

May 27, 2022

Amy R. Sweeney, Director, Office of Regulation, Analysis, and Engagement
Office of Resource Sustainability
Office of Fossil Energy and Carbon Management
U.S. Department of Energy

Re: Docket Nos. 10-160-LNG, et al. – Freeport LNG Change in Control

Dear Ms. Sweeney,

Public Citizen, Inc. hereby moves to intervene and protest Docket Nos. 10-160-LNG, 10-161-LNG, 11-161-LNG, 12-06 LNG, 16-108-LNG, 18-26-LNG and 21-98-LNG—a change in control of Freeport LNG Development, L.P. The change in control involves an acquisition of an LNG export facility by a foreign government, thereby diluting the equity ownership available to U.S. citizens. The Department of Energy determines that LNG exports are in the public interest because they provide a net economic benefit for U.S. citizens, arguing that U.S. “households who hold shares in companies that own liquefaction plants receive additional income from take-or-pay tolling charges for LNG exports. These additional sources of income for U.S. consumers outweigh the income loss associated with higher energy prices.”¹ The change in control involving a transfer of ownership to a foreign national government undermines the public interest, as it attenuates economic benefits available to American households. The Department of Energy cannot approve the change in control until a full analysis is undertaken to determine whether U.S. households will suffer net economic harm as a result of the change in control.

Public Citizen Motion to Intervene

Established in 1971, Public Citizen, Inc. is a national, not-for-profit, non-partisan, research and advocacy organization representing the interests of household consumers. Public Citizen, Inc. is active before the Federal Energy Regulatory Commission promoting just and reasonable rates, and supporting efforts for utilities to be accountable to the public interest. We frequently intervene in U.S. Department of Energy proceedings involving the export of electricity and natural gas. Our Energy Program Director is an expert on energy market regulatory matters, serving on two federal advisory committees of the U.S. Commodity Futures Trading Commission (the Energy and Environmental Markets and Market Risk advisory committees), and is frequently asked by Congress to testify on matters related to natural gas exports. Financial details of our operations are available at our website.²

¹ *Macroeconomic Outcomes of Market Determined Levels of U.S. LNG Exports*, June 7, 2018, at page 67, www.energy.gov/sites/prod/files/2018/06/f52/Macroeconomic%20LNG%20Export%20Study%202018.pdf

² www.citizen.org/about/annual-report/

Public Citizen Protest

Freeport LNG owns and operates an LNG export facility on Quintana Island, near Freeport, Texas. Under the proposed change in control, the 25.73% interest held by Global Infrastructure Partners will be sold to Jera Americas Inc. Following consummation of the proposed transaction, Jera will own 25.73% of Freeport LNG's equity interest, with Freeport LNG Investment, LLLP retaining 63.46%, and Osaka Gas with 10.81%.

Jera is a 50/50 partnership between TEPCO Fuel & Power, Inc. and Chubu Electric Power Co. The Government of Japan owns a 27.37% interest in TEPCO—which means that, following the Jera transaction, the Government of Japan will own 3.52% of the equity of Freeport LNG.

Transferring equity ownership of the Freeport LNG export terminal to the Government of Japan dilutes current ownership available to American households. Since the Department of Energy relies upon U.S. citizens obtaining direct financial benefits from their equity ownership of LNG export facilities in determining whether authorizing LNG exports are in the public interest, the Department of Energy cannot approve the change in control until a full analysis is conducted that ensures that it will retain net economic benefits for American households. This is particularly important because record LNG exports—including those authorized for Freeport LNG—are directly responsible for spiking domestic natural gas prices, leading to increases in the rate of energy poverty for millions of American families.

Furthermore, it is unclear what opportunities exist for American households to hold economic interests in Freeport LNG Investment. The limited partners of Freeport LNG Investment are not public, and so absent additional disclosure, the Department of Energy cannot effectively determine the extent to which American households hold economic interest in Freeport. Finally, Osaka Gas, TEPCO and Chubu Electric are all traded on the Tokyo Stock Exchange, and there is no analysis on file demonstrating the economic holdings of American families in any of these three owners of Freeport.

Respectfully submitted,

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