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Proposed Procedures for Liquefied Natural Gas Export Decisions

Comment On: DOE-HQ-2014-0009-0001
Proposed Procedures for Liquefied Natural Gas Export Decisions

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General Comment

July 21, 2014

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Attention: Records Officer

Subject: Document Number 2014-12932; Document Citation 79 FR 32261; Office of Fossil Energy's Notice of Change of Procedures in considering applications to export liquefied natural gas to non-FTA countries. ("Change of Procedures")

Dear Sir or Madam,

I am submitting this comment on behalf of Centrica plc, one of the world's leading integrated energy companies, headquartered in Windsor, England and serving 11 million energy customers

throughout the United Kingdom (U.K.). This comment focuses specifically on the Notice of Change of Procedures issued by the U.S. Department of Energy (DOE) to act on applications to export liquefied natural gas (LNG) only after the review required by the National Environmental Policy Act has been completed, suspending its practice of issuing conditional decisions prior to final authorization decisions.

In the United States, gas production is booming. We have already seen the welcome effect of reducing gas and electricity bills to the seven million homes and businesses in North America, which Centrica supplies via our North American subsidiary, Direct Energy. Further, reserves of shale gas in North America are so large and the pace of improvements in the efficiency of extraction so rapid, that the United States is now set to become a major exporter of LNG. This will create a net benefit to the U.S. economy in common with the principles of free trade, which was the conclusion of a major study published by the U.S. Department of Energy in December 2012. By contrast to the supply growth story in the U.S., the United Kingdom has a growing import requirement for gas, due in large part to the rapidly declining indigenous reserve base in the North Sea.

In recognition of the above situation, Centrica plc has entered into a £10bn contract to purchase 1.75 million metric tonnes per annum of LNG from a proposed LNG project in the U.S., equivalent to satisfying the annual gas demand for approximately 1.8 million U.K. homes. The contract, which will run for an initial period of 20 years, is with Cheniere Energy Partners L.P, whose subsidiary, Sabine Liquefaction, is currently developing six liquefaction trains to enable the export of LNG from the Sabine Pass liquefaction plant in Louisiana. Sabine Liquefaction has received full permitting approval for and has commenced construction of the first four trains, while the permitting process has been initiated for the fifth and sixth trains. Centrica's contract forms part of the fifth liquefaction train development, and is subject to Cheniere receiving the necessary regulatory approvals from the Department of Energy and the Federal Energy Regulatory Commission (FERC).

We strongly believe that DOE is taking the appropriate and practical approach in coordinating its permitting with the FERC review. Unless the proposed Change of Procedures is adopted, it will not be clear how our commitment to the Sabine Pass project, which is making good progress at the FERC, would be addressed in DOE's queue. This change will bring clarity to the regulatory process and assures that commercially mature projects receive a timely review. Indeed, we applaud DOE for responding to evolving market conditions. Lastly, we appreciate President Obama and Secretary Moniz' public statements that the U.S. has a critical role to play in diversifying natural gas supplies and bolstering the energy security of Europe. A well-defined and expeditious regulatory and permitting process is necessary to assure this role.

Thank you for the opportunity to comment on this notice of change in procedures.

Sincerely,
Carol Graebner
Centrica plc
c/o Direct Energy