

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

MAGNOLIA LNG, LLC

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FE Docket No. 13-132-LNG

**REQUEST OF MAGNOLIA LNG, LLC
FOR LIMITED EXTENSION TO START DATE OF TERM OF AUTHORIZATION**

Pursuant to Section 3 of the Natural Gas Act (“NGA”)¹ and Part 590 of the Department of Energy’s (“DOE”) regulations,² Magnolia LNG, LLC (“Magnolia”) submits this request (“Request”) for a limited extension of the start date of Magnolia’s authorization (as amended) to export liquefied natural gas (“LNG”) to nations with which the United States does not have a Free Trade Agreement (“non-FTA nations”) in DOE/FE Order Nos. 3909 and 3909-C, FE Docket No. 13-132-LNG. Specifically, Magnolia requests that the start date for Magnolia’s non-FTA authorization term be extended by approximately 29 months (from November 30, 2023 to April 15, 2026), as discussed herein.

In support of this Request, Magnolia respectfully states the following:

I. Communications and Correspondence

Correspondence and communications regarding this Request should be addressed to the following and those designated with an (*) should be designated as the agent for service for Magnolia LNG:

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¹ 15 U.S.C. § 717b(a).

² 10 C.F.R. Part 590.

II. Description of the Applicant

Magnolia is a Delaware limited liability company with its principal place of business in Houston, Texas. Magnolia is a 100% subsidiary of Magnolia LNG Holdings, LLC (“Magnolia Holdings”). Magnolia Holdings is wholly owned by Glenfarne Infrastructure Holdings, LLC, which is owned by Glenfarne Group, LLC (“Glenfarne”). Glenfarne is a New York-based developer, owner-operator, and industrial manager of energy and infrastructure assets throughout the world. Glenfarne Group’s current portfolio comprises several power and infrastructure subsectors, including backup power or grid stability, renewables such as hydropower and solar power, and natural gas infrastructure assets across North and South America. Additionally, Glenfarne founded Glenfarne Energy Transition in 2022 to address the “here and now” global energy transition through complementary global LNG solutions, grid stability, and renewables businesses. Specifically, responsibly sourced and environmentally sensible U.S. LNG is one of the most financially and logistically flexible fuels to help fill this need while countries bring modern power grids and other renewable infrastructure online.

III. Background

a. DOE/FE Procedural History

DOE issued Order No. 3909 to Magnolia in 2016, granting it authorization to export LNG to non-FTA nations.³ DOE subsequently issued Order No. 3909-C in 2022, which increased the authorized volumes for export to non-FTA nations from the Magnolia LNG Project.⁴

³ *Magnolia LNG, LLC*, DOE/FE Order No. 3909, Docket No. 13-132-LNG, Opinion and Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Magnolia LNG Terminal to be Constructed in Lake Charles, Louisiana, to Non-Free Trade Agreement Nations (Nov. 30, 2016) (“Order No. 3909”).

⁴ *Magnolia LNG, LLC*, DOE/FE Order No. 3909-C, Docket No. 13-132-LNG, Order Amending Long-Term Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Nations (April 27, 2022) (“Order No. 3909-C”).

i. DOE/FE Order No. 3909, FE Docket No. 13-132-LNG

On November 30, 2016, DOE/FE issued Order No. 3909, which granted Magnolia long-term, multi-contract authorization to export up to 8.0 million metric tons per annum (MTPA) of LNG to non-FTA nations for a term of 20 years, starting no later than seven years from the date of the authorization (Order No. 3909).⁵ Accordingly, Order No. 3909 requires Magnolia to commence service no later than November 30, 2023.

In issuing Order No. 3909, DOE/FE undertook a fulsome consideration of Magnolia's proposal as well as the objections of two intervenor-protestors, Sierra Club and the American Public Gas Association (APGA). Ultimately, DOE/FE concluded that both Sierra Club and APGA "failed to overcome their statutory presumption that the proposed export authorization is consistent with the public interest"⁶ and approved Magnolia's application.

ii. DOE/FE Order No. 3909-C, FE Docket No. 13-132-LNG

On December 31, 2018, Magnolia filed an application to amend Order No. 3909 to increase its authorized export volumes to non-FTA nations from 8.0 to 8.8 MTPA, to align its authorized export volumes with its maximum production capacity authorized by the Federal Energy Regulatory Commission ("FERC").⁷ On April 27, 2022, DOE/FE issued Order No. 3909-C approving the increased export volumes, explaining that it "has determined that it has not been shown that Magnolia LNG's proposed increase in exports of LNG to non-FTA countries will be inconsistent with the public interest, as would be required to deny the Application under NGA section 3(a)."⁸ Although Order No. 3909-C increased Magnolia's approved export

⁵ *Id.* at Ordering Paras. A, B, D.

⁶ *Id.*

⁷ *Magnolia LNG LLC, Application for Amendment to Long-Term Authorizations to Export Liquefied Natural Gas to Non-Free Trade Agreement and Free Trade Agreement Nations*, Docket Nos. 13-132-LNG, *et al.* (Dec. 31, 2018).

⁸ Order No. 3909-C at 6.

volumes to non-FTA nations, Order No. 3909-C explicitly did not alter the commencement of service deadline, which remains November 30, 2023.⁹

b. FERC Procedural History

On April 15, 2016, FERC authorized Magnolia to site, construct, and operate the Magnolia LNG Project (“FERC Authorization”).¹⁰ The FERC Authorization permitted Magnolia to construct the Magnolia LNG Project with a total authorized liquefaction capacity of 8.0 MTPA and required completion of construction within five years of the date of the order, by April 15, 2021. On May 4, 2017, FERC Staff granted Magnolia’s request to proceed with initial site preparation for the Magnolia LNG Project.¹¹

On June 18, 2020, FERC issued an order amending the FERC Authorization (“FERC Amendment”) which increased the maximum authorized production capacity of the Magnolia LNG Project from 8.0 MTPA to 8.8 MTPA as a result of optimization of the liquefaction process. The FERC Amendment did not modify the completion of construction deadline in the FERC Authorization, which remained April 15, 2021.¹²

On October 7, 2020, FERC Staff approved a five-year extension of the completion of construction deadline from April 15, 2021 to April 15, 2026, principally as a result of commercial delays caused by the COVID-19 pandemic, which necessitated extending the construction timeline beyond the initial completion of construction deadline.¹³

⁹ *Id.* at Ordering Para. D.

¹⁰ *Magnolia LNG, LLC*, 155 FERC ¶ 61,033 (2016), *reh’g denied*, 157 FERC ¶ 61,149 (2016) (“FERC Authorization”).

¹¹ *See Magnolia LNG, LLC*, FERC Staff Letter Order “Re: Notice to Proceed with Initial Site Preparation,” May 4, 2017 (accession no. 20170504-3041) (“FERC NTP Order”).

¹² *Magnolia LNG, LLC*, 171 FERC ¶ 61,231 (2020).

¹³ *Magnolia LNG, LLC*, FERC Staff Letter Order “Re: Request for Extension of Time,” issued Oct. 7, 2020 (accession no. 2020011007-3041) (“FERC Extension of Time Order”).

IV. Authorization Requested

Magnolia herein requests that the start date of the term of the authorization as specified in Ordering Paragraph D of Order No. 3909 and Order No. 3909-C be extended by approximately 29 months, from November 30, 2023 to April 15, 2026. Magnolia requests this extension in order to align the commencement of service deadline for its non-FTA Authorization(s) with its completion of construction deadline under its FERC Authorization, and to ensure the terms of its non-FTA authorization accommodates its current construction schedule and its non-FTA authorization remains valid during construction.

Nothing in this Request is intended to supersede or otherwise modify the export authorization granted to Magnolia in Order No. 3909 as amended in Order No. 3909-C with the exception of the start date of the term of the authorization as discussed herein.

V. Standard of Review

Under Section 3 of the NGA, as amended, an application for authorization to export natural gas, including LNG, to any nation with which there is not in effect a treaty requiring national treatment for trade in natural gas, shall be granted “unless, after opportunity for hearing, [DOE/FE] finds that the proposed exportation . . . will not be consistent with the public interest.”¹⁴ This statutory language has long been interpreted to create a presumption in favor of LNG exports.¹⁵ Under this statutory framework, DOE/FE found that both the original export of LNG and the subsequent amendment to the export volume were consistent with the public

¹⁴ 15 U.S.C. § 717b(a).

¹⁵ *Sierra Club v. United States Dep't of Energy*, 867 F.3d 189, 203 (D.C. Cir. 2017) (“We have construed this as containing a “general presumption favoring [export] authorization” (citing *W. Va. Pub. Servs. Comm'n v. U.S. Dep't of Energy*, 681 F.2d 847, 856 (D.C. Cir. 1982); see also *Panhandle Producers and Royalty Owners Ass'n v. Econ. Regulatory Admin.*, 822 F.2d 1105, 1111 (D.C. Cir. 1987) (explaining that due to the general presumption favoring import and export authorization, “an affirmative showing of inconsistency with the public interest” must be made in order to deny such an application.)

interest.¹⁶ This Request does not modify the public interest analysis in either Order No. 3909 or Order No. 3909-C.

Historically, DOE/FE has granted requests to extend the commencement of service deadlines for non-FTA export authorizations where the requesting party demonstrates that good cause exists to grant the extension, and where the request does not seek to modify the proposal beyond the commencement of service deadline so as to impact DOE/FE's prior public interest finding.¹⁷ As we discuss below, this Request answers each of these questions in the affirmative.

VI. Discussion

a. Good Cause Exists to Grant the Extension of Time.

Since DOE/FE first authorized Magnolia to export LNG to non-FTA nations in November 2016, Magnolia has diligently developed the Magnolia LNG Project. Magnolia has refined its facility design, finding more efficient design approaches that would increase LNG output by ten percent without increasing the Magnolia LNG Project's footprint. On July 31, 2020, Magnolia LNG and Kinder Morgan Louisiana Pipeline (KMLP) executed an amendment to extend the parties' binding precedent agreement for firm natural gas transportation service up to 1.4 Bcf/d, sufficient to satisfy the full 8.8 MTPA capacity of the Magnolia LNG Project. Moreover, as we discuss above, in May 2017, Magnolia received the FERC NTP which allowed Magnolia to begin initial site preparation for the Magnolia LNG Project. FERC Staff only issued the FERC NTP after Magnolia had provided FERC Staff with multiple rounds of information sufficient to satisfy FERC Staff that Magnolia had complied with all relevant Environmental Conditions necessary to permit Magnolia to begin site preparation.¹⁸

¹⁶ Order No. 3909 at 157; Order No. 3909-C at 60.

¹⁷ See e.g., *Cameron LNG, LLC*, DOE/FE Order No. 3849-A, FE Docket No. 15-90, Order Granting Application for Extension of Commencement Deadlines (November 2, 2020); *Golden Pass LNG Terminal LLC*, DOE/FE Order No. 3978-C, FE Docket No. 12-156-LNG, Order Granting Request for Extension of Export Commencement Deadlines (March 24, 2020 ("Order No. 3978-C")).

¹⁸ See FERC NTP at 1.

Despite Magnolia's work toward placing its Project into commercial service on the timeline that DOE/FE established in Order No. 3909, unforeseeable developments in the global LNG market have affected Magnolia's ability to enter into long-term LNG offtake contracts with international customers, which are critical to securing project financing and achieving the final investment decision ("FID"). Like many other developers of LNG export terminals, Magnolia was significantly impacted by the COVID-19 pandemic. As a result of COVID-19 and its resulting impacts on the global energy economy, Magnolia encountered difficulty in entering into long-term offtake contracts; similarly, travel restrictions related to COVID-19 slowed Magnolia's efforts to effectively market its LNG.

These widespread market impacts also affected Magnolia's former parent company, necessitating a subsidiary of Glenfarne to purchase Magnolia in May 2020. Glenfarne, as an infrastructure and energy asset investor, developer, owner and operator with longstanding experience in the energy sector and a solid financial foundation, continues to develop the Magnolia LNG Project. Given Glenfarne's leadership and Magnolia's position as a competitive, low-cost LNG provider as a result of its direct access to consistently low-priced feed gas via KMLP, coupled with utilization of efficient, lower emissions liquefaction technology and cost-effective modular construction methodologies, Magnolia is confident that it will execute commercial agreements sufficient to support a positive FID within this requested timeframe. Accordingly, good cause exists to grant this Request.

As Magnolia discusses above, given these unforeseen circumstances, in 2020 Magnolia sought and received an extension of time from FERC to construct and operate its project pursuant to its FERC Authorization.¹⁹ Specifically, FERC granted Magnolia's request to extend the deadline to complete construction of the Magnolia LNG Project until April 15, 2026. Through this Request, Magnolia seeks to align its commencement of service deadline under Order No. 3909 (as amended) with its completion of construction deadline under its FERC Authorization, as amended by the FERC Extension of Time Order. Consistent with DOE/FE

¹⁹ See *infra* p. 4.

precedent,²⁰ Magnolia avers that this alignment of relevant deadlines under Magnolia's respective DOE/FE and FERC authorizations further demonstrates that good cause exists to grant the Request.

b. Granting the Requested Extension of Time Does Not Alter DOE/FE's Prior Public Interest Analyses.

Granting the Request would in no way alter the prior public interest analyses DOE/FE undertook in Order Nos. 3909 and 3909-C, which twice found Magnolia's proposed export of LNG to non-FTA nations to be in the public interest.²¹ Through this Request, Magnolia does not seek to modify any aspects of its non-FTA export authorization beyond extending the commencement of service deadline to align with its in-service deadline under its FERC Authorization. Magnolia does not propose any change to the design, operation, or export capacity of the Project beyond that which was approved by FERC and DOE/FE, as appropriate. Thus, DOE/FE's prior public interest analyses in Order Nos. 3909 and 3909-C is not implicated by this Request, and need not be revisited by DOE/FE in granting the Request.

For the foregoing reasons, Magnolia requests an extension of the deadline in Ordering Paragraph D of Order No. 3909 and Order No. 3909-C by approximately 29 months, until April 15, 2026. This extension would align Magnolia's DOE/FE-imposed commencement of service deadline with its FERC-imposed completion of construction deadline, enable Magnolia to advance the project under a valid non-FTA export authorization, and be consistent with DOE/FE precedent for LNG projects in circumstances similar to Magnolia.²²

²⁰ Order No. 3978-C at 9 (where DOE/FE, in finding good cause to grant Golden Pass's extension request, specifically referenced aligning its commencement of service deadline with FERC's extended in-service deadline under Golden Pass's FERC authorization).

²¹ Order No. 3909 at 168; Order No. 3909-C at 68.

²² See e.g., Order No. 3978-C.

VII. Conclusion

For the foregoing reasons, Magnolia respectfully requests that DOE/FE grant this Request to extend the start date for Magnolia's non-FTA authorization under Order Nos. 3909 and 3909-C by approximately 29 months, from November 30, 2023 to April 15, 2026.

Respectfully submitted,

/s/ David L. Wochner

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Counsel for Magnolia LNG, LLC

March 20, 2023

CERTIFICATE OF SERVICE

I certify that I have this 20th day of March, 2023, serviced copies of the foregoing document filed with DOE/FE on the designated representatives of all of the parties to this proceeding, in accordance with 10 C.F.R. § 590.107(a)

/s/ Timothy J. Furdyna
Timothy J. Furdyna
Counsel for Magnolia LNG, LLC

APPENDIX A
OPINION OF COUNSEL

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March 20, 2023

Ms. Amy Sweeney
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Washington, DC 20585

**Re: Magnolia LNG, LLC
FE Docket No. 13-132-LNG
Request of Magnolia LNG, LLC for Limited Extension to Start Date of Term of
Authorization**

Dear Ms. Sweeney:

This opinion of counsel is submitted pursuant to Section 590.202(c) of the regulations of the United States Department of Energy, 10 C.F.R. § 590.202(c), in connection with the request of Magnolia LNG, LLC ("Magnolia") for a limited extension of the state date for the term of its authorization to export liquefied natural gas to nations with which the United States does not have a free trade agreement ("Extension of Time Request"). I am counsel to Magnolia. I have reviewed and relied upon the organizational documents of Magnolia, and it is my opinion that the proposed Extension of Time Request as described in the application filed by Magnolia, to which this Opinion of Counsel is attached as Appendix A, is within the company powers of Magnolia.

Any questions regarding this correspondence or the application, including the exhibits thereto, may be directed to me at (202) 778-9014 or at david.wochner@klgates.com.

Best regards,



David L. Wochner
Counsel for Magnolia LNG, LLC

APPENDIX B

VERIFICATION

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

In the Matter of

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FE Docket No. 13-132-LNG

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Magnolia LNG, LLC

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VERIFICATION

The undersigned, being duly sworn, states that he is the authorized representative of Magnolia LNG, LLC; that he is duly authorized to make this Verification; that he has read the foregoing application and is familiar with the contents therein; that all the statements and matters contained therein are true and correct to the best of his information, knowledge and belief; and that he is authorized to execute and file this application with the United States Department of Energy.



Adam Prestidge

Senior Vice President

Head of Legal and Corporate Affairs

Magnolia LNG, LLC

Sworn to and subscribed to me this 14th day of March, 2023.



Notary Public

for the State of Texas

