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

Magnolia LNG LLC — Docket No. 13–132–LNG

Motion to Supplement May 4 Protest

Per 10 CFR § 590.302, Public Citizen moves to supplement our May 4 Protest. In a media interview that Public Citizen discovered after our May 4 protest, Glenfarne Group declares that securing financing and offtake agreements for its proposed Magnolia LNG project will not commence until the firm first completes financing for its planned Texas LNG facility. The media interview further suggests that it is highly unlikely that Magnolia LNG will begin construction by the requested extension of April 2026. In light of this information, the Department of Energy must deny the extension request.

In a recent media interview (attached as Exhibit A), Glenfarne's founder and CEO Brendan Duval acknowledges that the firm's Texas LNG proposal takes priority over Magnolia LNG. Glenfarne's Duval admits that only after Texas LNG achieves final investment decision (FID) "we then move our marketing team pushing Magnolia to FID. And that will happen next year [2024]".[1] Duval then explains that once FID is achieved in 2024, "full commercial operations" will not start "in 48 to 52 months from FID".[2] So assuming Magnolia LNG reaches FID in 2024, 48 months from FID places Magnolia LNG in commercial operations in 2028 at the earliest—far beyond the 2026 extension request. Therefore, Magnolia LNG has no realistic chance of meeting the requested 2026 extension request.

Indeed, Glenfarne has experienced difficulty raising capital. On December 23, 2022 the company was forced to end its Initial Public Offering (IPO) through a Special Purpose Acquisition Company, terminating the SPAC in December 2022.[3]

[1] Exhibit A. Carolyn Davis, "Glenfarne Energy Unit Sanctioning Texas LNG This Year", Natural Gas Intelligence, May 3, 2023, www.naturalgasintel.com/glenfarne-energy-unit-sanctioning-texas-lng-this-year-with-lower-carbon-export-ambitions/
[2] Exhibit A.
[3] www.sec.gov/ix?doc=/Archives/edgar/data/1818880/000121390022082668/ea170321-8k_glenfarne.htm

Because Glenfarne has deprioritized its Magnolia LNG proposal in favor of Texas LNG and appears unable to secure the necessary financial support or offtake agreements for it in a timely fashion, Magnolia LNG cannot meet the proposed extension of the date by which natural gas exports must commence. The Department of Energy must therefore deny the request.

Respectfully submitted,

Tyson Slocum

Tyson Slocum, Energy Program Director
Public Citizen, Inc.
215 Pennsylvania Ave SE
Washington, DC 20003
(202) 454-5191
tslocum@citizen.org

VERIFICATION

Pursuant to 10 CFR § 590.103(b), I, Tyson Slocum, declare that I am Energy Program Director for Public Citizen, Inc. and am authorized to make this verification; that I have authored and read the foregoing filing and that the facts therein stated are true and correct to the best of my knowledge, information, and belief.

Pursuant to 28 U.SC § 1746, I declare under penalty of perjury that the foregoing is true and correct. Executed on May 18, 2023.

Tyson Slocum

Tyson Slocum
Energy Program Director
Public Citizen, Inc.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the applicant and intervenors for this docketed proceeding in accordance with 10 CFR § 590.107(b). Dated at Washington, DC this 18th day of May 2023.

Signed,

Tyson Slocum

Tyson Slocum, Energy Program Director
Public Citizen, Inc.
215 Pennsylvania Ave SE
Washington, DC 20003
(202) 454-5191
tslocum@citizen.org

EXHIBIT A

DAILY GPI

ENERGY TRANSITION | INFRASTRUCTURE | INTERNATIONAL | LNG | LNG INSIGHT | NGI ALL NEWS ACCESS | NGI THE WEEKLY GAS MARKET REPORT | SHALE DAILY

Glenfarne Energy Unit Sanctioning Texas LNG This Year, with Lower-Carbon Export Ambitions

BY **CAROLYN DAVIS**
May 3, 2023

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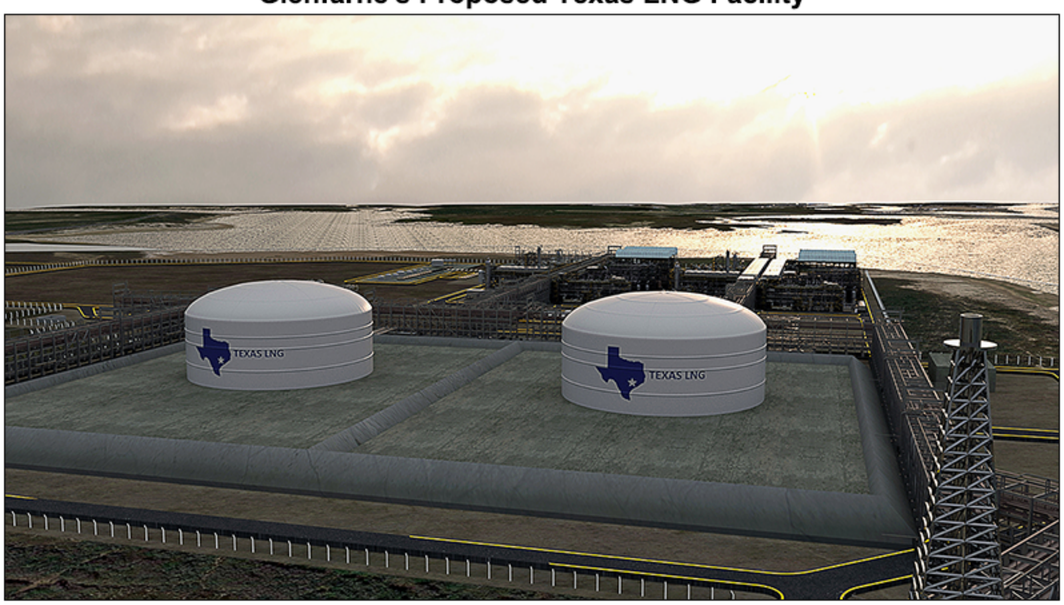
With one South Texas LNG export project set to be sanctioned by year's end and a bevy of other ventures underway, Glenfarne Energy Transition LLC is finding its niche by tapping into the environmentally sensitive demands of potential overseas customers that want low-carbon energy.

Glenfarne's Proposed Texas LNG Facility



Source: Glenfarne Group LLC

Glenfarne Group LLC in 2011.

“Developing energy projects has been a lifelong education,” Duval said during a wide ranging interview with NGI.

[*Want today’s Henry Hub, Houston Ship Channel and Chicago Citygate prices?* **Check out NGI’s daily natural gas price snapshot now.**]

Since it was launched, privately held Glenfarne has grown to about 700 people across the United States, Chile, Colombia, South Korea and Spain..

“The great thing is, when the company is run and owned by the founders and employees, we can do long-term thinking and also do what we think is right,” Duval said. As the company “began to get our feet, our balance sheet and our success in motion, we started turning to flexible power plants in Latin America.”

Glenfarne initially built a portfolio in Latin America centered around **renewables and flexible power plants in Chile, Colombia and Panama**. That in turn led to buying liquefied natural gas for Colombia.

The company then began scouting the U.S. Gulf Coast, where LNG export projects were proliferating. Two projects were scooped up, “bought from developers that had **required new financial backing**,” Duval noted.

One project, Texas LNG, is to be built near the U.S.-Mexico border in deep South Texas. As designed and approved by federal regulators, the project would export 4 million metric tons/year (mmty). **Magnolia LNG, a four-train facility** to be sited in Lake Charles, LA, was acquired for $2 million. It is approved to export up to 8.8 mmty.

Taking an LNG project from start to export, though, “takes a long time and a lot of deep pockets,” Duval noted. The decision was made to “get very comfortable” with the ins and outs of the gas export business, as there were uncertainties about how long the process would take to obtain regulatory approvals and as important to secure offtake contracts.

“Along the way, we bought 4,500 miles of gathering and processing pipeline in the Midcontinent of the U.S., mainly because we wanted to get smarter on how to move gas down to the Gulf Coast,” Duval said.

The existing assets now include 14 grid stability power plants, 29 renewable assets, two U.S. LNG export projects, 4,500 miles of gas pipelines and 13 gas processing plants.

Nearly To FID

Last year, in line with what it was learning, the **Glenfarne Energy business unit** was launched to address the “here and now” global energy transition. It has three components: Global LNG Solutions, Renewables and Grid Stability.

Ensuring the projects meet global standards for low emissions is imperative, Duval said. In the U.S. portfolio, that begins with Texas LNG.

The proposed facility’s additional social cost of carbon and environmental justice analysis was recently issued by FERC. The analysis was given the green light last month by the Federal Energy Regulatory Commission, which **reaffirmed authorization**. Two modified mitigation requirements were added for air monitoring and emergency response communications.

All things in order, a final investment decision (FID) is set for this year. There’s usually a 36- to 42-month construction and commissioning period, with full commercial operations starting in 48 to 52 months from FID, “so we would be delivering cargoes in 2027,” Duval said.

The carbon footprint and environmental justice "are among the most important issues we regularly consider as we progress Texas LNG to a final investment decision this year," he said.

Texas LNG's "green by design" approach would "avoid" carbon dioxide (CO2) emissions rather than minimize or mitigate them, he explained. Renewable energy would power the entire facility and drive electric motors. Under that scenario, CO2 emissions could be cut to less than one-half of what a typical LNG export project produces.

Three groups of buyers are in the final phases of negotiations to secure capacity from Texas LNG, Duval said. Neither Texas LNG nor Magnolia have announced any offtake contracts.

"There are European buyers, Asian buyers and then there's actually U.S. gas producers that want to buy capacity," he said, "They want to put their gas in an LNG form and then sell it…"

Once Texas LNG is sanctioned, "we then move our marketing team pushing Magnolia to FID. "And that will happen next year…We haven't made any announcements where Magnolia's export capacity would go, but we expect the same global demand we've seen for Texas LNG."

'Environmentally Sensible'

The South Texas facility would provide "environmentally sensible LNG that is 'green by design' around the globe providing long-term energy security when it is critically needed," Duval said.

That's important for the South Texas communities and for the buyers in Europe and Asia. All of the negotiations must take different parties' concerns into consideration, he explained.

"As an independent developer, we've had to create our brand…We've had to prove we can partner with the local community. And we've had to prove that to European buyers and buyers in Asia that are sensitive to environmental justice issues."

Environmental justice in Western Europe is a "particularly sensitive" issue, "whether it's the local stakeholders and local partners…or it's a European government that may want to encourage their utilities to buy the greenest LNG."

That said, "we are an energy transition company. We work with all of our stakeholders."

Brendan Duval

through.

"We believe in what we're building. We do it well and we do it in a way that has the latest and greatest capabilities and technology. You can disagree with those on the other side and still work together and make progress."

Meeting the issues head on is imperative "otherwise people won't buy the LNG, particularly in Europe."

Next Up: Hydrogen Fueling

With renewables, flexible power plants and clean LNG fuels in the mix, hydrogen fuel was the next logical step, Duval said. Last month the Glenfarne Hydrogen Fuels Initiative was launched to produce "sustainable, zero-carbon hydrogen-based fuels."

The company's team had been "fielding an increasing volume of inquiries from our customers and business partners to collaborate on hydrogen-based fuels," Duval said.

"Glenfarne Energy Transition is engaged with several LNG stakeholders to help them use LNG as a long-term bridge to their domestic carbon targets, which ultimately includes the transition to hydrogen- based fuels. Our LNG customers will have preferential access to secure these hydrogen-based fuels from our projects."

The Hydrogen Fuels Initiative has projects in mind for Chile, Louisiana and Texas. Together, the trio, if they were to advance, could produce around 1,500 kilotons of ammonia.

"Glenfarne's Hydrogen Fuels Initiative will be transformational to how LNG customers and European and Asian governments will view gas imports," Duval said. "Alongside our LNG platform, we will be uniquely able to offer more definitive solutions for green-ready hydrogen infrastructure buildout and support their future demand for green hydrogen-based fuels."

Adding a hydrogen fuels component made sense to Duval and his team.

"Our goal now is to leave in options that are actionable and investable – and that make a real difference today.

"What popped up was that our renewable power development capabilities in Chile are quite attractive to stakeholders because Chile has amazing irradiation, with constant sunshine in the desert."

As a result, 20 sites in Chile and elsewhere are planned in the initial hydrogen portfolio and a "full soup-to-nuts development team" is on the case to advance green hydrogen and ammonia initiatives.

'Easy Shift'

Adding hydrogen to the LNG mix "is an easy shift," Duval said. "Several stakeholders expressed interest in having LNG solutions paired with ammonia solutions."

In addition, it is "pretty apparent that the bridge from LNG to long-term green hydrogen and green ammonia is a very attractive strategy."

The Energy Transition business also is exploring a green ammonia and green hydrogen project in the Texas LNG project.

"We haven't announced the physical location of the project yet," Duval said. "But what we have said is we would give our buyers of LNG the lowest-carbon LNG facility in the world, with preferential rights to the green hydrogen coming out of the Texas facility."

Louisiana also may become an LNG/blue ammonia hub. During a recent visit to South Korea, Duval said "the demand for blue ammonia is outstanding." The government and the industrial complex "all are coming together to truly bring in a hydrogen-based economy."

A blue ammonia project "would be better suited to something in Louisiana because then we would offer different footprints with different products." The site location is not yet firm.

Green Pegasus, the first project to be developed for Chile, would have up to 2 GW of solar photovoltaic-installed capacity. It could produce an estimated 459 kilotons/year of green ammonia and 89 kilotons/year of green hydrogen. Primarily, Green Pegasus exports would head to Asia, particularly South Korea, and to Europe.

Hedging Bets 'A Little Bit'

"We believe in the energy transition," Duval said. Having a bevy of opportunities is key, though. He cited the Biden administration's Inflation Reduction Act, which offers tax credits to advance low-carbon projects.

"You have to hedge your bets a little bit," Duval said. "There's still a little bit of uncertainty on how quickly these projects can be permitted and which agency will permit them. We think it's helpful for our stakeholders that may want to buy green ammonia from us to have a suite of projects that they can buy from."

The objective "is to build up demand" and encourage partnerships. Once GET determines which projects "have the best economics, we can move forward…"

Duval was asked if there is merit in **independently certifying the methane component** of the CO2 in LNG cargoes.

As of today, he said, "there are no set rules on what the carbon footprint of an LNG cargo is. So we can be open in saying there's very little premium for verifying the CO2 of exported gas." Still, GET wants to "start from the best place possible.

"We can measure through engineering the CO2 produced. We are the lowest carbon footprint facility marketing cargoes today.

"So for certifications, we think it's a big positive for U.S. LNG when selling to other countries." As domestic certification becomes more understood, a premium can be demanded "because it's transparent and certifiable, compared to other parts of the world."

Verifying LNG "is going to happen," Duval said. "We think it will give us a premium long-term for our product. That premium goes to the benefit of the people that have signed the agreement in the current market as it evolves, as well as the overall energy transition."

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CAROLYN DAVIS
@CarolynLDavisME
carolyn.davis@naturalgasintel.com