

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY AND CARBON MANAGEMENT

Carib Energy (USA), LLC

Docket No. 21–99–LNG

Motion to Intervene and Protest of Public Citizen, Inc.

The September 7 *Request for Amendment* and the September 21 *Supplemental Information Supporting Request for Export Authorization Amendment* filed by an affiliate of Crowley Holdings, Inc. requests a nearly 200% increase in its authorized export volume of previously imported foreign-sourced LNG, from 0.48 Bcf to 1.4 Bcf.¹ Crowley Holdings re-exports LNG that has been imported into Puerto Rico via its Truck Loading Facility adjacent to the EcoEléctrica LNG Terminal in Peñuelas, PR,² with the Federal Energy Regulatory Commission noting that “70% of the natural gas that is imported into Puerto Rico comes through” the EcoEléctrica facility.³

The Commonwealth of Puerto Rico is beset by acute shortages of natural gas essential for its domestic power and energy needs, as the island “consumes almost 70 times more energy than it produces”⁴. Crowley proposes a nearly 200% increase in diverting LNG supplies from the EcoEléctrica LNG Terminal, despite EcoEléctrica serving as the island’s largest LNG import facility. Shortages of natural gas in Puerto Rico force the island to increase its reliance on oil-fueled power. DOE is aware of Puerto Rico’s challenges with securing adequate LNG supplies for its domestic needs, as it was consulted last year on the Department of Homeland Security’s decision to grant a waiver from the Jones Act to allow critical supplies of LNG to reach the island.⁵

The U.S. Department of Energy is tasked by Congress to only permit exports of natural gas to non-FTA countries which are “not inconsistent with the public interest.”⁶ Crowley’s *Request* and *Supplement* fail to establish that its proposed 200% increase in LNG exports is consistent with the public interest.

The *Request* and *Supplement* fail to demonstrate whether Crowley’s proposal for a nearly 200% increase in the redirection of LNG supplies from Puerto Rico will interfere with the island’s ability to procure adequate gas supplies for its domestic needs. Re-exporting LNG away from Puerto Rico could contribute to physical shortages on the island and cause price spikes for the island’s consumers. Crowley’s *Request* and *Supplement* only provide a generic discussion of total U.S. natural gas supply and

¹ www.govinfo.gov/content/pkg/FR-2023-10-06/pdf/2023-22297.pdf

² *Supplement*, at page 3.

³ August 28, 2023 *Order Approving Request To Increase Storage Tank Level*, Docket No. CP95-35, at ¶ 5, <https://elibrary.ferc.gov/eLibrary/filedownload?fileid=21D1831A-7879-C47D-9783-8A3E1F100000>

⁴ www.eia.gov/state/?sid=RQ

⁵ www.dhs.gov/news/2022/09/28/statement-secretary-mayorkas-approval-jones-act-waiver-puerto-rico

⁶ 15 USC § 717b(a).

demand with omission of any data on how its proposal to remove LNG supplies will impact Puerto Rico.⁷

Indeed, both Puerto Rico Governor Pedro R. Pierluisi and Government of Puerto Rico Electric Power Authority (PREPA) noted the importance of EcoEléctrica LNG storage tanks to fuel the on-site power plants that provide 40% of the island's electricity. These letters are attached as Exhibits A and B, respectively.

Furthermore, the lone operating LNG import terminal in New England—Constellation's Everett facility—competes with Puerto Rico for LNG imports from Trinidad and Tobago.⁸ During last year's Winter Storm Elliott, the New England power market was forced to rely on oil as the largest source of fuel (more than 30%) in part because it couldn't procure adequate LNG supplies.⁹ Crowley's *Request* and *Supplement* neglects to provide any assessment of whether diverting LNG supplies from Puerto Rico may compete with Constellation's Everett facility, and lead to higher oil use and more expensive LNG for new England ratepayers.

Motion to Intervene

Public Citizen, Inc. moves to intervene in this proceeding. Established in 1971, Public Citizen, Inc. is a national, not-for-profit, non-partisan, research and advocacy organization representing the interests of household consumers. We have over 500,000 members and supporters across the United States. Public Citizen is active before the Federal Energy Regulatory Commission promoting just and reasonable rates. We frequently intervene in U.S. Department of Energy proceedings involving the export of electricity and natural gas. Our Energy Program Director, Tyson Slocum, is an expert on energy market regulatory matters, serving as a witness on the Department of Energy public interest standard in testimony before the U.S. Congress in February 2023.¹⁰ Slocum also serves on two federal advisory committees of the U.S. Commodity Futures Trading Commission (the Energy and Environmental Markets and Market Risk advisory committees). Financial details about our organization are on our web site.¹¹

Respectfully submitted,

Tyson Slocum

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⁷ *Supplement*, at page 5.

⁸ www.energy.gov/sites/default/files/2023-10/LNG%20Monthly%20August%202023.pdf

⁹ <https://twitter.com/naurtorious/status/1607205245779591170>

¹⁰ www.citizen.org/article/house-testimony-energy-legislation/

¹¹ www.citizen.org/about/annual-report/

EXHIBIT A



GOVERNOR OF PUERTO RICO
Pedro R. Pierluisi

November 7, 2022

Honorable Richard Glick
Chairman
Federal Energy Regulatory Commission
888 First Street NE, Room 1A
Washington, DC 20426

Re: EcoEléctrica Terminal, Docket No. CP95-35-000

Dear Chairman Glick:

I am writing again to express my concern with respect to the current limitation imposed by the Federal Energy Regulatory Commission ("FERC") on the liquid level in the EcoEléctrica LNG storage tank in Puerto Rico. This limitation continues to pose very significant supply risks for PREPA and EcoEléctrica, and the communities they supply. Access to clean, reliable and affordable energy is of critical importance to the American citizens of Puerto Rico.

EcoEléctrica's tank limitation is now posing very serious risks to what amounts to nearly 40% of the electricity production on the island following Hurricane Fiona making landfall in September. The situation has become so dire that on October 16, 2022, the Department of Homeland Security approved a Jones Act Waiver allowing U.S.-sourced LNG to be delivered to the island. Due to the limited amount of on-site LNG storage, the facilities which depend on EcoEléctrica for fuel have had to reduce their consumption or switch to a different fuel entirely. In fact, PREPA's Costa Sur plant has had to switch to Bunker C, while EcoEléctrica has switched to diesel and is operating at a reduced level. Apart from the environmental impact, this generation is also having a negative economic impact.

It has been nearly two and a half years since FERC issued the Remedial Order imposing a limitation on the liquid level in the EcoEléctrica storage tank. It is my understanding that since that time, EcoEléctrica has worked diligently to attempt to address FERC's concerns, and has provided modeling and analyses in line with current guidelines and standards which demonstrate that there have been no



GOVERNOR OF PUERTO RICO
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impacts to the LNG tank's reliability or operability as a result of seismic events on the island.

Returning the EcoEléctrica LNG storage tank to full operation is critical to PREPA's ability to reliably supply affordable electric power to the people of Puerto Rico and to minimize risks of blackouts on the island. Further, EcoEléctrica's production costs are the second lowest of any fuel provider on the island. Given the importance of EcoEléctrica to the people of Puerto Rico, I would greatly appreciate it if you would prioritize the resolution of this issue.

Sincerely,

A handwritten signature in blue ink, which appears to read "Pierluisi", is written below the word "Sincerely,".

Exhibit B



GOVERNMENT OF PUERTO RICO

PUERTO RICO ELECTRIC POWER AUTHORITY

Executive Director | Josué A. Colón Ortiz | director_ejecutivo@prepa.com

October 21, 2022

Honorable Richard Glick
Chairman
Federal Energy Regulatory Commission
888 First Street NE, Room 1A
Washington, DC 20426

Dear Chairman Glick:

Re.: EcoEléctrica Terminal, Docket No. CP95-35-000

As Executive Director of the Puerto Rico Electric Power Authority (PREPA), we write to point out the current limitation imposed on the fuel level of the EcoEléctrica's LNG storage tank by the Federal Energy Regulatory Commission (FERC), and how this substantially affects the operation of both EcoEléctrica's and PREPA's Costa Sur power plants, as well as the stability and reliability of the electrical system, and the cost of the supply operation.

As stated in our February letter, EcoEléctrica's Terminal receives liquefied natural gas (LNG) and delivers gasified natural gas to its on-site cogeneration facility to produce electricity that is then sold to PREPA. EcoEléctrica also delivers natural gas via a pipeline to PREPA's nearby Costa Sur Power Plant's Boiler Units 5 and 6.

EcoEléctrica's LNG supply is of the utmost importance for Puerto Rico's electric system. EcoEléctrica's power plant, together with PREPA's Costa Sur Power Plant, supply almost 40% of the Island's electricity demand with clean and reliable energy, which is of critical importance to the people of Puerto Rico. They both depend on the fuel supplied from the EcoEléctrica LNG storage tank for their generation.

EcoEléctrica produces more than 15% of the electricity supplied to our customers. Its units operate as base generation and provide ancillary services, such as frequency regulation, which is so important to the electrical system's stability and reliability. PREPA's Costa Sur Power Plant has the capacity of producing more than 20% of the electricity supplied to the citizens of Puerto Rico. Its units also operate as base generation and together with EcoEléctrica, provide frequency control, which is essential to the system's stability and to




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enable Puerto Rico's plan of renewable resources integration during the next two decades. Hence, a reduction or limitation of these units' production for any reason, such as limitations in fuel supply, considerably affect the reliable operation of Puerto Rico's electrical system and its roadmap to clean and reliable energy. In addition, Costa Sur's units operation complies with the "Clean Air Act" environmental regulations because they burn natural gas, which is much cleaner than Bunker C. Switching to Bunker C could cause limitations to their available capacity, due to probable environmental non-compliance and, consequently, affect the reliable operation of the Island's power system.

EcoEléctrica and Costa Sur units are also essential for maintaining the required operational reserve, which is key for the reliability and safety of Puerto Rico's electrical system. A reduction in the available capacity of these units would adversely affect the reliability and safety of the electrical service. As an example, just last year, during the months of August and September, the system suffered numerous prolonged outages and at times, the reserve margins were close to zero. PREPA has worked diligently to correct this situation and has managed to avoid these major prolonged outages since. Nevertheless, FERC's limitation of the fuel level of the EcoEléctrica LNG storage tank places the Island's reserve margins and stability at risk.



The increase in the frequency of deliveries created by the limitations of EcoEléctrica's LNG storage tank, along with the global fuel supply crisis and supply chain disruption, have exponentially complicated the scenario for Puerto Rico. More recently, as part of the preparedness efforts for Hurricane Fiona, the maximum amount that could be stored in the LNG Storage tank, due to the limitations, was not sufficient to extend EcoEléctrica's and Costa Sur's natural gas operations, during the repair period of the EcoEléctrica Terminal, which suffered significant damages during the hurricane. This situation not only limited PREPA's ability to supply the energy demand, but also, forced PREPA to operate with diesel, a fuel that is more harmful to the environment and more costly, thus, having a greater financial effect on Puerto Rico's taxpayers.

Of no less importance is the fact that EcoEléctrica's production costs are the second lowest of any of PREPA's power providers. Obviously, burning Bunker C is much more expensive than burning natural gas. The difference in cost is significant. In January 2022 alone, the difference was more than \$10 million and, if Costa Sur units continue burning Bunker C, the difference could amount to more than \$250 million by the end of 2022. Therefore, continued limitations in the natural gas supply to Costa Sur, represent an increase in the cost of the kilowatt/hour paid by the customers.

PREPA is aware of EcoEléctrica's diligent efforts to address FERC's concerns and to provide the required modeling and analyses. This, to the best of their capabilities and within the boundaries of reasonableness. PREPA understands that Ecoeléctrica has demonstrated that recent events in Puerto Rico have had no significant impact on the LNG tank's reliability or operability.

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Therefore, as stated above, it is clear that in the final balance of interests, the possible (not probable) risks are overwhelmingly outweighed by the fact that, considerably reducing the fuel storage limitations will allow both Costa Sur and EcoEléctrica to comply with emission regulations, maximize electricity production, provide much-needed frequency regulation for the system's stability, and minimize costs to the people of Puerto Rico.

We appreciate the consideration given by this Honorable Commission to our comments and sincerely hope that FERC lifts the current limitation imposed on the fuel level of the EcoEléctrica's LNG storage tank, which substantially affects the operation of both power plants and the stability and reliability of the electrical system, as well as the cost of the supply operation.

We are available to further discuss this matter, as you deem necessary.

Cordially,



Josué A. Colón-Ortiz
Executive Director

VERIFICATION

Pursuant to 10 CFR § 590.103(b), I, Tyson Slocum, declare that I am Energy Program Director for Public Citizen, Inc. and am authorized to make this verification; that I have authored and read the foregoing filing and that the facts therein stated are true and correct to the best of my knowledge, information, and belief.

Pursuant to 28 U.S.C § 1746, I declare under penalty of perjury that the foregoing is true and correct. Executed on October 23, 2023.

Tyson Slocum

Tyson Slocum

Energy Program Director

Public Citizen, Inc.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the applicant and intervenors for this docketed proceeding in accordance with 10 CFR § 590.107(b). Dated at Washington, DC this 23rd day of October 2023.

Signed,

Tyson Slocum

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