

U.S. Department of Energy
Categorical Exclusion Determination
Office of Fossil Energy



ENERGÍA COSTA AZUL, S. DE R.L. DE C.V. (ECA)
FE DOCKET NO. 18-144-LNG

PROPOSED ACTION DESCRIPTION: Energía Costa Azul, S. de R.L. de C.V. (ECA), a Mexican variable-capital, limited liability company with its principal place of business in Mexico City, Mexico, filed an application (Application) with the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA) on September 27, 2018. ECA states that it is submitting the Application in connection with the development of one of two sets of proposed ECA liquefaction and export terminal facilities. The Application in this proceeding pertains to the “ECA Mid-Scale Project.”¹

In the Application, ECA requests long-term, multi-contract authorization to export domestically produced natural gas by pipeline² from the United States to Mexico and, after liquefaction in Mexico, to deliver and consume the liquefied natural gas (LNG) in Mexico and/or to re-export³ the LNG to other countries as described below.

Specifically, ECA requests to export up to the equivalent of 182 billion cubic feet per year (Bcf/yr) of natural gas via pipeline to Mexico, and to re-export up to 161 Bcf/yr of this amount as LNG, for a term of 20 years. ECA seeks to re-export the LNG from the proposed ECA Mid-Scale Project, to be located north of Ensenada in Baja California, Mexico, to any country with which the United States does not have 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 (non-FTA countries). The LNG will be loaded onto marine vessels for re-export from the Mid-Scale Project to these foreign markets.

The portion of the Application seeking to re-export U.S.-sourced natural gas in the form of LNG to non-FTA countries will be reviewed under NGA section 3(a). In reviewing this request, DOE/FE must consider its obligations under the National Environmental Policy Act (NEPA) and its separate obligation under NGA section 3(a) to ensure that the proposal is not inconsistent with the public interest.

The Department’s regulations at 10 CFR Part 1021, Subpart D, Appendix B5, list categorical exclusions that apply to DOE actions. Specifically, Item B5.7 provides a categorical exclusion where approvals or disapprovals of authorizations to import or export natural gas under NGA section 3 involve minor operational changes, but not new construction. ECA’s proposed re-exports of U.S.-sourced LNG from the ECA Mid-Scale Project fall within the scope of the B5.7 categorical exclusion for two reasons. First, ECA will construct the natural gas liquefaction facility—the proposed ECA Mid-Scale Project—in Mexico. This construction is outside of the United States and therefore is beyond the scope of DOE’s environmental review under NEPA. Second, the transportation of U.S.-sourced natural gas will occur via existing cross-border transmission pipelines, and therefore will not involve

¹ The application for the “ECA Large-Scale Project” is pending in FE Docket No. 18-145-LNG.

² One anticipated point-of-exit for the export of the natural gas is at the San Diego-Tijuana/San Ysidro border between the United States and Mexico. ECA is considering several natural gas supply options for the Mid-Scale Project from nearby cross-border pipeline facilities such as the North Baja Pipeline, Gasoducto Rosarito, Sierrita Gas Pipeline, Comanche Trail Pipeline, ONEOK Partners’ Roadrunner Pipeline and/or Trans-Pecos Pipeline.

³ For purposes of this Categorical Exclusion Determination, “re-export” means to ship or transmit U.S.-sourced natural gas in its various forms (gas, compressed, or liquefied) subject to DOE/FE’s jurisdiction under the NGA, 15 U.S.C. § 717b, from one foreign country (*i.e.*, a country other than the United States) to another foreign country.

new construction of facilities located within the United States. Accordingly, DOE/FE will apply a categorical exclusion under NEPA for the Application.

CATEGORICAL EXCLUSION APPLIED: B5.7 - Import or export natural gas, with operational changes

For the complete DOE National Environmental Policy Act regulations regarding categorical exclusions, including the full text of each categorical exclusion, see Subpart D of 10 CFR Part 1021.

Regulatory Requirements in 10 CFR 1021.410(b): (See full text in regulation)

] The proposal fits within a class of actions that is listed in Appendix A or B to 10 CFR Part 1021, Subpart D.

To fit within the classes of actions listed in 10 CFR Part 1021, Subpart D, Appendix B, a proposal must be one that would not: (1) threaten a violation of applicable statutory, regulatory, or permit requirements for environment, safety, and health, or similar requirements of DOE or Executive Orders; (2) require siting and construction or major expansion of waste storage, disposal, recovery, or treatment facilities (including incinerators), but the proposal may include categorically excluded waste storage, disposal, recovery, or treatment actions or facilities; (3) disturb hazardous substances, pollutants, contaminants, or CERCLA-excluded petroleum and natural gas products that preexist in the environment such that there would be uncontrolled or unpermitted releases; (4) have the potential to cause significant impacts on environmentally sensitive resources, including, but not limited to, those listed in paragraph B(4) of 10 CFR Part 1021, Subpart D, Appendix B; (5) involve genetically engineered organisms, synthetic biology, governmentally designated noxious weeds, or invasive species, unless the proposed activity would be contained or confined in a manner designed and operated to prevent unauthorized release into the environment and conducted in accordance with applicable requirements, such as those listed in paragraph B(5) of 10 CFR Part 1021, Subpart D, Appendix B.

] There are no extraordinary circumstances related to the proposal that may affect the significance of the environmental effects of the proposal.

] The proposal has not been segmented to meet the definition of a categorical exclusion. This proposal is not connected to other actions with potentially significant impacts (40 CFR 1508.25(a)(1)), is not related to other actions with individually insignificant but cumulatively significant impacts (40 CFR 1508.27(b)(7)), and is not precluded by 40 CFR 1506.1 or 10 CFR 1021.211 concerning limitations on actions during preparation of an environmental impact statement.

Based on my review of the proposed action, as NEPA Compliance Officer, I have determined that the proposed action fits within the specified class(es) of action, the other regulatory requirements set forth above are met, and the proposed action is hereby categorically excluded from further NEPA review.

Signature: Mark J. Matarrese Date Determined: 3/28/19

Mark J. Matarrese, NEPA Compliance Officer, Office of Fossil Energy