

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

VENTURE GLOBAL PLAQUEMINES LNG, LLC)
_____)

FE DOCKET NO. 16-28-LNG

ORDER GRANTING LONG-TERM, MULTI-CONTRACT AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS BY VESSEL FROM
THE PROPOSED PLAQUEMINES LNG TERMINAL IN
PLAQUEMINES PARISH, LOUISIANA,
TO FREE TRADE AGREEMENT NATIONS

DOE/FE ORDER NO. 3866

JULY 21, 2016

I. DESCRIPTION OF REQUEST

On March 1, 2016, Venture Global Plaquemines LNG, LLC (Plaquemines LNG) filed an application (Application)¹ with the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA)² for long-term, multi-contract authorization to export domestically produced liquefied natural gas (LNG) in a volume equivalent to approximately 1,240 billion cubic feet per year (Bcf/yr) of natural gas (3.4 Bcf per day). Plaquemines LNG seeks to export the LNG by vessel from its proposed natural gas liquefaction project located on the west bank of the Mississippi River, near mile marker 55 in Plaquemines Parish, Louisiana, just south of Myrtle Grove, Louisiana (Plaquemines LNG Project).

Plaquemines LNG seeks authorization to export this LNG for a 25-year term from the Plaquemines LNG Project to: (i) any country 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, and with which trade is not prohibited by U.S. law or policy (FTA countries)³; and (ii) any other country with which trade is not prohibited by U.S. law or policy (non-FTA countries). Plaquemines LNG seeks to export this LNG on its own behalf and as agent for other entities who will hold title to the LNG at the time of export. Plaquemines LNG requests that the authorization commence on the earlier of the date of first export from the Plaquemines LNG Project or seven years from the date the requested authorization is issued.

¹ Venture Global Plaquemines LNG, LLC, Application for Long-Term Authorization to Export Liquefied Natural Gas to Free Trade Agreement Nations, DOE/FE Docket No. 16-28-LNG (March 1, 2016) [hereinafter App.].

² 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 Redelelegation Order No. 00-006.02 issued on November 12, 2014.

³ 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.

The portion of Plaquemines LNG's Application that seeks authorization to export domestically produced LNG to FTA countries is being reviewed pursuant to NGA section § 3(c), 15 U.S.C. § 717b(c), and approved in this Order. The portion of the Application that seeks authorization to export domestically produced LNG to non-FTA countries will be reviewed pursuant to NGA section 3(a), 15 U.S.C. § 717b(a), and addressed in a separate order.

II. BACKGROUND

Applicant. The Application states that Plaquemines LNG is a Delaware limited liability company with its principal place of business in Washington, D.C. and is a wholly-owned subsidiary of Venture Global LNG, Inc. (Venture Global LNG), also a Delaware limited liability company with its principal place of business in Washington, D.C. According to the Application, Venture Global LNG is the corporate parent of Venture Global Calcasieu Pass, LLC (Calcasieu Pass). The Application states that Calcasieu Pass has received FTA export authorizations in DOE/FE Order Nos. 3345 (Sept. 27, 2013), 3520 (Oct. 10, 2014), and 3662 (June 17, 2015), and has non-FTA authorization requests pending in DOE/FE Docket Nos. 13-69-LNG, 14-88-LNG, and 15-25-LNG. Additional detail regarding the corporate ownership of Venture Global LNG and the authorizations held or proposed by Calcasieu Pass are provided in the Application.

Liquefaction Project. Plaquemines LNG proposes to locate the Plaquemines LNG Project on an approximately 632-acre parcel of land owned by the Plaquemines Port Harbor and Terminal District (Port), a political subdivision of the State of Louisiana.⁴ According to Plaquemines LNG, the Project site offers 1.3 miles of deep-water frontage on the Mississippi River and is accessible by public road. Plaquemines LNG states that it has secured the site for up to 70 years through an exclusive Lease Option Agreement, that the sole governing authority for

⁴ See Attachments A and B within App. for further description on proof of site control.

the Port, the Plaquemines Parish Council, approved the Lease Option Agreement on August 13, 2015, and that it will enter into a ground lease for the property upon its exercise of the Option.

Plaquemines LNG further states that approval of the Phases 1 and 2 of the Project, and the pipeline laterals connecting to the Project, are currently under review by the Federal Energy Regulatory Commission (FERC) in FERC Docket No. PF15-27.⁵ The Application states that Phase 1 of the Project will include ten “LNG blocks”⁶ with an aggregated nameplate capacity of 10 metric tonnes per annum (MTPA), two 200,000 cubic meter LNG storage tanks, two marine loading berths for ocean-going vessels, and on-site power generation. Phase 2 of the Project, which will be constructed subject to sufficient market demand for LNG, will add ten more LNG blocks with an additional ten MTPA of nameplate capacity, two additional 200,000 cubic meter LNG storage tanks, a third marine loading berth for ocean-going vessels, and additional on-site power generation. While the nameplate capacity of the combined Phases 1 and 2 will be 20 MTPA, the Application states that under optimal design conditions, the Project may produce up to 24 MTPA, or the equivalent of approximately 1,240 Bcf/yr of natural gas.

Source of Supply. Plaquemines LNG states that the Project will connect to various major interstate and intrastate natural gas pipeline systems via two short pipeline laterals to be constructed by an affiliate, Global Gator Express LLC. The first proposed lateral will be approximately eight miles to the southeast of the terminal site and provide interconnections with High Point Gas Transmission. The second proposed lateral will extend approximately 11.7 miles to the southwest of the terminal site and interconnect with Tennessee Gas Pipeline Company and

⁵ *Venture Global Plaquemines LNG, LLC*, FERC Docket No. PF15-27-000.

⁶ See Plaquemines LNG’s DOE/FE application which states, “Plaquemines LNG refers to liquefaction “blocks” and “units” rather than “trains” because the term “train” is commonly used to denote a singular, independently-operating process facility involving liquefaction, pretreatment, and compression, all driven by mechanical drive gas turbines. This is not the case for the Plaquemines LNG Project, where two liquefaction process units will comprise a single liquefaction block, each driven by electric motors with power provided by a separate combined-cycle gas turbine power system.

Texas Eastern Transmission.⁷ Plaquemines LNG anticipates that construction of the Project will require approximately 38 months for completion, with exports commencing in 2020.

Plaquemines LNG states that it will purchase natural gas to be used as fuel and feedstock for LNG production from the interstate and intrastate grid at points of interconnection with the proposed pipeline laterals. According to Plaquemines LNG, the proximity of the Project to multiple interstate and intrastate pipelines will enable it to purchase natural gas from multiple conventional and unconventional basins located across the Gulf Coast production areas and more distant shale gas plays such as the Marcellus and Utica shale regions. Plaquemines LNG states that this supply can be sourced in large volumes in the spot market, or purchased under long-term supply agreements.

Business Model. Plaquemines LNG is requesting this authorization on its own behalf and as agent for other parties who will hold title to the LNG at the time of export. Plaquemines LNG states that, to date, it has not entered into contracts for the proposed exports from the Project. However, Plaquemines LNG states that it will file all long-term, binding contracts associated with the export of LNG from its facility, once executed, in accordance with established policy and precedent and will comply with all DOE/FE requirements for exporters and agents, including registration requirements. Plaquemines LNG further states that, when acting as agent, it will register with DOE/FE each LNG title holder for which it seeks to export LNG as agent, and will comply with other registration requirements as set forth in recent DOE/FE orders.

⁷ Details regarding the proposed pipeline laterals are available in the Plaquemines LNG's filing with FERC under Docket No. PF15-27.

III. FINDINGS

(1) Section 3(c) of the NGA was amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486) to require that applications requesting authority for (a) the import and export of natural gas, including LNG, from and to a nation with which there is in effect a FTA requiring national treatment for trade in natural gas, and/or (b) the import of LNG from other international sources, be deemed consistent with the public interest and granted without modification or delay. This Application falls within section 3(c), as amended, and therefore, DOE/FE is charged with granting the requested authorization without modification or delay.⁸

(2) In light of DOE's statutory obligation to grant this Application without modification or delay, there is no need for DOE/FE to review other arguments asserted by Plaquemines LNG in support of the Application. The instant grant of authority should not be read to indicate DOE/FE's views on those arguments or on Plaquemines LNG's request for non-FTA export authorization.

(3) The countries with which the United States has a FTA requiring national treatment for trade in natural gas currently are: Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore.

(4) As described above, Plaquemines LNG requests authorization to export LNG on its own behalf and as agent for other entities who hold title to the LNG at the time of export.

DOE/FE previously addressed the issue of Agency Rights in DOE/FE Order No. 2913,⁹ which

⁸ DOE further finds that the requirement for public notice of applications and other hearing-type procedures in 10 C.F.R. Part 590, are applicable only to applications seeking to export natural gas, including LNG, to countries with which the United States does not have a FTA requiring national treatment for trade in natural gas.

⁹ *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).

granted Freeport LNG Expansion, L.P., *et al.* (collectively, 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 *The Dow Chemical Company*,¹⁰ which established that the title for all LNG authorized for export must be held by the authorization holder at the point of export. We find that the same policy considerations that supported DOE/FE's acceptance of the alternative registration proposal in DOE/FE Order No. 2913 apply here as well.

DOE/FE reiterated its policy on Agency Rights procedures in *Cameron LNG, LLC*.¹¹ In *Cameron*, 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.¹²

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

¹⁰ *The Dow Chemical Company*, 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.

¹¹ *Cameron LNG, LLC*, DOE/FE Order No. 3680, FE Docket No. 15-36-LNG, Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas By Vessel from the Cameron LNG Terminal in Cameron and Calcasieu Parishes, Louisiana, to Free Trade Agreement Nations).

¹² *See id.* at 7-8.

(5) Section 590.202(b) of DOE’s regulations requires applicants to supply transaction-specific factual information “to the extent practicable.”¹³ Additionally, DOE regulations at 10 C.F.R. § 590.202(e) 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 determines it will be afforded confidential treatment in accordance with 10 C.F.R. § 1004.11.

(6) DOE/FE will require that Plaquemines LNG file or cause to be filed with DOE/FE any relevant long-term commercial agreements (contracts) pursuant to which Plaquemines LNG exports LNG as agent for a Registrant once those agreements have been executed. 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, such as a long-term purchase and sales agreement involving LNG stored or liquefied at the Plaquemines LNG Project.

(7) DOE/FE also will require Plaquemines LNG to file any long-term contracts Plaquemines LNG enters into providing for the long-term export of LNG on its own behalf from the Plaquemines LNG Project. DOE/FE finds that the submission of these 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).

(8) In addition, DOE/FE finds that section 590.202(c) of DOE/FE’s regulations¹⁴ requires that Plaquemines LNG file, or cause to be filed, all long-term contracts associated with

¹³ 10 C.F.R. § 590.202(b).

¹⁴ *Id.* § 590.202(c).

the long-term supply of natural gas to the Plaquemines LNG Project within 30 days of their execution by either Plaquemines LNG or the Registrant.

(9) DOE/FE recognizes that some information in Plaquemines 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 Plaquemines LNG Terminal, may be commercially sensitive. DOE/FE therefore will provide Plaquemines LNG the option to file or cause to be filed either unredacted contracts, or in the alternative: (A) Plaquemines 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 term, quantity, any take or pay or equivalent provisions/conditions, destination, re-sale provisions, and other relevant provisions; and (B) the filing must demonstrate why the redacted or non-disclosed information should be exempted from public disclosure.

To ensure that DOE/FE destination and reporting requirements included in the 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 the Order shall include an acknowledgement of these requirements.

ORDER

Pursuant to section 3 of the NGA, it is ordered that:

A. Venture Global Plaquemines LNG, LLC is authorized to export domestically produced LNG by vessel from the Plaquemines LNG Project, to be located in Plaquemines Parish, Louisiana. The volume authorized in this Order is equivalent to approximately 1,240 Bcf/yr of natural gas for a 25-year term, beginning on the earlier of the date of first export or

seven years from the date the authorization is issued (July 21, 2023). Plaquemines 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. This LNG may be exported to Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore, and to any nation with which the United States subsequently enters into a FTA requiring national treatment for trade in natural gas, provided that the destination nation has the capacity to import LNG via ocean going vessels. FTA countries are currently identified by DOE/FE at:

<http://www.fossil.energy.gov/programs/gasregulation/index.html>

C. Plaquemines LNG shall ensure that all transactions authorized by this Order are permitted and lawful under U.S. 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. Failure to comply with this requirement could result in rescission of this authorization and/or other civil or criminal remedies.

D. (i) Plaquemines LNG shall file, or cause others to file, with the Office of Regulation and International Engagement a non-redacted copy of all executed long-term contracts associated with the long-term export of LNG on its own behalf or as agent for other entities from the Plaquemines LNG Project. The non-redacted copies may be filed under seal and must be filed within 30 days of their execution. Additionally, if Plaquemines 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, Plaquemines 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, Plaquemines LNG shall state why the redacted or non-disclosed information should be exempted from public disclosure.

(ii) Plaquemines LNG shall file, or cause others to file, with the Office of Regulation and International Engagement a non-redacted copy of all executed long-term contracts associated with the long-term supply of natural gas to the Plaquemines LNG Project. The non-redacted copies may be filed under seal and must be filed within 30 days of their execution. Additionally, if Plaquemines 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, Plaquemines 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, Plaquemines LNG shall state why the redacted or non-disclosed information should be exempted from public disclosure.

E. Plaquemines LNG shall include, and require others for whom Plaquemines LNG acts as agent to 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 B of DOE/FE Order No. 3866, issued July 21, 2016, in FE Docket No. 16-28-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 Venture Global Plaquemines LNG, LLC that identifies the country (or countries) into which the LNG or natural gas was actually delivered and/or received for end use, and to include in any resale contract for such LNG the necessary conditions to ensure that Venture Global Plaquemines LNG, LLC is made aware of all such countries.

F. Plaquemines 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 Plaquemines LNG

with all information necessary to permit Plaquemines 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'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; (4) within 30 days of execution, a copy of any long-term contracts not previously filed with DOE/FE, described in Ordering Paragraph D of this Order.

G. Each registration submitted pursuant to this Order shall have current information on file with DOE/FE. Any changes in company name, contact information, length 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).

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

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

J. Plaquemines LNG shall file with the Office of Regulation and International Engagement, on a semi-annual basis, written reports describing the progress of the Plaquemines

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 Plaquemines LNG Project, and the status of the long-term contracts associated with the long-term export of LNG and any related long-term supply contracts.

K. Prior to any change in control of the authorization holder, Plaquemines LNG must comply with DOE/FE Procedures for Change in Control Affecting Applications and Authorizations to Import or Export Natural Gas.¹⁵ 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 Plaquemines 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.¹⁶

L. Monthly Reports: With respect to the LNG exports authorized by this Order, Plaquemines LNG shall file with the Office of Regulation and International Engagement, 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

¹⁵ 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).

¹⁶ See *id.* at 65,542.

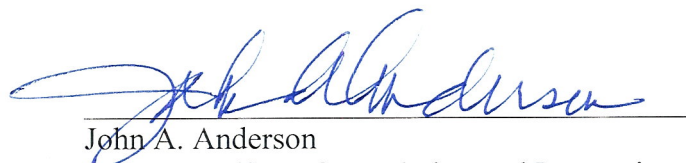
name of the LNG tanker; (4) the date of departure from the U.S. export terminal; (5) the country (or countries) into which the LNG or natural gas is actually delivered and/or received for end use; (6) the name of the supplier/seller; (7) the volume in thousand cubic feet (Mcf); (8) the price at point of export per million British thermal units (MMBtu); (9) the duration of the supply agreement (indicate spot sales); and (10) the name(s) of the purchaser(s).

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

M. All monthly report filings shall be made to the Division of Natural Gas Regulation, Office of Regulation and International Engagement, Office of Fossil Energy, U.S. Department of Energy (FE-34), 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.

Issued in Washington, D.C., on July 21, 2016.



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