

**FINDING OF NO SIGNIFICANT IMPACT  
FOR ELBA ISLAND TERMINAL PROJECT REGARDING  
APPLICATION TO DEPARTMENT OF ENERGY TO INCREASE AUTHORIZED  
VOLUMES OF LIQUEFIED NATURAL GAS FOR EXPORT FROM ELBA ISLAND  
TERMINAL TO NON-FREE TRADE AGREEMENT NATIONS**

**AGENCY:** U.S. Department of Energy, Office of Fossil Energy

**ACTION:** Finding of No Significant Impact

**SUMMARY:** Pursuant to section 1501.6 of the regulations of the Council on Environmental Quality (CEQ), 40 CFR 1501.6, the U.S. Department of Energy (DOE) participated as a cooperating agency with the Federal Energy Regulatory Commission (FERC) in the preparation of an environmental assessment (EA) that analyzed the potential environmental impacts associated with a joint application submitted to FERC by Southern LNG Company, L.L.C. (SLNG) and Elba Liquefaction Company, L.L.C. (ELC). The application sought authorization to site, construct, and operate the new natural gas liquefaction and export facilities (Elba Export Project) at the existing Elba Island LNG Terminal, which SLNG owns and operates in Chatham County, Georgia (Elba Island Terminal). The requested authorization will not involve the construction of any new LNG storage tanks, and is not expected to result in an increase in the size and/or frequency of LNG carriers from that previously contemplated for the terminal. SLNG also submitted an application to DOE's Office of Fossil Energy (DOE/FE) for long-term authorization to export 4 million tons per annum (mtpa) of LNG that SLNG stated is equivalent to approximately 182.5 billion cubic feet per year (Bcf/yr) of natural gas in FE Docket No. 12-100-LNG.

**SUPPLEMENTARY INFORMATION:** On March 10, 2014, SLNG and ELC filed a joint application with FERC to site, construct, and operate the new natural gas liquefaction and export facilities at the Elba Island LNG Terminal. DOE participated as a cooperating agency in FERC's environmental review proceeding under NEPA, which included an Environmental Assessment (EA) for the Liquefaction Project.<sup>1</sup> The EA recommended that FERC subject any approval of the Liquefaction Project to 90 environmental conditions.<sup>2</sup>

On June 1, 2016, FERC issued an Order Granting Authorization<sup>3</sup> Under Section 3 of the Natural Gas Act, which authorized SLNG to site, construct, and operate the proposed Liquefaction Project subject to 92 environmental conditions contained in the Appendix of the Order (the 90 environmental conditions recommended in the EA and two others imposed by FERC).<sup>4</sup> FERC determined that "subject to the conditions imposed in this order, the Elba Liquefaction Project is not inconsistent with the public interest" because the project "will not involve the construction of

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<sup>1</sup> Fed. Energy Regulatory Comm'n, Environmental Assessment for the Elba Liquefaction Project, Docket Nos. CP14-103-000, CP14-115-000 (Feb. 5, 2016) [hereinafter EA].

<sup>2</sup> See *id.* at 4-1-15.

<sup>3</sup> *Southern LNG, LLC.*, Order Granting Section 3 and Section 7 Authorizations, 155 FERC ¶ 61,219, at P 1 (June 1, 2016) [hereinafter FERC Order].

<sup>4</sup> FERC Order at Appendix B.

any new LNG storage tanks,” and “is not expected to result in an increase in the size and/or frequency of LNG carriers from that previously contemplated for the terminal.”<sup>5</sup>

Additionally, SLNG sought DOE/FE authorization to export 4 mtpa of LNG which SLNG stated is equivalent to approximately 182.5 Bcf/yr of natural gas from the Elba Island Terminal to any country with which the United States does not 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 (non-FTA countries).<sup>6</sup> In its December 16, 2016 Order,<sup>7</sup> DOE/FE authorized LNG exports equivalent to 130Bcf/yr of natural gas. While lower than the requested volume of 182.5 Bcf/yr, this authorization is estimated to be equal to the maximum annual liquefaction capacity of the Elba Export Project, which is 2.5 mtpa.<sup>8</sup>

The purpose and need for DOE/FE action is to comply with section 3(a) of the NGA, which requires DOE/FE to issue an order granting application for authority to export natural gas, including LNG, unless DOE/FE finds that the proposed export will not be consistent with the public interest, per 15 USC § 717b. DOE/FE’s decision to grant or deny a requested export authorization is based on a public interest review of the proposed exports, which includes compliance with NEPA.

**DOE's Addendum:** On June 4, 2014, DOE/FE published the *Draft Addendum to Environmental Review Documents Concerning Export of Natural Gas from the United States* for public comment (79 FR 32258). Although not required by NEPA, DOE/FE prepared the Addendum in an effort to be responsive to the public and to provide the best information available on a subject that had been raised by commenters. The Addendum addresses unconventional natural gas production in the nation as a whole. It does not attempt to identify or characterize the incremental environmental impacts that would result from LNG exports to non-FTA countries.

The Addendum notes that fundamental uncertainties constrain our ability to foresee and analyze the incremental natural gas production that may be induced by permitting exports of LNG to non-FTA countries. Such impacts are not reasonably foreseeable and cannot be analyzed with any particularity. There is uncertainty as to the aggregate quantity of natural gas that ultimately may be exported to non-FTA countries. Receiving a non-FTA authorization from DOE/FE does not guarantee that a particular facility will be financed and built; nor does it guarantee that, if built, market conditions would continue to favor exports once the facility is operational.

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<sup>5</sup> *Id.* at P 11.

<sup>6</sup> *Southern LNG Company, LLC*, Application for Long-Term Authorization, Multi-Contract Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Nations, FE Docket No. 12-100-LNG (Aug. 31, 2012). SLNG updated certain of the information in the Application by letter filed March 7, 2016. U.S. Dep’t Energy, FE Docket No. 12-100-LNG, *Elba Liquefaction Project Update 2* (Mar. 7, 2016).

<sup>7</sup> *Southern LNG Company, L.L.C.*, Opinion and Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Elba Island Terminal in Chatham County, Georgia to Non-Free Trade Agreement Nations, DOE/FE Order No. 3956, FE Docket No. 12-100-LNG (Dec. 16, 2016).

<sup>8</sup> DOE/FE used conversion factors of 1.022 million Btu per thousand cubic feet of dry natural gas and 51.75 Bcf per million metric tons of dry natural gas. This estimate is based on a mixture of methane and ethane with an energy content of 1.022 Btu per cubic foot of natural gas, indicative of natural gas quality in the U.S. pipeline system.

The Addendum also notes that there is fundamental uncertainty as to where any additional production would occur and in what quantity. As the Addendum illustrates, nearly all of the environmental issues presented by unconventional natural gas production are local in nature, affecting local water resources, local air quality, and local land use patterns, all under the auspices of state and local regulatory authority. As DOE/FE explained in *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 2961, without knowing where, in what quantity, and under what circumstances additional natural gas production will arise, the environmental impacts resulting from production activity induced by LNG exports to non-FTA countries are not “reasonably foreseeable” within the meaning of CEQ’s NEPA regulations.<sup>9</sup>

The 45-day comment period on the Draft Addendum closed on July 21, 2014. DOE/FE received 40,745 comments in 18 separate submissions and considered those comments received in issuing the Addendum on August 15, 2014. DOE/FE provided a summary of the comments received and responses to substantive comments in Appendix B of the Addendum. DOE/FE has incorporated the Draft Addendum, comments, and final Addendum into the record in this proceeding.

**Adoption:** All discussion and analyses related to the potential impacts of a grant of the export application are contained within the EA prepared by FERC, "Environmental Assessment for the Elba Liquefaction Project," which is herein adopted (DOE/EA-1963) and incorporated by reference, and in FERC’s June 1, 2016 Order Granting Section 3 Authorization. The EA examined potential impacts in the following areas and found that with appropriate mitigating measures, none would constitute a major federal action significantly affecting the quality of the human environment: geology and soils; water resources, fisheries, and wetlands; vegetation and wildlife; land use, recreation, and visual resources; socioeconomics; cultural resources; air quality and noise; reliability and safety; and cumulative impacts. While not required by NEPA, DOE/FE also considered the Addendum, as discussed above.

**DETERMINATION:** On the basis of the 2016 EA, the Addendum, and FERC's Order Granting Section 3 Authorization, DOE/FE has determined that granting SLNG’s Application for authority to export LNG will not have a significant effect on the human environment. The preparation of an environmental impact statement, therefore, is not required and DOE/FE is issuing this Finding of No Significant Impact.

Copies of the EA and FONSI will be available on the DOE/FE website at:  
[http://www.fossil.energy.gov/programs/gasregulation/authorizations/2012\\_applications/Southern\\_LNG\\_Company%2C\\_L.L.C.\\_12-100-LNG.html](http://www.fossil.energy.gov/programs/gasregulation/authorizations/2012_applications/Southern_LNG_Company%2C_L.L.C._12-100-LNG.html)

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<sup>9</sup> *Sabine Pass*, DOE/FE Order No. 2961-A, at P 11 (quoting 40 C.F.R. § 1508.7).

The EA and FONSI will also be available at: [www.gc.energy.gov/NEPA](http://www.gc.energy.gov/NEPA), under DOE NEPA Documents.

Signed in Washington, D.C., on December 16, 2016



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