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U.S. Department of Energy
Office of Fossil Energy & Carbon Management
Office of Regulation, Analysis and Engagement
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Attention: Texas LNG Brownsville LLC, FE Docket No. 13-062-LNG,
Order Nos. 3716 and 4489 Semi-Annual Progress Report

Dear Members of the Office of Regulation, Analysis and Engagement:

By DOE/FE Order No. 3716, the U.S. Department of Energy Office of Fossil Energy (DOE) authorized Texas LNG Brownsville LLC (Texas LNG) to export approximately 204.4 Bcf/yr. of natural gas in the form of liquefied natural gas (LNG) produced from domestic sources from its proposed terminal at the Port of Brownsville, Texas (the Project) to any country with which the United States currently has, or in the future will have, a free trade agreement (FTA). Subsequently, by DOE/FE Order No. 4489, DOE authorized Texas LNG to export that quantity of natural gas from the same facilities to any country with which the United States has not entered into an FTA requiring national treatment for trade in natural gas, and with which trade is not prohibited by U.S. law or policy.

The DOE Orders were subject to certain conditions, including a requirement that Texas LNG submit semi-annual progress reports on the Project. Texas LNG submits this progress report pursuant to those Orders.

As described herein, Texas LNG has made important advances during the last six months in the areas of: i) Project design and construction, ii) permitting and other regulatory matters, and iii) commercial negotiations.

Project Design, Construction and Financing

A Final Investment Decision (FID) for the Project is dependent upon completion of Front-End Engineering and Design (FEED) for the Project. After discussion with a number of large, multi-national Engineering, Procurement and Construction (EPC) companies, in May 2022, Texas LNG executed an agreement with Technip Energies USA, Inc. (“Technip Energies”) and Samsung Engineering Co., Ltd (“Samsung Engineering”) to lead the delivery of the facility via a joint venture.

Technip Energies is a leading technology and global engineering, procurement, construction and project management company that has delivered more than 20 percent of worldwide operating LNG capacity. It will partner with Samsung Engineering, a global engineering, procurement, construction and project management firm that also holds a minority equity interest in Texas LNG. Under a project financeable structure, the two companies will be responsible for all facets of the liquefaction facility’s delivery including engineering, construction coordination, start-up, and commissioning.

Further, the pre-FID engineering is now fully underway and 15 percent complete.

Permitting and Regulatory Activities

The Project is subject to a number of permitting requirements, and the FERC approval of construction of Texas LNG’s export facilities is also subject to a number of environmental conditions. During the last six months, Texas LNG has continued to actively pursue compliance with key permitting and environmental conditions.

As previously, reported, the Project air quality permit from the Texas Commission on Environmental Quality runs through May 2023. Similarly, the permit from the Federal Aviation Administration (FAA) that the Project requires because of its proximity to the Space X rocket launch site in Boca Chica, Texas, remains in effect through April 2023. There have been no further developments in the last six months with respect to those permits.

Because the Project includes approximately 45 acres of wetlands that will be impacted by the Project, Texas LNG must obtain a permit pursuant to Section 404 of the Clean Water Act before construction can commence. To that end, Texas LNG had prepared a wetlands mitigation plan, and the U.S. Army Corps of Engineers (the Corps) had provided its comments on the plan including the comments received from public during the public notice period that extended from April 14, 2022, through May 16, 2022. In the last six months, Texas LNG has addressed those comments and suggestions, and it has submitted its final wetlands mitigation plan. It expects the Corps will issue its final approval of the mitigation plan very shortly.

As a condition of the FERC approval of the Project, Texas LNG is also required to develop a plan in consultation with the Texas Parks and Wildlife Department for relocation of Texas tortoises found on the site. Texas LNG has submitted a draft relocation plan, and, as previously reported, it expects to obtain approval for the plan during the third quarter of 2023.

As previously reported, on appeal from FERC approval of the Project, the D.C. Circuit concluded that FERC had not adequately considered whether it should take into account the social cost of carbon associated with the Project and the impacts of the Project on environmental justice. The Court did not vacate FERC's authorization of the Project, but it remanded the matter to FERC for further consideration of these issues. *Vecinos para el Bienestar de la Comunidad Costera v. FERC*, 6 F.4th 1321 (2021). On February 3, 2022, FERC staff issued data requests on the remanded issues. Texas LNG completed its responses to those data requests on April 29, 2022. FERC staff issued a second round of data requests on August 16, 2022. Texas LNG has just completed and submitted its final responses to that second set of data requests. Texas LNG remains of the view that these remand proceedings will not adversely affect the Project construction schedule.

On January 7, 2022, following a technical conference on greenhouse gas (GHG) mitigation, Texas LNG also submitted to FERC a description of its "Green by Design" plan for the Project, explaining how, the Project is been designed to be among the world's lowest emitters of GHGs measured by million metric tonnes of CO₂ equivalents per annum for each one million tonnes per annum of LNG capacity. Consistent with the "Green by Design" objectives of the Project, Texas LNG has commenced discussions with independent power producers about obtaining low carbon intensity power to meet the electricity needs of the Project.

Commercial Negotiations

A project such as this entails reaching agreement on three key commercial matters: gas supply, gas transportation, and gas offtake (i.e., purchase commitments). As previously reported to DOE, because gas supplies in the region where the Project is located are plentiful, Texas LNG has concluded it is premature to contract for gas supplies. Texas LNG has concluded a 20-year precedent agreement to transport domestic natural gas to its export facilities on the Valley Crossing Pipeline, a subsidiary of Enbridge.

Gas offtake is the area where there has been the greatest activity in the last six months. Texas LNG is in active discussions with buyers in both Europe and Asia. It is finding robust demand for LNG from the Project. It also continues to believe that affiliate demand for natural gas in Latin America and Asia will account for a material portion of its exports. Texas LNG is aware of its obligation to report to DOE when it finalizes contracts for the export of LNG, and it will fulfill that obligation.

Conclusion

As the foregoing demonstrates, over the last six months, the Texas LNG Project has continued to make progress across the major fronts that are essential to a successful LNG export project, advancing the Project steadily towards commercial operations.

Texas LNG would be happy to answer any questions DOE may have.

Very truly yours,

A handwritten signature in black ink that reads "Mary Anne Sullivan". The signature is written in a cursive, flowing style.

Mary Anne Sullivan
Counsel for Texas LNG Brownsville LLC