



Department of Energy
Washington, DC 20585

August 31, 2016

William S. Garner, Jr.
Armando Gonzalez
Greenberg Traurig, LLP
1000 Louisiana Street, Suite 1700
Houston, Texas 77002

RE: Notice of Change in Control

Texas Brownsville LNG LLC, FE Docket No. 15-62-LNG

Dear Mr. Garner and Mr. Gonzalez:

This correspondence constitutes the response of the Office of Fossil Energy (FE) of the Department of Energy (DOE) to your letter dated February 18, 2016, in reference to the proceeding listed above. A copy of this letter will be posted to the listed proceeding.

I. BACKGROUND

Pursuant to DOE/FE Order No. 3716,¹ Texas LNG Brownsville LLC (TXLNG) currently is authorized to export liquefied natural gas (LNG) to countries with which the United States has free trade agreements requiring national treatment for trade in natural gas (FTA countries). Additionally, TXLNG's Application for Long-Term Multi-Contract Authorization to Export Natural Gas (Application),² filed April 15, 2015, is pending before DOE/FE in the same proceeding, DOE/FE Docket No. 15-62-LNG, with respect to proposed LNG exports to other

¹ *Texas LNG Brownsville LLC*, Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel From the Proposed LNG Terminal at the Port of Brownsville in Brownsville, Texas to Free Trade Agreement Nations, issued Sept. 24, 2015 in DOE/FE Docket No. 15-62-LNG.

² *Texas LNG Brownsville LLC*, Application for Long-Term Authorization to Export Liquefied Natural Gas, FE Docket No. 15-62-LNG (April 15, 2015).



countries (non-FTA countries). No commenters, intervenors, or protestors have submitted filings in DOE/FE Docket No. 15-62-LNG in response to the Application and it is unopposed.

On February 18, 2016, TXLNG submitted a filing in DOE/FE Docket No. 15-62-LNG, styled “Updated Equity Ownership Information” (Statement), describing a change in the ownership of TXLNG.³ The Statement was filed in Docket No. 15-62-LNG in accordance with DOE/FE’s CIC Revised Procedures for reviewing changes in control.⁴ DOE/FE has received no filings in opposition to the Statement.

II. SUMMARY OF CHANGE IN CONTROL

TXLNG’s Application in Docket No. 15-62-LNG described one of the owners of TXLNG as Third Point LNG Aggregator LLC with an ownership interest of less than 10% of the common shares of TXLNG. The Statement indicates that Third Point LNG Aggregator LLC’s ownership interest has increased beyond 10 percent. Specifically, the Statement indicates that as a result of a previously scheduled additional investment, Third Point LNG Aggregator LLC beneficially now owns approximately 15.09% of TXLNG’s issued and outstanding stock.

TXLNG describes Third Point Aggregator LLC’s increased equity interest the result of a routine investment transaction under a pre-existing 2014 agreement. TXLNG states that it remains the authorization holder and indicates that the same parties that owned TXLNG prior to the additional investment by Third Point LNG Aggregator, LLC are still the owners of TXLNG. TXLNG further states that there has been no change in the operation or manner in which TXLNG is managed or in the development of any aspect of the Brownsville Liquefaction

³ Texas LNG Brownsville LLC, Updated Equity Ownership Information Statement, FE Docket No. 15-62-LNG (Feb. 18, 2016) [hereinafter Statement].

⁴ See U.S. Dep’t of Energy, Procedures for Changes in Control Affecting Applications and Authorizations to Import or Export Natural Gas, 79 Fed. Reg. 65,641, 65,542 (Nov. 5, 2014) (applying 10 C.F.R. § 590.405) [hereinafter CIC Revised Procedures].

Project. TXLNG also states that there has been no change to the terms and conditions of any contractual arrangements applicable to the Project. Finally, TXLNG states that the transaction did not grant Third Point LNG Aggregator any power to direct the management or policies of TXLNG.

II. TXLNG'S POSITION

The Statement recognizes that the ownership interests acquired by Third Point LNG Aggregator LLC technically triggered the 10% rebuttable presumption of a change in control⁵ for TXLNG. However, the Statement asserts that the circumstances of the increased equity interest held by Third Party Aggregator LLC rebut the presumption that there has been a change in control. In particular, TXLNG argues that it remains the authorization holder and the same entity, and that there has been no change in the operation or manner in which TXLNG is managed. TXLNG also states that there has been no change to the development of any aspect of the Brownsville Liquefaction Project and no change of the terms and conditions of any contractual arrangements applicable to the project. Finally, TXLNG states that the transaction did not grant Third Point LNG Aggregator any power to direct the management or policies of TXLNG. Therefore, notwithstanding the 10% rebuttable presumption, TXLNG contends that DOE/FE does not need to take any further action pertaining to the updated equity ownership information.

⁵ DOE/FE construes a change in control to mean a change, directly or indirectly, of the power to direct the management or policies of an entity whether such power is exercised through one or more intermediary companies or pursuant to an agreement, written or oral, and whether such power is established through ownership or voting of securities, or common directors, officers, or stockholders, or voting trusts, holding trusts, or debt holdings, or contract, or any other direct or indirect means. A rebuttable presumption that control exists will arise from the ownership or the power to vote, directly or indirectly, 10% or more of the voting securities of such entity. *See, e.g.*, U.S. Dep't of Energy, Procedures for Changes in Control Affecting Applications and Authorizations to Import or Export Natural Gas, 79 Fed. Reg. 65,641, 65,542 (Nov. 5, 2014) (applying 10 C.F.R. § 590.405) [hereinafter CIC Revised Procedures].

III. DISCUSSION AND CONCLUSIONS

As discussed below, we are giving effect to the change in control described in the Statement. Accordingly, we do not reach the issue raised by TXLNG as to whether it has rebutted the 10% presumption regarding control.

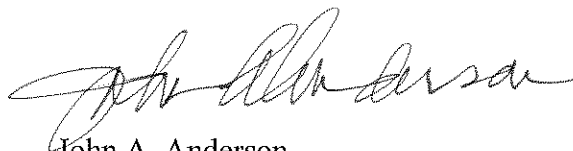
A. Pending Non-FTA Applications

The CIC Revised Procedures state that, with respect to pending non-FTA applications, applicants may amend their applications to reflect a change in control and DOE will give immediate effect to the amendment but will address the merits of any opposition received in response in its final order on the pending non-FTA application. Here, because TXLNG has received no opposition to the change in control described in the Statement, the amendment of the application reflecting the change in control will continue to be given effect and DOE/FE will not take any further action.

B. FTA Authorizations

The CIC Revised Procedures provide that upon receipt of a statement of change in control relating to previously issued FTA authorizations, DOE will give immediate effect to the change in control and will take no further action.⁶ The change in control relating to the FTA authorization in Order No. 3716 accordingly has taken effect and no further action is required in relation to that authorization.

Sincerely,



John A. Anderson
Director, Office of Regulation and International Engagement
Office of Oil and Natural Gas

⁶ *Id.*