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Jordan Cove
Energy Project, L.P.

February 6, 2018

VIA HAND DELIVERY
Ms. Amy Sweeney
Office of Fossil Energy
U.S. Department of Energy
Docket Room 3F-056, FE-50
Forrestal Building
1000 Independence Avenue, S.W.
Washington, DC 20585

RE: Jordan Cove Energy Project L.P., FE Docket Nos. 11-127-LNG and 12-32-LNG Application to Amend Long-Term Authorizations to Export Liquefied Natural Gas to Free Trade Agreement Countries and Non-Free Trade Agreement Countries and Amendment to Application for Long-Term Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Countries

Dear Ms. Sweeney:

Jordan Cove Energy Project L.P. ("JCEP") is hereby submitting an application to amend its existing authorizations to export liquefied natural gas ("LNG") and an amendment to its application for another LNG export authorization.

On September 22, 2011, JCEP filed an application ("FTA Application") with the Office of Fossil Energy of the Department of Energy ("DOE/FE") under Section 3 of the Natural Gas Act ("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 an application ("Non-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 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"), and conditionally granted the Non-FTA Application pursuant to Order No. 3413, dated March 24, 2014 ("Non-FTA Authorization"). On October 5, 2015, JCEP filed an amendment to its Non-FTA Application, which is currently pending.

On September 21, 2017, JCEP filed an application pursuant to NGA Section 3 with the Federal Energy Regulatory Commission ("FERC") for authorization to construct, own, and operate an LNG export terminal. The purpose of the amendments requested herein is to conform the LNG export volumes to the facilities in the FERC application.

If you have any questions, please contact Natalie Eades, Senior Counsel, at 832-255-3841.

Respectfully submitted,

/s/ Elizabeth Spomer
Elizabeth Spomer
President and CEO
Jordan Cove Energy Project L.P.

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

	)	
Jordan Cove Energy Project L.P.	)	Docket Nos. 11-127-LNG
	)	12-32-LNG

APPLICATION OF JORDAN COVE ENERGY PROJECT L.P. TO AMEND LONG-TERM AUTHORIZATIONS TO EXPORT LIQUEFIED NATURAL GAS TO FREE TRADE AGREEMENT COUNTRIES AND NON-FREE TRADE AGREEMENT COUNTRIES AND AMENDMENT TO APPLICATION FOR LONG-TERM AUTHORIZATION TO EXPORT LIQUEFIED NATURAL GAS TO NON-FREE TRADE AGREEMENT COUNTRIES

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UNITED STATES OF AMERICA
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APPLICATION OF JORDAN COVE ENERGY PROJECT L.P. TO AMEND LONG-TERM AUTHORIZATIONS TO EXPORT LIQUEFIED NATURAL GAS TO FREE TRADE AGREEMENT COUNTRIES AND NON-FREE TRADE AGREEMENT COUNTRIES AND AMENDMENT TO APPLICATION FOR LONG-TERM AUTHORIZATION TO EXPORT LIQUEFIED NATURAL GAS TO NON-FREE TRADE AGREEMENT COUNTRIES

Jordan Cove Energy Project L.P. ("JCEP")[1] is hereby submitting an application to amend its existing authorizations to export liquefied natural gas ("LNG") and an amendment to its application for another LNG export authorization. On September 22, 2011, JCEP filed an application ("FTA Application") with the Office of Fossil Energy of the Department of Energy ("DOE/FE") under Section 3 of the Natural Gas Act ("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" and, together with the FTA Application, the "Applications") 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 a FTA requiring national treatment for trade in natural gas. DOE/FE granted the FTA Application pursuant to Order No. 3041,

1 Although DOE/FE's orders are captioned as "Jordan Cove Energy Project, L.P.", the proper corporate name is Jordan Cove Energy Project L.P.

dated December 7, 2011 ("FTA Authorization"),[2] and conditionally granted the Non-FTA Application pursuant to Order No. 3413, dated March 24, 2014 ("Non-FTA Authorization" and, collectively with the FTA Authorization, the "Authorizations").[3] On October 5, 2015, JCEP filed an amendment to the Non-FTA Application ("2015 Amendment") that remains pending.

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").[4] JCEP is hereby submitting an application to amend the FTA Authorization and the conditional Non-FTA Authorization and an amendment to the Non-FTA Application.[5] The purpose of the amendments to the Authorizations and the Non-FTA Application is to modify the quantity of LNG JCEP will be authorized to export under each Authorization to conform to the facilities proposed in the FERC Application. Specifically, JCEP seeks to amend the Authorizations and the Non-FTA Application to allow JCEP to export 395 billion cubic feet of natural gas per year ("Bcf/yr") from the LNG Terminal.

In support of this amendment application, JCEP respectfully states the following:

I. COMMUNICATIONS

All communications and correspondence regarding this amendment application should be directed to the following persons:

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

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

4 FERC Docket No. CP17-495-000.

5 The bifurcated nature of this pleading is due to the fact that Order No. 3041 is a final order and Order No. 3413 is a conditional order. Rule 204 of DOE/FE's regulations permits an applicant to amend an application "at any time prior to the Assistant Secretary's final opinion and order resolving the application." 10 C.F.R. § 590.204 (2017). Because Order No. 3413 is a conditional order, JCEP requests that DOE/FE treat the portions of this pleading that pertain to Order No. 3413 as an amendment to JCEP's Non-FTA Application. Rule 204 does not, however, apply to Order No. 3041. Accordingly, JCEP requests that DOE/FE treat the portions of this pleading that pertain to Order No. 3041 as an application to amend Order No. 3041. For ease of comprehension, JCEP refers to the relief requested herein generally as amendments to the Authorizations.

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II. THE AUTHORIZATIONS

In the Applications, JCEP sought authorization to export up to 9 mtpa (FTA Application) and 6 mtpa (Non-FTA Application) of LNG. The Authorizations grant the requests contained in each respective Application, meaning that JCEP has an FTA Authorization and a Non-FTA Authorization, each for a different quantity of LNG exports, neither of which conforms to the facilities proposed in the FERC Application. In the 2015 Amendment, JCEP asked DOE/FE to amend the Non-FTA Application to permit exports of up to 6.8 mtpa of LNG; the 2015 Amendment remains pending before DOE/FE.

III. AMENDMENTS REQUESTED

JCEP requests that DOE/FE amend the Authorizations only to adjust the quantity of natural gas authorized for export. JCEP filed its FERC Application in FERC Docket No. CP17-495-000 on September 21, 2017. The changes to the proposed export quantity compared to the Non-FTA Application stem from changes to the proposed facilities reflected in the FERC Application and additional engineering analysis of the proposed facilities. At the time of the Non-FTA Application, JCEP was proposing to construct an export terminal with four liquefaction trains, each with an originally projected capacity of 1.5 mtpa. At the time of the 2015 Amendment, JCEP was still proposing four liquefaction trains but projected that each train could produce 1.7 mtpa at full annual availability and under the most favorable ambient temperature conditions. In the FERC Application, JCEP is proposing to construct five liquefaction trains, and a more detailed analysis based on expected ambient temperature conditions has shown that each liquefaction train will produce 1.56 mtpa.[6]

DOE/FE's policy is to authorize exports up to the maximum capacity of any associated facilities. In Order No. 3357, DOE/FE considered an application from Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC (collectively, "FLEX") for authorization to export 511 Bcf/yr, which quantity would have been in addition to the 511 Bcf/yr DOE/FE had previously authorized FLEX to export in a separate proceeding. DOE/FE noted that FLEX's application to FERC was for facilities with a capacity of 1.8 Bcf/day, and that FERC would be undertaking an environmental review of facilities for the export of 1.8 Bcf/day. DOE/FE declined to fully authorize the new request, finding that there was "no basis . . . to authorize exports in a volume greater than the . . . maximum liquefaction capacity."[7] Instead, DOE/FE authorized FLEX to export only an additional 146 Bcf/yr (0.4 Bcf/day) so that the combined export authorizations would match the production capacity of the proposed facilities.

Based on the facilities JCEP has proposed to FERC, the FTA Authorization would be in excess of JCEP's production capacity and the Non-FTA Authorization would be below JCEP's production capacity. Accordingly, JCEP is requesting that DOE/FE amend the Authorizations and the Application to permit exports of up to 395 Bcf/yr to be consistent with JCEP's proposed facilities.

JCEP also hereby informs DOE/FE of a change in corporate ownership from what was described in the Applications. On October 2, 2017, Pembina Pipeline Corporation ("Pembina"),

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6 The colder the ambient air temperature, the more LNG each train can produce. The 2015 Amendment calculated a maximum production capacity of 6.8 mtpa at the lowest ambient temperature. The new FERC Application uses a more conservative ambient temperature assumption, while adding a fifth train, in determining the 7.8 mpta production capacity.

7 *Freeport LNG Expansion, L.P., et al.*, Order No. 3357 at 7 (Nov. 15, 2013).

a Canadian corporation, acquired 100 percent of the outstanding shares of Veresen Inc., JCEP's parent entity. JCEP is now a wholly owned subsidiary of Pembina. Pembina is a publicly traded corporation listed on the New York Stock Exchange and the Toronto Stock Exchange.

JCEP further asks that when DOE/FE issues orders granting the requested amendments it also re-set the dates by which JCEP must commence exports. Under Order No. 3041, the thirty-year term of FTA authorization commences on the earlier of the date of first export or December 7, 2021.[8] Under Order No. 3413, JCEP must commence exports within seven years of the date of the order, or by March 24, 2021.[9] As detailed in its FERC Application, JCEP expects to commence exports in the first half of 2024, which would be beyond the periods currently permitted under the Authorizations. JCEP respectfully requests that DOE/FE grant JCEP new ten-year and seven-year periods from the date of the authorization under the FTA Authorization and Non-FTA Authorization, respectively, when it grants the amendments requested herein.

IV. FACILITIES

JCEP will export LNG from its proposed LNG Terminal on the bay side of the North Spit of Coos Bay in southwest Oregon. The proposed LNG Terminal will be located in unincorporated Coos County, Oregon, within land owned by Fort Chicago LNG II U.S. L.P., an affiliate of JCEP. The proposed site is about 7.5 miles up the existing Coos Bay navigation channel in Coos County, Oregon. Natural gas will be delivered to the LNG Terminal by an approximately 229-mile, 36-inch diameter pipeline ("Pipeline" and, together with the LNG Terminal, the "Project") to be constructed by JCEP's affiliate, Pacific Connector Gas Pipeline, LP ("PCGP").

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[8] At Ordering Paragraph (A).
[9] At Ordering Paragraph (B).

The main components of JCEP's LNG Terminal, which are described more fully in the FERC Application, include:

- gas inlet facilities;
- a gas conditioning train;
- five liquefaction trains using the PRICO® LNG process (a Black & Veatch proprietary technology);
- gas turbine driven refrigeration, including a single-body, two-stage refrigerant compressor for each liquefaction train;
- waste heat recovery system from the gas turbines;
- heavy hydrocarbon removal units;
- LNG expander, LNG flash drum, and boil-off gas system;
- two full-containment, seismic-isolated LNG storage tanks, each designed for a working capacity of 160,000 cubic meters;
- LNG loading line and LNG loading facilities;
- marine slip and LNG berth; and
- steam system providing heat for the gas conditioning systems and utility power generation.

The LNG Terminal facilities will be capable of receiving gas, producing LNG, storing that LNG, and loading it onto ocean-going LNG vessels. Each LNG train will be capable of producing up to 1.56 mtpa of LNG, for a total production capacity at the LNG Terminal of 7.8 mtpa.

V. PUBLIC INTEREST

The amendment requested by JCEP to Order No. 3413 is not inconsistent with the public interest.[10] NGA Section 3 "creates a rebuttable presumption that a proposed export of natural gas is in the public interest."[11] In evaluating export applications, DOE/FE may consider numerous factors, including economic and international impacts, gas supply security, and environmental impacts.[12] In Order No. 3413, DOE/FE considered such factors and concluded that the proposed exports would yield regional economic benefits, that "the United States will experience net economic benefits" from LNG exports, and that exports will improve energy security for allies and other trading partners.[13] All of these conclusions will remain true if the amendment to Order No. 3413 requested herein is granted.

Since issuing Order No. 3413, DOE/FE has continued to grant additional export authorizations, in each case finding that LNG exports are not inconsistent with the public interest.[14] As an initial matter, DOE/FE considers whether the exports will impact the domestic gas supply of the U.S.[15] In Order No. 4010, DOE/FE analyzed the 2017 Annual Energy Outlook ("AEO") published by the Energy Information Administration ("EIA") and compared it to AEO 2014. DOE/FE's conclusion was that AEO 2017 shows "market conditions that would be even more supportive of LNG exports" than AEO 2014.[16] Studies of LNG exports commissioned by DOE/FE concluded that LNG exports would produce "net economic benefits" for the U.S.[17]

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10 As Order No. 3041 is for exports to FTA nations, DOE/FE should grant the requested amendment "without modification or delay." *See*, 15 U.S.C. § 717b (c) (2012).

11 *Lake Charles LNG Export Company, LLC*, Order No. 4010 at 14 (June 29, 2017).

12 *Id.*

13 Order No. 3413 at 137-142.

14 *See, e.g.*, Order No. 4010; *Delfin LNG LLC*, DOE/FE Order No. 4028 (June 1, 2017).

15 Order No. 4010 at 26.

16 Order No. 4010 at 29.

17 U.S. Energy Information Administration, Effect of Increased Levels of Liquefied Natural Gas Exports on U.S. Energy Markets (Oct. 2014), *available at* https://www.eia.gov/analysis/requests/fe/pdf/lng.pdf; Center for Energy Studies at Rice University Baker Institute and Oxford Economics, *The Macroeconomic Impact of Increasing U.S. LNG Exports* (Oct. 29, 2015), *available at*

AEO 2017 and the DOE/FE studies show that natural gas markets in the U.S. would support LNG exports and that, over time, EIA's analyses have grown more favorable to LNG exports.[18] Given the relatively small increase JCEP is requesting herein, DOE/FE's conclusions in Order No. 4010, which was issued in June 2017, would apply equally here. Increasing the quantity of LNG JCEP may export will produce net economic benefits for the U.S. and will not adversely affect the U.S. gas supply.

The LNG Terminal will also provide direct economic benefits to southern Oregon and gas production areas in the U.S. Rocky Mountains and western Canada. In Coos County, Oregon and the nearby towns of Coos Bay and North Bend, the decline in timber and wood products has had a significant negative impact on the local economy. Construction of a multi-billion dollar infrastructure project will facilitate the re-building of the industrial and property tax base of the region. Excluding financing costs, the investment in the Project is estimated to be 90 percent U.S. content.

Construction of the Project will result in 6,147 peak monthly jobs (1,996 for the LNG Terminal and 4,151 for the Pipeline) and subsequent operation of the Project will directly employ 215 workers (200 for the LNG Terminal and 15 for the Pipeline). Further, the Project is expected to result in direct compensation to Oregon resident workers of approximately $1.5 billion. Through the Project's annual purchases of goods and services from Oregon businesses and household spending by employees, the Project will support approximately $96 million in additional labor income and approximately $235 million in additional output for Oregon businesses.

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http://energy.gov/sites/prod/files/2015/12/f27/20151113_macro_impact_of_lng_exports_0.pdf.

[18] *Id.*

The Project will also result in significant investment in and modernization of the Port of Coos Bay, which was once the largest timber port in the world but has seen utilization and investment steadily decline over time. JCEP and PCGP would directly invest in improving marine-related infrastructure and capability, such as the procurement of four state-of-the-art tractor tugs with firefighting, active ship escort, and emergency towing and rescue capability; procurement and set up of a private vessel traffic information system; and installation of three meteorological ocean data collection buoys to measure wind speed and direction, current speed and direction and tide height in real time.

The Project enjoys strong support from the local community. JCEP has agreed to execute a Community Enhancement Plan ("CEP") under which property tax benefits available at the site would be returned to the County, local communities, and the Port of Coos Bay under a formula that accelerates payments at the start of construction and levels payments from the commencement of operations for 15 years. The CEP will result in JCEP's payment of over $40 million per year during operations, half of which would be allocated to local education programs, with the other half directed to local development programs.

The Project would also provide new market access for natural gas producers in the U.S. Rocky Mountains and western Canada. These producers have seen their access to markets in the eastern and central regions of the U.S. and Canada erode with the development and ramp-up of natural gas from the Marcellus and Utica shales. Two large under-utilized pipeline systems, the Ruby Pipeline and the Gas Transmission Northwest Pipeline, already exist to transport natural gas from these large gas supply basins to southern Oregon. The Pipeline would be able to access these supplies and transport them to the LNG Terminal for export.

LNG exports from the LNG Terminal will benefit major U.S. trading partners in Asia. JCEP has already finalized the key commercial terms for liquefaction service with two Japanese entities, JERA Co., Inc. and ITOCHU Corporation. DOE/FE has determined that U.S. LNG exports will "improve energy security for many U.S. allies and trading partners."[19]

FERC intends to prepare an Environmental Impact Statement for the Project, which will allow DOE/FE to meet its obligations under the National Environmental Policy Act in its final order on the Non-FTA Application. JCEP expects FERC's analysis to show that any environmental impacts of the Project can be minimized or mitigated through JCEP's and PCGP's proposed mitigation measures.[20] Moreover, the LNG Terminal would provide clean-burning natural gas to Japan and other Asian markets, which would reduce the amount of coal and oil currently being burned in these markets for electric power generation, as well as nuclear-powered generation, and increase cleaner-burning supplies to other commercial and residential markets. Accordingly, JCEP's proposed amendments are not inconsistent with the public interest and should be approved.

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[19] *Id.* at 30.

[20] FERC's Environmental Impact Statement issued with respect to a prior proposal from JCEP and PCGP reached this conclusion, and JCEP and PCGP have since revised the Project to reduce its potential environmental effects. FERC, *Jordan Cove Energy and Pacific Connector Gas Pipeline Project Final Environmental Impact Statement*, FERC Docket Nos. CP13-483-000, *et al.* at 5-1.

VI. CONCLUSION

WHEREFORE, for the reasons set forth above, JCEP respectfully requests that DOE/FE amend the Authorizations and the Non-FTA Application to allow JCEP to export 395 Bcf/yr of natural gas from the LNG Terminal under both the FTA Authorization and the Non-FTA Authorization, as more fully requested herein.

Respectfully submitted,

/s/ Elizabeth Spomer
Elizabeth Spomer
President and CEO
Jordan Cove Energy Project L.P.

Dated February 6, 2018

APPENDIX A

VERIFICATION

VERIFICATION

THE STATE OF TEXAS)
)
COUNTY OF HARRIS)

Elizabeth Spomer, being first duly sworn, states that she is President and CEO for Jordan Cove Energy Project L.P.; that she is authorized to execute this Verification; that she has read the foregoing application and is familiar with the contents thereof; and that all allegations of fact therein contained are true and correct to the best of her knowledge and belief.

Jordan Cove Energy Project L.P.

Elizabeth Spomer
President and CEO

Subscribed and sworn to before me this 5th day of February, 2018.

LATANYA HAMILTON
Notary ID # 130784481
My Commission Expires
August 18, 2020

Notary Public,
State of Texas

My Commission Expires:

08/18/20