

September 29, 2023

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By Docket Room at 3:46 pm, Sep 29, 2023

By Electronic Mail

U.S. Department of Energy
Office of Fossil Energy & Carbon Management
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Washington, D.C. 20026-4375

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 98% complete. It continues to be the plan that Technip Energies USA, Inc. and

Samsung Engineering Co., Ltd. will lead the engineering, equipment procurement, module fabrication, commissioning, startup and testing 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. Additionally, Texas LNG is in the process of fully bidding out and requesting best and final pricing on major equipment, material supplies, and construction contracts with preferred vendors and shortlisted contractors as well as developing contract terms for the four major contracts to deliver the Project. 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.

Regarding the United States Court of Appeals for the District of Columbia Circuit remand of the FERC Commission's Order authorizing the construction and operation of the Texas LNG Project, FERC affirmed and determined through review of numerous environmental information requests regarding environmental justice communities, visual impacts, air quality modeling, and emergency planning, that the Texas LNG Project is not inconsistent with the public interest. FERC issued an Order On Remand on April 21, 2023, reaffirming and supplementing the Authorization Order issued in November 22, 2019.

Regarding the Project air quality permit, Texas LNG filed a request with the Texas Commission on Environmental Quality (TCEQ) on April 20, 2023 for an 18-month extension to the start of construction date pursuant to Title 30 of the Texas Administration Code Rule 116.120(b) (30 TAC 116.120(b)). The TCEQ granted the extension to the start of construction on June 8, 2023. The new date by which construction must begin to comply with the air quality permit is November 12, 2024. An additional extension may be granted if the specific requirements under 30 TAC 116.120(b) are satisfied. The Project continues to ensure that the developing design will not only meet applicable air quality limits but also meet the Project's "Green by Design" emissions limits.

Regarding the Federal Aviation Administration (FAA) Determination of No Hazard to Air Navigation that expired in in April 2023, a new Determination of No Hazard was requested and

issued on April 27, 2023. The new determination expires on October 27, 2024, unless construction commences and Texas LNG files a Notice of Actual Construction with the FAA.

According to the latest communication from the U.S. Army Corps of Engineers (the Corps), the Texas LNG Clean Water Act Section 10/404 Draft Permit is in its final stages of being issued.

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 fourth quarter of 2023. There have been no updates or developments on the draft plan in the last six months.

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. Also previously reported to DOE, Texas LNG has in place 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. Demand for LNG from the Project remains strong and Texas LNG 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 decorative flourish at the end.

Mary Anne Sullivan
Counsel for Texas LNG Brownsville LLC