GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

January 13, 2016

Dr. Paul Clore
Superintendent
Gregory-Portland ISD
608 College St.
Portland, Texas 78374

Dear Superintendent Clore:

On Oct.16, 2015, the Comptroller issued written notice that Corpus Christi Liquefaction, LLC (the applicant) submitted a completed application (Application #1076) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on June 23, 2015, to the Gregory Portland Independent School District (the school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.
Sec. 313.024(d)	Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application #1076.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

[1] All statutory references are to the Texas Tax Code, unless otherwise noted.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period. See Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. See Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of Oct.16, 2015, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Korry Castillo, Director, Data Analysis & Transparency, by email at korry.castillo@cpa.texas.gov or by phone at 1-800-53l-5441, ext. 3-3806, or direct in Austin at 512-463-3806.

Sincerely,

Mike Reissig
Deputy Comptroller

Enclosure

cc: Korry Castillo

Attachment A – Economic Impact Analysis

This following tables summarize the Comptroller's economic impact analysis of Corpus Christi Liquefaction, LLC (the project) applying to Gregory Portland Independent School District (the district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Corpus Christi Liquefaction, LLC.

Applicant	Corpus Christi Liquefaction, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Gregory Portland ISD
Estimated 2014-2015 Average Daily Attendance	4,311
County	San Patricio
Proposed Total Investment in District	$3,000,000,000
Proposed Qualified Investment	$2,549,000,000
Limitation Amount	$30,000,000
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	25
Average weekly wage of qualifying jobs committed to by applicant	$1,250
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	$1,105
Minimum annual wage committed to by applicant for qualified jobs	$65,000
Minimum weekly wage required for non-qualifying jobs	$882
Minimum annual wage required for non-qualifying jobs	$45851
Investment per Qualifying Job	$300,000,000
Estimated M&O levy without any limit (15 years)	$326,805,843
Estimated M&O levy with Limitation (15 years)	$92,490,541
Estimated gross M&O tax benefit (15 years)	$234,315,302

Table 2 is the estimated statewide economic impact of Corpus Christi Liquefaction, LLC (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	1250	1,227	2,477	$75,000,000	$98,000,000	$173,000,000
2020	1000	1,035	2035	$60,000,000	$98,000,000	$158,000,000
2021	800	827	1627	$48,000,000	$91,000,000	$139,000,000
2022	535	709	1244	$31,796,275	$84,203,725	$116,000,000
2023	35	266	301	$1,796,275	$45,203,725	$47,000,000
2024	35	235	270	$1,796,275	$39,203,725	$41,000,000
2025	35	236	271	$1,796,275	$36,203,725	$38,000,000
2026	35	252	287	$1,796,275	$37,203,725	$39,000,000
2027	35	278	313	$1,796,275	$38,203,725	$40,000,000
2028	35	303	338	$1,796,275	$40,203,725	$42,000,000
2029	35	326	361	$1,796,275	$43,203,725	$45,000,000
2030	35	344	379	$1,796,275	$46,203,725	$48,000,000
2031	35	358	393	$1,796,275	$49,203,725	$51,000,000
2032	35	285	320	$1,796,275	$43,203,725	$45,000,000
2033	35	268	303	$1,796,275	$42,203,725	$44,000,000
2034	35	258	293	$1,796,275	$43,203,725	$45,000,000
2035	35	256	291	$1,796,275	$43,203,725	$45,000,000
2036	35	250	285	$1,796,275	$44,203,725	$46,000,000

Source: CPA, REMI, Corpus Christi Liquefaction, LLC

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives									
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Gregory-Portland ISD I&S Levy	Gregory-Portland ISD M&O Levy	Gregory-Portland ISD M&O and I&S Tax Levies	San Patricio County Tax Levy	San Patricio County Drainage District Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.18	1.17		0.51	0.06	
2022	$1,769,654,888	$1,769,654,888		$3,185,379	$20,704,962	$23,890,341	$9,025,240	$1,061,793	$33,977,374
2023	$2,440,654,888	$2,440,654,888		$4,393,179	$28,555,662	$32,948,841	$12,447,340	$1,464,393	$46,860,574
2024	$2,269,654,888	$2,269,654,888		$4,085,379	$26,554,962	$30,640,341	$11,575,240	$1,361,793	$43,577,374
2025	$2,196,654,888	$2,196,654,888		$3,953,979	$25,700,862	$29,654,841	$11,202,940	$1,317,993	$42,175,774
2026	$2,118,654,888	$2,118,654,888		$3,813,579	$24,788,262	$28,601,841	$10,805,140	$1,271,193	$40,678,174
2027	$2,050,554,888	$2,050,554,888		$3,690,999	$23,991,492	$27,682,491	$10,457,830	$1,230,333	$39,370,654
2028	$1,977,554,888	$1,977,554,888		$3,559,599	$23,137,392	$26,696,991	$10,085,530	$1,186,533	$37,969,054
2029	$1,903,554,888	$1,903,554,888		$3,426,399	$22,271,592	$25,697,991	$9,708,130	$1,142,133	$36,548,254
2030	$1,830,554,888	$1,830,554,888		$3,294,999	$21,417,492	$24,712,491	$9,335,830	$1,098,333	$35,146,654
2031	$1,769,454,888	$1,769,454,888		$3,185,019	$20,702,622	$23,887,641	$9,024,220	$1,061,673	$33,973,534
2032	$1,708,454,888	$1,708,454,888		$3,075,219	$19,988,922	$23,064,141	$8,713,120	$1,025,073	$32,802,334
2033	$1,647,454,888	$1,647,454,888		$2,965,419	$19,275,222	$22,240,641	$8,402,020	$988,473	$31,631,134
2034	$1,526,454,888	$1,526,454,888		$2,747,619	$17,859,522	$20,607,141	$7,784,920	$915,873	$29,307,934
2035	$1,416,454,888	$1,416,454,888		$2,549,619	$16,572,522	$19,122,141	$7,223,920	$849,873	$27,195,934
2036	$1,306,354,888	$1,306,354,888		$2,351,439	$15,284,352	$17,635,791	$6,662,410	$783,813	$25,082,014
			Total	$50,277,822	$326,805,843	$377,083,665	$142,453,829	$16,759,274	$536,296,768

Source: CPA, Corpus Christi Liquefaction, LLC

[1]Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and San Patricio County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought									
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Gregory-Portland ISD I&S Levy	Gregory-Portland ISD M&O Levy	Gregory-Portland ISD M&O and I&S Tax Levies	San Patricio County Tax Levy	San Patricio County Drainage District Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.18	1.17		0.51	0.06	
2022	$1,769,654,888	$30,000,000		$3,185,379	$351,000	$3,536,379	$9,025,240	$1,061,793	$13,623,412
2023	$2,440,654,888	$30,000,000		$4,393,179	$351,000	$4,744,179	$12,447,340	$1,464,393	$18,655,912
2024	$2,269,654,888	$30,000,000		$4,085,379	$351,000	$4,436,379	$11,575,240	$1,361,793	$17,373,412
2025	$2,196,654,888	$30,000,000		$3,953,979	$351,000	$4,304,979	$11,202,940	$1,317,993	$16,825,912
2026	$2,118,654,888	$30,000,000		$3,813,579	$351,000	$4,164,579	$10,805,140	$1,271,193	$16,240,912
2027	$2,050,554,888	$30,000,000		$3,690,999	$351,000	$4,041,999	$10,457,830	$1,230,333	$15,730,162
2028	$1,977,554,888	$30,000,000		$3,559,599	$351,000	$3,910,599	$10,085,530	$1,186,533	$15,182,662
2029	$1,903,554,888	$30,000,000		$3,426,399	$351,000	$3,777,399	$9,708,130	$1,142,133	$14,627,662
2030	$1,830,554,888	$30,000,000		$3,294,999	$351,000	$3,645,999	$9,335,830	$1,098,333	$14,080,162
2031	$1,769,454,888	$30,000,000		$3,185,019	$351,000	$3,536,019	$9,024,220	$1,061,673	$13,621,912
2032	$1,708,454,888	$1,708,454,888		$3,075,219	$19,988,922	$23,064,141	$8,713,120	$1,025,073	$32,802,334
2033	$1,647,454,888	$1,647,454,888		$2,965,419	$19,275,222	$22,240,641	$8,402,020	$988,473	$31,631,134
2034	$1,526,454,888	$1,526,454,888		$2,747,619	$17,859,522	$20,607,141	$7,784,920	$915,873	$29,307,934
2035	$1,416,454,888	$1,416,454,888		$2,549,619	$16,572,522	$19,122,141	$7,223,920	$849,873	$27,195,934
2036	$1,306,354,888	$1,306,354,888		$2,351,439	$15,284,352	$17,635,791	$6,662,410	$783,813	$25,082,014
			Total	$50,277,822	$92,490,541	$142,768,363	$142,453,829	$16,759,274	$301,981,466
			Diff	$0	$234,315,302	$234,315,302	$0	$0	$234,315,302

Source: CPA, Corpus Christi Liquefaction, LLC
[1]Tax Rate per $100 Valuation

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment B – Tax Revenue over 25 Years

This represents the Comptroller's determination that Corpus Christi Liquefaction, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy and direct, indirect and induced tax effects from project employment directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2019	$19,362	$19,362	$0	$0
	2020	$5,015,262	$5,034,624	$0	$0
	2021	$12,152,262	$17,186,887	$0	$0
Limitation Period (10 Years)	2022	$351,000	$17,537,887	$20,353,962	$20,353,962
	2023	$351,000	$17,888,887	$28,204,662	$48,558,624
	2024	$351,000	$18,239,887	$26,203,962	$74,762,587
	2025	$351,000	$18,590,887	$25,349,862	$100,112,449
	2026	$351,000	$18,941,887	$24,437,262	$124,549,711
	2027	$351,000	$19,292,887	$23,640,492	$148,190,203
	2028	$351,000	$19,643,887	$22,786,392	$170,976,595
	2029	$351,000	$19,994,887	$21,920,592	$192,897,188
	2030	$351,000	$20,345,887	$21,066,492	$213,963,680
	2031	$351,000	$20,696,887	$20,351,622	$234,315,302
Maintain Viable Presence (5 Years)	2032	$19,988,922	$40,685,809	$0	$234,315,302
	2033	$19,275,222	$59,961,031	$0	$234,315,302
	2034	$17,859,522	$77,820,553	$0	$234,315,302
	2035	$16,572,522	$94,393,075	$0	$234,315,302
	2036	$15,284,352	$109,677,428	$0	$234,315,302
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	$14,149,452	$123,826,880	$0	$234,315,302
	2038	$13,143,252	$136,970,132	$0	$234,315,302
	2039	$12,148,752	$149,118,884	$0	$234,315,302
	2040	$11,294,652	$160,413,536	$0	$234,315,302
	2041	$10,439,382	$170,852,918	$0	$234,315,302
	2042	$9,573,582	$180,426,501	$0	$234,315,302
	2043	$8,859,882	$189,286,383	$0	$234,315,302
	2044	$8,146,182	$197,432,565	$0	$234,315,302
	2045	$7,584,582	$205,017,147	$0	$234,315,302
	2046	$7,011,282	$212,028,429	$0	$234,315,302
		$212,028,429	is less than	**$234,315,302**	

Analysis Summary	
Is the project reasonably likely to generate M&O tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	No

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, Corpus Christi Liquefaction, LLC

	Employment			Personal Income			Revenue & Expenditure		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2019	1250	1,227	2,477	$75,000,000	$98,000,000	$173,000,000	$8,758,545	-$4,562,378	$13,320,923
2020	1000	1,035	2035	$60,000,000	$98,000,000	$158,000,000	$7,591,248	-$1,876,831	$9,468,079
2021	800	827	1627	$48,000,000	$91,000,000	$139,000,000	$6,515,503	$198,364	$6,317,139
2022	535	709	1244	$31,796,275	$84,203,725	$116,000,000	$6,072,998	$1,892,090	$4,180,908
2023	35	266	301	$1,796,275	$45,203,725	$47,000,000	$3,181,458	$4,280,090	-$1,098,632
2024	35	235	270	$1,796,275	$39,203,725	$41,000,000	$3,150,940	$4,203,796	-$1,052,856
2025	35	236	271	$1,796,275	$36,203,725	$38,000,000	$3,158,569	$4,127,502	-$968,933
2026	35	252	287	$1,796,275	$37,203,725	$39,000,000	$3,273,010	$4,013,062	-$740,052
2027	35	278	313	$1,796,275	$38,203,725	$40,000,000	$3,356,934	$3,890,991	-$534,057
2028	35	303	338	$1,796,275	$40,203,725	$42,000,000	$3,425,598	$3,807,068	-$381,470
2029	35	326	361	$1,796,275	$43,203,725	$45,000,000	$3,494,263	$3,746,033	-$251,770
2030	35	344	379	$1,796,275	$46,203,725	$48,000,000	$3,486,633	$3,662,109	-$175,476
2031	35	358	393	$1,796,275	$49,203,725	$51,000,000	$3,494,263	$3,601,074	-$106,811
2032	35	285	320	$1,796,275	$43,203,725	$45,000,000	$2,769,470	$3,623,962	-$854,492
2033	35	268	303	$1,796,275	$42,203,725	$44,000,000	$2,647,400	$3,486,633	-$839,233
2034	35	258	293	$1,796,275	$43,203,725	$45,000,000	$2,647,400	$3,379,822	-$732,422
2035	35	256	291	$1,796,275	$43,203,725	$45,000,000	$2,548,218	$3,288,269	-$740,051
2036	35	250	285	$1,796,275	$44,203,725	$46,000,000	$2,471,924	$3,128,052	-$656,128
2037	35	250	285	$1,796,275	$46,203,725	$48,000,000	$2,464,294	$3,059,387	-$595,093
2038	35	250	285	$1,796,275	$48,203,725	$50,000,000	$2,471,924	$2,929,688	-$457,764
2039	35	258	293	$1,796,275	$50,203,725	$52,000,000	$2,456,665	$2,799,988	-$343,323
2040	35	260	295	$1,796,275	$53,203,725	$55,000,000	$2,456,665	$2,700,806	-$244,141
2041	35	268	303	$1,796,275	$55,203,725	$57,000,000	$2,502,441	$2,639,771	-$137,330
2042	35	276	311	$1,796,275	$60,203,725	$62,000,000	$2,639,771	$2,578,735	$61,036
2043	35	283	318	$1,796,275	$65,203,725	$67,000,000	$2,822,876	$2,540,588	-$282,288
2044	35	295	330	$1,796,275	$71,203,725	$73,000,000	$2,929,688	$2,593,994	$335,694
2045	35	313	348	$1,796,275	$76,203,725	$78,000,000	$2,975,464	$2,540,588	$434,876
2046	35	317	352	$1,796,275	$81,203,725	$83,000,000	$3,112,793	$2,586,365	$526,428
						Total	**$98,876,955**	**$74,859,618**	**$24,017,337**
							$236,045,766	is greater than	**$234,315,302**

Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement? **Yes**

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that "the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state." This represents the basis for the Comptroller's determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller has determined that the limitation on appraised value is a determining factor in the Corpus Christi Liquefaction, LLC's decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per the applicant, the applicant's parent company, Cheniere Energy, is a leader in the global LNG industry, with LNG production facilities under construction in Sabine Pass, Louisiana, and near Corpus Christi, Texas. Cheniere is evaluating the construction of additional production capacity in both Sabine Pass and Corpus Christi. The company is also pursuing new LNG investment opportunities elsewhere in the USA, the Americas, Europe and Asia.
- Per the applicant, it requires this appraised value limitation in order to move forward with the development of this project. Without this appraised value limitation, the impact of comparatively high Texas property taxes on the cost of the project does not allow the project to compete for global LNG customers against similar projects operated by competitors of Cheniere in Texas, Louisiana and around the world.
- Per the applicant, the project is still in an evaluation stage; only very preliminary development activities have begun. On June 1, 2015, Cheniere initiated the regulatory process with the Federal Energy Regulatory Commission ("FERC"), and the free trade agreement ("FTA") and non-FTA approval requests with the Department of Energy. Cheniere has no sales contracts for the additional capacity and does not intend to start marketing that capacity until the technical and commercial viability of the project is much more fully established. No engineering, procurement or construction contracts have been negotiated or signed to support the project. No public announcements of a definitive intent to construct the project have been made.
- Per the applicant, because of the appraised value limitation provided by the Gregory-Portland ISD and the State of Texas for the earlier development at the site of this project, the applicant has been

able to execute 20-year sales and purchase agreements with seven non-affiliated customers at a capacity price of around $3.50 per million BTUs. These sale commitments represent fixed fees of around $1.5 billion per year, which will enable the project financing for future construction. Most of the other existing and planned LNG production facilities in this country, of which there are more than a dozen, are believed to be able to offer their production capacity at a price of around $3.00-$3.50 per million BTUs. Without the appraised value limitation, the applicant's cost structure for this project would increase by the equivalent of $.10-$.15 per million BTUs. As a result, the applicant likely would be unable to attract customers for this project.

- Per the applicant, this project would be located adjacent to an earlier project, but will operate largely independent from the earlier project. There will be some sharing of facilities - the control room, an LNG transfer line or lines, and an export terminal.
- Per the applicant, because construction of the earlier project has only recently begun, this project should not be viewed as an expansion of Cheniere's current operations in the area – Cheniere has no current operations in the area, and will not until the multi-year construction of the earlier project is complete.
- Per the applicant, construction could start if, and *only* if, the following conditions are met for the project:
    - the technical viability of the project is confirmed,
    - all necessary regulatory approvals are obtained,
    - adequate customer commitments are secured,
    - supportive economic development incentives are provided,
    - sufficient project financing is arranged,
    - and corporate board approval is received.
- The project has received authorization from the Department of Energy to export LNG to free trade agreement nations.

Supporting Information

a) Section 8 of the Application for a Limitation on Appraised Value
b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
c) Additional information provided by the Applicant or located by the Comptroller

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☑ Yes ☐ No
2. The property will be used for one of the following activities:
   - (1) manufacturing ☑ Yes ☐ No
   - (2) research and development ☐ Yes ☑ No
   - (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☑ No
   - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☑ No
   - (5) renewable energy electric generation ☐ Yes ☑ No
   - (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☑ No
   - (7) nuclear electric power generation ☐ Yes ☑ No
   - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☑ No
   - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☑ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☑ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☑ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☑ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☑ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☑ No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:
   - ☑ Land has no existing improvements
   - ☐ Land has existing improvements *(complete Section 13)*
   - ☐ Expansion of existing operation on the land *(complete Section 13)*
   - ☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☐ Yes ☑ No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ☐ Yes ☑ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☐ Yes ☑ No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ☐ Yes ☑ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☑ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☐ Yes ☑ No
7. Is the applicant evaluating other locations not in Texas for the proposed project? ☑ Yes ☐ No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☑ No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☐ Yes ☑ No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? ☑ Yes ☐ No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Supporting Information

Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value

TAB 5

Documentation to assist in determining if limitation is a determining factor.

The applicant's parent company, Cheniere Energy, is a leader in the global LNG industry, with LNG production facilities under construction in Sabine Pass, Louisiana, and (very recently) near Corpus Christi, Texas. The Corpus Christi facility for which construction has recently begun is covered by Chapter 313 Agreement Nos. 296, 297 and 298 (the "Covered Project"). Cheniere is evaluating the construction of additional production capacity in both Sabine Pass and Corpus Christi (the additional Corpus Christi capacity is referred to hereafter as the "Considered Project"). The company is also pursuing new LNG investment opportunities elsewhere in the USA, the Americas, Europe and Asia. The applicant requires this appraised value limitation in order to move forward with the development of the Considered Project in Corpus Christi. Without this appraised value limitation, the impact of comparatively high Texas property taxes on the cost of the project does not allow the Considered Project to compete for global LNG customers against similar projects operated by competitors of Cheniere in Texas, Louisiana and around the world. Without this appraised value limitation Cheniere would have to strongly consider making this investment at Sabine Pass or another site outside of Texas rather than Corpus Christi.

The Considered Project is still in an evaluation stage; only very preliminary development activities have begun. On June 1, 2015, Cheniere initiated the regulatory process by filing the National Environmental Policy Act pre-filing request with the Federal Energy Regulatory Commission ("FERC"), and the free trade agreement ("FTA") and non-FTA approval requests with the Department of Energy ("DOE"). Because obtaining FERC and DOE approval is a mandatory first step, Cheniere initiated the lengthy process as soon as it identified the potential location for the Considered Project. It is expected that these FERC and DOE regulatory decisions will not be made until 2017, so no final decision to begin construction of the Considered Project could be made before that date. Cheniere has no sales contracts for the additional capacity and does not intend to start marketing that capacity until the technical and commercial viability of the Considered Project is much more fully established. No engineering, procurement or construction contracts have been negotiated or signed to support the Considered Project. No public announcements of a definitive intent to construct the Considered Project have been made – any statements have indicated only that Cheniere is considering the additional investment. The only definitive step described in Cheniere's most recent press release is that Cheniere has made the regulatory filings discussed above – the release contains a description of the Considered Project "if completed." The press release provides that construction of the Considered Project is "subject to receiving all required regulatory approvals and reaching a FID [final investment

decision]." Agreements pertaining to preliminary design and engineering work and the development of other technical studies and estimates have been entered into; this work is necessary for purposes of determining whether the Considered Project is technically viable and can be cost-competitive in the global marketplace.
Because of the appraised value limitation provided by the Gregory-Portland ISD and the State of Texas for the Covered Project, the applicant has been able to execute 20-year sales and purchase agreements with seven non-affiliated customers at a capacity price of around $3.50 per million BTUs. These sale commitments represent fixed fees of around $1.5 billion per year, which will enable the project financing for future construction. Most of the other existing and planned LNG production facilities in this country, of which there are more than a dozen, are believed to be able to offer their production capacity at a price of around $3.00-$3.50 per million BTUs. Without the appraised value limitation, the applicant's cost structure for the Considered Project would increase by the equivalent of $.10-$.15 per million BTUs. As a result, the applicant likely would be unable to attract customers for the Considered Project. Without those customer commitments, the applicant would be unable to reach a FID.

While the Considered Project would be located adjacent to the Covered Project, the Considered Project will operate largely independent from the Covered Project. There will be some sharing of facilities - the Considered Project intends to rely on the Covered Project's control room using cable interconnections, an LNG transfer line or lines will interconnect the two projects, and the projects will export LNG production using the same marine terminal (to be constructed by the Covered Project). However, each project will have its own utilities, buildings, and other supporting infrastructure. Operation of the Covered Project will not be dependent on, rely on, or be enhanced by construction of the Considered Project – it would not be detrimental to the Covered Project if the Considered Project were located elsewhere.
Finally, because construction of the Covered Project has only recently begun, the Considered Project should not be viewed as an expansion of Cheniere's current operations in the area – Cheniere has no current operations in the area, and will not until the multi-year construction of the Covered Project is complete.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

CORPUS CHRISTI LIQUEFACTION, LLC	)	FE DOCKET NO. 15-97-LNG

ORDER GRANTING LONG-TERM, MULTI-CONTRACT AUTHORIZATION TO EXPORT LIQUEFIED NATURAL GAS BY VESSEL FROM THE CORPUS CHRISTI LNG TERMINAL IN SAN PATRICIO AND NUECES COUNTIES, TEXAS, TO FREE TRADE AGREEMENT NATIONS

DOE/FE ORDER NO. 3699

AUGUST 27, 2015

I. DESCRIPTION OF REQUEST

On June 1, 2015, Corpus Christi Liquefaction, LLC (CCL) filed an application (Application)[1] with the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA)[2] for long-term, multi-contract authorization to export domestically produced liquefied natural gas (LNG) in a volume equivalent to approximately 514 billion cubic feet per year (Bcf/yr) of natural gas (1.41 Bcf per day). CCL seeks to export the LNG by vessel from its natural gas liquefaction project, which is currently under construction in San Patricio and Nueces Counties, Texas (CCL Project). As discussed below, CCL and its affiliate, Cheniere Marketing, LLC (Cheniere Marketing), already have received authorizations from the Federal Energy Regulatory Commission (FERC) and DOE/FE, respectively, to construct and develop three liquefaction trains (Trains 1, 2, and 3) to liquefy natural gas at the CCL Project for export to foreign markets.[3] In this Application, CCL seeks authorization from DOE/FE to export an additional volume of domestically produced LNG from two new liquefaction trains—Trains 4 and 5, which are part of a proposed expansion of the CCL Project (Stage 3 Project).[4]

CCL seeks authorization to export this LNG for a 20-year term from the CCL Project to: (i) any country with which the United States currently has, or in the future will 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 (FTA countries)[5]; and (ii) any other country with which

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[1] Corpus Christi Liquefaction, LLC, Application for Long-Term Authorization to Export Liquefied Natural Gas to Free Trade Agreement Nations, FE Docket No. 15-97-LNG (June 1, 2015) [hereinafter App.].
[2] The authority to regulate the imports and exports of natural gas, including liquefied natural gas, under section 3 of the NGA (15 U.S.C. § 717b) has been delegated to the Assistant Secretary for FE in Redelegation Order No. 00-006.02 issued on November 12, 2014.
[3] *See, e.g.*, App. at 3-4 n.8.
[4] *Id.* at 3.
[5] The United States currently has FTAs requiring national treatment for trade in natural gas with Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco,

trade is not prohibited by U.S. law or policy (non-FTA countries). CCL seeks to export this LNG on its own behalf and as agent for other entities who will hold title to the LNG at the time of export. CCL requests that the authorization commence on the earlier of the date of first export from the CCL Project or eight years from the date the requested authorization is issued (August 27, 2023).

The portion of CCL's Application that seeks authorization to export domestically produced LNG to FTA countries will be reviewed pursuant to NGA section § 3(c), 15 U.S.C. § 717b(c), and approved in this Order. The portion of the Application that seeks authorization to export domestically produced LNG to non-FTA countries will be reviewed pursuant to NGA section 3(a), 15 U.S.C. § 717b(a), and addressed in a separate order.[6]

In granting the FTA portion of CCL's Application, we find that the authorized export volume from Trains 4-5 (514 Bcf/yr) is additive to the volumes of LNG from Trains 1-3 previously authorized by DOE/FE for export to FTA countries in DOE/FE Order No. 3164 (as amended in DOE/FE Order No. 3164-A) in FE Docket No. 12-99-LNG, which is equivalent to 767 Bcf/yr of natural gas.[7] Accordingly, the grant of this Order—CCL's second long-term FTA export authorization—brings CCL's total authorized FTA export volume to 1,281 Bcf/yr from Trains 1-5 of the CCL Project.[8]

Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore. FTAs with Israel and Costa Rica do not require national treatment for trade in natural gas.

[6] *See* Corpus Christi Liquefaction, LLC, Application for Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Nations for a 20-Year Period, 80 Fed. Reg. 51,790 (Aug. 26, 2015).

[7] *See Cheniere Marketing, LLC, et al.*, DOE/FE Order No. 3164, FE Docket No. 12-99-LNG, Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Corpus Christi Liquefaction Project to Free Trade Agreement Nations (Oct. 16, 2012) [hereinafter FTA Order].

[8] *See infra* at 6 (Table 1).

II. BACKGROUND

Applicant. CCL is a Delaware limited liability company with its principal place of business in Houston, Texas. CCL is a wholly-owned subsidiary of Cheniere Energy, Inc. (Cheniere Energy), a Delaware corporation with its primary place of business in Houston, Texas.[9] Cheniere Energy, both individually and through its affiliate, Cheniere Energy Partners, is a developer of LNG terminals and natural gas pipelines on the Gulf Coast of the United States, including the CCL Project and the Sabine Pass Liquefaction Project.

DOE/FE notes that Cheniere Marketing, CCL's corporate affiliate referenced herein, is also a Delaware limited liability company with its principal place of business in Houston, Texas. Cheniere Marketing is an indirect subsidiary of Cheniere Energy.[10]

Liquefaction Project. CCL states that the CCL Project is currently under construction in San Patricio and Nueces Counties, Texas. The CCL Project, as approved by FERC, presently consists of Trains 1-3, three LNG storage tanks, two marine berths, and associated facilities.[11] CCL states that the Stage 3 Project consists of adding Trains 4 and 5, as well as a fourth LNG tank, to expand the CCL Project. Additionally, new associated interstate natural gas pipeline facilities will be constructed (Stage 3 Pipeline). CCL anticipates that construction of the Stage 3 Project will commence by 2017, with exports commencing as early as 2021.

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[9] *See* App. at 2, 8; *see also Cheniere Marketing, LLC and Corpus Christi Liquefaction, LLC*, DOE/FE Order No. 3638, FE Docket No. 12-97-LNG, Final Order and Opinion Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Corpus Christi Liquefaction Project to Be Located in Corpus Christi, Texas, to Non-Free Trade Agreement Nations, at 15 (May 12, 2015).
[10] *See Cheniere Marketing, LLC and Corpus Christi Liquefaction, LLC*, DOE/FE Order No. 3638, at 14.
[11] *See* App. at 2 n.5 (stating that FERC authorized the construction and operation of the CCL Project in 2014) (citing *Corpus Christi Liquefaction, LLC & Cheniere Corpus Christi Pipeline, L.P.*, 149 FERC ¶ 61,283 (Dec. 30, 2014), *reh'g denied*, 151 FERC ¶ 61,098 (May 6, 2015).

Procedural History. Pertinent aspects of CCL's procedural history are summarized as follows:

On October 16, 2012, DOE/FE issued Order No. 3164, in which it authorized Cheniere Marketing, acting on its own behalf and as agent for third parties, to export domestically produced LNG from the CCL Project to FTA nations in a volume equivalent to 767 Bcf/yr of natural gas (2.1 Bcf/d) for a 25-year period.[12]

On August 15, 2014, Cheniere Marketing submitted a filing asking DOE/FE to add CCL as an authorization holder of DOE/FE Order No. 3164, together with Cheniere Marketing.[13] On October 29, 2014, in DOE/FE Order No. 3164-A, DOE/FE granted Cheniere Marketing's request and added CCL as a joint authorization holder with the same rights and obligations of Cheniere Marketing.[14]

In the Application before DOE/FE, CCL requests long-term authorization for the export of LNG in an amount equivalent to 514 Bcf/yr of natural gas, which CCL states represents the additional capacity expected for the Stage 3 Project (Trains 4 and 5). DOE/FE is granting CCL's requested authorization in this Order. With this Order, CCL now holds two long-term FTA export authorizations for Trains 1-5 in a total volume of LNG not to exceed 1,281 Bcf/yr of natural gas, as summarized in Table 1.

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[12] *Cheniere Marketing, LLC, et al.*, DOE/FE Order No. 3164, *supra* at 3 n.7. As discussed above, CCL was later added as a joint authorization holder for this order.

[13] Cheniere Marketing, LLC, Request to Add Corporate Affiliate as Additional Authorization Holder Under DOE/FE Order No. 3164, FE Docket No. 12-99-LNG (Aug. 15, 2014).

[14] *See Cheniere Marketing, LLC*, DOE/FE Order No. 3538 & DOE/FE Order No. 3164-A, FE Docket No. 12-97-LNG and FE Docket No. 12-99-LNG, Order Amending Application in Docket No. 12-97-LNG to Add Corpus Christi Liquefaction, LLC as Applicant, and Granting Request in DOE/FE Order No. 3164, Docket No. 12-99-LNG, to Add Corpus Christi Liquefaction, LLC as Authorization Holder.

Table 1: Orders Issued by DOE/FE for the Export of Domestic LNG to FTA Countries from the Corpus Christi Liquefaction Project

Docket No.	Order No.	Date Issued	Trains	Volume (Bcf/yr)	Type
12-99-LNG	3164	October 16, 2012, amended October 29, 2014	1-3	767	25 years, multi-contract
15-97-LNG	3699	August 27, 2015	4-5	514	20 years, multi-contract
Total Volume (FTA)				**1,281**	

Additionally, on May 12, 2015, in DOE/FE Order No. 3638, DOE/FE granted final authorization to CCL and Cheniere Marketing (collectively, CMI) to export LNG from the CCL Project (Trains 1-3), on their own behalf and as agent for third parties, to any country with which the United States does not have a FTA requiring national treatment for trade in natural gas and with which trade is not prohibited by U.S. law or policy (non-FTA countries). The authorized volume of LNG to be exported is equivalent to approximately 767 Bcf/yr of natural gas (2.1 Bcf per day) for a period of 20 years.[15] This non-FTA export volume is not additive to the authorized volume in CCL's FTA export authorization for Trains 1-3 (DOE/FE Order No. 3164); however, it is additive to the authorized volume in this Order, which pertains to exports of LNG solely from Trains 4 and 5.

Source of Supply. CCL states that it will purchase natural gas to be used as fuel and feedstock for LNG production from the interstate and intrastate grid at points of interconnection with the Stage 3 Pipeline and other interconnected pipelines and points of liquidity. According to CCL, the proximity of the CCL Project to multiple interstate and intrastate pipelines will enable it to purchase natural gas from multiple conventional and unconventional basins located

[15] *Cheniere Marketing, LLC and Corpus Christi Liquefaction, LLC*, DOE/FE Order No. 3638, *supra* 4 n.9.

across Texas, the region, and the nation.[16] CCL states that this supply can be sourced in large volumes in the spot market, or pursued under long-term arrangements.

Business Model. CCL is requesting this authorization on its own behalf and as agent for other parties who will hold title to the LNG at the time of export. CCL states that, to date, it has not entered into any natural gas purchase agreements or related LNG export contracts for the proposed exports. CCL states that it will comply with all DOE/FE requirements for exporters and agents, including registration requirements. CCL further states that, when acting as agent, it will register with DOE/FE each LNG title holder for which it seeks to export LNG as agent, and will comply with other registration requirements as set forth in recent DOE/FE orders.

Environmental Review. CCL asserts that the potential environmental impact of the Stage 3 Project will be reviewed by FERC pursuant to the National Environmental Policy Act of 1969 (NEPA), 42 U.S.C. § 4321 *et seq.* CCL anticipates that FERC will serve as the lead agency and DOE will participate as a cooperating agency in the environmental review. CCL states that, concurrently with its filing of the Application, it has asked FERC to initiate the pre-filing review process for the Stage 3 Project, as well as for the Stage 3 Pipeline.

III. FINDINGS

(1) Section 3(c) of the NGA was amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486) to require that applications requesting authority for (a) the import and export of natural gas, including LNG, from and to a nation with which there is in effect a FTA requiring national treatment for trade in natural gas, and/or (b) the import of LNG from other international sources, be deemed consistent with the public interest and granted without

[16] CCL states that the historically prolific Texas and Louisiana onshore gas fields; the gas fields in the Permian, Anadarko, and Hugoton basins; and the emerging unconventional gas fields in the Barnett, Haynesville, Eagle Ford, Fayetteville, Woodford, and Bossier basins represent the most significant sources of shale gas production.

modification or delay. This Application falls within section 3(c), as amended, and therefore, DOE/FE is charged with granting the requested authorization without modification or delay.[17]

(2) In light of DOE's statutory obligation to grant this Application without modification or delay, there is no need for DOE/FE to review other arguments asserted by CCL in support of the Application. The instant grant of authority should not be read to indicate DOE/FE's views on those arguments or on CCL's request for non-FTA export authorization.

(3) The countries with which the United States has a FTA requiring national treatment for trade in natural gas currently are: Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore.

(4) As described above, CCL requests authorization to export LNG on its own behalf and as agent for other entities who hold title to the LNG at the time of export. DOE/FE previously addressed the issue of Agency Rights in DOE/FE Order No. 2913,[18] which granted Freeport LNG Expansion, L.P., *et al.* (collectively, FLEX) authority to export LNG to FTA countries. In that order, DOE/FE approved a proposal by FLEX to register each LNG title holder for whom FLEX sought to export LNG as agent. DOE/FE found that this proposal was an acceptable alternative to the non-binding policy adopted by DOE/FE in *The Dow Chemical Company*,[19] which established that the title for all LNG authorized for export must be held by the authorization holder at the point of export. We find that the same policy considerations that

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[17] DOE further finds that the requirement for public notice of applications and other hearing-type procedures in 10 C.F.R. Part 590, are applicable only to applications seeking to export natural gas, including LNG, to countries with which the United States does not have a FTA requiring national treatment for trade in natural gas.

[18] *Freeport LNG Expansion, L.P., et al.*, DOE/FE Order No 2913, FE Docket No. 10-160-LNG, Order Granting Long-Term Authorization to Export Liquefied Natural Gas from Freeport LNG Terminal to Free Trade Nations (Feb. 10, 2011).

[19] *The Dow Chemical Company*, DOE/FE Order No. 2859, FE Docket No. 10-57-LNG, Order Granting Blanket Authorization to Export Liquefied Natural Gas, at 7-8 (Oct. 5, 2010), discussed in *Freeport LNG*, DOE/FE Order No. 2913, at 7-8.

supported DOE/FE's acceptance of the alternative registration proposal in DOE/FE Order No. 2913 apply here as well.

DOE/FE reiterated its policy on Agency Rights procedures in *Gulf Coast LNG Export, LLC*.[20] In *Gulf Coast*, DOE/FE confirmed that, in LNG export orders in which Agency Rights have been granted, DOE/FE shall require registration materials filed for, or by, an LNG title-holder (Registrant) to include the same company identification information and long-term contract information of the Registrant as if the Registrant had filed an application to export LNG on its own behalf.[21]

To ensure that the public interest is served, the authorization granted herein shall be conditioned to require that where CCL proposes to export LNG as agent for other entities who hold title to the LNG (Registrants), CCL must register with DOE/FE those entities on whose behalf it will export LNG in accordance with the procedures and requirements described herein.

(5) Section 590.202(b) of DOE's regulations requires applicants to supply transaction-specific factual information "to the extent practicable."[22] Additionally, DOE regulations at 10 C.F.R. § 590.202(e) allow confidential treatment of the information supplied in support of or in opposition to an application if the submitting party requests such treatment, shows why the information should be exempted from public disclosure, and DOE determines it will be afforded confidential treatment in accordance with 10 C.F.R. § 1004.11.

(6) DOE/FE will require that CCL file or cause to be filed with DOE/FE any relevant long-term commercial agreements (contracts) pursuant to which CCL exports LNG as agent for a

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[20] *Gulf Coast LNG Export, LLC*, DOE/FE Order No. 3163, FE Docket No. 12-05-LNG, Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas By Vessel from the Proposed Brownsville Terminal to Free Trade Agreement Nations (Oct. 16, 2012).
[21] *See id.* at 7-8.
[22] 10 C.F.R. § 590.202(b).

Registrant once those agreements have been executed. DOE/FE finds that the submission of all such agreements or contracts within 30 days of their execution using the procedures described below will be consistent with the "to the extent practicable" requirement of section 590.202(b). By way of example and without limitation, a "relevant long-term commercial agreement" would include an agreement with a minimum term of two years, such as a long-term purchase and sales agreement involving LNG stored or liquefied at the CCL Project.

(7) DOE/FE also will require CCL to file any long-term contracts CCL enters into providing for the long-term export of LNG on its own behalf from the CCL Project. DOE/FE finds that the submission of these contracts within 30 days of their execution using the procedures described below will be consistent with the "to the extent practicable" requirement of section 590.202(b).

(8) In addition, DOE/FE finds that section 590.202(c) of DOE/FE's regulations[23] requires that CCL file, or cause to be filed, all long-term contracts associated with the long-term supply of natural gas to the CCL Project within 30 days of their execution by either CCL or the Registrant.

(9) DOE/FE recognizes that some information in CCL's or a Registrant's long-term commercial agreements associated with the export of LNG, and/or long-term contracts associated with the long-term supply of natural gas to the CCL LNG Terminal, may be commercially sensitive. DOE/FE therefore will provide CCL the option to file or cause to be filed either unredacted contracts, or in the alternative: (A) CCL may file, or cause to be filed, long-term contracts under seal, but it also will file either: i) a copy of each long-term contract with commercially sensitive information redacted, or ii) a summary of all major provisions of the

[23] *Id.* § 590.202(c).

contract(s) including, but not limited to, the parties to each contract, contract term, quantity, any take or pay or equivalent provisions/conditions, destination, re-sale provisions, and other relevant provisions; and (B) the filing must demonstrate why the redacted or non-disclosed information should be exempted from public disclosure.

To ensure that DOE/FE destination and reporting requirements included in the Order are conveyed to subsequent title holders, DOE/FE will include as a condition of this authorization that future contracts for the sale or transfer of LNG exported pursuant to the Order shall include an acknowledgement of these requirements.

ORDER

Pursuant to section 3 of the NGA, it is ordered that:

A. Corpus Christi Liquefaction, LLC is authorized to export domestically produced LNG by vessel from Stage 3 Project (Trains 4 and 5) of the Corpus Christi Liquefaction Project, to be located in San Patricio and Nueces Counties, Texas. The volume authorized in this Order is equivalent to approximately 514 Bcf/yr of natural gas for a 20-year term, beginning on the earlier of the date of first export or eight years from the date the authorization is issued (August 27, 2023). CCL is authorized to export this LNG on its own behalf and as agent for other entities who hold title to the natural gas, pursuant to one or more long-term contracts (a contract greater than two years).

B. This LNG may be exported to Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore, and to any nation with which the United States subsequently enters into a FTA requiring national treatment for trade in natural gas, provided that the destination nation has the capacity to import LNG via ocean going vessels.

FTA countries are currently identified by DOE/FE at:

http://www.fossil.energy.gov/programs/gasregulation/index.html

C. CCL shall ensure that all transactions authorized by this Order are permitted and lawful under U.S. laws and policies, including the rules, regulations, orders, policies, and other determinations of the Office of Foreign Assets Control of the United States Department of the Treasury. Failure to comply with this requirement could result in rescission of this authorization and/or other civil or criminal remedies.

D. (i) CCL shall file, or cause others to file, with the Office of Oil and Gas Global Security and Supply a non-redacted copy of all executed long-term contracts associated with the long-term export of LNG on its own behalf or as agent for other entities from the CCL Project. The non-redacted copies may be filed under seal and must be filed within 30 days of their execution. Additionally, if CCL has filed the contracts described in the preceding sentence under seal or subject to a claim of confidentiality or privilege, within 30 days of their execution, CCL shall also file, or cause others to file, for public posting either: i) a redacted version of the contracts described in the preceding sentence, or ii) major provisions of the contracts. In these filings, CCL shall state why the redacted or non-disclosed information should be exempted from public disclosure.

(ii) CCL shall file, or cause others to file, with the Office of Oil and Gas Global Security and Supply a non-redacted copy of all executed long-term contracts associated with the long-term supply of natural gas to the CCL Project. The non-redacted copies may be filed under seal and must be filed within 30 days of their execution. Additionally, if CCL has filed the contracts described in the preceding sentence under seal or subject to a claim of confidentiality or privilege, within 30 days of their execution, CCL shall also file, or cause others to file, for public

posting either: i) a redacted version of the contracts described in the preceding sentence, or ii) major provisions of the contracts. In these filings, CCL shall state why the redacted or non-disclosed information should be exempted from public disclosure.

E. CCL shall include, and require others for whom CCL acts as agent to include, the following provision in any agreement or other contract for the sale or transfer of LNG exported pursuant to this Order:

> Customer or purchaser acknowledges and agrees that it will resell or transfer LNG purchased hereunder for delivery only to countries identified in Ordering Paragraph B of DOE/FE Order No. 3699, issued August 27, 2015, in FE Docket No. 15-97-LNG, and/or to purchasers that have agreed in writing to limit their direct or indirect resale or transfer of such LNG to such countries. Customer or purchaser further commits to cause a report to be provided to Corpus Christi Liquefaction, LLC that identifies the country (or countries) into which the LNG or natural gas was actually delivered and/or received for end use, and to include in any resale contract for such LNG the necessary conditions to ensure that Corpus Christi Liquefaction, LLC is made aware of all such countries.

F. CCL is permitted to use its authorization in order to export LNG as agent for other entities, after registering the other parties with DOE/FE. Registration materials shall include an acknowledgement and agreement by the Registrant to supply CCL with all information necessary to permit CCL to register that person or entity with DOE/FE, including: (1) the Registrant's agreement to comply with this Order and all applicable requirements of DOE's regulations at 10 C.F.R. Part 590, including but not limited to destination restrictions; (2) the exact legal name of the Registrant, state/location of incorporation/registration, primary place of doing business, and the Registrant's ownership structure, including the ultimate parent entity if the Registrant is a subsidiary or affiliate of another entity; (3) the name, title, mailing address, e-mail address, and telephone number of a corporate officer or employee of the Registrant to whom inquiries may be directed; (4) within 30 days of execution, a copy of any long-term contracts not previously filed with DOE/FE, described in Ordering Paragraph D of this Order.

G. Each registration submitted pursuant to this Order shall have current information on file with DOE/FE. Any changes in company name, contact information, length of the long-term contract, termination of the long-term contract, or other relevant modification, shall be filed with DOE/FE within 30 days of such change(s).

H. As a condition of this authorization, CCL shall ensure that all persons required by this Order to register with DOE/FE have done so. Any failure by CCL to ensure that all such persons or entities are registered with DOE/FE shall be grounds for rescinding the authorization in whole or in part.

I. Within two weeks after the first export of domestically produced LNG occurs from the Stage 3 Project, CCL shall provide written notification of the date that the first export of LNG authorized in Ordering Paragraph A above occurred.

J. CCL shall file with the Office of Oil and Gas Global Security and Supply, on a semi-annual basis, written reports describing the progress of the Stage 3 Project. The reports shall be filed on or by April 1 and October 1 of each year, and shall include information on the progress of Trains 4 and 5 of the CCL Project, and the status of the long-term contracts associated with the long-term export of LNG and any related long-term supply contracts.

K. Prior to any change in control of the authorization holder, CCL must comply with DOE/FE Procedures for Change in Control Affecting Applications and Authorizations to Import or Export Natural Gas.[24] For purposes of this Ordering Paragraph, a "change in control" shall include any change, directly or indirectly, of the power to direct the management or policies of CCL, whether such power is exercised through one or more intermediary companies or pursuant to an agreement, written or oral, and whether such power is established through ownership or

[24] *See* U.S. Dep't of Energy, Procedures for Changes in Control Affecting Applications and Authorizations to Import or Export Natural Gas, 79 Fed. Reg. 65,541 (Nov. 5, 2014).

voting of securities, or common directors, officers, or stockholders, or voting trusts, holding trusts, or debt holdings, or contract, or any other direct or indirect means.[25]

L. Monthly Reports: With respect to the LNG exports authorized by this Order, CCL shall file with the Office of Oil and Gas Global Security and Supply, within 30 days following the last day of each calendar month, a report indicating whether exports of LNG have been made. The first monthly report required by this Order is due not later than the 30th day of the month following the month of first export. In subsequent months, if exports have not occurred, a report of "no activity" for that month must be filed. If exports of LNG have occurred, the report must give the following details of each LNG cargo: (1) the name(s) of the authorized exporter registered with DOE/FE; (2) the name of the U.S. export terminal; (3) the name of the LNG tanker; (4) the date of departure from the U.S. export terminal; (5) the country (or countries) into which the LNG or natural gas is actually delivered and/or received for end use; (6) the name of the supplier/seller; (7) the volume in thousand cubic feet (Mcf); (8) the price at point of export per million British thermal units (MMBtu); (9) the duration of the supply agreement (indicate spot sales); and (10) the name(s) of the purchaser(s).

(Approved by the Office of Management and Budget under OMB Control No. 1901-0294)

M. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Oil and Gas Global Security and Supply, P.O. Box 44375, Washington, D.C. 20026-4375, Attention: Natural Gas Reports. Alternatively, reports may be e-mailed to

[25] *See id.* at 65,542.

ngreports@hq.doe.gov, or may be faxed to Natural Gas Reports at (202) 586-6050.

Issued in Washington, D.C., on August 27, 2015.

John A. Anderson
Director, Office of Oil and Gas Global Security and Supply
Office of Oil and Natural Gas