

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY AND CARBON MANAGEMENT

SPOTX ENERGY, LLC

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DOCKET NO. 19-104-LNG

ORDER VACATING LONG-TERM AUTHORIZATION FOR
SMALL-SCALE EXPORTS OF LIQUEFIED NATURAL GAS

DOE/FECM ORDER NO. 4461-A

MARCH 28, 2022

I. INTRODUCTION

On November 8, 2019, in Order No. 4461 (Order),¹ the Department of Energy's (DOE) Office of Fossil Energy (now the Office of Fossil Energy and Carbon Management)² granted a consolidated long-term authorization to SpotX Energy, LLC (SpotX).

Under that Order, DOE authorized SpotX to export domestically produced liquefied natural gas (LNG) in a volume equivalent to 51.75 billion cubic feet per year (Bcf/yr) of natural gas, pursuant to section 3(a) of the Natural Gas Act (NGA)³ and DOE's regulations for small-scale natural gas exports.⁴ SpotX was authorized to load the LNG into approved ISO containers at 20 natural gas liquefaction facilities (Facilities) located on the Gulf Coast, for export to any country which the United States does not have a free trade agreement (FTA) requiring national treatment for trade in natural gas, and with which trade is not prohibited by U.S. law or policy (non-FTA countries).⁵ This small-scale authorization was for a term of 20 years to commence on the date of first commercial export.⁶ As part of Order No. 4461, DOE also authorized SpotX to export LNG from the Facilities to FTA countries on a long-term basis pursuant to NGA section 3(c),⁷ but that authorization is not at issue in this Order.

DOE issued the authorizations in Order No. 4461 subject to various Terms and Conditions and Ordering Paragraphs. As relevant here, in Term and Condition B, DOE "[found]

¹ *SpotX Energy, LLC*, DOE/FE Order No. 4461, Docket No. 19-104-LNG, Order Granting Long-Term Authorization to Export Liquefied Natural Gas to Free Trade Agreement Nations, and Long-Term Authorization for Small-Scale Exports of Liquefied Natural Gas (Nov. 8, 2019), *available at*: <https://www.energy.gov/sites/prod/files/2019/11/f68/ord4461.pdf>.

² The Office of Fossil Energy changed its name to the Office of Fossil Energy and Carbon Management on July 4, 2021.

³ 15 U.S.C. § 717b(a). The authority to regulate the imports and exports of natural gas, including LNG, under section 3 of the NGA (15 U.S.C. § 717b) has been delegated to the Assistant Secretary for FECM in Redefinition Order No. S4-DEL-FE1-2021, issued on March 25, 2021.

⁴ *See SpotX Energy, LLC*, DOE/FE Order No. 4461, at 2 (citing 10 C.F.R. §§ 590.102(p), 590.208(a)), 11; *see also* U.S. Dep't of Energy, Small-Scale Natural Gas Exports; Final Rule, 83 Fed. Reg. 35,106 (July 25, 2018).

⁵ *See SpotX Energy, LLC*, DOE/FE Order No. 4461, at 4, 11-12.

⁶ *Id.* at 11.

⁷ 15 U.S.C. § 717b(c); *see SpotX Energy, LLC*, DOE/FE Order No. 4461, at 6-8, 11.

that SpotX should be able to commence small-scale exports of LNG immediately,” and thus “add[ed] as a condition of the small-scale authorization that SpotX must commence commercial LNG export operations no later than two years” from the date the Order was issued.⁸ Likewise, Ordering Paragraph C states that, for the small-scale authorization, “SpotX must commence export operations using the Facilities no later than two years from the date of issuance of this Order.”⁹

II. DISCUSSION

In Order No. 4461, DOE required SpotX to commence the authorized small-scale export operations no later than two years from the date of issuance of the Order—*i.e.*, by November 8, 2021.¹⁰ On September 13, 2021, DOE sent a courtesy reminder notice (Notice) to SpotX about its then-upcoming export commencement deadline.¹¹ SpotX did not respond to that Notice, nor did it commence small-scale exports by November 8, 2021.

Subsequently, on January 13, 2022, DOE spoke with Mr. Ravi Bajaj, President of SpotX. Mr. Bajaj acknowledged that, because SpotX had not commenced small-scale exports by November 8, 2021 deadline, the small-scale authorization in Order No. 4461 had expired. DOE informed Mr. Bajaj that DOE would be vacating the small-scale authorization, but that the vacatur would be without prejudice to SpotX applying for a new small-scale authorization in the future.

⁸ *SpotX Energy, LLC*, DOE/FE Order No. 4461, at 7.

⁹ *Id.* at 12.

¹⁰ *See id.* at 7, 12.

¹¹ Email from DOE to SpotX Energy, LLC, Regarding Upcoming Commencement Deadline (Sept. 13, 2021), available at: <https://www.energy.gov/sites/default/files/2021-11/Upcoming%20Export%20Deadline%20Email%20Reminder%20SpotX%20Energy%20LLC%20Docket%20No.%2019-104-LNG.pdf>.

III. FINDINGS

For the reasons stated above, DOE finds that SpotX has not complied with the small-scale authorization provisions set forth in Term and Condition B and Ordering Paragraph C of Order No. 4461, as well as DOE's regulations.¹² Because SpotX did not commence small-scale exports by the November 8, 2021 deadline, the small-scale authorization granted in Order No. 4461 has expired.

Under section 16 of the NGA, DOE is authorized "to prescribe, issue, make, amend, and rescind such orders, rules, and regulations as it may find necessary or appropriate" to carry out its responsibilities.¹³ Pursuant to this authority, DOE finds it necessary and appropriate to vacate the small-scale authorization set forth in Order No. 4461. This action is taken without prejudice, should SpotX wish to file an application requesting a new small-scale export authorization in the future.

ORDER

Pursuant to sections 3 and 16 of the Natural Gas Act, it is ordered that:

- A. SpotX's long-term authorization to export small-scale exports of LNG to non-FTA countries granted in DOE/FE Order No. 4461 (Docket No. 19-104-LNG) is vacated; and
- B. SpotX's long-term authorization to export LNG to FTA countries also granted in

¹² See 10 C.F.R. § 590.406 ("Compliance with orders").

¹³ 15 U.S.C. § 717o.

DOE/FE Order No. 4461 remains in effect.

Issued in Washington, D.C., on March 28, 2022.

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