

# Strategies to Ride the Surge in US Natural Gas

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Over the past decade, the US natural gas industry has been playing an increasingly integral role in the national economy. Now, in addition to being the most dominant source of energy for power generation in the US today, the natural gas sector appears poised to dominate the world's energy markets, the energy transition catalyzed by climate change, and even global geopolitics.

The US has become the world's biggest producer of oil and natural gas. Over the past five years, unconventional sources of oil and gas, such as shale, have accounted for over 80% of US output. The country's large reserves and low production costs suggest that the US will stay at the top of the global output charts for the foreseeable future. And it will remain a net exporter of energy, as US oil and gas exports have risen by around 8% per year since 2019 while energy imports have fallen.

Three trends in particular have driven the growth of the US natural gas industry over the past decade:

- **Natural Gas–Based Power Generation.** Around 44% of US's electricity generation is now powered by natural gas. In fact, electricity generation has been shifting from coal-fired generators to gas turbines for nearly two decades, driven by better economics in a static market. The market is changing too; US power generation is now growing in response to rising demand from data centers that are proliferating around the country. By 2028, cloud computing may account for most of the additional demand for power, according to recent BCG projections.
- **Liquefied Natural Gas Exports.** Although the US has exported liquefied natural gas (LNG) for decades, it became the world's biggest exporter in 2023. It supplies LNG to over 45 countries, and the volume of exports will increase by over 60% in the future. Canada, too, has started exporting LNG and may increase its capacity by

45 million metric tons per year by 2035. That will help meet the global demand for LNG, which is expected to rise 2% to 4% per year between 2025 and 2040.

- **Industrial Demand for Natural Gas.** Commercial demand in the US for natural gas soared by 28% from 2010 to 2024. In particular, the chemicals industry has doubled its consumption in recent years. Demand is likely to keep growing at that rate, but it will be concentrated. Five states account for more than 50% of the demand for gas in the US, where the fuel is used either to generate heat and power or to serve as feedstock for manufacturers, mining and mineral extraction, and agriculture.

A BCG study indicates that the US natural gas industry could face any one of five futures, which we have identified as Blue Rush, America First, Export Rush, Slow Burn, and Energy Security. These scenarios, which this slideshow encapsulates, have the following key differences:

- In the **Blue Rush** scenario, a combination of supply increases and infrastructure meets demand growth. Prices incentivize producers but don't stress consumers.
- **America First** could emerge if a winter with high gas prices makes it difficult for Americans to stay warm, leading to a policy shift that limits exports and increases domestic use.

- **Export Rush** may happen if demand in the power sector flags, causing exports to become the primary source of growth in production.
- In the **Slow Burn** projection, demand growth will be constrained by supply chain delays, higher costs, and permitting delays.
- In an **Energy Security** future, countries will buy gas from the US as a second choice, hindering the sector's growth even as domestic demand slows.

None of these scenarios suggests that either the demand for or the supply of natural gas will peak in the next ten years. Regardless of which sectoral scenario eventually unfolds, upstream and midstream players have several options. However, two responses—reducing costs and increasing agility to respond to rapidly changing environments—will be appropriate in all of them.

Although the years ahead will be positive for the US natural gas industry, companies that wish to outperform rivals will need to maintain a strategic focus in the face of three key constraints. The first of these consists of financial factors such as labor costs, supply chain costs, and inflation. The second comprises construction and operational costs, including skills shortages and supply chain shortages. And the third relates to infrastructure costs such as takeaway capacity limitations, permitting, and other regulatory barriers.

Despite attracting more than \$250 billion in investment since 2010, infrastructure in the natural gas sector—pipelines, storage, and generation—has encountered continuing constraints, resulting in demand-supply imbalances and volatile prices. Tariffs, inflation, and labor shortages are pushing new gas project costs up while supply chain issues such as extended interconnection queues and long lead times for gas turbines are lengthening construction schedules.

Moreover, coal could emerge as a potent rival if gas prices exceed \$3 per million BTUs and if new policies ease the construction of thermal power plants. Of course, natural gas-based power generation is cleaner than coal-based generation, with 40% lower carbon emissions, and is less capital intensive, with 80% lower fixed costs.

Despite these seemingly rosy prospects, many US natural gas companies are at a crossroads. CEOs of companies engaged in gas exploration, infrastructure, utilities, and LNG exports have many possibilities for growth, including developing new business models and differentiated offerings, as we discuss in-depth in the slideshow . But companies in each segment also need to assess where the best opportunities lie:

- To compete effectively, upstream players should aim to broaden their commercial and value chain integration strategies. They can capture the highest margins by delivering turnkey power solutions, particularly for large data centers. Niche upstream players can monetize stranded gas by providing modular power solutions for smaller data centers.
- Midstream operators will benefit from infrastructure proximity to supply reliable behind-the-meter power to consumers. They can compete effectively with upstream players because of their load-balancing capabilities, which are crucial for data centers.
- The LNG segment will focus primarily on exports, where six potential business models could coexist: niche players, tollers, hybrid merchant tollers, value chain optimizers, portfolio players, and merchant traders.
- Novel opportunities could emerge in natural gas-based power generation, particularly in behind-the-meter power, energy as a service, data analytics, gas storage, and equipment development.

The strategy challenge in the natural gas industry is about navigating a world of local constraints amidst global opportunity. The future will mark neither an unbounded boom nor a slow decline; natural gas will remain integral to the US energy mix, with demand anchored by exports, industry, and power markets. Natural gas M&A may slow in 2025, but there will be sufficient consolidation to help midstream companies better cater to data center demand.

The level of growth will hinge on how companies navigate infrastructure gaps, decarbonization pressures, and geopolitical volatility. CEOs who lead with agility and adaptability will position their companies not only to ride the boom in America's natural gas industry, but also to shape the future of sustainable energy.





# Executive Summary

The 21st-century shale revolution has transformed the North American oil and gas industry. The Appalachian Basin alone produces around 30% of the US's natural gas output, and investments of more than \$100 billion since 2012 have resulted in an expansion in LNG capacity of close to 90 million tons.

BCG developed five scenarios that describe possible futures for the US natural gas industry, none of which indicate that demand will peak in the next ten years. The eventual outcome will depend on exports, power generation, and policy although prices of over \$6 per million Btu in the winters could threaten US natural gas exports.

The primary driver of the recent increase in demand for natural gas-based power has been the many large data centers that continue to be built in the US.

Infrastructure strains remain. Despite over \$250 billion of infrastructure investment since 2010, constraints persist—as evidenced by price spikes in the US Northeast in 2024 and negative prices in the Permian Basin. As companies use pipelines, storage, and generation facilities more intensively, equipment uptimes will become a key industry focus.

US LNG exports will rise by over 60% in the future, but costs will pose a challenge. LNG business models such as niche players and merchant traders will continue to evolve. Changes in business models will increase US companies' scale and trading capabilities so that they can take advantage of opportunities in the global market.

Upstream players, midstream players, and power generation companies can profit from emerging opportunities, too. Given their balancing capabilities and access, midstream players have an edge over other parts of the value chain.

# The Unconventional Rise of an Energy Superpower

The US's natural gas boom in the 2000s has reshaped its energy sector, exports, and economy



**Shale has surged.** Unconventional energy sources, mainly shale, contributed more than 80% of North America's natural gas output in the past five years. The Appalachian Basin accounted for almost 30% of the US total.



**Coal has retreated.** Natural gas-based generators have tripled in number in the US since 2000 and have largely replaced coal-fired generators.



**Industrial demand has soared.** Fueled by falling prices, industrial demand for natural gas has grown by 28% since 2009. Demand in the chemical sector has nearly doubled to almost 50% of the total.



**LNG exports have skyrocketed.** Now shipping to over 45 countries, America's LNG exports exceed those of Qatar and Australia. The sector has attracted investments of over \$100 billion in the past decade.



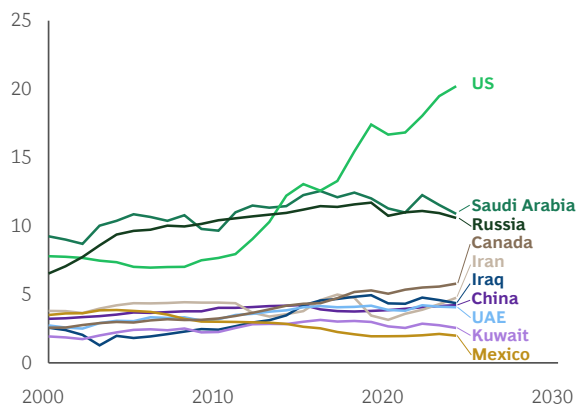
**Nevertheless, the US's natural gas infrastructure is woefully inadequate.**

Despite the \$250 billion invested in US energy infrastructure since 2010, natural gas pipelines, storage, and production have insufficient capacity, and utilization often exceeds licensed capacity.

The US leads the world in the supply of hydrocarbons (oil and natural gas)

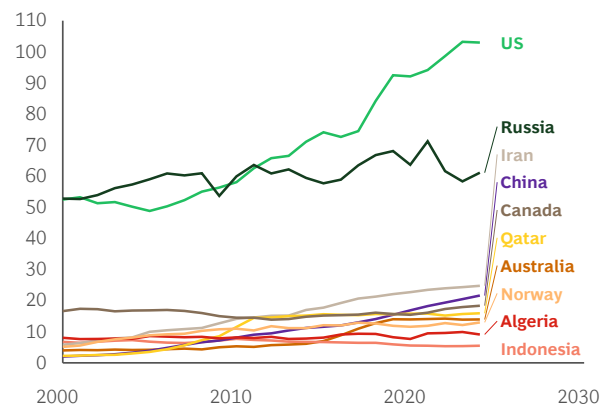
**The US surpassed Saudi Arabia and Russia in 2014 in oil production...**

Daily liquids production (millions of barrels of oil equivalent)



**...and has been the global leader in gas production since 2012**

Daily gas production (bcf)



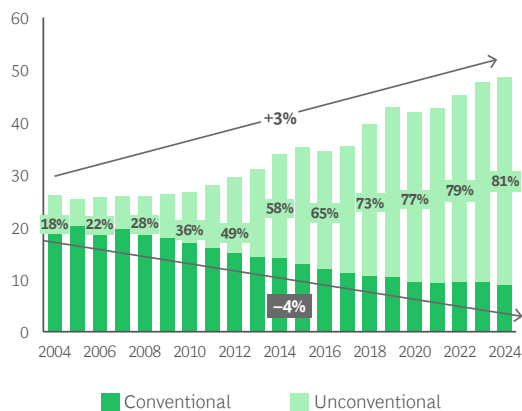
Sources: Rystad Energy; BCG analysis.

Note: Liquids include crude oil, condensates, and natural gas liquids. bcf = billion cubic feet.

# Unconventional sources are the primary sources of oil and gas production in North America

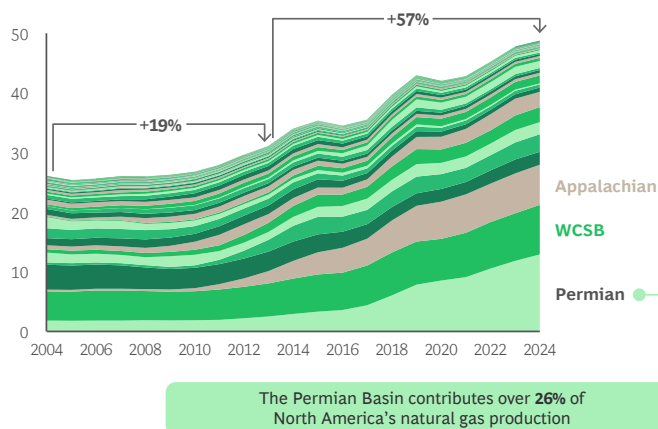
**Unconventional oil and gas have accounted for over 80% of US output in the past five years**

Daily production (millions of barrels of oil equivalent)



**The Permian, West Canada Sedimentary, and Appalachian basins are North America's three biggest gas-producing basins**

Daily production (millions of barrels of oil equivalent)



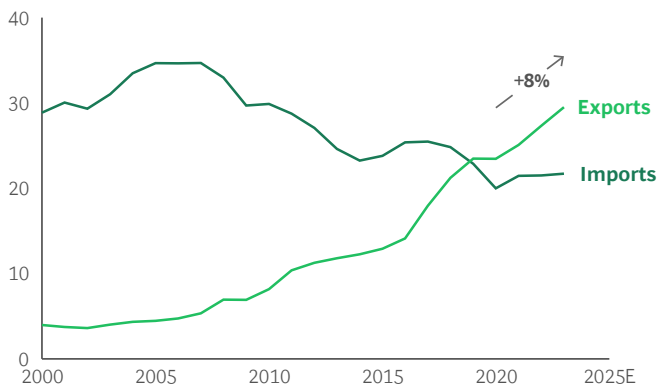
Sources: Rystad Energy; BCG analysis.

Note: Unconventional sources include oil sands, heavy oil, tight oil, and shale oil and gas (the main contributor). WCSB = Western Canada Sedimentary Basin.

## The US's energy exports continue to grow with the expansion of low-cost natural gas production

**US energy exports exceeded imports in 2019, and they have continued to grow by 8% per year on average since then**

Energy (quadrillion Btu)

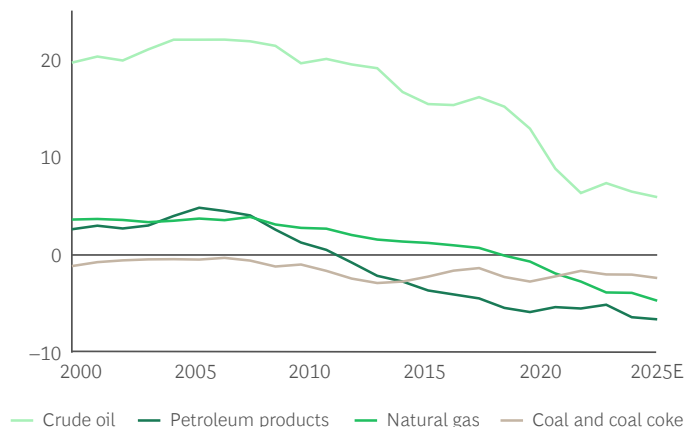


Sources: EIA; BCG analysis.

Note: Btu = British thermal unit.

**The US has become a net exporter of most kinds of energy, and its energy imports are declining**

Net imports (quadrillion Btu)

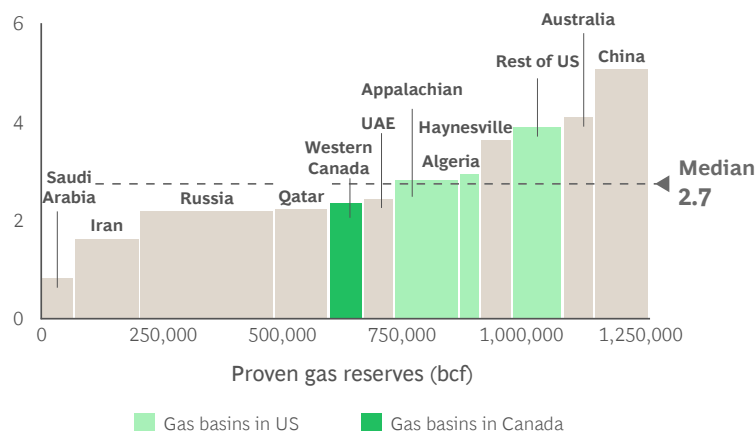


# North America's gas basins closely rival those in the Middle East in terms of costs and reserves, which will ensure continued exports and energy security

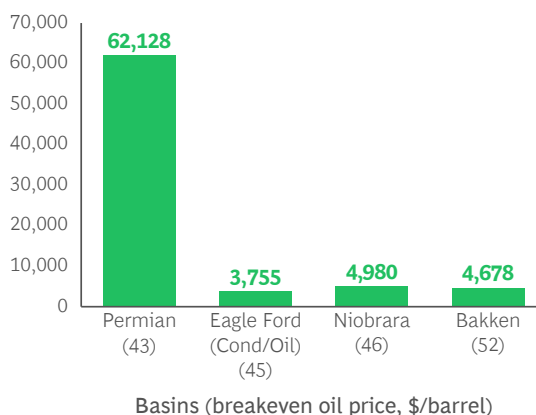
**The US has more than 178 tcf of proven natural gas reserves, which can be extracted and delivered at a cost of less than \$3/Mcf...**

**...and another 74 tcf of associated gas will probably be economical to tap at oil prices of less than \$55/barrel**

Break-even cost (\$/Mcf)



Associated gas proven reserves (bcf)

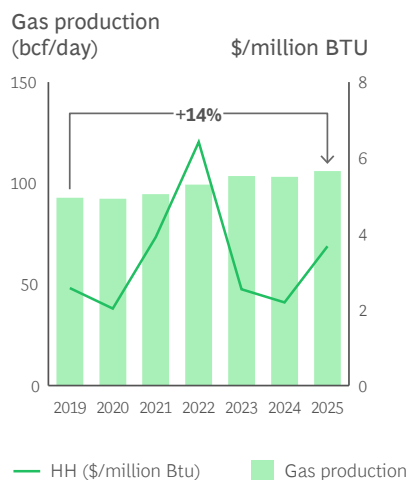


Sources: Rystad energy; BCG analysis.

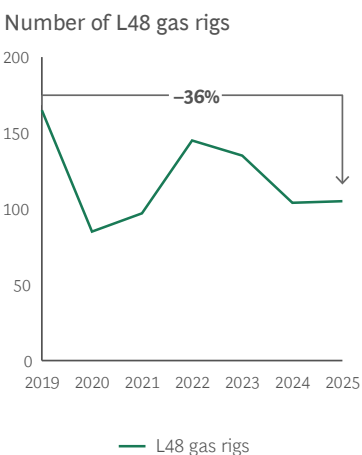
Note: Associated gas formations can have much lower break-even points than shown, given dependency on oil revenues. bcf = billion cubic feet; Mcf = thousand cubic feet; tcf = trillion cubic feet.

## US energy companies have boosted their productivity in the past five years

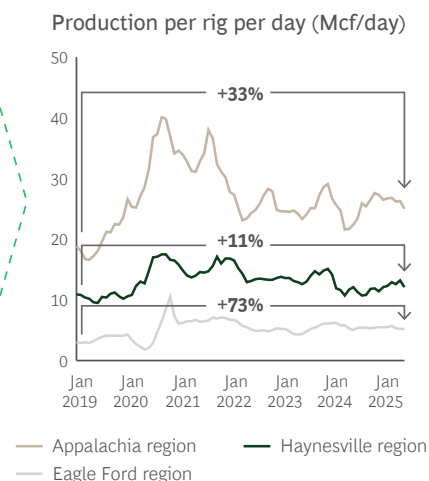
**Gas output has continued to grow...**



**.....while rig counts have declined...**



**...indicating that productivity has risen**

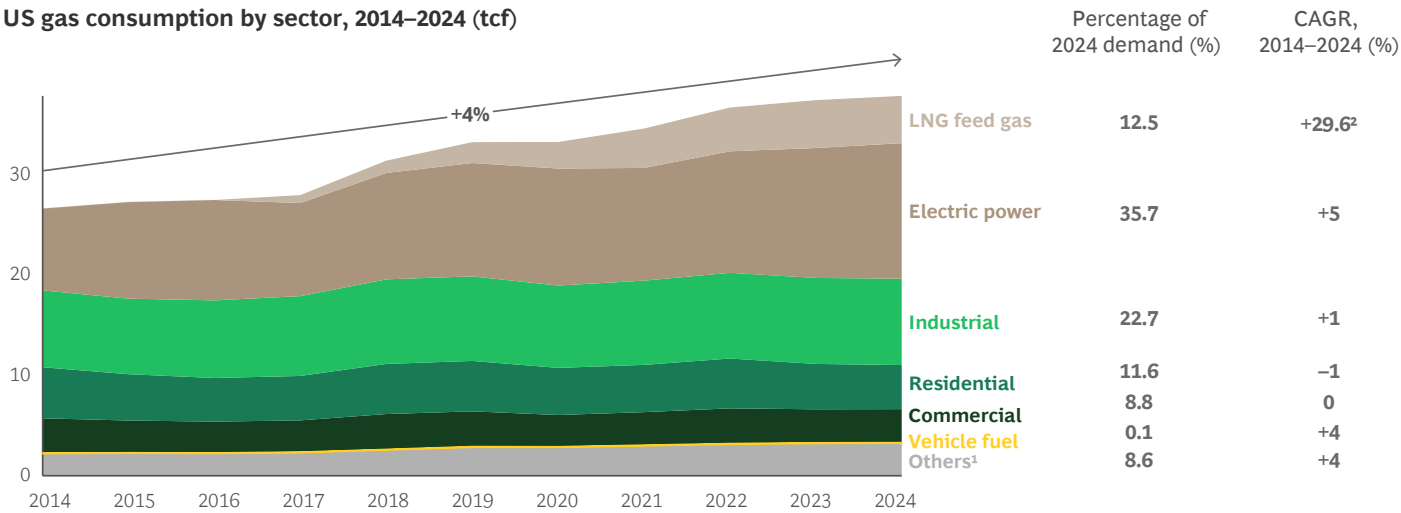


Sources: Baker Hughes rig count; EIA; BCG analysis.

Note: bcf = billion cubic feet; Btu = British thermal unit; HH = Henry Hub; L48 = lower 48 states of the US; Mcf = thousand cubic feet.

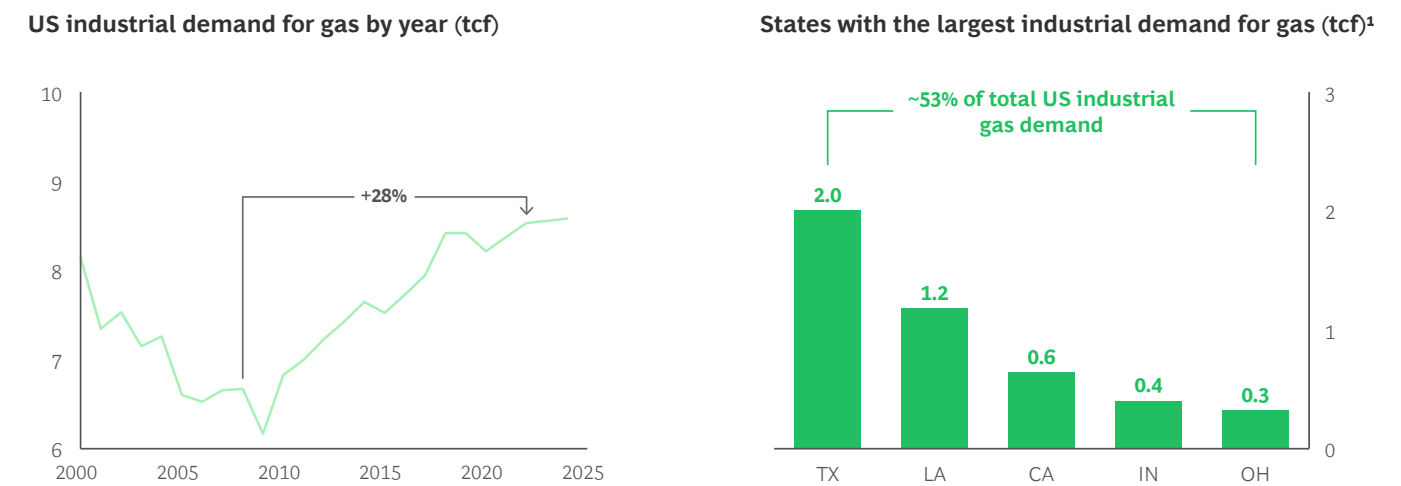
# The Demand Trifecta Powering the US Boom in Natural Gas

In 2024, exports (in the form of liquefied feed gas), electricity generation, and industrial demand were the three largest uses of natural gas in the US



Sources: EIA; BCG analysis.  
 Note: CAGR = compound annual growth rate; tcf = trillion cubic feet.  
<sup>1</sup>Includes natural gas use in pipeline fuel (as consumed in the operation of pipelines, primarily in compressors) and lease fuel in oilfield operations; excludes net pipeline exports.  
<sup>2</sup>CAGR for 2017–2024.

From 2009 to 2024, falling prices caused US industrial demand for natural gas to rise by 28% a year—and demand is likely to keep growing at that rate



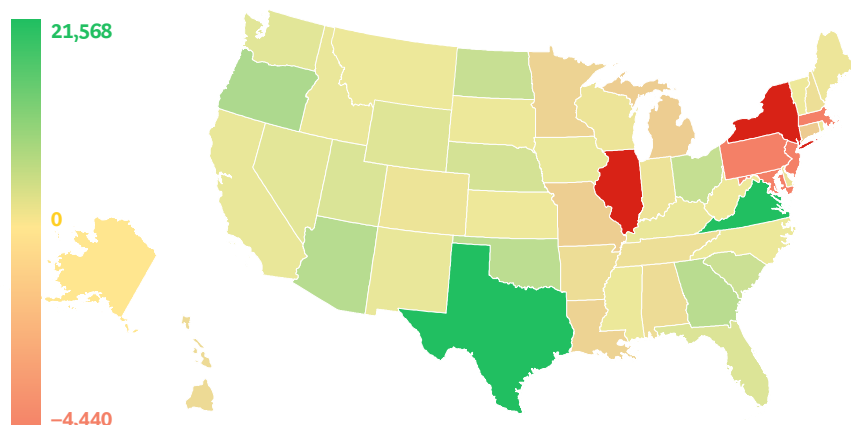
Sources: EIA; BCG analysis.  
 Note: TX = Texas, LA = Louisiana, CA = California, IN = Indiana, OH = Ohio; tcf = trillion cubic feet.  
<sup>1</sup>Industrial demand in 2023; state-level data for 2024 is not yet available.



# The increasing number of data centers being built in the US is driving the country's growing demand for gas-based power

## Change in commercial electricity consumption by state, 2019–2023<sup>1</sup>

Change in consumption (GWh)



Sources: EIA; BCG analysis.

Note: GWh = gigawatt-hour.

<sup>1</sup>As reflected by change in annual volume of electricity sold to commercial customers.

Growth is concentrated in states that are attracting computing investments

Texas and Virginia have faced the sharpest increase in demand for gas-based electricity

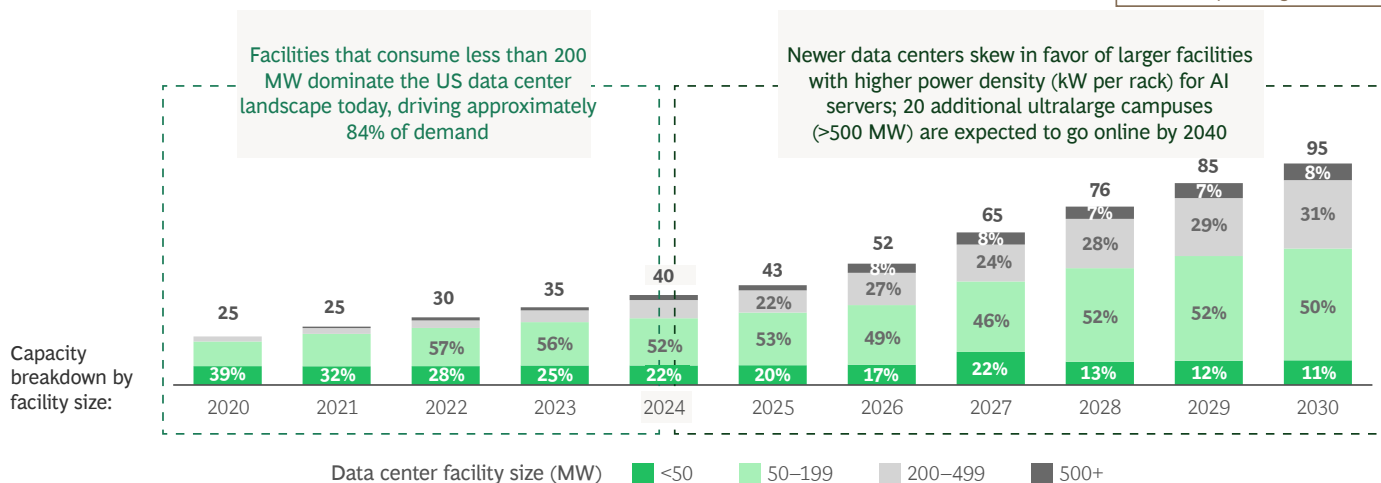
\* Texas's low electricity and land costs have attracted data center investments and cryptocurrency mining operations

\* Virginia is the US's primary data center hub; the state's dense fiber optics backbone is one of the drivers of this trend

## By 2040, data campuses that each consume over 200 MW a year will drive over 50% of the demand for power from US data centers

### Projected power demand from hyperscaler and co-location provider US data centers (GW)

Data shown does not include enterprise segment



Sources: DC Hawk 2025 refresh; market participant interviews; BCG analysis.

Note: kW = kilowatt; MW = megawatt; GW = gigawatt. Because of rounding, not all percentages add up to 100%.

## Despite the constraints that the industry faces, BCG projects a continued boom in the US natural gas industry



**Growth Dependencies.** The sector's growth will depend on domestic demand for natural gas-based power and on the global market for LNG exports. Electricity demand, driven in part by increasing numbers of large data centers being built in the US, could rise by 58% by 2030 while we expect LNG exports to rise by 60% to 2035.



**Infrastructure Constraints.** Despite bullish trends in sectors large and small, infrastructure strains in the US are unmistakable. Pipeline constraints have caused price volatility, from negative prices in Texas (Waha Hub) to spikes in the Northeast, reflecting the inadequacy of existing infrastructure to meet demand.



**Investment Issues.** Jolted by tariffs, inflation, and labor shortages, project costs are rising sharply. For instance, the labor costs of pipeline construction are up by 19%, and gas plant construction costs have risen by 200%—from \$785 per kW in 2022 to \$2,400 per kW in 2025.



**Supply Chain Tangles.** Shortages and rising lead times—as, for example, in the case of steam turbine supply times, which, in the past 12 months or so, have ballooned from 12 months to 40 months—will dampen the growth of natural gas generation.



**No Peaking.** BCG's forecasts don't suggest that output will soon peak. All five of the scenarios we developed find it likely that US natural gas consumption and LNG exports will keep growing over the next decade.

# Five Strategic Paths for the US Natural Gas Industry

Five possible futures exist for US natural gas, according to a BCG study



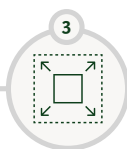
### Blue Rush

A new age dawns, with sufficient supplies and infrastructure to meet growth in natural gas demand. Prices rise enough to incentivize gas producers, but not enough to prompt consumers to demand regulatory relief.



### America First

The supply of natural gas booms, but a winter with high prices makes it difficult for Americans to stay warm. This prompts a policy shift that slows exports and increases domestic use of natural gas. If production slows, too, offering little long-term price relief, there will be scant political will to revisit export policy.



### Export Rush

Demand for natural gas booms, but efficiency gains and other factors cause the demand from the power sector to fizzle out after a few years. Exports then become the primary source of demand growth, followed by petrochemicals.



### Slow Burn

Both demand for and supply of natural gas rise, but supply chain delays, higher costs, and permitting delays stymie growth. This leads to reduced growth in demand and more sluggish exports amid slower overall US economic growth.



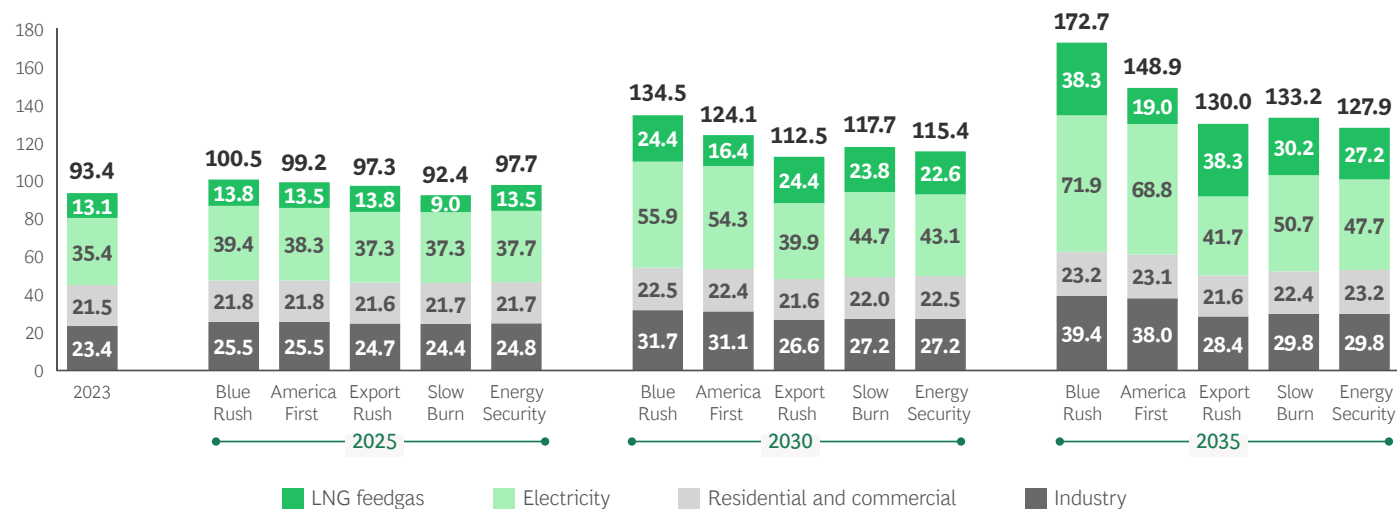
### Energy Insecurity

Geopolitical tensions continue to rise, and other countries increasingly see the US as an unreliable partner. They still buy gas from the US, but mainly as a second choice. This limits growth, as demand is usually for short-term or spot LNG. Subdued economic growth weakens domestic demand for natural gas too.

Source: BCG analysis.

In none of the five scenarios that BCG developed does US natural gas consumption peak over the next ten years

Forecast annual natural gas consumption (bcf/day)



Sources: EIA Annual energy outlook 2023; IEA WEO 2023; Energy Innovation US EPS v4.0; BCG analysis.

Note: "Residential and commercial" does not include lease and plant fuel, pipelines and distribution use, or pipe exports. bcf = billion cubic feet.

## Unlocking Growth in a System Under Strain

Three constraints could slow the US natural gas market's momentum in the future



### Financial constraints



### Construction and operational constraints



### Infrastructure constraints

#### Market pricing dynamics

Labor costs

Inflation

Supply chain costs (including tariffs)

#### Skills shortages

Supply chain shortages (equipment/materials)

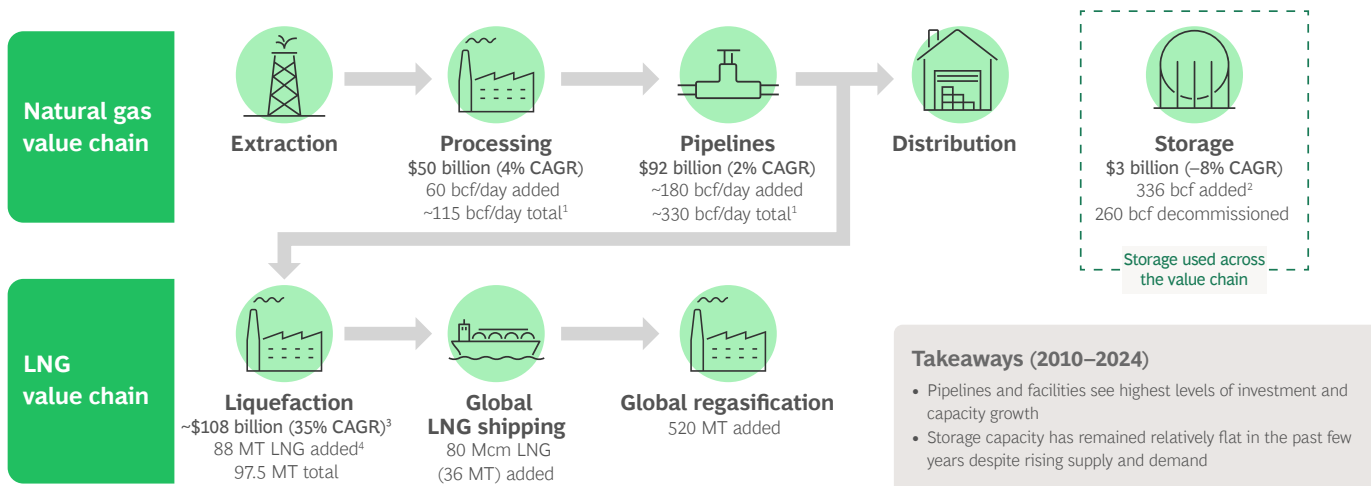
#### Limitations on takeaway capacity

Regulatory and permitting barriers

Source: BCG analysis.



Over \$250 billion has been invested in US infrastructure to deliver natural gas to demand centers, but capacity remains inadequate



Sources: GlobalData; EIA; Rystad Energy; BCG analysis.

Note: Pipeline cost is counted when it reaches commissioning, not when outlays occur. bcf = billion cubic feet; CAGR = compound annual growth rate; Mcm = million cubic meters; MT = million tons.

<sup>1</sup>Built since 1996.

<sup>2</sup>Not counting decommissioning costs. Significant storage capacity has been decommissioned since 2010.

<sup>3</sup>CAGR from 2012.

<sup>4</sup>Since 2016.

## Tomorrow's Growth Plays for the US Natural Gas Industry

To identify the right strategic path forward, US natural gas players need to consider their company's fit with the capabilities they need

		2024 natural gas demand (bcf/day)	2030 US natural gas demand (bcf/day)	Projected CAGR to 2030 (%)	Margin potential over Henry Hub	Requirements to capture margin upside
Natural gas	Global					
	US LNG	11.9	~16–24	Low: +6.1 High: +15.1	Medium to high	Significant capital outlay; trading maximizes upside
	Domestic					
	Electric power <sup>1</sup>	37.0	~40–55	Low: +1.6 High: +8.3	None to high	Differentiated capabilities; clean integrated power
	Other sectors <sup>2</sup>	53.7	~48–55	Low: –2.2 High: +0.5	Low	Partnerships with petrochemical companies

Sources: Rystad Energy; BCG LNG SupplyVision, NERC; EIA; Energy Innovation Policy Simulator; BCG analysis.

Note: bcf = billion cubic feet; CAGR = compound annual growth rate.

<sup>1</sup>Consists of electricity-only and combined heat and power (CHP) plants whose primary business is to sell electricity, or electricity and heat, to the public. We report CHP plants that identify themselves as operating primarily in the commercial or industrial sectors as members of those sectors.

<sup>2</sup>Includes all consumption other than for electric power: residential, commercial, industrial (including CHP plants that identify themselves as operating primarily in the commercial or industrial sectors and therefore were excluded from the "electric power" classification), vehicle fuel, lease and plant fuel, and pipeline and distribution use.

## Six business models have emerged in the LNG segment, each with a distinct value path

Niche players	Tollers	Hybrid merchant tollers	Value chain optimizers	Portfolio players	Merchant traders
<ul style="list-style-type: none"> <li>Build <b>niche footprints in LNG</b>, using <b>regional infrastructure</b></li> <li>Minimize global activities due to smaller scale</li> <li>Represent a business model seen mainly outside North America</li> </ul>	<ul style="list-style-type: none"> <li>Consist of liquefaction plant operators that <b>provide liquefaction services</b> to customers that handle their own gas sourcing and trading</li> <li><b>Generate profits from the fees they charge for liquefaction services</b></li> </ul>	<ul style="list-style-type: none"> <li>Consist of liquefaction plant operators that <b>own large-scale LNG plants and terminals and provide liquefaction service</b></li> <li>May have access to regassification capacity</li> <li>Buy gas through a combination of spot and term contracts</li> <li>Create value by optimizing agreements and connecting source gas with global LNG markets</li> </ul>	<ul style="list-style-type: none"> <li>Consist of upstream companies that <b>own a large upstream gas position</b> and use LNG as one means of monetizing it</li> <li>Have set up an in-house trading unit that is skilled in trading equity flows</li> <li><b>Focus on flow assurance and maximizing value from equity production</b></li> </ul>	<ul style="list-style-type: none"> <li>Develop a <b>global LNG merchant play</b> that includes storage assets, long-term sourcing, and ways for oil companies to find homes for their upstream operations</li> <li>Trade physical and paper assets</li> <li>Leverage a global footprint</li> </ul>	<ul style="list-style-type: none"> <li>Consist primarily of trading companies that <b>take both long and short positions in the LNG market</b></li> <li>Trade only third-party volumes</li> <li>Use market intelligence to identify deals that will create value</li> </ul>

Sources: Interviews with industry experts; BCG analysis.

## America's LNG players can develop different strategies to tackle the five projected scenarios, with agility and cost reduction being common threads

	1 Blue Rush	2 America First	3 Export Rush	4 Slow Burn	5 Energy Security
Tollers	Shift to hybrid business models to capture more value amid rising competition	Secure long-term contracts with flexible structures	Offer flexible pricing to stay competitive amid rising competition	Focus on efficient execution and cost control to offset low margins and project delays	Capture near-term value with spare capacity for short-term tolling contracts
Merchant traders	Enhance trading with AI, data analytics, and talent; prioritize Europe	Protect flexibility by maintaining long-term US contracts and using destination-free terms	Diversify the customer base; use flexible contracts to reduce exposure to volatile spot pricing	Manage the LNG slowdown by trading other commodities and hedging	Exploit price gaps between gas and oil-linked contracts via active price monitoring
Hybrid merchant tollers	Foster commercial relationships, hedge risks, and develop infrastructure	Improve margins by sourcing cheaper feed gas; evaluate alternatives to secure low-cost supply (i.e., own upstream assets)	Pursue additional tolling opportunities; delay nonessential maintenance to maximize gains	Prioritize disciplined capital allocation; streamline operations	Foster relationships with creditworthy clients, and optimize plant operations
Value chain optimizers	Upgrade infrastructure and de-bottleneck	Address supply chain bottlenecks by investing in efficient, low-cost gas resources	Focus on low-cost, high-quality assets; consider divesting more expensive operations	Improve efficiency, reduce costs, and adapt trading strategies to lower-volume operations	Consider shifting to a portfolio player model, and pursue foreign investment
Portfolio players	Scale trading and prioritize low-cost gas plays with metrics	Focus on cost efficiency; secure midstream partnerships to ensure consistent product delivery	Enhance trading with AI and data analytics; boost volume through tolling partnerships	Manage exposure to mitigate volatility and protect portfolio value	Enhance trading with AI, data analytics, and talent; reduce US exposure

Sources: Interviews with industry experts; BCG analysis.

# Gas is turning into gigawatts, as the increasing demand for power creates new opportunities for upstream natural gas players

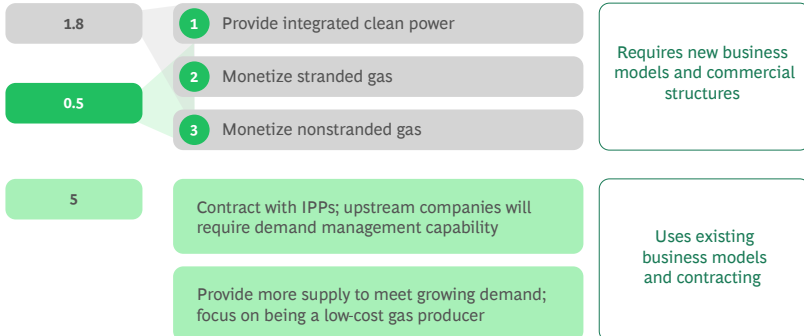
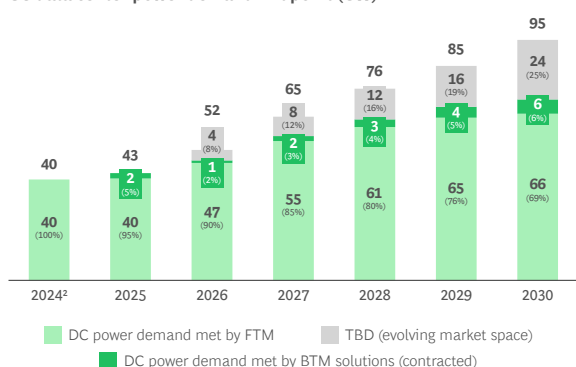
**“Behind the meter” is gaining traction to overcome grid connectivity problems in the short term, but “front of the meter” is the preferred play in the long run**

**Potential gas volume, 2030 (bcf/day)<sup>1</sup>**



**Opportunities for upstream players**

**US data center power demand midpoint (GW)**



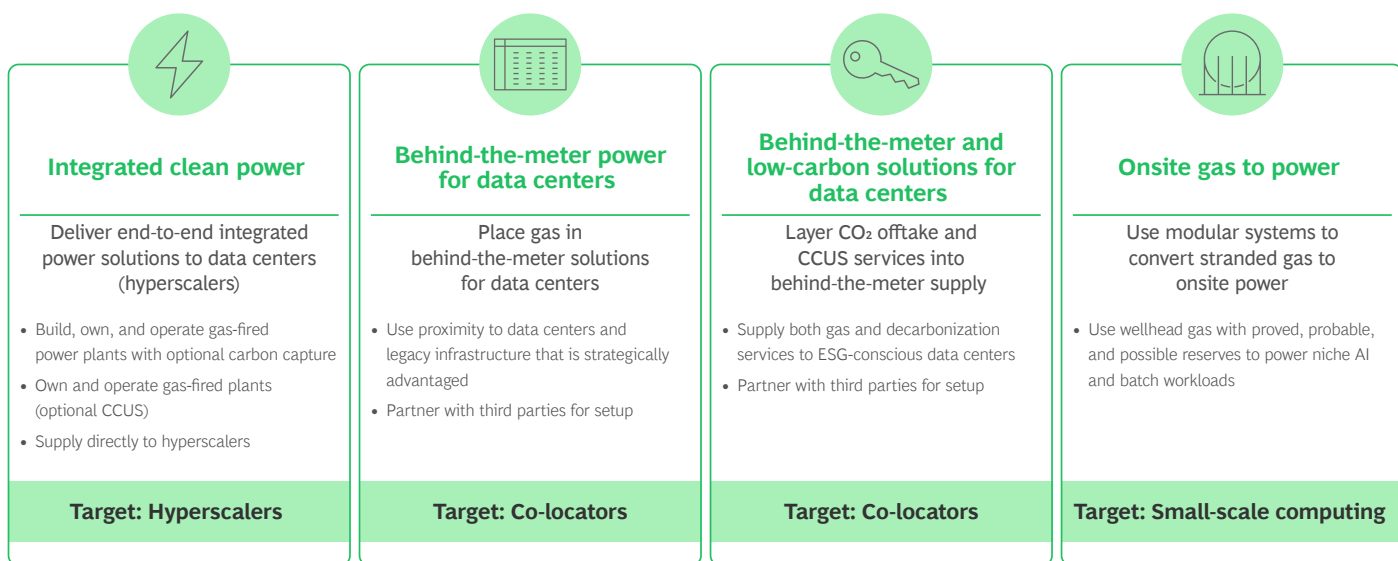
**Sources:** EIA; NERC, interviews with industry experts, BCG power demand market model; BCG analysis.

**Note:** Estimated power demand is based on expected utilization rates for each DC segment by year (ranging from approximately 85% to 87% in 2024 to approximately 85% to 90% in 2030). Values are rounded. Enterprise demand is excluded. bcf = billion cubic feet; BTM = behind the meter; DC = direct current; FTM = front of the meter; IPP = independent power producer; TBD = to be determined.

<sup>1</sup>Gas is assumed to power 50% of the BTM demand in 2030. Other BTM solutions include small modular reactors, renewables (wind and solar), and other technologies.

<sup>2</sup>In 2024, ~44% of FTM power comes from gas generation which is assumed to increase to 50% in 2030. Today, BTM solutions cover negligible power demand; we anticipate that on-site power generation will grow from 2026 onward.

## Electricity business models are evolving as upstream natural gas players try to monetize demand for behind-the-meter solutions



**Sources:** Interviews with industry experts; BCG analysis.

**Note:** CCUS = carbon capture, utilization, and storage; ESG = environmental, social, and governance.



# Midstream players' unique capabilities position them to supply power to data centers cost-effectively and reliably



## Control of critical infrastructure

- Swiftly deploy large-scale gas pipelines to data centers
- Maximize reliability through storage access and supply redundancy
- Flexibly manage gas flows, and rapidly respond to demand swings
- Quickly invest in infrastructure expansion



## Ability to balance demand

- Use line pack and underground storage to absorb demand swings
- Maintain high-reliability (99.99999%) uptime



## Direct connectivity and last-mile reach

- Own pipeline routes near major data center hubs
- Enable short spur connections and rapid deployment
- Use hot tap access to reduce the need for new infrastructure



## Sophisticated commercial models

- Offer flexible contracts that include fixed-fee and passthrough pricing options
- Lower costs by eliminating intermediaries
- Bundle energy services (energy as a service)

Sources: Interviews with industry experts; BCG analysis.

## Midstream players are investing to improve efficiency



### Reduce operating costs

Midstream players have unveiled multiple initiatives to unlock financial and operational efficiency and better manage suppliers



### Enhance capital delivery

Midstream companies have invested in increasing their capacity

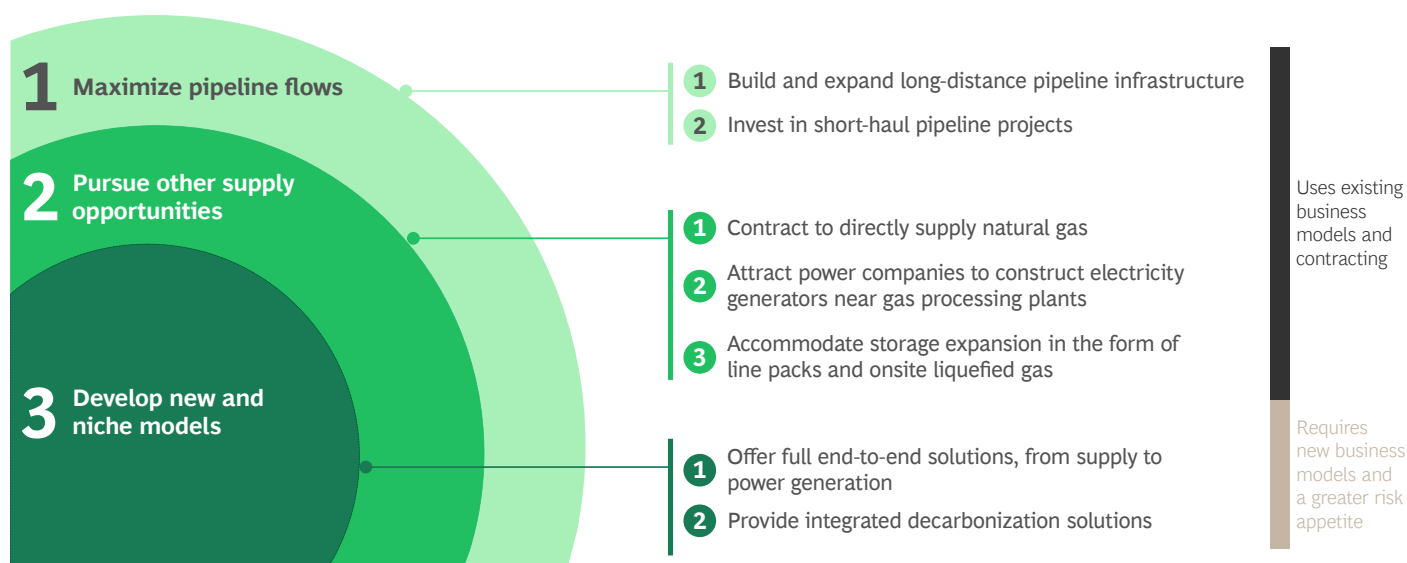


### Optimize capabilities

Midstream leaders have strengthened their analytical capabilities to reduce unplanned downtime and maintenance costs

Sources: Interviews with industry experts; BCG analysis.

# Midstream players are exploring new business models to capture increased demand



Sources: Interviews with industry experts; BCG analysis.

## In sum, the US natural gas industry is ready to keep growing despite the current constraints and uncertainty

Natural gas demand is poised for growth, with US exports likely to increase by 11% per year, from around 16 billion cubic feet per day (bcf/day) in 2024 to as much as 55 bcf/day by 2030.

Several opportunities exist for midstream and upstream natural gas companies, but some of them will require companies to create differentiated offerings.

Integrated upstream players can capture the highest margin by delivering turnkey clean-power solutions directly to data centers.

Niche upstream models can monetize stranded gas, providing onsite modular power solutions for smaller data centers (under 50 MW) and thereby capturing extra value.

Midstream operators can benefit from infrastructure proximity, with projects that involve directly supplying reliable behind-the-meter power.

Their midstream players' balancing capabilities, such as line-pack and storage flexibility, crucial for supplying power to data centers, give them an advantage over upstream players.

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