

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

PORT ARTHUR LNG, LLC

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FE DOCKET NO. 15-53-LNG

FE DOCKET NO. 18-162-LNG

ORDER AMENDING 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

DOE/FE ORDER NO. 3698-A

NOVEMBER 20, 2018

I. BACKGROUND AND DESCRIPTION OF REQUEST

On March 20, 2015, Port Arthur LNG, LLC (Port Arthur LNG) filed an application, as supplemented,¹ with the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3(c) of the Natural Gas Act (NGA), 15 U.S.C. § 717b(c).² Port Arthur LNG requested long-term, multi-contract authorization to export domestically produced liquefied natural gas (LNG) in a volume equivalent to approximately 517 billion cubic feet (Bcf) per year (Bcf/yr) of natural gas (1.42 Bcf per day (Bcf/d)). Port Arthur LNG sought to export this LNG, on its own behalf and as agent for other entities, from a natural gas processing, liquefaction, and export project it intends to construct, own, and operate in Port Arthur, Texas (Project), to any country with which the United States has entered into a free trade agreement (FTA) requiring national treatment for trade in natural gas, and with which trade is not prohibited by U.S. law or policy (FTA countries).³ On August 20, 2015, in Order No. 3698, DOE/FE granted Port Arthur LNG's long-term, multi-contract FTA export authorization in the requested volume of 517 Bcf/yr for a term of 25 years.⁴

Subsequently, on November 29, 2016, Port Arthur LNG and its affiliate, PALNG Common Facilities Company, LLC, filed an application with the Federal Energy Regulatory Commission (FERC) in FERC Docket No. CP17-20-000 (FERC Application).⁵ In relevant part,

¹ Port Arthur LNG, LLC, Application for Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas to Free Trade Agreement Countries, FE Docket No. 15-53-LNG (Mar. 20, 2015).

² The authority to regulate the imports and exports of natural gas, including liquefied natural gas, under section 3 of the NGA (15 U.S.C. § 717b) has been delegated to the Assistant Secretary for FE in Redelegation Order No. 00-006.02 issued on November 17, 2014.

³ The United States currently has FTAs requiring national treatment for trade in natural gas with Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore. FTAs with Israel and Costa Rica do not require national treatment for trade in natural gas.

⁴ *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).

⁵ 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, FERC Docket No. CP17-20-000 (Nov. 29, 2016), *cited in*

Port Arthur LNG requested authorization from FERC to site, construct, and operate the Project with a proposed maximum liquefaction capacity equivalent to approximately 698 Bcf/yr of natural gas (1.91 Bcf/d) (or 13.5 million metric tons per annum (mtpa) of LNG).⁶ Port Arthur LNG's FERC application is currently pending, and DOE/FE is participating in the FERC proceeding as a cooperating agency. Additionally, Port Arthur LNG's application for long-term authority to export LNG to non-FTA countries is pending before DOE/FE in FE Docket No. 15-96-LNG.⁷

On October 18 and November 14, 2018, Port Arthur LNG submitted an Application⁸ and a Supplement,⁹ respectively, in FE Docket No. 18-162-LNG seeking to align the volume approved for export in its FTA authorization with its requested liquefaction capacity for the Project in its pending FERC application. Specifically, Port Arthur LNG asks DOE/FE to amend the FTA authorization granted in DOE/FE Order No. 3698 (FE Docket No. 15-53-LNG) from the existing volume of LNG equivalent to approximately 517 Bcf/yr of natural gas to a new volume equivalent to approximately 698 Bcf/yr—for an additional 181 Bcf/yr of natural gas.¹⁰ Port Arthur LNG states that it seeks to increase its approved FTA export volume to export the maximum production capacity of the Project facilities for the full length of the export term.¹¹

Additionally, in the Supplement, Port Arthur LNG asks that the “[25-year] term start date of the amended authorization reflect the date of the amending order.”¹²

Port Arthur LNG, LLC, Application for Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas to Free Trade Agreement Countries, Design Increase, FE Docket No. 18-162-LNG, at 3 (Oct. 18, 2018) [hereinafter Port Arthur LNG App.].

⁶ See Port Arthur LNG App. at 3-4.

⁷ Port Arthur LNG has filed a similar amendment request in connection with its pending non-FTA application.

⁸ See *supra* at note 5 (Port Arthur LNG App.).

⁹ Letter from Brett A. Snyder, Counsel for Port Arthur LNG, LLC, to Amy Sweeney of DOE/FE, Supplement to Application, FE Docket No. 18-162-LNG (Nov. 14, 2018) [hereinafter Supp. to App.].

¹⁰ See *id.*; see also Port Arthur LNG App. at 1, 3-4.

¹¹ *Id.* at 6.

¹² Supp. to App. at 1.

II. FINDINGS

Section 3(c) of the NGA was amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486) to require that applications requesting authority for (a) the import and export of natural gas, including LNG, from and to a nation with which there is in effect a FTA requiring national treatment for trade in natural gas, and/or (b) the import of LNG from other international sources, be deemed consistent with the public interest and granted without modification or delay. Port Arthur LNG's Application, as supplemented, meets the NGA section 3(c) criterion and, therefore, is consistent with the public interest. As such, DOE/FE is charged with granting the Application, as supplemented, without modification or delay.¹³

ORDER

Pursuant to section 3(c) of the NGA, it is ordered that:

A. Port Arthur LNG's request to amend DOE/FE Order No. 3698 is granted in FE Docket Nos. 15-53-LNG and 18-162-LNG, as reflected in the following new Ordering Paragraph A:

Port Arthur LNG, LLC (Port Arthur LNG) is authorized to export domestically produced LNG by vessel from the proposed Port Arthur LNG Project to be located in Port Arthur, Texas. The volume authorized in this Order is equivalent to approximately 698 Bcf/yr of natural gas for a 25-year term, beginning on the earlier of the date of first export or seven years from the date of this amended authorization. Port Arthur LNG is authorized to export this LNG on its own behalf and as agent for other entities that hold title

¹³ DOE further finds that the requirement for public notice of applications and other hearing-type procedures in 10 C.F.R. Part 590, are applicable only to applications seeking to export natural gas, including LNG, to countries with which the United States does not have a FTA requiring national treatment for trade in natural gas.

to the natural gas, pursuant to one or more long-term contracts (a contract greater than two years).

This amended Ordering Paragraph A supersedes Ordering Paragraph A in DOE/FE Order No. 3698 in its entirety.

B. All other obligations, rights, and responsibilities established by DOE/FE Order No. 3698 remain in effect. Any other references to DOE/FE Order No. 3698 in the Ordering Paragraphs should reflect this amended authorization (DOE/FE Order No. 3698-A) and this effective date.

C. This Order is effective immediately.

Issued in Washington, D.C., on November 20, 2018.

Shawn Bennett
Deputy Assistant Secretary for Oil and Natural Gas
Office of Fossil Energy