



Department of Energy  
Washington, DC 20585

June 29, 2021

**Via Email**

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**RE: Statement of Change in Control**

Cameron LNG, LLC, FE Docket Nos. 11-145-LNG, 11-162-LNG, 14-204-LNG, 15-36-LNG, 15-67-LNG, 15-90-LNG, 19-62-LNG  
Ecogas Mexico, S. de R.L. de C.V., FE Docket No. 19-45-NG  
ECA Liquefaction, S. de R.L. de C.V., FE Docket No. 18-144-LNG  
Energía Costa Azul, S. de R.L. de C.V., FE Docket No. 18-145-LNG  
Port Arthur LNG, LLC, FE Docket Nos. 15-53-LNG, 15-96-LNG, 18-162-LNG  
Port Arthur LNG Phase II, LLC, FE Docket No. 20-23-LNG  
Sempra Gas & Power Marketing, LLC, FE Docket No. 20-43-NG  
Sempra LNG International, LLC, FE Docket No. 19-65-LNG  
Sempra LNG Marketing, LLC, FE Docket No. 20-52-LNG  
Termoelectrica de Mexicali, S. de R.L. de C.V., FE Docket No. 20-145-NG  
Vista Pacifico LNG, S.A.P.I de C.V., FE Docket No. 20-153-LNG

Dear Mr. Snyder:

This correspondence constitutes the response of the Department of Energy (DOE), Office of Fossil Energy (FE), to the Statement of Change in Control<sup>1</sup> filed jointly on April 30, 2021 (Statement) (as supplemented on May 3, 2021,<sup>2</sup> and May 19, 2021<sup>3</sup>), by the following entities: Cameron LNG, LLC; Ecogas Mexico, S. de R.L. de C.V.; ECA Liquefaction, S. de R.L. de C.V.; Energía Costa Azul, S. de R.L. de C.V.; Port Arthur LNG, LLC; Port Arthur LNG Phase II, LLC; Sempra Gas & Power Marketing, LLC; Sempra LNG International, LLC; Sempra LNG

<sup>1</sup> See Cameron LNG, LLC, *et al.*, Statement of Change in Control, FE Docket Nos. 11-145-LNG, *et al.* (Apr. 30, 2021), available at: <https://www.energy.gov/sites/default/files/2021-05/Sempra%20CIC%20Statement%20%284.30.2021%29.pdf> [hereinafter Statement].

<sup>2</sup> Cameron LNG, LLC, *et al.*, Supplement to Statement of Change in Control, FE Docket Nos. 11-145-LNG, *et al.* (May 3, 2021), available at: <https://www.energy.gov/sites/default/files/2021-05/Sempra%20Supplement%20to%20CIC%20Statement%20%285.3.2021%29%28002%29.pdf>.

<sup>3</sup> Cameron LNG, LLC, *et al.*, Supplemental Service to Statement of Change in Control, FE Docket Nos. 11-145-LNG, *et al.* (May 19, 2021), available at: <https://www.energy.gov/sites/default/files/2021-05/Supplemental%20Service%20re%20CIC%20Statement%20%285.19.2021%29.pdf>.

Marketing, LLC; Termoelectrica de Mexicali, S. de R.L. de C.V.; and Vista Pacifico LNG, S.A.P.I de C.V. (collectively, Authorization Holders). The Authorization Holders are all affiliates of Sempra Energy (Sempra). In the Statement, as supplemented, the Authorization Holders provide notice of a change in their upstream ownership, in light of DOE/FE's Change in Control Procedures.<sup>4</sup>

## **I. BACKGROUND**

The Authorization Holders, in their respective dockets, are authorized to import natural gas, to export natural gas, and/or to export liquefied natural gas (LNG) under section 3 of the Natural Gas Act (NGA)<sup>5</sup> to countries with which the United States currently has, or in the future will have, a free trade agreement (FTA) requiring national treatment for trade in natural gas (FTA countries),<sup>6</sup> and/or to any other country with which trade is not prohibited by U.S. law or policy (non-FTA countries).<sup>7</sup> Table 1 of the Statement identifies each of these existing authorizations.<sup>8</sup>

Additionally, three of the Authorization Holders currently have non-FTA applications pending with DOE/FE, as identified in Table 2 of the Statement.<sup>9</sup>

## **II. DESCRIPTION OF CHANGE IN CORPORATE OWNERSHIP**

The Authorization Holders state that the upstream ownership change described in the Statement is the result of the acquisition (Transaction) by KKR Pinnacle Aggregator L.P. (KKR Pinnacle), an affiliate of KKR & Co. Inc. (together with its subsidiaries, KKR), of a non-controlling 20% interest in the equity of the reorganized Sempra Global.<sup>10</sup> The ownership of each of the Authorization Holders prior to the Transaction is described in the Statement.<sup>11</sup>

According to the Authorization Holders, the Transaction is part of a series of integrated transactions involving Sempra's portfolio of Northern American energy infrastructure projects. Prior to the closing of the Transaction, Sempra will conduct an internal reorganization to consolidate the assets of its LNG business and its ownership in Infraestructura Energética Nova, S.A.B. de C.V. (IEnova) under Sempra Global, which will be renamed Sempra Infrastructure Partners (SIP).<sup>12</sup> The Authorization Holders state that, as part of the integrated transactions, on

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<sup>4</sup> 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. 65,541 (Nov. 5, 2014) [hereinafter DOE/FE Change in Control Procedures].

<sup>5</sup> 15 U.S.C. § 717b.

<sup>6</sup> *Id.* § 717b(c). The United States currently has FTAs requiring national treatment for trade in natural gas with Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore. FTAs with Israel and Costa Rica do not require national treatment for trade in natural gas.

<sup>7</sup> *Id.* § 717b(a).

<sup>8</sup> See Statement at 2-4.

<sup>9</sup> See *id.* at 4-5. DOE/FE notes that it recently granted the FTA portion of Energía Costa Azul, S. de R.L. de C.V.'s application requesting an amendment to its FTA and non-FTA authorizations (FE Docket No. 18-145-LNG), but the non-FTA portion of that application remains pending. See *Energía Costa Azul, S. de R.L. de C.V.*, DOE/FE Order No. 4318-B, FE Docket No. 18-145-LNG, Order Amending Long-Term Authorization to Export Natural Gas to Mexico and to Other Free Trade Agreement Nations (ECA Large-Scale Project) (June 11, 2021); see also Statement at 4 (Table 2).

<sup>10</sup> Statement at 2.

<sup>11</sup> *Id.* at 5-7.

<sup>12</sup> *Id.* at 5.

April 26, 2021, Sempra launched a stock-for-stock exchange offer with the intent of acquiring the outstanding shares in IEnova that it does not currently own.<sup>13</sup>

Following the reorganization and consummation of the Transaction, KKR Pinnacle will own a 20% non-controlling equity interest in SIP. Post-consummation, Sempra will maintain control of SIP as the 80% owner, with KKR Pinnacle having certain minority protections, including the ability to appoint members of the board that will manage SIP.<sup>14</sup>

The Authorization Holders provide charts showing the change in ownership structure as Appendix A to the Statement (“Simplified Pre-Closing Structure”) and as the Attachment to the May 3, 2021 Supplement (Corrected Appendix B, “Simplified Post-Closing Structure”).<sup>15</sup>

### **III. DISCUSSION AND CONCLUSIONS**

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.<sup>16</sup> A rebuttable presumption that control exists will arise from the ownership or the power to vote, directly or indirectly, 10% or more of the voting securities of such entity.<sup>17</sup>

As noted above, “upon the reorganization and consummation of the Transaction, KKR Pinnacle will own a 20% non-controlling equity interest in SIP [Sempra Infrastructure Partners].”<sup>18</sup>

#### **A. LNG Import and FTA Export Authorizations**

DOE/FE’s Change in Control Procedures provide that, upon receipt of a statement of change in control relating to existing LNG import and FTA export authorizations, DOE will give immediate effect to the change in control and will take no further action.<sup>19</sup> Accordingly, the change in control described above has taken effect insofar as it relates to the LNG import authorizations, FTA export authorizations, and FTA portion of the export authorizations referenced in Table 1 of the Statement (and any amendments to these orders, as applicable).<sup>20</sup>

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<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> *See* Statement; *see also supra* note 2.

<sup>16</sup> *See* DOE/FE Change in Control Procedures, 79 Fed. Reg. at 65,542.

<sup>17</sup> *See id.*

<sup>18</sup> Statement at 5.

<sup>19</sup> *See id.*

<sup>20</sup> *See id.* at 2-4.

## B. Non-FTA Export Authorizations

DOE/FE's Change in Control Procedures state that, with respect to existing non-FTA export authorizations, DOE/FE will give effect to the change in control and will publish a notice of the change in the *Federal Register*.<sup>21</sup> If no interested person protests the change in control and DOE takes no action on its own motion, the amendment to the existing non-FTA authorization will be deemed granted 30 days after publication in the *Federal Register*.<sup>22</sup>

Consistent with these procedures, DOE published a notice of the Authorization Holders' Notice of Change in Control in the *Federal Register* on June 8, 2021 (Notice).<sup>23</sup> DOE/FE invited protests, motions to intervene, and written comments to be filed no later than June 23, 2021.<sup>24</sup> DOE/FE received no filings in response to the Notice. Accordingly, the change in control with respect to the non-FTA export authorizations and the non-FTA portion of the export authorizations referenced in Table 1 of the Statement (and any amendments to these orders, as applicable) is deemed granted, effective July 8, 2021.<sup>25</sup>

## C. Pending Non-FTA Export Applications

DOE/FE has not yet issued a final order on the non-FTA portion of the applications pending in FE Docket Nos. 18-145-LNG, 20-23-LNG and 20-153-LNG.<sup>26</sup> The Change in Control Procedures state that, with respect to "pending non-FTA export applications, *i.e.*, proceedings in which DOE has not yet issued a final order," applicants may amend their applications to reflect a change in control by submitting notice of the amendment to DOE/FE and serving that notice on other parties in the proceeding.<sup>27</sup>

Under the Change in Control Procedures, DOE/FE will give immediate effect to the amendment to each of these applications, but it will accept and consider answers to the notice of amendment received within 15 days of service of the applicant's pleading.<sup>28</sup> DOE/FE will address the issues raised in any answers to the amendment in its final order on the pending applications.<sup>29</sup>

The Authorization Holders complied with the service requirements of the Change in Control Procedures when they served the Statement.<sup>30</sup> The change in control applicable to the non-FTA portion of the applications in FE Docket Nos. 18-145-LNG, 20-23-LNG and 20-153-LNG thus has taken effect. More than 15 days have passed since the Authorization Holders served the Statement, and DOE/FE has not received any answers. Accordingly, the change in control

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<sup>21</sup> See DOE/FE Change in Control Procedures, 79 Fed. Reg. at 65,542.

<sup>22</sup> *Id.*

<sup>23</sup> U.S. Dep't of Energy, Notice of Change in Control; Cameron LNG, LLC, *et al.*, 86 Fed. Reg. 30,453 (June 8, 2021).

<sup>24</sup> See *id.*

<sup>25</sup> See Statement at 2-4.

<sup>26</sup> See *id.* at 4-5; see also *supra* note 9.

<sup>27</sup> DOE/FE Change in Control Procedures, 79 Fed. Reg. at 65,542.

<sup>28</sup> *Id.*

<sup>29</sup> *Id.*

<sup>30</sup> See *supra* note 3.

continues in effect for each application. No further action is required.

Sincerely,

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Office of Oil and Natural Gas