



RECEIVED

By Docket Room at 8:52 am, Oct 01, 2024

TEXAS LNG BROWNSVILLE LLC
1001 MCKINNEY STREET, SUITE 600
HOUSTON, TX 77002
USA

September 30, 2024

Via electronic filing

U.S. Department of Energy
Office of Fossil Energy & Carbon Management
Office of Regulation, Analysis and Engagement
fergas@hq.doe.gov
P.O. Box 44375
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 98 percent complete. The Project is pleased to report that the FEED Project design is now 99.7% complete. Texas LNG is in the process of completing the pre-FID engineering with Technip Energies USA, Inc. and Samsung Engineering Co., Ltd.

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 continuing 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.

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 (Court), on August 6, 2024 the Court issued an opinion vacating and remanding the FERC Commission's Order authorizing the construction and operation of the Texas LNG Project. The Court's opinion is that FERC declined to issue a Supplemental Environmental Impact Statement (SEIS) addressing its updated environmental justice analysis and also failed to explain why it declined to consider air quality data from a nearby air monitor for the Project. In response to the Court's opinion, on September 13, 2024, the FERC Commission issued a Notice of Intent (NOI) to prepare a SEIS for the Project. The focus of the SEIS will be an updated analysis of the environmental justice impacts and air quality impacts associated with the construction and operation of the Project. The FERC Commission anticipates issuing a final order for the Project no later than November 20, 2025.

Regarding the Project air quality permit, Texas LNG filed a request with the Texas Commission on Environmental Quality (TCEQ) on May 13, 2024, for a third 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 third extension to the start of construction on July 3, 2024. The new date by which construction must begin to comply with the air quality permit is May 12, 2026. On August 14, 2024, a Motion to Overturn (MTO) the TCEQ's Executive Director's decision on the extension was filed by the South Texas Environmental Justice Network (STEJN). The TCEQ Executive Director's response to the TCEQ Commission is to deny all MTOs against the Executive Director's decision on the extension to the start of construction for the Project as Texas LNG has met each element required for receiving the extension. 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, since construction has not started, and the current determination expires on October 27, 2024; Texas LNG elected to file a request for an extension of the effective period of the current Determination of No Hazard on September 27, 2024.



TEXAS LNG BROWNSVILLE LLC
1001 MCKINNEY STREET, SUITE 600
HOUSTON, TX 77002
USA

On January 23, 2024, the U.S. Army Corps of Engineers (USACE) issued Final Permit Authorization to Texas LNG for the construction and operations activities in Waters of the United States (under Section 10 of the Rivers and Harbors Act of 1899) and wetlands (under Section 404 of the Clean Water Act of 1972). With this USACE Permit, Texas LNG has obtained the required federal authorizations related to the Liquefaction Project, in compliance with the applicable conditions in the November 22, 2019, Order.

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 met with Texas Parks and Wildlife onsite on August 20, 2024, to discuss progress on the plans.

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 the primary area of focus for commercial negotiations. Since the last report, Texas LNG has executed a binding LNG tolling services agreement with EQT (one of the largest gas producers in the U.S.) for half of the FERC-approved capacity at Texas LNG. In addition, Texas LNG executed heads of agreements for the remainder of the FERC-approved capacity that define the commercial terms for offtake agreements with Gunvor (one of the world's largest independent commodity traders), Macquarie (a large global diversified financial group involved in infrastructure, energy, technology, and commodities), and another large global investment-grade diversified energy company. Texas LNG will be reporting to the DOE as it finalizes contracts for the export of LNG.

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.

The undersigned 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.



TEXAS LNG BROWNSVILLE LLC
1001 MCKINNEY STREET, SUITE 600
HOUSTON, TX 77002
USA

Respectfully,

Oscar J. Lopez

Oscar J. Lopez, P.E.

Regulatory & Permitting Director

Texas LNG Brownsville LLC