

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

COMMENTS

BY

**FREEMPORT LNG EXPANSION, L.P.; FLNG LIQUEFACTION, LLC;;
FLNG LIQUEFACTION 2, LLC; AND FLNG LIQUEFACTION 3, LLC**

ON

SUMMARY DRAFT

OF

**LIFE CYCLE GREENHOUSE GAS PERSPECTIVE ON EXPORTING
U. S. SOURCED LNG**

Dated: July 21, 2014

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I.

INTRODUCTION

On June 4, 2014, the DOE issued a draft of a Summary of Life Cycle Greenhouse Gas Analysis of the Export of U.S. Sourced LNG.¹ In so doing, the DOE/FE emphasized that the final report will be posted in all of the twenty-five pending non-FTA applications, including those of this commenter. These comments are respectfully submitted by the above-noted applicants, Freeport LNG Expansion, LP; FLNG Liquefaction, LLC; FLNG Liquefaction 2, LLC; and FLNG Liquefaction 3, LLC, commonly referred to as “FLEX”.

II.

INAPPLICABILITY

The FLEX applicants have received four LNG export authorization decisions, namely DOE/FE Orders Nos. 2913, 3066, 3282, and 3357. The first two of these orders are authorized LNG exports to countries enjoying a Free Trade Agreement (“FTA”) with the United States, calling for the national treatment of natural gas. These two orders are final and non-appealable. Therefore, the final greenhouse gas study and comments filed to the study should not have any application to the two FLEX orders for exports to FTA countries.

¹ Summary Draft of Life Cycle Greenhouse Gas Perspective on Exporting U.S. Sourced LNG, June 4, 2014.

FLEX has received conditional decisions granting FLEX conditional export authorization for LNG exports to non-FTA countries where such exports are not prohibited by U.S. law or policy. The public interest determinations required under Section 3 of the Natural Gas Act (“NGA”)² have already been made; namely, the two proposed non-FTA exports are not inconsistent with the public interest; the only remaining issue being the satisfactory completion of the National Environmental Policy Act (“NEPA”)³ review. The FERC environmental review is complete, and DOE has participated in that undertaking. FLEX is now only waiting the issuance by DOE of the final orders for those non-FTA export authorizations. Therefore, the greenhouse gas (“GHG”) study should not be applicable to FLEX and any of its applications to export domestically sourced LNG. The GHG study, with its conclusions, is well beyond the requirements of NEPA, as DOE acknowledged. Neither the GHG study, nor comments on the study, are relevant to the NEPA analysis and the proposed FLEX exports.

III.

DOE’s QUESTIONS POSED

In reference to the draft life cycle GHG report, the DOE posed two primary questions on which it solicited comments, namely:

1. How does the U.S. sourced LNG exports compare with regional coal (and other LNG sources) for electric power generation in Asia and Europe?
2. How do the results of question No. 1 above compare with natural gas sourced from Russia and delivered to Europe and Asia by pipeline?⁴

While these two questions are theoretically interesting, the more fundamental question that should be asked is:

“Why at this point in the regulatory process is DOE entering into a life cycle GHG study analysis?”

² DOE/FE Order No. 3282, p. 125; DOE/FE Order No. 3357, p. 168. [DOE/FE Orders Nos. 2913 and 3066 did not contain similar conditions in their ordering paragraphs.

³ 42 U.S. C. 4321 *et seq.*

⁴ Federal Register/Vol. 79, No. 107, June 4, 2014, p. 32261

FERC is the designated lead agency to complete the NEPA review. The DOE/FE is the cooperating agency that has undoubtedly been working with FERC throughout the NEPA review process. As the lead agency, FERC has the responsibility to oversee the NEPA environmental analysis. DOE has been involved with FERC since 2010 reviewing the FLEX applications and continued to do so through FERC's completion of its Final Environmental Impact Statement ("FEIS") in June 2014. Over the past 3.5 years, these two agencies have had ample time to exchange information, analyze the facts, and provide mutual input and influence on both the substance and the scope of the NEPA review. For DOE to embark now on this new study is not only beyond the requirements of NEPA, it is inconsistent with the long standing policy of preventing agencies from duplicative reviews. The GHG study should not be considered in any of the pending 25 export applications. It certainly should not be considered in the FLEX applications where the FEIS has already been issued.

VII.

CONCLUSION

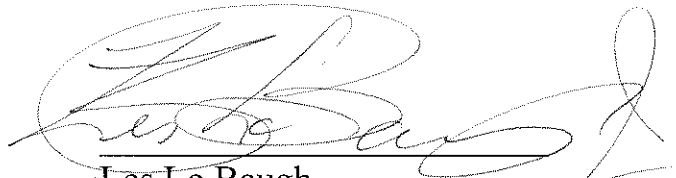
As discussed above, it is puzzling why DOE/FE would engage and then submit for comment a study that is admittedly beyond that required by NEPA. For the reasons stated above, FLEX respectfully requests that the DOE/FE affirm that the GHG life cycle analysis is not applicable to the pending FLEX export applications. It is beyond the requirement of NEPA and should not be part of the public interest analysis for any LNG export application. The GHG study and the comments it will generate should not delay or adversely affect the DOE issuance of its final decision in the FLEX pending applications for the export of domestically sourced LNG to non-FTA countries.

Even if it were relevant to the FLEX applications and required by NEPA, the life cycle study does not demonstrate that U.S. sourced LNG exports are inconsistent with the public interest. Furthermore, a life cycle analysis of GHG potential impacts cannot demonstrate any reasonable nexus between an LNG export proposal and any GHG impact. The nexus is too tenuous and the results too speculative. Be that as it may, there is nothing in the analysis or its conclusions that provides any support for the contention that any U.S. sourced export(s) of LNG is inconsistent with the public interest. In spite of study's inherent bias

against U.S. sourced LNG export,⁵ the results of the life cycle study of GHG potential impacts are highly supportive of U. S. sourced LNG exports. If corrected for the bias of the model and the incorrect assumptions, certainly the results of the analysis would be even more supportive of LNG exports. In addition, GHG impacts could only be one of many public interest considerations, including geopolitical considerations. Surely the recent Crimea and Ukraine developments and those in Asia clearly demonstrate that the geopolitical considerations of our energy practices and policies cannot be ignored. A holistic approach to decision making is required. That is why the content of the public interest criteria is broad and inclusive, and it should remain so.

FLEX also respectfully requests that DOE/FE expeditiously issue the final decisions approving the FLEX proposed exports to non-FTA countries.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Les Lo Baugh', written over a horizontal line.

Les Lo Baugh
Brownstein Hyatt Farber Schreck, LLP
Attorneys for FLEX

⁵ For instance the study assumes that the most direct route over existing pipelines will be used to deliver Siberian natural gas to Russia. However, the Russian and Chinese governments announced the natural gas will be transported in a new pipeline, the Power of Siberia pipeline, which at \$77 billion dollars will be the world's largest construction project, Reuters, June 8, 2014.