



Department of Energy
Washington, DC 20585

October 25, 2017

BY EMAIL

Erik J.A. Swenson
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Columbia Center
1152 15th Street, N.W.
Washington, D.C. 20005-1706

RE: Notice of Change in Control
Rio Grande LNG, LLC
FE Docket No. 15-190-LNG

Dear Mr. Swenson:

This correspondence constitutes the response of the Department of Energy (DOE), Office of Fossil Energy (FE), to your letter filed on August 23, 2017, on behalf of Rio Grande LNG, LLC (Rio Grande LNG).¹ In the letter, you describe a change in the ownership interests of Rio Grande LNG, as discussed below.

I. BACKGROUND

On December 23, 2015, as amended June 7, 2016, Rio Grande LNG filed an Application² in FE Docket No. 15-190-LNG seeking authorization to export liquefied natural gas (LNG) in an amount up to the equivalent of 1.318 trillion cubic feet per year of natural gas from its proposed Rio Grande LNG Project in Brownsville, Texas, to: (i) any country with which the United States has entered into 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). Rio Grande LNG requested authorization to export this LNG to FTA countries for a 30-year term, to commence the earlier of the date of first commercial exports from the Project or 10 years from

¹ Letter from Erik J.A. Swenson, attorney for Rio Grande LNG, LLC., to John Anderson, Director, Office of Regulation and International Engagement, Office of Oil and Natural Gas, Office of Fossil Energy, DOE/FE, FE Docket No. 15-190-LNG (Aug. 23, 2017) [hereinafter Letter].

² Rio Grande LNG, LLC, Application for Long-Term Authorization to Export Liquefied Natural Gas to Free Trade Agreement and Non-Free Trade Agreement Countries, FE Docket No. 15-190-LNG (Dec. 23, 2015), *as amended* June 7, 2016 [hereinafter Application].

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 date the authorization is issued. In the pending non-FTA portion of the Application, Rio Grande LNG requests that its proposed non-FTA authorization have a 20-year term, to commence the earlier of the date of first commercial exports from the Project or seven years from the date of issuance of the requested export authorization.

On August 17, 2016, in DOE/FE Order No. 3869, DOE/FE granted Rio Grande LNG's request for authorization to export to FTA countries.⁴ The portion of the Application requesting authorization to export to non-FTA countries is currently pending before DOE/FE.

II. DESCRIPTION OF REQUEST

On August 23, 2017, Rio Grande LNG filed a notice of change in control in the above-referenced docket. Rio Grande LNG states that there has been a change in the ownership of its corporate parent. Specifically, the Letter states that, at the time that the Application was filed on December 23, 2015, Rio Grande LNG was 100% owned by NextDecade, LLC, with 100% of NextDecade, LLC's upstream ownership divided among Kathleen Eisbrenner, certain Halcyon entities, certain Valinor entities, and certain York entities (collectively, the Original Owners).

According to Rio Grande LNG, on April 17, 2017, NextDecade, LLC entered into an Agreement and Plan of Merger (the "Merger Agreement") with, *inter alia*, Harmony Merger Corp. (Harmony), a publicly listed special purpose acquisition company listed on the NASDAQ stock exchange. The Merger Agreement provided that NextDecade, LLC would merge with and into Harmony with the resulting majority stockholders being comprised of former members of NextDecade, LLC. The Letter further states that on July 24, 2017 (the Closing Date), the proposed business combination was completed, with the following consequences for the direct ownership of NextDecade, LLC and the indirect ownership of Rio Grande LNG:

1. All membership interests of the Original Owners in NextDecade, LLC were cancelled and exchanged for common stock of Harmony.
2. Harmony was renamed "NextDecade Corporation" and now trades on the NASDAQ Stock Market. The Original Owners directly own 90.85% of NextDecade Corporation, which owns 100%, of NextDecade, LLC (renamed NextDecade LNG, LLC on August 11, 2017). NextDecade LNG, LLC still owns 100% of Rio Grande LNG.
3. As a result of the Merger, and as of the Closing Date, the Original Owners now indirectly own 90.85%, rather than 100%, of Rio Grande LNG. The remaining 9.15% is owned by a combination of the prior owners of Harmony and other public stockholders (collectively, the Additional Owners). None of the Additional Owners, either individually or collectively, hold stock or have voting control of 10% or more of NextDecade Corporation.

Rio Grande LNG states that, notwithstanding the above-described corporate reorganization, it will remain both the holder of its existing FTA authorization and the applicant in the pending

⁴*Rio Grande LNG, LLC*, DOE/FE Order No. 3689, FE Docket No. 15-190-LNG, Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Rio Grande LNG Terminal in Brownsville, Texas, to Free Trade Agreement Nations (Aug. 17, 2016).

non-FTA portion of the Application. Rio Grande LNG additionally submits that the revised facts described herein are not material for purposes of DOE/FE's public interest determination under Section 3 of the NGA.

III. DISCUSSION AND CONCLUSIONS

DOE/FE's Procedures for Changes in Control provide that, upon receipt of a statement of change in control relating to existing FTA export authorizations, DOE will give immediate effect to the change in control and will take no further action.⁵ Accordingly, Rio Grande LNG's change in control has taken effect insofar as it relates to DOE/FE Order No. 3869 (FE Docket No. 15-190-LNG).

Regarding the pending non-FTA portion of Rio Grande LNG's Application, the CIC Procedures state that applicants may amend a pending non-FTA export application to reflect a change in control, but must serve notice of the change in control on other parties to the proceeding, as provided in 10 C.F.R. § 590.107. Although other parties are provided 15 days following service to submit answers to the notice of amendment, DOE gives immediate effect to the amendment of the application.⁶

Rio Grande LNG complied with the service requirements of the CIC Procedures when it served the Letter on the service list for this proceeding. The amendment to Rio Grande LNG's Application thus took effect immediately. Moreover, more than 15 days have passed since Rio Grande LNG served the Letter upon the service list. DOE/FE has not received any answers to the Letter. Accordingly, Rio Grande LNG's amendment to the Application is unopposed.

No further action is required.

Sincerely,



Digitally signed by John A.
Anderson

Date: 2017.10.25 16:55:28 -04'00'

John A. Anderson
Director, Office of Regulation and International Engagement
Office of Oil and Natural Gas
Office of Fossil Energy

⁵ 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, 65,542 (Nov. 5, 2014) (CIC Procedures).

⁶ See *id.*