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

In the Matter of	**]**	
	]	**FE Docket No. 13-147-LNG**
DELFIN LNG, LLC	**]**	

RESPONSE OF DELFIN LNG, LLC TO
MOTIONS TO INTERVENE AND PROTESTS

Pursuant to Sections 590.302(b), 590.303(e), and 590.304(f) of the Department of Energy's ("DOE") regulations, 1/ and the Notice of Application published in the Federal Register on March 20, 2014, Delfin LNG, LLC ("Delfin") hereby submits this answer ("Answer") to the comments and protests submitted in this proceeding on May 27, 2014 by: (1) the Sierra Club, (2) the American Public Gas Association ("APGA"); (3) V4EI, LLC ("V4EI"); and (4) the American Petroleum Institute ("API"). The protests concern Delfin's proposal to export domestically produced natural gas as liquefied natural gas ("LNG") from its planned floating liquefaction project to be located in West Cameron Block 167 of the Gulf of Mexico, offshore Cameron Parish, Louisiana (the "Project").

API fully supports Delfin's Project. The Sierra Club, APGA and V4EI oppose the Project, not based on any specific features of the Project but rather based on their general opposition to LNG exports and, in the case of the Sierra Club, to increased natural gas production. Moreover, the protests focus largely on matters that are beyond the scope of the issues to be resolved by the Office of Fossil Energy of the Department of Energy ("DOE/FE") in this proceeding. In particular, the Sierra Club devotes much of its protest to the familiar arguments advanced in its nationwide campaign against unconventional production involving

1/ 10 C.F.R. §§ 590.302(b), 590.303(e), and 590.304(f) (2014).

hydraulic fracturing, without any credible demonstration that Delfin's Project is necessarily related to such production techniques.

With respect to issues relevant in this proceeding, the protesting parties (1) challenge Delfin's showing that the Project will create significant new jobs and other direct and indirect economic benefits and (2) claim that exports of LNG will increase domestic natural gas prices significantly. The protests fail to overcome the presumption that Delfin's proposed exports of LNG are in the public interest for the reasons set forth below.

I. LEGAL FRAMEWORK

Section 3(a) of the Natural Gas Act ("NGA") establishes a rebuttable presumption that the proposed export of natural gas is in the public interest. Moreover, the DOE/FE has consistently held that opponents of an export application must make an affirmative showing of inconsistency with the public interest in order to overcome the rebuttable presumption favoring export applications. 2/ In implementing NGA Section 3, the DOE issued policy guidelines explaining the approach that it will employ in evaluating applications for natural gas imports, 3/ which are equally applicable to exports. 4/ The Policy Guidelines were "designed to establish natural gas trade on a market-competitive basis and to provide immediate as well as long-term benefits to the American economy from this trade." 5/ Moreover, the Guidelines provide that:

2/ *E.g.*, *Philips Alaska Natural Gas Corp. and Marathon Oil Co.*, DOE/FE Order No. 1473 at 13 (April 2, 1999); *Sabine Pass Liquefaction, LLC*, DEO/FE Order No. 2961 at 28 (May 20, 2011); *Jordan Cove Energy Project, L.P.*, DOE/FE Order No. 3413 (March 24, 2014).

3/ *Policy Guidelines and Delegation Orders Relating to the Regulation of Imported Natural Gas*, 49 Fed. Reg. 6,684 (Feb. 22, 1984) (the "Guidelines").

4/ *E.g.*, *Philips Alaska*, DOE/FE Order No. 1473 at 14; *Yukon Pacific Corp.*, DOE/FE Order No. 350, 1 FE ¶ 70,259 at 71,128 (1989). V4EI submits a novel argument that the Guidelines ought not to apply to natural gas exports. This argument is contrary to an unbroken line of DOE/FE precedent that has been repeatedly reaffirmed in all of DOE/FE's orders addressing the issue.

5/ Guidelines at 6,684.

> The market, not government, should determine the price and other contract terms of imported [or exported] gas. U.S. buyers [sellers] should have full freedom – along with the responsibility – for negotiating the terms of trade arrangements with foreign sellers [buyers]….
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> * * *
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> The policy cornerstone of the public interest standard [of NGA Section 3] is competition. Competitive import [export] arrangements are an essential element of the public interest, and natural gas imported [exported] under arrangements that provide for the sale of gas in volumes and at prices responsive to market demands largely meets the public interest test….6/

In its series of recent orders conditionally authorizing non-FTA LNG exports, DOE/FE has repeatedly explained that it "continues to subscribe to the principle set forth in our 1984 Policy Guidelines that, under most circumstances, the market is the most efficient means of allocating natural gas supplies." 7/

Section 3(c) of the NGA requires that applications for export of natural gas, including LNG, to countries with which the United States has a free trade agreement ("FTA") requiring the national treatment for trade in natural gas are deemed to be in the public interest and must be granted without modification or delay.

For applications seeking authority to export LNG to countries that do not have a FTA requiring national treatment for trade in natural gas ("non-FTA countries"), DOE conducts a full public interest review. DOE/FE has explained that its public interest review focuses on: (i) the domestic need for the natural gas proposed to be exported, (ii) whether the proposed exports pose

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6/ *Id.* at 6685 and 6687. The parenthetical references to exports are added in the above quotation to reflect the applicability of the Policy Guidelines to exports. *See* note 4, *supra*.

7/ *Freeport LNG Expansion, L.P.*, Order No. 3282 at 112 (Nov. 15, 2013); *Lake Charles Exports, LLC*, Order No. 3324 at 125 (Aug. 7, 2013); *Dominion Cove Point LNG, LP*, Order No. 3331 at 141 (Sept. 11, 2013); *Freeport LNG Expansion, L.P.*, Order No. 3357 at page 154 (Nov. 15, 2013); *Cameron LNG, LLC*, DOE/FE Order No. 3391 at 132 (Feb. 11, 2014); *Jordan Cove Energy Project, L.P.*, Order No. 3413 at 143 (March 24, 2014).

a threat to the security of domestic natural gas supplies, (iii) whether the arrangement is consistent with DOE/FE's policy of promoting market competition, and (iv) any other factors bearing on the public interest.8/

The DOE/FE has granted one final authorization to export domestic gas as LNG to non-FTA countries from the lower-48 United States. 9/ DOE/FE has also granted six non-final authorizations to export LNG to non-FTA countries, conditioned on completion of environmental review of the siting, construction, and operation of the related project facilities by the appropriate federal agency.10/ In each of those orders, DOE/FE noted its intent to participate as a cooperating agency in the NEPA process before the appropriate agency in charge of siting of the facilities. In Delfin's case, because the facility will be an offshore "deep-water port" within the meaning of the Deepwater Port Act ("DWPA"), the appropriate agencies for environmental review are the U.S. Department of Transportation Maritime Administration ("MARAD") and the U.S. Coast Guard ("USCG"). 11/

II. PROCEDURAL BACKGROUND

A. The Delfin LNG Project

On November 12, 2013, Delfin filed with DOE/FE its application ("Application") for export of 1.8 billion cubic feet per day ("Bcf/d") or 657.5 Bcf per year of domestically produced gas as LNG from its proposed floating liquefaction Project to be located in West Cameron Block

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8/ *Freeport LNG*, Order No. 3282 at 7; *Lake Charles Exports*, Order No. 3324 at 8; *Dominion Cove Point LNG*, Order No. 3331 at 8-9; *Freeport LNG,* Order No. 3357 at 9; *Cameron LNG*, Order No. 3391 at 8; *Jordan Cove*, Order No. 3413 at 8.

9/ *Sabine Pass Liquefaction, LLC*, *Final Opinion and Order Granting Long-Term Authorization to Export Liquefied Natural Gas from Sabine Pass LNG Terminal to Non-Free Trade Agreement Nations*, DOE/FE Order No. 2961-A, FE Docket No. 10-111-LNG (Aug. 7, 2012).

10/ *See* note 7 *supra.*

11/ 33 U.S.C. 1501, *et. seq*.

167 of the Gulf of Mexico, offshore Cameron Parish, Louisiana to any non-FTA country that has, or in the future develops, the capacity to import LNG via ocean-going tanker, and with which trade is not prohibited by U.S. law. In the Application, Delfin requested multi-contract authority to export LNG over a twenty year term commencing on the earlier of the date of the first export or seven years from the date that the authorization is granted.

Liquefaction at the new Delfin deepwater port will utilize floating liquefaction and storage vessels ("FLNGVs") to be moored near an existing platform located in WC 167, approximately 30 miles off-shore Cameron Parish, Louisiana. The platform is the terminus and metering point of the existing Enbridge Offshore Pipelines (UTOS) natural gas pipeline system, and is connected to the shore via an existing 42-inch diameter, 30-mile long gas pipeline. The pipeline system was previously used to transport off-shore natural gas production to onshore connections with Transcontinental Gas Pipe Line ("Transco"), Natural Gas Pipeline Company of America ("NGPL"), and ANR Pipeline Company ("ANR"), as well as to nearby gas processing plants.

Delfin intends to recommission and to reverse the flow on the existing 42-inch pipeline for purposes of delivering feed gas to its floating liquefaction Project. Following the reactivation of its previous on-shore interconnections with major interstate pipelines and modification to reverse flow, the pipeline will provide access for Delfin's Project to the domestic natural gas interstate pipeline system. The existing pipeline is anticipated to have capacity to transport up to 1.8 Bcf per day from the Louisiana coastline to FLNGVs that will be moored at purpose-built single point moorings located in the vicinity of the terminus of the existing pipeline in WC 167. The natural gas will be liquefied on the FLNGVs and the LNG will be exported to off-taking

LNG carriers utilizing a proven ship-to-ship, side transfer process. Delfin has requested authority to act as agent on behalf of other entities that will hold title to the natural gas.

The DOE/FE previously granted Delfin authority to export from its Project the same (non-additive) volumes of LNG to FTA countries. 12/ Through the combination of the two authorizations, Delfin seeks authority to export 1.8 Bcf/d or 657.5 Bcf per year of domestic natural gas (approximately 13 million metric tons per annum of LNG) as LNG to any country with which trade is not prohibited by law or policy.

In the Application, Delfin noted that review of its Project under the National Environmental Policy Act ("NEPA") will be completed by MARAD and the USCG, together with the participation of DOE/FE and other consulting agencies. Delfin requested that DOE/FE issue a conditional order authorizing the export of LNG, conditioned on completion of environmental review as part of the DWPA licensing process. 13/ This approach of conditional orders is consistent with the approach DOE/FE has taken with other LNG export projects, as well as expressly contemplated by the agency's regulations.

B. The Prior DOE/FE Comment Period on LNG Exports Generally

Delfin submitted its Application after the completion of the extensive process undertaken by DOE/FE to consider issues of generally applicability to all LNG export projects. Faced with multiple LNG export proposals, DEO/FE undertook an in-depth two party study of the cumulative economic impact of LNG exports (the "2012 LNG Export Study"). The first part of that study was conducted by the Energy Information Agency ("EIA") and evaluated the potential impact of additional LNG exports on domestic energy consumption, production and prices under

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12/ Order Granting Long-term Multi-Contract Authority to Delfin LNG, LLC to Export LNG by Vessel from its proposed floating Liquefaction Project in the Gulf of Mexico to Free Trade Agreement Nations, DOE/FE Order No. 3393 (Feb. 20, 2014).

13/ Application at p. 31.

several export scenarios. The second part of the study, performed by NERA Economic Consulting ("NERA"), assessed the potential macroeconomic impact of LNG exports using its energy-economy model. The 2012 LNG Export Study, as well as the results of the extensive notice and comment process undertaken by DOE/FE seeking public comments on it, are summarized in detail in each of the recent DOE/FE orders conditionally authorizing LNG exports to non-FTA countries. 14/

As DOE/FE has summarized, two of the key findings of the NERA study are the following:

- Across all the scenarios studied, NERA projected that the United States would gain net economic benefits from allowing LNG exports. For every market scenario examined, net economic benefits increased as the level of LNG exports increased. Scenarios with unlimited exports had higher net economic benefits than corresponding cases with limited exports. In all cases, the benefits that come from export expansion outweigh the losses from reduced capital and wage income to U.S. consumers, and hence LNG exports have net economic benefits in spite of higher domestic natural gas prices.

- U.S. natural gas prices would increase if the United States exports LNG. However, the global market limits how high U.S. natural gas prices can rise under pressure of LNG exports because importers will not purchase U.S. exports if U.S. wellhead price rises above the cost of competing supplies. Natural gas price changes attributable to LNG exports remain in a relatively narrow range across the entire range of scenarios. 15/

DOE/FE has held repeatedly that the NERA study is fundamentally sound and supports the proposition that the United States will experience net economic benefits from LNG exports

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14/ *Freeport LNG,* Order No. 3282 at 30-109; *Lake Charles Exports*, Order No. 3324 at 42-121; *Dominion Cove Point LNG,* Order No. 3331 at 56-134; *Freeport LNG,* Order No. 3357 at 31-50 and 91-143; *Cameron LNG,* Order No. 3391 at 23-42 and 71-125; *Jordan Cove,* Order No. 3413 at 26-51 and 82-136.

15/ *Freeport LNG,* Order No. 3282 at 40-41; *Lake Charles Exports*, Order No. 3324 at 52-53; *Dominion Cove Point LNG*, Order No. 3331 at 66-67; *Freeport LNG,* Order No. 3357 at 41-42; *Cameron LNG*, Order No. 3391 at 33-34; *Jordan Cove,* Order No. 3413 at 37-38. These findings are also set forth in the Executive Summary of NERA Study itself at pages 1-2.

and that proposed exports of LNG are not inconsistent with the public interest. 16/

C. DOE/FE's Recent Proposal To Change Its Process

On May 29, 2014, DOE/FE proposed to change its procedures to reflect changing market dynamics, announcing that it plans to suspend its practice of issuing conditional orders authorizing the export of LNG to non-FTA countries (the "May 29 Notice"). 17/ DOE/FE explained that, going forward, it intends to make its non-FTA public interest determinations only after a project has completed the NEPA process. DOE/FE explained that this change will prioritize resources on the more commercially advanced projects, as well as promote an efficient process that will enable DOE/FE to have more complete information when it makes public interest determinations. DOE/FE has issued a notice of its proposed change in procedures, seeking public comments that are due by July 21, 2014.

Delfin does not oppose the proposed change in procedures and, indeed, strongly supports DOE/FE's intent to prioritize resources on the more commercially advanced projects. Delfin recognizes that, assuming that the proposed new procedures are implemented following the public comment period, DOE/FE will act on Delfin's Application only after completion of the environmental review process that is part of the DWPA licensing led by MARAD and the USCG, and in which DOE/FE and other agencies may participate. Delfin has no objection to this approach.

16/ *Freeport LNG*, Order No. 3282 at 110; *Lake Charles Exports*, Order No. 3324 at 123; *Dominion Cove Point LNG*, Order No. 3331 at 140; *Freeport LNG*, Order No. 3357 at 153; *Cameron LNG*, Order No. 3391 at 130-31; *Jordan Cove*, Order No. 3413 at 141.

17/ *See* DOE LNG Exports Announcements – May 29, 2014, Notice of Proposed Procedures for Liquefied Natural Gas Export Decisions, *available at* http://energy.gov/fe/doe-lng-exports-announcements-may-29-2014. When announcing its proposed change in approach, DOE/FE noted that Section 590.402 its regulations expressly contemplate conditional decisions prior to the completion of the review process, and explained its history of issuing conditional orders like the one requested by Delfin here.

In the May 29 Notice, DOE/FE also initiated an updated macroeconomic study to gain a better understanding of how potential LNG exports between 12 and 20 Bcf per day could affect the public interest, and released two environmental reports that relate to the environmental impacts of unconventional natural gas production and lifecycle greenhouse gas impact of U.S. LNG exports. 18/ In doing so, DOE/FE recognized that these additional environmental studies are ***not*** required under NEPA. Delfin reserves its right to comment on these aspects of DOE/FE's May 29 Notice in the future. 19/

III. RESPONSE TO PROTESTS

A. The Protestor's Interests are Insufficient to Justify Interventions

DOE regulations state that any person who seeks to become a party to a proceeding must file a motion to intervene which "sets out clearly and concisely the facts upon which the petitioner's claim of interest is based." 20/ And the definition of "interested person" is limited to persons "whose interest in a proceeding goes beyond the general interest of the public as a whole." 21/ Yet, the Sierra Club, APGA and V4EI motions contain only generalized statements of interest that fail to justify their interventions in this proceeding.

The Sierra Club states that it has an interest in the economic and environmental impact of LNG exports generally, including the "spiritual" interests of its members, a portion of which Sierra Club claims live and work in the State of Louisiana. 22/ APGA explains that its members are publicly owned natural gas distribution systems that have a general interest in securing U.S.

18/ *Id.*

19/ Delfin fully reserves the right to comment on these studies in accordance with the established public comment period as well as to address how the studies may be used in Delfin's own proceeding, particularly given the irrelevance of fracing and upstream production to its Project.

20/ 10 C.F.R. 590.303 (2014).

21/ *Id.* § 590.102(h).

22/ Sierra Club Protest at p. 1.

natural gas on U.S. pipelines at the lowest possible prices, although no specific pipelines or any particular connection to the Delfin Project are identified. 23/ V4EI states that it has a general interest in the economic impact of LNG exports because its members consume natural gas and electricity in their homes and desire a U.S. policy that minimizes the potential for military conflict and reduces use of coal-fired generation. 24/ V4EI similarly does not identify any specific interest in the Delfin Project, or within the State of Louisiana for that matter.

None of the interests expressed by the protestors are sufficiently particularized to Delfin's Project to create a legally cognizable right that warrants granting intervention. The protestors appear to have only general opposition to all liquefaction and export of U.S. natural gas, no matter the geography, design, or other facts in any one proceeding. The interests of V4EI, in particular, are impossible to gauge based on the scant information provided. For all Delfin can glean from V4EI's filing, the organization could be comprised of one individual in Fairfax, Virginia (over 1,000 miles away from Delfin's Project). 25/ None of the protestors identifies a single member who will be impacted by Delfin's Project, much less explains how they will be impacted.

General claims of interest that are in some cases unverifiable do not allow Delfin or DOE/FE to determine the nature and basis of the claims. For these reasons, the motions to intervene should be rejected. Moreover, with regard to the Sierra Club's protest, the May 29 Notice clarifies that the proper process for participating in NEPA review of a proposed LNG

23/ APGA Protest at p. 2-3.

24/ V4EI Protest at p. 2.

25/ As recently as June 4, 2014, the "about us" section of V4EI's website was completely blank http://v4ei.org/about-us/ (reviewed Jun. 4, 2014). That section was subsequently updated to include the following single sentence: "V4EI was created by those who fought in America's longest war in order to change the conditions under which force will be used in the future because the best care we can give the troops is to keep them out of conflicts they do not have to fight." http://v4ei.org/about-us/

export project is before another agency (here, MARAD and the USCG), not DOE/FE. Nevertheless, Delfin will respond to the protests in this proceeding to recognize the possibility that DOE/FE may grant the interventions or otherwise consider the protestors' claims in the interest of facilitating a complete record in this proceeding.

B. The Protestors Fail to Demonstrate that Delfin's Project Is Not Consistent with the Public Interest

Pursuant to Section 3(a) of the NGA, DOE/FE "shall issue" an order authorizing natural gas exports unless it finds that the proposed exportation "will not be consistent with the public interest." To overcome this rebuttable presumption an opponent must affirmatively demonstrate that the proposal is inconsistent with the public interest. DOE/FE looks to the evidence developed in the record of each application proceeding to make its determination. The protestors' claims fail to provide any basis to conclude that Delfin's proposed exports would be inconsistent with the public interest.

The protests focus on issues that are common to all LNG export projects. The Sierra Club and the APGA, of course, have been consistent opponents of LNG exports, in the role of both commentators on the 2012 LNG Export Study and filings in virtually every other DOE/FE proceeding considering non-FTA export authorizations. Sierra Club and APGA have not advanced any new or Delfin-specific arguments, here; rather, they have simply regurgitated their familiar arguments that have been repeatedly rejected by DOE/FE. In contrast, V4EI appears to be a new comer to the policy debate. Yet, it too raises generic policy arguments that properly belong in a general comment proceeding like that which already occurred in response to the 2012 LNG Export Study. 26/

26/ Much of the V4EI protest consists of an attack on the 2012 LNG Export Study. That criticism should have been raised during the comment period previously established for that purpose well over a year ago.

1. The Protests Do Not Undermine Delfin's Showing of Economic Benefits

The protestors challenge Delfin's showing that the planned floating liquefaction facility will convey economic benefits to the U.S., and instead claim that DOE/FE's mandate under the NGA is to reject any application, including Delfin's, that would cause an increase in the price of U.S. natural gas. Both arguments should be rejected.

Delfin's Application shows that export of U.S. LNG will provide net economic benefits to the U.S., as confirmed by DOE/FE's own 2012 LNG Export Study. The NERA Study found that the United States would experience net economic benefits from increased LNG exports in all cases studied. NERA also projected that the U.S. economic welfare would consistently increase as the volume of natural gas exports increases, including in scenarios with unlimited exports. Even though domestic natural gas prices may increase with LNG exports, the value of the exports also rises and there is a net gain for the U.S. economy as measured by a broad metric of economic welfare or by more common measures like real GDP or real household income. DOE/FE has repeatedly embraced and adopted these conclusions in its prior orders conditionally authorizing non-FTA exports for other projects.

As API noted in its comments (at page 6), NERA has already updated its study that was commissioned by DOE/FE. 27/ The updated NERA study utilized more recent data than its 2012 study and provided a more complete analysis of scenarios in which no limitations were put on the level of U.S. LNG exports and the exports exceed 12 Bcf per day. The key results of the updated NERA study include the following:

27/ Sabine Pass submitted the updated NERA study on February 28, 2014 in Docket Nos. 13-30-LNG, 13-42-LNG and 13-121-LNG. Sabine Pass' filing with the study is available at: http://www.fossil.energy.gov/programs/gasregulation/authorizations/2013_applications/Supplement_to_application02_28_14.pdf

- In all the scenarios studied, NERA found that the U.S. would experience net economic benefits from increased LNG exports.
- Across all the scenarios, U.S. economic welfare consistently increases as the volume of natural gas exported increases. Unlimited exports always create greater benefits than limited exports in comparable scenarios.
- A comparison of the updated NERA study with its 2012 study indicated greater LNG export potential at lower prices than previously estimated. Higher levels of exports are shown in nearly all scenarios at lower prices than in the previous study. That is, the results show an expectation of the U.S. exported greater amounts of LNG at lower gas prices than in the NERA study that DOE/FE has previously relied upon in authorizing exports.

API urged DOE/FE to take notice of this new NERA study in this proceeding. Delfin agrees and hereby incorporates the study by reference as supportive of own its Application. Of course, DOE/FE now is undertaking another study of expanded LNG exports which will be subject to public comment, as announced in the May 29 Notice.

API also referenced in its comments another study, which it commissioned, that further confirms the benefits in Louisiana of DOE/FE approval of LNG exports. Specifically, ICF International performed a state-level economic impact study, which API attaches to its comments. This study, which includes the Delfin Project in its analysis, demonstrates that the State of Louisiana will see net positive employment impacts from LNG exports. 28/ And contrary to protestors' claims that LNG exports will harm manufacturing jobs by increasing energy costs to those companies and transferring wealth from lower-income households, the ICF study finds that

28/ API Supporting Comments, Appendix A, at p. 55.

LNG exports contribute more comparatively to the U.S. economy, and that "job gains from a larger U.S. economy offset job losses stemming from higher energy costs." 29/

Another specific benefit of the Delfin Project is its use of existing natural gas infrastructure in a new way that reflects changes in the marketplace. Louisiana citizens will benefit from Delfin's reactivation of the UTOS System and the increased use of existing gas processing facilities located near where the UTOS System comes ashore.

In sum, just as DOE/FE has found in prior proceedings, the protestors' claims that LNG exports will not result in economic benefits are contrary to the evidence. Thus, the protestors cannot overcome the legal presumption that Delfin's Project is not inconsistent with the public interest.

2. LNG Exports Will Have Only a Modest Impact on Gas Prices

Protestors claim that the 2012 LNG Export Study underestimates the impact of natural gas price increases associated with LNG exports, and as such cannot be relied on. These claims are false, and have been repeatedly rejected by DOE/FE. Of course, DOE/FE is undertaking a further study of this issue, as announced in the May 29 Notice. Prior studies of this issue, however, consistently show only a modest impact on gas prices.

Part I of the 2012 LNG Export Study (the January 2012 EIA Study) provided four scenarios of LNG-export increases in gas demand: 6 Bcf/d phased in over 6 or 2 years, and 12 Bcf/d phased in over 12 or 4 years. The scenarios range from "low/slow" LNG export growth (6 Bcf/d achieved in a twelve year timeframe) to "high-rapid" LNG export growth (12 Bcf/d achieved in a four year timeframe). Each of the four scenarios was considered with four different cases from the 2011 Annual Energy Outlook ("AEO"). The associated NERA

29/ *Id.*

macroeconomic study incorporated the same assumptions from the Part I study, and found as follows:

> Natural gas price changes attributable to LNG exports remain in a relatively narrow range across the entire range of scenarios. Natural gas price increases at the time LNG exports could begin range from zero to $0.33 (2010$/Mcf). The largest price increases that would be observed after 5 more years of potentially growing exports could range from $0.22 to $1.11 (2010$/Mcf). The higher end of the range is reached only under conditions of ample U.S. supplies and low domestic natural gas prices, with smaller price increases when U.S. supplies are more costly and domestic prices higher. 30/

In only three cases did the difference from the baseline exceed $1.00, and in seven of the cases, the price difference was never over $0.50. 31/

DOE/FE has repeatedly verified the soundness of its LNG Export Study, which continues to support the proposition that exports of LNG are not inconsistent with the public interest. 32/ Other independent analyses of the impact of LNG exports on domestic gas prices have found very modest price effects. For instance, Deloitte Market Point estimates that the weighted-average price impact on US prices from 2016 to 2025 as a result of an increase of 6 Bcf/d in exports would be only be $0.12/MMBtu. 33/

The arguments of APGA and the Sierra Club challenging the 2012 LNG Export Study have repeatedly been rejected by DOE/FE in orders conditionally authorizing LNG exports. 34/

30/ *See* 2012 LNG Export Study, Part II, at p. 4 ("Major Conclusions").

31/ *Id*.

32/ *See e.g.*, *Freeport LNG*, Order No. 3282 at 110; *Lake Charles Exports*, Order No. 3324 at 123, *Dominion Cove Point LNG*, Order No. 3331 at 140.

33/ Deloitte Center for Energy Solutions and Deloitte Market Point LLC, Made in America – The Economic Impact of LNG Exports from the United States, available at: http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/Energy_us_er/us_er_MadeinAmerica_LNGPaper_122011.pdf

34/ *Freeport LNG*, Order No. 3282 at 110; *Lake Charles Exports*, Order No. 3324 at 123; *Dominion Cove Point LNG*, Order No. 3331 at 140; *Freeport LNG*, Order No. 3357 at 153; *Cameron LNG*, Order No. 3391 at 130-31; *Jordan Cove*, Order No. 3413 at 141.

DOE/FE's prior rejection of APGA's and Sierra Club's arguments should be controlling in this case. For this reason alone, DOE/FE should reject the protestors' claims.

The protestors claim, however, that certain information in the 2012 LNG Export Study is stale. In reaction to such claims of "staleness," DOE/FE has in each order authorizing LNG exports evaluated the most current data available at the time to confirm the validity of its LNG Export Study. Moreover, the May 29 Notice announces that DOE/FE will further verify its analysis using current data found in the recent AEO 2014 in an updated macroeconomic study. Thus, any claimed issues protestors have with stale data will be addressed in short order, have already been addressed in past orders, or will be addressed in an ultimate order on Delfin's Application. Even more importantly, the most current data available validates the continued pattern of increasing abundant production, and falling natural gas price projections in relation to the original LNG Export Study, as well explained in API's supporting comment at pages 4-5.

Still, APGA continues to claim, as it did in its initial comments to DOE on the LNG Export Study, that the study underestimates the impact of natural gas price increases, suggesting that higher prices are more realistic. APGA emphasizes here (at pages 7-9 of its protest) that projections of domestic natural gas demand have increased since the 2012 LNG Export Study. Yet, as should be obvious, addressing new demand projections without mentioning new supply projects, not to mention new price projections, is nonsensical, if not disingenuous.

As DOE/FE explained in the recent Jordan Cove Non-FTA Order, the AEO 2013 "Reference Case projects domestic supply and demand conditions that are more, not less favorable to exports." 35/ Specifically, "although total natural gas consumption projected for 2035 was projected to increase by 6 Bcf/d between AEO 2011 and 2013 . . . total domestic dry

35/ *Jordan Cove*, Order No. 3413 at 89.

gas production was projected to increase by more than twice that amount, increasing by 13.8 Bcf/d." 36/ The AEO 2014 supports a similar conclusion, as API explained in its comments. The 2014 study conducted by NERA, cited above, also confirms that LNG exports are more beneficial than originally anticipated.

As APGA members are certainly well aware, natural gas prices today are very low compared to natural gas prices from just a few years ago. The average city-gate price of natural gas in 2008 was $9.18, nearly ***double*** what it is today both on a nation-wide basis and within the State of Louisiana. 37/ Modest price increases from current low price levels will still leave gas prices much lower than they were prior to the tremendous recent growth in production.

The gas price increases reflected in the 2012 LNG Export Study, and the lesser price increases projected based on more recent data, 38/ would still result in natural gas prices in the U.S. below 2008 levels. Any price "increase" associated with LNG exports would serve only to bring the U.S. natural gas markets back into equilibrium, as increased demand builds on the massive increases in supply. This natural working of the market is consistent with the DOE Policy Guidelines, which disfavor government interference in U.S. competitive natural gas markets.

APGA also aggregates the total volume of LNG requested in applications to DOE/FE to attempt to demonstrate that the U.S. cannot tolerate such a high volume of exports. In reality, of course, the number of applications filed has very little bearing on the economic impact of LNG exports. Just because a project has filed an application with DOE/FE does not mean that it will

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36/ *Id*.

37/ *See* U.S. EIA, at http://www.eia.gov/dnav/ng/ng_pri_sum_dcu_nus_a.htm

38/ *AEO2014* projections continue to project increased domestic supplies, and its projected 2035 Henry Hub price of $6.92 per million British thermal units is lower than projected in the LNG Export Study.

contract with customers, obtain financing, and be constructed. Moreover, facility siting, construction, engineering, environmental, and safety review by the relevant regulatory authorities is very expensive, and not all applicants will clear these regulatory hurdles. DOE/FE recognized this reality in the new procedures announced in the May 29 Notice, explaining that waiting for the completion of the NEPA process before processing applications will focus on the more viable projects. Thus, APGA's analysis focused on the number of filed applications ignores market realities, and cannot be relied upon by DOE/FE.

Finally, the flaws in the protestors' economic arguments are evident when recognizing that they could be applied regardless of the source of new natural gas demand – foreign or domestic, LNG-related or not. Essentially, their argument is that LNG exports are contrary to the public interest because they will increase the demand for natural gas. This theory, if applied, would threaten any reasonable pace of developing needed U.S. infrastructure. Not even the U.S. Environmental Protection Agency's efforts to promote renewable energy and reduce greenhouse gases could pass muster, which presumably cannot be the intent of the Sierra Club. The June 2, 2014 "Clean Power Plan" announcement by the EPA could cause a moderate increase in demand for natural gas as coal plants are retired – as APGA notes. 39/ By application of protestors' logic, this new demand, in turn, could induce natural gas production (including from shale wells), as well as increase U.S. natural gas prices to consumers at certain times and over the long term, thereby (in their views) harming the "public interest." The DOE/FE should reject, as it has consistently to date, this overly-simplistic zero-sum theory that increased natural gas demand is inherently contrary to the public interest.

39/ APGA Protest at p. 8.

C. Competitive Viability of the Project Will be Confirmed Prior to Any DOE Order

The APGA (at page 4 of its comments) questions the competitive viability of Delfin's Project, arguing that LNG exports will prove uneconomical because U.S. and international gas markets will ultimately converge, making export of U.S. LNG not viable in the long-run. This claim is couched in general terms, and fails to reflect any knowledge of the specifics of the Delfin Project. Even as a general matter, however, the theory is not supported by sound economic analysis and runs counter to studies in the record. It also fails to recognize the change in DOE/FE process announced in the May 29 Notice (understandably, of course, given the timing of the Notice and the comment date here).

APGA's statements fail to reflect the reality of the marketplace. The market for LNG exports clearly is strong, as evidenced by the numerous announcements of investment decisions made by sophisticated market participants signing long term firm contracts. Market participants are willing to invest literally billions of dollars in LNG export projects based on their analysis of the best information available at the time. Delfin itself has been engaged in negotiations with a major LNG shipping operator, which will provide and manage its floating liquefaction and storage vessels, with a major financial institution that will back the Project, and with numerous potential off-takers of LNG from the Project. In contrast, APGA's bald claims of uneconomic projects are entirely speculative.

Furthermore, DOE/FE has rejected APGA's underlying claim that LNG exports would cause domestic and international natural gas prices to converge. The NERA Study determined that U.S. prices will always be lower than international LNG prices even as U.S.-sourced LNG exports "exert downward pressure" on higher-priced LNG in foreign markets, and DOE/FE has adopted this conclusion in a series of orders. 40/ The costs of U.S. pipeline transportation, liquefaction, marine shipping, and regasification, at a minimum, prevent any convergence of prices driven by LNG exports, even assuming *arguendo* (almost certainly incorrectly) that U.S. exports will be in sufficient quantities to determine world prices.

Finally, DOE/FE's announced suspension of its practice of issuing conditional orders granting authority to export LNG to non-FTA countries further ensures that Delfin's Project viability will be confirmed before DOE/FE acts on the Application. DOE/FE will not act until after MARAD and the USCG, and other cooperating agencies, have completed their environmental review of the Project. The completion of this process will require major investments by Delfin, not only for the regulatory environmental and economic review but also for the engineering and design required for the process. Delfin's successful completion of the DWPA process will demonstrate the viability of the Project so that DOE/FE can move forward confidently with its non-FTA export authorization. Thus, the protestors' arguments are premature, as well as inconsistent with DOE's own studies and market realities, and should be rejected.

D. The Sierra Club's NEPA Arguments Should be Rejected

The Sierra Club devotes much of its 70-plus-page single-spaced protest to allegations about the environmental effects associated with shale well production and drilling techniques, and urges DOE/FE to conduct an extensive analysis of upstream production effects pursuant to NEPA. The comments are essentially identical with comments the Sierra Club has filed in virtually every LNG export proceeding, as well as in numerous other natural gas infrastructure

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40/ *Freeport LNG*, Order No. 3282 at 101; *Lake Charles Exports*, Order No. 3324 at 113; *Dominion Cove Point LNG*, Order No. 3331 at 126; *Freeport LNG*, Order No. 3357 at 136; *Cameron LNG*, Order No. 3391 at 117; *Jordan Cove*, Order No. 3413 at 128 cases. Not only is consideration of shale well drilling techniques not required by NEPA because it is not a reasonably foreseeable or causally related action that can be tied to Delfin's Project, this issue is also not presently before DOE/FE here.

Although the environmental issues are not even properly considered here, Delfin would emphasize that its off-shore floating liquefaction Project is unique in that it will not require significant disturbance of land, onshore or offshore, will maximize use of existing U.S. infrastructure that has been idled, and rely on existing processing facilities that are currently underutilized. This efficient use of existing infrastructure will avoid a large portion of the environmental impacts posed by other U.S. LNG export projects. Moreover, by using floating liquefaction technology, with FLNGVs constructed in shipyards and floated to the site, the impact on water and potential disturbance associated with land-based construction is almost completely avoided. Thus, the Sierra Club's familiar environmental arguments against LNG export projects are particularly unwarranted for the Delfin Project.

1. NEPA Matters Are Not Presently Before DOE

MARAD and the USCG have exclusive jurisdiction over the siting, construction, and operation of Delfin's proposed floating liquefaction facility, and are the lead agencies charged with conducting the environmental analysis required by NEPA, as the Sierra Club admits. 41/ As such, the scope of the environmental review of Delfin's Project will not be determined by DOE/FE in this proceeding, but rather in Delfin's DWPA proceeding. Delfin has been engaged in discussions with MARAD and the Coast Guard, and anticipates filing its DWPA application later this year. Especially in light of the DOE/FE's announcement that it no longer intends to issue conditional orders to applicants seeking authority to export LNG to non-FTA countries, the

41/ Sierra Club Protest at p. 8.

vast majority of the arguments in the Sierra Club protest are, at a minimum, being made prematurely before the wrong agency, if not completely irrelevant.

A full environmental review of the Delfin Project will take place prior to any DOE/FE action on Delfin's Application, assuming DOE/FE proceeds with the new procedures announced in the May 29 Notice. Delfin anticipates that DOE/FE will participate in the DWPA environmental review of the Project, including NEPA scoping discussions, as a cooperating agency, just has it has done at FERC for other LNG export projects. For this reason, the proper place for the Sierra Club's environmental arguments is in the DWPA proceeding, not here before DOE/FE. Thus, principles of administrative efficiency counsel in favor of rejecting these aspects of Sierra Club's protest at this time. For the same reasons, Sierra Club's call for an environmental programmatic EIS across all proposed LNG export projects should be similarly rejected.

2. NEPA Does Not Require Consideration of Upstream Shale Gas Development

The bulk of the Sierra Club's arguments reflects its opposition to increased domestic natural gas production from unconventional natural gas exploration and production activities in shale plays, particularly production that involves hydraulic fracturing. The DOE/FE has already held that shale well development effects are not required to be considered under NEPA for LNG export projects. 42/ DOE recently confirmed this conclusion in the May 29 Notice, even as it released a draft addendum to other environmental review documents to provide additional information to the public regarding the potential environmental impacts of unconventional gas exploration and production activities. Delfin does not concede that such an inquiry has any

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42/ *Sabine Pass*, Order No. 2961-A at n. 1

relevance to its Project; but notes that nothing in the draft addendum appears to alter the conclusion that LNG exports are consistent with the public interest.

The conclusion that NEPA does not require analysis here of the impact of upstream production activities is well-established. NEPA does require the consideration of "indirect effects," which are those that "are caused by the action and are later in time or farther removed in distance, but are still reasonably foreseeable." 43/ The Act, however "requires 'a reasonably close causal relationship' between the environmental effect and the alleged cause," which will not be satisfied by a "but for" causal relationship. Instead, the causal relationship is analogous to "the 'familiar doctrine of proximate cause from tort law.'" The U.S. Supreme Court has stated that "where any agency has no ability to prevent a certain effect due to its limited statutory authority over the relevant actions, the agency cannot be considered a legally relevant 'cause' of the effect." DOE/FE does not possess statutory authority over natural gas production or hydraulic fracturing, which is the focus of Sierra Club's arguments.

Nor is U.S. shale well development a "reasonably foreseeable" effect of Delfin's Project as that term is defined by NEPA precedent. The location and extent of new shale wells attributable to Delfin's Project, if any, is dependent upon too many variables to be quantified in any meaningful way. 44/ And the climate change effects that could result from increased natural gas production are equally too speculative to warrant review under NEPA. 45/

43/ 40 C.F.R. § 1508.8(b) (2014). "Cumulative impacts" of other LNG export projects inducing natural gas production must also be reasonably foreseeable to be cognizable under NEPA. "Cumulative impact" is defined as "the impact on the environment which results from the incremental impact of the proposed action when added to other past, present, or reasonably foreseeable future actions." *Id.* § 1508.7. The terms, "impact" and "effect" are interchangeable. *See id.* § 1508.8.

44/ *See Wilderness Workshop v. U.S. Bureau of Land Mgmt*, 531 F.3d 1220, 1229–1231 (10th Cir. 2008).

45/ *Wildearth Guardians*, 738 F.3d at 303.

As explained in the Application, Delfin's customers will be responsible for procuring their own gas supplies and delivering it for liquefaction and export as LNG. For this purpose, customers may enter into long-term supply contracts or procure spot supplies in the very large and liquid U.S. gas market. As Delfin explained, its floating liquefaction facilities are ideally located to provide access to a wide range of domestic supply sources through the connected interstate pipeline grid, allowing gas to be sourced from a variety of geographic regions via interconnections with Transco, NGPL, ANR, and nearby gas processing plants. Thus, the natural gas Delfin intends to export could come from anywhere in the U.S. via the vast network of natural gas pipelines that comprise the U.S. interstate pipeline grid.

Moreover, the U.S. natural gas trading market is extremely robust and competitive. Natural gas exported through Delfin's Project could come from different places from day to day and month to month, with potentially hundreds of different sources, which Delfin would not control. Nor can anyone foretell whether the natural gas that reaches its facilities has come from conventional or unconventional production. And, natural gas that does not flow to Delfin's facility will flow elsewhere – including to other existing and proposed LNG storage and terminaling facilities in the U.S. Gulf Coast Region and any other consumer of natural gas. Thus, Delfin's Project cannot be the legally proximate cause of any natural gas production for NEPA purposes and the induced effects that Sierra Club complains about are not reasonably foreseeable in Delfin's case.

Sierra Club's consistently advanced arguments to the contrary have been repeatedly rejected by federal agencies and courts including by DOE/FE. DOE/FE rejected Sierra Club's same arguments in its prior final order approving LNG exports to non-FTA countries from

Sabine Pass.46/ Similarly, the FERC has consistently rejected these claims. 47/ The U.S. Court of Appeals for the Second Circuit upheld FERC's rejection of similar arguments made by the Sierra Club regarding a pipeline in Pennsylvania to be constructed in a shale production basin to transport shale gas – which is hardly the case for Delfin. 48/

The DOE/FE should give no credence to Sierra Club's suggestion that the agency's prior rejections of the Club's arguments are "not binding." 49/ If Sierra Club disagrees with prior rulings rejecting its views (as it no doubt does), the proper approach is to file an appeal. Instead, Sierra Club holds press conferences updating its membership on its nationwide campaign against natural gas, and continues fundraising while systematically filing protests in any proceeding – federal or state – it can find that relates to development of U.S. natural gas infrastructure. Moreover, the Sierra Club regularly includes as part of its strategy of delaying infrastructure development the wholesale dumping of thousands of pages of exhibits into a proceeding without explanation, just as it has done in in this proceeding. 50/ DOE/FE should pay no attention to unexplained and irrelevant exhibits submitted by the Sierra Club.

46/ *Sabine Pass*, Order No. 2951 at n. 1.

47/ *See, e.g.*, *Sabine Pass Liquefaction, LLC*, 139 FERC ¶ 61,039 at P 94-99, *reh'g*, 140 FERC ¶ 61,076 at P 8-22 (2012); *Cheniere Creole Trail Pipeline*, 145 FERC ¶ 61,074 at P 51-60, *reh'g*, 145 FERC ¶ 61,074 at P 8-19 (2013); *Transcontinental Pipe Line Co*., 141 FERC ¶ 61,091 at P 127-141 (2012), reh'g, 143 FERC ¶ 61,132 at P 49-60 (2013); *Tenn. Gas Pipeline Co., L.L.C*., 139 FERC ¶ 61,161 at P 178-200, reh'g, 142 FERC ¶ 61,025 at P 72-87 (2012); *Tex. E. Transmission, LP*, 139 FERC ¶ 61,138 at P 70-73, *reh'g*, 141 FERC ¶ 61,043 at P 37-41 (2012).

48/ *Cent. N.Y. Oil & Gas Co*., 137 FERC ¶ 61,121, at PP 81–107 (2011), *reh'g denied*, 138 FERC ¶ 61,104, at PP 33–56 (2012), *aff'd sub nom. Coal. for Responsible Growth and Res. Conservation v. FERC*, 485 Fed. App. 472 (2d Cir. 2012).

49/ Specifically, the Sierra Club cites 10 C.F.R. 590.404 for the proposition that past DOE/FE decisions are not precedent that DOE/FE must follow. Sierra Club Protest at p. 21. That provision of DOE/FE's regulations says nothing of the sort.

50/ Delfin is still parsing through the information filed in the exhibits to the Sierra Club's protest and reserves all rights to respond to any information discovered in the course of its review.

Finally, the Sierra Club also argues that DOE/FE should consider the environmental impact of *all* proposed LNG export projects in a single programmatic EIS because, it claims, doing so would assist in the analysis of cumulative impacts. But an agency is not required to prepare a programmatic NEPA analysis in the absence of a discrete programmatic agency action, and a collection of entirely unrelated LNG export projects certainly is not a discrete agency action. 51/ The law is clear that an agency is not required to prepare a programmatic or regional EIS on a series of regional actions that do not collectively comprise a discrete agency action. 52/ The DOE/FE should not do so here, just as it has previously concluded.

E. Delfin's Project Advances Significant U.S. Geopolitical Interests

Contrary to V4IE's claims, the 1.8 Bcf/d export level proposed by Delfin does not pose a threat to U.S. security or increase the likelihood of military conflict globally. To the contrary, LNG exports will provide significant geopolitical benefits to the United States, its allies and trading partners.

Only a few days ago, President Obama remarked during a meeting in Warsaw with the Prime Minister of Poland that:

> Poland is, for example, making an important investment that will allow the world's liquefied natural gas, LNG, to travel to Europe. For our part, the United States has already approved licenses for natural gas exports, which will increase global supplies and thereby benefit partners here in Europe. 53/

Of course, the potential geopolitical benefits of U.S. LNG exports extend beyond Europe.

51/ *See Lujan v. National Wildlife Fed.*, 497 U.S. 871 (1990) (rejecting argument in NEPA suit that BLM "land withdrawal review program" constituted a distinct "agency action" subject to Administrative Procedure Act review).

52/ *See Kleppe v. Sierra Club*, 427 U.S. 390, 415 (1976).

53/ Remarks of President Obama and Polish Prime Minister Donald Tusk, June 3, 2014, available at: http://www.whitehouse.gov/the-press-office/2014/06/03/remarks-president-obama-and-prime-minister-tusk-poland

DOE/FE has previously held, in a series of orders, that "[t]o the extent U.S. exports can diversify global LNG supplies, and increase the volumes of LNG available globally, it will improve energy security for many U.S. allies and trading partners. As such, authorizing U.S. exports may advance the public interest for reasons that are distinct from and additional to the economic benefits identified in the [2012 LNG] Export Study."54/ Export of LNG from the U.S. has the potential to fundamentally alter the world's energy and economic map, positioning America as an alternative to traditional suppliers in Russia and the Middle East. Increased access to U.S. gas would provide new supplies to the benefit of the nation's allies and trading partners, not only in Europe but around the globe. The exceptional high LNG prices in Asia call out for new supply options. Closer to the U.S., export of LNG to Caribbean nations and South American nations could reduce their reliance on more expensive, and carbon-intensive, fuel oil and diesel.

The geopolitical benefits of LNG exports also have been recognized by many members of Congress. For example, in August of last year, U.S. Senator Lisa Murkowski released a white paper on the opportunity presented to the U.S. should it engage in global trade in LNG. "We've carefully examined the issue of natural gas exports, weighing the evidence and listening to all points of view, but the analytical debate is now over," Murkowski said. "The United States has a historic opportunity to generate enormous geopolitical and economic benefits by expanding its role in the global gas trade." 55/ The Murkowski white paper states:

54/ *Jordan Cove*, Order No. 3413 at 142. *See also Cameron LNG*, Order No. 3391 at 131 (similar statement); *Freeport LNG*, Order No. 3282 at page 111 (same); *Lake Charles Exports*, Order No. 3324 at page 124 (same); *Dominion Cove Point LNG*, Order No. 3331 at page 140 (same).

55/ Aug. 6, 2013 press release, "Sen. Murkowski Issues Report Warning of Narrowing Window for LNG Exports," and the linked White Paper entitled, "The Narrowing Window: America's Opportunity to Join the Global Gas Trade," available at http://www.energy.senate.gov/public/index.cfm/2013/8/sen-murkowski-issues-report-warning-of-narrowing-window-for-lng-exports.

> In geopolitical terms, the build-out of LNG capacity also provides the U.S. an opportunity to provide relief to several of its allies. The mere entry of the U.S. into the global market will improve competition, reducing prices for importers. In fact, to some degree this has already begun. Imports of LNG from the U.S. will also enable other countries to diversify their sources of energy. Japan and India in particular, which do not have free trade agreements with the United States, have urged the federal government to approve LNG exports to those countries. Observers have also noted that American LNG would serve to reduce the leverage Russia can currently exert over Europe through its gas pipeline network. The argument is not that U.S. exports would necessarily replace Russian gas, but that clients of Russia would have a stronger negotiating position, as well as access to additional supply. LNG exports from the U.S. would also strengthen global resilience to turmoil in the Middle East, including the capacity of the international community to impose sanctions on Iran. 56/

An increasing bipartisan chorus is advancing legislation to expedite review of LNG export projects for similar reasons. On April 30, 2014, a bipartisan group advanced H.R. 6 in the U.S. House of Representatives, the "Domestic Prosperity and Global Freedom Act", designed to expedite the processing and approval of LNG export applications. According to a release issued by the bill's author, Representative Cory Gardner:

> A study commissioned by the Department of Energy concluded that the export of U.S. LNG would result in net gains to our domestic economy that will increase with the level of exports. In addition to the economic benefits and jobs resulting from building new export facilities, opening new markets for American natural gas would encourage further production of domestic energy, helping to create additional jobs and support America's manufacturing renaissance. A study by ICF estimated that LNG exports are expected to contribute 665,000 net job gains by 2035. 57/

V4EI's claims that export of LNG from Delfin's proposed facility would increase the potential for armed conflict are flatly untrue. Experienced U.S. foreign policy makers, including the U.S. President, see significant geopolitical benefit associated with U.S. LNG exports.

56/ *Id.*, "The Narrowing Window: America's Opportunity to Join the Global Gas Trade", at p. 13 (Aug. 2013).

57/ April 30, 2014 press release, "H.R. 6, the Domestic Prosperity and Global Freedom Act," available at: http://energycommerce.house.gov/fact-sheet/hr-6-domestic-prosperity-and-global-freedom-act#sthash.4djyQifC.dpuf

Further, APGA's desire to put foreign trade dead last -- APGA goes so far as to suggest that basically any other form of domestic natural gas demand, whether speculative or real, should take priority over LNG exports -- flies in the face of U.S. geopolitical interests and seeks to invoke a protectionist policy that will actually hurt all U.S. businesses, including manufacturers, who participate in the global marketplace. The NGA does not require DOE/FE to act to keep artificially low-priced gas at home so U.S. manufacturers can benefit in comparison to their foreign counterparts. Indeed such actions arguably violate rules of international trade, some of which the U.S. itself has enforced against other nations. For these reasons, the protestors have failed to overcome the presumption regarding the geopolitical benefits of Delfin's Project.

IV. CONCLUSION

In the event that DOE/FE grants the interventions of the protesting parties and considers their views, Delfin requests that the agency consider this Answer as well. Granting Delfin's requested authorization will be consistent with, and indeed advance, the public interest. For all of the reasons set forth in its Application and in this Answer, Delfin submits that its proposal to export LNG to non-FTA countries with which trade is not prohibited by U.S. law is consistent with the public interest. Accordingly, Delfin requests that the DOE/FE grant the authorization requested in its Application.

Respectfully submitted,

<u>/s/ J. Patrick Nevins</u>

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Dated: June 11, 2014

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

In the Matter of	**]**	
	]	**FE Docket No. 13-147-LNG**
DELFIN LNG, LLC	**]**	

CERTIFICATED STATEMENT OF AUTHORIZED REPRESENTATIVE

Pursuant to Section 590.103(b) of the Department of Energy's ("DOE") regulations, 10 C.F.R. 590.303€ (2013), I, J. Patrick Nevins, hereby certify that I am authorized to sign and file with the Office of Fossil Energy of the Department of Energy, on behalf of Delfin LNG, LLC, the foregoing document in the above-captioned proceeding.

Filed and dated in Washington, D.C., on this 11th day of June, 2014.

Respectfully submitted,

/s/ J. Patrick Nevins

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