

**UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY AND CARBON MANAGEMENT**

<b>2024 LNG Export Study: Energy, Economic, and Environmental Assessment of U.S. LNG Exports</b>	)	
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<b>Port Arthur LNG Phase II, LLC</b>	)	<b>Docket Nos. 20-23-LNG et al.</b>

**COMMENTS OF SEMPRA INFRASTRUCTURE PARTNERS, LP AND  
PORT ARTHUR LNG PHASE II, LLC ON  
DEPARTMENT OF ENERGY 2024 LNG EXPORT STUDY**

Pursuant to the Notice of Availability of the “2024 LNG Export Study: Energy, Economic, and Environmental Assessment of U.S. LNG Exports” (“2024 LNG Study”) published by the U.S. Department of Energy (“DOE”), Office of Fossil Energy and Carbon Management (“DOE/FECM”) in the *Federal Register* on December 20, 2024,<sup>1</sup> and DOE’s Extension of Public Comment Period,<sup>2</sup> Sempra Infrastructure Partners, LP and Port Arthur LNG Phase II, LLC (collectively, “SI”) submit the following comments for consideration by DOE/FECM.

As discussed in greater detail herein, SI submits that the 2024 LNG Study does not provide any information or conclusions demonstrating that additional Non-FTA exports would be inconsistent with the public interest. Certain information presented in the 2024 LNG Study goes beyond the scope of what DOE/FECM may consider in its public interest reviews under the Natural Gas Act (“NGA”)—such as considerations of global market demand for liquefied natural gas (“LNG”); analyses of greenhouse gas (“GHG”) emissions associated with the production of natural gas, downstream delivery and end use of LNG, and hypothetical market dynamics; and analyses

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<sup>1</sup> U.S. Dep’t of Energy, Notice of Availability of the 2024 LNG Export Study and Request for Comments, 89 Fed. Reg. 104132 (Dec. 20, 2024).

<sup>2</sup> U.S. Dep’t of Energy, Extension of Public Comment Period, 90 Fed. Reg. 9018 (Feb. 5, 2025).

of community impacts. Other aspects of the 2024 LNG Study—including analyses of domestic prices, distributional impacts, and energy security—do not provide any convincing evidence that would lead to a conclusion that additional Non-FTA exports are inconsistent with the public interest and are in fact supportive of approving additional exports.

## I. INTRODUCTION & BACKGROUND

On December 17, 2024, DOE/FECM gave notice of availability of the “2024 LNG Export Study: Energy, Economic, and Environmental Assessment of U.S. LNG Exports.”<sup>3</sup> According to DOE/FECM, the purpose of the 2024 LNG Study was to update DOE’s understanding of the potential effects of U.S. LNG exports on a variety of areas, including the domestic economy, U.S. households and consumers, communities in areas of natural gas production and export, energy security issues, and the environment and climate. DOE/FECM explained that it intends to utilize the 2024 LNG Study to inform its public interest review of applications to export LNG to countries with which the United States does not have a free trade agreement (“FTA”) requiring national treatment for trade in natural gas and with which trade is not prohibited by U.S. law or policy (“Non-FTA applications”). Notice of Availability of the 2024 LNG Study was published in the *Federal Register* on December 20, 2024.<sup>4</sup> DOE/FECM initially set a deadline of February 18, 2025, by which to file comments on the 2024 LNG Study. Subsequently, DOE/FECM extended the comment period for the 2024 LNG Study to March 20, 2025.<sup>5</sup>

SI hereby submits its comments on the 2024 LNG Study. Sempra Infrastructure Partners, LP is a leading North American energy infrastructure company, engaged in the development, construction, operation, and investment of energy infrastructure, including natural gas liquefaction

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<sup>3</sup> U.S. Dep’t of Energy, Notice of Availability of the 2024 LNG Export Study and Request for Comments, Docket Nos. 13-69-LNG *et al.* (Dec. 17, 2024).

<sup>4</sup> 89 Fed. Reg. 104132.

<sup>5</sup> 90 Fed. Reg. 9018.

and LNG export terminals. Sempra Infrastructure Partners, LP has an ownership interest in, among other facilities, the Port Arthur LNG Phase II, LLC (“PALNG2”) LNG terminal currently in development by SI.

On February 28, 2020, PALNG2 filed with DOE/FECM in Docket No. 20-23-LNG an application for long-term, multi-contract authorizations to export up to 13.5 million tonnes per annum (“MTPA”) (equivalent to 698 billion cubic feet (“Bcf”) per year) of LNG from two new liquefaction trains—Trains 3 and 4—to be constructed at the site of the Port Arthur LNG terminal in Jefferson County, Texas (i.e., the Expansion Project), for export to FTA and Non-FTA nations.<sup>6</sup> On July 14, 2020, DOE/FECM granted the FTA portion of PALNG2’s application.<sup>7</sup> The Non-FTA portion of PALNG2’s application remains pending before DOE/FECM. DOE/FECM has indicated that it “intends to use the [2024 LNG Study] to inform its public interest review of, and ultimately decisions in, certain applications to export LNG to [Non-FTA countries],” including its decision in the PALNG2 proceeding.<sup>8</sup>

## II. PUBLIC INTEREST ANALYSIS

DOE/FECM announced that it intends to use the 2024 LNG Study to inform its public interest review of Non-FTA applications. As discussed below, certain aspects of the 2024 LNG Study—such as the study’s broad-reaching evaluation of GHG, community impacts, and global demand for U.S. LNG—go well beyond the statutorily permitted bounds of DOE/FECM’s public interest review. Other aspects of the 2024 LNG Study, including DOE/FECM’s evaluation of the

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<sup>6</sup> Port Arthur LNG Phase II, LLC, Application for Long-Term, Multi-Contract Authorizations to Export Liquefied Natural Gas from the United States to Free Trade Agreement and Non-Free Trade Agreement Nations, Docket No. 20-23-LNG (Feb. 28, 2020) [hereinafter PALNG2 Application].

<sup>7</sup> *Port Arthur LNG Phase II, LLC*, DOE/FE Order No. 4562, Docket No. 20-23-LNG, Order Granting Long-Term Authorization to Export Liquefied Natural Gas to Free Trade Agreement Nations (July 14, 2020).

<sup>8</sup> 89 Fed. Reg. at 104132.

price effects of increased U.S. LNG exports, do not undermine, or in fact support, the conclusion that increased LNG exports are not inconsistent with the public interest.

### A. Public Interest Review under the NGA

The standard of review for applications to export natural gas to Non-FTA countries is established by section 3(a) of the NGA. Section 3(a) provides in pertinent part:

[N]o person shall export any natural gas from the United States to a foreign country or import any natural gas from a foreign country without first having secured an order of the Commission authorizing it to do so. The Commission shall issue such order upon application, unless, after opportunity for hearing, it finds that the proposed exportation or importation will not be consistent with the public interest.<sup>9</sup>

In applying this provision, both courts and DOE/FECM have consistently found that section 3(a) creates a rebuttable **presumption that proposed exports of natural gas are in the public interest.**<sup>10</sup> DOE/FECM must grant a Non-FTA application unless opponents of the application make an affirmative showing based on evidence in the record that the export would be inconsistent with the public interest.<sup>11</sup>

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<sup>9</sup> 15 U.S.C. § 717b(a).

<sup>10</sup> *Sierra Club v. U.S. Dep't of Energy*, 867 F.3d 189, 203 (D.C. Cir. 2017). *See also, e.g., Lake Charles Exports, LLC*, DOE/FE Order No. 3324-A, FE Docket No. 11-59-LNG, Final Opinion and Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas By Vessel From the Lake Charles Terminal in Calcasieu Parish, Louisiana, to Non-Free Trade Agreement Nations at 13 (July 29, 2016); *Lake Charles LNG Export Co.*, DOE/FE Order No. 3868, FE Docket No. 13-04-LNG, Opinion and Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel From the Lake Charles Terminal in Calcasieu Parish, Louisiana to Non-Free Trade Agreement Nations at 11 (July 29, 2016); *Cameron LNG, LLC*, DOE/FE Order No. 3846, FE Docket No. 15-90-LNG, Opinion and Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel From Trains 4 and 5 of the Cameron LNG Terminal in Cameron and Calcasieu Parishes, Louisiana, to Non-Free Trade Agreement Nations at 10 (July 15, 2016); *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 3792, FE Docket No. 15-63-LNG, Final Opinion and Order Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel From the Sabine Pass LNG Terminal Located in Cameron Parish, Louisiana, to Non-Free Trade Agreement Nations at 13 (Mar. 11, 2016).

<sup>11</sup> *Phillips Alaska Nat. Gas Corp. & Marathon Oil Co.*, DOE/FE Order No. 1473, FE Docket No. 96-99-LNG, Order Extending Authorization to Export Liquefied Natural Gas from Alaska, at 13 n.42 (Apr. 2, 1999) (citing *Panhandle Producers & Royalty Owners Ass'n v. ERA*, 822 F.2d 1105, 1111 (D.C. Cir. 1987)); *see also Lake Charles Exports, LLC*, DOE/FE Order No. 3324-A at 13; *Lake Charles LNG Export Co.*, DOE/FE Order No. 3868 at 11; *Cameron LNG, LLC*, DOE/FE Order No. 3846 at 10; *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 3792 at 13-14.

### 1. Scope of DOE/FECM's Public Interest Review

The NGA does not define “public interest.” In interpreting the meaning of “public interest” under the NGA and Federal Power Act (“FPA”), the Supreme Court has held that the term “public interest” is “not a broad license to promote the general public welfare.” Rather, the words take meaning from the purposes of the regulatory legislation.”<sup>12</sup> With respect to the NGA and the FPA, the Supreme Court explained “it is clear that the principal purpose of those Acts was to encourage the orderly development of plentiful supplies of electricity and natural gas at reasonable prices.”<sup>13</sup> While the Court alluded to subsidiary purposes that may be considered under these statutes (such as antitrust, conservation, and environmental questions), this statement cannot be read to allow the consideration of environmental issues to take primacy over, overshadow, or subvert the principal purpose of the NGA—i.e., encouraging the development of plentiful supplies of natural gas at reasonable prices.

Indeed, in a recent decision, the U.S. Court of Appeals for the District of Columbia Circuit (“D.C. Circuit”) provided further clarity on the appropriate scope of environmental review under the NGA. In *Citizens Action Coalition of Indiana, Inc. v. FERC*, the D.C. Circuit considered a challenge to the Federal Energy Regulatory Commission’s (“FERC”) approval of the construction and operation of a natural gas pipeline under section 7 of the NGA.<sup>14</sup> Petitioners in that case argued that in reviewing whether to approve the proposed pipeline, FERC should have assigned equal weight to the economic benefits of the project and to potential GHG emissions. The D.C. Circuit disagreed, reiterating that neither the Supreme Court nor the D.C. Circuit has held that

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<sup>12</sup> *NAACP v. FPC*, 425 U.S. 662, 669 (1976) (emphasis added).

<sup>13</sup> *Id.* at 669-70 (emphasis added); *accord Myersville Citizens for a Rural Cmty., Inc. v. FERC*, 783 F.3d 1301, 1307 (D.C. Cir. 2015).

<sup>14</sup> *Citizens Action Coal. of Ind., Inc. v. FERC*, 125 F.4th 229 (D.C. Cir. 2025).

economic and environmental concerns warrant equal weight under the NGA.<sup>15</sup> In fact, given the Congressional intent underlying the NGA, the D.C. Circuit expressed “serious[] doubt” as to whether FERC may undertake its NGA review “in a manner that discourages or undermines the development of natural gas.”<sup>16</sup> While acknowledging the Supreme Court’s reference to “subsidiary purposes” under the NGA, the D.C. Circuit clarified that “nothing in the NGA suggests FERC can prioritize environmental concerns over the primary objective of promoting the development of natural gas markets.”<sup>17</sup> Furthermore, with respect to consideration of GHG emissions occurring outside the bounds of FERC’s jurisdiction, the D.C. Circuit found that:

To the extent [petitioners] argue[] that FERC must assess and give determinative weight to the appropriate level of emissions for projects outside its jurisdiction . . . we see no basis for that conclusion in the NGA. Any such argument would, at a minimum, present a major question over which Congress has not clearly given FERC authority. Cf. *West Virginia v. EPA*, 597 U.S. 697, 720, 730 (2022) (holding Congress did not empower the EPA to “restructur[e] the Nation’s overall mix of electricity generation” by “dictating the optimal mix of energy sources nationwide”).<sup>18</sup>

Like FERC, DOE/FECM must make its determinations with respect to Non-FTA export authorizations in a manner that complies with the statutory dictates of the NGA and comports with the principal purposes of the statute. To the extent DOE/FECM intends to rely on the 2024 LNG Study in a manner that provides equal weight to the study’s conclusions regarding environmental and economic issues, such an approach is contrary to the purposes of the NGA and forestalled by precedent.

DOE/FECM also should not use the 2024 LNG Study to conduct its public interest review in a manner that deviates from its own historical review of Non-FTA applications. DOE/FECM’s

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<sup>15</sup> *Id.* at 245.

<sup>16</sup> *Id.*

<sup>17</sup> *Id.* at 244.

<sup>18</sup> *Id.* at 244-45.

prior decisions have consistently relied on the 1984 Policy Guidelines in determining the criteria to be considered in evaluating both natural gas import and export applications.<sup>19</sup> The goals of the Policy Guidelines are to minimize federal control and involvement in energy markets and to promote a balanced and mixed energy resource system in furtherance of the purpose of the NGA to encourage the orderly development of plentiful supplies of natural gas. The Policy Guidelines provide that:

The market, not government, should determine the price and other contract terms of imported [or exported] gas. . . . The federal government’s primary responsibility in authorizing imports [or exports] should be to evaluate the need for the gas and whether the import [or export] arrangement will provide the gas on a competitively priced basis for the duration of the contract while minimizing regulatory impediments to a freely operating market.<sup>20</sup>

The introduction of the 1984 Policy Guidelines coincided with the United States’ realization that federal control of energy markets, including commodity quantity and price, “thwart[s] the effects of supply and demand that otherwise would force competitive pricing and supply arrangements.”<sup>21</sup> In the mid-1970s, the United States experienced a consequential shift in natural gas import pricing policy. The government of Canada began acting as a single seller of Canadian pipeline gas to the United States, and the United States agreed to import gas at a uniform border price in place of market negotiated prices.<sup>22</sup> The United States quickly realized that government regulation of gas prices resulted in an uncompetitive domestic market with severe economic consequences for American gas consumers. By the early 1980s, Canada supplied 78%

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<sup>19</sup> U.S. Dep’t of Energy, New Policy Guidelines and Delegation Orders From Secretary of Energy to Economic Regulatory Administration and Federal Energy Regulatory Commission Relating to the Regulation of Imported Natural Gas, 49 Fed. Reg. 6684 (Feb. 22, 1984) [hereinafter Policy Guidelines]; see also *Phillips Alaska Nat. Gas Corp.*, at 14, 42; *Lake Charles Exports, LLC*, DOE/FE Order No. 3324-A at 14; *Lake Charles LNG Export Company, LLC*, DOE/FE Order No. 3868 at 12; *Cameron LNG, LLC*, DOE/FE Order No. 3846 at 11; *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 3792 at 15.

<sup>20</sup> Policy Guidelines at 6685.

<sup>21</sup> *Id.* at 6684.

<sup>22</sup> *Id.* at 6685.

of all U.S. natural gas imports, but it became clear that the import volumes and prices were uncompetitive and caused U.S. consumers to experience large increases in the price of delivered gas.<sup>23</sup> The United States proposed to discontinue the uniform border price in 1983 and establish a new trade framework on a market-sensitive basis.<sup>24</sup>

The Policy Guidelines recognize that competitive arrangements for natural gas imports and exports are an essential element of the public interest.<sup>25</sup> Import and export agreements should provide for the sale of gas in volumes and at prices responsive to market demands. When the federal regulatory environment places undue restrictions on contract terms and conditions, the competitiveness of gas markets suffers.<sup>26</sup>

DOE/FECM's analysis has also been guided historically by DOE Delegation Order No. 0204-111.<sup>27</sup> According to the Delegation Order, exports of natural gas are to be regulated primarily "based on a consideration of the domestic need for the gas to be exported and such other matters [found] in the circumstances of a particular case to be appropriate."<sup>28</sup> Although the Delegation Order is no longer in effect, DOE/FECM's review of export applications continues to focus on: (i) the domestic need for natural gas proposed to be exported; (ii) whether the proposed exports pose a threat to the security of domestic natural gas supplies; (iii) whether the arrangement is consistent with the DOE/FECM's policy of promoting market competition; and (iv) any other factors bearing on the public interest.<sup>29</sup> As previously discussed, however, consideration of "other

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<sup>23</sup> *Id.* at 6685-86.

<sup>24</sup> *Id.* at 6686.

<sup>25</sup> *Id.* at 6687.

<sup>26</sup> *Id.*

<sup>27</sup> U.S. Dep't of Energy, Delegation Order No. 0204-111 (Feb. 22, 1982).

<sup>28</sup> *Id.* at para. (b).

<sup>29</sup> *See, e.g., Lake Charles Exports, LLC*, DOE/FE Order No. 3324-A at 15; *Cameron LNG, LLC*, DOE/FE Order No. 3846 at 11-12; *Cameron LNG, LLC*, DOE/FE Order No. 3391-A, FE Docket No. 11-162-LNG, Final Opinion and Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel From the Cameron LNG Terminal in Cameron Parish, Louisiana, to Non-Free Trade Agreement Nations at 9-10 (Sept. 10,

factors,” such as environmental issues, are necessarily secondary to those economic issues associated with the principal purposes underlying the NGA.<sup>30</sup>

## 2. *Prior Studies Informing DOE/FECM’s Public Interest Review*

To aid in its public interest review of Non-FTA applications, DOE/FECM has previously commissioned economic studies to examine the economic effects of U.S. LNG exports. In 2012, the DOE released a two-part study evaluating the effects on the U.S. economy of LNG exports to Non-FTA countries in volumes up to 12 Bcf per day. In 2014 and 2015, DOE/FECM released an updated two-part study assessing the economic effects of higher levels of U.S. LNG exports, i.e., between 12 and 20 Bcf per day. In 2018, DOE/FECM issued another study (“2018 LNG Study”) examining the probability and macroeconomic impact of various lower-48 sourced LNG export scenarios.<sup>31</sup> Like the earlier studies DOE/FECM had commissioned, the 2018 LNG Study examined the impacts of varying levels of LNG exports on domestic energy markets. However, the 2018 LNG Study also assessed the likelihood of different levels of “unconstrained” LNG exports (defined as market-determined levels of exports) and analyzed the outcomes of different LNG export levels on the U.S. natural gas markets and the U.S. economy as a whole, over the 2020 to 2050 time period. Specifically, the 2018 LNG Study developed 54 scenarios by identifying various assumptions for domestic and international supply and demand conditions to capture a wide range of uncertainty in the natural gas markets.<sup>32</sup> “Throughout the entire range of

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2014); *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 2961, FE Docket No. 10-111-LNG, Opinion and Order Conditionally Granting Long-Term Authorization to Export Liquefied Natural Gas From Sabine Pass LNG Terminal to Non-Free Trade Agreement Nations at 29 (May 20, 2011).

<sup>30</sup> See *NAACP*, 425 U.S. 662; *Citizens Action Coal. of Ind.*, 125 F.4th 229.

<sup>31</sup> NERA Economic Consulting, *Macroeconomic Outcomes of Market Determined Levels of U.S. LNG Exports* (June 7, 2018) [hereinafter 2018 LNG Study], available at <https://www.energy.gov/sites/prod/files/2018/06/f52/Macroeconomic%20LNG%20Export%20Study%202018.pdf>.

<sup>32</sup> The 2018 NERA Study analyzed “the robustness of unlimited market level determined LNG exports by examining different scenarios that reflect a wide range of natural gas market conditions, where robustness is measured using key macroeconomic metrics such as GDP, aggregate household income, and consumer welfare.” *Id.* at 13.

scenarios, [the 2018 LNG Study found] that overall U.S. economic output is higher whenever global markets call for higher levels of LNG exports, assuming that exports are allowed to be determined by market demand.”<sup>33</sup> Further, the 2018 LNG Study found that “[f]or each of the supply scenarios, higher levels of LNG exports in response to international demand consistently lead to higher levels of GDP. . . . Consumer welfare, expressed in dollar terms, is also higher when there is greater domestic oil and gas supply” and higher levels of LNG exports.<sup>34</sup>

DOE/FECM has also published two environmental reports to inform its public interest review—the *Addendum to Environmental Review Documents Concerning Exports of Natural Gas from the United States* (which considers potential environmental impacts of unconventional natural gas exploration and production activities)<sup>35</sup> and the *Life Cycle Greenhouse Gas Perspective on Exporting Natural Gas from the United States* (which considers how U.S. LNG exports compare with regional coal or other LNG sources for electric power generation in Europe and Asia from a life cycle GHG perspective and with natural gas sourced from Russia and delivered via pipeline to the same markets).<sup>36</sup> While it has considered these reports in its Non-FTA orders, DOE/FECM has concluded that “denial of . . . exports under NGA section 3(a) based on the environmental impacts associated with induced production would be too blunt an instrument to address these environmental concerns efficiently,”<sup>37</sup> and that it is unable to conclude whether an increase in

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<sup>33</sup> *Id.* at 14.

<sup>34</sup> *Id.* at 18, 20.

<sup>35</sup> U.S. Dep’t of Energy, *Addendum to Environmental Review Documents Concerning Exports of Natural Gas from the United States* (Aug. 2014), available at <https://www.energy.gov/sites/prod/files/2014/08/f18/Addendum.pdf>.

<sup>36</sup> U.S. Dep’t of Energy, *Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States* (May 29, 2014), available at <https://www.energy.gov/fecm/articles/life-cycle-greenhouse-gas-perspective-exporting-liquefied-natural-gas-united-states>.

<sup>37</sup> *Freeport LNG Expansion, L.P., et al.*, DOE/FECM Order No. 4961, Docket No. 21-98-LNG, Order Granting Long-Term Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Nations at 67 (Mar. 3, 2023).

exports associated with a given application will increase global GHG emissions “in a material or predictable way.”<sup>38</sup>

3. *NEPA May Not Be Used to Expand the Scope of DOE/FECM’s Public Interest Review*

Separate and apart from DOE/FECM’s public interest review under NGA section 3 are DOE/FECM’s environmental disclosure obligations under NEPA. As courts have consistently explained, NEPA is an “essentially procedural” statute “designed to ensure fully informed and well-considered decisions by federal agencies.”<sup>39</sup> NEPA requires agencies to take a “hard look at their proposed actions’ environmental consequences in advance of deciding whether and how to proceed.”<sup>40</sup> However, NEPA “does not dictate particular decisional outcomes, but merely prohibits uninformed—rather than unwise—agency action.”<sup>41</sup> Indeed, as courts have found:

[E]ven if [DOE] determined the [environmental] impacts were significant, it could still find that the public interest weighs in favor of allowing the exports. It is . . . well settled that NEPA itself does not mandate particular results, but simply prescribes the necessary process. Thus, if the adverse environmental effects of the proposed action are adequately identified and evaluated, the agency is not constrained by NEPA from deciding that other values outweigh the environmental costs.<sup>42</sup>

Thus, to the extent there is no affirmative showing that a proposed Non-FTA application is inconsistent with the public interest under the NGA, there is nothing within NEPA that would justify denial of the proposed exports.

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<sup>38</sup> *Id.* at 69.

<sup>39</sup> *Sierra Club v. DOE*, 867 F.3d 189, 196 (2017) (internal quotations omitted) (citing *Del. Riverkeeper Network v. FERC*, 753 F.3d 1304, 1309-10 (D.C. Cir. 2014); *Vt. Yankee Nuclear Power Corp. v. NRDC*, 435 U.S. 519, 558 (1978)).

<sup>40</sup> *Id.* (internal quotations omitted) (citing *Sierra Club v. U.S. Army Corps of Eng’rs*, 803 F.3d 31, 37 (D.C. Cir. 2015)).

<sup>41</sup> *Id.* (internal quotations omitted) (citing *Sierra Club*, 803 F.3d at 37; *Robertson v. Methow Valley Citizens Council*, 490 U.S. 332, 351 (1989)).

<sup>42</sup> *Id.* at 203 (internal quotations omitted) (citing *Methow Valley Citizens Council*, 490 U.S. at 350).

## **B. No Demonstration of Market Need for Exports is Required Under NGA Section 3**

The 2024 LNG Study discusses the international demand outlooks for U.S. LNG exports; however, questions regarding the sufficiency of global demand for U.S. LNG exports are not appropriate considerations within DOE/FECM’s public interest review, because there is no requirement to demonstrate “market need” for LNG under NGA section 3. In contrast to FERC’s evaluation of interstate natural gas pipelines under section 7 of the NGA, section 3 does not contemplate an assessment of whether there is adequate market need for LNG exports.<sup>43</sup> DOE/FECM has explained that it “has never evaluated as part of its NGA section 3(a) analysis whether a particular LNG export application . . . is guaranteed to have ‘real market need’ for any or all of the requested export volumes.”<sup>44</sup> As DOE has clarified, “a ‘market need’ inquiry is not required by the NGA or DOE’s regulations . . . , is not compelled by DOE’s NGA section 3(a) precedent, and is at odds with the principles established in DOE’s 1984 Policy Guidelines that DOE continues to apply.”<sup>45</sup> Indeed, this is consistent with the statutory presumption in favor of natural gas exports, which renders a showing of market need superfluous and unnecessary.

As DOE/FECM has found in its 1984 Policy Guidelines and applied in its Non-FTA export decisions, “[t]he market, not government, should determine the price and other contract terms of imported [or exported] gas” and DOE/FECM’s determinations should be made with an eye toward “minimizing regulatory impediments to a freely operating market.”<sup>46</sup> In discussing matters relating to global LNG demand, the 2024 LNG Study goes beyond issues that may be properly

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<sup>43</sup> See, e.g., *Jordan Cove Energy Project L.P.*, 171 FERC ¶ 61,136 (2020).

<sup>44</sup> *Alaska LNG Project LLC*, DOE/FECM Order No. 3463-D, Docket No. 14-96-LNG, Order Denying Request for Rehearing of DOE/FECM Order No. 3643-C Affirming and Amending DOE/FE Order No. 3643-A at 50 (June 14, 2023).

<sup>45</sup> *Id.*

<sup>46</sup> Policy Guidelines at 6685.

considered in a NGA section 3 public interest analysis. In this regard, DOE/FECM should not utilize the 2024 LNG Study in its public interest reviews in a manner similar to its misplaced approach in the recent *NFE Altamira* decision,<sup>47</sup> in which DOE/FECM denied the applicant's requested export term due to allegedly insufficient information regarding future European demand for U.S. LNG exports. Market demand is not a relevant inquiry in DOE/FECM's public interest analysis, and any assertions in the 2024 LNG Study regarding global demand for U.S. LNG should not be employed as a factor for consideration in DOE/FECM's public interest review.

In any event, the 2024 LNG Study does not provide support for the contention that there is a lack of global demand for U.S. LNG. The 2024 LNG Study notes that “[w]hile Europe has been the primary destination for U.S. LNG from 2016 to present, global demand and the destination of U.S. LNG in the future is less certain”<sup>48</sup> and that “European policies are moving to reduce the use of fossil fuels.”<sup>49</sup> However, the 2024 LNG Study also states that “[d]emand for natural gas and LNG in Asia is expected to increase in most scenarios”<sup>50</sup> and in half of the 2024 LNG Study scenarios, global demand for natural gas through 2050 is also estimated to increase across regions to which the U.S. currently exports LNG, including Brazil, the Caribbean, China, India, Indonesia, Mexico, Pakistan, and Southeast Asia.<sup>51</sup>

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<sup>47</sup> *NFE Altamira FLNG, S. de R.L. de C.V.*, DOE/FECM Order No. 5156, Docket No. 22-110-LNG, 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 Nations (Aug. 31, 2024).

<sup>48</sup> OnLocation, Inc., *Energy, Economic, and Environmental Assessment of U.S. LNG Exports Summary Report* at S-6 (Dec. 2024), available at [https://www.energy.gov/sites/default/files/2024-12/LNGUpdate\\_SummaryReport\\_Dec2024\\_230pm.pdf](https://www.energy.gov/sites/default/files/2024-12/LNGUpdate_SummaryReport_Dec2024_230pm.pdf) [hereinafter 2024 LNG Study].

<sup>49</sup> *Id.*

<sup>50</sup> *Id.*

<sup>51</sup> See Pacific Northwest National Laboratory, *Appendix A: Global Energy and Greenhouse Gas Implications of U.S. LNG Exports* at Table A-3.23, pp. A-87 to A-107 (Dec. 2024), available at [https://www.energy.gov/sites/default/files/2024-12/LNGUpdate\\_AppendixA\\_Dec2024.pdf](https://www.energy.gov/sites/default/files/2024-12/LNGUpdate_AppendixA_Dec2024.pdf); U.S. Energy Information Administration, *U.S. Natural Gas Exports and Re-Exports by Country*, available at [https://www.eia.gov/dnav/ng/ng\\_move\\_expc\\_s1\\_a.htm](https://www.eia.gov/dnav/ng/ng_move_expc_s1_a.htm).

Views from other leading industry analysts indicate that European LNG demand will continue to grow. Internationally recognized industry experts such as Wood Mackenzie and Poten and Partners both forecast European Union (“EU”) LNG demand peaking in the mid-2030s<sup>52</sup> while, in the reference case for its 2024 World Energy Outlook, BP forecasts European LNG demand peaking in the early-2030s.<sup>53</sup> All three outlooks, as well as the most recent forecast published by industry expert S&P Global Commodity Insights, forecast EU LNG demand will remain above 2023 levels into the 2040s.<sup>54</sup>

Whether an LNG export project will move forward and make exports up to its authorized volumes is an issue appropriately decided by the market, not DOE/FECM. To the extent DOE/FECM intends to rely on the global demand outlooks described in the 2024 LNG Study to make findings that proposed exports are inconsistent with the public interest, such an approach would contravene section 3’s presumption favoring exports and DOE’s own practice under the Policy Guidelines as discussed above in Part II.A.

### **C. The 2024 LNG Study Demonstrates that Potential Price Effects of U.S. LNG Exports Are Not Inconsistent with the Public Interest**

The 2024 LNG Study analyzes domestic natural gas price effects associated with increased U.S. LNG exports. The study’s conclusions with respect to expected price increases demonstrate that any price effects of higher levels of exports are relatively small and consistent with or lower than levels of price increases projected in studies DOE/FECM has relied on in Non-FTA

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<sup>52</sup> Wood Mackenzie’s Global Gas 10-year investment horizon outlook shows EU LNG demand peaking at 191 Bcm (~148 Mtpa) in 2034 and remaining above 2025 import levels through to 2044. See <https://my.woodmac.com/document/547542>. Poten and Partners’ Global LNG Outlook October also shows European LNG demand peaking at 144 Mtpa in 2024. See <https://portal.poten.com/lng/lng-market-outlook/>.

<sup>53</sup> BP Energy Outlook 2024 (July 10, 2024), available at <https://www.bp.com/en/global/corporate/energy-economics/energy-outlook.html>.

<sup>54</sup> S&P Global Commodity LNG Supply Demand Gas August 2024 shows European LNG demand peaking at 145 Mtpa in 2039 and remaining above 2024 levels until 2050. See <https://connect.ihsmarkit.com/document/show/phoenix/743784?connectPath=LNGLandingPage.Data&searchSessionId=dd6d4a26-4fe4-4a21-a03c-9603258d0048>.

authorization orders in the past.<sup>55</sup> Accordingly, the price analyses provided in the 2024 LNG Study do not disturb the conclusion that Non-FTA exports are not inconsistent with the public interest.

The 2024 LNG Study finds that across the *Defined Policies* scenarios, the 2050 Henry Hub price increases by \$1.09/MMBtu (from \$3.53/MMBtu to \$4.62 MMBtu).<sup>56</sup> These levels are well within the natural variability of natural gas prices in recent years, as the 2024 LNG Study acknowledges that Henry Hub prices in 2022 and 2023 were \$6.45/MMBtu and \$2.53/MMBtu, respectively.<sup>57</sup> The study further notes that this increase corresponds with only a 4% increase in residential natural gas prices.<sup>58</sup>

The 2024 LNG Study affirms DOE/FECM's prior findings that any potential price increases resulting from increased U.S. LNG exports would be small.<sup>59</sup> Furthermore, experience has shown that prior price forecasts relied upon by DOE/FECM have tended to overestimate the impacts increased LNG exports would have on raising domestic natural gas prices. For example, the EIA's Annual Energy Outlook 2017 ("AEO 2017") underestimated total U.S. consumption and overestimated domestic gas prices. The AEO 2017 Reference Case projected 2023 total U.S. consumption of 75 Bcf per day and Henry Hub gas prices of \$4.28/MMBtu (in \$2016).<sup>60</sup> Realized 2023 total U.S. consumption was materially higher at 89 Bcf per day, while Henry Hub gas prices were materially lower at \$2.01/MMBtu (\$2016).<sup>61</sup> This is because natural gas inventory, as

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<sup>55</sup> See, e.g., 2018 LNG Study at 55 ("[T]he more likely range of Henry Hub prices . . . is from \$3.90 to \$6.70 per MMBtu."); U.S. Energy Information Administration, Annual Energy Outlook 2023 (Mar. 16, 2023) (projecting a range of Henry Hub spot prices in 2022 dollars from \$2.78/MMBtu to \$6.37/MMBtu in 2050).

<sup>56</sup> 2024 LNG Study at S-4.

<sup>57</sup> *Id.*

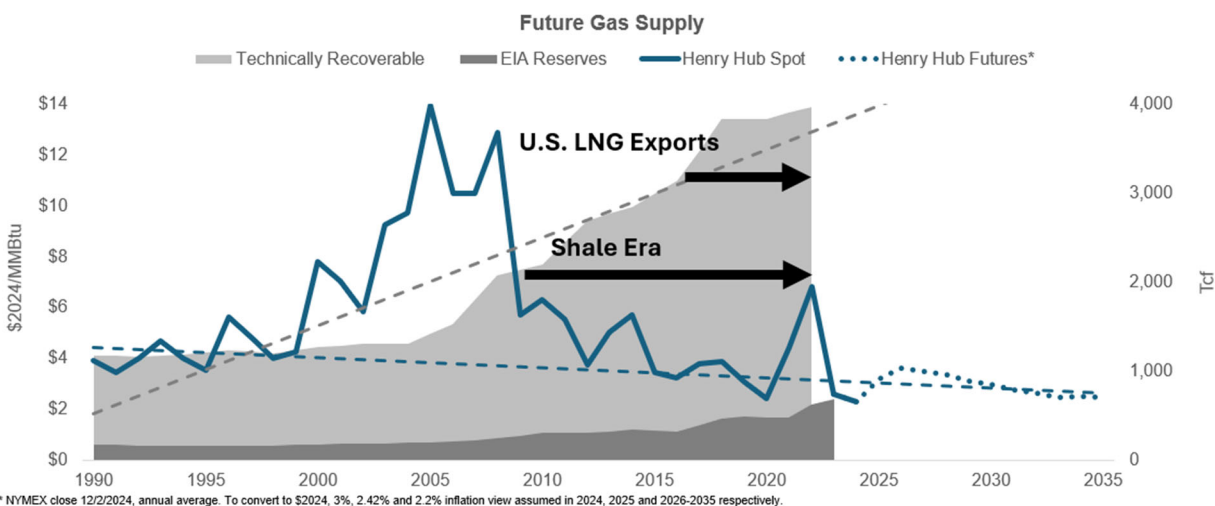
<sup>58</sup> *Id.* at S-27.

<sup>59</sup> See, e.g., NERA Economic Consulting, *Macroeconomic Impacts of LNG Exports from the United States* at 2 (Dec. 2012); U.S. Energy Information Administration, *Effect of Increased Levels of Liquefied Natural Gas Exports on U.S. Energy Markets* at 12 (Oct. 2014); 2018 LNG Study at 55.

<sup>60</sup> See Table 13, U.S. Energy Information Administration, Annual Energy Outlook 2017, available at <https://www.eia.gov/outlooks/aeo/data/browser/#/?id=13-AEO2017&sourcekey=0>.

<sup>61</sup> See EIA Natural Gas Monthly Table 1 (<https://www.eia.gov/naturalgas/monthly/>) and Henry Hub spot prices (<https://www.eia.gov/dnav/ng/hist/rngwhhdm.htm>). Real prices were computed using the Consumer Price Index, published by the Bureau of Labor Statistics (<https://www.bls.gov/cpi/>).

measured by reserves and resources (see chart below), has substantially increased over this same period, resulting in significant available economic supply.



Sources: (1) Reserves Data – U.S. Energy Information Administration, (2) Technically Recoverable Resources – Potential Gas Committee, (3) Henry Hub Prices – Chicago Mercantile Exchange and New York Mercantile Exchange close price as of December 2, 2024.

In more recent orders, DOE/FECM has found that “the AEO 2022 Reference case is *even more supportive* of exports than the AEO 2017 Reference case without the CPP [(Clean Power Plan)]”<sup>62</sup> and that the AEO 2022 Reference case “projects an average Henry Hub natural gas price that is lower than the AEO 2017 Reference case without the CPP by 43%.”<sup>63</sup> And, in fact, the most recent AEO 2023 Reference case continues to be more supportive of exports than the AEO 2017 Reference case.<sup>64</sup>

Further supporting this, other leading industry analysts forecast plentiful supply of natural gas over the coming decades at reasonable prices. Internationally recognized industry experts such as Wood Mackenzie, S&P Global Commodity Insights, and Rice University’s Baker Institute all

<sup>62</sup> *Energía Costa Azul, S. de R.L. de C.V.*, DOE/FECM Order No. 4365-B, Docket No. 18-145-LNG, Order Amending Long-Term Authorization to Re-Export U.S. Sourced Natural Gas from Mexico to Non-Free Trade Agreement Nations at 55 (Dec. 20, 2022) (emphasis added); *Vista Pacifico LNG, S.A.P.I. de C.V.*, DOE/FECM Order No. 4929, Docket No. 20-153-LNG, 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 Nations at 55 (Dec. 20, 2022) (emphasis added).

<sup>63</sup> DOE/FECM Order No. 4365-B at 59; DOE/FECM Order No. 4929 at 59.

<sup>64</sup> U.S. Energy Information Administration, Annual Energy Outlook 2023 (Mar. 16, 2023).

forecast robust growth in U.S. supply above the growth experienced in the last decade, while natural gas prices are projected to remain within the variability experienced in recent years. For example, the Baker Institute forecasts the U.S. will produce 440 Tcf of natural gas in the next decade, 35% more than the last decade, while natural gas prices remain below \$3.15/Mcf (2022 dollars).<sup>65</sup> In the following decade an additional 480 Tcf would be produced, while natural gas prices would still remain within the recent variability, with a peak in 2048 of \$4.06/Mcf (2022 dollars).<sup>66</sup>

Even taking at face value the 2024 LNG Study's estimated \$1.09/MMBtu increase in Henry Hub prices in 2050, this represents a relatively *de minimis* price increase over the relevant period and does not detract from the presumption that Non-FTA exports are not inconsistent with the public interest.

#### **D. The 2024 LNG Study's Analysis of GHG Emissions Goes Beyond the Permissible Scope of DOE/FECM's Public Interest Review**

The 2024 LNG Export Study contains extensive analysis of projected GHG emissions and includes a consequential lifecycle analysis that reviews estimated emissions from production, delivery, and use of U.S. exported gas, as well as potential emissions associated with changes in market behavior (e.g., substitution of natural gas for other sources of energy or additional energy

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<sup>65</sup> Baker Institute for Public Policy, Rice University, Scenarios for Global Natural Gas Markets to 2050 (Mar. 2025). In Figure 3, Henry Hub prices gradually approach \$4/Mcf, in real 2022\$, over the next several decades. Figure 8 illustrates historical and forecast U.S. production by region by year. Cumulative production from 2025 to 2034 is approximately 440 Tcf and from 2035 to 2044 is approximately 480 Tcf.

<sup>66</sup> *Id.* Similarly, Wood Mackenzie forecasts the U.S. will produce 440 Tcf of natural gas in the next decade, 35% more than the last decade, while natural gas prices will remain below \$4.50/MMBtu. In the following decade, an additional 490 Tcf will be produced, while natural gas prices will still remain within the recent variability, with 2050 prices below \$6.00/MMBtu. Wood Mackenzie, *Global Gas 10-Year Investment Horizon Outlook* (Nov. 12, 2024).

S&P Global forecasts the U.S. will produce 420 Tcf of natural gas in the next decade, 30% more than the last decade, while natural gas prices will remain below an average of \$4.15/MMBtu and a peak of 5.40/MMBtu. In the following decade, an additional 430 Tcf will be produced, while natural gas prices still remain within the recent variability with 2050 prices at \$6.00/MMBtu. S&P Global Commodity Insights, *North American Natural Gas Long-Term Outlook* (Feb. 2025).

use). This overbroad and speculative analysis goes well beyond the scope of emissions that DOE/FECM may appropriately consider within its public interest review under NGA section 3 and relevant precedent.

As the Supreme Court has held, the scope of the public interest review under the NGA takes meaning from the purposes underlying the statute, which is “to encourage the orderly development of plentiful supplies of . . . natural gas at reasonable prices.”<sup>67</sup> The term “public interest” does not grant DOE/FECM a broad license to promote general public welfare by engaging in a far-reaching inquiry of any and all potential emissions that could precede or follow a proposed export, however attenuated or remote. Moreover, as confirmed by the D.C. Circuit, NGA section 3 does not grant an agency authority to consider emissions associated with activities outside of its jurisdiction.<sup>68</sup> Potential emissions associated with upstream production, downstream delivery and end use, and hypothetical market dynamics are well outside DOE/FECM’s jurisdictional purview; accordingly, the NGA provides no basis for DOE/FECM to consider these emissions as part of its public interest analysis.

In the context of DOE/FECM’s NEPA review, it has been consistently held that upstream and downstream environmental effects, including GHG emissions, are not reasonably foreseeable. DOE/FECM has found, and the D.C. Circuit has upheld, that effects associated with increased natural gas production and downstream emissions are not reasonably foreseeable under NEPA and are not required to be considered by DOE/FECM under either NEPA or the NGA.<sup>69</sup>

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<sup>67</sup> *NAACP*, 425 U.S. at 670.

<sup>68</sup> *Citizens Action Coal. of Ind.*, 125 F.4th at 244 (“To the extent Citizens Action argues that FERC must assess and give determinative weight to the appropriate level of emissions for projects outside its jurisdiction, like CenterPoint’s plant, we see no basis for that conclusion in the NGA. Any such argument would, at a minimum, present a major question over which Congress has not clearly given FERC authority. *Cf. West Virginia v. EPA*, 597 U.S. 697, 720, 730 (2022).”).

<sup>69</sup> *See, e.g., Sierra Club v. U.S. Dep’t of Energy*, 867 F.3d 189, 197-203 (D.C. Cir. 2017).

In addition, in 2020, DOE adopted a revised categorical exclusion covering authorizations to export natural gas under NGA section 3 and associated marine vessel transportation. Guided by court precedent holding that the scope of an agency’s NEPA review does not include effects that the agency has no authority to prevent,<sup>70</sup> DOE found the appropriate scope of NEPA review for Non-FTA exports includes “potential environmental impacts resulting from activities occurring at or after the point of export.”<sup>71</sup> Such impacts begin at the point of export and are limited to marine transport effects.<sup>72</sup> DOE further found that transportation of natural gas by marine vessel normally does not pose the potential for significant environmental impacts.<sup>73</sup> DOE reiterated that:

[It] has not previously included potential upstream and downstream impacts as part of its NEPA analyses for natural gas export approvals. Induced upstream production impacts are not reasonably foreseeable for NEPA purposes, and are therefore not ‘effects’ subject to analysis under NEPA. Furthermore, downstream emissions at the point of consumption are too attenuated to be reasonably foreseeable and do not have a reasonably close causal relationship to the granting of an export authorization.<sup>74</sup>

It would be illogical for DOE/FECM to utilize the 2024 LNG Study in a manner that stretches the environmental scope of its public interest review beyond the limits of what DOE/FECM can evaluate under the relevant environmental statute (i.e., NEPA)—and there is no support that can be found either within the plain statutory text of NGA section 3 or any relevant court precedent that would allow DOE/FECM to do so.

Furthermore, there is nothing in the 2024 LNG Study that deviates from DOE/FECM’s prior conclusions that “denial of . . . exports under NGA section 3(a) based on the environmental impacts associated with induced production would be too blunt an instrument to address these

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<sup>70</sup> Dep’t of Energy, National Environmental Policy Act Implementing Procedures, Final Rule, 85 Fed. Reg. 78197, 79198 (Dec. 4, 2020) (citing *Dep’t of Transp. v. Pub. Citizen*, 541 U.S. 752, 768-70 (2004); *Sierra Club v. Fed. Energy Regulatory Comm’n*, 827 F.3d 36, 40 (D.C. Cir. 2016)).

<sup>71</sup> *Id.* at 78197.

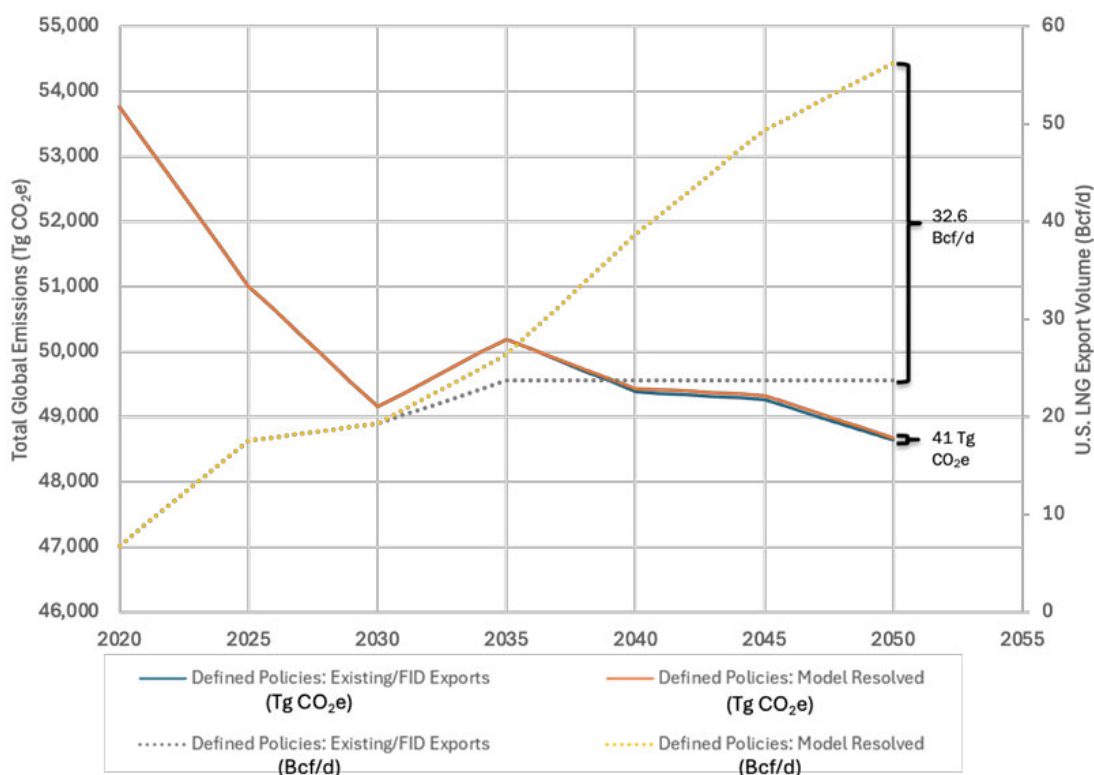
<sup>72</sup> *Id.*

<sup>73</sup> *Id.* at 78198.

<sup>74</sup> *Id.* at 78200.

environmental concerns efficiently,”<sup>75</sup> and that DOE/FECM is unable to conclude whether an increase in exports associated with a given application will increase global GHG emissions “in a material or predictable way.”<sup>76</sup>

Even if the 2024 LNG Study’s GHG emissions analysis was appropriate to take into consideration, the conclusions one would draw from such analysis would still support that additional LNG exports are not inconsistent with the public interest. For example, under the modeled scenario that yields the most extreme increase in U.S. LNG exports (*Defined Policies: Model Resolved* scenario), cumulative increases in projected global GHG emissions from U.S. LNG would be marginal at less than 0.1%.



Source: APPENDIX C: CONSEQUENTIAL GREENHOUSE GAS ANALYSIS OF U.S. LNG EXPORTS—2024 LNG Export Study: Energy, Economic, and Environmental Assessment of U.S. LNG Exports, U.S. Department of Energy

<sup>75</sup> *Freeport LNG Expansion*, DOE/FECM Order No. 4961 at 67.  
<sup>76</sup> *Id.* at 69.

Further, the conclusions of the study are premised on the assumption that U.S. LNG would be displacing a non-trivial amount of future renewable generation capacity globally. Specifically, the study estimates that 25% of the increase in U.S. LNG exports in the *Defined Policies: Model Resolved* scenario would be displacing renewables. While it may be likely that some renewable generation capacity is displaced under such a scenario, leading industry research firms and academics find any future displacement to be significantly less pronounced. For example, a recent study by S&P Global found that U.S. LNG exports, under a scenario in which all pre-final investment decision LNG export projects awaiting a DOE Non-FTA permit in the U.S. materialize, would lead to lower global GHG emissions compared against a scenario in which U.S. LNG is not available. In other words, research indicates that absent U.S. LNG, energy demand would be met primarily by non-renewable or nuclear sources, leading to greater GHG emissions. These indications are consistent with the findings of past research studies, in which the lifecycle emissions of U.S. LNG exports have been compared with those of coal supply chains, for example. In 2019, the National Energy Technology Laboratory’s (NETL) updated its lifecycle analysis on U.S. LNG exports,<sup>77</sup> which found that U.S. LNG exports generate up to 56% fewer lifecycle GHG emissions compared to regional coal use. More recently, a report by Wood Mackenzie concluded that under realistic supply chain scenarios, U.S. LNG emissions are at least 23% lower than coal emissions.<sup>78</sup> Thus, the 2024 LNG Study’s evaluation of estimated emissions from production, delivery, use of U.S. exported gas, and changes in market behavior are beyond the scope of DOE/FECM’s public interest review, and in any event do not demonstrate a material increase in projected global GHG emissions.

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<sup>77</sup> S. Roman-White et al., National Energy Technology Laboratory, *Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States: 2019 Update* (Sept. 12, 2019), available at <https://www.energy.gov/sites/prod/files/2019/09/f66/2019%20NETL%20LCA-GHG%20Report.pdf>.

<sup>78</sup> Wood Mackenzie, *Shining a Light on the “Coal Versus LNG Emissions” Debate* (Mar. 4, 2025).

### **E. The 2024 LNG Study’s Analysis of Community Impacts Goes Beyond the Permissible Scope of DOE/FECM’s Public Interest Review**

Similarly, the 2024 LNG Study engages in a review of potential community impacts that goes well beyond the scope of what DOE/FECM may consider in its public interest review. For example, the 2024 LNG Study reviews various potential effects of natural gas production, processing, and transportation on upstream, midstream, and downstream communities. As the Supreme Court has explained, the term “public interest” in the NGA is “not a broad license to promote the general public welfare”<sup>79</sup> and these issues are not relevant considerations within DOE/FECM’s public interest review.

Moreover, to the extent DOE/FECM proposes to utilize the study to consider impacts on communities associated with LNG terminals, such an analysis would be duplicative of the reviews of Environmental Justice (“EJ”) community impacts FERC has traditionally undertaken under NEPA.<sup>80</sup> Potential effects of proposed LNG facilities on EJ communities have been historically considered in FERC’s environmental review process, in which DOE/FECM routinely participates as a cooperating agency.<sup>81</sup> Moreover, DOE/FECM may not expand the scope of review of community impacts beyond those evaluated by FERC. Issues related to upstream, midstream, and downstream effects are wholly outside DOE/FECM’s jurisdiction, and there is no basis in the NGA for DOE/FECM to consider these issues in its public interest review.<sup>82</sup>

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<sup>79</sup> *NAACP*, 425 U.S. at 669.

<sup>80</sup> SI notes that President Trump has rescinded various prior Executive Orders implementing and enhancing federal agency environmental justice reviews. For example, in Executive Order 14173, President Trump rescinded Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations. 90 Fed. Reg. 8633 (Jan. 31, 2025). Additionally, in Executive Order 14148, President Trump rescinded Executive Order 14096, Revitalizing Our Nation’s Commitment to Environmental Justice for All, and Executive Order 14008, Tackling the Climate Crisis at Home. 90 Fed. Reg. 8237 (Jan. 28, 2025). Further, the CEQ has issued guidance to heads of federal agencies that “NEPA documents should not include an environmental justice analysis, to the extent that this approach is consistent with other applicable law.” Council on Environmental Quality, *Memorandum for Heads of Federal Departments and Agencies* at 5 (Feb. 19, 2025).

<sup>81</sup> *See, e.g.*, Port Arthur LNG Expansion Project Supplemental Environmental Assessment, FERC Docket No. CP20-55-000 (Apr. 28, 2023) (Accession No. 20230428-3014).

<sup>82</sup> *See Citizens Action Coal. of Ind.*, 125 F.4th at 244.

## **F. The 2024 LNG Study’s Analysis of Distributional Effects Does Not Demonstrate LNG Exports Are Inconsistent with the Public Interest**

The 2024 LNG Study provides an analysis of distributional effects associated with potential changes in natural gas and electricity prices. As part of this analysis, the 2024 LNG Study provides estimated impacts of increased U.S. LNG exports on natural gas expenditures and electricity expenditures per household. The 2024 LNG Study’s analysis does not demonstrate that Non-FTA exports are inconsistent with the public interest.

In response to comments to its 2018 LNG Study, DOE/FECM concluded that the public interest “generally favors authorizing proposals to export natural gas that have been shown to lead to net benefits to the U.S. economy.”<sup>83</sup> According to DOE/FECM:

[W]ith respect to consumer well-being, the 2018 Study found that all scenarios within the more likely range of results are welfare-improving for the average U.S. household. This result is driven by households’ receipt of additional income from export revenues and take-or-pay tolling charges for LNG exports, and this additional income outweighs the income lost from higher energy prices.<sup>84</sup>

The 2024 LNG Study notes that the configuration of the Macroeconomic Activity Model yields results showing increased LNG exports lead to increased GDP. While the 2024 LNG Study states that an increase in GDP “does not necessarily correlate with a positive effect on broader public and consumer welfare,”<sup>85</sup> the study does not provide convincing evidence to disturb DOE/FECM’s prior conclusions that increased LNG exports, and associated increases in GDP, tend to have welfare-improving impacts. Studies commissioned by DOE/FECM have consistently found—in 2012, 2014, 2015, 2018, and 2024—that increases in LNG exports generally yield increases in GDP. DOE/FECM’s 2012 Study explained “the macroeconomic analysis shows that

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<sup>83</sup> U.S. Dep’t of Energy, Study on the Macroeconomic Outcomes of LNG Exports: Response to Comments Received on Study, 83 Fed. Reg. 67251, 67266 (Dec. 28, 2018).

<sup>84</sup> *Id.*

<sup>85</sup> 2024 LNG Study at S-5.

there are consistent net economic benefits . . . and that the benefits generally become larger as the amount of exports increases.”<sup>86</sup> Additionally, a leading industry consultant, S&P Global, found that in less than a decade, the LNG export sector contributed more than \$400 billion to U.S. GDP and is expected to double its U.S. economic footprint to 2040 with \$1.3 trillion in GDP contribution.<sup>87</sup> Beyond GDP contributions, the U.S. LNG industry growth is expected to contribute \$2.5 trillion in revenues to U.S. businesses, over \$900 billion in expenditures, and \$165 billion in tax revenues to 2040, and to support an average of nearly 500,000 U.S. jobs.<sup>88</sup> The economic impact was also assessed at the regional level, with GDP contributions occurring beyond the core producing states.<sup>89</sup>

The body of analysis on this issue demonstrates that, notwithstanding any potential impacts increased exports may have on household expenditures, increased exports would lead to increased U.S. GDP, with welfare-improving benefits to the public.

## **G. Energy Security**

In its energy security-related findings, the 2024 LNG Study acknowledges the role of LNG

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<sup>86</sup> 2024 LNG Study at S-29; 2018 LNG Study at 67; Center for Energy Studies & Oxford Economics, *The Macroeconomic Impact of Increasing U.S. LNG Exports* at 82 (Oct. 29, 2015); U.S. Energy Information Administration, *Effect of Increased Levels of Liquefied Natural Gas Exports on U.S. Energy Markets* at 24 (Oct. 2014); NERA Economic Consulting, *Macroeconomic Impacts of LNG Exports from the United States* at 56, 76-77 (Dec. 3, 2012).

<sup>87</sup> S&P Global Commodity Insights, *Major New US Industry at a Crossroads: A US LNG Impact Study – Phase 2* at 2, 4, 21 (Mar. 2025), available at [https://www.spglobal.com/content/dam/spglobal/global-assets/en/special-reports/lng-study/US-LNG-Impact-Study-Phase2\\_Presentation.pdf](https://www.spglobal.com/content/dam/spglobal/global-assets/en/special-reports/lng-study/US-LNG-Impact-Study-Phase2_Presentation.pdf). The S&P Global Base Case has LNG exports more than doubling to 28 Bcf/d by 2030, which is similar to export levels reached by 2050 across the mid-range of the 2024 DOE study cases. The GDP contribution of U.S. LNG exports was assessed separately for direct, indirect, and induced contributions. Direct contributions are those activities required to produce natural gas, transport and liquify at the terminals. Indirect contributions are activities in industries that supply materials and services to the LNG export value chain and the activities of follow-on tiers of suppliers. Induced contributions are the economic effects from workers spending their wages and salaries on consumer goods and household items.

<sup>88</sup> S&P Global Commodity Insights, *Major New US Industry at a Crossroads: A US LNG Impact Study – Phase 1* at 4 (Dec. 2024), available at <https://www.spglobal.com/content/dam/spglobal/global-assets/en/special-reports/lng-study/USLNGImpactStudyPhase1Presentation.pdf>.

<sup>89</sup> S&P Global Commodity Insights, *Major New US Industry at a Crossroads: A US LNG Impact Study – Phase 2* at 2, 21 (Mar. 2025), available at [https://www.spglobal.com/content/dam/spglobal/global-assets/en/special-reports/lng-study/US-LNG-Impact-Study-Phase2\\_Presentation.pdf](https://www.spglobal.com/content/dam/spglobal/global-assets/en/special-reports/lng-study/US-LNG-Impact-Study-Phase2_Presentation.pdf). Approximately 70% of the GDP contributions occur in producing states, with the remainder in the non-producing states.

exports in energy security strategies.<sup>90</sup> The study states, however, that “[w]hile Europe has been the primary destination for U.S. LNG from 2016 to present, global demand and the destination of U.S. LNG in the future is less certain.”<sup>91</sup> The study notes that “European policies are moving to reduce the use of fossil fuels” and that “[d]emand for natural gas and LNG in Asia is expected to increase in most scenarios.”<sup>92</sup>

However, the 2024 LNG Study’s findings do not provide convincing evidence that the European market will not need U.S. LNG in the future. In 20% of the study’s scenarios, including the reference case *Defined Policies: Model Resolved* scenario, European LNG demand does not peak until 2050.<sup>93</sup> While in the remaining 80% of the scenarios, European LNG demand peaks in 2025, in all but three of these scenarios, European LNG demand rebounds post-2035 and continues to grow through to 2050.<sup>94</sup> Across all scenarios, European LNG demand is on average 40% higher in 2050 than in 2035.<sup>95</sup> Such findings do not support an assertion that the EU’s dependence on U.S. LNG imports will be only a short-term trend.

To the extent that DOE/FECM intends to rely on the 2024 LNG Study’s findings regarding European energy outlook as a basis to reject or partially reject Non-FTA applications, similarly to what it inappropriately did in *NFE Altamira*,<sup>96</sup> such an approach is misguided and contrary to DOE/FECM’s previous findings regarding energy security. DOE has previously found that:

An efficient, transparent international market for natural gas with diverse sources of supply provides both economic and strategic benefits to the United States and our allies. For example, in light of the recent Russian invasion of Ukraine, there are renewed concerns about energy security for *Europe and Central Asia*,

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<sup>90</sup> 2024 LNG Study at S-6.

<sup>91</sup> *Id.*

<sup>92</sup> *Id.*

<sup>93</sup> *Id.* A-166 to A-188.

<sup>94</sup> *Id.*

<sup>95</sup> *Id.*

<sup>96</sup> See Answer of Port Arthur LNG Phase II, LLC in Opposition to Motion to Intervene and Protest Out of Time of Sierra Club at 34–36, *Port Arthur LNG Phase II, LLC*, Docket No. 20-23-LNG (Dec. 11, 2024).

particularly given the relative share of Russian natural gas supplies into those regions. By authorizing additional exports to non-FTA countries, *including to U.S. allies in Europe and elsewhere*, this Order [approving LNG exports] will enable [the authorization holder] to help mitigate energy security concerns once it begins exporting U.S. LNG. *More generally, to the extent U.S. exports diversify global LNG supplies and increase the volumes of LNG available globally, these additional exports will improve energy security for many U.S. allies and trading partners.*<sup>97</sup>

As noted above, the 2024 LNG Study does not on balance provide convincing evidence that European demand for U.S. LNG will be short term. Even the scenarios in the study projecting a decline in European demand do not detract from the important role U.S. LNG exports play in ensuring energy security for U.S. allies and trading partners. In addition, as the study shows, exports to Asia are expected to increase in most scenarios.

Increased U.S. LNG exports, regardless of the destination, will allow for more diversified global LNG supplies and energy portfolios. As Rice University's Baker Institute for Public Policy surmised in its 2025 white paper:

The recent experience in Europe following the Russian invasion of Ukraine and disruption of supply is a very recent, very salient example of why [energy security should be incorporated in the public interest discussion]. U.S. LNG demonstrated significant flexibility in responding to the market signals in Europe, helping to mitigate the economic damage that Russia's actions inflicted. If these events transpired in 2015, or any year prior to U.S. LNG exports commencing, it would have likely produced a very different outcome. In short, U.S. LNG is a credible threat deterrent to hegemonic intent with energy resources and trade.<sup>98</sup>

Additionally, U.S. LNG exports have positive benefits to the balance of trade between the United States and its trading partners. For example, the PALNG2 project is estimated to generate a cumulative value of approximately \$77.3 billion of LNG exports over a projected 20-year export

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<sup>97</sup> *Magnolia LNG LLC*, DOE/FECM Order No. 3909-C, FE Docket No. 13-132-LNG, Order Amending Long-Term Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Nations at 53 (Apr. 27, 2022) (emphasis added).

<sup>98</sup> Kenneth B. Medlock III, Rice University, *US LNG Exports: Truth and Consequences Revisited* at 4 (Feb. 17, 2025), available at <https://www.bakerinstitute.org/sites/default/files/2025-03/20250217-Medlock-US%20LNG%20Exports-Report.pdf>.

term, reducing the U.S. balance of trade deficit by \$3.7 billion annually.<sup>99</sup> Thus, the 2024 LNG Study, along with other authorities, provides evidence that increased U.S. LNG exports will be supportive of energy security.

### III. CONCLUSION

The 2024 LNG Study does not provide any additional information or conclusions that undermine a finding that Non-FTA exports are not inconsistent with the public interest. While certain information presented in the study goes beyond the scope of what DOE/FECM may consider in its public interest reviews, other information is either supportive of or does not disturb the conclusion that Non-FTA exports are not inconsistent with the public interest. SI submits that to the extent DOE/FECM relies on the 2024 LNG Study in its public interest reviews, it must do so in a manner that complies with the statutory requirements of NGA section 3, and should ensure its reliance on the study is consistent with DOE/FECM's historical approach to public interest reviews.

Respectfully submitted,

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*/s/ Brett A. Snyder*

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Dated: March 20, 2025

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<sup>99</sup> PALNG2 Application at 31 & App. B, at 55.

## VERIFICATION

I, Sigurd Lars Carlson, declare that I am Vice President – Project Development for Port Arthur LNG Phase II, LLC and am duly authorized to make this Verification; that I have read the foregoing instrument; and that the facts therein stated are true and correct to the best of my knowledge, information, and belief.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed in San Diego, California on March 20, 2025.

*/s/ Sigurd Lars Carlson*

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