

LNG Export Projects Update

THE LEAD: FRENCH MINISTER WANTS TO BAN U.S. LNG IF “FRACKED GAS” INVOLVED

Ségolène Royale, the French Minister of Environment, Energy and Marine Affairs, told her parliament on May 10 that the French government was looking to ban U.S. liquefied natural gas (LNG) imports containing shale gas because hydraulic fracturing is banned in France.

According to a May 13 story by Annemarie Botzki, a reporter for *Interfax Natural Gas Daily*: “Legal experts agree [that such] an import ban would likely raise significant concerns under both EU and WTO law. [...] Charles Julien, counsel at King & Spalding’s international trade practice group, [said that] the EU’s trade and investment policy is the exclusive competence of the European Commission. ‘The authority of France to impose a ban on a national scale could be questioned. Only the EU can act in areas where it has exclusive competence.’ [...] Alan Dunn, a Washington-based trade attorney with the law firm Stewart and Stewart, said that applying a restriction solely to U.S. imports also appeared ‘to be a prima facie case of discrimination in violation of General Agreement on Tariffs and Trade Article XIII.’”

American Petroleum Institute CEO Jack Gerard called Royale’s idea “an aberration.” According to a story by SNL reporter Allison Good: “The broad trend that Gerard sees in meetings with foreign governments is ambassadors saying, ‘we want a relationship with the United States.’ Many in eastern Europe want to sever their relationship with ‘one man’ for natural gas, Gerard said, referring to Russian dominance in the region’s gas market, and are looking for the United States to be in a position to supply competition.”

LNG ALLIES AND OEM MEMBERS

■ Cameron LNG

The Federal Energy Regulatory Commission (FERC) issued an order on May 05, authorizing Cameron LNG to construct and operate two additional liquefaction trains (Trains 4 and 5), each with a liquefaction capability of 4.985 million metric tons per annum (mtpa)



Photo: Cheniere

and a fifth 160,000-cubic meter LNG storage tank. Cameron proposes to construct the facilities at its LNG terminal on the Calcasieu Ship Channel in Cameron and Calcasieu Parishes, Louisiana. Under the expansion, Cameron could export an additional 515 billion cubic feet per year (bcf/year) of U.S. natural gas or the equivalent of 9.97 mtpa of LNG from its existing LNG terminal. The expansion would increase the terminal’s export capacity to 1.29 Tcf/year of natural gas or 24.92 mtpa of LNG.

■ Cheniere Sabine Pass

Cheniere held a celebration at its new liquefaction terminal in Sabine Pass on April 25. A number of state, local, federal, and international officials were in attendance, including Robin Dunningan, Deputy Assistant Secretary for Energy Diplomacy, U.S. Department of State, and Christopher A. Smith, Assistant Secretary for Fossil Energy, U.S. Department of Energy (shown above). The event was attended by several hundred people.

On April 18, FERC authorized Cheniere to introduce feed gas and refrigerants into Train 2 to begin the commissioning process for the second liquefaction line.

■ **Cheniere Corpus Christi**

In its April 21 monthly progress report, Cheniere Energy stated that (Phase One, Trains 1-3 of) its liquefaction and LNG export terminal at Corpus Christi, Texas, is now 32.5% complete. The report further states that engineering has progressed to 97.1% and procurement has progressed to 46.0%.

■ **Fairwood LNG**

Frederick Jones, CEO of Fairwood and founder of its Delfin LNG subsidiary reports that he was in Washington in “early May for meetings with various government officials.” Jones reiterated that Fairwood expects to have a final EIS from the U.S. Maritime Administration (MARAD) and the U.S. Coast Guard by the end of 2016.

■ **Texas LNG**

Texas LNG announced in early April that FERC has accepted its application for authorization to construct and operate a 4 mmtpa gas liquefaction and LNG export terminal at the Port of Brownsville, Texas. Feed gas for the terminal will be provided via an approximately 150-mile intrastate pipeline which interconnects with multiple interstate and intrastate pipelines at the Agua Dulce natural gas hub. Texas LNG plans to commence construction of Phase I (2 mmtpa) of the Project in 2017 and to begin LNG production in 2020.

PROJECTS UNDER CONSTRUCTION

■ **Cove Point LNG**

On April 18, the U.S. Department of Energy (DOE) issued an order denying the Sierra Club’s request for rehearing of DOE’s order authorizing Dominion Cove Point LNG to export 281 Bcf/year of LNG to nations without a Free Trade Agreement with the United States. The Sierra Club had asserted that DOE’s environmental review of the proposal failed to comply with the National Environmental Policy Act (NEPA) because FERC’s environmental assessment of the project did not take a “hard look” at the indirect and cumulative impacts of LNG exports, such as the environmental effects of the proposed export terminal on the adjacent neighborhood and induced natural gas production. Sierra Club also argued that DOE “should have assessed the cumulative impacts of drilling induced by all other approved and pending [non-FTA] export projects as part of its cumulative impacts analysis.” DOE rejected Sierra Club’s arguments stating, among other things, that because “the footprint of [the project] is entirely within the existing Cove Point Terminal—where much of the land has been previously disturbed by multiple prior projects—the environmental impacts are small in number and well-defined.” In addition, DOE stated that “induced natural gas production attributable to the project is not ‘reasonably foreseeable’ and we therefore reject this argument.”

PROJECTS IN FORMAL FERC/MARAD/DOE REVIEW

■ **Calcasieu Pass**

Venture Global announced on May 3 that it had successfully closed a fourth round of equity investments to fund the company’s two proposed LNG export facilities in Louisiana. The \$55 million “raise” announced in May brings the total equity capital secured by Venture Global to \$265 million. Venture Global LNG is developing the 10 mmtpa Calcasieu Pass facility on a 1,000-acre site at the intersection of the Calcasieu Ship Channel and the Gulf of Mexico, and the 20 mmtpa Plaquemines LNG facility on a 630-acre site at river mile marker 55 on the Mississippi River, some 30 miles south of New Orleans, Louisiana.



LNG Allies

ABOUT US

LNG Allies is a nonprofit organization working to expedite and maximize U.S. liquefied natural gas exports to create a more liquid global natural gas marketplace, enhance the energy security of America’s allies, and improve economic and environmental conditions worldwide.

LNG ALLIES CORE TEAM

- Fred H. Hutchison, Executive Director > fh@lngallies.com
- P. Welles Orr, Government Relations Advisor
- Ben Zingman, Communications Advisor

■ Golden Pass Products

Golden Pass Products announced on April 17 that more than 150 businesses in Jefferson County successfully completed pre-screening through the Local Business Initiative. These businesses will receive priority consideration for work with the company's LNG export project. Golden Pass is currently nearing the end of the FERC regulatory review process with a Final EIS expected by July 29. Golden Pass is converting its former LNG import terminal to have liquefaction and export capabilities as well. A joint venture between ExxonMobil and Qatar Petroleum, the project is expected to produce 15.6 mmtpa of LNG when it becomes operational in the 2020 time frame.

■ Jordan Cove LNG

On May 9, FERC accepted the request made by Versen for a rehearing on FERC's decision on March 11 to deny the Jordan Cove LNG project in Oregon a permit to construct the LNG export project. As detailed in our last EPU (March 31), the FERC denial was primarily linked to absence of "firm capacity" on the Pacific Connector Gas Pipeline which was to serve the Jordan Cove export project. In technical terms, FERC issued a "tolling order" (which extends indefinitely the time by which FERC must act on requests for rehearing). Versen also announced that it has reached preliminary agreement with JERA Co. (March 22) and ITOCHU Corp. (April 8) for the long-term sale of natural gas liquefaction capacity at the Jordan Cove LNG facility.

■ Magnolia LNG

FERC issued an order on April 15 granting Magnolia LNG's application to construct and operate a liquefaction and LNG export terminal at Lake Charles, Louisiana. FERC also authorized Kinder Morgan to construct an interconnected pipeline. In approving the applications, FERC rejected arguments by Allegheny Defense Project and Sierra Club that Magnolia's application is "contrary to the public interest." The next step for Magnolia LNG is to obtain a non-FTA export license from DOE. The project anticipates the eventual export of 8.0 mmtpa. Magnolia's parent company also announced (April 4) that Gregory M. Vesey had become Managing Director and CEO, replacing Maurice Brand.

■ Oregon LNG

Oregon LNG announced on April 15 that it "is ceasing operations immediately." According to a news release, "The owner of the project, Leucadia National Corp., made the decision to cease funding." The project faced regulatory issues and fierce local opposition.

■ Rio Grande LNG

NextDecade's Rio Grande LNG and Rio Bravo Pipeline Co. filed a formal FERC application on May 5 for authorization to site, construct, and operate liquefaction and LNG export terminal facilities in the Brownsville Navigation District in Cameron County, Texas and an interconnected pipeline. The Rio Grande LNG facilities would consist of six liquefaction trains, each with a nominal capacity of approximately 4.5 mmtpa (approximately 0.6 Bcf/day), four LNG storage tanks (each with a capacity of 180,000 cubic meters), two marine jetties for ocean-going LNG vessels, one turning basin, and four LNG and two natural gas liquids truck loading bays. NextDecade hopes to have the initial stage of the project operational by the fourth quarter of 2020.

PROJECTS IN FERC PRE-FILING

■ Driftwood LNG

Tellurian Investments, the LNG export company founded by former Cheniere CEO Charif Souki and former BG Group COO Martin Houston, asked FERC on May 11 to initiate the pre-filing review process for a 26 mmtpa LNG project—Driftwood LNG—on the west side of the Calcasieu River near Carlyss, Calcasieu Parish, Louisiana. The project will also include construction of a new 96-mile pipeline that will interconnect with existing interstate pipeline systems. Tellurian indicates that it will file its formal FERC application in March 2017 and hopes that construction will begin a year later, with the initial phase of the project to be in operation by mid-year 2022. The liquefaction facility will consist of five LNG plants, and each plant is comprised of one gas pre-treatment unit and four liquefaction units. Bechtel will provide the LNG project engineering and design, and Chart Industries the engineering and liquefaction technology.

CANADIAN PROJECTS USING US-SOURCED GAS

No news to report during this 45-day period.

