

134 FERC ¶ 61,049
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.

Cameron LNG, LLC

Docket No. CP10-496-000

ORDER AMENDING SECTION 3 AUTHORIZATIONS

(Issued January 20, 2011)

1. On September 3, 2010, Cameron LNG, LLC (Cameron LNG) filed an application under section 3(a) of the Natural Gas Act (NGA)¹ and Parts 153 and 380 of the Commission's regulations² to amend the authorizations issued in *Cameron LNG, LLC*, 104 FERC ¶ 61,269 (2003) (2003 Order) and *Cameron LNG, LLC*, 118 FERC ¶ 61,019 (2007) (2007 Order).³ The 2003 Order authorized Cameron LNG to site, construct, and operate a liquefied natural gas (LNG) import terminal in Cameron Parish, Louisiana, near the town of Hackberry. The 2007 Order authorized Cameron LNG to construct additional facilities, expanding the terminal's send-out and storage capacity. In its amendment application, Cameron LNG seeks authorization to operate the LNG terminal for the additional purpose of exporting LNG which has previously been imported into the United States. For the reasons discussed below, we will grant the authorization as requested, subject to conditions.

Background

2. Cameron LNG is a limited liability company organized under the laws of the State of Delaware. Cameron LNG is a wholly-owned subsidiary of Sempra Global, which is a wholly-owned subsidiary of Sempra Energy.

3. In the 2003 Order, the Commission granted Cameron LNG authority to site, construct, and operate an LNG terminal, which included, *inter alia*, an LNG unloading

¹ 15 U.S.C. § 717(b) (2006).

² 18 C.F.R. Parts 153 and 380 (2010).

³ In response to requests by the Commission staff for additional information, primarily concerning environmental issues, Cameron LNG supplemented its application on November 17 and 30, 2010.

slip with two berths, each equipped with three unloading arms and one vapor return/delivery arm; three LNG storage tanks, each with a useable volume of 10.4 billion cubic feet (Bcf); nine intake pumps; ten second stage pumps, each sized for 188 MMcf per day; twelve submerged combustion vaporizers; a boil-off gas compressor and condensing system; an LNG circulation system to keep the facilities cold when LNG tankers are not being unloaded; and a natural gas liquids recovery unit. In the same order, the Commission issued certificates under section 7(c) of the NGA⁴ to Cameron LNG to construct and operate a 35.4-mile long pipeline from the terminal to an interconnection with Transcontinental Gas Pipe Line Company, LLC's (Transco) interstate facilities in Beauregard Parish, Louisiana; to provide open-access transportation service on the pipeline under Subpart G of Part 284 of the Commission's regulations; and to engage in certain activities under Subpart F of Part 157 of the regulations.

4. In the 2007 Order, the Commission authorized Cameron LNG to construct facilities that would increase the send-out rate of the terminal from 1.5 to 2.65 Bcf per day.⁵ The order also authorized an increase in the terminal's storage capacity through the addition of a fourth storage tank. Cameron LNG states that it placed the terminal in service on July 29, 2009.⁶

Proposal

5. Cameron LNG seeks authorization here to operate the terminal for the additional purpose of exporting previously imported LNG on behalf of its customers. Cameron LNG states that it designed the terminal to facilitate the potential loading onto ships of LNG stored at the terminal, including features such as check valves at the unloading arms that will allow reverse flow of LNG. Cameron LNG states that no new facilities or modifications of existing facilities are required in order for it to export previously imported LNG. Cameron LNG asserts that all proposed export activities will be within the previously authorized operational area of the terminal, that no land disturbance will occur, that no environmental or other sensitive resources will be adversely affected by the proposed export activities, and that no landowners will be directly or indirectly affected by the proposed activities.

⁴ 15 U.S.C. § 717(f) (2006).

⁵ In a separate order, *Cameron LNG, LLC*, 120 FERC ¶ 61,028 (2007), the Commission authorized Cameron LNG to increase the authorized send-out rate to 1.8 Bcf per day on an interim basis prior to commencement of construction of the expansion facilities.

⁶ Some of the facilities approved in the 2007 Order have not yet been constructed. See Letter Order dated December 21, 2010, in Docket No. CP06-422-000, granting an extension of time until January 18, 2012, to construct and make authorized facilities available for service.

Notice and Interventions

6. Notice of Cameron LNG's application was published in the *Federal Register* on September 22, 2010 (75 Fed. Reg. 57,766). No motions to intervene, notices of intervention, or protests have been filed.

Discussion

7. Since Cameron LNG proposes to operate facilities to export LNG to foreign countries, the proposal requires approval by the Commission under section 3 of the NGA.⁷

8. Section 3 of the NGA provides that the Commission "shall issue such order on application" if it finds that the proposal "will not be inconsistent with the public interest." Our authority over facilities constructed and operated under section 3 includes the application of terms and conditions as necessary and appropriate to ensure that the proposed siting and construction is in the public interest.⁸

9. Our earlier orders determined that construction and operation of the Cameron LNG import facilities would provide needed supplies of natural gas to customers. Cameron LNG's current proposal will provide its customers with the opportunity to export previously imported LNG for redelivery to a foreign market. The proposal will help to ensure that the terminal may remain in operation even when U.S. market prices are low. The proposal will also enable Cameron LNG to keep the terminal in the appropriate cryogenic cooled-down state so that it will be operationally capable of receiving and supplying LNG to the domestic U.S. market when it is needed. Cameron LNG's proposal will not have any impact on landowners, since all proposed export activities would be confined to the previously authorized operational area of the terminal.

⁷ The regulatory functions of section 3 of the NGA were transferred to the Secretary of Energy in 1977 pursuant to section 301(b) of the Department of Energy Organization Act (Pub. L. No. 95-91, 42 U.S.C. § 7101 *et seq.*). In reference to regulating the imports or exports of natural gas, the 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. DOE Delegation Order No. 00-004.00, 67 Fed. Reg. 8,946 (2002). Section 311 of the Energy Policy Act of 2005 (Pub. L. No. 109-58, § 311, 119 Stat. 594 (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, or operation of an LNG terminal.

⁸ See section 3(e)(3)(A) of the NGA. See also *Distrigas Corporation v. FPC*, 495 F.2d 1057, 1063-64 (D.C. Cir. 1974), *cert. denied*, 419 U.S. 834 (1974); *Dynegy LNG Production Terminal, L.P.*, 97 FERC ¶ 61,231 (2001).

No land disturbing activities will occur, and no environmental or other sensitive resources will be adversely impacted by the proposed export activities. Thus, we find that, subject to the conditions imposed in this order, Cameron LNG's proposal is not inconsistent with the public interest.⁹ Accordingly, we grant Cameron LNG's request for authorization to operate the LGN terminal for the additional purpose of exporting LGN which has already been imported into the United States.

Environmental Review

10. On September 29, 2010, the Commission issued a *Notice of Intent to Prepare an Environmental Assessment*.¹⁰ We received comments from the Louisiana Department of Wildlife and Fisheries (LDWF). The LDWF stated that its review of the application determined that the proposed authorization would have minimal or no long-term adverse impact on wetland functions and that, therefore, it had no objection to the project.

11. To satisfy the requirements of the National Environmental Policy Act of 1969 (NEPA),¹¹ the Commission's staff prepared an environmental assessment (EA) for Cameron LNG's proposal. The EA was placed into the public record for this proceeding on December 10, 2010. The EA addressed the proposal's purpose and potential impacts on geology, soils, water resources (with particular attention being paid to ballast water), essential fish habitat, wetlands, vegetation, wildlife, threatened and endangered species, land use, cultural resources, air quality, noise, reliability and safety, and alternatives. LDWF's comments were addressed in the EA.

12. Based on the analysis set forth in the EA, we have determined that approval of the project will not constitute a major federal action significantly affecting the quality of the human environment, if the proposal is implemented in accordance with Cameron LNG's application and supplements, and in compliance with the environmental conditions contained in the Appendix to this order.

⁹ On December 3, 2010, the Department of Energy, Office of Fossil Energy (DOE) granted an application by Sempra LNG Marketing (Sempra Marketing), Cameron LNG's affiliate that will own and ship the LNG, to export previously imported LNG, in an amount up to the equivalent of 250 Bcf of natural gas on a cumulative basis, over a two-year period beginning on February 1, 2011, from Cameron LNG's terminal. Sempra Marketing may export (via ocean-going carrier) the LNG to any country with the capacity to import LNG and with which trade is not prohibited by U.S. law or policy. DOE also determined that the proposed project qualifies for a Categorical Exclusion and that DOE would not need to conduct further environmental analysis of the project. See *Sempra LNG Marketing, LLC*, FE Docket No. 10-110-LNG (2010).

¹⁰ 75 Fed. Reg. 61,475 (October 5, 2010).

¹¹ 42 U.S.C. § 4331 *et seq.* (2006).

13. Any state or local permits issued with respect to the authority granted herein must be consistent with the conditions of this certificate. The Commission encourages cooperation between interstate pipelines 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.¹²

14. At a hearing held on January 20, 2011, the Commission on its own motion received and made a part of the record in this proceeding all evidence, including the application, as supplemented, and exhibits thereto, submitted in support of the authorization sought herein, and upon consideration of the record,

The Commission orders:

(A) Cameron LNG's request for authorization, as more fully described in this order and the application, is granted, subject to the environmental conditions set forth in the Appendix to this order.

(B) In all other respects, the 2003 and 2007 Orders shall remain in full force and effect.

(C) Cameron LNG 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 Cameron LNG. Cameron LNG shall file written confirmation of such notification with the Secretary of the Commission (Secretary) within 24 hours.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

¹² *Schneidewind v. ANR Pipeline Co.*, 485 U.S. 293 (1988); *National Fuel Gas Supply v. Public Service Commission*, 894 F.2d 571 (2d Cir. 1990); *Iroquois Gas Transmission System, L.P.*, 52 FERC ¶ 61,091 (1990), *order on reh'g*, 59 FERC ¶ 61,094 (1992).

APPENDIX

This authorization is subject to the following environmental conditions:

1. Cameron LNG shall follow the operating 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 this order. Cameron 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 order operations to cease; and
 - b. the design and implementation of any additional measures deemed necessary to ensure continued compliance with the intent of the conditions of this order.
3. Cameron LNG shall demonstrate that all of its hazard and operability study recommendations have been addressed **before placing the project into service**. This information shall be filed with the Secretary for review and written approval by the Director of OEP.