UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

FREEPORT LNG EXPANSION, L.P., ET AL.	)	DOCKET NO. 18-03-LNG

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS BY VESSEL
FROM THE FREEPORT LNG TERMINAL LOCATED
ON QUINTANA ISLAND, TEXAS, TO
FREE TRADE AGREEMENT AND
NON-FREE TRADE AGREEMENT NATIONS

DOE/FE ORDER NO. 4244

SEPTEMBER 6, 2018

I. DESCRIPTION OF REQUEST

On January 4, 2018, four entities—Freeport LNG Expansion, L.P.; FLNG Liquefaction, LLC; FLNG Liquefaction 2, LLC; and FLNG Liquefaction 3, LLC (collectively, FLEX)—jointly 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), 15 U.S.C. § 717b.[2] FLEX amended the Application on August 2, 2018, as described below.[3]

In the Application, FLEX requests blanket authorization to engage in short-term exports of liquefied natural gas (LNG) in a volume up to the equivalent of 782 billion cubic feet (Bcf) of natural gas on a cumulative basis over a two-year period. FLEX seeks to export this LNG from the Freeport LNG Liquefaction Project (Liquefaction Project),[4] which is currently under construction at the Freeport LNG Terminal on Quintana Island, Texas.[5]

FLEX requests authorization to export this LNG to any country with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by U.S. law or policy. This includes: (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

[1] Freeport LNG Expansion, L.P., *et al.*, Application for Blanket Authorization to Export Liquefied Natural Gas on a Short-term Basis, FE Docket No. 18-03-LNG (Jan. 4, 2018) [hereinafter FLEX 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 Redelegation Order No. 00-006.02 issued on November 17, 2014.

[3] Letter from Lisa M. Tonery, Attorney for FLEX, to Amy Sweeney, DOE/FE, FE Docket No. 18-03-LNG (Aug. 2, 2018) [hereinafter FLEX Amendment].

[4] *See* FLEX App. at 1. The Federal Energy Regulatory Commission (FERC) has authorized the siting, construction, and operation of the Liquefaction Project at the Freeport LNG Terminal. *See id*. n.3; *see also Freeport LNG Development, L.P.*, *et al*., Order Granting Section 3 and Section 7 Authorizations, 148 FERC ¶ 61,076 (2014), *reh'g denied*, 149 FERC ¶ 61,119 (2014); *Freeport LNG Development, L.P.*, *et al.*, Order Amending Section 3 Authorization, 156 FERC ¶ 61,019 (2016) (authorizing increase in the Liquefaction Project's LNG production capacity based on less conservative operating assumptions).

[5] According to FLEX, construction of Train 1 at the Liquefaction Project is nearing completion, with operations anticipated to commence in early 2019. Operations at Trains 2 and 3 are anticipated to commence sequentially thereafter following completion of construction. *See* FLEX App. at 4.

gas, and with which trade is not prohibited by U.S. law or policy (FTA countries),[6] and (ii) any other country with which trade is not prohibited by U.S. law or policy (non-FTA countries).[7]

In the Amendment to the Application, FLEX requests a two-year export term "commencing on the date of the commencement of export of [short-term] commissioning volumes, but no later than six months from the end of the third quarter of 2019."[8] FLEX seeks to export the LNG on its own behalf and as agent for other entities who hold title to the LNG at the time of export.[9]

FLEX states that the volumes proposed for export, when added to any volumes exported under its existing long-term export authorizations for Trains 1 through 3 from the Freeport LNG Terminal,[10] will not exceed the maximum volumes approved under those authorizations in any annual (*i.e.*, consecutive 12 month) period. FLEX asserts that, as a result, the public interest impacts of the total exports will not increase as a consequence of DOE/FE's approval of the Application.[11]

In this consolidated Order, DOE/FE grants FLEX's Application and authorizes the requested export volume of 782 Bcf of natural gas over a two-year term to both FTA and non-FTA countries on a non-additive basis.

Specifically, DOE/FE grants the FTA portion of the Application under NGA § 3(c), 15 U.S.C. § 717b(c). Section 3(c) was amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486) to require that FTA applications "shall be deemed to be consistent with the

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[6] 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.
[7] *See* FLEX App. at 1, 4-5.
[8] FLEX Amendment at 1.
[9] *See* FLEX App. at 4.
[10] *See infra* at 5-6 (FLEX authorizations for Trains 1-3).
[11] FLEX App. at 6.

public interest" and granted "without modification or delay."[12] The FTA portion of the Application falls within NGA section 3(c) and, therefore, DOE/FE approves the requested FTA authorization without modification or delay. Accordingly, none of the public interest analysis discussed below applies to the FTA portion of this authorization.

DOE/FE has reviewed the non-FTA portion of the Application under NGA § 3(a), 15 U.S.C. § 717b(a). On January 31, 2018, DOE/FE published a Notice of Application for the requested non-FTA export authorization in the *Federal Register*.[13] DOE/FE received two public comments in response to the Notice, as discussed below.[14] DOE/FE has reviewed the record in this proceeding, including the comments received, and finds that it has not been demonstrated that FLEX's proposed exports to non-FTA countries are inconsistent with the public interest under NGA section 3(a). Additional terms and conditions are set forth below.

II. BACKGROUND

<u>Applicants.</u> According to FLEX, Freeport LNG Expansion, L.P., is a Delaware limited partnership. FLNG Liquefaction, LLC, FLNG Liquefaction 2, LLC, and FLNG Liquefaction 3, LLC are Delaware limited liability companies.[15] All four entities have a principal place of business in Houston, Texas.

FLNG Liquefaction, LLC is indirectly owned by Freeport LNG Expansion, L.P., Osaka Gas Company Ltd., and JERA Co., Inc. FLNG Liquefaction 2, LLC is indirectly owned by

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[12] 15 U.S.C. § 717b(c).

[13] *Freeport LNG Expansion, L.P., et al.*; Application for Blanket Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Nations on a Short-Term Basis, 83 Fed. Reg. 4475 (Jan. 31, 2018).

[14] In addition to one comment from Jean Public, DOE received 25 separate comments that appear to be from the same anonymous commenter. As such, DOE has considered these anonymous comments as one comment. *See infra* at 8-9.

[15] *See* FLEX App. at 2.

Freeport LNG Expansion, L.P. and IFM Global Infrastructure Fund. FLNG Liquefaction 3, LLC is an indirect wholly owned subsidiary of Freeport LNG Expansion, L.P.[16]

Procedural History. DOE/FE has issued several long-term, multi-contract orders under NGA section 3 authorizing FLEX to export LNG by vessel from Trains 1 through 3 of the Liquefaction Project at the Freeport LNG Terminal (collectively, the Train 1-3 Orders). These authorizations (and, where applicable, their amendments) include the following:

- DOE/FE Order No. 2913-B, authorizing the export of 511 Bcf per year (Bcf/yr) to FTA countries;
- DOE/FE Order No. 3066-A, authorizing the export of 511 Bcf/yr to FTA countries;
- DOE/FE Order No. 3282-C, authorizing the export of 511 Bcf/yr to non-FTA countries;
- DOE/FE Order No. 3357-B, authorizing the export of 146 Bcf/yr to non-FTA countries; and
- DOE/FE Order No. 3957, authorizing the export of 125 Bcf/yr to non-FTA countries.[17]

The FTA and non-FTA export volumes are not additive to one another. Therefore, FLEX is authorized by the Train 1-3 Orders to export LNG to: (i) FTA countries in a total volume equivalent to 1,022 Bcf/yr of natural gas (2.8 Bcf per day (Bcf/d)), and (ii) non-FTA countries in a total volume equivalent to 782 Bcf/yr of natural gas (2.14 Bcf/d).

Source of Natural Gas. FLEX previously has stated that its LNG exports will come from natural gas available in the United States natural gas pipeline system.

Business Model. FLEX states that it requests this short-term authorization "to export LNG prior to commercial operations … as well as subsequent to commercial operations, as

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[16] *Id.*

[17] The Appendix to this Order provides additional information about these authorizations, and FLEX's Application contains the full procedural history of each one. *See* FLEX App. at 2-3.

market opportunities may arise."[18] FLEX requests authorization to export LNG on its own behalf and as agent for other entities that may hold title to the LNG at the time of export. FLEX states that it will comply with all DOE/FE requirements for both exporters and agents, as set forth in recent DOE/FE orders.[19]

Environmental Review for Non-FTA Portion of Application. According to FLEX, authorization of the requested short-term exports will not require any new construction or changes to the Liquefaction Project, as previously authorized by FERC.[20] FLEX asserts that its requested authorization thus qualifies for a categorical exclusion from the preparation of an environmental assessment (EA) or environmental impact statement (EIS) under the National Environmental Policy Act, 42 U.S.C. §§ 4321, *et seq*. (NEPA).[21] Specifically, FLEX states that its proposed exports qualify for DOE's categorical exclusion B5.7, which provides for an exclusion where approvals of authorizations to export natural gas under NGA section 3 involve minor operational changes but no new construction.[22] FLEX further asserts that a categorical exclusion would be consistent with DOE/FE regulations and precedent under NEPA.[23]

III. APPLICANT'S PUBLIC INTEREST ANALYSIS FOR NON-FTA AUTHORIZATION

FLEX asserts that its requested short-term authorization to export LNG to non-FTA countries is consistent with the public interest under NGA section 3(a).[24] First, FLEX asserts that DOE/FE has already conducted an extensive public interest review of exports from the Liquefaction Project in its non-FTA authorizations in the Train 1-3 Orders.[25] As indicated

[18] *Id*. at 4.
[19] *See id*. at 4-5.
[20] *See id.* at 8.
[21] *See id.* at 8-9.
[22] *See id.*; *see* 40 C.F.R. § 1508.4; 10 C.F.R. § 1021.410 & Part 1021, Subpart D, Appendix B.
[23] *See* FLEX App. at 8-9 & n.26.
[24] *Id.* at 6.
[25] *Id.*

above, FLEX states that the volumes proposed for export in the Application, when added to any volumes exported under FLEX's long-term authorizations in the Train 1-3 Orders, will not exceed the maximum volumes approved under those Orders in any annual (*i.e.*, consecutive 12 month) period.[26] For this reason, FLEX maintains that "the public interest impacts of the total exports will not increase as a consequence of DOE/FE's approval of the Application," and therefore no additional public interest review is warranted.[27]

Next, FLEX asserts that "current market trends concerning U.S. [natural] gas demand and supply strongly indicate that the export of domestically produced natural gas as LNG is in the public interest."[28] Referencing both short-term and long-term projections published by the U.S. Energy Information Administration (EIA), FLEX contends that "natural gas supply is projected to far outstrip domestic demand."[29] FLEX notes that EIA's December 2017 *Short-Term Energy Outlook* forecasts a 6.1 Bcf/d increase in dry natural gas production in 2018 from the 2017 level.[30] FLEX further notes that, in EIA's October 2017 *Short-Term Energy Outlook*, EIA stated that "'rising natural gas production [is keeping] pace with increasing consumption and demand for exports—particularly for [LNG].'"[31]

According to FLEX, EIA's long-term projections confirm that this trend will continue into the foreseeable future.[32] FLEX points to EIA's 2017 *Annual Energy Outlook* (AEO 2017) in stating that natural gas production will account for nearly 40% of U.S. energy production by

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[26] *See id*. at 6.
[27] *Id*.
[28] FLEX App. at 6.
[29] *Id*.
[30] *See id*. at 7 (citing U.S. Energy Info. Admin., *Short-Term Energy Outlook*, at 1 (Dec. 12, 2017) *available at*: https://www.eia.gov/outlooks/steo/archives/Dec17.pdf).
[31] *Id*. (quoting U.S. Energy Info. Admin., *Short-Term Energy Outlook*, at 10 (Oct. 2017), *available at*: https://www.eia.gov/outlooks/steo/archives/Oct17.pdf).
[32] *See id*.

2040 in the Reference case.[33] FLEX states that, despite projections of increased U.S. natural gas consumption, AEO 2017 confirms that increased natural gas production will support both growing domestic demand for natural gas and LNG exports.[34]

Finally, FLEX states that the various macroeconomic studies commissioned by DOE have examined the impacts of different levels of LNG exports and have concluded that such exports will provide net economic benefits to the United States.[35]

IV. DOE/FE PROCEEDING FOR NON-FTA AUTHORIZATION

On January 31, 2018, DOE/FE published a Notice of Application in the *Federal Register* for the non-FTA portion of FLEX's Application.[36] The Notice of Application called on interested persons to submit protests, motions to intervene, notices of intervention, and comments by March 2, 2018.[37] In response to the Notice, DOE/FE received two comments—one opposing the Application and one supporting it.[38]

First, Jean Public submitted a comment stating her opposition to the export of U.S. natural gas to foreign countries.[39] She contends that allowing the export of natural gas enriches a small group of people in the United States, at the expense of U.S. citizens and the environment. She urges the United States to keep "our energy for our own country."[40]

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[33] *See id*. (citing U.S. Energy Info. Admin., 2017 *Annual Energy Outlook*, at 14 (Jan. 5. 2017), *available at*: https://www.eia.gov/outlooks/aeo/pdf/0383(2017).pdf).
[34] *See id*.
[35] *See* FLEX App. at 8 (citing NERA Economic Consulting, *Macroeconomic Impacts of LNG Exports from the United States* (Dec. 3, 2012), *available at*: http://energy.gov/sites/prod/files/2013/04/f0/nera_lng_report.pdf, and Center for Energy Studies at Rice University Baker Institute and Oxford Economics, *The Macroeconomic Impact of Increasing U.S. LNG Exports* (Oct. 29, 2015), *available at*: http://energy.gov/sites/prod/files/2015/12/f27/20151113_macro_impact_of_lng_exports_0.pdf).
[36] DOE finds that the requirement for public notice of applications in 10 C.F.R. Part 590 is applicable only to non-FTA applications under NGA section 3(a).
[37] *Freeport LNG Expansion, L.P., et al*.; Application for Blanket Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Nations on a Short-Term Basis, 83 Fed. Reg. 4475 (Jan. 31, 2018).
[38] *See supra* at 4 & note 14.
[39] *See* Comment of Jean Public, FE Docket No. 18-03-LNG (Jan. 31, 2018).
[40] *Id*.

Second, the Anonymous Commenter states, in relevant part, his general support of exports of U.S. LNG. The Commenter identifies various benefits of exporting natural gas, and emphasizes the importance of strengthening the U.S. economy by exporting LNG.[41]

V. DISCUSSION FOR REQUESTED NON-FTA AUTHORIZATION

A. Standard of Review

Section 3(a) of the NGA sets forth the applicable standard of review for the non-FTA portion of FLEX's Application. Section 3(a) provides:

> [N]o person shall export any natural gas from the United States to a foreign country or import any natural gas from a foreign country without first having secured an order of the [Secretary of Energy] authorizing it to do so. The [Secretary] shall issue such order upon application, unless after opportunity for hearing, [he] finds that the proposed exportation or importation will not be consistent with the public interest. The [Secretary] may by [the Secretary's] order grant such application, in whole or part, with such modification and upon such terms and conditions as the [Secretary] may find necessary or appropriate.

15 U.S.C. § 717b(a). This provision creates a rebuttable presumption that a proposed export of natural gas is in the public interest.[42] DOE/FE must grant such an application unless the presumption is overcome by an affirmative showing of inconsistency with the public interest.[43]

In evaluating an export application under this standard, DOE/FE applies the principles described in DOE Delegation Order No. 0204-111, the principles described in DOE's 1984 Policy Guidelines,[44] and other factors set forth in prior DOE export authorizations. These factors

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[41] *See* Public Comments 1-25, FE Docket No. 18-03-LNG (Jan. 31, 2018).
[42] *See, e.g., Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 2961, FE Docket No. 10-111-LNG, Opinion and Order Conditionally Granting Long-Term Authorization to Export Liquefied Natural Gas From Sabine Pass LNG Terminal to Non-Free Trade Agreement Nations, at 28 (May 20, 2011); *see also Phillips Alaska Natural Gas Corp. & Marathon Oil Co.*, DOE/FE Order No. 1473, FE Docket No. 96-99-LNG, Order Extending Authorization to Export Liquefied Natural Gas from Alaska, at 13 (April 2, 1999) (citing *Panhandle Producers & Royalty Owners Ass'n v. ERA*, 822 F.2d 1105, 1111 (D.C. Cir. 1987)).
[43] *Id.*
[44] New Policy Guidelines and Delegations Order Relating to Regulation of Imported Natural Gas, 49 Fed. Reg. 6684 (Feb. 22, 1984).

include economic impacts, international impacts, security of natural gas supply, and environmental impacts, among others.

In sum, DOE/FE's review of export applications under NGA section 3(a) focuses on: (i) the domestic need for the natural gas proposed to be exported; (ii) whether the proposed exports pose a threat to the security of domestic natural gas supplies; (iii) whether the arrangement is consistent with DOE/FE's policy of promoting market competition; and (iv) any other factors bearing on the public interest described herein. In addition, NEPA requires DOE to give appropriate consideration to the environmental effects of its proposed decisions.

B. Public Interest Review

In the non-FTA authorizations issued in the Train 1-3 Orders (DOE/FE Order Nos. 3282-C, 3357-B, and 3957), DOE/FE authorized FLEX to export domestically produced LNG from the Freeport LNG Terminal to non-FTA countries in a combined volume equivalent to 782 Bcf/yr of natural gas for respective 20-year terms. In each of those orders, DOE conducted a public interest review, including an evaluation of the domestic need for the natural gas proposed for export. Based on that review, DOE determined that FLEX's long-term exports were not inconsistent with the public interest under NGA section 3(a).[45]

In this proceeding, FLEX requests a short-term blanket authorization to export LNG in a volume equivalent to 782 Bcf of natural gas over two years, which averages to 391 Bcf each year. Provided that the proposed exports—when added to any volumes exported under FLEX's non-FTA authorizations—do not exceed 782 Bcf on an annual (*i.e.*, consecutive 12-month) basis, the public interest impacts of FLEX's exports to non-FTA countries will not increase as a consequence of DOE/FE's approval of this Application.

[45] *See supra* at 5 & Appendix (FLEX's non-FTA authorizations).

Accordingly, we agree with FLEX that no additional public interest review beyond that conducted in the earlier non-FTA export proceedings is warranted. The comment offered by Jean Public, while strongly opposing exports of U.S. natural gas, does not offer factual analysis to counter the record evidence showing that the proposed exports are consistent with the public interest. Moreover, the Anonymous Commenter points to positive benefits associated with exports of U.S. LNG, including the exports requested by FLEX in this proceeding.

For these reasons, DOE/FE has determined that it has not been demonstrated that the proposed exports of LNG will be inconsistent with the public interest, as would be required to deny FLEX's non-FTA request under NGA section 3(a).

D. Environmental Review

In issuing FLEX's long-term non-FTA authorizations identified above, DOE/FE considered the potential environmental impacts of FLEX's proposal to export LNG from the Freeport LNG Liquefaction Project at the Freeport LNG Terminal.[46] DOE/FE's environmental review considered both its obligations under NEPA and its obligation under NGA section 3(a) to ensure that the proposal was not inconsistent with the public interest. In conducting this review, DOE/FE considered a wide range of information, including but not limited to FERC's environmental approvals for the Liquefaction Project, DOE's Addendum,[47] and various intervenor arguments opposing those non-FTA exports.

In addition, as explained above, the requested authorization will not result in an increase of LNG exports previously approved for export under FLEX's long-term non-FTA authorizations (DOE/FE Order Nos. 3282-C, 3357-B, and 3957) in any 12-month period. Under

[46] *See, e.g., supra* at 2 n.4.
[47] *See* U.S. Dep't of Energy, Addendum to Environmental Review Documents Concerning Exports of Natural Gas From the United States, 79 Fed. Reg. 48,132 (Aug. 15, 2014).

these circumstances, we find that approval of the Application will not result in any incremental environmental impacts as compared to the environmental impacts previously reviewed by FERC and DOE.

In its Application, FLEX states that approval of the Application will not require additional construction or modification to its previously approved facilities at the Freeport LNG Terminal. The Department's regulations at 10 CFR Part 1021, Subpart D, Appendix B, provide a list of categorical exclusions that do not require preparation of either an EA or EIS under NEPA. Categorical exclusion B5.7 applies to natural gas import or export activities requiring minor operational changes to existing projects, but no new construction. On September 6, 2018, DOE/FE issued a categorical exclusion under this provision.[48] This Order grants the non-FTA portion of the Application, in part, on the basis of this categorical exclusion.

VI. 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 an 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. The FTA portion of FLEX's Application falls within section 3(c), as amended, and therefore, DOE/FE grants the requested FTA authorization without modification or delay.[49]

[48] U.S. Dep't of Energy, Categorical Exclusion Determination, *Freeport LNG Expansion, L.P., et al.*, FE Docket No. 18-03-LNG (Sept. 6, 2018).

[49] 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 non-FTA countries.

(2) The countries with which the United States has an 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.

(3) Upon a review of the record, DOE/FE finds that a grant of the non-FTA portion of the Application has not been shown to be inconsistent with the public interest under NGA section 3(a). Additionally, the proposed exports qualify for a categorical exclusion under NEPA, such that no EA or EIS will be required. DOE/FE therefore grants the non-FTA portion of FLEX's Application.

(4) As described above, FLEX 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,[50] which granted 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*, which established that the title for all LNG authorized for export must be held by the authorization holder at the point of export.[51] 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.

[50] *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 the Freeport LNG Terminal to Free Trade Nations (Feb. 10, 2011).

[51] *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).

DOE/FE has reiterated its policy on Agency Rights procedures in authorizations including *Cameron LNG, LLC*, DOE/FE Order No. 3680.[52] In that order, DOE/FE determined that, in LNG export orders in which Agency Rights are granted, DOE/FE shall require registration materials filed for, or by, a 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.[53]

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

ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. FLEX (together, Freeport LNG Expansion, L.P.; FLNG Liquefaction, LLC; FLNG Liquefaction 2, LLC; and FLNG Liquefaction 3, LLC) is authorized to export domestically produced LNG by vessel from the Freeport LNG Liquefaction Project at the Freeport LNG Terminal, in a volume equivalent to 782 Bcf of natural gas, pursuant to transactions that have terms of no longer than two years. FLEX is authorized to export this LNG on its own behalf or as agent for other entities who hold title to the natural gas at the time of export. This authorization shall be effective for a two-year term, commencing on the date of first export of

[52] *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 (July 10, 2015).
[53] *See id*. at 8-9 (citation omitted).

Commissioning Volumes[54] from the Freeport LNG Terminal, but no later than six months from the end of the third quarter of 2019 (*i.e.*, March 31, 2020).

B. The volume of LNG authorized for export in this Order, when combined with the volume of LNG approved for export to FTA and non-FTA countries in FLEX's long-term export authorizations, shall not exceed the total of long-term approved exports of 1,022 Bcf to FTA countries and 782 Bcf to non-FTA countries[55] during any consecutive 12-month period. Under the terms of FLEX's prior authorizations, its long-term LNG export authorizations to FTA and non-FTA countries are not additive to one another.

C. This LNG may be exported by vessel from the Freeport LNG Terminal to any country with the capacity to import ocean-going LNG carriers and with which trade is not prohibited by U.S. law or policy.

D. FLEX 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 and FERC. Failure to comply with this requirement could result in rescission of this authorization and/or other civil or criminal remedies.

E. FLEX shall include, and require others for whom FLEX 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:

[54] "Commissioning Volumes" are defined as the volume of LNG produced and exported under a short-term authorization during the initial start-up of each LNG train, before each LNG train has reached its full steady-state capacity and begun its commercial exports pursuant to FLEX's long-term contracts. *See, e.g.*, *Freeport LNG Expansion, L.P.*, *et al.*, DOE/FE Order No. 3957, FE Docket No. 16-108-LNG, Opinion and Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Freeport LNG Terminal on Quintana Island, Texas, to Non-Free Trade Agreement Nations, at 41 (Dec. 19, 2016) (Ordering Para. C).

[55] *See supra* at 5; *see also* Appendix.

> Customer or purchaser acknowledges and agrees that it will resell or transfer LNG purchased hereunder for delivery only to countries with the capacity to import ocean-going LNG carriers and identified in Ordering Paragraph C of DOE/FE Order No. 4244, issued September 6, 2018, in FE Docket No. 18-03-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 Freeport LNG Expansion, L.P.; FLNG Liquefaction LLC; FLNG Liquefaction 2, LLC; and FLNG Liquefaction 3, LLC (collectively FLEX) 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 FLEX is made aware of all such countries.

F. FLEX is permitted to use its authorization in order to export LNG as agent for other entities, after registering the other entities with DOE/FE. Registration materials shall include an acknowledgement and agreement by the Registrant to supply FLEX with all information necessary to permit FLEX 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; and (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.

G. Each registration submitted pursuant to this Order shall have current information on file with DOE/FE. Any changes in company name, contact information, or other relevant modification shall be filed with DOE/FE within 30 days of such change(s).

H. FLEX shall ensure that all persons required by this Order to register with DOE/FE have done so.

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

J. Monthly Reports: With respect to the LNG exports authorized by this Order, FLEX 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 30^{th} 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; (2) the name of the U.S. export terminal; (3) the 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)

K. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Regulation and International Engagement, 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 (202) 586-6050.

Issued in Washington, D.C., on September 6, 2018.

SHAWN BENNETT Digitally signed by SHAWN BENNETT
Date: 2018.09.06 16:49:35 -04'00'

Shawn Bennett
Deputy Assistant Secretary for Oil and Natural Gas
Office of Fossil Energy

APPENDIX

The long-term orders issued by DOE/FE to FLEX authorizing exports of LNG to FTA countries and non-FTA countries are identified in the following tables:

Table 1: Orders Issued to FLEX for the Long-Term Export of Domestic LNG from the Freeport LNG Terminal to FTA Countries

Docket No.	Order No. (as Amended)	Date Originally Issued	Trains	Volume (Bcf/yr)	Term/Type
10-160-LNG	2913-B	February 10, 2011	1-3	511.0	25 years, multi-contract
12-06-LNG	3066-A	February 10, 2012	1-3	211.0	25 years, multi-contract
Total Volume				**1,022.0**	

Table 2: Orders Issued by DOE/FE to FLEX for the Long-Term Export of Domestic LNG from the Freeport LNG Terminal to Non-FTA Countries

Docket No.	Order No. (as Amended)	Date Originally Issued	Trains	Volume (Bcf/yr)	Term/Type
10-161-LNG	3282-C	May 17, 2013	1-3	511.0	20 years, multi-contract
11-161-LNG	3357-B	November 15, 2013	1-3	146.0	20 years, multi-contract
16-108-LNG	3957	December 19, 2016	1-3	125.0	20 years, multi-contract
Total Volume				**782.0**	