

AEO2026 Fact Sheet: EIA Refines Modeling of International LNG Capacity

Within the Natural Gas Market Module (NGMM) in the *Annual Energy Outlook 2026* (AEO2026), we refined how we represent liquefied natural gas (LNG) export capacity expansion in the National Energy Modeling System.

Background and previous methodology

We add new U.S. LNG capacity when the net present value of selling additional LNG on the global market is positive over a 20-year horizon. To evaluate this, we compare the cost to produce, transport, and re-gasify U.S. LNG with international LNG prices in both Asia and Europe over that same 20-year period.

Prior to AEO2026, EIA included assumptions about how changes in flexible LNG volumes globally affected future international LNG prices. We defined flexible LNG as new LNG supply (not capacity) that is not sold under fixed-destination, long-term contracts. This approach became unsustainable because we could no longer reliably identify or update assumptions about flexible LNG volume on a regular basis. Retired international natural gas models used in EIA's World Energy Projection System (WEPS) previously provided flexible LNG assumptions to the NGMM; however, new international natural gas models used in WEPS no longer project that information and it has been nearly a decade since NGMM could update its flexible LNG assumptions. The absence of these "true" flexible volumes would compel us to assume all new LNG volumes after the model start year are flexible, a clearly unjustified assumption that may not be correct for all LNG supplies. Furthermore, this methodology ties our assumptions about global LNG supply to WEPS model results, which are not always available or up-to-date.

Under this methodology, we assume that world natural gas prices start at their recent historical ratio to the world oil price. Over time, international natural gas prices become less tied to the world oil price as the ratio of flexibly priced LNG to the representative regional net natural gas demand increases relative to the base year. The ratio reflects the tightness or looseness of the world LNG market pushing or pulling, respectively, international natural gas prices toward or away from the world oil price.

New methodology

For AEO2026, we moved away from representing flexible LNG in our pricing equations entirely. Instead, we now represent the availability of global LNG supply by using the total global (non-U.S.) LNG export capacity, and we assume that this capacity operates at approximately 90% utilization.

This new methodology requires less analyst judgment and allows us to better capture how changes to international LNG capacity affect our international natural gas price estimations. Additionally, the

required datasets are simply more readily available, making implementation of this module easier to sustain.

We use historical data from the [International Group of Liquefied Natural Gas Importers \(GIIGNL\)](#), and rely on the International Energy Agency's (IEA) [Global LNG Capacity Tracker](#) for information on projects that have already reached a final investment decision (FID) for 2025–2030. After 2030 and through 2070, we assume global LNG export capacity grows based on the average global capacity growth from 2000–2025, which is about 1.35 billion cubic feet per day (Bcf/d) of capacity added per year. Although we only project LNG exports through 2050, our assumptions extend to 2070 to allow for the net present value calculations that determine how economical new facilities would be. Such facilities rely today on multi-decade-long contracts and regulatory authorizations to obtain financing.

Using this new methodology, the estimated international natural gas prices follow the same functional form as the previous methodology. The primary difference is that in this new methodology, the ratio that determines the tightness or looseness of the international LNG markets is determined by the ratio of international LNG capacity to international natural gas demand, instead of the ratio of flexible LNG to international natural gas demand as used in the old methodology. Additionally, coefficients tied to our international LNG pricing equations were re-calibrated due to the change in our assumptions.

Impact to projections

By replacing the flexible LNG volume assumption with a 90% utilization of global (non-U.S.) LNG export capacity and re-calibrating out pricing equations, we are now able to better reflect how changes in global capacity influence the tightness or looseness of the global LNG market. The new ratio that represents the growth of LNG capacity to international natural gas demand, built on more recent and reliable data, results in a tighter global market for LNG compared with the previous methodology. The net effect is to slightly increase U.S. LNG exports under the new methodology.

Because the same international LNG capacity assumption is used for all AEO2026 cases, this update creates a tighter LNG market, and therefore, more U.S. LNG exports in all cases.

LNG exports using new and old methodologies, Counterfactual Baseline case
billion cubic feet per day

