



Department of Energy
Washington, DC 20585

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Via Email

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RE: Notification Regarding Change in Indirect Equity Ownership
Sabine Pass Liquefaction, LLC
FE Docket Nos. 10-85-LNG, 10-111-LNG, 13-30-LNG, 13-42-LNG, 13-121-LNG,
14-92-LNG, 15-63-LNG, 19-125-LNG, 19-133-LNG, 20-28-LNG, 20-114-LNG

Dear Mr. Nevins:

This correspondence constitutes the response of the Department of Energy (DOE), Office of Fossil Energy (FE), to the Notification Regarding Change in Indirect Equity Ownership¹ filed on behalf of your client, Sabine Pass Liquefaction, LLC (Sabine Pass or SPL), on September 22, 2020.² Sabine Pass provides notice of a change in indirect equity ownership, in light of DOE/FE's Change in Control Procedures.³

I. BACKGROUND

Sabine Pass, a Delaware limited partnership with its principal place of business in Houston, Texas, currently operates five natural gas liquefaction trains at its liquefied natural gas (LNG) terminal facility located in Cameron Parish, Louisiana (Sabine Pass LNG Terminal or Terminal).

¹ See Sabine Pass Liquefaction, LLC, Notification Regarding Change in Indirect Equity Ownership, FE Docket Nos. 10-85-LNG, *et al.* (Sept. 22, 2020), *available at*: https://www.energy.gov/prod/files/2020/09/f79/Sabine%20Pass_Blackstone_Brookfield_CIC_notification.pdf [hereinafter Notification].

² Sabine Pass also filed an update and a certificate of service. See Email from Patrick Nevins, Counsel for Sabine Pass Liquefaction, LLC, to DOE/FE, FE Docket Nos. 10-85-LNG, *et al.* (Sept. 24, 2020), *available at*: https://www.energy.gov/sites/prod/files/2020/09/f79/Update%20RE_%20Sabine%20Pass%20Liquefaction%2C%20LLC%20-%20Blackstone.pdf [hereinafter Update]; Email from Patrick Nevins, Counsel for Sabine Pass Liquefaction, LLC, to Service List, FE Docket Nos. 10-85-LNG, *et al.* (Jan. 13, 2021), *available at*: <https://www.energy.gov/sites/prod/files/2021/01/f82/Certificate%20of%20service.pdf>.

³ 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 (Nov. 5, 2014) [hereinafter DOE/FE Change in Control or CIC Procedures].

Sabine Pass is currently constructing a sixth train at the Terminal. Sabine Pass began exporting LNG from the Terminal in February 2016.⁴

Sabine Pass is authorized to export domestically produced liquefied natural gas (LNG) by vessel from the Sabine Pass LNG Terminal under the following long-term orders (and subsequent amendments, as applicable):

- (i) DOE/FE Order Nos. 2833, 3306, 3307, 3384, 3595, and 4520, 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 section 3(c) of the Natural Gas Act (NGA);⁵ and
- (ii) DOE/FE Order Nos. 2961-A, 3669, and 3792, 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).⁶

These orders authorize exports of LNG in a total combined volume equivalent to 1,509.3 billion cubic feet per year (Bcf/yr) of natural gas to both FTA and non-FTA countries on a non-additive basis, and an additional volume equivalent to 152.64 Bcf/yr of natural gas to FTA countries (solely under DOE/FE Order No. 4520).⁷

Additionally, Sabine Pass currently holds two short-term orders: (i) DOE/FE Order No. 4545, authorizing exports by vessel of LNG previously imported from foreign sources to FTA and non-FTA countries;⁸ and (ii) DOE/FE Order No. 4600, authorizing imports by vessel of LNG from various international sources.⁹

II. CHANGE IN CORPORATE OWNERSHIP

Sabine Pass states that it is a wholly-owned, indirect subsidiary of Cheniere Energy Partners, L.P. (CQP), which is a publicly traded Delaware limited partnership. The general partner interest in CQP is owned by Cheniere Energy Partners GP, LLC, which is a wholly-owned indirect subsidiary of Cheniere Energy, Inc. (Cheniere), a publicly traded corporation. As of August 31, 2020, the limited partnership interest in CQP was owned approximately 49.6% by

⁴ Notification at 2.

⁵ 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.

⁶ 15 U.S.C. § 717b(a).

⁷ See Notification at 2-3 (providing additional information about each order); see also *Sabine Pass Liquefaction, LLC*, DOE/FE Order Nos. 2833-A, *et al.*, FE Docket Nos. 10-85-LNG, *et al.*, Order Extending Export Term for Authorizations to Free Trade and Non-Free Trade Agreement Nations Through December 31, 2050 (Oct. 28, 2020). DOE/FE notes that, in FE Docket No. 19-125-LNG, has requested authority to export LNG in the same volume of 152.64 Bcf/yr to non-FTA countries on a non-additive basis. That application is pending before DOE/FE.

⁸ See Notification at 4.

⁹ DOE/FE notes that this summary represents Sabine Pass's long-term and short-term orders as of the date of this letter. Due to intervening developments since Sabine Pass filed its Notification, this summary differs slightly from the orders listed in the Notification (at 2-4).

Cheniere, about 8.5% by the public, and 42% by The Blackstone Group, Inc. (Blackstone) through various entities involved in the transaction described below.¹⁰

In its Notification, Sabine Pass discusses the transaction (Transaction) in which companies affiliated with Blackstone planned to sell a portion of their limited partner ownership interest in CQP to an affiliate of Brookfield Asset Management Inc. (Brookfield), with the remainder to be acquired by affiliated Blackstone entities.¹¹ Sabine Pass describes the Transaction as follows:

- On August 22, 2020, BX CQP SuperHoldCo Holdings Manager L.L.C., BX CQP Common Holdco Holdings Manager L.L.C., and BX Rockies Platform Co Holdings Manager L.L.C. agreed to sell all of the limited liability company interests in BX CQP Target Holdco L.L.C., which in turn owns all of the equity interests in each of BX CQP SuperHoldCo Parent L.P., BX CQP Common Holdco Parent L.P., and BX Rockies Platform Co LLC (each of which directly or indirectly beneficially owns CQP common units), to an entity jointly owned by:
 - (i) BIP Aggregator Q L.P., a Delaware limited partnership;
 - (ii) BIP Aggregator II L.P., a Delaware limited partnership (together with BIP Aggregator Q L.P., Blackstone Infrastructure Partners); and
 - (iii) BIF IV Cypress Aggregator (Delaware) LLC, a Delaware limited liability company (Brookfield Infrastructure).
- Following the closing of the Transaction, Blackstone Infrastructure Partners and Brookfield Infrastructure will own directly or indirectly 50.01% and 49.99% of the equity interest in BX CQP Target Holdco L.L.C., respectively.¹²
- Sabine Pass states that, as a result of the Transaction, the Blackstone and Brookfield entities will jointly own the approximately 42% of CQP limited partnership interest currently held by Blackstone, without modifying the other existing ownership of limited partner or general partner interests in CQP.¹³

On September 24, 2020, Sabine Pass notified DOE/FE that the Transaction had closed that same day.¹⁴

Sabine Pass states that Blackstone Infrastructure Partners' and Brookfield Infrastructure's respective governance rights over BX CQP Holdco L.L.C. mean that they share beneficial ownership of all of the CQP common units that, prior to the Transaction, were beneficially owned by Blackstone.¹⁵ As Sabine Pass explains, "the combined ownership and rights of the Blackstone and Brookfield entities in CQP, and thus indirectly in SPL, [are] the same as those

¹⁰ Notification at 1.

¹¹ *Id.* at 5.

¹² *Id.* at 6.

¹³ *Id.*

¹⁴ See Update, *supra* note 2.

¹⁵ Notification at 6.

currently held by Blackstone.”¹⁶ Specifically, Blackstone Infrastructure Partners and Brookfield Infrastructure share “certain limited governance rights,” including the exercise of director nomination rights previously held by Blackstone with respect to the board of the general partner of Sabine Pass and of Cheniere.¹⁷

Sabine Pass further acknowledges that, upon the closing of the Transaction, Brookfield will acquire indirect ownership of more than 10% of the limited partnership interest in CQP, the indirect owner of Sabine Pass.¹⁸ Sabine Pass states, however, that Sabine Pass will remain the holder of all the DOE/FE authorizations, and there will be no change in the direct ownership of Sabine Pass itself. Sabine Pass also notes that the general partner interest in CQP remains owned by Cheniere Energy Partners GP, LLC, and that the unchanged general partner will continue to direct the management and policies of Sabine Pass just as it had previously.

III. DISCUSSION AND CONCLUSIONS

DOE/FE 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.¹⁹ A rebuttable presumption that control exists will arise from the ownership or the power to vote, directly or indirectly, 10% or more of the voting securities of such entity.²⁰

As noted above, upon the closing of the Transaction, Brookfield acquired indirect ownership of more than 10% of the limited partnership interest in CQP, the indirect owner of Sabine Pass.²¹

A. LNG Import and FTA Export Authorizations

DOE/FE’s Change in Control Procedures provide that, upon receipt of a statement of change in control relating to existing LNG import and FTA export authorizations, DOE will give immediate effect to the change in control and will take no further action.²² Accordingly, the change in control described above has taken effect insofar as it relates to DOE/FE Order Nos. 2833, 3306, 3307, 3384, 3595, 4520, 4600, and the FTA portion of DOE/FE Order No. 4545 (and any amendments to these orders, as applicable).

B. Non-FTA Export Authorizations

DOE/FE’s Change in Control Procedures state that, with respect to existing non-FTA authorizations, DOE/FE will give effect to the change in control and will publish a notice of the change in the *Federal Register*.²³ If no interested person protests the change in control and DOE

¹⁶ *Id.* at 6.

¹⁷ *Id.*

¹⁸ *Id.* at 7.

¹⁹ See DOE/FE Change in Control Procedures, 79 Fed. Reg. at 65,542.

²⁰ See *id.*

²¹ Notification at 7.

²² See *id.*

²³ See *id.*

takes no action on its own motion, the amendment to the existing non-FTA authorization will be deemed granted 30 days after publication in the *Federal Register*.²⁴

Consistent with these procedures, DOE published a notice of Sabine Pass's Notification in the *Federal Register* on October 15, 2020 (Notice).²⁵ DOE/FE invited protests, motions to intervene, and written comments to be filed no later than October 30, 2020.²⁶ DOE/FE received one comment in response to the Notice.²⁷ DOE/FE has reviewed the comment and determined that it is non-responsive. Because more than 30 days have passed since the Notice was published in the *Federal Register*, the change in control with respect to DOE/FE Order Nos. 2961-A, 3669, 3792, the non-FTA portion of DOE/FE Order No. 4545 (and any amendments to these orders, as applicable) is deemed granted.

C. Pending Non-FTA Amendment Application

DOE/FE has not yet issued a final order on the non-FTA portion of Sabine Pass's Application in FE Docket No. 19-125-LNG.²⁸ The Change in Control Procedures state that, with respect to "pending non-FTA export applications, *i.e.*, proceedings in which DOE has not yet issued a final order," applicants may amend their applications to reflect a change in control by submitting notice of the amendment to DOE/FE and serving that notice on other parties in the proceeding.²⁹

Under the Change in Control Procedures, DOE/FE will give immediate effect to the amendment, but it will accept and consider answers to the notice of amendment received within 15 days of service of the applicant's pleading.³⁰ DOE/FE will address the issues raised in any answers to the amendment in its final order on the pending application.³¹

Sabine Pass complied with the service requirements of the Change in Control Procedures when it served the Notification.³² The change in control applicable to the non-FTA portion of the application in FE Docket No. 19-125-LNG thus has taken effect. More than 15 days have passed since Sabine Pass served the Notification, and DOE/FE has not received any answers. Accordingly, the change in control continues in effect. No further action is required.

Sincerely,

Amy R. Sweeney
Director, Office of Regulation, Analysis, and Engagement
Office of Oil and Natural Gas

²⁴ *See id.*

²⁵ U.S. Dep't of Energy, Notice of Change in Control, Sabine Pass Liquefaction, LLC, 85 Fed. Reg. 65,391 (Oct. 15, 2020).

²⁶ *See id.*

²⁷ Comment of Anonymous, FE Docket Nos. 10-111-LNG, *et al.* (Oct. 30, 2020).

²⁸ *See supra* note 7.

²⁹ DOE/FE Change in Control Procedures, 79 Fed. Reg. at 65,542.

³⁰ *Id.*

³¹ *Id.*

³² *See supra* note 2.