

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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

FE DOCKET NO. 12-97-LNG)
FE DOCKET NO. 12-99-LNG)
FE DOCKET NO. 19-124-LNG)

ORDER EXTENDING EXPORT TERM FOR AUTHORIZATIONS
TO FREE TRADE AND NON-FREE TRADE AGREEMENT
NATIONS THROUGH DECEMBER 31, 2050

DOE/FE ORDER NO. 3164-B
DOE/FE ORDER NO. 3638-B
DOE/FE ORDER NO. 4519-A

OCTOBER 28, 2020

I. DESCRIPTION OF REQUEST

On September 3, 2020, Cheniere Marketing, LLC and Corpus Christi Liquefaction, LLC (collectively, CMI) 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).² As explained below, CMI asks DOE/FE to extend the export term set forth in its three long-term authorizations, pursuant to DOE/FE's policy statement entitled, "Extending Natural Gas Export Authorizations to Non-Free Trade Agreement Countries Through the Year 2050" (Policy Statement).³

CMI is currently authorized to export domestically produced liquefied natural gas (LNG) by vessel from the Corpus Christi Liquefaction Project (Trains 1 through 3), located at the existing Corpus Christi LNG Terminal in San Patricio and Nueces Counties, Texas, under the following orders:

- (i) DOE/FE Order No. 3164⁴ and 4519,⁵ authorizing exports to 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 (FTA countries), under NGA section 3(c);⁶ and

¹ Cheniere Marketing, LLC and Corpus Christi Liquefaction, LLC, Application to Amend Export Term for Existing Long-Term Authorizations Through December 31, 2050, FE Docket Nos. 12-97-LNG, *et al.* (Sept. 3, 2020) [hereinafter App.].

² 15 U.S.C. § 717b. Authority to regulate the imports and exports of natural gas, including liquefied natural gas, under NGA section 3 has been delegated to the Assistant Secretary for FE in Redelegation Order No. 00-002.04G, issued on June 4, 2019.

³ U.S. Dep't of Energy, Extending Natural Gas Export Authorizations to Non-Free Trade Agreement Countries Through the Year 2050; Notice of Final Policy Statement and Response to Comments, 85 Fed. Reg. 52,237 (Aug. 25, 2020) [hereinafter Policy Statement].

⁴ *Cheniere Marketing, LLC, et al.*, 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 Liquefaction Project to Free Trade Agreement Nations (Oct. 16, 2012), *amended by* DOE/FE Order No. 3164-A (Oct. 29, 2014) (amending order to add Corpus Christi Liquefaction, LLC as an authorization holder).

⁵ *Cheniere Marketing, LLC, et al.*, DOE/FE Order No. 4519, FE Docket No. 19-124-LNG, Order Granting Long-Term Authorization to Export Liquefied Natural Gas to Free Trade Agreement Nations (Apr. 14, 2020).

⁶ 15 U.S.C. § 717b(c). 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.

- (ii) DOE/FE Order No. 3638,⁷ authorizing exports to any other country with which trade is not prohibited by U.S. law or policy (non-FTA countries), under NGA section 3(a).⁸

These orders authorize exports of LNG in a volume equivalent to 767 billion cubic feet per year (Bcf/yr) of natural gas to both FTA countries and non-FTA countries on a non-additive basis (under DOE/FE Order Nos. 3164 and 3638, respectively), and an additional volume equivalent to 108.16 Bcf/yr of natural gas to FTA countries (under DOE/FE Order No. 4519).⁹ CMI is authorized to export the FTA volumes for a 25-year term under DOE/FE Order Nos. 3164 and 4519, and the non-FTA volume for a 20-year term under DOE/FE Order No. 3638.¹⁰ In the Application, CMI asks DOE/FE to amend each order to extend the existing export term through December 31, 2050.¹¹

In this Order, DOE/FE grants CMI's Application and authorizes the requested term extension for all three orders. Specifically, DOE/FE grants the FTA portion of the Application under NGA section 3(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 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 term

⁷ *Cheniere Marketing, LLC, et al.*, 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), *reh'g denied* DOE/FE Order No. 3638-A (May 26, 2016).

⁸ 15 U.S.C. § 717b(a).

⁹ App. at 4, 8. DOE/FE notes that, in FE Docket No. 19-124-LNG, CMI has requested authority to export LNG in the same volume of 108.16 Bcf/yr to non-FTA countries on a non-additive basis. That application is pending before DOE/FE.

¹⁰ Additional information is set forth in each order.

¹¹ *Id.* at 3. Although the Policy Statement does not apply to exports of natural gas to FTA countries under NGA section 3(c), 15 U.S.C. § 717b(c), DOE anticipated that authorization holders would seek to align their long-term FTA and non-FTA export terms through December 31, 2050, for administrative efficiencies. *See* Policy Statement, 85 Fed. Reg. at 52,238 n.3, 52,248.

¹² 15 U.S.C. § 717b(c).

extension to Order Nos. 3164 and 4519 without modification or delay. Accordingly, none of the public interest analysis discussed below applies to the FTA portion of this authorization.

DOE/FE also grants the non-FTA portion of the Application under NGA section 3(a). As discussed below, DOE/FE received no filings in response to the Application, and therefore the Application is uncontested. Upon review of the record in this proceeding, DOE/FE finds that it has not been shown that the term extension for Order No. 3638 is inconsistent with the public interest, as would be required to deny the non-FTA portion of the Application under NGA section 3(a).

In sum, DOE/FE is amending DOE/FE Order Nos. 3164, 3638, and 4519 to extend the existing export term through December 31, 2050 (inclusive of any make-up period), with an attendant increase in the total export volume over the life of each authorization owing to the additional period that exports may occur.¹³ These orders remain unchanged in all other respects.

II. APPLICANTS' PUBLIC INTEREST ANALYSIS FOR REQUESTED NON-FTA TERM EXTENSION

CMI states that the requested term extensions are in the public interest for the reasons set forth in the Policy Statement—namely, because the United States will experience economic and energy security benefits associated with exporting LNG through December 31, 2050.¹⁴

Additionally, CMI states that there is “myriad evidence” in the public record that continuing exports of LNG is in the public interest.¹⁵ In support of this argument, CMI incorporates by reference the record that it has developed in FE Docket Nos. 12-97-LNG and 19-124-LNG—which (according to CMI) demonstrates the public interest benefits of exports from the Corpus

¹³ See Policy Statement, 85 Fed. Reg. at 52,247. In many long-term FTA and non-FTA authorizations, DOE/FE has approved a three-year “make-up period” following the end of the original export term, during which the authorization holder may continue to export any “make-up volume” that it was unable to export during the export term. See *id.* at 52,239.

¹⁴ App. at 5-6.

¹⁵ *Id.* at 5.

Christi LNG Terminal.¹⁶ Finally, CMI maintains that extending the term of the export authorization will serve to make U.S. LNG more competitive with foreign buyers.¹⁷

III. DOE/FE PROCEEDING

On October 2, 2020, DOE/FE published a notice of the non-FTA portion of the Application in the *Federal Register* (Notice of Application).¹⁸ The Notice of Application invited interested persons to submit protests, motions to intervene, notices of intervention, or comments addressing the requested term extension by October 19, 2020.¹⁹ DOE/FE received no filings in response to the Notice of Application.

IV. DISCUSSION FOR REQUESTED NON-FTA TERM EXTENSION

A. Standard of Review

Section 3(a) of the NGA sets forth the applicable standard of review for the non-FTA portion of the 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.²⁰

DOE, as affirmed by the U.S. Court of Appeals for the District of Columbia Circuit, has consistently interpreted NGA section 3(a) as creating a rebuttable presumption that a proposed

¹⁶ *Id.*

¹⁷ *Id.* at 6.

¹⁸ U.S. Dep't of Energy, *Cheniere Marketing, LLC and Corpus Christi Liquefaction, LLC; Application to Amend Export Term Through December 31, 2050, for Existing Non-Free Trade Agreement Authorization*, 85 Fed. Reg. 62,288 (Oct. 2, 2020).

¹⁹ *Id.* DOE finds that the requirement for public notice of applications and other hearing-type procedures in 10 C.F.R. Part 590 is applicable only to non-FTA applications under NGA section 3(a).

²⁰ 15 U.S.C. § 717b(a).

export of natural gas is in the public interest.²¹ Accordingly, DOE will conduct an informal adjudication and grant a non-FTA application unless DOE finds that the proposed exportation will not be consistent with the public interest.²²

NGA section 3(a) does not define “public interest” or identify criteria that must be considered in evaluating the public interest. In prior decisions, DOE has identified a range of factors that it evaluates when reviewing an application for export authorization. These factors include economic impacts, international impacts, security of natural gas supply, and environmental impacts, among others. To conduct this review, DOE looks to record evidence developed in the application proceeding.

Before reaching a final decision, DOE must also comply with the National Environmental Policy Act of 1969 (NEPA).²³ DOE’s environmental review process under NEPA may result in the preparation or adoption of an environmental impact statement (EIS) or environmental assessment (EA) describing the potential environmental impacts associated with the application. In other cases, DOE may determine that an application is eligible for a categorical exclusion from the preparation or adoption of an EIS or EA, pursuant to DOE’s regulations implementing NEPA.

B. Public Interest Review Under NGA Section 3(a)

In the Policy Statement, DOE/FE discontinued its practice of granting a standard 20-year export term for long-term authorizations to export domestically produced natural gas, including

²¹ See *Sierra Club v. U.S. Dep’t of Energy*, 867 F.3d 189, 203 (D.C. Cir. 2017) (“We have construed [NGA section 3(a)] as containing a ‘general presumption favoring [export] authorization.’”) (quoting *W. Va. Pub. Serv. Comm’n v. U.S. Dep’t of Energy*, 681 F.2d 847, 856 (D.C. Cir. 1982)).

²² See *id.* (“there must be ‘an affirmative showing of inconsistency with the public interest’ to deny the application” under NGA section 3(a)) (quoting *Panhandle Producers & Royalty Owners Ass’n v. Econ. Regulatory Admin.*, 822 F.2d 1105, 1111 (D.C. Cir. 1987)).

²³ 42 U.S.C. § 4321 *et seq.*

LNG, from the lower-48 states to non-FTA countries.²⁴ On the basis of the record evidence, DOE/FE adopted a term through December 31, 2050, as the standard export term for long-term non-FTA authorizations.²⁵ DOE/FE implemented this policy change after considering its obligations under NGA section 3(a), the public comments supporting and opposing the proposed Policy Statement,²⁶ and a wide range of information bearing on the public interest—including the 2018 LNG Export Study that analyzed exports of U.S. LNG through the year 2050, the U.S. Energy Information Administration’s (EIA) most recent projections for U.S. natural gas, and relevant environmental issues.²⁷ DOE/FE stated that, for applications to amend existing authorizations submitted pursuant to this Policy Statement, DOE/FE would provide notice and an opportunity for comment on the requested term extension. DOE/FE further stated that, following the notice and comment period, it would conduct a public interest analysis under NGA section 3(a) limited to the requested term extension.²⁸

In this uncontested proceeding, CMI asks DOE/FE to amend the export term in its non-FTA order, Order No. 3638, through December 31, 2050, pursuant to the Policy Statement. DOE/FE notes that this term extension will increase CMI’s total volume of exports over the life of the authorization (by extending the duration of Order No. 3638 through December 31, 2050), but it will not affect the day-to-day liquefaction and export operations of the Corpus Christi LNG Terminal previously approved by DOE and the Federal Energy Regulatory Commission

²⁴ Policy Statement, 85 Fed. Reg. at 52,247.

²⁵ *Id.*; *see also id.* at 52,239-40 (summarizing reasons supporting the term extension).

²⁶ *See* U.S. Dep’t of Energy, Extending Natural Gas Export Authorizations to Non-Free Trade Agreement Countries Through the Year 2050; Notice of Proposed Policy Statement and Request for Comments, 85 Fed. Reg. 7,672 (Feb. 11, 2020).

²⁷ *See* Policy Statement, 85 Fed. Reg. 52,247; *see also id.* at 52,240 (discussing the 2018 LNG Export Study and DOE’s most recent life cycle analysis of greenhouse gas emissions associated with exports of U.S. LNG), 52,243-44 (discussing EIA’s *Annual Energy Outlook 2020*), 52,244-45 (discussing additional environmental issues).

²⁸ *See id.* at 52,239, 52,247.

(FERC).²⁹ Upon review, DOE/FE has determined that it has not been demonstrated that the requested term extension will be inconsistent with the public interest, as would be required to deny the non-FTA portion of CMI's Application.

C. Environmental Review Under NEPA

CMI states that approval of the term extension will not require any new construction or modifications to existing facilities.³⁰ DOE's regulations at 10 CFR Part 1021, Subpart D, Appendix B provide a list of categorical exclusions from preparation of either an EA or EIS under NEPA. Categorical exclusion B5.7 applies to natural gas import or export approvals that do not involve new construction but may require minor operational changes to existing projects. On October 26, 2020, DOE/FE issued a categorical exclusion under this provision.³¹ This Order grants the non-FTA portion of the Application, in part, on the basis of this categorical exclusion.

V. 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 portion of CMI's Application requesting an amendment to its FTA authorizations (DOE/FE Order No. 3164, as amended by 3164-A, and Order No. 4519) falls within NGA section 3(c), as amended.³² Therefore, DOE/FE is charged with granting the

²⁹ See *id.* at 52,247; see also App. at 8 (citing FERC order).

³⁰ App. at 6-7.

³¹ U.S. Dep't of Energy, Categorical Exclusion Determination, *Cheniere Marketing, LLC and Corpus Christi Liquefaction, LLC*, FE Docket No. 12-97-LNG (Oct. 26, 2020) [hereinafter Categorical Exclusion].

³² 15 U.S.C. § 717b(c).

requested term extension for these orders without modification or delay.

(2) 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).³³ Additionally, the non-FTA portion of the Application qualifies for a categorical exclusion under NEPA, such that no EA or EIS will be required. DOE/FE therefore grants the requested term extension for Order No. 3638.

(3) In connection with CMI's three long-term authorizations discussed herein, CMI has commenced commercial exports of LNG from Trains 1 and 2 of the Liquefaction Project at the Corpus Christi LNG Terminal, and Train 3 is currently under construction.³⁴

ORDER

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

A. The Application filed by Cheniere Marketing, LLC and Corpus Christi Liquefaction, LLC (collectively, CMI) to amend the respective export terms set forth in DOE/FE Order Nos. 3164, 3638, and 4519 is granted.

B. In DOE/FE Order No. 3164, as amended by Order No. 3164-A (FE Docket No. 12-99-LNG), Ordering Paragraph A is amended to read:

CMI is authorized to export domestically produced LNG by vessel from its proposed Corpus Christi Liquefaction Project up to the equivalent of 767 Bcf per year of natural gas for a term beginning on the earlier date of first export or 10 years from the date the authorization is issued (October 16, 2022), and extending through

³³ *Id.* § 717b(a).

³⁴ See *Cheniere Marketing, LLC, et al.*, DOE/FE Order No. 4519, at 2 (citing *Cheniere Marketing, LLC and Corpus Christi Liquefaction, LLC, Application for Long-Term Authorization to Export Liquefied Natural Gas to Free Trade Agreement and Non-Free Trade Agreement Nations*, FE Docket No. 19-124-LNG, at 7 (Sept. 27, 2019)).

December 31, 2050, pursuant to one or more long-term contracts that do not exceed the term of this authorization.

C. In DOE/FE Order No. 3638 (FE Docket No. 12-97-LNG), the relevant sentence in Ordering Paragraph A is amended to read:

Cheniere Marketing, LLC and Corpus Christi Liquefaction, LLC (collectively, CMI, unless otherwise stated) are jointly authorized to export domestically produced LNG by vessel from the proposed Corpus Christi Liquefaction Project to be located near Corpus Christi, Texas, up to the equivalent of 767 Bcf/yr of natural gas for a term commencing on the earlier of the date of first commercial export or seven years from the date that this Order is issued (May 12, 2022), and extending through December 31, 2050.

This term extension supersedes any references to a 20-year export term in the Terms and Conditions and Ordering Paragraphs of DOE/FE Order No. 3638.

D. In DOE/FE Order No. 4519 (FE Docket No. 19-124-LNG), the relevant sentence in Ordering Paragraph A is amended to read:

The volume authorized in this Order is equivalent to 108.16 Bcf/yr of natural gas for a term beginning on the date of first commercial export of the authorized volume, and extending through December 31, 2050.

E. These export terms lasting through December 31, 2050, are inclusive of any make-up period previously authorized in the orders, during which the authorization holder may continue

to export any make-up volume that it was unable to export during the original export term.³⁵

Accordingly, as relevant here, any references to make-up periods and make-up volumes in the Terms and Conditions and Ordering Paragraphs of DOE/FE Order No. 3638 are now moot.

F. All other obligations, rights, and responsibilities established by DOE/FE Order Nos. 3164, 3638, and 4519 (and any subsequent amendments, as applicable) remain in effect.

Issued in Pittsburgh, Pennsylvania, on October 28, 2020.

Steven E. Winberg

Steven E. Winberg
Assistant Secretary
Office of Fossil Energy

³⁵ See *supra* at 4; see also Policy Statement, 85 Fed. Reg. at 52,239, 52,247.