

**UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY**

Gulf Coast LNG Export, LLC	)	FE Docket No. 12-05-LNG
Jordan Cove Energy Project L.P.	)	FE Docket No. 12-32-LNG
Gulf LNG Liquefaction Company, LLC	)	FE Docket No. 12-101-LNG
CE FLNG, LLC	)	FE Docket No. 12-123-LNG
Freeport-McMoRan Energy LLC	)	FE Docket No. 13-26-LNG
Venture Global Calcasieu Pass, LLC	)	FE Docket No. 13-69-LNG
Eos LNG LLC	)	FE Docket No. 13-116-LNG
Barca LNG LLC	)	FE Docket No. 13-118-LNG
Waller LNG Services, LLC	)	FE Docket No. 13-153-LNG
Gasfin Development USA, LLC	)	FE Docket No. 13-161-LNG
Venture Global Calcasieu Pass, LLC	)	FE Docket No. 14-88-LNG
SCT&E LNG, LLC	)	FE Docket No. 14-98-LNG
Venture Global Calcasieu Pass, LLC	)	FE Docket No. 15-25-LNG
G2 LNG LLC	)	FE Docket No. 15-45-LNG
Texas LNG Brownsville LLC	)	FE Docket No. 15-62-LNG
Strom Inc.	)	FE Docket No. 15-78-LNG
Port Arthur LNG, LLC	)	FE Docket No. 15-96-LNG
Corpus Christi Liquefaction, LLC	)	FE Docket No. 15-97-LNG
Rio Grande LNG, LLC	)	FE Docket No. 15-190-LNG
Eagle LNG Partners Jacksonville, LLC	)	FE Docket No. 16-15-LNG
Venture Global Plaquemines LNG, LLC	)	FE Docket No. 16-28-LNG
Driftwood LNG, LLC	)	FE Docket No. 16-144-LNG
Fourchon LNG, LLC	)	FE Docket No. 17-105-LNG
Galveston Bay LNG, LLC	)	FE Docket No. 17-167-LNG
Freeport LNG Expansion L.P., and FLNG Liquefaction 4, LLC	)	FE Docket No. 18-26-LNG

**COMMENTS ON 2018 LNG EXPORT STUDY OF
JORDAN COVE ENERGY PROJECT L.P.**

Pursuant to the Notice of Availability of the 2018 LNG Export Study and Request for Comments,¹ Jordan Cove Energy Project L.P. (“JCEP”) hereby submits the following comments to the Department of Energy Office of Fossil Energy (“DOE/FE”). The 2018 LNG Export Study demonstrates that exporting domestically produced liquefied natural gas (“LNG”) at any level will

¹ Study on Macroeconomic Outcomes of LNG Exports, 83 Fed. Reg. 27,314 (Jun. 12, 2018) (“Notice”).

be consistent with the public interest.² After reviewing comments and upon completion of the environmental review for JCEP’s proposed facilities, DOE/FE should act expeditiously to issue a final authorization in JCEP’s proceeding. Failure to act promptly may cause the United States to forego the economic benefits of exporting LNG and would be contrary to DOE/FE’s obligations under Section 3 of the Natural Gas Act (“NGA”).

I. Background

On September 22, 2011, JCEP filed an application (“FTA Application”) with DOE/FE under Section 3 of the NGA for long-term, multi-contract authorization to export as LNG both domestically produced natural gas and natural gas produced in Canada and imported into the United States to any country with which the United States has, or in the future may enter into, a free-trade agreement (“FTA”) requiring national treatment for trade in natural gas. On March 23, 2012, JCEP filed a second application (“Non-FTA Application”) with DOE/FE under NGA Section 3 for long-term, multi-contract authorization to export as LNG both domestically produced natural gas and natural gas produced in Canada and imported into the United States to any country with which the United States has not entered into an FTA requiring national treatment for trade in natural gas. DOE/FE granted the FTA Application pursuant to Order No. 3041, dated December 7, 2011 (“FTA Authorization”),³ and conditionally granted the Non-FTA Application pursuant to Order No. 3413, dated March 24, 2014 (“Non-FTA Authorization”).⁴ On October 5, 2015, JCEP filed an amendment to the Non-FTA Application that remains pending. On February 6, 2018, JCEP filed an application to amend its FTA Authorization, its Non-FTA Authorization, and its Non-FTA Application that also remains pending.

² NERA Economic Consulting, *Macroeconomic Outcomes of Market Determined Levels of U.S. LNG Exports* (Jun. 7, 2018) (“2018 LNG Export Study”).

³ *Jordan Cove Energy Project L.P.*, DOE/FE Order No. 3041 (Dec. 7, 2011).

⁴ *Jordan Cove Energy Project L.P.*, DOE/FE Order No. 3413 (Mar. 24, 2014).

On September 21, 2017, JCEP filed an application (“FERC Application”) with the Federal Energy Regulatory Commission (“FERC”) requesting authorization to site, construct, and operate the Jordan Cove LNG terminal (“LNG Terminal”) which has a proposed maximum capacity of 7.8 million metric tons per annum (“mtpa”).⁵

II. The 2018 LNG Export Study supports a determination that LNG exports are not inconsistent with the public interest at any level.

The 2018 LNG Export Study demonstrates that LNG exports to non-FTA countries are not inconsistent with the public interest, just as provided in DOE/FE’s prior market studies. Where DOE/FE’s 2012 and 2015 studies of LNG exports showed that specific quantities of LNG exports would benefit the U.S. economy as a whole, the 2018 LNG Export Study takes the next logical step – studying unbounded exports – and similarly concludes that LNG exports remain a benefit to the U.S. economy generally and to U.S. consumers. Based on the evidence in the 2018 LNG Export Study, DOE/FE should promptly approve JCEP’s pending Non-FTA Application following the completion of the environmental review.

NGA Section 3(a) creates a rebuttable presumption that proposed exports of natural gas are in the public interest. To overcome this rebuttable presumption, an opponent must affirmatively demonstrate that the proposal is inconsistent with the public interest. While NGA Section 3(a) imposes no obligation on an applicant, or DOE/FE, to prove that exports will benefit the public, the 2018 LNG Export Study, as with previous market studies commissioned by DOE/FE, nonetheless shows that such exports will produce significant benefits for the U.S. across a wide range of scenarios. In preparing the study, NERA Economic Consulting (“NERA”) was asked to determine the effects of different, unconstrained LNG export levels on natural gas markets in the

⁵ FERC Docket No. CP17-495-000.

U.S. and the U.S. economy as a whole over the 2020 to 2040 time period.⁶ The 2018 LNG Export Study thoroughly demonstrates that unbounded LNG exports will benefit the U.S. economy. In fact, the 2018 LNG Export Study concludes that “U.S. economic output is higher whenever global markets call for higher levels of LNG exports.”⁷

The 2018 LNG Export Study employs a general equilibrium model that “captures the effects [of a policy] as they ripple through all sectors of the economy and the associated feedback effects.”⁸ NERA’s model includes production sectors, manufacturing and service sectors, and demand for goods and services in households to measure the effects of LNG exports until the economy reaches equilibrium. NERA also uses a worldwide model of the natural gas market to determine the impacts on regional markets of international developments and policy changes.⁹ NERA developed 54 scenarios for analysis, built from a number of potential scenarios for U.S. natural gas supply, U.S. natural gas demand, worldwide gas supply, and worldwide gas demand.¹⁰

The 2018 LNG Export Study finds that LNG exports benefit the U.S. economy under all scenarios, even in the extreme cases. Looking at U.S. economic output broadly, NERA concludes that “higher levels of LNG exports in response to international demand consistently lead to higher levels of GDP.”¹¹ These increases in GDP result, in part, from the fact that exports of LNG will not result in decreased domestic consumption of natural gas; LNG exports will be in addition to, not in place of, domestic uses of natural gas.¹² In addition, LNG exports will improve the U.S. balance of trade, resulting in a wealth transfer to the U.S. from the rest of world.¹³ This wealth

⁶ 2018 LNG Export Study at 12.

⁷ *Id.* at 14.

⁸ *Id.* at 34.

⁹ *Id.* at 33.

¹⁰ *Id.* at 25.

¹¹ *Id.* at 14.

¹² *Id.* at 77.

¹³ *Id.* at 64.

transfer will benefit U.S. households through increased labor income and lower prices overall for imported goods.¹⁴ The result is that the benefits of LNG exports outweigh any potential increase to the marginal cost of supplying natural gas.¹⁵

III. DOE/FE should approve pending export applications.

DOE/FE's decision to study unbounded export levels was appropriate and important given the state of the U.S. LNG export market. DOE/FE previously studied the economic effects of exporting up to 12 Bcf per day of natural gas and 12-20 Bcf per day of natural gas. At present, DOE/FE has approved non-FTA export authorizations totaling 21.35 Bcf per day, with 25 applications pending. While DOE/FE has authorized 21.35 Bcf per day of exports, the export capacity of projects currently under construction in the U.S. is lower. Some projects, such as Magnolia LNG, Lake Charles, and Golden Pass, have received Section 3 authorizations from FERC and DOE/FE but not yet moved forward on construction, and some may never move forward. These stalled projects should not prevent other, more viable projects from obtaining export authorizations by capturing a share of export authorization capacity artificially limited by DOE/FE.

By studying LNG exports limited only by the market, not by regulatory action, the 2018 LNG Export Study demonstrates that additional LNG exports beyond 20 Bcf per day, including exports by JCEP, will benefit the U.S. As DOE/FE has long recognized, Section 3 creates a presumption that LNG exports are in the public interest and places the burden of proving that exports are not consistent with the public interest on opponents of exports. DOE/FE's decision to commission any studies of LNG exports goes beyond the requirements of the statute. As has been the case with each study commissioned by DOE/FE, the results of the 2018 LNG Export Study

¹⁴ *Id.* at 65.

¹⁵ *Id.* at 64.

only bolster the case for a determination that proposed exports are not inconsistent with the public interest. Any opponent of LNG exports would need to make an overwhelming showing that an individual export proposal is inconsistent with the public interest so as to overcome both the presumption in favor of exports and the findings of the 2018 LNG Export Study. Having analyzed exports above 20 Bcf per day, DOE/FE can now act promptly to approve pending applications following the completion of the environmental review for the relevant export facilities.

WHEREFORE, for the reasons set forth above, JCEP respectfully requests that, following the completion of the ongoing environmental review of the LNG Terminal, the DOE/FE promptly issue a final order granting JCEP long-term authorization as requested in the Non-FTA Application to export up to 395 Bcf per year of domestic LNG for a term of 20 years to any country with which the United States does not have a free trade agreement requiring the national treatment for trade in natural gas with which trade is not prohibited by United States law or policy.

Respectfully submitted,

/s/ Tajvinder S. Diocee
Tajvinder S. Diocee
Vice President, Projects LNG
Jordan Cove Energy Project L.P.

Dated July 27, 2018