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By Docket Room at 12:33 pm, Sep 06, 2019

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September 6, 2019

By Electronic Mail

Ms. Amy Sweeney
U.S. Department of Energy
Office of Fossil Energy
Office of Regulation, Analysis, and Engagement
1000 Independence Ave., S.W.
Washington, D.C. 20026-4375
fergas@hq.doe.gov

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Attention: Venture Global Calcasieu Pass, LLC
FE Docket Nos. 13-69-LNG, 14-88-LNG, and 15-25-LNG
Notification Regarding Equity Ownership Change
In Accordance with Procedures for Changes in Control

Dear Ms. Sweeney:

Pursuant to the authorizations to export natural gas issued by the Department of Energy, Office of Fossil Energy (“DOE/FE”) in the above-captioned proceedings and the “Procedures for Changes in Control Affecting Applications and Authorizations To Import or Export Natural Gas,”¹ Venture Global Calcasieu Pass, LLC (“Calcasieu Pass”) provides notification of an indirect equity investment in the Calcasieu Pass LNG export project (“Project”) by funds and investment vehicles managed by Stonepeak Partners LP (collectively, “Stonepeak”), as well as of an internal reorganization implemented in connection with the debt and equity financing of the Project. Stonepeak is a North America focused private equity firm, founded in 2011 and headquartered in New York, which manages approximately \$16.6 billion (as of June 30, 2019) of capital for its investors in businesses comprised of hard assets with leading market positions. As explained below, regardless of whether the Stonepeak equity investment is deemed to constitute a change in control within the meaning of DOE/FE policies, that investment does not affect DOE/FE’s public interest determination regarding natural gas exports by Calcasieu Pass.

¹ 79 Fed. Reg. 65,541 (Nov. 5, 2014)(the “CIC Procedures”).

Background

Calcasieu Pass was granted long-term, multi-contract authority to export liquefied natural gas (“LNG”) (1) to nations with whom the United States has not entered into a Free Trade Agreement (“FTA”) requiring the national treatment of natural gas in Order No. 4346 issued in FE Docket Nos. 13-69-LNG, 14-88-LNG, and 15-25-LNG on March 5, 2019, and (2) to FTA nations in earlier orders in those same dockets.² Ordering Paragraph N of Order No. 4346 provides that “With respect to any change in control of the authorization holder, Calcasieu Pass must comply with DOE/FE’s Procedures for Changes in Control Affecting Applications and Authorizations To Import or Export Natural Gas.” Each of the FTA orders previously issued to Calcasieu Pass also requires DOE/FE authorization of any such change in control.

As explained in the CIC Procedures, DOE/FE’s regulations at 10 C.F.R. Section 590.405 state that authorizations to import or export natural gas shall not be transferable or assignable unless specifically authorized by the Assistant Secretary for Fossil Energy. In applying Section 590.405, DOE/FE has stated that a change in control of an authorization holder may occur through asset sale or stock transfer or by other means. DOE/FE has further explained that it construes a change in control to mean a change, directly or indirectly, of the power to direct the management or policies of an entity, 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. Finally, DOE/FE has explained that a rebuttable presumption that control exists will arise from the ownership or the power to vote, directly or indirectly, ten percent or more of the voting securities of an entity.

The CIC Procedures require notification within thirty days after any change in control of the holder of an export authorization is effectuated. The procedures provide that, with respect to FTA long-term export authorizations already issued, DOE/FE will give immediate effect to a change in control upon receipt of the notification and take no further action. With respect to previously issued non-FTA long-term export authorizations, DOE/FE similarly will give immediate effect to the change in control and then will publish notice of the change in the Federal Register, allowing fifteen days for interventions, comments or answers. If no protests are filed and DOE/FE takes no action of its own on the notification, authorization for the change in control is deemed granted thirty days after publication of the notice in the Federal Register. If protests are submitted, DOE/FE then will issue a determination whether the change in control has been demonstrated by the protestor(s) to render the underlying authorization inconsistent with the public interest.

² Order No. 3345 issued in FE Docket No. 13-69-LNG on September 27, 2013; Order No. 3520 issued in FE Docket No. 14-88-LNG on October 10, 2014; and Order No. 3662 issued in FE Docket No. 15-25-LNG on June 17, 2015.

The Calcasieu Pass Financing Transactions

Calcasieu Pass is a Delaware limited liability company with its principal place of business now located at 1001 19th Street North, Arlington, VA 22209. At the time of the issuance of its DOE/FE export authorizations, Calcasieu Pass was a wholly-owned subsidiary of Venture Global LNG, Inc. (“Venture Global LNG”), which is a privately-held Delaware corporation with the same principal place of business. Venture Global LNG was founded by and originally owned and controlled by Robert B. Pender and Michael A. Sabel. The company subsequently sold small, passive ownership interests (each of less than ten percent) to a number of U.S. institutional investors, with the two founders retaining the sole right to control the corporation and to appoint its board of directors who direct the corporation’s management and policies.³

Venture Global LNG made a positive final investment decision (“FID”) and subsequently closed the debt and equity financing of the Project on August 19, 2019. In connection with the financing, Venture Global LNG established four new subsidiaries (each a wholly-owned Delaware limited liability company having the same Arlington, Virginia principal place of business) through which to hold its indirect ownership interest in Calcasieu Pass, as detailed below and reflected in the attached schematic organization chart. This internal corporate reorganization itself did not constitute a change in control and therefore does not implicate DOE/FE’s change of control policies, which are concerned only with external transfers or assignments.⁴

Calcasieu Pass itself remains the holder of the export authorizations and there has been no change in any aspect of the Project or the terms or conditions of its LNG export arrangements. Calcasieu Pass now is a wholly-owned subsidiary of Calcasieu Pass Pledgor, LLC, which in turn is a wholly-owned subsidiary of Calcasieu Pass Holdings, LLC. As part of the financing of the Project, Stonepeak has made equity investments, totaling \$1.3 billion, in Calcasieu Pass Holdings, LLC and Calcasieu Pass Funding, LLC, effective as of August 19, 2019.

Calcasieu Pass Holdings, LLC has two members. One member, Calcasieu Pass Funding, LLC, owns all of the common units of the company. The other member, Stonepeak Bayou Holdings LP, a Delaware limited partnership affiliated with Stonepeak, owns all of the preferred units of the company. The preferred units will convert into common units upon the commercial operation date of the Project and will constitute a minority of the total common units of the company at that time (but more than ten percent).

³ See Venture Global LNG’s Sept. 22, 2014 filing in FE Docket Nos. 13-69-LNG and 14-88-LNG (explaining the establishment of Calcasieu Pass as a wholly-owned subsidiary to be the applicant and holder of the authorizations, as well as the ownership of the parent corporation) and Feb. 9, 2015 application in FE Docket No. 15-25-LNG.

⁴ See DOE/FE response regarding notice of internal reorganization of Port Arthur LNG, LLC issued in FE Docket Nos. 15-53-LNG, 18-162-LNG, and 15-96-LNG, dated April 11, 2019 (explaining this conclusion based upon the CIC Procedures and DOE/FE regulations).

Calcasieu Pass Holdings, LLC is managed and directed by a board of three managers: two designated by Calcasieu Pass Funding, LLC and one designated by Stonepeak Bayou Holdings LP. Under certain extraordinary circumstances such as events of default and material breaches or termination of key Project contracts, Stonepeak Bayou Holdings LP would obtain the right to appoint a majority of the board of managers of Calcasieu Pass Holdings, LLC for a limited period of time lasting until thirty days after such circumstances are no longer continuing, at which time Calcasieu Pass Funding, LLC will once again have the right to appoint a majority of the board of managers. In addition, the manager designated by Stonepeak Bayou Holdings LP generally has the right to direct Calcasieu Pass Holdings, LLC and its subsidiaries with respect to certain uncured material breaches or defaults by Venture Global LNG or its affiliates under contracts to which Venture Global LNG and its affiliates are party that have an adverse impact on the Project.

Calcasieu Pass Funding, LLC, in turn, also has two members. All of its common units are owned by Venture Global Calcasieu Pass Holding, LLC, which is a direct, wholly-owned subsidiary of Venture Global LNG. All of the company's preferred units, which are redeemable over time, are owned by Stonepeak Bayou Holdings II LP, another Delaware limited partnership affiliated with Stonepeak. All of the company's business and affairs, however, are generally managed by the holder of its common units.

Application of the CIC Procedures to the Transactions

Stonepeak's \$1.3 billion equity investment in the Project includes certain ownership rights, and Stonepeak's indirect investment in Calcasieu Pass (through Stonepeak's investment in Calcasieu Pass Holdings, LLC and Calcasieu Pass Funding, LLC) may give rise to a "rebuttal presumption" of a change in control. That presumption may be considered rebutted, as there will be no significant change in the operation or management of the Project and because the co-founders of Venture Global LNG continue to direct the management and policies of Calcasieu Pass.⁵

If and to the extent that Stonepeak's investment is deemed by DOE/FE to constitute a "change in control," however, that change provides absolutely no basis to question the DOE/FE decisions to authorize LNG exports from Calcasieu Pass. DOE/FE has consistently approved of changes of control in the absence of a demonstration that the change impacts the public interest considerations it evaluated when issuing the export authorization.⁶ The Stonepeak equity investment strengthens

⁵ In somewhat similar facts, DOE/FE held that its presumption of a change of control was rebutted in connection with investments of Blackstone (originally established as "Class B" units and later converted to common units, and conveying a right to appoint 3 of 11 seats on a board of directors) in the ownership structure of Sabine Pass Liquefaction, LLC. See DOE/FE response regarding notice of internal reorganization of Sabine Pass Liquefaction, LLC issued in FE Docket Nos. 10-85-LNG, *et al.*, dated February 20, 2018

⁶ *E.g.*, *Freeport LNG Expansion, L.P., et al.*, Order Approving Change in Control in Export Authorization, DOE/FE Order No. 3495 (Sept. 23, 2014); *Cameron LNG, LLC*, Order Approving Change in Control in Export

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the financial capabilities of Calcasieu Pass to construct and execute the Project, but does not in any way alter the public interest considerations addressed in Order No. 4346.

In accordance with the CIC Procedures, DOE/FE should give immediate effect to this notification upon receipt. That effect is final and no further action is needed with respect to the FTA authorizations issued in Order Nos. 3345, 3520, and 3662. With respect to the non-FTA authorization in Order No. 4346, DOE/FE should publish notice of this Calcasieu Pass notification in the Federal Register, providing fifteen days for interventions, comments or answers, and stating that, if no protests are filed and DOE/FE takes no action of its own on the notification, authorization for the change in ownership will be deemed granted thirty days after publication of the notice in the Federal Register. If any protest is submitted, DOE/FE then should issue a determination reaffirming its prior conclusion that the authorized LNG exports from Calcasieu Pass remain not inconsistent with the public interest.

If you have any questions about this notification or related matters, please contact the undersigned counsel for Calcasieu Pass.

Sincerely,

/s/ J. Patrick Nevins

J. Patrick Nevins
Latham & Watkins LLP
Partner
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cc: All parties on service list

VENTURE GLOBAL CALCASIEU PASS, LLC
ORGANIZATIONAL CHART

