



[6450-01-P]

DEPARTMENT OF ENERGY

[FE Docket No. 18-145-LNG]

Energía Costa Azul, S. de R.L. de C.V.; Application to Amend Long-Term Authorization to Export Natural Gas to Mexico and to Re-Export Liquefied Natural Gas From Mexico to Non-Free Trade Agreement Nations

AGENCY: Office of Fossil Energy, Department of Energy.

ACTION: Notice of application.

SUMMARY: The Office of Fossil Energy (FE) of the Department of Energy (DOE) gives notice (Notice) of receipt of an Application (Application), filed on September 18, 2020, by Energía Costa Azul, S. de R.L. de C.V. (ECA). ECA seeks to amend DOE/FE Order No. 4365, which currently authorizes ECA to export domestically produced natural gas to Mexico, and to re-export a portion of the natural gas as liquefied natural gas (LNG) from the ECA Large-Scale Project to be located in Mexico to non-free trade agreement (non-FTA) countries. ECA asks DOE/FE to increase the approved non-FTA export volume for the ECA Large-Scale Project from 475 billion cubic feet per year (Bcf/yr) to 636 Bcf/yr of natural gas—an increase of 161 Bcf/yr. ECA filed the Application under the Natural Gas Act (NGA).

DATES: Protests, motions to intervene, or notices of intervention, as applicable, requests for additional procedures, and written comments are to be filed using procedures detailed in the **Public Comment Procedures** section no later than 4:30 p.m., Eastern time, **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**.

ADDRESSES:

Electronic Filing by email:

fergas@hq.doe.gov

Regular Mail

U.S. Department of Energy (FE-34)
Office of Regulation, Analysis, and Engagement
Office of Fossil Energy
P.O. Box 44375
Washington, DC 20026-4375

Hand Delivery or Private Delivery Services (e.g., FedEx, UPS, etc.)

U.S. Department of Energy (FE-34)
Office of Regulation, Analysis, and Engagement
Office of Fossil Energy
Forrestal Building, Room 3E-042
1000 Independence Avenue, SW,
Washington, DC 20585

FOR FURTHER INFORMATION CONTACT:

Benjamin Nussdorf or Amy Sweeney
U.S. Department of Energy (FE-34)
Office of Regulation, Analysis, and Engagement
Office of Fossil Energy
Forrestal Building, Room 3E-042
1000 Independence Avenue, SW,
Washington, DC 20585
(202) 586-7893 or (202) 586-2627
benjamin.nussdorf@hq.doe.gov or *amy.sweeney@hq.doe.gov*

Cassandra Bernstein
U.S. Department of Energy (GC-76)
Office of the Assistant General Counsel for
Electricity and Fossil Energy
Forrestal Building
1000 Independence Avenue, SW,
Washington, DC 20585
(202) 586-9793
cassandra.bernstein@hq.doe.gov

SUPPLEMENTARY INFORMATION: On March 29, 2019, in Order No. 4365, DOE/FE

authorized ECA to export domestically produced natural gas to Mexico in a volume up to 545

Bcf/yr, and to re-export a portion of this natural gas in the form of LNG to non-FTA countries in

a volume equivalent to 475 Bcf/yr of natural gas, pursuant to NGA section 3(a), 15 U.S.C.

717b(a).¹ ECA is authorized to re-export this LNG from the ECA Large-Scale Project, to be located on the site of ECA's existing LNG import terminal north of Ensenada, Baja California, Mexico.

ECA states that it has determined that the full design of the ECA Large-Scale Project will be capable of producing an additional volume of LNG for re-export. In light of this design increase, ECA asks DOE/FE to amend Order No. 4365 to authorize the re-export of an additional 161 Bcf/yr of natural gas in the form of LNG from the ECA Large-Scale Project to non-FTA countries.² ECA seeks to export this LNG on its own behalf and as agent for other entities who hold title to the natural gas and/or LNG at the time of export. ECA requests the authorization for a term to commence on the earlier of the date of first export or seven years from the issuance of the requested authorization, and to extend through December 31, 2050.

Additional details can be found in ECA's Application, posted on the DOE/FE website at:

<https://www.energy.gov/sites/prod/files/2020/09/f79/Energia%20Costa%20Azul%20-%20Design%20Increase%2018-145-LNG.pdf>

DOE/FE Evaluation

In reviewing ECA's Application, DOE will consider any issues required by law or policy. DOE will consider domestic need for the natural gas, as well as any other issues determined to be appropriate, including whether the arrangement is consistent with DOE's policy of promoting competition in the marketplace by allowing commercial parties to freely negotiate their own trade arrangements. As part of this analysis, DOE will consider the study entitled,

¹ *Energía Costa Azul, S. de R.L. de C.V.*, DOE/FE Order No. 4365, FE Docket No. 18-145-LNG, Opinion and Order Granting Long-Term Authorization to Re-Export U.S.-Sourced Natural Gas in the Form of Liquefied Natural Gas from Mexico to Non-Free Trade Agreement Countries (ECA Large-Scale Project) (Mar. 29, 2019).

² DOE/FE will review ECA's request for an amendment to its existing FTA export authorization, as well as its request for an additional amount for use as fuel for pipeline transportation or liquefaction in Mexico, separately pursuant to section 3(c) of the NGA, 15 U.S.C. 717b(c).

Macroeconomic Outcomes of Market Determined Levels of U.S. LNG Exports (2018 LNG Export Study),³ and DOE/FE's response to public comments received on that Study.⁴

Additionally, DOE will consider the following environmental documents:

- *Addendum to Environmental Review Documents Concerning Exports of Natural Gas From the United States*, 79 FR 48132 (Aug. 15, 2014);⁵
- *Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas From the United States*, 79 FR 32260 (June 4, 2014);⁶ and
- *Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas From the United States: 2019 Update*, 84 FR 49278 (Sept. 19, 2019), and DOE/FE's response to public comments received on that study.⁷

Parties that may oppose this Application should address these issues and documents in their comments and protests, as well as other issues deemed relevant to the Application.

The National Environmental Policy Act (NEPA), 42 U.S.C. 4321 *et seq.*, requires DOE to give appropriate consideration to the environmental effects of its proposed decisions. No final decision will be issued in this proceeding until DOE has met its environmental responsibilities.

Public Comment Procedures

In response to this Notice, any person may file a protest, comments, or a motion to intervene or notice of intervention, as applicable. Interested parties will be provided 60 days from the date

³ See NERA Economic Consulting, *Macroeconomic Outcomes of Market Determined Levels of U.S. LNG Exports* (June 7, 2018), available at: <https://www.energy.gov/sites/prod/files/2018/06/f52/Macroeconomic%20LNG%20Export%20Study%202018.pdf>.

⁴ U.S. Dep't of Energy, *Study on Macroeconomic Outcomes of LNG Exports: Response to Comments Received on Study*; Notice of Response to Comments, 83 FR 67251 (Dec. 28, 2018).

⁵ The Addendum and related documents are available at: <http://energy.gov/fe/draft-addendum-environmental-review-documents-concerning-exports-natural-gas-united-states>.

⁶ The 2014 Life Cycle Greenhouse Gas Report is available at: <http://energy.gov/fe/life-cycle-greenhouse-gas-perspective-exporting-liquefied-natural-gas-united-states>.

⁷ U.S. Dep't of Energy, *Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas From the United States: 2019 Update – Response to Comments*, 85 FR 72 (Jan. 2, 2020). The 2019 Update and related documents are available at: <https://fossil.energy.gov/app/docketindex/docket/index/21>.

of publication of this Notice in which to submit comments, protests, motions to intervene, or notices of intervention.

Any person wishing to become a party to the proceeding must file a motion to intervene or notice of intervention. The filing of comments or a protest with respect to the Application will not serve to make the commenter or protestant a party to the proceeding, although protests and comments received from persons who are not parties will be considered in determining the appropriate action to be taken on the Application. All protests, comments, motions to intervene, or notices of intervention must meet the requirements specified by the regulations in 10 CFR part 590.

Filings may be submitted using one of the following methods: (1) e-mailing the filing to *fergas@hq.doe.gov*, with FE Docket No. 18-145-LNG in the title line; (2) mailing an original and three paper copies of the filing to the Office of Regulation, Analysis, and Engagement at the address listed in **ADDRESSES**; or (3) hand delivering an original and three paper copies of the filing to the Office of Regulation, Analysis, and Engagement at the address listed in **ADDRESSES**. All filings must include a reference to FE Docket No. 18-145-LNG. PLEASE NOTE: If submitting a filing via email, please include all related documents and attachments (e.g., exhibits) in the original email correspondence. Please do not include any active hyperlinks or password protection in any of the documents or attachments related to the filing. All electronic filings submitted to DOE must follow these guidelines to ensure that all documents are filed in a timely manner. Any hardcopy filing submitted greater in length than 50 pages must also include, at the time of the filing, a digital copy on disk of the entire submission.

A decisional record on the Application will be developed through responses to this Notice by parties, including the parties' written comments and replies thereto. Additional procedures will

be used as necessary to achieve a complete understanding of the facts and issues. If an additional procedure is scheduled, notice will be provided to all parties. If no party requests additional procedures, a final Opinion and Order may be issued based on the official record, including the Application and responses filed by parties pursuant to this Notice, in accordance with 10 CFR 590.316.

The Application is available for inspection and copying in the Office of Regulation, Analysis, and Engagement docket room, Room 3E-042, 1000 Independence Avenue, SW, Washington, DC 20585. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays. The Application and any filed protests, motions to intervene, notices of interventions, and comments will also be available electronically by going to the following DOE/FE Web address:

<http://www.fe.doe.gov/programs/gasregulation/index.html>

Signed in Washington, DC, on October 7, 2020.

Amy Sweeney,
*Director, Office of Regulation, Analysis, and Engagement,
Office of Oil and Natural Gas.*