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Three Giants Leading the LNG Development in the United States

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Introduction

In the LNG export industry in the United States, it has been quite evident in recent years that three LNG liquefaction and export infrastructure giants - Cheniere Energy, Sempra, and Venture Global, Inc. - have been emerging as dominant LNG exporters, carving out unique positions distinct from traditional international LNG majors.

The LNG export industry in the United States has, in less than a decade, transformed from an importer to the world's largest exporter, fundamentally reshaping the global LNG landscape. The paradigm shift has been driven by the new breed of agile, non-integrated players who have displaced traditional international behemoths. Their success is built on common strengths: low-cost, Henry Hub-indexed pricing; flexible, destination-free contracts; and a strategic location on the Gulf Coast.

The rise of the three giants has been a result of a combination of strategic advantages, specific business models, and a favourable market environment.

Individually, their paths have diverged: Cheniere pioneered the business model, Sempra leveraged a stable utility base to become a de-risked infrastructure player, and Venture Global disrupted the market with a modular, cost-effective construction strategy. These innovations are not without their challenges. The industry faces significant systemic risks, including the geographical concentration of infrastructure in the hurricane-prone Gulf region and a volatile domestic regulatory environment, exemplified by the 2024 pause on U.S. Department of Energy (DOE) permits (authorization to export to non-FTA [non-free trade agreement] countries).

Traditional players in the international LNG business (IOCs and NOCs) are not in retreat but are adapting, forging strategic partnerships, becoming long-term buyers, and reasserting their dominance through massive, low-cost projects like Qatar's North Field expansion. The coming years will be defined by a race to bring capacity to market, intensifying global competition, and the balancing act between domestic political pressures and the demands of international energy security.

The following questions naturally arise, regarding the LNG industry in the United States, focusing on the three giants, which are touched on in the paper:

- ✓ What are major advantages of those three companies, including common strengths, as well as individual strengths, and disadvantages, if any?
- ✓ What are origins of those three LNG giants in the United States, as they have individually quite unique backgrounds to become the big players in the LNG industry?
- ✓ What did the three LNG giants in the United States achieve in the last couple of years and what challenges did they experience at the same time? What are future challenges ahead do they face for the next couple of years? What are potential pitfalls of those buyers who offtake LNG from their LNG projects?
- ✓ What are basic strategies (or tactics) of traditional international LNG players regarding business with the three giants in the United States?

1 Advantages of the Three Giants

1.1 Common Strengths

- 1.1.1 **Access to low-cost feedstock** natural gas allows them to offer LNG at a competitive price, often linked to the Henry Hub benchmark.

1.1.2 **Flexible commercial models** allow them to offer FOB (Free on Board) terms, where the buyer is responsible for shipping and can choose the destination of LNG.

1.1.3 **Strategic locations** on the U.S. Gulf Coast provide them with direct access to natural gas pipelines and access to both the Atlantic and Pacific basins, although concentration in a region may create some concern.

1.2 Individual Strengths

1.2.1 **Cheniere Energy** has a first-mover advantage and has one of the largest liquefaction platforms in the world with a diverse customer base. The company also has conducted proactive initiatives to better manage GHG emissions from its LNG value chain and to provide information.

1.2.2 **Sempra's** LNG business is part of a broader strategy of infrastructure development, allowing it to leverage its existing assets and relationships.

1.2.3 **Venture Global** has an innovative, low-cost business model and rapid project execution, bringing new capacity online fast.

2 Origins of the Three Giants

2.1 **Cheniere Energy** was founded in 1996, previously focused on LNG imports. In the early 2010s the company started to transform itself into an LNG exporter.

2.2 **Sempra** was formed in 1998 from the merger of California utilities. Its LNG business is an extension of its energy infrastructure and utility-focused origins.

2.3 **Venture Global** was founded in 2013 by a team of energy professionals. The company pioneered the modular construction approach to build projects faster.

3 Recent Achievements and Some Challenges

3.1 **Cheniere Energy** has continued expanding its liquefaction capacity, achieving substantial completion on new trains at its Corpus Christi facility. On time and within budget expansion project implementation continues being important.

3.2 **Sempra** has made regulatory and commercial progress on its Port Arthur LNG project, securing financing and moving forward with construction.

3.3 **Venture Global** has demonstrated an "unprecedented" ability to bring new projects to market, achieving FIDs (final investment decisions) for multiple projects in a short period. The company has been embroiled in legal disputes with major customers over its delivery of commissioning cargoes.

4 Strategies of Traditional International LNG Players

Traditional international LNG players are not simply being "replaced" by the three giants but are adapting their strategies to the new market dynamics.

4.1 Many of these players have become long-term offtakers of U.S. LNG, diversifying supply portfolio and gain price stability.

4.2 Supply Portfolio expansions (by offtaking LNG in the United States) allow them to use the flexibility of U.S. LNG to their advantage, providing a flexible supply to their global customer base.

4.3 They sometimes acquire equity positions in LNG projects in the United States.

4.4 While they are active in the U.S. market, they continue to invest in traditional, large-scale LNG projects in other parts of the world, particularly in places like Qatar, Mozambique, and Australia, to maintain a diversified supply base.

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