

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

CHENIERE MARKETING, LLC AND)
CORPUS CHRISTI LIQUEFACTION, LLC)

DOCKET NO. 18-137-LNG

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS BY VESSEL
FROM THE CORPUS CHRISTI LIQUEFACTION PROJECT
LOCATED IN CORPUS CHRISTI, TEXAS,
TO FREE TRADE AGREEMENT NATIONS

DOE/FE ORDER NO. 4263

SEPTEMBER 28, 2018

I. DESCRIPTION OF REQUEST

On September 14, 2018, Cheniere Marketing, LLC and Corpus Christi Liquefaction, LLC (collectively, Corpus Christi) 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 requesting blanket authorization to engage in short-term exports of domestically produced liquefied natural gas (LNG). Corpus Christi seeks authorization to export this LNG in a volume up to the equivalent of 767 billion cubic feet (Bcf) of natural gas on a cumulative basis over a two-year period from the Corpus Christi Liquefaction Project (Liquefaction Project) in Corpus Christi, Texas.³ Corpus Christi states that construction of the first train of the Liquefaction Project is nearly complete, and volumes are expected to be available for export in the fourth quarter of 2018.⁴

Corpus Christi 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 gas, and with which trade is not prohibited by U.S. law or policy (FTA countries),⁵ and (ii) any

¹ Cheniere Marketing, LLC and Corpus Christi Liquefaction, LLC, Application for Blanket Authorization to Export Liquefied Natural Gas by Vessel from the Corpus Christi Liquefaction Project, FE Docket No. 18-137-LNG (Sept. 14, 2018) [hereinafter Corpus Christi App.]. Corpus Christi filed a supplement to the Application on September 24, 2018. See Supplement to Application (Email from Taylor Johnson to Amy Sweeney), FE Docket No. 18-137-LNG (Sept. 24, 2018).

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 The Federal Energy Regulatory Commission (FERC) authorized the construction and operation of three liquefaction trains (*i.e.*, Trains 1-3) at the Corpus Christi Liquefaction Project site with a combined capacity of 767 Bcf per year (Bcf/yr) (2.1 Bcf per day). See *Corpus Christi Liquefaction, LLC, et al.*, Order Granting Authorization Under Section 3 of the Natural Gas Act and Issuing Certificates, 149 FERC ¶ 61,283 (Dec. 30, 2014).

⁴ See Corpus Christi App. at 3.

⁵ 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,

other country with which trade is not prohibited by U.S. law or policy (non-FTA countries).

Corpus Christi seeks to export the LNG over a two-year period commencing on the earlier of the date of first export or December 31, 2018. Corpus Christi requests this authorization on its own behalf and as agent for other entities who hold title to the LNG at the time of export.

The portion of Corpus Christi's Application that seeks authorization to export 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 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

Applicants. Cheniere Marketing, LLC and Corpus Christi Liquefaction, LLC are Delaware limited liability companies with their principal place of business in Houston, Texas. Cheniere Marketing, LLC and Corpus Christi Liquefaction, LLC are wholly-owned indirect subsidiaries of Cheniere Energy, Inc., a Delaware corporation with its principal place of business in Houston, Texas. Cheniere Energy, Inc. is a developer of LNG import and export terminals and natural gas pipelines on the Gulf Coast, including the Liquefaction Project.

Procedural History. Corpus Christi holds long-term export authorizations from DOE/FE to export LNG from the Liquefaction Project to both FTA and non-FTA countries, as follows:

- DOE/FE Order No. 3164-A, authorizing Cheniere Marketing, LLC and Corpus Christi Liquefaction, LLC to export 767 Bcf/yr to FTA countries for a term of 25 years;⁶ and

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.

⁶ *Cheniere Marketing, LLC*, DOE/FE Order No. 3164, FE Docket No. 12-99-LNG, Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Corpus Christi

- DOE/FE Order No. 3638, authorizing Cheniere Marketing, LLC and Corpus Christi Liquefaction, LLC to export 767 Bcf/yr to non-FTA countries for a term of 20 years.⁷

In sum, Corpus Christi is currently authorized to export LNG from the Liquefaction Project to FTA and non-FTA countries in a total, non-additive volume equivalent to 767 Bcf/yr of natural gas, pursuant to long-term authorizations.⁸

Source of Natural Gas. Corpus Christi states that the pipeline that feeds the Liquefaction Project is interconnected to the interstate natural gas pipeline system in the Gulf Coast. According to Corpus Christi, feedstock natural gas for the volumes to be liquefied and exported will be drawn from the large, liquid sources of domestically-produced natural gas available in that region.⁹

Business Model. Corpus Christi requests authorization to export LNG on its own behalf and as agent for other entities that will hold title to the LNG at the time of export. Corpus Christi states that it will comply with all DOE/FE requirements for both exporters and agents, as set forth in recent DOE/FE orders.¹⁰

Liquefaction Project to Free Trade Agreement Nations (Oct. 16, 2012), *amended Cheniere Marketing, LLC*, DOE/FE Order Nos. 3538 and 3164-A, FE Docket Nos. 12-97-LNG and 12-99-LNG, Order Amending Application in Docket No. 12-97-LNG to Add Corpus Christi LNG, LLC as Applicant, and Granting Request in DOE/FE Order No. 3164, Docket No. 12-99-LNG, to Add Corpus Christi Liquefaction, LLC as Authorization Holder (Oct. 29, 2014).

⁷ *Cheniere Marketing, LLC and Corpus Christi Liquefaction, LLC*, DOE/FE Order No. 3638, FE Docket No. 12-97-LNG, Final Opinion and Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Corpus Christi Liquefaction Project to be Located in Corpus Christi, Texas to Non-Free Trade Agreement Nations (May 12, 2015).

⁸ Additionally, on June 29, 2018, in FE Docket No. 18-78-LNG, Corpus Christi Liquefaction Stage III, LLC (a wholly owned subsidiary of Cheniere Energy, Inc.) filed an application requesting long-term authorization to export domestically produced LNG from the “Stage 3 LNG Facilities”—to be developed as an expansion of the Corpus Christi Liquefaction Project—to both FTA and non-FTA countries. That application is pending.

⁹ Corpus Christi App. at 5.

¹⁰ *See id.* at 4-5.

IV. 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. The FTA portion of Corpus Christi's Application falls within section 3(c), as amended, and therefore, DOE/FE grants the requested FTA authorization without modification or delay.¹¹

(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 Corpus Christi 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 Corpus Christi'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, Corpus Christi 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

¹¹ 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.

previously addressed the issue of Agency Rights in DOE/FE Order No. 2913,¹² which 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*,¹³ 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 has reiterated its policy on Agency Rights procedures in other authorizations, including *Cameron LNG, LLC*, DOE/FE Order No. 3680.¹⁴ In that order, DOE/FE determined 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.¹⁵

To ensure that the public interest is served, the authorization granted herein shall require that where Corpus Christi proposes to export LNG as agent for other entities who hold title to the

¹² *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).

¹³ *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.

¹⁴ *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).

¹⁵ *See id.* at 8-9 (citation omitted).

LNG (Registrants), Corpus Christi 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 NGA, it is ordered that:

A. Cheniere Marketing, LLC and Corpus Christi Liquefaction, LLC (collectively, Corpus Christi) are jointly authorized to export domestically produced LNG by vessel from the Corpus Christi Liquefaction Project in a volume equivalent to 767 Bcf of natural gas, pursuant to transactions that have terms of no longer than two years. Corpus Christi 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 or December 31, 2018.

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 Corpus Christi's long-term export authorizations, shall not exceed the total of long-term approved exports of 767 Bcf to FTA countries and 767 Bcf to non-FTA countries during any consecutive 12-month period.¹⁶ Under the terms of Corpus Christi'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 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.

¹⁶ See *supra* at 3-4.

FTA countries are currently identified by DOE/FE at:

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

D. Corpus Christi 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. Corpus Christi shall include, and require others for whom Corpus Christi 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 with the capacity to import ocean-going LNG carriers and identified in Ordering Paragraph C of DOE/FE Order No. 4263, issued September 28, 2018, in FE Docket No. 18-137-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 Cheniere Marketing, LLC and Corpus Christi Liquefaction, 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 Cheniere Marketing, LLC and Corpus Christi Liquefaction, LLC are made aware of all such countries.

F. Corpus Christi 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 Corpus Christi with all information necessary to permit Corpus Christi 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. Corpus Christi 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 Corpus Christi Liquefaction Project, Corpus Christi 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, Corpus Christi shall file with the Office of Regulation, Analysis, and 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; (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, Analysis, and 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 28, 2018.

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