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By Docket Room at 2:54 pm, Apr 03, 2023

April 3, 2023

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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. 15-062-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 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. Texas LNG previously reported that the pre-FID engineering was 15 percent complete. The Project is pleased to report that the FEED Project

design is now 85% complete. It continues to be the plan that Technip Energies USA, Inc. and Samsung Engineering Co., Ltd. will lead the delivery of the facility via a joint venture.

Texas LNG will engage separate construction contractors for the onshore liquefaction facilities, the storage facilities and the marine component of the export facilities. It has commenced discussions with appropriate candidates for those three distinct scopes of work, which it is confident will lead to the selection of construction contractors in the next few months.

The engineering joint venture of Technip and Samsung will oversee subcontractors hired by Texas LNG who will install those three scopes of work: installation of liquefaction modules, storage tanks, and marine components.

Permitting and Regulatory Activities

As Texas LNG has previously reported, 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.

The Project air quality permit from the Texas Commission on Environmental Quality runs through May 2023. The Project has been updating its air quality studies to ensure that the developing design will not only meet applicable air quality limits but will also meet the Project's "Green by Design" goals of maximum achievable emissions limits, including emissions of greenhouse gases.

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 developments in the last six months with respect to that permit, but the Project anticipates that it will be extended without issue.

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, the Project prepared a wetlands mitigation plan, and the U.S. Army Corps of Engineers (the Corps) provided its comments on the plan. Texas LNG responded to those comments and submitted a final wetlands mitigation plan more than six months ago. Texas LNG has heard nothing further from the Corps. The Project is hopeful the Corps will issue its final approval of the mitigation plan in the near future.

Texas LNG's last report indicated that, as a condition of the FERC approval of the Project, the Project is 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. There have been no developments on that front in the last six months.

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). In response, Texas LNG and another nearby project coordinated on a study of cumulative environmental impacts to allow an environmental justice analysis. That study is complete, and it concluded that neither project, nor the combination of the two projects, results in significant community impacts. As a result, we do not anticipate any delay to the project related to the remand.

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 an area of Project focus. Texas LNG is in active discussions with buyers in both Europe and Asia. It is finding robust demand for LNG from the Project and is actively progressing negotiations and documentation for commercial agreements with multiple counterparties. 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.

Notification of Counsel

The undersigned counsel requests notification of any further developments in this docket, along with the internal representative of Texas LNG, Adam Prestidge, Senior Vice President/ Head of Legal and Corporate Affairs, Alder Midstream, LLC at adam.prestidge@aldermidstream.com.

Very truly yours,

A handwritten signature in black ink that reads "Mary Anne Sullivan". The signature is written in a cursive style with a large initial "M" and a long, sweeping underline.

Mary Anne Sullivan
Counsel for Texas LNG Brownsville LLC