

**RECEIVED**

**By Docket Room at 4:22pm; Oct. 18, 2018**

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

**Port Arthur LNG, LLC**

)  
)  
)

**FE Docket No. 18-162-LNG**

**APPLICATION OF PORT ARTHUR LNG, LLC  
FOR LONG-TERM, MULTI-CONTRACT AUTHORIZATION TO EXPORT  
LIQUEFIED NATURAL GAS TO FREE TRADE AGREEMENT COUNTRIES**

**DESIGN INCREASE**

Pursuant to Section 3 of the Natural Gas Act (“NGA”)<sup>1</sup> and Part 590 of the regulations of the Department of Energy (“DOE”),<sup>2</sup> Port Arthur LNG, LLC (“Port Arthur LNG”) submits this application (“Application”) for long-term, multi-contract authorization to export up to 181 billion cubic feet (“Bcf”) per year (approximately equal to 3.5 million metric tons per annum (“MTPA”)) of liquefied natural gas (“LNG”), for a 25-year period commencing on the earlier of the date of first commercial export or a date seven years from the issuance of an order granting the requested authorization.

In this Application, Port Arthur LNG seeks authorization to export domestically produced LNG from natural gas liquefaction and export facilities it intends to construct and operate in Port Arthur, Texas, to any country with which the United States has, or in the future may have, a free trade agreement (“FTA”) requiring national treatment for trade in natural gas.<sup>3</sup> Port Arthur LNG

---

<sup>1</sup> 15 U.S.C. § 717b (2012).

<sup>2</sup> 10 C.F.R. Part 590 (2018).

<sup>3</sup> The United States has in force FTAs requiring national treatment of natural gas with 18 countries. These countries are Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea and Singapore.

requests this authorization both on its own behalf and as agent for other parties who hold title to the LNG at the time of export.

In support of this Application, Port Arthur LNG respectfully states the following:

## **I. COMMUNICATIONS AND CORRESPONDENCE**

All communications and correspondence regarding this Application should be directed to:

Jerrod L. Harrison  
Senior Counsel  
Port Arthur LNG, LLC  
488 8th Avenue  
San Diego, CA 92101  
(619) 696-4350  
jharrison@sempraglobal.com

Brett A. Snyder  
Mark R. Haskell  
Lamiya Rahman  
Cadwalader Wickersham & Taft  
700 Sixth Street, N.W.  
Washington, DC 20001  
(202) 862-2252  
brett.snyder@cwt.com  
mark.haskell@cwt.com  
lamiya.rahman@cwt.com

## **II. DESCRIPTION OF THE APPLICANT**

The exact legal name of Port Arthur LNG is Port Arthur LNG, LLC. Port Arthur LNG is a limited liability company organized under the laws of Delaware. Port Arthur LNG is a wholly-owned, indirect subsidiary of Sempra Energy. The principal place of business of Port Arthur LNG is 2925 Briarpark Drive, Suite 900, Houston, Texas 77042.

Port Arthur LNG holds an authorization to export up to 517 Bcf per year of domestically produced LNG to any nation with which the United States has, or in the future enters into, an FTA requiring the national treatment for trade in natural gas. DOE's Office of Fossil Energy ("DOE/FE") granted Port Arthur LNG that authorization in Order No. 3698 dated August 20,

2015.<sup>4</sup> Additionally, on June 15, 2015, Port Arthur LNG filed an application with the DOE/FE for long-term, multi contract authorization to export 517 Bcf per year of domestically produced LNG from the same facility to any country with which the United States does not have an FTA requiring national treatment for trade in natural gas, which has or will develop the capacity to import LNG delivered by ocean-going carrier, and with which trade is not prohibited by United States law or policy.<sup>5</sup> The Non-FTA export application is currently pending. Port Arthur LNG is separately filing an amendment to the Non-FTA application to increase the requested volumes of LNG exports by 181 Bcf per year (approximately equivalent to 3.5 MTPA) to 698 Bcf per year (approximately equivalent to 13.5 MTPA).

### **III. DESCRIPTION OF THE PROJECT**

In this Application, Port Arthur LNG seeks long-term authorization to export additional volumes of domestically produced LNG from liquefaction and export facilities it intends to construct and operate at a site in Port Arthur, Texas (the “Project”).

On November 29, 2016, Port Arthur LNG and its affiliate PALNG Common Facilities Company, LLC filed with the Federal Energy Regulatory Commission (“FERC”) an Application for Authorization under Section 3 of the Natural Gas Act to construct and operate the Project (“FERC Application”).<sup>6</sup> As reflected in the FERC Application, the Project will consist of both natural gas liquefaction and LNG export facilities. The Project will permit natural gas to be pre-

---

<sup>4</sup> *Port Arthur LNG, LLC*, DOE/FE Order No. 3698, FE Docket No. 15-53-LNG, Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas By Vessel From the Proposed Port Arthur LNG Project in Port Arthur, Texas, to Free Trade Agreement Nations (Aug. 20, 2015) [hereinafter DOE/FE Order No. 3698].

<sup>5</sup> *Port Arthur LNG, LLC*, FE Docket No. 15-96-LNG, Application of Port Arthur LNG, LLC for Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Countries (June 15, 2015).

<sup>6</sup> Application of Port Arthur LNG, LLC and PALNG Common Facilities Company, LLC for Authorization under Section 3 of the Natural Gas Act, *Port Arthur LNG, LLC*, Docket No. CP17-20-000 (Nov. 29, 2016).

treated, liquefied, stored, and loaded onto LNG vessels berthed at the Project's proposed marine facilities in order to be exported. The Project will include two liquefaction trains, each with a maximum capacity under optimal conditions of 6.73 MTPA, for an aggregate maximum capacity under optimal conditions of approximately 13.5 MTPA.<sup>7</sup>

#### **IV. AUTHORIZATION REQUESTED**

In this Application, Port Arthur LNG requests long-term, multi-contract authorization to export up to 181 Bcf per year (approximately 3.5 MTPA) of domestically produced LNG from the Project. This authorization is requested for a 25-year term commencing on the earlier of the date of first commercial export or a date seven years from the issuance of an order by the DOE/FE granting the requested authorization. Port Arthur LNG seeks authorization to export LNG to any country with which the United States has, or in the future may have, an FTA.

Port Arthur LNG seeks authorization for a volume of exported LNG that is incremental to the 517 Bcf per year authorized in DOE/FE Order No. 3698 in FE Docket No. 15-53-LNG. As reflected in the FERC Application, under optimal conditions, the Project's maximum capacity is 13.5 MTPA. In its FTA export application in FE Docket No. 15-53-LNG, Port Arthur LNG sought and received authorization to export up to 10 MTPA or 517 Bcf per year—that is, 3.5 MTPA *less* than the peak capacity of the Project facilities. Port Arthur LNG hereby seeks authorization to export the remaining 3.5 MTPA, or approximately 181 per year. If this Application is approved, Port Arthur LNG would have an aggregate FTA export authorization of 698 Bcf per year, which is approximately equivalent to 13.5 MTPA. This would enable Port Arthur LNG to export LNG at a volume equivalent to the Project's maximum capacity at optimal

---

<sup>7</sup> *Id.* at 4.

conditions, which FERC has determined is the appropriate measure of liquefaction capacity to be reflected in a FERC Section 3 authorization.<sup>8</sup>

Port Arthur LNG requests authorization to export LNG on its own behalf and by acting as agent for others. To ensure all exports are permitted and lawful under United States laws and policies, Port Arthur LNG will comply with all DOE/FE requirements for an exporter or agent. In DOE/FE Order No. 3698, the DOE/FE approved Port Arthur LNG's proposal to register each LNG title holder for whom Port Arthur LNG seeks to export LNG with the DOE/FE. DOE/FE Order No. 3698 requires that registration materials include an acknowledgement and agreement by the LNG title holder to comply with the applicable requirements of the authorization order. The DOE/FE also approved Port Arthur LNG's proposal to file with the DOE/FE under seal any relevant long-term commercial agreements Port Arthur LNG enters into with the LNG title holders on whose behalf the exports will be performed. Port Arthur LNG seeks the same agent authority as that provided in DOE/FE Order No. 3698.

Port Arthur LNG anticipates entering into one or more long-term agreements with customers of the Project. Section 590.202(b) of the DOE/FE's regulations requires applicants to submit information regarding the terms of transactions, which includes long-term supply agreements and long-term export agreements.<sup>9</sup> Port Arthur LNG has not yet entered into these agreements. The DOE/FE has previously found, however, that applicants need only supply such contract specific information "when practicable," *i.e.*, when the contracts reflecting such

---

<sup>8</sup> See *Sabine Pass Liquefaction, LLC*, 146 FERC ¶ 61,117 at P 12 (2014) ("We recognize that an accurate calculation of the maximum or peak capacity at optimal conditions may not be possible at the time an initial application for construction is filed. However, we believe that it is appropriate for an ultimate authorization to reflect the maximum or peak capacity at optimal conditions as such a level represents the actual potential production of LNG.").

<sup>9</sup> 10 C.F.R. § 590.202(b)(4).

information are executed.<sup>10</sup> Port Arthur LNG requests that the DOE/FE make the same finding in this proceeding.

The long-term authorization requested in this application is necessary in order to enable Port Arthur LNG to export the maximum production capacity of the Project facilities for the full length of time for which Port Arthur LNG is already authorized to export LNG from the facilities.

## V. STANDARD OF REVIEW

Section 3(c) of the NGA requires that applications for authorization to export natural gas, including LNG, to countries with which there is in effect an FTA requiring national treatment of trade in natural gas be deemed consistent with the public interest and granted without modification or delay.<sup>11</sup> The DOE/FE has found that, in light of its statutory obligation to grant such applications without delay or modification, there is no need for it to review factors affecting the public interest.<sup>12</sup> This application falls within the scope of Section 3(c) of the NGA, and should be processed and approved in accordance with this standard.

---

<sup>10</sup> *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 2833, FE Docket No. 10-85-LNG, Order Granting Long-Term Authorization to Export Liquefied Natural Gas From Sabine Pass LNG Terminal to Free Trade Nations (Sept. 7, 2010).

<sup>11</sup> 15 U.S.C. § 717b(c).

<sup>12</sup> *See, e.g., Cameron LNG, LLC*, DOE/FE Order No. 3059, FE Docket No. 11-145-LNG, Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas By Vessel From the Cameron LNG Terminal to Free Trade Agreement Nations (Jan. 17, 2012); *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 2833, FE Docket No. 10-85-LNG, Order Granting Long-Term Authorization to Export Liquefied Natural Gas From Sabine Pass LNG Terminal to Free Trade Nations (Sept. 7, 2010).

**VI. APPENDICES**

The following appendices are included with this Application.

- Appendix A            Verification
- Appendix B            Opinion of Counsel

**VII. CONCLUSION**

For the reasons set forth above, Port Arthur LNG respectfully requests that the DOE/FE issue an order granting Port Arthur LNG authorization to export for a period of 25 years (commencing on the earlier of the date of first commercial export or a date seven years from the issuance of an order granting the requested authorization) up to 181 Bcf per year (equivalent to approximately 3.5 MTPA) of domestically produced LNG to any country with which the United States has, or in the future may have, an FTA requiring national treatment for trade in natural gas.

Respectfully submitted,

/s/ Jerrod L. Harrison

Jerrod L. Harrison  
Senior Counsel  
Sempra Infrastructure, LLC  
488 8th Avenue  
San Diego, CA 92101  
(619) 696-2987  
jharrison@SempraGlobal.com

/s/ Brett A Snyder

Brett A. Snyder  
Mark R. Haskell  
Lamiya Rahman  
Cadwalader Wickersham & Taft  
700 Sixth Street, N.W.  
Washington, DC 20001  
(202) 862-2252  
brett.snyder@cwt.com  
mark.haskell@cwt.com  
lamiya.rahman@cwt.com

*Counsel for Port Arthur LNG, LLC*

Dated: October 19, 2018

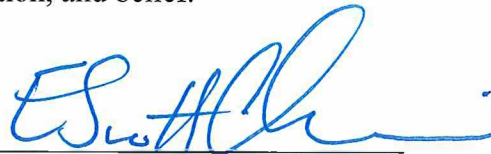
## **APPENDIX A**



**VERIFICATION**

County of San Diego                    )  
  )  
State of California                    )

BEFORE ME, the undersigned authority, on this day personally appeared E. Scott Chrisman, who, having been by me first duly sworn, on oath says that he is Vice President for Port Arthur LNG, LLC, and is duly authorized to make this Verification on behalf of such company, that he has read the foregoing instrument, and that the facts therein stated are true and correct to the best of his knowledge, information, and belief.



E. Scott Chrisman  
Vice President, Port Arthur LNG, LLC

SWORN TO AND SUBSCRIBED before me on the \_\_\_\_ day of \_\_\_\_\_, 2018.

\_\_\_\_\_  
Notary Public Signature

SEAL:

*see attached*

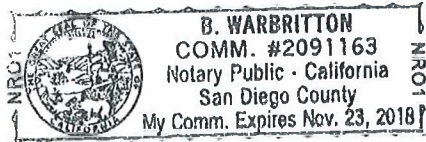
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA            )  
  )  
COUNTY OF SAN DIEGO        )

Subscribed and sworn to (or affirmed) before me on this 19<sup>th</sup> day of October, 2018, by  
E. Scott Chrisman, proved to me on the basis  
of satisfactory evidence to be the person(s) who appeared before me.

B. Warbritton  
Notary Public in and for said State

(SEAL)



## **APPENDIX B**

October 19, 2018

Ms. Amy Sweeney  
Office of Fossil Energy  
U.S. Department of Energy  
FE-34  
Forrestal Building  
1000 Independence Avenue, S.W  
Washington, DC 20585

RE: *Port Arthur LNG, LLC*  
**Application of Port Arthur LNG, LLC for Long-Term, Multi-Contract  
Authorization to Export Liquefied Natural Gas to Free Trade Agreement Countries**

Dear Ms. Sweeney:

This opinion of counsel is submitted pursuant to Section 590.202(c) of the regulations of the United States Department of Energy, 10 C.F.R. § 590.202(c) (2017). I am counsel to Port Arthur LNG, LLC (“PALNG”). I have reviewed the organizational and internal governance documents of PALNG and it is my opinion that the proposed export of natural gas as described in the application filed by PALNG, to which this Opinion of Counsel is attached as Appendix B, is within the company powers of PALNG.

Respectfully submitted,

/s/ Jerrod L. Harrison  
Jerrod L. Harrison  
*Counsel for Port Arthur LNG, LLC*