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March 4, 2020

VIA ELECTRONIC DELIVERY

Larine A. Moore
U.S. Department of Energy
FE-34
P.O. Box 44375
1000 Independence Avenue, S.W.
Washington, D.C. 20026-4375

RE: Lake Charles Exports, LLC
Docket Nos. 11-59-LNG and 16-110-LNG
Amendment to Authorizations for Long-Term Authorization to Export Liquefied Natural
Gas to Free Trade Agreement and Non-Free Trade Agreement Countries

Dear Ms. Moore:

Please find enclosed for filing on behalf of Lake Charles Exports, LLC (“LCE”) an application to amend existing long-term, multi-contract authorizations to export domestically-produced liquefied natural gas issued in Docket Nos. 11-59-LNG and 16-110-LNG.

LCE is transmitting an electronic payment in the amount of \$50.00 in payment of the applicable filing fee pursuant to 10 C.F.R. § 590.207. Please contact the undersigned at (202) 220-6965 if you have any questions regarding this filing.

Respectfully submitted,

/s/ Jennifer Brough
Jennifer Brough
Counsel to Lake Charles Exports, LLC

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

Lake Charles Exports, LLC

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Docket Nos. 11-59-LNG
16-110-LNG

**APPLICATION OF LAKE CHARLES EXPORTS, LLC FOR
AMENDMENT TO LONG-TERM AUTHORIZATIONS TO EXPORT LIQUEFIED
NATURAL GAS TO FREE TRADE AGREEMENT AND NON-FREE TRADE
AGREEMENT COUNTRIES**

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**UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
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Lake Charles Exports, LLC

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Docket Nos. 11-59-LNG
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**APPLICATION OF LAKE CHARLES EXPORTS, LLC FOR
AMENDMENT TO LONG-TERM AUTHORIZATIONS TO EXPORT LIQUEFIED
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AGREEMENT COUNTRIES**

Pursuant to Section 3 of the Natural Gas Act (“NGA”), 15 U.S.C. § 717b, and Part 590 of the regulations of the Department of Energy (“DOE”), 10 C.F.R. § 590, Lake Charles Exports, LLC (“LCE”) submits this application to the DOE Office of Fossil Energy (“DOE/FE”) for authorization to amend its existing authorizations to export liquefied natural gas (“LNG”) from the terminal in Lake Charles, Louisiana (“Lake Charles Terminal”).¹

I. BACKGROUND

LCE currently holds the following export authorizations from DOE/FE with respect to exports from the Lake Charles Terminal:²

Order No.	Docket No.	FTA/ Non-FTA³	Quantity	Term
2987	11-59-LNG	FTA	730 Bcf/year	25 years

¹ The Federal Energy Regulatory Commission (“FERC”) originally certificated the Lake Charles Terminal in 1977, with the original construction completed in July 1981. *Trunkline LNG Co., et al.*, 58 FPC 726 (Opinion No. 796), *order on reh’g*, 58 FPC 2935 (1977) (Opinion No. 796-A).

² Lake Charles LNG Export Company, LLC holds separate, non-additive, authorizations to export LNG from the Lake Charles Terminal and is filing concurrently herewith to similarly amend its export authorizations.

³ FTA refers to countries with which the United States has entered into a free trade agreement requiring national treatment for trade in natural gas. 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. Non-FTA refers to any other country with which trade is not prohibited by U.S. law or policy. *See Magnolia LNG LLC*, DOE/FE Order No. 3406-A at 2 (Mar. 21, 2019).

Order No.	Docket No.	FTA/ Non-FTA ³	Quantity	Term
3324-A	11-59-LNG	Non-FTA	730 Bcf/year	20 years
4011	16-110-LNG	FTA and Non-FTA	121 Bcf/year	25 years (FTA) 20 years (Non-FTA)

In 2015, FERC approved construction of the Lake Charles Terminal liquefaction facilities (“Liquefaction Project” or “Project”) and set December 16, 2020 as the deadline for construction.⁴ In an order dated December 5, 2019, FERC issued the FERC Extension Order extending the construction deadline for the Liquefaction Project until December 16, 2025.⁵ In light of FERC’s extension, LCE respectfully requests that DOE/FE issue an order amending the existing export authorizations in the manner requested herein. The instant amendment application requires no new construction or modification of authorized facilities nor does it request authority to export additional quantities of LNG. In support of this amendment application, LCE respectfully states the following:

II. 10 C.F.R. § 590.202(a)

1. Legal Name Of Applicant

The exact legal name of the applicant is Lake Charles Exports, LLC. LCE is a limited liability company formed under the laws of Delaware with its principal place of business at 1300 Main Street, Houston, Texas 77002.

⁴ See *Trunkline Gas Company, LLC, et al.*, 153 FERC ¶ 61,300 at Ordering Paragraph (L) (2015), *order denying reh’g*, 155 FERC ¶ 61,328 (2016) (“2015 FERC Order”).

⁵ *Lake Charles LNG Export Company, LLC, et al.*, Letter Order, Docket Nos. CP14-119-000, et al. (issued Dec. 5, 2019) (“FERC Extension Order”). A copy of the FERC Extension Order is attached hereto as Appendix A.

2. Service List Contacts

All correspondence and communications concerning this amendment application should be directed to the following persons:⁶

Michael T. Langston
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3. Statement Of Action Sought From DOE/FE

LCE hereby respectfully requests that DOE/FE issue an order amending the existing export authorizations as follows:

Order No.	FTA/Non-FTA	Amendment Requested
2987	FTA	Amend term of export authorization from 25 years to 30 years with such 30 year term commencing on the earlier of (i) the date of first export or (ii) 10 years from the date the amended authorization is issued.
3324-A	Non-FTA	Amend commencement of operations deadline (currently July 29, 2023) to December 16, 2025 to align with FERC Extension Order.

⁶ LCE respectfully requests a waiver of Section 590.202(a) of the DOE/FE regulations, 10 C.F.R. § 590.202(a) (2020), to the extent necessary to include more than two persons on the official service list.

Order No.	FTA/Non-FTA	Amendment Requested
4011	FTA	Amend term of export authorization from 25 years to 30 years with such 30 year term commencing on the earlier of (i) the date of first export or (ii) 10 years from the date the amended authorization is issued.
4011	Non-FTA	Amend commencement of operations deadline (currently June 29, 2024) to December 16, 2025 to align with FERC Extension Order.

The grant of the extension of the commencement of operations deadlines for the Non-FTA authorizations is necessary to align the existing DOE/FE export authorizations with the FERC construction authorization for the Liquefaction Project facilities. In addition, as explained below, the extension of the term of the FTA authorizations is consistent with similar authorizations issued by DOE/FE for other LNG export projects, which were granted without modification or delay as required by NGA Section 3(c).

4. Justification For Action Sought From DOE/FE

(i) FTA Authorizations – Extension of Term

NGA Section 3(c), as amended by Section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486), provides that:

[T]he 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 importation or exportation shall be granted without modification or delay.⁷

Under this statutory presumption, that portion of this amendment application that seeks to amend the existing FTA authorizations to extend the term from 25 years to 30 years shall be deemed to be consistent with the public interest and should be granted by DOE/FE without

⁷ 15 U.S.C. § 717b(c).

modification or delay. The requested 30 year term is consistent with those granted by DOE/FE for numerous other FTA export applicants.⁸ LCE respectfully requests that DOE/FE issue an order stating that the 30-year term for Order Nos. 2987 and 4011 commences on the earlier of (i) the date of first export or (ii) 10 years from the date the amended authorization is issued.⁹

(ii) Non-FTA Authorizations – Extension of Commencement Date

Ordering Paragraph D of DOE/FE Order No. 3324-A and Ordering Paragraph E of DOE/FE Order No. 4011 require that LCE must commence export operations using the planned liquefaction facilities no later than seven years from the date of issuance of the orders.¹⁰ LCE respectfully requests that the commencement date for each Non-FTA export authorization be extended to December 16, 2025 to align with the FERC Extension Order.

The Liquefaction Project is being developed by subsidiaries of Energy Transfer LP (“ET”) and Shell Oil Company (“Shell”) pursuant to a Project Framework Agreement that specifies the commercial terms between ET and Shell as well as a specific process for reaching a Final Investment Decision (“FID”). The Project sponsors have been actively progressing the Project and have incurred substantial costs since obtaining the DOE/FE export authorizations and the 2015 FERC Order. The Project sponsors have obtained all required federal, state and local authorizations and permits related to construction and operation of the Project facilities. Such authorizations and permits have been maintained, remain valid and are in full force and effect. In addition, the Project sponsors have secured all LNG export terminal land rights and have

⁸ See, e.g., *Fourchon LNG LLC*, DOE/FE Order No. 4162 (Mar. 11, 2018); *Jordan Cove Energy Project, L.P.*, DOE/FE Order No. 3041-A (Jul. 20, 2018).

⁹ *Jordan Cove Energy Project, L.P.*, DOE/FE Order No. 3041-A (Jul. 20, 2018) (Amending FTA authorization to begin on the date of first export or 10 years from the date the amended authorization was issued).

¹⁰ DOE/FE Order No. 3324-A (Commencement of operations date: July 29, 2023); DOE/FE Order No. 4011 (Commencement of operations date: June 29, 2024).

taken steps toward construction, including clearing of trees, drilling of test piles for the foundations and obtaining approval to replace and relocate existing communication facilities.¹¹

Due to a material development regarding BG LNG Services, LLC, the Project encountered an unforeseen delay in the originally projected construction schedule. As set out in the 2015 FERC Order and DOE/FE export applications, it was expected that BG LNG Services, LLC would subscribe for 100% of the capacity of the Lake Charles Terminal and BG Energy Merchants, LLC would subscribe for 100% of the capacity of the related pipeline facilities. It was also expected that Lake Charles LNG Export Company, LLC would own 100% of the LNG export terminal facility and be responsible for the construction of the pipeline facilities and LNG export terminal facility.

Following issuance of the 2015 FERC Order and DOE/FE export authorizations, BG Group plc (the parent company of BG LNG Services, LLC and BG Energy Merchants, LLC) was acquired by Shell's parent company in a complex international merger.¹² The resulting merger and integration process led to Shell and Energy Transfer negotiating new project agreements. This process resulted in the execution of a Project Framework Agreement, dated March 25, 2019, between subsidiaries of ET and Shell. Under the Project Framework Agreement, ET and Shell have established a detailed process for the development of the Project and for the Project sponsors reaching FID, subject to specified conditions precedent. Pursuant to the Project Framework Agreement, following FID, each of subsidiaries of ET and Shell would own 50% of the equity of Lake Charles LNG Export Company, LLC and would subscribe for 50% of the capacity of the LNG export terminal facility.

¹¹ FERC environmental contractors have conducted three environmental inspections of the project area and have found no problem areas or instances of non-compliance. *See, e.g.*, FERC Field Inspection Report, FERC Docket Nos. CP14-119-000, CP14-120-000, and CP14-122-000 (dated Jan. 5, 2017).

¹² *See* Response to Change in Control Statement, Docket No. 11-59-LNG (Jul. 26, 2016) (Accepting the change in control with respect to BG's interest in LCE).

Since the execution of the new Project Framework Agreement, the parties have taken further material steps in progressing the Project. On April 30, 2019, the parties issued an Invitation to Tender to prospective LNG engineering, procurement and contracting (“EPC”) bidders to construct the LNG export terminal facilities. This represents a further major milestone in the completion of the Project. In the second quarter of 2019, the parties executed contracts with LNG EPC companies to verify existing front-end engineering design.

The Project sponsors have incurred in excess of \$300 million to date in development costs and the Project sponsors have approved additional expenditures of approximately \$150 million in development costs to be incurred prior to FID. The Project remains an active, fully-supported project with no changes proposed to the export authority sought and granted in the original export authorizations. The Project is well-advanced in its development timelines with site preparations made, front end engineering and design completed and a recently issued commercial tender inviting EPC contractors to bid for a lump-sum turnkey contract for the construction, commissioning and start-up of the Project. The decision on the EPC contractor is expected this year.

Per the Project Framework Agreement, a precondition of FID is that all authorizations remain in full force and effect. Due to the large scale of the LNG export terminal facilities, it is anticipated that the construction of these facilities will take 52-56 months to complete, with construction commencing immediately following FID. As such, completion of construction of the LNG export terminal facility is expected to occur as early as the second half of 2025. Before taking FID it is vital that the sponsors have assurances that all authorizations will remain valid until 2025. Consistent therewith, LCE respectfully requests that DOE/FE issue an order on the

amendment application promptly in order to enable it to proceed with necessary commercial arrangements to support the Liquefaction Project.

The Project sponsors are eager to continue to move forward with the Project and receipt of the requested amendments is a necessary step. The grant of these amendments will enable all interested parties to gain the benefit of the substantial work already done by DOE/FE staff in its review and approval of the applications for exports from the Lake Charles Terminal. As explained above, FERC granted the request for an extension of time until December 16, 2025 to construct the Liquefaction Project. Accordingly, LCE respectfully requests that DOE/FE issue an order amending Order Nos. 3324-A and 4011 so that LCE must commence export operations using the planned liquefaction facilities no later than December 16, 2025.

The extension requested is not inconsistent with the public interest under NGA section 3 and should be granted expeditiously. The purpose of the DOE/FE seven year commencement of operations requirement is to ensure that “other entities that may seek similar authorizations are not frustrated in their efforts to obtain those authorizations by authorization holders that are not engaged in actual export operations.”¹³ Here, the Liquefaction Project sponsors are fully engaged in the steps necessary to construct the facilities to enable the export activities contemplated in the export authorizations already issued by DOE/FE and have all FERC authorizations necessary to do so. No entity would be prevented from obtaining export authorization if DOE/FE were to grant the requested extension. In fact, parties who have received FERC authorization for construction of other LNG export terminal facilities have already received export authorization from DOE/FE.¹⁴ As a result, the public interest would be

¹³ See, e.g., *Lake Charles Exports, LLC*, DOE/FE Order No. 3324-A at 144 (Jul. 29, 2016).

¹⁴ Compare FERC List of Approved LNG Export Facilities, available at <https://www.ferc.gov/industries/gas/industryact/lng/lng-approved-export-new.pdf> with DOE/FE Summary of LNG Export Applications of the Lower 48 States, available at <https://www.energy.gov/fe/downloads/summary-lng-export-applications-lower-48-states>.

served by granting the extension and realizing the benefits of the proposed exports as contemplated in the original export authorization orders.¹⁵

III. 10 C.F.R. § 590.202(b)

As LCE does not seek to export any additional quantities of LNG, the requirements of 10 C.F.R. § 590.202(b) are not applicable to this amendment application. The project scope, source and security of the natural gas supply to be exported, participants, and terms of the transaction remain unchanged from those previously authorized by DOE/FE. In addition, the lack of a national or regional need for the gas has already been determined by DOE/FE and is further supported by DOE/FE's most recent study: *Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States: 2019 Update* as well as the 2018 DOE/FE study entitled *Macroeconomic Outcomes of Market Determined Levels of U.S. LNG Exports*.¹⁶

LCE respectfully submits that, under the DOE/FE NEPA implementing regulations, a categorical exclusion applies to the amendment authorization requested herein because the request does not involve *any* new construction or modification to existing facilities. Pursuant to the DOE/FE NEPA implementing regulations, a categorical exclusion applies for "Approvals or disapprovals of new authorizations or amendments of existing authorizations to import or export natural gas under section 3 of the Natural Gas Act that involve minor operational changes (such as changes in natural gas throughput, transportation, and storage operations) but not new

¹⁵ DOE/FE recently affirmed its past findings that exports of LNG from the lower-48 states will not be inconsistent with the public interest. *See Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas From the United States: 2019 Update - Response to Comments*, 85 Fed. Reg. 72, 86 (Jan. 2, 2020) ("2020 DOE/FE Response to Comments"). The public interest is not served unless LNG export projects under development are granted the authority necessary to complete construction.

¹⁶ 2020 DOE/FE Response to Comments, 85 Fed. Reg. 72 (Jan. 2, 2020); *Study on Macroeconomic Outcomes of LNG Exports: Response to Comments Received On Study*, 83 Fed. Reg. 67251, 67259 (Dec. 28, 2018) (Concluding that U.S. consumer well-being increases and total economic activity expands with rising LNG exports and also that U.S. LNG exports are backed by increased natural gas production).

construction.”¹⁷ The amendments sought by LCE here fall squarely within this categorical exclusion because they involve only an amendment to the term and commencement of operations deadlines without any new construction or modification of existing facilities.

IV. APPENDICES

The following appendices are included with this Application:

Appendix A FERC Extension Order

Appendix B Verification

Appendix C Opinion of Counsel

V. CONCLUSION

WHEREFORE, for the reasons set forth above, Lake Charles Exports, LLC respectfully requests that the DOE/FE proceed expeditiously to issue an order amending DOE/FE Order Nos. 2987, 3324-A, and 4011 as requested herein. As demonstrated herein, the amendments requested are not inconsistent with the public interest and, accordingly, should be granted pursuant to Section 3 of the Natural Gas Act.

Respectfully submitted,

Lake Charles Exports, LLC
By: Trunkline LNG Holdings LLC,
its member

/s/ Michael T. Langston
Michael T. Langston
Vice President & Chief Regulatory
Officer

Dated: March 4, 2020

¹⁷ 10 C.F.R. Part 1021, Subpart D, Appendix B, B5.7 (2020); *see also* 40 C.F.R. § 1508.4 (2020) (Council on Environmental Quality NEPA implementing regulations stating that categorical exclusions apply to categories of actions the implementing agency has determined are not expected to have individually or cumulatively significant environmental impacts).

APPENDIX A
FERC EXTENSION ORDER

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

OFFICE OF ENERGY PROJECTS

In Reply Refer To:

OEP/DPC/CB-2

Trunkline Gas Company, LLC
Lake Charles LNG Company,
LLC

Lake Charles LNG Export
Company, LLC

VIA FERC Service

Docket Nos. CP14-119-000

CP14-120-000

CP14-122-000

§ 375.308(w)(4)

December 5, 2019

Michael T. Langston
Vice President, Chief Regulatory Officer
Lake Charles LNG Company
1300 Main Street
Houston, Texas 77002

RE: Request for an Extension of Time

Dear Mr. Langston:

On December 17, 2015, in the above-referenced proceedings, Trunkline Gas Company, LLC (Trunkline) was authorized to construct and operate its Pipeline Modifications Project and Lake Charles LNG Company, LLC and Lake Charles LNG Export Company, LLC (collectively, Lake Charles LNG) were authorized to construct and operate its Liquefaction Project.¹ In the Order, Ordering Paragraph (B)(1) states that the Pipeline Modifications Project must be completed and in-service within four years of the date of the Order; Ordering Paragraph (L) states that the Liquefaction Project must be completed and in-service within five years of the date of the Order.

On August 30, 2019, Trunkline and Lake Charles LNG jointly filed an extension of time request to construct both the Pipeline Modifications Project and the Liquefaction Project and place them into service until December 16, 2025.

¹ *Trunkline Gas Company, LLC, et al.*, 153 FERC ¶ 61,300 (2015), *reh'g denied*, 155 FERC ¶ 61,328 (2016) (Order).

Docket Nos. CP14-119-000
CP14-120-000
CP14-122-000

- 2 -

Based on the facts presented in the request, Trunkline and Lake Charles LNG are granted an extension of time until and including December 16, 2025 to complete construction of the Pipeline Modifications Project and the Liquefaction Project and make them available for service.

This action is taken pursuant to authority delegated by the Commission in 18 C.F.R. § 375.308(w)(4).

Sincerely,

Webster Gray
Chief, Certificates Branch 2
Division of Pipeline Certificates
Office of Energy Projects

Document Content(s)

CP14-119 et al. Trunkline Lake Charles LNG EOT 120419.PDF.....1-2

APPENDIX B
VERIFICATION

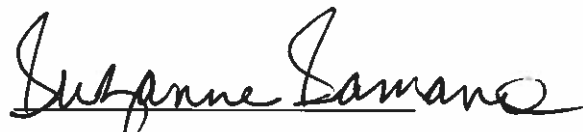
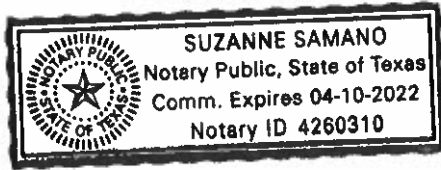
VERIFICATION

County of Harris
State of Texas

BEFORE ME, the undersigned authority, on this day personally appeared Michael T. Langston who, having been by me first duly sworn, on oath says that he is duly authorized to make this Verification on behalf of Lake Charles Exports, LLC; 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.



SWORN TO AND SUBSCRIBED before me on:


Notary Public

APPENDIX C
OPINION OF COUNSEL

March 4, 2020

Ms. Amy Sweeney
U.S. Department of Energy
Office of Regulation, Analysis, and Engagement
Office of Fossil Energy
Forrestal Building, Room 3E-042
1000 Independence Avenue, S.W.
Washington, DC 20585

Re: Lake Charles Exports, LLC, Docket Nos. 11-59-LNG and 16-110-LNG
Amendment to Authorizations for Long-Term Authorization to Export Liquefied Natural
Gas to Free Trade Agreement and Non-Free Trade Agreement Countries
Opinion of Counsel

Dear Ms. Sweeney:

This opinion of counsel is submitted pursuant to Section 590.202(c) of the regulations of the U.S. Department of Energy, 10 C.F.R. § 590.202(c) (2020). The undersigned is counsel to Lake Charles Exports, LLC. I have reviewed the corporate documents of Lake Charles Exports, LLC and it is my opinion that the proposed export of natural gas as described in the amendment application filed by Lake Charles Exports, LLC to which this Opinion of Counsel is attached as Appendix C, is within the limited liability company powers of Lake Charles Exports, LLC.

Respectfully submitted,

Lake Charles Exports, LLC
By: Trunkline LNG Holdings LLC, its
member

/s/ Jim Wright
Jim Wright
General Counsel