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DEPARTMENT OF ENERGY

[FE Docket No. 14-29-LNG]

Louisiana LNG Energy LLC; Application for Long-Term Authorization to Export Liquefied Natural Gas Produced from Domestic Natural Gas Resources to Non-Free Trade Agreement Countries for a 25-Year Period

AGENCY: Office of Fossil Energy, DOE.

ACTION: Notice of application.

SUMMARY: The Office of Fossil Energy (FE) of the Department of Energy (DOE) gives notice of receipt of an application (Application) filed on February 18, 2014, by Louisiana LNG Energy LLC (LLNG), requesting long-term, multi-contract authorization to export two million metric tons per year (mtpa) of liquefied natural gas (LNG) produced from domestic sources, which LLNG states is equivalent to approximately 103.4 billion cubic feet per year (Bcf/yr) of natural gas (0.28 Bcf per day (Bcf/d)). LLNG seeks authorization to export the LNG for a 25-year term from a proposed LNG liquefaction project to be located near mile marker 46 on the East Bank of the Mississippi River, down-river from the Port of New Orleans, in Plaquemines Parish, Louisiana (Project). LLNG requests authorization to export this LNG by vessel to any country with which the United States does not have a free trade agreement (FTA) requiring national treatment for trade in natural gas (non-FTA countries), and with which trade is not prohibited by U.S. law or policy. LLNG seeks to export this LNG on its own behalf and as agent for other parties who hold title to the LNG at the time of export. LLNG requests that this authorization commence on the earlier of the date of first export or 10 years from the date the

authorization is issued. The Application was filed under section 3(a) of the Natural Gas Act (NGA).

DATES: Protests, motions to intervene or notices of intervention, as applicable, requests for additional procedures, and written comments are to be filed using procedures detailed in the **Public Comment Procedures** section no later than 4:30 p.m., Eastern time, [**INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER**].

ADDRESSES:

Electronic Filing by email:
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Regular Mail
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SUPPLEMENTARY INFORMATION:

Background

Applicant. LLNG is a Texas limited liability company with its principal place of business in Houston, Texas. LLNG is owned and controlled by five equal members who also serve as officers of the LLC: James H. Lindsay, Ralph Summers, J.Q. Delap, Steven P. Martin, and Thomas W. Burgess. Each member holds a 20% ownership interest in LLNG. LLNG states that it intends to transfer a controlling ownership interest from the five members to ArcLight Capital Partners, LLC, a Massachusetts-based private equity firm specializing in the energy sector.

Procedural History. In the Application, LLNG stated that it expects to file a request with the Federal Energy Regulatory Commission (FERC) in May 2014 to initiate the pre-filing environmental review process for the proposed Project. We take administrative notice that LLNG made this request to FERC on July 11, 2014, and FERC accepted LLNG's pre-filing request on July 18, 2014, in FERC Docket No. PF14-17-000.

On July 24, 2014, LLNG submitted a supplement to its Application, in which it provided additional detail on the requested export volume, corporate structure, and source of the natural gas to be exported.[1] LLNG also provided a description of the Project's LNG marine facilities, LNG truck loading facilities, and modular design plan. On August 28, 2014, LLNG submitted a second supplement to DOE/FE by electronic mail, clarifying information concerning its access to

[1] *See* Louisiana LNG Energy LLC, Supplement to Applications of Louisiana LNG Energy LLC for Long-Term Authorization to Export Liquefied Natural Gas to Free Trade Agreement and Non-Free Trade Agreement Countries, Docket Nos. 14-19-LNG, 14-29-LNG (July 24, 2014) [hereinafter Supplement].

natural gas supplies. The additional Project detail provided in both supplements is incorporated herein.

On August 28, 2014, DOE/FE issued Order No. 3482, in which it granted LLNG's FTA export application, filed separately on February 5, 2014. In that order, DOE/FE authorized LLNG to export domestically produced LNG by vessel from the Project to FTA countries (*i.e.*, countries with which the United States currently has, or in the future will have, a free trade agreement requiring national treatment for trade in natural gas)[2] in a volume equivalent to approximately 103.4 Bcf/yr of natural gas for a term of 25 years.[3] LLNG states that the LNG export volumes requested for its FTA and non-FTA authorizations, both equivalent to 103.4 Bcf/yr of natural gas, are not additive.

Liquefaction Project. LLNG proposes to construct a liquefaction facility on a 200-acre site near mile market 46 on the East Bank of the Mississippi River, in Plaquemines Parish, Louisiana. LLNG states that the proposed site is currently under lease by LLNG with multiple renewal options extending through May 31, 2091.

LLNG states that the liquefaction facility will consist of four 74,380 thousand cubic feet per day (Mcf/d) liquefaction trains with a total annual capacity of approximately 100 Bcf (or two mtpa) of LNG. LLNG further states that the facility will include two amine and dehydration units, which will be located upstream of the four liquefaction trains to remove residual moisture, CO_2, and natural gas liquids. These and other facility components, including storage tanks, heat

[2] The United States currently has FTAs requiring national treatment for trade in natural gas with Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore. FTAs with Israel and Costa Rica do not require national treatment for trade in natural gas.
[3] *Louisiana LNG Energy LLC*, DOE/FE Order. No. 3482, FE Docket No. 14-19-LNG, Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Louisiana LNG Energy LLC Project in Plaquemines Parish, Louisiana, to Free Trade Agreement Nations (Aug. 28, 2014).

exchangers, air coolers, and gas turbines, will be built in a modular fashion and assembled on-site.[4]

LLNG states that it plans to construct a marine loading terminal and LNG truck loading facilities. According to LLNG, the marine loading terminal will consist of one berth for LNG cargo ships ranging in size from 130,000 to 175,000 cubic meters (m^3) cargo capacity, and will have cryogenic loading arms for the loading of LNG. The LNG storage tanks will be fitted with pumps to transfer LNG to cargo ships at a loading rate of 10,000 m^3 per hour.

LLNG states that the LNG truck loading station will be fenced off and separate from the main liquefaction facility site. Two truck loading bays, with weigh stations, will have pumps to transfer LNG from the LNG storage tanks to the trucks. Flexible cryogenic hoses will enable the transfer of LNG to each truck at a rate of approximately 400 gallons per minute. LLNG states that hoses will send boil-off gas to a handling system.

Current Application

LLNG requests long-term, multi-contract authorization to export two mtpa of domestically produced LNG in a volume equivalent to approximately 103.4 Bcf/yr of natural gas (0.28 Bcf/d). LLNG requests to export the LNG by vessel from the proposed Project to any country that does not have a FTA requiring national treatment for trade in natural gas with which trade is not prohibited by U.S. law or policy. LLNG requests this authorization for a 25-year term commencing on the earlier of the date of first export or 10 years from the date the requested authorization is granted.

LLNG requests this authorization on its own behalf and as agent for other entities who hold title to the LNG at the time of export. LLNG states that it expects to enter into Liquefaction

[4] In its first Supplement, LLNG describes how construction is anticipated to proceed and identifies the planned designer and/or manufacturer of the major facility components. *See* Supplement at 5-6.

Tolling Agreements (LTAs) under which individual customers who hold title to natural gas will have the right to deliver that gas to LLNG and receive LNG in return. According to LLNG, these contracts will be executed on a date closer to the date of first export. LLNG notes that the title holder at the point of export may be LLNG or one of LLNG's customers, or another party that has purchased LNG from a customer pursuant to a long-term contract.

LLNG states that it will comply with all DOE/FE requirements for exports and agents, including registration requirements. LLNG further states that, when acting as agent, it will register with DOE/FE each LNG title holder for which LLNG seeks to export LNG as agent, and will comply with other registration requirements as set forth in recent DOE/FE orders.

LLNG seeks authorization to export natural gas available in the United States natural gas pipeline system. Specifically, LLNG anticipates that the sources of natural gas will include Texas and Louisiana producing regions and the offshore gulf producing regions, but may include natural gas produced throughout the United States.

LLNG proposes to construct approximately 2.3 miles of 24-inch diameter natural gas pipeline. According to LLNG, the pipeline will interconnect with the High Point Gas Transmission interstate pipeline system located north of the proposed Project. LLNG states that this pipeline interconnection will provide LLNG access to approximately 1.4 Bcf/d of natural gas supplies from multiple supply basins, including four major interstate pipeline systems. LLNG further states that it will install metering and any additional compressors on the Project site.

Public Interest Considerations

LLNG contends that the Application fully addresses each of the public interest criteria applied by DOE/FE in reviewing export applications, and that the proposed export is not inconsistent with the public interest. In support of the Application, LLNG addresses the following criteria:

Domestic Need for the Gas. According to LLNG, DOE/FE has consistently found that the United States has sufficient natural gas supplies to support the proposed exports. LLNG asserts that, in several recent non-FTA conditional authorizations, DOE/FE reviewed three measures of supply as part of its analysis: (1) U.S. Energy Information Administration (EIA) Annual Energy Outlook natural gas estimates of production, price, and other domestic industry fundamentals; (2) proved reserves of natural gas; and (3) technically recoverable resources. LLNG maintains that all three measures of supply confirm that U.S. natural gas reserves are more than sufficient to meet long-term demand for both domestic consumption and the proposed exports. Therefore, LLNG contends that the proposed export authorization will not have a detrimental impact on the domestic supply of natural gas.

Impact on U.S. Natural Gas Market Prices. LLNG maintains that the proposed exports will not have a significant impact on domestic natural gas prices. LLNG points to the second part of the two-part LNG Export Study commissioned by DOE/FE on the cumulative economic impacts of LNG exports.[5] The study, conducted by NERA Economic Consulting (NERA), assessed the potential macroeconomic impact of LNG exports. LLNG cites NERA's conclusions that: (i) across all scenarios studied, the United States is projected to gain net economic benefits from allowing LNG exports, and (ii) natural gas prices in the United States will not rise to the levels observed in other parts of the world.

LLNG contends that NERA's conclusions have been confirmed by numerous additional publicly available studies. According to LLNG, these studies are part of the growing body of

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[5] NERA Economic Consulting, *Macroeconomic Impacts of LNG Exports from the United States* (Dec. 5, 2012), *available at*: http://fossil.energy.gov/programs/gasregulation/reports/nera_lng_report.pdf (NERA Study).

evidence confirming that the export of domestically produced LNG, such as the exports requested in the Application, will have positive economic benefits for the United States as a whole.

Economic Benefits. LLNG asserts that exporting natural gas that is not needed to serve U.S. demand promotes the President's pro-export policies, including the National Export Initiative,[6] while improving local, regional, and national economies through resource development, an enhanced tax base, job creation, and increased overall economic activity. LLNG emphasizes the jobs that will be created in Louisiana and the Gulf Coast related to the construction and operation of the Project. LLNG also asserts that that the requested authorization would positively impact the U.S. balance of trade.

Benefits to National Energy Security. LLNG maintains that granting the requested authorization will spur energy production and the development of new resources, thereby enhancing national energy security. In addition to citing DOE/FE statements in past export orders, LLNG cites a study by the James A. Baker III Institute for Public Policy at Rice University, which it states identifies the positive impacts of increased natural gas production on energy security.[7]

Environmental Benefits. LLNG maintains that LNG exports can have significant environmental benefits because natural gas is cleaner burning than other fossil fuels, such as coal. According to LLNG, an increased supply of natural gas made possible through the export of LNG can help countries reduce their usage of less environmentally-friendly fuels.

[6] National Export Initiative, Exec. Order No. 13,534, 75 FR 12,433 (Mar. 11, 2010).
[7] Kenneth B. Medlock III, Ph.D., et al., *Shale Gas and U.S. National Energy Security*, James A. Baker III Institute for Public Policy, Rice University (July 2011), *available at* http://bakerinstitute.org/files/496/.

Based on these factors, LLNG maintains that the proposed exports are not inconsistent with the public interest. Additional details can be found in LLNG's Application, posted on the DOE/FE website at:

http://energy.gov/fe/downloads/louisiana-lng-energy-llc-fe-dkt-no-14-29-lng

Environmental Impact

LLNG states that it will file an application with FERC for authorization to construct the liquefaction facility. LLNG asks DOE/FE to issue this requested authorization conditioned on FERC's completion of the NEPA review and approval of the required construction. LLNG states that it is standard practice for FERC to act as the lead agency for the environmental review, with DOE acting as a cooperating agency.

DOE/FE Evaluation

The Application will be reviewed pursuant to section 3(a) of the NGA, 15 U.S.C. 717b(a), and DOE will consider any issues required by law or policy. To the extent determined to be relevant, these issues will include the domestic need for the natural gas proposed to be exported, the adequacy of domestic natural gas supply, U.S. energy security, and the cumulative impact of the requested authorization and any other LNG export application(s) previously approved on domestic natural gas supply and demand fundamentals. DOE may also consider other factors bearing on the public interest, including the impact of the proposed exports on the U.S. economy (including GDP, consumers, and industry), job creation, the U.S. balance of trade, and international considerations; and whether the authorization is consistent with DOE's policy of promoting competition in the marketplace by allowing commercial parties to freely negotiate their own trade arrangements. Parties that may oppose this Application should address these issues in their comments and/or protests, as well as other issues deemed relevant to the Application.

NEPA requires DOE to give appropriate consideration to the environmental effects of its decisions. No final decision will be issued in this proceeding until DOE has met its environmental responsibilities.

Due to the complexity of the issues raised by the Applicant, interested persons will be provided 60 days from the date of publication of this Notice in which to submit comments, protests, motions to intervene, notices of intervention, or motions for additional procedures.

Public Comment Procedures

In response to this Notice, any person may file a protest, comments, or a motion to intervene or notice of intervention, as applicable. Any person wishing to become a party to the proceeding must file a motion to intervene or notice of intervention, as applicable. The filing of comments or a protest with respect to the Application will not serve to make the commenter or protestant a party to the proceeding, although protests and comments received from persons who are not parties will be considered in determining the appropriate action to be taken on the Application. All protests, comments, motions to intervene, or notices of intervention must meet the requirements specified by the regulations in 10 CFR part 590.

Filings may be submitted using one of the following methods: (1) e-mailing the filing to fergas@hq.doe.gov with FE Docket No. 14-29-LNG in the title line; (2) mailing an original and three paper copies of the filing to the Office of Oil and Gas Global Security and Supply at the address listed in ADDRESSES; or (3) hand delivering an original and three paper copies of the filing to the Office of Oil and Gas Global Security and Supply at the address listed in ADDRESSES. All filings must include a reference to FE Docket No. 14-29-LNG. PLEASE

NOTE: If submitting a filing via email, please include all related documents and attachments (e.g., exhibits) in the original email correspondence. Please do not include any active hyperlinks or password protection in any of the documents or attachments related to the filing. All electronic filings submitted to DOE must follow these guidelines to ensure that all documents are filed in a timely manner. Any hardcopy filing submitted greater in length than 50 pages must also include, at the time of the filing, a digital copy on disk of the entire submission.

A decisional record on the Application will be developed through responses to this notice by parties, including the parties' written comments and replies thereto. Additional procedures will be used as necessary to achieve a complete understanding of the facts and issues. A party seeking intervention may request that additional procedures be provided, such as additional written comments, an oral presentation, a conference, or trial-type hearing. Any request to file additional written comments should explain why they are necessary. Any request for an oral presentation should identify the substantial question of fact, law, or policy at issue, show that it is material and relevant to a decision in the proceeding, and demonstrate why an oral presentation is needed. Any request for a conference should demonstrate why the conference would materially advance the proceeding. Any request for a trial-type hearing must show that there are factual issues genuinely in dispute that are relevant and material to a decision, and that a trial-type hearing is necessary for a full and true disclosure of the facts.

If an additional procedure is scheduled, notice will be provided to all parties. If no party requests additional procedures, a final Opinion and Order may be issued based on the official record, including the Application and responses filed by parties pursuant to this notice, in accordance with 10 CFR 590.316.

The Application is available for inspection and copying in the Division of Natural Gas Regulatory Activities docket room, Room 3E-042, 1000 Independence Avenue, S.W., Washington, DC 20585. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays. The Application and any filed protests, motions to intervene or notice of interventions, and comments will also be available electronically by going to the following DOE/FE Web address: http://www.fe.doe.gov/programs/gasregulation/index.html.

Issued in Washington, D.C., on September 18, 2014.

John A. Anderson,
Director, Division of Natural Gas Regulatory Activities,
Office of Oil and Gas Global Security and Supply,
Office of Oil and Natural Gas.

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