



Southern LNG  
Company, L.L.C.  
a Kinder Morgan company

March 7, 2016

Rec'd DOE/FE 3/7/2016 via email

VIA EMAIL - [John.Anderson@hq.doe.gov](mailto:John.Anderson@hq.doe.gov)

Mr. John Anderson  
Office of Fossil Energy [FE-34]  
U.S. Department of Energy  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

Re: Elba Liquefaction Project Update  
FE Docket No. 12-100-LNG  
DOE/FE Order No. 3106

Dear Mr. Anderson:

On August 15, 2014, the U.S. Department of Energy (“DOE”) published a notice in the Federal Register suspending its practice of issuing conditional decisions prior to completion of the National Environmental Policy Act (“NEPA”).<sup>1</sup> The notice stated that DOE

will act on applications in order the order they become ready for final action. An application is ready for final action when DOE has completed the pertinent NEPA review process and when DOE has sufficient information on which to base a public interest determination. For purposes of determining the order in which DOE will act on applications before it, DOE will use the following criteria . . . (2) for projects for which an EA has been prepared, upon publication by DOE of a Finding of No Significant Impact . . . .<sup>2</sup>

On February 5, 2016, the staff of the Federal Energy Regulatory Commission issued an Environmental Assessment (“EA”) for the Elba Liquefaction Project. The EA concludes that approval of the Project, with the appropriate mitigation measures described in the EA, would not constitute a major federal action significantly affecting the quality of the human environment. DOE, U.S. Department of Transportation, and U.S. Coast Guard participated as cooperating agencies in the preparation of the EA. Accordingly, the DOE has sufficient information on which to base a public interest determination.

Southern LNG Company, L.L.C. (“SLNG”) hereby submits this letter to provide DOE’s Office of Fossil Energy (“DOE/FE”) updates regarding its application in Docket No. 12-100-LNG seeking authority to export liquefied natural gas (“LNG”) to any country that has or in the future develops the capacity to import LNG via ocean-going carrier and with which the United States

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<sup>1</sup> *Dept. of Energy, Proposed Procedures for Liquefied Natural Gas Export Decisions; Procedures for Liquefied Natural Gas Export Decisions; Final Revised Procedures*, 79 FR 48132.

<sup>2</sup> *Id.* at 48135.

does not prohibit trade but also does not have a free trade agreement requiring national treatment for trade in natural gas over a twenty year period (“Non-FTA Application”).<sup>3</sup>

### Change in Control

Section III of the Non-FTA Application included a description of the ownership of SLNG. Since the filing of the Non-FTA Application on August 31, 2012, Kinder Morgan, Inc. (“Kinder Morgan”), the owner of the general partner interest in El Paso Pipeline Partners, L.P. (“EPB”) acquired all of the outstanding equity securities of EPB on November 26, 2014. Accordingly, SLNG is now a wholly-owned subsidiary of Kinder Morgan. SLNG respectfully requests that DOE/FE amend the Non-FTA Application to reflect the change in control, as appropriate.

Additionally, as noted in the Semi-Annual Report No. 7 dated October 1, 2015, Kinder Morgan purchased Shell’s 49% equity interest in Elba Liquefaction Company, L.L.C. (“ELC”). ELC, like SLNG, is now a wholly-owned subsidiary of Kinder Morgan.

### Long-Term Contracts

On February 18, 2014, SLNG provided a summary form regarding the contracts that SLNG and its affiliate, Elba Liquefaction Company, L.L.C. have with Shell NA LNG, LLC (“SNALNG”) to provide export and liquefaction services, respectively, to SNALNG under long-term contracts with a primary term of twenty (20) years. Please find attached an updated summary form.

If you have any questions regarding this filing, please contact the undersigned at (205) 325-7494 or at [meghan\\_coffman@kindermorgan.com](mailto:meghan_coffman@kindermorgan.com). In accordance with 10 C.F.R. § 590.107 (2015), SLNG is serving a copy of this update on all parties in Docket No. 12-100-LNG.

Sincerely,



Margaret G. Coffman  
Elba Liquefaction Company, L.L.C.  
Southern LNG Company, L.L.C.  
Elba Express Company, L.L.C.  
Assistant General Counsel

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<sup>3</sup> This Application represents the second part of SLNG’s two-part export authorization request. On May 15, 2012, SLNG filed in FE Docket No. 12-54-LNG its application requesting long-term, multi-contract authorization to export up to 4 million tons per year of domestically produced LNG (equivalent to approximately 0.5 Bcf/d) for a 25-year period commencing upon the earlier of the date of first export or the tenth anniversary of the date authorization is granted by DOE/FE. SLNG requested that such long-term authorization provide for export to any country with which the United States currently has, or in the future may enter into, a FTA requiring national treatment for trade in natural gas, and which has or in the future develops the capacity to import LNG via ocean-going carrier. SLNG requested authorization to export LNG on its own behalf and also as agent for third parties. DOE/FE granted this authorization in Order No. 3106. Through the combination of the two applications, SLNG requests authorization to export up to 4 million tons per year (equivalent to approximately 0.5 Bcf/d) of domestic natural gas as LNG to any country with which trade is not prohibited by United States law or policy.

**LONG TERM CONTRACT – LNG EXPORTS  
MAJOR PROVISIONS SUMMARY**

1. **DOE/FE Order No(s):** 3106  
**DOE/FE Docket No(s):** 12-54-LNG, 12-100-LNG

2. **LNG Liquefaction/Export Facility and Location:**

Elba Island LNG Terminal on Elba Island, in Chatham County, State of Georgia

3. **Describe affiliation with LNG Liquefaction Export Facility (e.g. owner, capacity holder, etc.):**

Facility Owners

Liquefaction Facility Owner: Elba Liquefaction Company, L.L.C. (“ELC”)

Regas/Export Terminal: Southern LNG Company, L.L.C. (“Southern LNG”)

Capacity holder on liquefaction and export: Shell NA LNG LLC (“SNALNG”)

The contracts are in place with Southern LNG Company, L.L.C., the current owner of the existing Elba Island LNG regasification facility located on Elba Island, in Chatham County, State of Georgia, in which export capabilities will be constructed, and Elba Liquefaction Company, L.L.C. which is the owner of the proposed liquefaction facilities. Elba Liquefaction Company, L.L.C. and Southern Liquefaction Company, LLC are both wholly-owned subsidiaries of Kinder Morgan, Inc.

4. **Exact Legal Name of Parties/Counterparties to Contract:**

Elba Liquefaction Company, L.L.C.

Southern LNG Company, L.L.C.

Shell NA LNG LLC

5. **5a. Contract Type (e.g., Purchase and Sale Agreement; Liquefaction Tolling Agreement, etc.):**

Liquefaction Tolling Agreement

Ship Loading Service Agreement (Export Service)

**5b. Firm or Interruptible Contracts:**

Firm

**6. Date of Contracts:**

January 25, 2013. The Liquefaction Service Agreement and Ship Loading Service Agreement (Export Service) were amended and restated on July 15, 2015.

**7. Contract Term:**

20 years from completion of construction and in service date of the last liquefaction train at the Elba Island liquefaction facility.

**8. Quantity (Annual and Total, if appropriate, include +/- % flexibility):**

The full liquefaction capacity of the equipment up to 4 million tons per annum of LNG (approximately 0.5 billion cubic per day of gas)

**9. Take or Pay (or equivalent) Provisions/Conditions (please describe):**

The liquefaction tolling agreement is a take-or-pay contract, pursuant to which the customer pays a fixed fee for the right to receive liquefaction services in respect of natural gas delivered by the customer to the Elba Island LNG facility, up to a maximum agreed quantity.

**10. Supplier (title holder) of Natural Gas to Liquefaction Facility (include whether long or short-term supply, or both), if appropriate. If this does not include the Purchase or Sale of Natural Gas, please mark this Section "Not Applicable":**

Not Applicable.

**11. Legal Name of Entity(ies) that has (have) title of the Natural Gas and LNG through the LNG Facility until Export (at the Flange of the Vessel):**

Shell NA LNG LLC

**12. Export Destination Restrictions in the Contract:**

The contract restricts exports of LNG received by the customer from the Elba Island liquefaction facility to destination countries permitted under (i) the applicable DOE/FE export authorizations and (ii) U.S. law and policy.

**13. Resale Provisions:**

The contract requires that the customer's direct and indirect sales or transfers of LNG received from the Elba Island liquefaction facility be for delivery only to countries permitted under (i) the applicable DOE/FE export authorizations and (ii) U.S. law and policy.

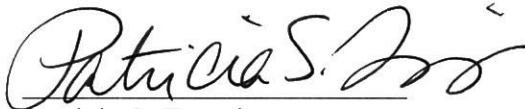
**14. Other Major Non-proprietary Provisions, if Applicable:**

None.

I affirm that the foregoing is true and accurate to the best of my knowledge.

DATED: March 7, 2016

SUBMITTED BY:

A handwritten signature in black ink, appearing to read "Patricia S. Francis". The signature is written in a cursive style with a large initial "P" and a long, sweeping underline.

Patricia S. Francis  
Assistant General Counsel  
Southern LNG Company, L.L.C.