UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

	)	
ALASKA LNG PROJECT, LLC	)	FE DOCKET NO. 14-96-LNG
	)	

ORDER CONDITIONALLY GRANTING LONG-TERM, MULTI-CONTRACT AUTHORIZATION TO EXPORT LIQUEFIED NATURAL GAS BY VESSEL FROM THE PROPOSED ALASKA LNG TERMINAL IN NIKISKI, ALASKA, TO NON-FREE TRADE AGREEMENT NATIONS

DOE/FE ORDER NO. 3643

May 28, 2015

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FREQUENTLY USED ACRONYMS

APGA	American Public Gas Association
Bcf/d	Billion Cubic Feet per Day
Bcf/yr	Billion Cubic Feet per Year
D&M	DeGloyer and Macnaughton
DOE	U.S. Department of Energy
EIA	U.S. Energy Information Administration
EPA	U.S. Environmental Protection Agency
FE	Office of Fossil Energy, U.S. Department of Energy
FERC	Federal Energy Regulatory Commission
FLEX	Freeport LNG Expansion, L.P., *et al*.
FTA	Free Trade Agreement
GNGM	Global Natural Gas Model
LNG	Liquefied Natural Gas
Mcf	Thousand Cubic Feet
MMBtu	Million British Thermal Units
mtpa	Million Metric Tons per Annum
NEI	National Export Initiative
NEPA	National Environmental Policy Act
NERA	NERA Economic Consulting
$N_{ew}ERA$	NERA's Macroeconomic Model
NGA	Natural Gas Act
Tcf/yr	Trillion Cubic Feet per Year

I. INTRODUCTION

On July 18, 2014, Alaska LNG Project, LLC (hereafter Alaska LNG) filed an application (Application)[1] with the Office of Fossil Energy of the Department of Energy (DOE/FE) under section 3 of the Natural Gas Act (NGA)[2] for long-term, multi-contract authorization to export natural gas as liquefied natural gas (LNG) produced from Alaskan sources. Alaska LNG seeks to export this LNG by vessel to nations with which the United States has not entered a free trade agreement (FTA) providing for national treatment for trade in natural gas (non-FTA countries).[3] Alaska LNG requests authorization to export approximately 20 million metric tons per annum (mtpa) of LNG, a volume equivalent to approximately 929 billion cubic feet per year (Bcf/yr) of natural gas (2.55 Bcf per day (Bcf/d)), for a 30-year period commencing on the earlier of the date of first export or twelve years from the date the requested authorization is granted.[4]

The proposed exports would originate from a liquefaction facility and export terminal to be located in the Nikiski Area of the Kenai Peninsula (Alaska LNG Facility or Facility). Specifically, Alaska LNG proposes to build a liquefaction facility and a pipeline connecting the Facility to significant natural gas reserves controlled by Alaska LNG's constituent partners on the North Slope of Alaska (Liquefaction Project or Project).

Alaska LNG is requesting authorization to export the LNG on its own behalf or as an agent for other entities that hold title to the LNG, after registering each such entity with DOE/FE.

[1] Alaska LNG Project, LLC, Application of Alaska LNG Project, LLC for Long-Term Authorization to Export Liquefied Natural Gas, FE Docket No. 14-96-LNG (Jul. 18, 2014) [hereinafter Alaska LNG App.].

[2] 15 U.S.C. § 717b(a). 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] Alaska LNG previously sought authorization to export the same quantity of LNG to any country with which the United States has, or in the future may enter into, a FTA requiring national treatment for trade in natural gas (FTA countries). DOE/FE granted that FTA authorization by order dated November 21, 2014. *See infra* Section IV.A.

[4] DOE regulations require applicants to provide requested export volumes in terms of Bcf of natural gas. 10 C.F.R. § 590.202(b)(1). Accordingly, as discussed below, DOE/FE will authorize Alaska LNG's requested export in the equivalent of Bcf/yr of natural gas. *See infra* Sections VIII.F & X.A.

For the reasons discussed below, this Order conditionally authorizes Alaska LNG to export LNG in a volume equivalent to 929 Bcf/yr of natural gas for a 30-year term.

On September 17, 2014, DOE/FE published a Notice of Alaska LNG's Application in the Federal Register.[5] The Notice of Application called on interested persons to submit protests, motions to intervene, notices of intervention, and comments by November 17, 2014.

DOE/FE received seven motions to intervene in this proceeding. Two of the motions to intervene included protests of the Application. DOE/FE also received numerous letters in support of the Application. On December 2, 2014, DOE/FE received an Answer of Alaska LNG Project LLC to Limited Protests and on December 8, 2014, DOE/FE received a Rebuttal of the Alaska LNG Project LLC Motion to Reject the Protest of Robert S Mulford. These filings are summarized below in Section VII.

II. SUMMARY OF FINDINGS AND CONCLUSIONS

Based on a review of the complete record and for the reasons set forth below, DOE/FE has concluded that the opponents of the Alaska LNG Application have not demonstrated that the requested authorization will be inconsistent with the public interest and finds that the exports proposed in this Application are likely to yield net economic benefits to the United States. DOE/FE further finds that Alaska LNG's proposed exports should be conditionally authorized at a volumetric rate not to exceed the capacity of the facilities to be used in the proposed export operations and subject to satisfactory completion of environmental review and other terms and conditions discussed below.

[5] Alaska LNG Project, LLC; Application for Long-Term Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Nations for a 30-Year Period, 79 Fed. Reg. 55,764 (Sept. 17, 2014).

III. PUBLIC INTEREST STANDARD

Section 3(a) of the NGA sets forth the statutory standard for review of Alaska LNG's Application:

> [N]o person shall export any natural gas from the United States to a foreign country or import any natural gas from a foreign country without first having secured an order of the [Secretary of Energy[6]] authorizing it to do so. The [Secretary] shall issue such order upon application, unless after opportunity for hearing, [he] finds that the proposed exportation or importation will not be consistent with the public interest. The [Secretary] may by [the Secretary's] order grant such application, in whole or part, with such modification and upon such terms and conditions as the [Secretary] may find necessary or appropriate.

15 U.S.C. § 717b(a). This provision creates a rebuttable presumption that a proposed export of natural gas is in the public interest. DOE/FE must grant such an application unless opponents of the application overcome that presumption by making an affirmative showing of inconsistency with the public interest.[7]

While section 3(a) establishes a broad public interest standard and a presumption favoring export authorizations, the statute does not define "public interest" or identify criteria that must be considered. In prior decisions, however, DOE/FE has identified a range of factors that it evaluates when reviewing an application for export authorization. These factors include economic impacts, international impacts, security of natural gas supply, and environmental

[6] The Secretary's authority was established by the Department of Energy Organization Act, 42 U.S.C. § 7172, which transferred jurisdiction over imports and export authorizations from the Federal Power Commission to the Secretary of Energy.

[7] *See, e.g., Sabine Pass Liquefaction, LLC,* DOE/FE Order No. 2961, FE Docket No. 10-111-LNG, Opinion and Order Conditionally Granting Long-Term Authorization to Export Liquefied Natural Gas from Sabine Pass LNG Terminal to Non-Free Trade Agreement Nations, at 28 (May 10, 2011) [hereinafter *Sabine Pass*]; *see also Phillips Alaska Natural Gas Corp. & Marathon Oil Co.*, DOE/FE Order No. 1473, FE Docket No. 96-99-LNG, Order Extending Authorization to Export Liquefied Natural Gas from Alaska, at 13 (April 2, 1999) [hereinafter Order No. 1473 or *Phillips Alaska Natural Gas*] (citing *Panhandle Producers & Royalty Owners Ass'n v. ERA*, 822 F.2d 1105, 1111 (D.C. Cir. 1987)).

impacts, among others. To conduct this review, DOE/FE looks to record evidence developed in the application proceeding.[8]

DOE/FE's prior decisions have also looked to certain principles established in its 1984 Policy Guidelines.[9] The goals of the Policy Guidelines are to minimize federal control and involvement in energy markets and to promote a balanced and mixed energy resource system. The Guidelines provide that:

> The market, not government, should determine the price and other contract terms of imported [or exported] natural gas …. The federal government's primary responsibility in authorizing imports [or exports] will be to evaluate the need for the gas and whether the import [or export] arrangement will provide the gas on a competitively priced basis for the duration of the contract while minimizing regulatory impediments to a freely operating market.[10]

While nominally applicable to natural gas import cases, DOE/FE subsequently held in Order No. 1473 that the same policies should be applied to natural gas export applications.[11]

Also in Order No. 1473, DOE/FE stated that it was guided by DOE Delegation Order No. 0204-111. That delegation order, which authorized the Administrator of the Economic Regulatory Administration (ERA) to exercise the agency's review authority under NGA section 3, directed the Administrator to regulate exports "based on a consideration of the domestic need for the gas to be exported and such other matters as the Administrator finds in the circumstances

[8] *See*, *e.g.*, *Sabine Pass*, DOE/FE Order No. 2961, at 28-42 (reviewing record evidence in issuing conditional authorization); *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, DOE/FE Order No. 3282, FE Docket No. 10-161-LNG, Order Conditionally Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Freeport LNG Terminal on Quintana Island, Texas to Non-Free Trade Agreement Nations, at 109-14 (May 17, 2013) (discussing same); and *Lake Charles Exports, LLC*, DOE/FE Order No. 3324, FE Docket No. 11-59-LNG, Order Conditionally Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Lake Charles Terminal to Non-Free Trade Agreement Nations, at 121-27 (Aug. 7, 2013) [hereinafter *Lake Charles Exports*].

[9] New Policy Guidelines and Delegations Order Relating to Regulation of Imported Natural Gas, 49 Fed. Reg. 6684 (Feb. 22, 1984).

[10] *Id*. at 6685.

[11] *Phillips Alaska Natural Gas*, DOE/FE Order No. 1473, at 14.

of a particular case to be appropriate."[12] In February 1989, the Assistant Secretary for Fossil Energy assumed the delegated responsibilities of the Administrator of ERA.[13]

Although DOE Delegation Order No. 0204-111 is no longer in effect, DOE/FE's review of export applications has continued to focus on: (i) the domestic need for the natural gas proposed to be exported, (ii) whether the proposed exports pose a threat to the security of domestic natural gas supplies, (iii) whether the arrangement is consistent with DOE/FE's policy of promoting market competition, and (iv) any other factors bearing on the public interest described herein.

DOE/FE's prior decisions involving exports of LNG from Alaska have applied these criteria to the unique regional characteristics of the natural gas market within the State of Alaska. In DOE/FE Order No. 1473, a proceeding involving proposed exports of natural gas produced in the Kenai Peninsula, DOE/FE focused on the regional need for the gas for which the export application in that case was sought. DOE/FE stated: "In view of the geographic isolation of Alaska and the Cook Inlet area from the rest of the United States, the Applicants asserted the question of general domestic or national need was not relevant. No intervenor challenged this assertion, and DOE/FE concurs in it. Therefore, regional need is the only relevant need consideration."[14] DOE/FE Order No. 1473 examined regional supply factors as well and did not attempt to review supply conditions in the lower-48 states. Likewise, in DOE/FE Order No. 2500, also involving exports of LNG from Kenai production, DOE/FE determined that the "relative geographic isolation" of Alaska warranted a focus on regional need for and regional

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[12] DOE Delegation Order No. 0204-111, at 1; *see also* 49 Fed. Reg. at 6690.
[13] *See* Applications for Authorization to Construct, Operate, or Modify Facilities Used for the Export or Import of Natural Gas, 62 Fed. Reg. 30,435, 30,437 n.15 (June 4, 1997) (citing DOE Delegation Order No. 0204-127, 54 Fed. Reg. 11,436 (Mar. 20, 1989)).
[14] *Phillips Alaska Natural Gas*, DOE/FE Order No. 1473, at note 48.

supply of natural gas in the Kenai Peninsula.[15] DOE/FE has continued to adhere to this regional focus in even more recent decisions.[16]

IV. DESCRIPTION OF REQUEST

Alaska LNG seeks long-term, multi-contract authorization to export LNG produced from Alaskan supplies of natural gas in a volume equivalent to 929 Bcf/yr of natural gas by vessel to non-FTA countries. The exports would originate from the proposed Alaska LNG Terminal, to be located in the Nikiski Area of the Kenai Peninsula, Alaska. Alaska LNG seeks to export LNG on its own behalf or as an agent for other entities that hold title to the LNG, after registering each such entity with DOE/FE. Alaska LNG requests that the authorization commence on the date of first export, with its first export to occur no later than twelve years following the grant of the authorization requested.

Alaska LNG contends that, because it seeks to export LNG produced from Alaskan natural gas, its Application differs from other proposed export projects pending before DOE/FE that depend on gas produced from the lower-48 states. According to Alaska LNG, "with the granting of the authorization sought here, DOE/FE has the potential to unlock the vast natural gas resources on the North Slope. Absent granting of the requested export authorization, needed to facilitate the construction of the Project, the ability to meet Alaska in-state demand will

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[15] *ConocoPhillips Alaska Natural Gas Corp. & Marathon Oil Co.*, DOE/FE Opinion and Order No. 2500, FE Docket No. 07-02-LNG, Order Granting Authorization to Export Liquefied Natural Gas from Alaska, at 45 (June 3, 2008).

[16] *See, e.g.*, *ConocoPhillips Alaska Natural Gas Corp.*, DOE/FE Order No. 3418, FE Docket No. 13-155-LNG, Order Granting Blanket Authorization to Export Liquefied Natural Gas by Vessel from the Kenai LNG Facility near Kenai, Alaska to Non-Free Trade Agreement Nations, at 5 (Apr. 14, 2014) ("Where an applicant proposes to export LNG produced in Alaska, DOE/FE has determined that the traditional 'domestic need' criterion should be focused specifically on the *regional* need of the natural gas proposed to be exported from the local gas market in Alaska.").

continue to be very challenging."[17] Alaska LNG asserts that DOE/FE should consider this rationale in evaluating its Application.

A. Background

1. Description of Applicant and Facility

Applicant. Alaska LNG is a Delaware limited liability company with its principal place of business in Anchorage, Alaska. Alaska LNG states that its current members are ExxonMobil Alaska LNG LLC, ConocoPhillips Alaska LNG Company, and BP Alaska LNG LLC (collectively, the Members). According to Alaska LNG, affiliates of the Members currently hold oil and gas leasehold interests in Alaska, including in the Prudhoe Bay and Point Thomson Units.[18]

Facility. Alaska LNG plans to construct one integrated, interdependent Project. According to Alaska LNG, the Project facilities will include four main components: (i) a Liquefaction Facility consisting of three LNG trains with a total maximum capacity of 20 mtpa, with storage and LNG delivery facilities for the marine loading of LNG; (ii) an approximately 800-mile long, large-diameter gas pipeline from the liquefaction facility to the gas treatment plant, which will have multiple compressor stations and at least five off-take points for delivery of gas to Alaska; (iii) a gas treatment plant on the North Slope of Alaska consisting of three or more amine processing/treating train modules with compression, dehydration, and chilling, to be built in a modular fashion and sealifted to its location; and (iv) transmission lines between the gas treatment plant and producing fields on the North Slope.

[17] Alaska LNG App. at 3-4.
[18] Alaska LNG notes that, on May 8, 2014, Alaska Governor Sean Parnell signed Senate Bill 138 into law, enabling the State of Alaska to participate in the Alaska LNG Project. Alaska LNG notes that it may seek to amend the Application to add a State of Alaska designee. *See* Alaska LNG App. at 3.

Alaska LNG states that it has secured more than 200 acres of land for the Project, nearly half of the total acreage of the proposed Liquefaction Facility site.[19] The Liquefaction Facility site is located in an area that is currently a mix of industrial, commercial, and residential uses, with no zoning requirements. Alaska LNG states that it will be required to build each component of this greenfield Project, and will obtain any necessary land use permits or authorizations related to the development of the site.

Alaska LNG states that the Project is unique due to its size, scope, costs, required upstream development, and project development timeline. According to Alaska LNG, the Project would be the largest integrated gas and LNG project of its kind ever designed and constructed.

2. FTA Authorization

On November 21, 2014, DOE/FE issued DOE/FE Order No. 3554, in which it authorized Alaska LNG to export LNG by vessel to FTA countries in a volume equivalent to approximately 929 Bcf/yr of natural gas (2.55 Bcf/d) for a 30-year term.[20] The proposed export volume in this proceeding is not additive to the volume authorized in DOE/FE Order No. 3554.

B. Business Model

Alaska LNG requests authorization to export LNG on its own behalf and as agent for any or all of the following: (i) each of its members; (ii) the respective affiliates of its members; (iii) the State of Alaska or its nominee; and (iv) other third parties, under contracts to be executed in the future, as applicable. The agency rights requested here would encompass any exports of any

[19] A map of the Project and an affidavit concerning the land acquired for the Project is attached to the Application as Appendices C and D, respectively.

[20] *Alaska LNG Project, LLC*, DOE/FE Order No. 3554, FE Docket No. 14-96-LNG, Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Alaska LNG Project in the Nikiski Area of the Kenai Peninsula, Alaska, to Free Trade Agreement Nations (Nov. 21, 2014).

State of Alaska (or its nominee) share of LNG from the Project facilities. Alaska LNG contemplates that the title holder at the point of export may likely be another party other than itself, such as the respective affiliates of its members or other third parties pursuant to a LNG sales and purchase contract.

Alaska LNG states that it will comply with all DOE/FE requirements for exporters and agents, as set forth in recent DOE/FE orders. To comply with DOE/FE requirements for an agent, Alaska LNG states that it will register with DOE/FE each LNG title holder for whom it seeks to export as agent, and will provide DOE/FE with a written statement by the title holder acknowledging and agreeing to: (i) comply with all requirements in Alaska LNG's long-term export authorization, and (ii) include those requirements in any subsequent purchase or sale agreement entered into by the title holder. Alaska LNG also states that it will file under seal with DOE/FE any relevant long-term commercial agreements that it enters into with the LNG title holders on whose behalf the exports are performed.

C. Source of Natural Gas

As noted above, Alaska LNG anticipates sourcing gas from the affiliates of its Members, who control gas supply at the North Slope Point Thompson Unit and Prudhoe Bay unit production fields. Alaska LNG contends that this supply is within its power to secure for the Project.

D. Environmental Review

The Federal Energy Regulatory Commission (FERC) is responsible for ensuring that the siting, construction, and operation of LNG facilities are consistent with the public interest under section 3 of the NGA. FERC is also the lead agency for purposes of review of the Alaska LNG Terminal under the National Environmental Policy Act of 1969 (NEPA). DOE/FE is participating in that environmental review as a cooperating agency.

Alaska LNG requests that DOE/FE issue a conditional order approving its export authorization pending satisfactory completion of the environmental review and approval of the Terminal. As discussed below, Alaska LNG has demonstrated good cause to grant this request. Accordingly, this conditional DOE/FE Order makes preliminary findings on all issues except the environmental issues in this proceeding.

DOE/FE is attaching a condition to this export authorization ordering that Alaska LNG's authorization is contingent on both its satisfactory completion of the environmental review process and its on-going compliance with any and all preventative and mitigating measures imposed at the Alaska LNG Terminal by federal or state agencies. When the environmental review is complete, DOE/FE will reconsider this conditional authorization in light of the information gathered as part of that review.

V. APPLICANT'S PUBLIC INTEREST ANALYSIS

Alaska LNG states that NGA section 3(a) creates a rebuttable presumption that proposed exports of natural gas are in the public interest. Accordingly, Alaska LNG states that DOE/FE must grant such an application unless opponents of the application overcome that presumption by making an affirmative showing of inconsistency with the public interest. Alaska LNG notes that in evaluating the public interest, DOE/FE examines a range of factors, including economic impacts, international impacts, security of natural gas supply, and environmental impacts, among others. Alaska LNG states that DOE/FE, when examining LNG export applications, also continues to apply its 1984 Policy Guidelines, which include the principle that, under most circumstances, the market is the most efficient means of allocating natural gas supplies. Alaska LNG contends that its Application addresses each of the criteria applied by DOE/FE in reviewing export applications and shows that the proposed export is not inconsistent with the public interest and should be approved by DOE/FE.

A. Domestic Need for the Natural Gas Proposed to be Exported

Alaska LNG states that because Alaska is geographically isolated from the lower-48 states and the Alaskan natural gas market is not connected to that in the lower-48, Alaskan reserves and resources should be analyzed separately from those in the lower-48. Alaska LNG notes that DOE/FE recently affirmed that "[w]here an applicant proposes to export LNG produced in Alaska, DOE/FE has determined that the traditional 'domestic need' criterion should be focused specifically on the *regional* need of the natural gas proposed to be exported from the local gas market in Alaska."[21] Alaska LNG states that DOE/FE has gone further to affirm that "[e]ven within Alaska, DOE/FE evaluates regional need based on the particular region where the gas is produced[.]"[22] Therefore, Alaska LNG states that DOE/FE's standard of review for an application to export LNG from Alaska is "whether the proposed export is inconsistent with the public interest standard and, in particular, whether there is a shortage of natural gas supplies in the local [regional] market such that local needs for natural gas cannot be met[.]"[23]

Alaska LNG states that while a discussion of the cumulative impact of lower-48 exports has no bearing on the authorization requested herein, Alaska LNG asserts it has demonstrated that the Project's LNG exports will have positive market and macroeconomic impacts on Alaska and the United States as a whole. Alaska LNG contends that the estimated recoverable natural gas reserves and resources in Alaska are abundant and more than sufficient to meet demand for both in-state consumption and the Liquefaction Project's proposed exports over the requested 30-year export term. For this reason, Alaska LNG argues the proposed export authorization will not

[21] Alaska LNG App. at 16, (citing *ConocoPhillips Alaska Natural Gas Corp.* DOE/FE Order No. 3418, at 5 (emphasis in original)).
[22] *Id.*
[23] *Id.*

have a detrimental impact on the regional domestic supply of natural gas and, therefore, is not inconsistent with the public interest.

Alaska's Natural Gas Supply. Alaska LNG states that when reviewing whether sufficient supplies exist in Alaska to meet in-state demand as well as Project requirements, it is important for DOE/FE to take note that the North Slope gas that is proposed to be exported may not reach consumers in the population centers of south central and south east Alaska if the Project is not constructed. Alaska LNG states that this is the case because, unlike in the lower-48, there is no existing infrastructure in Alaska to move the gas over 800 miles from the North Slope.

Alaska LNG states engaged DeGloyer and Macnaughton (D&M) to evaluate whether there are the necessary natural gas reserves and resources in Alaska to support domestic natural gas demand in Alaska and the Project's feed gas requirements, and to evaluate the possible term of such export (D&M Report). According to Alaska LNG, the D&M Report's more conservative expected supply scenario supports a 30-year LNG export term and the D&M Report's alternative high supply scenario would support an over 40-year LNG export term.

Alaska LNG states that the D&M Report's expected supply scenario establishes a total gas supply estimate of 63.493 trillion cubic feet (Tcf) of natural gas in Alaska, which, when compared to estimates of expected demand, is more than sufficient to satisfy (i) Project requirements for a 30-year export term at 20 mtpa and (ii) in-state demand. Based on these estimates, Alaska LNG contends that at the end of the 30-year export term it has requested, almost 16 Tcf of natural gas would remain to satisfy future in-state natural gas demand.

Alaska LNG states that the D&M Report compiles information from accredited public domain sources of potential natural gas reserves and resources that are identified as being technically recoverable within Alaska using current technology. Alaska LNG contends that the D&M Report's conclusions are reliable because the report only considered highly certain reserves and resource estimates and did not consider estimates of unconventional gas resources in Alaska (*e.g.*, hydrates, shale gas, and coal bed methane resources) or the maximum or lower probability resource estimates due to their more speculative nature. Alaska LNG states that the D&M Report also analyzed volumes in excess of the expected demand that would be required in order to provide adequate resource deliverability throughout the 30-year export term. For all of the above reasons, Alaska LNG argues the D&M Report's estimate of 63.493 TcF of expected supply is more than sufficient to provide 30 years of LNG exports at 20 mtpa as well as to meet the associated Alaska in-state natural gas demand both from the perspective of absolute volume of estimated supply and the likely deliverability associated with such supply.

Alaska's Natural Gas Demand. Alaska LNG asserts its proposed exports are not inconsistent with the public interest because the natural gas supply in the North Slope is more than enough to meet the limited demand of the North Slope. Further, Alaska LNG contends that its Application demonstrates that the natural gas supply of the North Slope far exceeds the demand in Alaska as a whole. Alaska LNG reports that it engaged NERA Economic Consulting (NERA) to conduct an analysis of the natural gas market and macroeconomic impacts that the Project could have on both Alaska and the United States as a whole (Alaska LNG NERA Report). The Alaska LNG NERA Report concludes that, in the expected demand scenario over a 30-year LNG export term, approximately 47.5 Tcf of natural gas supply would be necessary to meet both estimated Alaska in-state natural gas demand and Project feed gas requirements. Thus, Alaska LNG contends that, in light of the D&M Report's estimate of 63.493 TcF of expected supply and the Alaska LNG NERA Report's estimate of 47.5 Tcf of expected demand, expected supplies in the North Slope are sufficient to meet and exceed expected demand for gas from the North Slope over the 30-year LNG export term.

Alaska LNG states that in order to conduct its analysis, NERA developed an Alaska-specific version of its N_{ew}ERA model and its Global Natural Gas Model (GNGM) to estimate the macroeconomic and market impacts of the Project. Alaska LNG states that the N_{ew}ERA model estimates the impacts of projects on regional economies at a sectoral level while the GNGM estimates global production, pricing, and trade of natural gas and LNG, particularly price estimates for expected LNG exports. According to Alaska LNG, NERA developed Baseline, Expected, and High scenarios to measure the economic impacts of the Project. Alaska LNG reports that the Baseline scenario assumes that the Project is not constructed, whereas the Expected and High scenarios assume the Project becomes operational with varying LNG export volumes and Alaska in-state natural gas demand forecasts.

Alaska LNG asserts that the findings of the Alaska LNG NERA Report show that in addition to reducing natural gas prices when compared to the Baseline scenario, the benefits of the increased supplies of natural gas brought to market by the Project include eliminating reliance on imported natural gas, additional revenues from LNG exports, and increased availability of natural gas for expansion of natural gas intensive industries. Alaska LNG argues that these findings demonstrate that the natural gas proposed for export will not be needed to meet estimated demand in Alaska, and, therefore, permitting the export of natural gas proposed in the Application is not inconsistent with the public interest. Furthermore, Alaska LNG contends that granting the export authorization requested in the Application will enable additional supplies that may otherwise be stranded to serve consumers in Alaska.

B. Impact on Natural Gas Market Prices

Alaska LNG asserts that the Alaska LNG NERA Report finds that the Project would lead to lower natural gas prices in Alaska such that by 2048 the Alaska market price of natural gas would be $5.02 million British thermal units (MMBtu) lower under the Expected Demand scenario than in the Baseline, a 39% price difference. Alaska LNG argues that NERA's estimates of the Project's impact on natural gas prices lends further support to the conclusion that permitting the export of the natural gas for a 30-year term as requested in the Application is not inconsistent with the public interest.

C. Presidential Finding Concerning Alaska Natural Gas

Alaska LNG states that Section 12 of the Alaska Natural Gas Transportation Act (ANGTA), 15 U.S.C. § 719j, states that "before any Alaska natural gas in excess of 1,000 Mcf per day may be exported to any nation other than Canada or Mexico, the President must make and publish an express finding that such exports will not diminish the total quantity or quality nor increase the total price of energy available to the United States."[24] Alaska LNG states that President Reagan issued such a finding in 1988, which was not limited in scope to a particular project or time period. As such, and in accordance with DOE/FE precedent, Alaska LNG argues that the 1988 Presidential Finding is valid and applicable to this Project and that the requirement of Section 12 of ANGTA has been satisfied.

D. Economic Benefits

Regarding the economic impacts of the Project, Alaska LNG asserts that the requested authorization will benefit local, regional, and national economies and is not inconsistent with the public interest. Alaska LNG contends that the proposed LNG exports would make available to

[24] Alaska LNG App. at 26-27, (citing 15 U.S.C. § 719j (2006)).

both the global LNG market as well as Alaska in-state domestic markets, natural gas that would otherwise be stranded. Alaska LNG states that the development of new resources will create new jobs and new opportunities for American workers and is consistent with President Obama's National Export Initiative (NEI).

According to Alaska LNG, granting the requested authorization would improve the U.S. balance of trade. Alaska LNG states that the national trade deficit in 2012 was approximately $540 billion, with $291 billon resulting from a negative balance in the trade of petroleum products. Alaska LNG contends its proposed exports of 20 mtpa of LNG over a 30-year term will make a positive impact on the balance of trade, and that in approving other export applications, DOE/FE has acknowledged the positive impact that LNG exports can have on the balance of trade. Alaska LNG asserts that the proposed exports will also help to improve economic trade and realties between the United States and destination countries.

Alaska LNG notes that the Alaska LNG NERA Report finds that the Project would have strong positive economic impacts on all key indicators of Alaska's economy and though the impacts on Alaska would be much larger than the impacts on the United States as a whole, the economic impacts on the United States as a whole would still be positive. Alaska LNG states that exporting natural gas from Alaska will provide a boost to local, regional, and national economies through resource development, an enhanced tax base, the creation of thousands of jobs, and an increase in overall economic activity. According to Alaska LNG the Project will (i) provide competitively priced, reliable in-state gas supply; (ii) job creation in the exploration, development, production, and transportation of natural gas; and (iii) infrastructure to enhance exploration and production opportunities. Alaska LNG asserts that construction of the Project would be the single largest investment in Alaska's history, as it is anticipated to create up to

15,000 jobs during construction and approximately 1,000 jobs while the project is in operation. Alaska LNG contends that the Project's positive macroeconomic impact on Alaska and the United States as a whole lend further support to the conclusion that permitting the export of the natural gas as requested in this Application is not inconsistent with the public interest.

E. Benefits to National Energy Security

Alaska LNG asserts that the LNG exports associated with the Project will not adversely affect, and in fact will support, U.S. energy security. Alaska LNG notes that DOE/FE recently found that LNG exports can have a positive impact on national energy security[25] and that among the positive international consequences of approving LNG exports is that such exports can improve energy security for many U.S. allies and trading partners.[26] Alaska LNG states that the Alaska LNG NERA Report also found that natural gas exports from the United States can enhance energy security by assuring natural gas supplies and stabilizing natural gas prices for foreign allies, while also helping allies reduce their dependence on countries that are not allies of the United States. Based on these findings, Alaska LNG concludes that the proposed exports of LNG will have positive benefits on U.S. energy security.

F. Environmental Benefits

Alaska LNG contends that LNG exports benefit the environment because natural gas burns cleaner than other fossil fuels. Alaska LNG reports that the U.S. Environmental Protection Agency has found that compared to the average air emissions from coal-fired generation, natural

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[25] Alaska LNG App. at 34, citing *Freeport LNG Expansion, L.P., FLNG Liquefaction, LLC, FLNG Liquefaction 2, LLC, and FLNG Liquefaction 3, LLC,* DOE/FE Order No. 3357, FE Docket 11-161-LNG, Order Conditionally Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Freeport LNG Terminal on Quintana Island, Texas to Non-Free Trade Agreement Nations, at 153 (Nov. 15, 2013).

[26] *Id.* (citing *Jordan Cove Energy Project, L.P.*, DOE/FE Order No. 3413, FE Docket No. 12-32-LNG, Order Conditionally Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Jordon Cove LNG Terminal in Coos Bay, Oregon to Non-Free Trade Agreement Nations, at 142 (Mar. 24, 2014).

gas-fired generation produces half as much carbon dioxide, less than a third as much nitrogen oxides, and one percent as much sulfur oxides.[27] Accordingly, Alaska LNG asserts that to the extent the 20 mpta of proposed LNG exports will be used in foreign countries as a substitute for coal and fuel oil, it will reduce emissions over the 30-year export term. In regards to the environmental benefits in the United States, Alaska LNG states that the Alaska LNG NERA Report shows emissions will decline in the long-run due to fuel-switching from non-gas fuels to natural gas, particularly in the electric sector, although changes in total United States emissions are small at approximately -0.01%.

VI. MOTIONS TO INTERVENE, COMMENTS, AND PROTEST IN RESPONSE TO THE NOTICE OF APPLICATION

A. Overview

DOE/FE received seven motions to intervene in this proceeding. Two of the motions to intervene included protests of the Application. DOE/FE also received numerous letters in support of the Application. On December 2, 2014, DOE/FE received an Answer of Alaska LNG Project LLC to Limited Protests and on December 8, 2014, DOE/FE received a Rebuttal of the Alaska LNG Project LLC Motion to Reject the Protest of Robert S Mulford. These filings are all summarized below.

B. Comments Supporting the Application

The comments and letters supporting the Application assert that the Alaska LNG Export Project will provide economic benefits for residents across the State of Alaska. The commenters assert that the Project will create jobs in the construction industry and foster both short-term and long-term economic activity in the region. For example, Bruce Harland, a private citizen,

[27] Alaska LNG App. at 35 (citing http://www.epa.gov/cleanenergy/energy-and-you/affect/natural-gas.html).

submitted a letter asserting that Alaska is infrastructure poor and the Project will help spur the development of the State. U.S. Senators Lisa Murkowski and Mark Begich and U.S. Congressman Don Young submitted a joint letter stating their support of the Application and asserting that the Alaska LNG Project would provide economic benefits to Alaskans in the form of state revenues, new job opportunities, and access to decades of domestically produced natural gas for homes and businesses in Alaska. Carl Portman, Deputy Director of the Resource Development Council (RDC), submitted a letter on behalf of the RDC, stating the importance of the Alaska LNG Project to the Alaska economy and supporting the Applicant's request for a 30-year term of authorization and a 12-year window before operations must commence, due to the unique challenges the Applicant will face in bringing a project of such magnitude to fruition. America's Natural Gas Alliance (ANGA) submitted a letter supporting the Application and contending that America's abundant and affordable natural gas supply will be able to support significant demand growth and that LNG exports from the United States would create a number of economic, geopolitical, and environmental benefits.[28]

C. Motions to Intervene

In total, DOE/FE received seven motions to intervene in DOE/FE Docket No. 14-96-LNG. The American Petroleum Institute (API), TransCanada Alaska Midstream, LP (TransCanada), the State of Alaska and the Alaska Gasline Development Corporation (Alaska

[28] Letters in support of the Application stating the same or similar arguments to those described in this section were timely submitted by the following: Randy Akers, Technical Sales Representative at Pentair Valves & Controls; Michael D. Miller, Business Development Manager at Alaska Region-Granite Construction Company; Associated Builders and Contractors, Inc.; Alaska Support Industry Alliance; The Natural Gas Supply Association; The American Council For Capital Formation; Alaska Senator Peter A. Micciche; Alaska State Representative Dan Sadler; Alaska State Representative Mike Chenault; The Associated General Contractors of Alaska; The Alaska State Chamber of Commerce; The Energy Policy Research Foundation, Inc.; The Small Business & Entrepreneurship Council; The Center for Liquefied Natural Gas; and The Institute for 21st Century Energy. The following individuals or entities submitted letters in support of the Application after the filing deadline of November 17, 2014: Alaska State Representative Eric E. Feige; The National Association of Manufacturers; Michael Jesperson; Laura McConnell; Jo A. Kuchle; Alaska State Senators Charlie Huggins, John Coghill, Lesil McGuire, Pete Kelly, and Kevin Meyer; Alaska State Representative Kurt Olson; and Alaska State Senator Cathy Giessel.

Intervenors), and ConocoPhillips Alaska, Inc. (ConocoPhillips Alaska), each separately filed motions to intervene that were accompanied by comments in support of the Application. The Sierra Club and Robert S. Mulford each separately filed motions to intervene that were accompanied by comments in protest of the Application.

Another motion to intervene was filed by the American Public Gas Association (APGA). APGA states that despite the fact it has protested nearly every other request to export LNG from the United States to non-FTA Nations, APGA does not oppose Alaska LNG's Application on the merits, due mostly to the fact that it involves the export of LNG from a State outside of the continental United States that does not have pipeline access to the lower-48 states and thus should not affect in any material manner the prices paid by natural gas customers within the continental United States.[29] APGA does state, however, that it opposes Alaska LNG's request for a conditional authorization. APGA refers to DOE/FE's August 15, 2014 announcement that DOE/FE was suspending the practice of issuing conditional authorizations and argues that the rationale supporting DOE/FE's August 15, 2014, announcement applies with equal force to applications for exports from Alaska as it does to applications for exports from the lower-48 states. APGA contends that Alaska LNG has not shown why conditional authorization is needed for the Project to move forward. APGA argues that DOE/FE's procedural policy includes no exemption for projects of considerably large size or projects planned in difficult locations and that a conditional authorization would not relieve any regulatory uncertainty as numerous permits and approvals would still be required for the Project to move forward.

[29] *See* American Public Gas Association, Motion for Leave to Intervene and Comments of the American Public Gas Association, FE Docket No. 14-96-LNG, at 3 (Nov. 17, 2014).

1. Motions to Intervene and Comments in Support of the Application

DOE/FE received four motions to intervene that were accompanied by comments in support of the Application. These four motions to intervene touched on many of the same points raised in the Letters of Support summarized above. For example, API contends that Alaska LNG's proposed exports are consistent with the public interest and cites to the Alaska LNG NERA Report, which finds that exports from Alaska LNG's Liquefaction Project would lead to lower natural gas prices in Alaska and in the United States as a whole, eliminate Alaskan reliance on natural gas imports, and deliver positive economic impacts for the State in the form of higher consumer welfare, gross state product, and consumption through 2058.[30]

TransCanada contends that the natural gas Alaska LNG proposes to export is geographically separate from the lower-48 states and thus the proposed Liquefaction Project provides an opportunity to release these captive gas resources and unlock their associated benefits. The Alaska Intervenors state that they are in agreement with Alaska LNG that there are sufficient supplies of natural gas on the North Slope to satisfy in-state demand as well as the demand for LNG exports, and that the Project's planned off-take points will expand access to previously inaccessible gas to a number of Alaskan homes and businesses. ConocoPhillips Alaska asserts that Alaska LNG's requested authorization is not inconsistent with the public interest because it will provide significant economic benefits to Alaskans for many years to come, including state revenues, new job opportunities, and access to decades of domestically produced natural gas for in-state use.

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[30] *See* American Petroleum Institute, Motion to Intervene and Comments in Support of the American Petroleum Institute, FE Docket No. 14-96-LNG, at 3 (Nov. 17, 2014) [hereinafter API Mot.] (citing NERA Economic Consulting, Socio-Economic Impact Analysis of Alaska LNG Project 123-212 (June 2014) *available at* http://energy.gov/sites/prod/files/2014/07/f17/14_96_lng.pdf).

Additionally, API argues that as the largest natural gas producer in the world, the United States is on the brink of becoming an energy superpower, capable of delivering critical supplies of energy to overseas allies, calming unpredictable markets, and stemming the geopolitical influence of unstable suppliers. API also notes that the most recent National Climate Assessment concluded that the combustion of natural gas for power generation is directly responsible for declining carbon dioxide emissions in the United States since 2008.[31] API also contends that in addition to meeting the requirements under the NGA, Alaska LNG's proposed exports are already authorized under the Alaska Natural Gas Transportation Act (ANGTA), which requires a Presidential finding that Alaskan natural gas exports in excess of 1,000 Mcf per day (Mcf/d) will not diminish the total quantity or quality nor increase the total price of energy available to the United States before such exports may occur. API asserts that President Reagan made such a finding in 1988 and that the finding was neither specific to any particular project nor time-limited.

2. Motion to Intervene and Protest of Robert S. Mulford

DOE/FE received a communication from private citizen Robert S. Mulford protesting the Application and requesting intervention. Mr. Mulford states he is a citizen of Alaska and contends that Alaska LNG's requested authorization is inconsistent with the public interest. Mr. Mulford's comments in protest are of a geopolitical nature as he is concerned that LNG exports could lead to conflict with Russia.[32]

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[31] API Mot. at 5-6 (citing U.S. Global Change Research Program, Climate Change Impacts in the United States: The Third National Climate Assessment 269, 652 (2014) *available at* http://nca2014.globalchange.gov/downloads).

[32] *See* Robert S. Mulford, Alaska Citizen Robert S Mulford Protests the Application for Long-Term Authorization to Export Liquefied Natural Gas by Alaska LNG Project LLC and Requests Intervention by the U.S. DOE, Office of Fossil Energy, FE Docket No. 14-96-LNG (Nov. 14, 2014).

3. Motion to Intervene and Protest of Sierra Club

DOE/FE received a Motion to Intervene and Protest from Sierra Club. Sierra Club states that its members live and work throughout the area that will be affected by Alaska LNG's export proposal, including the regions of Alaska that will be affected by supporting infrastructure.[33] Sierra Club states that, as of November 2014, it had 1,410 members in Alaska and 62,840 members overall and that it moves to intervene in this proceeding to protect its members' interests from the environmental and economic consequences of the proposed Project, which Sierra Club contends is not consistent with the public interest.

Sierra Club asserts that Alaska LNG's proposed Liquefaction Project is contrary to the public interest and that it would cause many types of significant environmental harm that must be considered as part of DOE/FE's public interest analysis. According to Sierra Club the construction and operation of the Liquefaction Project and related pipelines will directly impact local water quality, habitats, and air quality. Sierra Club contends that the Project will induce additional natural gas production in the United States, increasing the environmental harms Sierra Club believes to be associated with such production. Sierra Club argues that LNG exports will result in harm to the global environment because they are likely to compete against wind, solar, and other clean renewable energy sources, as well as conservation, in importing markets, all of which have lower environmental and climate impacts than LNG.

Sierra Club states it is troubled that Secretary of Energy Ernest Moniz reportedly stated that, with regard to the Alaska LNG Project, "the public interest is not an issue for [DOE]," because Alaska is not connected to the pipeline network that spans the lower-48 states.[34] Sierra

[33] Sierra Club, Motion to Intervene and Protest, FE Docket No. 14-96-LNG, at 1 (Nov. 17, 2014) [hereinafter Sierra Club Mot.].

[34] Sierra Club Mot. at 4 (citing http://www.alaskajournal.com/Alaska-Journal-of-Commerce/Breaking-News-

Club argues that although Alaska's isolation from the pipeline network in the lower-48 states may simplify analysis of the economic impacts of Alaska LNG's Project on the public interest, this fact does not limit DOE's obligation to consider environmental impacts on the public interest.

Sierra Club also asserts that DOE/FE may not conditionally approve Alaska LNG's proposal before conducting an analysis under NEPA of the direct, indirect, and cumulative impacts of the proposed natural gas production on the environment and the economy. According to Sierra Club, this analysis must be completed before decisions are made and actions taken. Sierra Club argues that a conditional authorization risks unduly influencing the NEPA process and violates the obligation to conduct NEPA review at the earliest possible time in agency decisionmaking. Sierra Club further claims DOE/FE should not depart from its new general practice of foregoing conditional authorizations.

D. Answer of Applicant

On December 2, 2014, DOE/FE received an Answer of Alaska LNG Project LLC to Limited Protests. Alaska LNG contends that the few protests DOE/FE received in response to Alaska LNG's Application are generic in nature with no applicability to Alaska LNG's specific Project, already being addressed as part of the pre-filing process before FERC, and/or outside the jurisdiction of DOE/FE and unrelated to the Project.[35]

Alaska LNG asserts that Sierra Club's protest contains vague and unsupported allegations of environmental harm that would supposedly result if the Project were constructed. Alaska LNG argues that Sierra Club's protest fails to meet its burden under section 3(a) of the NGA to

2013/DOE-to-streamline-export-license-review-for-Alaska-LNG-project/).

[35] Alaska LNG Project LLC, Answer of Alaska LNG Project LLC to Limited Protests, FE Docket No. 14-96-LNG, at 3 (Dec. 2, 2014) [hereinafter Alaska LNG Answer].

make an affirmative showing that the authority sought in the Application is inconsistent with the public interest. Furthermore, Alaska LNG notes that any environmental issues will be thoroughly reviewed during the NEPA review process before FERC. Alaska LNG also states, in any case, that Sierra Club has provided no studies or analysis to support its claims of environmental harm and that Sierra Club failed to dispute the findings in the comprehensive studies Alaska LNG submitted in support of the Application.

Alaska LNG states that the generalized environmental concerns raised by Sierra Club may be raised during the NEPA review of the Project, led by FERC, and should not impact DOE/FE's public interest analysis. As such, Alaska LNG argues that DOE/FE should proceed to issue a non-FTA export authorization conditioned on FERC's completion of the NEPA process and DOE/FE's independent review of FERC's findings on the environmental impacts of the Project. While Sierra Club and APGA are opposed to the use of a conditional authorization in this proceeding, Alaska LNG responds that DOE/FE made it clear that the revised procedures for processing non-FTA LNG export applications only applied to exports from the lower-48 states. Alaska LNG asserts that this project is unlike any lower-48 project and that DOE/FE has long recognized that applications to export LNG from Alaska are distinct from and should be treated differently from applications to export LNG from the lower-48.

In response to APGA's assertion that DOE/FE should wait to issue any authorization until the updated LNG export studies that DOE/FE requested on May 29, 2014, are completed, Alaska LNG asserts that those studies focus on the effects of LNG exports from the lower-48, which once again reinforces that Alaska and its supply of natural gas must be considered separately from the lower-48 states. Alaska LNG contends that a conditional authorization is necessary given both the unique nature of the proposed Liquefaction Project and the accompanying pipeline and collection system, which will involve significant planning and costs. Alaska LNG points out that the source of the natural gas supplies on the North Slope are over 800 miles from any feasible terminal location and no infrastructure currently exists to transport the gas. Alaska LNG argues that this Project would develop natural gas supplies that otherwise would remain stranded.

Alaska LNG states that Project credibility has been demonstrated not only by the hundreds of millions spent on project development to date but also the approximately $500 million in planned expenditures for the pre-front end engineering and design ("pre-FEED") as well as the unique role of the State of Alaska as a participant in the Project. Alaska LNG states that a final decision to enter the FEED stage would constitute a more than $1 billion commitment for this massive infrastructure Project, far exceeding any FEED commitment necessary for a lower-48 project. As such, Alaska LNG contends that receiving a conditional authorization from DOE/FE is an important step in getting ultimate approval of a project of such unprecedented size and scale. Alaska LNG notes DOE/FE has retained the authority to issue conditional authorizations and argues that DOE/FE should exercise this discretion and grant the requested non-FTA authorization conditioned on the completion of the NEPA environmental review process.

Alaska LNG responds to the protest of Mr. Robert Mulford by asserting that the issues raised in his protest, including those having to do with the United States' relations with Russia and Ukraine, are not within DOE/FE's jurisdiction under NGA section 3(a). On December 8, 2014, DOE/FE received the Rebuttal of the Alaska LNG Project LLC Motion to Reject the Protest of Robert S. Mulford. This filing, made by Mr. Mulford, asserts that the geopolitical issues raised by Mr. Mulford's original protest must be considered by DOE/FE during its public interest review pursuant to section 3(a) of the NGA.[36]

VII. DISCUSSION AND CONCLUSIONS

A. Motions to Intervene

The motions to intervene submitted in this proceeding by Sierra Club, Robert S. Mulford, BP Exploration (Alaska) Inc., the American Public Gas Association, the American Petroleum Institute, the State of Alaska and the Alaska Gasline Development Corporation (jointly), and ConocoPhillips Alaska, Inc. are unopposed and are deemed granted.[37]

B. Request to Use Procedures for Conditional Authorizations

1. Background

On August 15, 2014, DOE/FE published Final Revised Procedures in the Federal Register suspending its practice of issuing conditional decisions prior to completion of the NEPA review process for applications to export LNG from the lower-48 states.[38] DOE/FE did not amend 10 C.F.R. § 590.402 and thereby retained discretion to issue conditional decisions in the future. As described above, the Application included a request that DOE/FE exercise its discretion to issue a conditional authorization in this proceeding.[39]

2. Opposition to Use of Conditional Authorization Procedures

In its Motion to Intervene, APGA opposed the use of conditional authorization procedures. APGA points out that DOE/FE suspended its use of conditional authorization procedures for proposals to export LNG from the lower-48 states because conditional authorizations were no longer necessary to support regulatory review of LNG projects by FERC

[36] *See* Robert S. Mulford, Rebuttal of the Alaska LNG Project LLC Motion to Reject the Protest of Robert S Mulford, FE Docket No. 14-96-LNG, at 1 (Dec. 8, 2014).
[37] 10 C.F.R. § 590.303(g).
[38] U.S. Dep't of Energy, Proposed Procedures for Liquefied Natural Gas Export Decisions; Notice of Proposed Procedures, 79 Fed. Reg. 32,261 (June 4, 2014).
[39] Alaska LNG App. at 10.

or to enable project sponsors to secure financing for their projects. According to APGA, DOE/FE also stated that it was suspending the use of conditional authorization procedures for lower-48 LNG exports because the issuance of final orders without the intervening step of conditional authorizations would ensure prompt action on those applications most ready to proceed; would improve the quality of information on which DOE/FE bases its decisions; and would better allocate resources by reducing the likelihood that DOE/FE would be forced to act on applications with little prospect of proceeding.

All of these rationales for suspending the issuance of conditional authorizations, APGA maintains, apply to applications to export LNG from Alaska. APGA contends that Alaska LNG has not shown why a conditional authorization is needed for the Alaska LNG Project to move forward. APGA also argues that DOE/FE's revised procedures do not exempt large projects or projects in difficult locations and a conditional authorization would not relieve any regulatory uncertainty for the Alaska LNG Project as numerous permits and approvals will still be required. APGA adds that establishing comment dates that are closer to the date on which LNG export applications are ready (or nearly ready) for consideration by DOE/FE will allow commenters to submit pleadings that are based on data available at the time an application is ready for final review and would be more efficient by eliminating the need for DOE/FE to review premature filings in response to applications that have little prospect of completing the NEPA review process.

Sierra Club also objects to the use of conditional authorization procedures. Sierra Club maintains that DOE/FE recognized in both the Notice of Proposed Procedures and the Final Revised Procedures that conditional authorizations had not served any important purpose. On the other hand, according to Sierra Club, conditional authorizations risk unduly influencing the

NEPA process, and violate the obligation to conduct NEPA review at the earliest possible time in agency decisionmaking.

3. Alaska LNG's Answer

Alaska LNG contends in its Answer that the arguments presented by APGA and Sierra Club against the use of conditional authorization procedures should be rejected. Alaska LNG maintains that the Project is unlike any lower-48 project and it should be processed differently. Furthermore, Alaska LNG states that DOE/FE has long recognized that applications to export LNG from Alaska are distinct from, and should be treated differently from, applications to export LNG from the lower-48. Pointing to studies released by the U.S. Energy Information Administration (EIA) in October 2014 and to the studies offered as part of the Application, Alaska LNG maintains that APGA's concerns over the availability of only inferior information are unfounded. As for APGA's argument that the Final Revised Procedures did not exempt large projects or projects in difficult locations, Alaska LNG states that no such exemption was necessary because there is no comparable lower-48 project:

> Any project proposed in the lower 48 [*sic*] would have access to the extensive existing natural gas transportation grid that connects natural gas sources of supply with potential LNG export terminal locations. In Alaska, by contrast, the sources of natural gas supplies on the North Slope are over 800 miles from any feasible terminal location and no infrastructure currently exists to transport the gas. This Project would develop natural gas supplies that otherwise would remain stranded.[40]

Alaska LNG also states that the Final Revised Procedures were implemented as a way for DOE/FE to manage an application queue for lower-48 applications (in order to give priority to those applications that were closer to realization) whereas the Application in the current proceeding is the only application pending before DOE/FE for long-term authority to export LNG from Alaska and the credibility of the current Application is well-demonstrated by the

[40] Alaska LNG Answer at 8.

infusion of hundreds of millions of dollars already, by the planned expenditure of an additional $500 million for pre-FEED, and by the unique role being played by the State of Alaska as a participant in the Project.

4. Conclusion

On August 15, 2014, the Department issued a procedural order explaining that, for LNG export applications with terminals located in the lower-48, the Department would no longer issue conditional authorizations. Recognizing that export facilities located in Alaska may present different considerations, the Department reserved the question of issuing conditional authorizations to Alaskan projects to later proceedings in which this question could be considered in light of the facts of an application.[41]

Among other reasons for moving away from its past practice of issuing conditional authorizations, the Department explained in the August 2014 order that (1) the regulatory certainty provided by issuing conditional authorizations no longer appeared necessary for projects in the lower-48 to commit significant resources to the FERC-led NEPA review process, and (2) by focusing only on the most commercially mature applications, the Department would have better information on which to base its analysis of the cumulative impact of the numerous export applications before it. Neither of these reasons are applicable to the current application.

As Alaska LNG has shown, because the Project includes an 800-mile pipeline, it is substantially more capital-intensive and will require substantially greater expense toward

[41] Proposed Procedures for Liquefied Natural Gas Export Decisions, Final Revised Procedures, 79 Fed. Reg. at 48,135 n. 6 (stating "The revised procedures will apply only to exports from the lower-48 states. In the Proposed Procedures Notice, DOE stated that no long-term applications to export LNG from Alaska were currently pending and, therefore, DOE could not say whether there may be unique features of Alaskan projects that would warrant exercise of the DOE's discretionary authority to issue conditional decisions. After publishing the Proposed Procedures Notice, DOE received one application to export LNG from Alaska. See Alaska LNG Project LLC, Application for Long-Term Authorization to Export Liquefied Natural Gas, Docket No. 14–96– LNG (July 18, 2014). DOE will consider whether to issue a conditional decision on that application, or any future application to export from Alaska, in the context of those proceedings.").

environmental review than any project that has been proposed for the lower-48. For that reason, we believe that the regulatory certainty afforded by providing the Department's judgment on non-environmental aspects of the application will be of greater benefit than it would for projects proposed in the lower-48. In reaching this judgment we are informed by the history of multiple efforts since the 1970's to develop projects that access North Slope natural gas supplies, all of which failed despite supportive legislative initiatives by both the State of Alaska and the U.S. Congress.[42]

In announcing the decision not to issue conditional authorizations for projects located in the lower-48, the Department also observed that by focusing only on the most mature projects, it would have a better basis on which to evaluate the cumulative impacts of multiple proposals on the balance of natural gas supply and demand in the United States and, hence, the effect such proposals would have on U.S. consumers.[43] This case does not implicate that cumulative impact analysis, however, because it does not concern the export of gas that could otherwise be consumed domestically. If anything, as explained below, the Project would make more natural gas available to U.S. consumers not less. Therefore, the need to base the Department's cumulative impact analysis on the most commercially mature projects does not arise.

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[42] See, e.g., Alaska Natural Gas Transportation Act, 94 Pub. L. No. 586 (1976) (codified at 15 U.S.C. § 719 *et seq.*); Alaska Natural Gas Pipeline Act, 108 Pub. L. No. 324 (Division C) (2004) (codified at 15 U.S.C. § 720 *et seq.)*; and Alaska Gasline Inducement Act, 2007 Alaska Sess. Laws 22, Alaska Stat. § 43.90.010 *et seq.* (2014). *See also Alaska Natural Gas Pipeline Project History*, Alaska Natural Gas Transportation Projects Office of the Federal Coordinator, http://www.arcticgas.gov/Alaska-Natural-Gas-Pipeline-Project-History, (last visited May 22, 2015) (maintained by the U.S. Arctic Research Commission).

[43] Proposed Procedures for Liquefied Natural Gas Export Decisions, Final Revised Procedures, 79 Fed. Reg. at 48,134 (stating "DOE's view is that LNG projects for which NEPA review is complete have already shown themselves more likely to advance to commercial operation than projects that have not yet commenced the NEPA process (or have stalled at that stage) for whatever reason. By eliminating the possibility that DOE will issue conditional decisions on applications that never complete the NEPA review process, the proposed procedures will help to focus DOE's decisionmaking on projects that are more likely to proceed and, therefore, will benefit DOE's ability to assess cumulative market impacts.").

For these reasons, we conclude there is a strong basis to issue a conditional authorization in this proceeding. We reject the argument by APGA that the record evidence will become stale or that participants in this proceeding are being compelled to comment on non-environmental issues prematurely. As the Applicant indicates, the available data from EIA has been updated and, in any event, APGA has not challenged the data and does not oppose a grant of the Application. Nor do we accept Sierra Club's contention that a conditional authorization will prejudice this agency's consideration of environmental issues. The Department will conduct a thorough evaluation of the environmental issues presented by this application when the environmental record is complete. The Department has taken this approach previously when it employed conditional authorization procedures and has not hesitated to augment the environmental analysis prepared by FERC when deemed appropriate.[44]

C. Alaska LNG's Application

1. Local and Regional Economic Impacts

The Application introduced evidence that issuance of the requested authorization would generate significant local and regional economic benefits through direct and indirect job creation, increased economic activity, and tax revenues. No contrary evidence was introduced into the record. Accordingly, we find that the exports proposed in this proceeding are likely to generate regional and local economic benefits.

[44] *See, e.g., Cameron LNG, LLC*, DOE/FE Order No. 3391, FE Docket No. 11-162-LNG, Order Conditionally Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel From the Cameron LNG Terminal in Cameron Parish, Louisiana, to Non-Free Trade Agreement Nations (February 11, 2014); and *Cameron LNG, LLC,* DOE/FE Order No. 3391-A, FE Docket No. 11-162-LNG, Final Opinion and Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel From the Cameron LNG Terminal in Cameron Parish, Louisiana, to Non-Free Trade Agreement Nations (September 10, 2014).

2. Domestic and Regional Supply

In considering the adequacy of natural gas supplies proposed to be exported, our focus in this proceeding is regional. As discussed in Section III of this Order, a focus on regional supply and demand is consistent with prior decisions involving exports of LNG from Alaska. Those decisions identified the "relative geographic isolation" of Alaska from the lower-48 states. Fundamentally, this condition of relative geographic isolation continues today. There presently is no pipeline interconnection between the North Slope supplies involved in the Application and the lower-48 states. Thus, to date, North Slope natural gas constitutes a historically stranded resource base.

The Application introduced evidence demonstrating that there is sufficient natural gas supply within the State of Alaska to meet both anticipated regional demand and the demand that would likely result from a grant of the requested authorization. Indeed, we find that the available evidence confirms that, because the Alaska LNG Project will access stranded gas, the Project will improve rather than worsen the supply of gas available to consumers in Alaska. We observe that the absence of substantive opposition to the economic analysis submitted by the Applicant in support of the proposed export authorization tends to confirm this finding.

3. International Benefits

The evidence also demonstrates that a grant of the requested authorization would have international benefits for the United States. A grant of the requested authorization is consistent with the NEI. Established by Executive Order, the NEI sets an Administration goal to "improve conditions that directly affect the private sector's ability to export" and to "enhance and coordinate Federal efforts to facilitate the creation of jobs in the United States through the promotion of exports."[45] Furthermore, an efficient, transparent international market for natural gas with diverse sources of supply provides both economic and strategic benefits to the United States and our allies. Indeed, increased production of domestic natural gas has significantly reduced the need for the United States to import LNG. In global trade, LNG shipments that would have been destined to U.S. markets have been redirected to Europe and Asia, improving energy security for many of our key trading partners. To the extent U.S. exports can diversify global LNG supplies, and increase the volumes of LNG available globally, it will improve energy security for many U.S. allies and trading partners. As such, authorizing U.S. exports may advance the public interest for reasons that are distinct from and additional to their economic benefits.

4. Conclusion

For the foregoing reasons, we find that the evidence demonstrates that a grant of the requested authorization has not been shown to be inconsistent with the public interest. Consequently, DOE will issue a conditional authorization permitting the requested exports of LNG subject to the limitations and conditions described in this Order.

VIII. TERMS AND CONDITIONS

To ensure that the authorization issued by this Order is not inconsistent with the public interest, DOE/FE has attached the following terms and conditions to the authorization. The reasons for each term or condition are explained below. Alaska LNG must abide by each term and condition or face rescission of its authorization or other appropriate sanction.

[45] National Export Initiative, 75 Fed. Reg. 12,433 (Mar. 16, 2010).

A. Term of the Authorization

Citing the size, scope, and cost of the Project, Alaska LNG has requested a 30-year term for the authorization commencing on the earlier of the date of first export or 12 years from the date the requested authorization is granted. Alaska LNG maintains that a 30-year export term is supported by its natural gas reserves and resources estimates, and will provide long-term access to market outlets needed to allow a reasonable ability to recover investments. We agree with Alaska LNG's assessment and find good cause for granting a 30-year term of authorization, beginning from the date of first commercial export. We are mindful that LNG export facilities are capital intensive and that, to obtain financing for such projects, there must be a reasonable expectation that the authorization will continue for a term sufficient to support repayment.

B. Commencement of Operations within 12 Years

Citing the complexity and expansive scope of the Project, Alaska LNG has requested that this authorization commence on the earlier of the date of first export or 12 years from the date of the issuance of this Order. We agree with Alaska LNG's assessment and find good cause for adding as a condition of the authorization that Alaska LNG must commence commercial LNG export operations no later than 12 years from the date of issuance of this Order.

C. Transfer, Assignment, or Change in Control

DOE/FE's natural gas import/export regulations prohibit authorization holders from transferring or assigning authorizations to import or export natural gas without specific authorization by the Assistant Secretary for Fossil Energy.[46] As a condition of the similar authorization issued in DOE/FE Order No. 2961,[47] DOE/FE found that the requirement for prior approval by the Assistant Secretary under its regulations applies to any change of effective

[46] 10 C.F.R. § 590.405.
[47] *Sabine Pass*, DOE/FE Order No. 2961.

control of the authorization holder either through asset sale or stock transfer or by other means. This condition was deemed necessary to ensure that, prior to any transfer or change in control, DOE/FE will be given an adequate opportunity to assess the public interest impacts of such a transfer or change.

DOE/FE construes a change in control to mean a change, directly or indirectly, of the power to direct the management or policies of an entity whether such power is exercised through one or more intermediary companies or pursuant to an agreement, written or oral, and whether such power is established through ownership or voting of securities, or common directors, officers, or stockholders, or voting trusts, holding trusts, or debt holdings, or contract, or any other direct or indirect means. A rebuttable presumption that control exists will arise from the ownership or the power to vote, directly or indirectly, 10 percent or more of the voting securities of such entity.[48]

D. Agency Rights

As described above, Alaska LNG requests authorization to export LNG on its own behalf and as agent for other entities that hold title to the LNG. DOE/FE previously addressed the issue of Agency Rights in DOE/FE Order No. 2913,[49] which granted Freeport LNG Expansion, L.P., *et al.* (also referred to as FLEX) authority to export LNG to FTA countries. In that order, DOE/FE approved a proposal by FLEX to register each LNG title holder for whom FLEX sought to export LNG as agent. DOE/FE found that this proposal was an acceptable alternative to the non-binding policy adopted by DOE/FE in *Dow Chemical*, which established that the title for all

[48] For information on DOE/FE's procedures governing a change in control, see U.S. Dep't of Energy, Procedures for Changes in Control Affecting Applications and Authorizations to Import or Export Natural Gas, 79 Fed. Reg. 65,641 (Nov. 5, 2014).

[49] *Freeport LNG Expansion*, L.P., *et al.*, DOE/FE Order No. 2913, FE Docket No. 10-160-LNG, Order Granting Long-Term Authorization to Export Liquefied Natural Gas from Freeport LNG Terminal to Free Trade Nations (Feb. 10, 2011) [hereinafter *Freeport LNG*].

LNG authorized for export must be held by the authorization holder at the point of export.[50] We find that the same policy considerations that supported DOE/FE's acceptance of the alternative registration proposal in Order No. 2913 apply here as well. DOE/FE reiterated its policy on Agency Rights procedures in *Gulf Coast LNG Export, LLC*.[51] In *Gulf Coast*, DOE/FE confirmed that, in LNG export orders in which Agency Rights have been granted, DOE/FE shall require registration materials filed for, or by, an LNG title-holder (Registrant) to include the same company identification information and long-term contract information of the Registrant as if the Registrant had filed an application to export LNG on its own behalf.[52]

To ensure that the public interest is served, the authorization granted herein shall be conditioned to require that where Alaska LNG proposes to export LNG as agent for other entities that hold title to the LNG (Registrants), it must register with DOE/FE those entities on whose behalf it will export LNG in accordance with the procedures and requirements described herein.

E. Contract Provisions for the Sale or Transfer of LNG to be Exported

DOE/FE's regulations require applicants to supply transaction-specific factual information "to the extent practicable."[53] Additionally, DOE/FE regulations allow confidential treatment of the information supplied in support of or in opposition to an application if the submitting party requests such treatment, shows why the information should be exempted from public disclosure, and DOE/FE determines it will be afforded confidential treatment in accordance with 10 C.F.R. § 1004.11.[54]

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[50] *Dow Chem. Co.*, DOE/FE Order No. 2859, FE Docket No. 10-57-LNG, Order Granting Blanket Authorization to Export Liquefied Natural Gas, at 7-8 (Oct. 5, 2010), *discussed in Freeport LNG*, DOE/FE Order No. 2913, at 7-8.
[51] *Gulf Coast LNG Export, LLC*, DOE/FE Order No. 3163, FE Docket No. 12-05-LNG, Order Granting Long-Term Multi-Contract Authority to Export LNG by Vessel from the Proposed Brownsville Terminal to Free Trade Agreement Nations (Oct. 16, 2012).
[52] *See id*. at 7-8.
[53] 10 C.F.R. § 590.202(b).
[54] *Id*. § 590.202(e).

DOE/FE will require that Alaska LNG file or cause to be filed with DOE/FE any relevant long-term commercial agreements, such as liquefaction tolling agreements, pursuant to which Alaska LNG exports LNG as agent for a Registrant.

DOE/FE finds that the submission of all such agreements or contracts within 30 days of their execution using the procedures described below will be consistent with the "to the extent practicable" requirement of section 590.202(b). By way of example and without limitation, a "relevant long-term commercial agreement" would include an agreement with a minimum term of two years, an agreement to provide gas processing or liquefaction services at the proposed Alaska LNG Project, a long-term sales contract involving natural gas or LNG stored or liquefied at the Project, or an agreement to provide export services from the Project.

In addition, DOE/FE finds that section 590.202(c) of DOE/FE's regulations[55] requires that Alaska LNG file, or cause to be filed, all long-term contracts associated with the long-term supply of natural gas to the proposed Alaska LNG Project, whether signed by Alaska LNG or the Registrant, within 30 days of their execution.

DOE/FE recognizes that some information in Alaska LNG's or a Registrant's long-term commercial agreements associated with the export of LNG, and/or long-term contracts associated with the long-term supply of natural gas to the proposed Alaska LNG Project, may be commercially sensitive. DOE/FE therefore will provide Alaska LNG the option to file or cause to be filed either unredacted contracts, or in the alternative (A) Alaska LNG may file, or cause to be filed, long-term contracts under seal, but it also will file either: i) a copy of each long-term contract with commercially sensitive information redacted, or ii) a summary of all major provisions of the contract(s) including, but not limited to, the parties to each contract, contract

[55] *Id*. § 590.202(c).

term, quantity, any take or pay or equivalent provisions/conditions, destinations, re-sale provisions, and other relevant provisions; and (B) the filing must demonstrate why the redacted information should be exempted from public disclosure.

To ensure that DOE/FE destination and reporting requirements included in this Order are conveyed to subsequent title holders, DOE/FE will include as a condition of this authorization that future contracts for the sale or transfer of LNG exported pursuant to this Order shall include an acknowledgement of these requirements.

F. Export Quantity

Alaska LNG has sought export authorization in a volume equivalent to 929 Bcf/yr of natural gas (2.55 Bcf/d). As set forth herein, this Order conditionally authorizes the export of LNG in the full amount requested, up to the equivalent of 929 Bcf/yr of natural gas.

G. Combined FTA and Non-FTA Export Authorization Volume

Alaska LNG is currently authorized to export LNG produced from Alaska sources to FTA countries in a volume equivalent to approximately 929 Bcf/yr of natural gas (2.55 Bcf/d), as set forth in DOE/FE Order No. 3554. The source of LNG proposed for export for both DOE/FE Order No. 3554 and this export authorization is from the proposed Alaska LNG Project. To ensure that Alaska LNG's combined FTA and non-FTA export authorizations do not exceed the capacity of that facility, Alaska LNG may not treat the volumes authorized for export in this proceeding as additive to the volumes authorized for export to FTA countries in Order No. 3554.

H. Environmental Review

As explained above, DOE/FE intends to complete its NEPA review as a cooperating agency in FERC's review of the proposed Alaska LNG Project. The authorization issued in this

Order will be conditioned on Alaska LNG's satisfactory completion of the environmental review process.[56]

Accordingly, this conditional Order makes preliminary findings and indicates to the parties DOE/FE's determination at this time on all but the environmental issues in this proceeding. All parties are advised that the issues addressed herein regarding the export of natural gas will be reexamined at the time of DOE/FE's review of the FERC environmental analysis. Inasmuch as DOE/FE is a cooperating agency in the FERC environmental review, persons wishing to raise questions regarding the environmental review of the present Application are responsible for doing so within the FERC proceeding. As DOE/FE has explained in prior orders, DOE/FE's participation as a cooperating agency in the FERC proceeding is intended to avoid duplication of effort by agencies with overlapping environmental review responsibilities, to achieve early coordination among agencies, and to concentrate public participation in a single forum.[57]

Insofar as a participant in the FERC proceeding actively raises concerns over the scope or substance of environmental review but is unsuccessful in securing that agency's coordination of its stated interests, DOE/FE reserves the right to address the stated interests within this proceeding. However, absent a showing of good cause for a failure of interested persons to participate in the FERC environmental review proceeding, DOE/FE may dismiss such claims if raised out of time in this proceeding.

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[56] 10 C.F.R. § 590.402 (authorizing DOE/FE to issue a conditional order prior to issuance of a final opinion and order).

[57] *See*, *e.g.*, *Sabine Pass*, DOE/FE Order No. 2961, at 40-41.

IX. FINDINGS

On the basis of the findings and conclusions set forth above, we find that it has not been shown that a grant of the requested authorization will be inconsistent with the public interest, and we further find that the Application should be granted subject to the terms and conditions set forth herein.

X. ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Alaska LNG is authorized to export LNG produced from Alaska sources by vessel from the proposed Alaska LNG Project in the Nikiski area of the Kenai Peninsula, Alaska, up to the equivalent of 929 Bcf/yr of natural gas, for a term of 30 years. This 30-year term will commence on the earlier of the date of first commercial export or 12 years from the date that this Order is issued (May 28, 2027). Alaska LNG is authorized to export this LNG on its own behalf and as agent for other entities who hold title to the natural gas, pursuant to one or more long-term contracts (a contract greater than two years).

B. Alaska LNG must commence export operations using the planned liquefaction facilities no later than 12 years from the date of issuance of this Order.

C. The LNG export quantity authorized in this Order is equivalent to 929 Bcf/yr of natural gas. This quantity is not additive to the export volume in Alaska LNG's FTA authorization, set forth in DOE/FE Order No. 3554.

D. This LNG may be exported to any country with which the United States does not have a FTA requiring the national treatment for trade in natural gas, which currently has or in the future develops the capacity to import LNG, and with which trade is not prohibited by United States law or policy.

E. Alaska LNG shall ensure that all transactions authorized by this Order are permitted and lawful under United States laws and policies, including the rules, regulations, orders, policies, and other determinations of the Office of Foreign Assets Control of the United States Department of the Treasury and FERC. Failure to comply with this requirement could result in rescission of this authorization and/or other civil or criminal remedies.

F. The authorization granted by this Order is conditioned on Alaska LNG's satisfactory completion of the environmental review process under NEPA in FERC Docket No. PF14-21-000 and any related dockets, and on issuance by DOE/FE of a finding of no significant impact or a record of decision pursuant to NEPA. Additionally, the authorization is conditioned on Alaska LNG's on-going compliance with any and all preventative and mitigative measures at the proposed Alaska LNG Project imposed by federal or state agencies.

G. (i) Alaska LNG shall file, or cause others to file, with the Office of Oil and Gas Global Security and Supply a non-redacted copy of <u>all executed long-term contracts associated with the long-term export of LNG</u> on its own behalf or as agent for other entities from the proposed Alaska LNG Project. The non-redacted copies may be filed under seal and must be filed within 30 days of their execution. Additionally, if Alaska LNG has filed the contracts described in the preceding sentence under seal or subject to a claim of confidentiality or privilege, within 30 days of their execution, Alaska LNG shall also file, or cause others to file, for public posting either: i) a redacted version of the contracts described in the preceding sentence, or ii) major provisions of the contracts. In these filings, Alaska LNG shall state why the redacted or non-disclosed information should be exempted from public disclosure.

(ii) Alaska LNG shall file, or cause others to file, with the Office of Oil and Gas Global Security and Supply a non-redacted copy of <u>all executed long-term contracts associated with the</u>

long-term supply of natural gas to the Alaska LNG Project. The non-redacted copies may be filed under seal and must be filed within 30 days of their execution. Additionally, if Alaska LNG has filed the contracts described in the preceding sentence under seal or subject to a claim of confidentiality or privilege, within 30 days of their execution, Alaska LNG shall also file, or cause others to file, for public posting either: i) a redacted version of the contracts described in the preceding sentence, or ii) major provisions of the contracts. In these filings, Alaska LNG shall state why the redacted or non-disclosed information should be exempted from public disclosure.

H. Alaska LNG, or others for whom Alaska LNG acts as agent, shall include the following provision in any agreement or other contract for the sale or transfer of LNG exported pursuant to this Order:

> Customer or purchaser acknowledges and agrees that it will resell or transfer LNG purchased hereunder for delivery only to countries identified in Ordering Paragraph D of DOE/FE Order No. 3643, issued May 28, 2015, in FE Docket No. 14-96-LNG, and/or to purchasers that have agreed in writing to limit their direct or indirect resale or transfer of such LNG to such countries. Customer or purchaser further commits to cause a report to be provided to Alaska LNG Project LLC that identifies the country of destination, upon delivery, into which the exported LNG was actually delivered, and to include in any resale contract for such LNG the necessary conditions to insure Alaska LNG Project LLC are made aware of all such actual destination countries.

I. Alaska LNG is permitted to use its authorization in order to export LNG as agent for other entities, after registering the other parties with DOE/FE. Registration materials shall include an acknowledgement and agreement by the Registrant to supply Alaska LNG with all information necessary to permit Alaska LNG to register that person or entity with DOE/FE, including: (1) the Registrant's agreement to comply with this Order and all applicable requirements of DOE/FE's regulations at 10 C.F.R. Part 590, including but not limited to destination restrictions; (2) the exact legal name of the Registrant, state/location of incorporation/registration, primary place of doing business, and the Registrant's ownership structure, including the ultimate parent entity if the Registrant is a subsidiary or affiliate of another entity; (3) the name, title, mailing address, e-mail address, and telephone number of a corporate officer or employee of the registrant to whom inquiries may be directed; and (4) within 30 days of execution, a copy of any long-term contracts not previously filed with DOE/FE, described in Ordering Paragraph G of this Order.

J. Each registration submitted pursuant to this Order shall have current information on file with DOE/FE. Any changes in company name, contact information, change in term of the long-term contract, termination of the long-term contract, or other relevant modification, shall be filed with DOE/FE within 30 days of such change(s).

K. As a condition of this authorization, Alaska LNG shall ensure that all persons required by this Order to register with DOE/FE have done so. Any failure by Alaska LNG to ensure that all such persons or entities are registered with DOE/FE shall be grounds for rescinding in whole or in part the authorization.

L. Within two weeks after the first export of LNG occurs from the Alaska LNG Project, Alaska LNG shall provide written notification of the date that the first export of LNG authorized in Ordering Paragraph A above occurred.

M. Alaska LNG shall file with the Office of Oil and Gas Global Security and Supply, on a semi-annual basis, written reports describing the progress of the proposed Alaska LNG Project. The reports shall be filed on or by April 1 and October 1 of each year, and shall include information on the progress of the Alaska LNG Project, the date the Project is expected to be operational, and the status of the long-term contracts associated with the long-term export of LNG and any long-term supply contracts.

N. Prior to any change in control of the authorization holder, Alaska LNG must obtain the approval of the Assistant Secretary for Fossil Energy. For purposes of this Ordering Paragraph, a "change in control" shall include any change, directly or indirectly, of the power to direct the management or policies of Alaska LNG, whether such power is exercised through one or more intermediary companies or pursuant to an agreement, written or oral, and whether such power is established through ownership or voting of securities, or common directors, officers, or stockholders, or voting trusts, holding trusts, or debt holdings, or contract, or any other direct or indirect means.[58]

O. Monthly Reports: With respect to the LNG exports authorized by this Order, Alaska LNG shall file with the Office of Oil and Gas Global Security and Supply, within 30 days following the last day of each calendar month, a report indicating whether exports of LNG have been made. The first monthly report required by this Order is due not later than the 30th day of the month following the month of first export. In subsequent months, if exports have not occurred, a report of "no activity" for that month must be filed. If exports of LNG have occurred, the report must give the following details of each LNG cargo: (1) the name(s) of the authorized exporter registered with DOE/FE; (2) the name of the U.S. export terminal; (3) the name of the LNG tanker; (4) the date of departure from the U.S. export terminal; (5) the country (or countries) of destination into which the exported LNG was actually delivered; (6) the name of the supplier/seller; (7) the volume in Mcf; (8) the price at point of export per million British thermal units (MMBtu); (9) the duration of the supply agreement; and (10) the name(s) of the purchaser(s).

(Approved by the Office of Management and Budget under OMB Control No. 1901-0294)

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[58] *See* Procedures for Changes in Control Affecting Applications and Authorizations to Import or Export Natural Gas, 79 Fed. Reg. 65,641.

P. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Oil and Gas Global Security and Supply, P.O. Box 44375, Washington, D.C. 20026-4375, Attention: Natural Gas Reports. Alternatively, reports may be e-mailed to ngreports@hq.doe.gov or may be faxed to Natural Gas Reports at (202) 586-6050.

Q. The seven motions to intervene in this proceeding—filed by Sierra Club, the American Public Gas Association, the American Petroleum Institute, TransCanada, the State of Alaska and the Alaska Gasline Development Corporation (collectively, Alaska Intervenors), ConocoPhillips Alaska, and Robert S. Mulford—are unopposed, and thus are granted.

Issued in Washington, D.C., on May 28, 2015.

Christopher A. Smith
Assistant Secretary
Office of Fossil Energy