The Washington Post
Democracy Dies in Darkness

Opinion Biden's LNG decision is a win for political symbolism, not the climate

By the Editorial Board
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January 29, 2024 at 1:43 p.m. EST

Currently accounting for 22 percent of global primary energy consumption, natural gas will remain crucial to the world's energy mix through 2050, even as alternative energy use grows, according to the latest International Energy Agency projections. Though it's a fossil fuel and, as such, a source of carbon dioxide emissions, gas still provides baseload grid power needed to complement renewable electricity, and it's generally cleaner than coal.

Unfortunately for the world, Russia produces much of this vital resource, as Europe discovered to its dismay when President Vladimir Putin invaded Ukraine — with an army that had been funded by earnings from Russian gas exports. Fortunately for the world, the United States has emerged as the top exporter of the supercooled form known as liquefied natural gas, or LNG. In fact, after the beginning of Russia's full-scale invasion of Ukraine, the Biden administration launched a largely successful effort to help allies substitute American LNG, delivered via ships, for pipelined Russian gas. "The United States now plays a critical balancing role in the global LNG market, adding supply and flexibility that has boosted global energy security," in the words of a recent Center for Strategic and International Studies report.

On Friday, however, that same Biden administration ordered a de facto halt to the approval of new facilities for exporting the resource to countries with which the United States does not have free-trade agreements — a category that includes all of Europe. It's an election-year sop to climate activists that will do much more to unsettle vital U.S. alliances than to save the planet.

At issue were federal permits for LNG projects planned on the Gulf of Mexico coast. One of these, known as Calcasieu Pass 2, or CP2, has already secured financing, and the company that owns the Louisiana facility had signed a 20-year contract to supply Germany. But under the new Biden administration policy, approvals could be delayed through the November election, while regulators apply heightened scrutiny to the impacts on carbon emissions and domestic energy costs.

To be sure, the eight LNG export projects currently in operation will remain unaffected, as will 10 projects already approved and under construction. In the short run, there will be little disruption to Europe's economy or, for that matter, to what is generally a well-supplied market around the world. The problem is what might happen beyond that in, say, the next quarter-century. "If additional U.S. LNG export capacities don't materialize, it would risk increasing and prolonging the global supply imbalance," warned Eurogas, the trade association for Europe's natural gas industry. "This would inevitably prolong the period of price volatility in Europe and could lead to price increases with the consequent implications that would have for economic turmoil and social impact."

The main short-run damage the administration's obviously political decision does is to the United States' reputation for rational, fact-based policymaking, and for wise consideration of climate control in the context of geopolitics. You cannot change demand for energy by destroying supply: If the United States did indeed curtail LNG exports, it would just drive customers into the arms of competitors such as Australia, Qatar, Algeria and, yes, Russia. Quite possibly, some potential customers would choose to meet their needs with coal instead.

Either way, the effect on global carbon emission is likely marginal, even if it's true, as climate activists maintain, that natural gas liquefaction and shipping are energy-intensive processes and increase the fuel's carbon footprint. (That footprint, by the way, is mitigated somewhat in the United States by Biden administration emissions controls.) And the other ostensible concern behind the Biden policy — higher domestic U.S. gas prices because of shipping gas overseas — is overblown. Prices for gas in the United States have trended down even as LNG exports boomed from zero in 2015 to 86 million tons in 2023.

It all looks like a reenactment of the political theater over the Keystone XL pipeline, which President Biden canceled despite its having gone through lengthy and rigorous environmental and economic analysis. That gesture was also a snub to a U.S. ally — Canada, whose oil would have traveled via the pipeline to U.S. refineries. Canada appears to have gotten over Keystone XL. And despite Europeans' concerns for the long term, they are, for now, officially playing down friction with the Biden administration. There is still time to work out a more sensible and sustainable approach in the next presidential term. Any such approach would understand that the United States needs to help save the planet from two threats: climate change and autocratic regimes that use energy as a geopolitical weapon.