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**UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY**

Port Arthur LNG, LLC

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**FE Docket No. 15-53-LNG
15-96-LNG
18-162-LNG**

**REQUEST OF PORT ARTHUR LNG, LLC FOR EXENSTIONS FOR
LONG-TERM AUTHORIZATIONS TO EXPORT LIQUEFIED NATURAL GAS**

Pursuant to Section 3 of the Natural Gas Act (“NGA”), 15 U.S.C. § 717b, and Part 590 of the regulations of the Department of Energy (“DOE”), 10 C.F.R. pt. 590, Port Arthur LNG, LLC (“PALNG”) submits this request to the DOE Office of Fossil Energy and Carbon Management (“FECM”) for an extension of the deadlines applicable to the authorizations issued to PALNG in Order Nos. 3698 and 3698-A in FE Docket Nos. 15-53-LNG & 18-62-LNG, and in Order No. 4372 in FE Docket No. 15-96-LNG. Specifically, PALNG requests that the deadline to begin commercial export of liquefied natural gas (“LNG”) under the authorizations and the latest term start dates be extended to June 18, 2028, such that the term of each authorization would begin on the earlier of the date of first commercial export or June 18, 2028. PALNG submits that good cause exists to grant the requested extension and that such extension is consistent with the public interest. PALNG respectfully requests that the DOE/FECM act on this request by January 1, 2023.

I. Background

On April 18, 2019, the Federal Energy Regulatory Commission (“FERC”) issued an order authorizing PALNG to construct and operate facilities for the liquefaction of domestically produced natural gas at the proposed LNG terminal in Port Arthur, Texas (“Liquefaction

Project”).¹ The Liquefaction Project would consist of two LNG liquefaction trains, three 160,000-cubic meter LNG storage tanks, marine facilities for vessel berthing and loading, refrigerant make-up and condensate product storage, truck loading and unloading areas, and equipment for self-generation of electrical power. The two LNG liquefaction trains would have a total production capacity of approximately 13.5 million metric tons per annum (MTPA) of LNG (each train capable of producing up to 6.73 MTPA). FERC’s order required the Liquefaction Project to be constructed and made available for service by April 18, 2024.

On August 20, 2015, DOE/FECM issued Order No. 3698 in FE Docket No. 15-53-LNG granting authorization to PALNG to export 517 Bcf/yr of LNG from the Project to free trade agreement (“FTA”) nations.² PALNG filed an amendment to the authorization to modify the export volume requested to 698 Bcf/yr of LNG. On November 20, 2018, DOE/FECM issued Order No. 3698-A in FE Docket Nos. 15-53-LNG & 18-162-LNG, granting this requested amendment of its FTA export authorization.³ DOE/FECM subsequently extended the term of the FTA authorization to December 31, 2050.⁴

On May 2, 2019, the DOE/FECM issued Order No. 4372 in FE Docket No. 15-96-LNG, authorizing PALNG to export 698 Bcf/yr of LNG from the Project to non-free trade agreement (“Non-FTA”) nations.⁵ The DOE/FECM conducted a public interest analysis in relation to the Non-FTA authorization as required under NGA section 3(a) and the National Environmental Policy Act, in which it considered economic and environmental studies “to ensure that the proposal

¹ *Port Arthur LNG, LLC*, 167 FERC ¶ 61,052 (2019).

² *Port Arthur LNG, LLC*, DOE/FE Order No. 3698, FE Docket No. 15-53-LNG (Aug. 20, 2015).

³ *Port Arthur LNG, LLC*, DOE/FE Order No. 3698-A, FE Docket No. 15-53-LNG (Nov. 20, 2018).

⁴ *Port Arthur LNG, LLC*, DOE/FE Order No. 3698-B, FE Docket No. 15-53-LNG (Oct. 28, 2020).

⁵ *Port Arthur LNG, LLC*, DOE/FE Order No. 4372, FE Docket No. 15-96-LNG (May 2, 2019).

[was] not inconsistent with the public interest.”⁶ DOE/FECM subsequently extended the term of the Non-FTA authorization to December 31, 2050.⁷

On October 13, 2022, FERC issued an order granting PALNG’s request to extend to June 18, 2028, the date by which PALNG must complete construction of and make available for service the Liquefaction Project.⁸

II. Communication

All correspondence and communications concerning this amendment application should be directed to the following persons:⁹

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III. Request for Extension of Time

A. Requested Modifications

In relevant part, ordering paragraph (A) of Order No. 3698-A sets the start date of the term of the FTA authorization no later than seven years from the date of the order (i.e., November 20, 2025). Ordering paragraph (D) of Order No. 4372 requires PALNG to commence commercial exports within seven years of the date of the order (i.e., May 2, 2026). PALNG hereby requests

⁶ *Id.* at 54.

⁷ *Port Arthur LNG, LLC*, DOE/FE Order No. 4372-A, FE Docket No. 15-96-LNG (Oct. 28, 2020).

⁸ *Port Arthur LNG, LLC*, 181 FERC ¶ 61,024 (2022).

⁹ Port Arthur respectfully requests a waiver of 10 CFR § 590.202(a) of the DOE/FECM regulations to the extent necessary to include more than two persons on the official service list.

that both these dates be changed to June 18, 2028, consistent with the deadline recently approved by the FERC.

B. Good Cause Exists to Grant this Extension Request

PALNG hereby requests that the deadline to begin commercial export under each of the FTA authorization and Non-FTA authorization be extended until June 18, 2028, such that the term of each authorization would begin on the earlier of the date of first commercial export or June 18, 2028.

Good cause exists to grant this request. In the time since issuance of the FTA and Non-FTA authorizations, PALNG has proceeded expeditiously to advance the Liquefaction Project despite adverse market conditions and logistical issues associated with the COVID-19 pandemic. PALNG has worked diligently to develop the Liquefaction Project in a manner consistent with the DOE/FECM authorizations.

PALNG has obtained all federal, state, and local authorizations necessary for construction of the Liquefaction Project facilities.¹⁰ PALNG has executed an engineering, procurement, and construction (“EPC”) contract with a third-party contractor—Bechtel Oil, Gas, and Chemicals, Inc.—for the provision of engineering, procurement, construction, commissioning, startup, performance testing, and operator training activities for the Liquefaction Project.¹¹ Additionally, PALNG has taken concrete steps toward construction of the Liquefaction Project, including completion of relocating State Highway 87 and collocated utilities, access roads, a Pioneer Dock, site preparation activities, and removal of abandoned pipelines and utilities within the project site.

¹⁰ As of October 30, 2019, PALNG received all necessary authorizations for construction of the Liquefaction Project. A permit modification request is currently pending before the U.S. Army Corps of Engineers, Regulatory Division, Galveston District for necessary adjustments to the approved limits of construction.

¹¹ Sempra Infrastructure Announces Final EPC Contract with Bechtel for Port Arthur LNG, Oct. 20, 2022, <https://portarthurlng.com/sempra-infrastructure-announces-final-epc-contract-with-bechtel-for-port-arthur-lng/>

PALNG has expended more than \$220,000,000 toward the Liquefaction Project, including substantial investment in relocating 3.6 miles of Texas State Highway 87 and associated utilities.

Despite these good faith efforts to advance the projects, PALNG has faced unanticipated contracting and logistical delays due to the COVID-19 pandemic and its effects on the global LNG market which has prevented PALNG from meeting the construction and in-service deadlines. Among other things, conditions arising from the pandemic resulted in delays in PALNG finalizing long-term LNG offtake agreements and reaching a Final Investment Decision on the Liquefaction Project. These delays, in turn, affected PALNG's timeline for proceeding with full construction of the Liquefaction Project.

Over the last several months, global LNG market conditions have begun to significantly improve. As the world emerges from the grip of COVID-19, the FERC has noted that "there has been evidence that of an increase in demand for LNG."¹² In May and June 2022, Sempra Infrastructure Partners, LP ("Sempra Infrastructure"), PALNG's parent company, entered into heads of agreements ("HOAs") with multiple companies (including potential European offtakers) for the negotiation of long-term sale and purchase agreements for LNG from the PALNG facilities.¹³ PALNG intends to finalize these agreements and secure additional customer agreements for LNG exported from the Liquefaction Project.

¹² *Corpus Christi Liquefaction Stage III*, 179 FERC ¶ 61,087 at P 11 (2022) ("We note that since the companies filed the request there has been evidence of an increase in demand for LNG, demonstrated, for example, by the recently announced partnership with the European Union seeking to ensure additional LNG volumes for the E.U. import market of at least 15 billion cubic meters in 2022, with expectations of increased demand going forward.").

¹³ Press Release, *Sempra Infrastructure and RWE Sign Heads of Agreement for U.S. LNG Supply*, (May 25, 2022) ("The HOA contemplates the negotiation and finalization of a definitive 15-year LNG sale and purchase agreement for 2.25 Mtpa to be delivered from the Port Arthur LNG project."); Press Release, *Sempra Infrastructure and INEOS Energy Trading Sign Heads of Agreement for LNG Supply* (June 22, 2022) ("The HOA provides the framework for the negotiation and finalization of a definitive 20-year LNG sale and purchase agreement for approximately 1.4 million tonnes per annum (Mtpa) of LNG delivered free-on-board from the proposed Port Arthur LNG project or Cameron LNG Phase 2 project."); Press Release, *Sempra Infrastructure and PGNiG Advance North American LNG Alliance* (May 16, 2022) ("The referenced HOA contemplates the negotiation and finalization of definitive 20-year LNG sale-and-purchase agreements for . . . 1 Mtpa from the Port Arthur LNG project under development in Texas."); see also, Press Release, *Sempra Announces Partnership Framework with ConocoPhillips*

Granting the requested extension of time will enable PALNG to complete the necessary arrangements to commence construction and place the Liquefaction Project into service. PALNG respectfully submits that due to the time needed for construction of the Liquefaction Project, PALNG will require a short extension of time from the existing commencement and/or term deadlines of November 20, 2025 (FTA authorization), and May 2, 2026 (non-FTA authorization) to allow PALNG to complete the construction and place the export facilities into service.

Under section 3(c) of the NGA, an application for authorization to export natural gas, including LNG, to any “nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, shall be deemed to be consistent with the public interest, and ... shall be granted without modification or delay.” Considering this statutory obligation, DOE/FECM has found that it need not engage in any analysis of factors affecting the public interest. Because this request as it pertains to the FTA authorization falls within section 3(c), it should be processed and approved in accordance with this standard.

With respect to this request as it pertains to the Non-FTA authorization, PALNG submits that the public interest determination set forth in DOE/FE Order No. 4372 will not be affected by and the public interest continues to be served by this extension request. This request is not intended to otherwise modify the export authorization granted to PALNG in the Non-FTA authorization other than extension of the deadline specified in ordering paragraph (D) of Order No. 4372. PALNG does not propose any changes to the nature, scope, or the design of the Liquefaction Project pursuant to this request. Neither will the overall volume of gas to be exported under the order be increased, given that PALNG is not requesting at this time an extension of the ending date

(July 14, 2022) (“The referenced HOA anticipates the negotiation of a definitive agreement for a 20-year liquefied natural gas (LNG) tolling arrangement for 5 million tons per annum (Mtpa) at Phase 1 of the Port Arthur LNG project under development in Jefferson County, Texas.”).

of the term of that order (*i.e.*, December 31, 2050). Therefore, the public interest analysis and environmental analysis in the Non-FTA authorization continue to be applicable and no new analyses need to be completed. PALNG submits there will be no change from DOE/FECM's original determination. DOE/FECM limits any comments on a request for extension to the extension itself and not to the underlying authorization.¹⁴ DOE/FECM should do so here. As demonstrated herein, good cause exists to grant this request.

C. Related Proceeding Before FERC

On July 28, 2022, PALNG filed with FERC a joint request for extension of time to complete construction of and make available for service the Liquefaction Project and associated pipelines.¹⁵ PALNG presented the same arguments as it has established above. Upon consideration of these arguments, on October 13, 2022, FERC determined that PALNG had demonstrated a good faith effort to meet the deadline in its authorization and that good cause exists for an extension and granted PALNG's extension request until June 18, 2028.¹⁶ FERC found that PALNG "has sufficiently demonstrated its continued interest in the project and has encountered circumstances beyond its control that prevented it from meeting the deadline in the Authorization Order."¹⁷ Further, FERC found that there "has been no significant changes in the facts underlying the Authorization Order's conclusions that the proposed projects, as conditioned, are environmentally acceptable actions" because the request for extension only concerned the timing, and not the nature of the projects.¹⁸ FERC made it clear that "[e]xtension of time proceedings are

¹⁴ *Cameron LNG, LLC*, 85 Fed. Reg. 20993, 20994 (Apr. 15, 2020).

¹⁵ Joint Request for Extension of Time, *Port Arthur LNG, LLC et al.*, Docket Nos. CP17-20-000 *et al.* (July 28, 2022).

¹⁶ *Port Arthur LNG, LLC*, 181 FERC ¶ 61,024 (2022).

¹⁷ *Id.* at P 9.

¹⁸ *Id.* at P 11.

not an invitation to re-open the underlying dockets.”¹⁹ PALNG requests that DOE/FECM consider FERC’s conclusions in its public interest analysis under NGA section 3.

IV. Conclusion

PALNG submits that this request is not inconsistent with the public interest and that good cause exists to grant this request. PALNG respectfully requests that the FTA and Non-FTA authorizations be modified as set forth herein. PALNG respectfully requests that DOE/FECM act on this request by January 1, 2023.

Respectfully submitted,

/s/ Brett A. Snyder

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Counsel to Port Arthur LNG, LLC

Dated: November 18, 2022

¹⁹ *Id.* at P 12.

VERIFICATION

I, William Gurrola, declare that I am Vice President – Project Development for Port Arthur LNG, LLC and am duly authorized to make this Verification; that I have read the foregoing instrument and that the facts therein stated are true and correct to the best of my knowledge, information, and belief.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed in San Diego, California on November 18, 2022.

/s/ William Gurrola
William Gurrola
Vice President – Project Development
Port Arthur LNG, LLC
488 8th Avenue
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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list in these proceedings.

Dated at Washington, DC this 18th day of November, 2022.

/s/ Lamiya Rahman

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