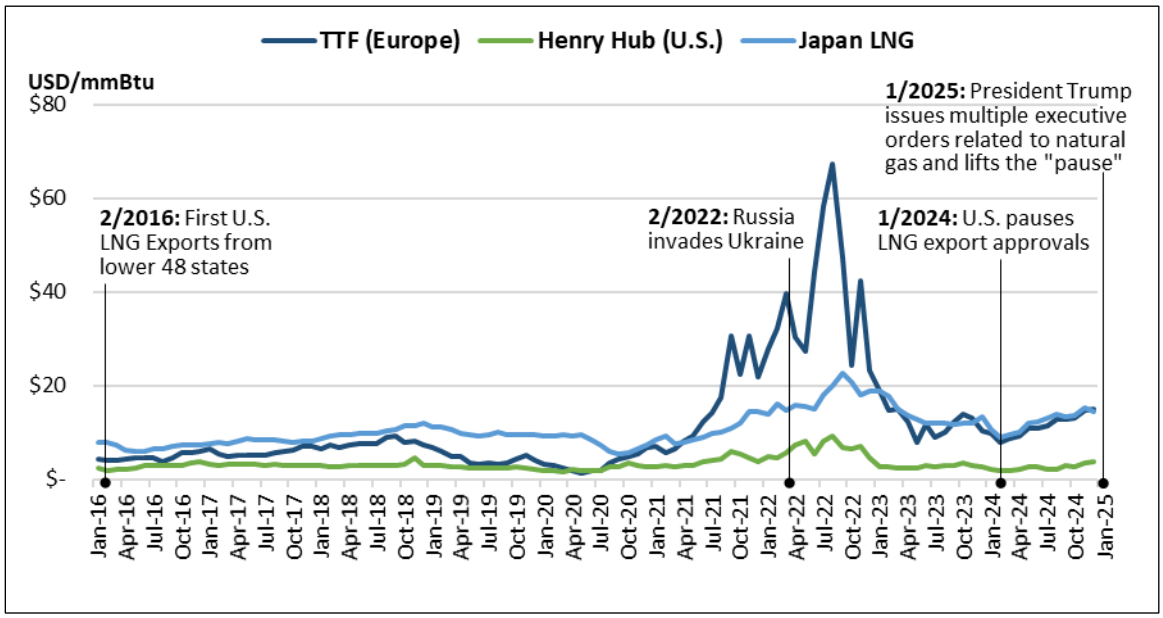
Since 2016, when the United States started exporting LNG from the lower 48 states, domestic natural gas prices have stayed stable and relatively low compared with those in other countries, except for the occasional effects of an external factor such as Russia's 2022 invasion of Ukraine or unexpected cold weather. (See **Figure 1**.)

[19] Federal Energy Regulatory Commission, *United States LNG Export Terminals—Existing*, January 14, 2025, https://www.ferc.gov/media/us-lng-export-terminals-existing-approved-not-yet-built-and-proposed.

[20] Federal Energy Regulatory Commission, *United States LNG Export Terminals—Approved, Not Yet Built*, January 14, 2025, https://www.ferc.gov/media/us-lng-export-terminals-existing-approved-not-yet-built-and-proposed.

Figure 1. Selected Global Natural Gas Prices

January 2016-January 2025



Source: CRS using price data from Bloomberg L.P.

Notes: USD/mmBtu = U.S. dollars per million British thermal units. TTF is the Dutch Title Transfer Facility, which has become the most active trading point in Europe. Prices are not adjusted for inflation.

Appendix.

Overview of Approvals Required Under the Natural Gas Act

Pursuant to Section 3(a) of the Natural Gas Act (NGA), parties in the United States seeking to enter into natural gas transactions with foreign buyers must file for an export authorization.[21] If the United States has a free trade agreement (FTA) in effect with the nation to which the LNG would be exported, the NGA directs DOE to deem the export consistent with "the public interest."[22] Exports to non-FTA countries are presumed to be in the public interest unless, after opportunity for a hearing, DOE finds that the authorization would not be consistent with the public interest.[23] Pursuant to Section 3(e) of the NGA, the siting, construction, expansion, or operation of an LNG export terminal, onshore or in state waters, requires approval from the Federal Energy Regulatory Commission (FERC).[24] Depending on the details of the commodity export or terminal facility, requirements established under additional state, tribal, or federal law may also apply to the project. LNG permit approvals from DOE and FERC are federal actions subject to environmental review under the National Environmental Policy Act (NEPA; 42 U.S.C. §§4321 *et seq*.).

Summary of DOE's Public Interest Evaluation Process

The NGA does not detail what factors DOE must consider when making a public interest determination for exports to non-FTA countries. According to DOE's regulations, its primary public interest evaluation is on the domestic need for the natural gas that is proposed to be exported, but it may consider any other issues determined to be appropriate. Those other factors may include U.S. energy security, economic impacts (e.g., domestic natural gas prices), and environmental considerations, among others. Generally, the administrative process for reviewing applications to export natural gas includes the following steps:

- An entity submits an application to DOE with information regarding the proposed export.[25]
- After ensuring it has all necessary information about the project, DOE publishes a notice in the *Federal Register* inviting public participation and comment on the proposed project.[26]
- DOE and, typically, the applicant respond to comments or protests.
- DOE considers any other relevant information included in the administrative record and issues a final opinion and order on the application, attaching any necessary conditions it determines are needed to ensure the project is in the public interest.[27]

[21] 15 U.S.C. §717b(a); DOE regulations implementing those requirements were promulgated at 10 C.F.R. Part 590, "Administrative Procedures with Respect to the Import and Export of Natural Gas."

[22] 15 U.S.C. §717b(c).

[23] 15 U.S.C. §717b(a).

[24] See 15 U.S.C. §717b(e). Federal Energy Regulatory Commission regulations implementing this section of the Natural Gas Act were promulgated at 18 C.F.R. Part 153, "Applications for Authorization to Construct, Operate, or Modify Facilities Used for the Export or Import of Natural Gas."

[25] As required in 10 C.F.R. §590.202.

[26] 10 C.F.R. §590.205.

[27] 10 C.F.R. §590.404.

Author Information

Michael Ratner
Specialist in Energy Policy

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