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

In the Matter Of:

Commonwealth LNG, LLC

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)

FE Docket No. 19-134-LNG

**APPLICATION FOR LONG-TERM AUTHORIZATION TO EXPORT LIQUEFIED
NATURAL GAS TO FREE TRADE AGREEMENT NATIONS AND
NON-FREE TRADE AGREEMENT NATIONS**

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Pursuant to Section 3 of the Natural Gas Act (“NGA”)¹ and Part 590 of the United States (“U.S.”) Department of Energy’s (“DOE”) regulations,² Commonwealth LNG, LLC (“Commonwealth”) hereby files the instant application (“Application”) with DOE, Office of Fossil Energy (“DOE/FE”) requesting long-term, multi-contract authorization for Commonwealth to engage in exports of domestically produced liquefied natural gas (“LNG”) in an amount up to 9.5 million metric tonnes per annum (“MTPA”)³ from proposed natural gas liquefaction and export facilities (the “LNG Facility”)⁴ to be located in Cameron Parish, Louisiana.

Commonwealth requests such authorization to export LNG (1) to countries with which the U.S. has a free trade agreement (“FTA”) requiring national treatment for trade in natural gas (“FTA Nations”) for a 25-year term and (2) to any country that lacks an FTA with the U.S. requiring national treatment for trade in natural gas but with which trade is not prohibited by U.S. law or

¹ 15 U.S.C. § 717b (2012).

² 10 C.F.R. Part 590 (2019).

³ Approximately 441.4 billion cubic feet (“Bcf”) per year (“Bcf/y”) of natural gas.

⁴ An application for authorization to site, construct and operate the natural gas liquefaction and export facility, including an associated NGA Section 3 natural gas pipeline (together, the “Project”) is currently pending with the Federal Energy Regulatory Commission (“FERC” or “Commission”) in Docket No. CP19-502-000. FERC Staff has indicated that it will prepare an Environmental Impact Statement (“EIS”) under the National Environmental Policy Act (“NEPA”) for the Project.

policy and that has, or in the future develops, the capacity to import LNG (“Non-FTA Nations”) for a 20-year term, each commencing on the earlier of the date of first commercial export from the LNG Facility or seven years from the issuance of the authorization sought herein. Commonwealth requests such authorization both on its own behalf and as agent for other entities who hold title to the LNG at the point of export.

In support of this Application, Commonwealth provides as follows:

**I.
DESCRIPTION OF APPLICANT**

The exact legal name of Commonwealth is Commonwealth LNG, LLC. Commonwealth is a Texas limited liability company, with its primary place of business located at One Riverway, Suite 500, Houston, TX 77056, and is authorized to do business in the State of Louisiana. Commonwealth is a wholly owned subsidiary of Commonwealth Projects, LLC, which is in turn wholly-owned by a private individual, Paul Varello.

Commonwealth is not owned, in whole or in part, or subsidized, directly or indirectly, by any foreign government. Moreover, it is neither contractually committed to ownership nor subsidization by any foreign government entity.

II.
COMMUNICATIONS AND CORRESPONDENCE

All correspondence and communications concerning this Application, including all service of pleadings and notices, should be directed to the following persons:⁵

Robert Powers
Commonwealth LNG, LLC
One Riverway Suite 500
Houston, Texas 77056
Telephone: (346) 352-4448
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Email: mjohnston@orrick.com

III.
PROJECT OVERVIEW

The LNG Facility, which is proposed to be located on a 393-acre site in Cameron Parish, Louisiana, on the west side of the Calcasieu Ship Channel near its entrance to the Gulf of Mexico, will enable the liquefaction and export of U.S.-sourced natural gas to foreign markets. The LNG Facility encompasses the construction of one LNG plant, which includes six liquefaction trains and appurtenant facilities. Each train will have a liquefaction design capacity of approximately 65.1 Bcf of natural gas per year (equivalent to approximately 1.4 MTPA) for a total nominal liquefaction and production capacity of 390.3 Bcf per year (equivalent to approximately 8.4 MTPA of LNG). Under optimal operating conditions the Project will have a peak capacity of up to 441.4 Bcf per year (equivalent to approximately 9.5 MTPA of LNG).

⁵ Commonwealth requests waiver of Section 590.202(a) of DOE's regulations, to the extent necessary to include outside counsel on the official service list in this proceeding. 10 C.F.R. § 590.202(a).

IV.
AUTHORIZATION REQUESTED

Commonwealth respectfully requests authorization to export up to 9.5 MTPA (equivalent to approximately 441.4 Bcf/y of natural gas) to FTA Nations for a 25-year term and to Non-FTA Nations for a 20-year term, each commencing on the earlier of the date of first commercial LNG exports from the LNG Facility pursuant to a long-term agreement or seven years from the issuance of the authorization sought herein. For the sole purpose of exporting any Make-up Volumes⁶ that it was unable to export during the original export term, Commonwealth further requests authorization to continue exporting for a total of three years following the end of each export term requested herein.

Commonwealth requests authorization to engage in exports to FTA and Non-FTA Nations, both on its own behalf and as agent for other parties who hold title to the LNG at the time of export. Commonwealth will comply with all DOE/FE requirements for exporters and agents, including all registration requirements as required by the order, and as first set forth in DOE/FE Order No. 2913.⁷

V.
COMMERCIAL AGREEMENTS

Commonwealth has not yet entered into any natural gas supply or LNG export contracts in conjunction with the authorization requested herein. In this regard, Commonwealth is not submitting transaction-specific information at this time, and requests that, consistent with

⁶ Make-up volumes are defined as the difference between the authorized LNG export volume and the actual LNG export volume during the export term authorized by DOE/FE.

⁷ *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, Order Granting Long-Term Authorization to Export Liquefied Natural Gas from Freeport LNG Terminal to Free Trade Nations, DOE/FE Order No. 2913, FE Docket No. 10-160-LNG, at 9-10 (Feb. 10, 2011).

DOE/FE's prior practice, it allow Commonwealth to file such long-term contracts with DOE/FE as they are entered into.⁸

Upon entering into such contracts, Commonwealth will file, or cause to be filed, either unredacted contracts, or long-term contracts under seal, with either: (i) a copy of each long-term contract with commercially sensitive information redacted, or (ii) a summary of all major provisions of the contracts including, but not limited to, the parties to each contract, contract term, quantity, any take-or-pay or equivalent provisions/conditions, destinations, re-sale provisions, and other relevant provisions.

VI. APPLICABLE LEGAL STANDARD

Commonwealth's Application for exports to FTA Nations must be reviewed under Section 3(c) of the NGA, which provides:

...the exportation of natural gas to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, shall be deemed to be consistent with the public interest, and applications for such ... exportation shall be granted without modification or delay.⁹

In this regard, Commonwealth's request to export LNG to FTA Nations should be granted as consistent with the public interest.

Commonwealth's Application for exports to Non-FTA Nations must be reviewed under Section 3(a) of the NGA, which states that, unless there is a finding that proposed exports "will not be consistent with the public interest,"¹⁰ DOE/FE must authorize such exports. Therefore,

⁸ 10 C.F.R. § 590.202(b). *See, e.g. Freeport LNG Expansion, L.P. & FLNG Liquefaction 4, LLC*, Opinion and Order Granting Long-Term Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Nations, DOE/FE Order No. 4374, FE Docket No. 18-26-LNG (May 28, 2019).

⁹ 15 U.S.C. § 717b(c).

¹⁰ *Id.* § 717b(a).

Section 3(a) creates a presumption in favor of approval of LNG exports. As described in detail below, the proposed LNG exports are not inconsistent with the public interest. Accordingly, Commonwealth's request for authorization to export to Non-FTA Nations should be granted.

VII. PUBLIC INTEREST

Commonwealth's proposed exports are not inconsistent with, and are in fact in service of, the public interest. As a preliminary matter, the current domestic forecast shows that such exports are supported by current and future projections for domestic natural gas supply and demand. Natural gas production in the U.S. is at the highest levels ever recorded, increasing over 50% in the last 10 years.¹¹ The U.S. Energy Information Administration ("EIA") recently noted that "U.S. natural gas production...[set] a new daily production record of 92.8 [Bcf/d] on August 19, 2019, ... [and] set a new monthly record in August, averaging more than 91 Bcf/d for the first time."¹² The EIA's latest Short-Term Energy Outlook forecasts that "annual U.S. dry natural gas production will average 91.6 [bcf/d] in 2019, up 10% from the 2018 average."¹³

Consistently, long-term projections indicate that "[a]fter 2020, production grows at a higher rate than consumption in most cases, leading to a corresponding growth in U.S. exports of natural gas to global markets."¹⁴ Over the proposed life of the Project, U.S. production is

¹¹ U.S. EIA, *U.S. Natural Gas Marketed Production*, <http://www.eia.gov/dnav/ng/hist/n9050us2A.htm> (September 30, 2019).

¹² U.S. EIA, *U.S. natural gas production reaches a new record despite low prices* (September 12, 2019), available at <https://www.eia.gov/todayinenergy/detail.php?id=41273>.

¹³ U.S. Energy Information Administration, *Short-Term Energy Outlook* (October 8, 2019), available at <https://www.eia.gov/outlooks/steo/>.

¹⁴ U.S. EIA, *Annual Energy Outlook 2019 with Projections to 2050*, pg. 72 (Jan. 24, 2019), available at <https://www.eia.gov/outlooks/aeo/pdf/aeo2019.pdf>. "The exception is in the Low Oil and Gas Resource and

anticipated to outpace domestic consumption.¹⁵ The EIA’s Annual Energy Outlook for 2019 confirms that “[t]he growth in natural gas production supports increasing domestic consumption, particularly in the industrial and electric power sectors, *and higher levels of natural gas exports.*”¹⁶

Moreover, LNG exports and the Project in particular, will have numerous public benefits. Commonwealth proposes to export domestic natural gas as LNG in response to increasing global demand for an inexpensive, less polluting fuel source. In this regard, increased LNG exports are projected to benefit the U.S. economy. As DOE itself has noted, it has “advanced its commitment to promoting clean energy, job creation, and economic growth by approving additional exports of domestically produced natural gas” and such approval “furthers this Administration’s commitment to promoting energy security and diversity worldwide.”¹⁷

The public interest of such exports is supported by studies commissioned by DOE/FE. The most recent DOE/FE commissioned study on the potential macroeconomic impacts of LNG exports stated that, “[e]ven the most extreme scenarios of high LNG exports that are outside the more likely probability range...show higher overall economic performance in terms of GDP, household income, and consumer welfare than lower export levels associated with the same domestic supply scenarios.”¹⁸

Technology case, where production, consumption, and net exports all remain relatively flat as a result of higher production costs.” *Id.*

¹⁵ *Id.* (“production growth outpac[es] natural gas consumption in all cases).

¹⁶ *Id.* at 69 (*emphasis added*).

¹⁷ DOE, *Department of Energy Authorizes Additional LNG Exports from Freeport LNG* (May 28, 2019), available at <https://www.energy.gov/articles/department-energy-authorizes-additional-lng-exports-freeport-lng>.

¹⁸ NERA Econ. Consulting, *Macroeconomic Outcomes of Market Determined Levels of U.S. LNG Exports*, pg. 21 (June 7, 2018), available at <https://www.energy.gov/sites/prod/files/2018/06/f52/Macroeconomic%20LNG%20Export%20Study%202018.pdf>.

Additionally, the Project itself will produce significant benefits to Louisiana and the U.S. as a whole. The Project will result in the following benefits, all of which are consistent with the public interest:

- The creation of new jobs and additional tax revenues on a local, regional and national level, both temporarily during construction activities and permanently when the Project becomes operational (over the 36 to 38-month construction period, the Project will create an average of 800 on-site engineering and construction jobs, with a peak of 2,000 jobs. Once operational, the Project will provide 65 permanent jobs);
- The hiring of local, regional and national businesses to provide services, materials, and other supplies during construction and operation of the Project;
- Increased jobs in the general area resulting from the Project will produce a subsequent increase in disposable income for both individuals and local businesses, which will, in turn, result in an increase in economic activity in the Project vicinity;
- Help the U.S. trade deficit by exporting a domestically produced commodity to the world market;
- Provide a politically and economically stable source of natural gas supplies to the global market; and
- Provide an environmentally less intrusive fuel source to the global market that is looking to replace fuel sources that create a more significant impact on the environment when utilized for the generation of electrical power.

Therefore, for the foregoing reasons, the Project is not inconsistent with, and clearly serves, the public interest.

VIII. ENVIRONMENTAL IMPACT

DOE/FE is anticipated to participate as a cooperating agency in FERC's environmental review process for the Project, as FERC is the lead agency under NEPA. The Commission will review any potential environmental impacts of the Project in an EIS, in accordance with the Energy Policy Act of 2005 and the NGA. DOE/FE's regulations govern its role as a cooperating agency

in the NEPA process¹⁹ and require that “...DOE shall cooperate with the other agencies in developing environmental information...”²⁰ and note that DOE/FE may adopt the findings of FERC’s environmental review to the extent that the Commission satisfactorily addresses comments and suggestions raised by DOE/FE during the process.²¹ Commonwealth believes that this approach is sufficient to comply with all obligations under NEPA.²²

**IX.
APPENDICES**

Appendix A: Verification

Appendix B: Opinion of Counsel

**X.
CONCLUSION**

For the foregoing reasons, Commonwealth respectfully requests that DOE/FE grant the Application, as described herein, no later than January 2021.

Respectfully submitted,

/s/Lisa M. Tonery

Lisa M. Tonery

Mariah T. Johnston

Attorneys for

Commonwealth LNG, LLC

Dated: October 16, 2019

¹⁹ 10 C.F.R. § 1021.103 (2019).

²⁰ *See id.* § 1021.342; *see also* 40 C.F.R. §§ 1501.6, 1508.5.

²¹ *See* 40 C.F.R. § 1506.3.

²² 42 U.S.C. §§ 4321 *et seq.* (2012).

APPENDIX A

VERIFICATION

VERIFICATION

State of Texas)

County of Harris)

BEFORE ME, the undersigned authority, on this day personally appeared Robert Powers, who, having been by me first duly sworn, on oath says that he is Chief Operating Officer, for Commonwealth LNG, LLC. and is duly authorized to make this Verification; 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.



Robert Powers
Chief Operating Officer
Commonwealth LNG, LLC

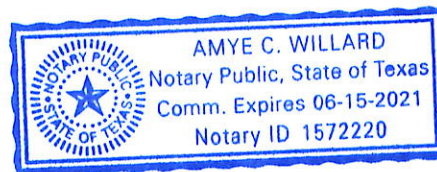
SWORN TO AND SUBSCRIBED before me on the 14th day of October, 2019.



Name: Amye C. Willard

Title: Notary Public

My Commission expires: 6-15-21



APPENDIX B

OPINION OF COUNSEL

CRUVER, ROBBINS & FU, L.L.P.
ATTORNEYS AT LAW

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Houston, TX 77056
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October 15, 2019

Office for Oil and Gas Global Security and Supply
U.S. Department of Energy, Office of Fossil Energy
FE-34

1000 Independence Avenue, S.W.
Washington, D.C. 20585

**RE: Commonwealth LNG, LLC
DOE/FE Docket No. 19-____-LNG
Application for Long-Term Authorization to Export LNG to Free Trade Agreement
and Non-Free Trade Agreement Nations**

Dear Sir or Madam:

This opinion of counsel is provided in accordance with the requirements of section 590.202(c) of the U.S. Department of Energy's regulations.¹ I have examined the Limited Liability Company Agreement of Commonwealth LNG, LLC ("Commonwealth") and other authorities as necessary, and have concluded that the proposed exportation of liquefied natural gas as described in the above-referenced application is within Commonwealth's corporate powers.

Respectfully submitted,

*/s/Jereme J. Gray/*_____

By: Jereme J. Gray
Counsel for Commonwealth LNG, LLC

¹ 10 C.F.R. § 590.202(c) (2019).