

134 FERC ¶ 61,091  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;  
Marc Spitzer, Philip D. Moeller,  
John R. Norris, and Cheryl A. LaFleur.

Sabine Pass LNG, L.P.

Docket No. CP11-32-000

ORDER GRANTING AUTHORIZATION  
UNDER SECTION 3 OF THE NATURAL GAS ACT

(Issued February 9, 2011)

1. On November 12, 2010, Sabine Pass LNG, L.P. (Sabine) filed an application under section 3(a) of the Natural Gas Act (NGA)<sup>1</sup> requesting authority to install and operate an additional 7,800 horsepower (hp) electric motor-driven compressor and related facilities at the site of its existing liquefied natural gas (LNG) import terminal, the Sabine Pass LNG Terminal, in Cameron Parish, Louisiana.
2. The Commission finds that the requested authorization is consistent with the public interest and grants Sabine's request to install and operate the proposed facilities, subject to the conditions discussed herein.

**Background and Proposal**

3. Sabine is a Delaware limited partnership that is a wholly-owned subsidiary of Cheniere Energy, Inc. In 2004 and 2006, respectively, the Commission authorized Sabine to site, construct, and operate an LNG import, storage, and vaporization terminal in Cameron Parish, Louisiana with a Phase I send-out capacity of 2.6 billion cubic feet per day (Bcf/d) and a Phase II send-out capacity of an additional 1.4 Bcf/d, for a total send-out capacity of 4 Bcf/d.<sup>2</sup>
4. On October 11, 2010, Sabine filed an Emergency Notification Report on October 1, 2010, in Docket Nos. CP05-396-000 and CP11-2-000, to notify the

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<sup>1</sup> 15 U.S.C. § 717b(a) (2006).

<sup>2</sup> *Sabine Pass LNG, L.P.*, 109 FERC ¶ 61,324 (2004); *Sabine Pass LNG, L.P.*, 115 FERC ¶ 61,330 (2006).

Commission that Sabine had leased four skid-mounted compressors to provide compression while Sabine's existing high-pressure boil-off gas compressor was taken out of service for extended maintenance to address persistent operating problems.<sup>3</sup> Sabine's notification stated that, following repair of its compressor, Sabine would keep the four leased skid-mounted compressors at the site pending authorization and installation of a second permanent boil-off gas compressor at the terminal site.<sup>4</sup> The instant application is for that second compressor.

5. Sabine's proposed project would include construction and operation of a 7,800 hp electric motor-driven high pressure boil-off gas compressor; an air cooled process gas cooler; an air cooled lube oil cooler; interconnecting piping to the existing high pressure boil-off gas compressor headers; and electrical connections for power and instrumentation of the high pressure boil-off gas compressor.

6. Sabine states that the proposed additional boil-off gas compressor is necessary to allow boil-off gas to be delivered into a pipeline when the primary boil-off gas compressor is out of service for maintenance or for other reasons and/or the Sabine Pass LNG Terminal is not sending out gas through the vaporization process. Accordingly, Sabine asserts, the project will provide greater assurance against the adverse environmental impacts associated with the flaring or venting of gas to the atmosphere.

7. Although the primary use of the proposed additional compressor unit will be to serve as a back-up for the existing boil-off compressor when it is out of service, Sabine states that both compressors may be operated at the same time on occasion. However,

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<sup>3</sup> Although the owners of import and export facilities that are subject only to section 3 of the NGA are not eligible to apply for Part 157 blanket certificates authorizing certain activities by natural gas companies under section 7 of the NGA, section 153.13 of the Commission's Part 153 regulations relating to section 3 facilities provides that the owners of previously authorized import and export facilities may rely on the emergency provisions in section 157.208 of the Part 157 blanket certificate regulations to acquire, construct replace or operate any facility that qualifies as an eligible facility for purposes of the Part 157 blanket certificate regulations. Under section 157.209, temporary compression facilities to maintain existing service levels and volumes are eligible facilities, provided the costs of the project will not exceed the applicable cost limit in Part 157.

<sup>4</sup> On November 9, 2010, the Director of the Office of Energy Projects issued a letter order in accordance with section 157.21(e)(2) of the regulations exempting Sabine's application for authorization to install an additional boil-off gas compressor from the Commission's pre-filing procedures set forth in section 157.21.

Sabine states that its proposal will not increase or change the storage or send-out capacity of its LNG terminal.

### **Notice**

8. Notice of Sabine's application was published in the *Federal Register* on November 30, 2010.<sup>5</sup> No interventions or protests to the application were filed.

### **Discussion**

9. Since the proposed facilities will be part of Sabine's LNG terminal and used in its operations to import natural gas, the proposal is subject to the Commission's issuance of an order approving the proposal under section 3 of the NGA.<sup>6</sup> Section 3 provides that the Commission "shall issue such order on application" if it finds that the proposal "will not be inconsistent with the public interest."<sup>7</sup>

10. Sabine's proposed project to install back-up boil-off compression facilities is minor in nature and will not increase Sabine's storage or send-out capacity or otherwise significantly alter the scope of the terminal's operations. However, the new compressor unit will insure that Sabine will be able to compress LNG boil-off gas into the send-out pipeline and thereby avoid the need for flaring or venting gas when the primary boil-off gas compressor unit is out of service.

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<sup>5</sup> 75 Fed. Reg. 74,029 (2010).

<sup>6</sup> The regulatory functions of section 3 of the NGA were transferred to the Secretary of Energy (DOE) in 1977 pursuant to section 301(b) of the Department of Energy Organization Act. 42 U.S.C. § 7151(b) (2006). In reference to regulating imports or exports of natural gas, the DOE Secretary subsequently delegated to the Commission the authority to approve or disapprove the construction and operation of particular facilities, the site at which such facilities shall be located, and, with respect to natural gas that involves the construction of new domestic facilities, the place of entry for imports or exit for exports. The DOE Secretary's current delegation of authority to the Commission relating to import and export facilities was renewed by the Secretary's Delegation Order No. 00-004.00A, effective May 16, 2006. Section 311 of the Energy Policy Act of 2005 amended section 3 of the NGA to clarify the Commission's exclusive authority to approve or deny an application for the siting, construction, expansion, and operation of LNG terminals. Pub. L. No. 109-58, §311, 119 Stat. 594 (2005). The Commission has no authority to approve or disapprove applications to import or export natural gas. The Secretary of Energy has delegated such authority to DOE's Assistant Secretary for Fossil Energy.

<sup>7</sup> 15 U.S.C. § 717b(a) (2006).

11. We find that, subject to the conditions imposed in this order, Sabine's proposal is not inconsistent with the public interest and, therefore, will grant the requested authorization.

### **Environmental Assessment**

12. To satisfy the requirements of the National Environmental Policy Act, Commission staff prepared an environmental assessment (EA) for Sabine's proposed High Pressure Boil Off Gas Compressor Project. The EA was placed into the public record on January 20, 2011. The EA addresses water resources, land use/coastal zone management areas, wildlife and vegetation, cultural resources, air quality and noise, reliability and safety, cumulative impacts, and alternatives. Based on the discussion in the EA, we conclude that if constructed and operated in accordance with Sabine's application and supplements, and in compliance with the environmental conditions in the appendix to this order, our approval of Sabine's proposal would not constitute a major federal action significantly affecting the quality of the human environment.

13. Any state or local permits issued with respect to the jurisdictional facilities authorized herein must be consistent with the conditions of this certificate. The Commission encourages cooperation between jurisdictional gas companies and local authorities. However, this does not mean that state and local agencies, through application of state or local laws, may prohibit or unreasonably delay the construction or operation of facilities approved by this Commission.<sup>8</sup>

14. The Commission on its own motion received and made a part of the record all evidence, including the application and exhibits thereto, submitted in support of the authorization sought herein, and upon consideration of the record,

### **The Commission orders:**

(A) Sabine is granted authorization under section 3 of the NGA to construct and operate the proposed additional boil-off gas compressor unit, as more fully described in Sabine's application and as conditioned herein.

(B) Sabine shall install and place the facilities authorized herein in service within one year from the date of this order.

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<sup>8</sup>See, e.g., *Schneidewind v. ANR Pipeline Co.*, 485 U.S. 293 (1988); *National Fuel Gas Supply v. Public Service Comm'n*, 894 F.2d 571 (2d Cir. 1990); *Iroquois Gas Transmission System, L.P., et al.*, 52 FERC ¶ 61,091 (1990), *order on reh'g*, 59 FERC ¶ 61,094 (1992).

(C) Sabine shall comply with the environmental conditions contained in the appendix to this order.

(D) Sabine shall notify the Commission's environmental staff by telephone, e-mail, and/or facsimile of any environmental noncompliance identified by other federal, state, or local agencies on the same day that such agency notifies Sabine. Sabine shall file written confirmation of such notification with the Secretary of the Commission within 24 hours.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

## APPENDIX

### Environmental Conditions

1. Sabine Pass LNG shall follow the construction procedures and mitigation measures described in its application and supplements (including responses to staff data requests) and as identified in the EA, unless modified by the Order. Sabine Pass LNG must:
  - a. request any modification to these procedures, measures, or conditions in a filing with the Secretary;
  - b. justify each modification relative to site-specific conditions;
  - c. explain how that modification provides an equal or greater level of environmental protection than the original measure; and
  - d. receive approval in writing from the Director of the Office of Energy Projects (OEP) before using that modification.
2. The Director of OEP has delegated authority to take all steps necessary to ensure the protection of life, health, property and the environment during construction and operation of the project. This authority shall include:
  - a. stop-work authority and authority to cease operation; and
  - b. the design and implementation of any additional measures deemed necessary to assure continued compliance with the intent of the conditions of the Order.
3. The authorized facility location shall be as shown in the EA, as supplemented by a filed alignment sheet. As soon as it is available, and before the start of construction, Sabine Pass LNG shall file with the Secretary any revised detailed survey alignment map/sheet at a scale not smaller than 1:6,000 with station positions for all facilities approved by the Order. All requests for modifications of environmental conditions of the Order or site-specific clearances must be written and must reference locations designated on the alignment map/sheet.
4. Within 60 days of the acceptance of the Certificate and before construction begins, Sabine Pass LNG shall file an Implementation Plan with the Secretary for review and written approval by the Director of OEP. Sabine Pass LNG must file revisions to the plan as schedules change. The plan shall identify:
  - a. how Sabine Pass LNG will implement the construction procedures and mitigation measures described in its application and supplements (including

- responses to staff data requests), identified in the EA, and required by the Order; and
- b. how Sabine Pass LNG will incorporate these requirements into the contract bid documents, construction contracts (especially penalty clauses and specifications), and construction drawings so that the mitigation required at each site is clear to onsite construction and inspection personnel.
5. Beginning with the filing of its Implementation Plan, Sabine Pass LNG shall file updated status reports with the Secretary on a monthly basis until all construction and restoration activities are complete. On request, these status reports will also be provided to other federal and state agencies with permitting responsibilities. Status reports shall include:
- a. an update on Sabine Pass LNG's efforts to obtain the necessary federal authorizations;
  - b. the construction status of the project, and work planned for the following reporting period;
  - c. a listing of all problems encountered and each instance of noncompliance observed by the environmental inspection during the reporting period (both for the conditions imposed by the Commission and any environmental conditions/permit requirements imposed by other federal, state, or local agencies);
  - d. a description of the corrective actions implemented in response to all instances of noncompliance, and their cost;
  - e. the effectiveness of all corrective actions implemented; and
  - f. copies of any correspondence received by Sabine Pass LNG from other federal, state, or local permitting agencies concerning instances of noncompliance, and Sabine Pass LNG's response.