

**BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Elba Liquefaction Company, L.L.C.
Southern LNG Company, L.L.C.

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Docket No. CP14-___-000

**APPLICATION OF
ELBA LIQUEFACTION COMPANY, L.L.C.
AND SOUTHERN LNG COMPANY, L.L.C. FOR
AUTHORIZATION UNDER SECTION 3 OF THE NATURAL GAS ACT AND
APPLICATION OF SOUTHERN LNG COMPANY, L.L.C. FOR ABANDONMENT
UNDER SECTION 7 OF THE NATURAL GAS ACT**

Pursuant to Sections 3(a) of the Natural Gas Act (“NGA”), as amended,¹ and Part 153² of the Federal Energy Regulatory Commission’s (“**Commission**”) regulations, Elba Liquefaction Company, L.L.C. (“**ELC**”) and Southern LNG Company, L.L.C. (“**SLNG**”) (together referred to as the “**Applicants**”) herein request authority to construct and operate new natural gas liquefaction and export facilities at SLNG’s existing liquefied natural gas (“**LNG**”) terminal located on Elba Island, a private island owned by SLNG, in the Savannah River, in Chatham County, Georgia (“**Terminal**”). Applicants herein refer to this project as the “**Elba Liquefaction Project**,” or simply the “**Project**.” Additionally, pursuant to Section 7(b) of the NGA³ and Part 157⁴ of the Commission’s regulations, SLNG herein requests authority to abandon its LNG Truck Loading Facilities at the Terminal. Applicants respectfully request that the Commission grant authorization of its requests specified herein no later than March 1, 2015.

¹ 15 U.S.C. § 717b(a) (2006).
² 18 C.F.R. Part 153 (2013).
³ 15 U.S.C. § 717f(b).
⁴ 18 C.F.R. Part 157.

In accordance with Sections 388.112(b) and 388.113 of the Commission’s regulations,⁵ and the Commission’s Order No. 769,⁶ Applicants herein claim that certain portions of this Application contain (1) Critical Energy Infrastructure Information (“**CEII**”), and (2) commercially-sensitive, business confidential and proprietary information (“**Privileged**”). Therefore, as applicable, the appropriate information is marked as “Contains CEII Information – Do Not Release” or “Contains Privileged Information – Do Not Release.”

I.

INFORMATION REGARDING THE APPLICANTS

The exact legal name of ELC is Elba Liquefaction Company, L.L.C. ELC is a Delaware limited liability company with two members:

- Southern Liquefaction Company, LLC, a Delaware limited liability company, and unit of El Paso Pipeline Partners, L.P., and
- Shell US Gas & Power LLC, a Delaware limited liability company, and subsidiary of Royal Dutch Shell plc.

ELC’s principal office is located at 569 Brookwood Village, Suite 749, Birmingham, Alabama 35209.

The exact legal name of SLNG is Southern LNG Company, L.L.C. SLNG is a Delaware limited liability company and unit of El Paso Pipeline Partners, L.P., with its principal office located at 569 Brookwood Village, Suite 749, Birmingham, Alabama 35209. More detailed business organization information for ELC and SLNG may be found in Exhibit A provided herein.

⁵ 18 C.F.R. §§ 388.112(b), 388.113.

⁶ *Filing of Privileged Materials*, Order No. 769, 141 FERC ¶ 61,059 (2012).

The names, titles, and mailing addresses of the persons to whom communications concerning this Application are to be addressed and upon whom service is to be made are as follows:⁷

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⁷ ELC and SLNG respectfully request that the Commission waive Rule 203(b)(3), 18 C.F.R. § 385.203(b)(3), in order to allow ELC and SLNG to include each of the designated representatives on the official service list in this proceeding.

II.

BACKGROUND

In 1972, the Commission authorized SLNG⁸ to construct and operate the Terminal, import LNG from Algeria, and regasify and sendout such LNG on interstate pipelines for delivery to domestic markets.⁹ SLNG began these operations on July 7, 1978. However, as a result of a supply dispute, the Terminal was maintained in a standby mode from 1982 through 2000. In Docket Nos. CP99-579, *et al.*, the Commission issued an order authorizing SLNG to recommission the facilities at the Terminal and to modify the Terminal in order to provide terminalling service on an open-access basis.¹⁰ On December 1, 2001, SLNG's facilities were placed back in service.

In Docket No. CP02-380, the Commission authorized SLNG to expand its storage capacity by 3.3 billion cubic feet (“**Bcf**”) and its vaporization facilities by 540 million cubic feet per day (“**MMcf/d**”) and to construct a marine slip with new docking facilities to accommodate receipt of two LNG tankers and to serve as the primary receipt point for LNG shipments at the Terminal (“**Elba II Expansion**”).¹¹ The Elba II Expansion commenced operations on February 1, 2006.

⁸ On May 15, 1996. “Southern Energy Company” changed its name to “Southern LNG Inc.,” and on February 4, 2010, to “Southern LNG Company L.L.C.” For the purpose of this Application, “SLNG” refers to Southern Energy Company, Southern LNG Inc. and/or Southern LNG Company L.L.C., as the context suggests.

⁹ *Columbia LNG Corp.*, Order 622, 47 FPC 1624, *opinion and order on reh'g*, Order No. 622-A, 48 FPC 723 (1972), *vacated and remanded by*, *S. Natural Gas Co. v. FPC*, 491 F.2d 651 (5th Cir. 1974), *order on remand*, *Southern Energy Co.*, Opinion 786, 57 FPC 354 (1977).

¹⁰ *Southern LNG Inc.*, 90 FERC ¶ 61,257 (2000),

¹¹ *Southern LNG Inc.*, 103 FERC ¶ 61,029 (2003).

In Docket No. CP06-470, the Commission authorized additional expansion facilities (“**Elba III Expansion**”) to expand the storage capacity of the terminal by 8.44 Bcf and the vaporization capacity by 900 MMcf/d in two phases.¹² Phase A of the Elba III Expansion included (1) modification of existing unloading docks; (2) construction of a new storage tank with 4.22 Bcf of storage capacity; and (3) installation of additional vaporization with a firm send-out capacity of 405 MMcf/d. After the Phase A facilities were placed in service, on August 2, 2011, SLNG requested that the Commission vacate the Section 3 authorization it received for the planned Phase B of the Elba III Expansion. On October 11, 2011, the Commission granted SLNG’s request.¹³

As requested herein, Applicants are now proposing to add natural gas treatment and liquefaction capabilities to receive and liquefy domestic natural gas at the Terminal for export to foreign markets.¹⁴

SLNG currently imports LNG for storage and revaporization using two LNG carrier (“**LNG Carrier**”) berths, five LNG storage tanks, vaporization capacity, sendout facilities, and other associated infrastructure. The Terminal’s current storage capacity is 11.5 Bcf, with 1,755 MMcf/d of peak vaporization and sendout capacity. The major existing facilities, their related FERC docket(s), and associated National Environmental Policy Act of 1969¹⁵ (“**NEPA**”) documentation, indicating the preparation of either an Environmental Assessment (“**EA**”) or Environmental Impact Statement (“**EIS**”), are summarized below:

¹² *Southern LNG, Inc.*, 120 FERC ¶ 61,258 (2007), *denying reh’g and granting reconsideration*, 122 FERC ¶ 61,137 (2008), *aff’d sub. Anderson v. FERC.*, 333 F. App’x 575 (D.C. Cir. 2009).

¹³ *Southern LNG Company, L.L.C.*, 137 FERC ¶ 61,034 (2011).

¹⁴ SLNG received authorization to export LNG by vessel from the Terminal to Free Trade Agreement Nations in DOE/FE Order No. 3106, on June 15, 2012. On August 31, 2012, SLNG filed with the Department of Energy Office of Fossil Energy (“**DOE/FE**”) an “Application for Long-Term Authorization, Multi-Contract Authorization to Export Liquefied Natural Gas to Non-Free Trade Countries” in FE Docket No. 12-100-LNG, which is pending. .

¹⁵ 42 U.S.C. §§ 4321 *et seq.*

MAJOR EXISTING FACILITIES			
FERC Docket	Description	Major Components	EA or EIS
CP71-264	Original SLNG Elba Import Project	<ul style="list-style-type: none"> • Marine berth • Three storage tanks • LNG sendout pumps • Boil-off gas compressor • Spill containment • Fire water system • South Channel dock • LNG Truck loading Facilities 	Pre-NEPA
CP71-276	Twin 30s Pipeline	Two 13.25-mile-long, 30-inch-diameter pipelines (Elba to Port Wentworth)	Pre-NEPA
CP99-579 CP99-580 CP99-581 CP99-582	SLNG, Re-commission of Facilities Elba I Project	Re-commission of facilities (Did not include LNG Truck Loading Facilities)	EA (April 2001)
CP02-379 CP02-380	Elba II, Expansion Project	<ul style="list-style-type: none"> • Two new marine berths/LNG Docks (cut slip, off river) • One storage tank • Sendout expansion 	EA (February 2003)
PF06-14 CP06-470	Elba III, Expansion Project	Phase A <ul style="list-style-type: none"> • One storage tank • Sendout expansion • Remove river dock unloading facilities 	EIS (August 2007)
CP12-31	Boil-off Gas Project	Additional Boil-off gas compression	EA (March 2012)

On December 5, 2012, and as supplemented on February 25, 2013, the Applicants, along with Elba Express Company, L.L.C. (“**EEC**”) filed a request with the Commission to initiate the NEPA pre-filing process (“**Pre-filing Request**”) for the Elba Liquefaction Project and a proposed project to expand EEC’s interstate pipeline transmission system (“**EEC Modification Project**”). The EEC Modification Project is intended, in part, to transport natural gas to support the proposed addition of liquefaction and export facilities at the Terminal. On March 1, 2013, the Director of the Commission’s Office of Energy Projects granted the Pre-Filing Request in Docket No. PF13-3-000 to initiate the pre-filing process for the Elba Liquefaction Project and the EEC Expansion Project, and the Applicants have since filed draft resource reports and monthly status reports as required by the NEPA pre-filing process. The Applicants have

participated in bi-weekly conference calls with Commission Staff and the third party-contractor, as well as other resource agencies concerning the Elba Liquefaction Project. The Applicants filed draft resource reports for review and comment by Commission staff. Therefore, the resource reports associated with the Elba Liquefaction Project that are included with this application as Exhibit F—Environmental Report address and incorporate the comments and suggested changes by Commission staff and other resource agencies. As a result of the pre-filing process, the Applicants have been able to refine and improve their proposal and Application, and address stakeholder concerns.

III.

EXECUTIVE SUMMARY

This Application demonstrates that the public interest supports the authorization of the construction, and operation of the Elba Liquefaction Project. The Elba Liquefaction Project is a market-driven response to the availability of abundant and increasing domestic natural gas supplies, coupled with a rising and robust international demand for natural gas. By locating the Elba Island Liquefaction facilities at the Terminal alongside existing LNG terminal facilities, the Applicants are efficiently utilizing existing facilities and obviating the potential need to construct a new LNG terminal to provide LNG export capacity to the market. The Elba Liquefaction Project will help serve a new and growing market demand for LNG exports, enhance the flexibility of SLNG's existing Terminal, and improve the dependability of international trade. In addition, the Terminal will retain the operational flexibility to continue to serve existing customers after the construction of the Elba Liquefaction Project, and upon completion of the Project, the Terminal will have the capability to both import and export LNG supplies.

The Applicants propose to construct and operate a natural gas liquefaction facility comprised of up to a total of up to 10 Movable Modular Liquefaction System (“MMLS”) units that have the potential to create a total liquefaction capacity of approximately 2.5 million tonnes per annum (“MTPA”) for export, to be constructed and placed into service in two phases. In addition, the Applicants propose modifications to the existing Terminal to allow for exports, and bi-directional service capable of both imports and exports of LNG. The Elba Liquefaction Project does not include the addition of any new LNG storage tanks, as SLNG will utilize its existing tanks, and is not expected to increase the size or frequency of the previously-authorized levels of LNG Carriers. In addition, SLNG’s proposed abandonment of the LNG truck loading facilities, which were not recommissioned with the rest of the Terminal in 2001, is permitted by the public convenience and necessity because those facilities are not necessary to serve Applicants’ anticipated use of the Terminal.

The Applicants propose to develop the Elba Liquefaction Project to address the improved domestic natural gas production outlook, which has been propelled by the rapid growth in natural gas supplies in the United States. The Commission authorization of the Elba Liquefaction Project would produce substantial public benefits as set forth herein.

IV.

DESCRIPTION OF PROPOSED FACILITIES AND ABANDONMENT

A. Proposed Elba Liquefaction Project Facilities

The Terminal is located on Elba Island, which lies approximately five miles downstream from Savannah, Georgia in an estuary of the Savannah River. The facilities to be constructed as part of the Elba Liquefaction Project, as detailed in Exhibit F, are primarily located within areas

previously evaluated and assessed in conjunction with the Commission’s earlier reviews and approvals of the Terminal, as described in the table provided in Section II above. A map of the general location of the Elba Liquefaction Project facilities is provided herein as Exhibit F-1.

ELC proposes to install natural gas liquefaction capacity at SLNG’s existing Terminal site that would permit natural gas to be received by pipeline from a proposed interconnection with the Twin 30s Pipeline,¹⁶ and then treated and liquefied (“**ELC Liquefaction Facilities**”). Following liquefaction, ELC will send the LNG to SLNG’s existing storage tanks. SLNG will load the LNG onto LNG Carriers berthed at SLNG’s existing marine berth (“**LNG Docks**”).

SLNG will utilize its existing storage tanks and LNG Docks. Modifications will be made to the existing Terminal by SLNG to include new or additional pumps, additional piping to the loading arms, and control systems to increase the loading rate to allow for export (“**SLNG Export Facilities**”). Ultimately, SLNG’s customers will export the LNG via LNG Carriers. Following completion of the Elba Liquefaction Project, SLNG will have the capacity to provide bi-directional service to allow its customers the flexibility to respond to applicable market conditions by either importing or exporting LNG. Therefore, SLNG’s existing import customers will not be harmed by the proposed Elba Liquefaction Project.

¹⁶ Elba Express Company, L.L.C. owns an undivided interest in the Twin 30s Pipeline. The other owners of the Twin 30s Pipeline are Southern Natural Gas Company, L.L.C. (“SNG”), Magnolia Enterprise Holdings, Inc. (“MEHI”), and Carolina Gas Transmission Corporation (“CGT”). SNG is the operator of the Twin 30s Pipelines.

The Twin 30s Pipeline are two parallel 30-inch diameter pipelines that were built by SNG to transport vaporized LNG from Elba Island to Port Wentworth, Georgia where the gas enters SNG’s mainline system. Upon reactivation of the Elba Island Terminal in 2001, an undivided interest was sold to CGT to facilitate deliveries of gas from Elba Island to the CGT system. Subsequently, undivided interests in the Twin 30s Pipeline were sold to Elba Express Company, L.L.C. (“EEC”) in conjunction with the initial construction of Elba Express Pipeline so that EEC did not have to build a separate pipeline to interconnect with Elba Island, and to MEHI, which leases its interest back to SNG such that MEHI’s interest is treated as though it is part of SNG’s system. SNG, EEC, and CGT all interconnect with the Twin 30s Pipelines in a single valve yard near Port Wentworth, Georgia.

The Elba Liquefaction Project, when completed, will provide ELC with the capability to liquefy a total of approximately 2.5 MTPA of LNG. The Elba Liquefaction Project does not include the addition of any LNG storage tanks at the Terminal, and is not expected to result in an increase in the size and frequency of LNG Carriers from the level previously authorized for the Terminal. As shown in the documentation provided in Exhibit F (Appendix A of Resource Report 1), SLNG has consulted with the U. S. Coast Guard (“USCG”) regarding the possibility of SLNG utilizing its existing LNG Docks for export. The USCG concurs that the waterway impacts associated with exporting LNG at SLNG’s existing LNG Docks should not change or exceed the waterway impacts that were envisioned as part of the previously approved Elba III Project,¹⁷ and described in the Letter of Intent/Water Suitability Assessment, Water Suitability Report, and Letter(s) of Recommendation dated September 20, 2006, June 18, 2007, and October 10, 2008, respectively, and that these documents remain valid with no further modifications required.

The proposed ELC Liquefaction Facilities to be owned by ELC include the installation of MMLS units and ancillary facilities to liquefy natural gas. The proposed SLNG Export Facilities, to be owned by SLNG, include the proposed facilities to be modified at the Terminal to allow SLNG to receive LNG from ELC at an interconnection to be installed with ELC, and to allow SLNG to load the LNG onto LNG Carriers berthed at SLNG’s existing marine berth. Upon completion of construction, the proposed ELC Liquefaction Facilities will be operated by SLNG.

¹⁷ *Southern LNG, Inc., et al*, 120 FERC ¶ 61,258 (2007).

Applicants propose installation of the Elba Liquefaction Project in two phases. Phase I of the Elba Liquefaction Project will include installation of six MMLS units that will create a total liquefaction capacity of approximately 1.5 MTPA, and Phase II of the Elba Liquefaction Project will include installation of up to an additional four MMLS units. Upon full completion of Phases I and II, the Elba Liquefaction Project will create a total liquefaction capacity of approximately 2.5 MTPA.¹⁸ The major facilities associated with the ELC Liquefaction Facilities and the SLNG Export Facilities are provided herein as Exhibit Z.

B. Proposed LNG Truck Loading Facilities Abandonment

SLNG also proposes to abandon by removal its LNG truck loading facilities that were constructed when the Terminal was initially authorized in 1972, but were not recommissioned at the time of the Terminal's reactivation in 2001 ("**LNG Truck Loading Facilities**").¹⁹ SLNG's LNG Truck Loading Facilities include the existing scale house, truck scales, walkways, foundations, and ancillary equipment to fill trucks with LNG. SLNG proposes to remove the LNG Truck Loading Facilities in conjunction with Phase I of the Elba Liquefaction Project. As described below, abandonment of these facilities will not impact service to SLNG's existing customers, as those facilities have not been recommissioned and are not currently active. The location of the LNG Truck Loading Facilities proposed to be abandoned are shown in Appendix 1.B to Resource Report 1. Exhibit Y attached hereto shows the accounting treatment for abandonment of the LNG Truck Loading Facilities.

¹⁸ The full liquefaction capacity of the equipment is up to 4 MTPA of LNG (approximately 0.5 billion cubic per day of gas) and SNALNG has the right to use all of the 4 MTPA.

¹⁹ *Southern LNG Inc.*, 90 FERC ¶ 61,257 (2000).

V.

PUBLIC INTEREST

Because the proposed Elba Liquefaction Project “will be used to export natural gas to foreign countries, the construction and operation of the facilities and site of their location require approval by the Commission under Section 3 of the NGA.”²⁰ Section 3(a) of the NGA provides that “[t]he Commission shall issue [an] order upon application, unless ... it finds that the proposed exportation ... will not be consistent with the public interest.”²¹ Section 153.7(c) of the Commission’s regulations, which implements Section 3(a) of the NGA, requires a showing that the proposal is not inconsistent with the public interest.

Approval of the Elba Liquefaction Project is not inconsistent with the public interest and will allow the Applicants to use existing facilities already approved by the Commission and in use for LNG import services for additional and essential LNG export services. Commission authorization of the Applicants’ proposal, will allow for the more efficient use of existing facilities to serve a new and growing market demand, enhance the flexibility of SLNG’s existing Terminal facilities, and improve the dependability of international trade and the U.S. foreign trade imbalance.

As part of the public interest statement required in a Section 3 application, Section 153.7(c)(1) of the Commission’s regulations requires an applicant to explain how, if applicable, the proposed project:

²⁰ *Sabine Pass Liquefaction, LLC*, 139 FERC ¶ 61,039, at P 22 (2012).

²¹ 15 U.S.C. § 717(b)(a).

- (i) Will improve access to supplies of natural gas, serve new market demand, enhance the reliability, security, and/or flexibility of the applicant's pipeline system, improve the dependability of international energy trade, or enhance competition within the United States for natural gas transportation or supply;
- (ii) Will not impair the ability of the applicant to render transportation service in the United States at reasonable rates to its existing customers; and,
- (iii) Will not involve any existing contract(s) between the applicant and a foreign government or person concerning the control of operations or rates for the delivery or receipt of natural gas which may restrict or prevent other United States companies from extending their activities in the same general area, with copies of such contracts.²²

The Applicants submit that the proposed Elba Liquefaction Project is not inconsistent with the public interest and complies with the above referenced requirements, to the extent applicable, as discussed below.

As required by Section 153.7 of the Commission's regulations, SLNG states that the Terminal will continue to provide LNG import services to its existing customers even after the construction of the Elba Liquefaction Project and that approval of the Project will allow SLNG greater flexibility in operating the Terminal for both the import and export of LNG. Furthermore, approval of the Applicants' proposal will not impair the ability of SLNG to render service in the United States at reasonable rates to its existing customers.

As required by Section 153.7(c)(1)(iii) of the Commission's regulations, the Applicants state that their proposal will not involve any existing contract that will restrict or prevent other U.S. companies from extending their activities in the same general area of the Elba Liquefaction Project. Therefore, as described in more detail herein, the Elba Liquefaction Project is not inconsistent with the public interest.

²² 18 C.F.R. § 153.7(c).

The Department of Energy Office of Fossil Energy (“**DOE/FE**”) has authorized SLNG’s request to export LNG to FTA countries and is currently reviewing SLNG’s application for authority to export LNG to Non-Free Trade Agreement Nations, as discussed in more detail below. In reviewing an applicant’s request for NGA Section 3 construction of export facilities, the Commission has explicitly recognized DOE/FE’s public interest findings in issuing its order. For example, the Commission has recognized that the natural gas production associated with exports identified in an application will result in increased production that could be used for domestic requirements if market conditions warrant such use, enhancing U.S. domestic energy security.²³ In addition, the Commission recognized several other tangible economic and public benefits that would likely follow from its authorization of the requested export authority, including increased economic activity and job creation, support for continued natural gas exploration and production, and increased tax revenues.²⁴ As demonstrated below, these factors are present in the Applicants’ proposal and weigh in favor of granting the requested authorizations.

A. Market Demand

The need for the Elba Liquefaction Project is supported by projected trends concerning U.S. gas demand and supply, which, in recent years, have supported the need for LNG exports. On December 16, 2013, the Administrator of the United States (“U.S.”). Energy Information Administration (“EIA”) released the Early Release Overview of the 2014 Annual Energy Outlook (“AEO2014 Early Release Overview”). The Administrator explained that “EIA’s updated Reference case shows that advanced technologies for crude oil and natural gas production are continuing to increase domestic supply and reshape the U.S. energy economy as

²³ *Sabine Pass Liquefaction, LLC*, 139 FERC 61,039, at P 28.

²⁴ *Id.*

well as expand the potential for U.S. natural gas exports.”²⁵ The proposed Elba Liquefaction Project will provide substantial benefits, including an additional export outlet for the steadily expanding domestic natural gas reserves and production.

The Project will also help meet the growing and substantial market demand for export capacity. On January 25, 2013, ELC and Shell NA LNG, LLC (“**SNALNG**”) entered into a Liquefaction Service Agreement (“**ELC LSA**”) whereby ELC will construct and own the ELC Liquefaction Facilities for the receipt and liquefaction of natural gas, and the delivery of LNG to SLNG. Further, also on January 25, 2013, SLNG and SNALNG, an existing firm customer of SLNG, entered into a Ship Loading Services Precedent Agreement (“**SLNG Ship Loading PA**”) whereby following the completion of the Elba Liquefaction Project, SLNG proposes to provide additional firm services for the loading of LNG Carriers for export.²⁶ The SLNG Ship Loading PA is provided herein as Exhibit I to show the market support for the Elba Liquefaction Project.

B. Public Benefits

The Elba Liquefaction Project offers a myriad of direct and indirect public benefits as a result of both the construction and the ongoing operations of the facilities:

- Stimulating job creation, increasing economic activity and tax revenues by supporting a healthy domestic drilling program, increasing pipeline construction and operations, constructing and operating the liquefaction and terminal facilities at Elba Island, and by an increase in associated support industries;
- Enhancing U.S. energy security;

²⁵ “Growing oil and natural gas production continues to reshape the U.S. energy economy,” available at <http://www.eia.gov/pressroom/releases/press402.cfm> (emphasis added).

²⁶ These services are described more fully below in Article V of this Application (Rates and Pro Forma Tariff Provisions).

- Increasing LNG exports from the U.S., as is done today with other commodities such as coal, grains, steel, machinery, will be a positive factor in stabilizing the overall U.S. balance of trade, which creates beneficial macro-economic impacts;
- Increasing economic trade and ties with foreign nations, including neighboring countries in the Americas;
- Helping to achieve global greenhouse gas emissions targets through the promotion of clean burning natural gas in countries that would otherwise use coal or oil for electric generation or manufacturing processes;
- Helping facilitate development of abundant natural gas resources in the U.S. and related jobs; and
- Helping to decrease U.S. dependence on foreign nations by increasing gas supply diversity to the global market.

Specifically, and as described more fully in Resource Report 5 filed herein as part of Exhibit F, the construction and operation of the Elba Liquefaction Project is expected to provide the following direct benefits in the State of Georgia and Chatham County, Georgia:

- An estimated average of 698 workers during construction of the Project;
- An estimated 75 permanent workers for ongoing management, operation, and maintenance at the Terminal;
- General economic benefits to the local economy from the construction and operation of the ELC Liquefaction Facilities and SLNG Export Facilities..

C. Minimal Environmental Impacts

Environmental impacts associated with the construction and operation of the Elba Liquefaction Project will be minimal. The ELC Liquefaction Facilities and the SLNG Export

Facilities will primarily be constructed on Elba Island, which is solely owned by SLNG. As described above, the Elba Liquefaction Project does not include the addition of any LNG storage tanks at the Terminal, and is not expected to result in an increase in the size and/or frequency of LNG Carriers from that previously authorized for the Terminal. All ballast water discharges will be completed in accordance with the applicable federal ballast water discharge standards. The Elba Liquefaction Project site is primarily located within the footprint of the previously-approved Terminal site. In addition, the environmental impacts from the Elba Liquefaction Project are relatively small and well defined. The Commission should therefore find, as it did in a similar proceeding requesting Section 3 authorization for the construction and operation of liquefaction facilities at an existing LNG terminal, that the Elba Liquefaction Project will result in only minimal environmental impacts.²⁷

Applicants provide in the Resource Reports provided herein as Exhibit F, a detailed description of those areas of the Elba Liquefaction Project where minimal disturbance will be required outside the previously disturbed areas of the Terminal. Briefly, Applicants have performed various surveys/assessments related to the Elba Liquefaction Project to include a field delineation survey to identify potential wetlands and waterbodies and a cultural resources survey to identify potential impacts on historic properties. Applicants are also finalizing an essential fish habitat assessment to analyze the potential direct and cumulative effects on fish habitat for fish species and their major food sources, and a biological assessment to assess the potential for impacting endangered or threatened species, as well as the potential to impact any areas that are designated critical habitat. The results of these studies underscore the minimal environmental impacts of the project.

²⁷ *Sabine Pass Liquefaction, LLC*, 139 FERC 61,039, at P 29.

In summary, the Elba Liquefaction Project is supported by market demand, will produce benefits to the public, and will have minimal impact to the environment; thus, it is not inconsistent with the public interest.

VI.

PUBLIC CONVENIENCE AND NECESSITY RELATED TO ABANDONMENT OF THE LNG TRUCK LOADING FACILITIES

Section 7(b) of the NGA allows the abandonment of facilities and service upon a finding by the Commission that “the present or future public convenience or necessity permit such abandonment.”²⁸ SLNG’s proposed abandonment of the LNG Truck Loading Facilities is permitted by the public convenience and necessity under Section 7(b) of the NGA. The LNG Truck Loading Facilities are not currently in service and have not been utilized since the Terminal was idled in 1982. In addition, when service at the Terminal resumed in 2001, the operation of the LNG Truck Loading Facilities was never reauthorized. Therefore, abandonment of these facilities by removal will not impact existing customers as they are not currently utilizing any services from the LNG Truck Loading Facilities. Moreover, the LNG Truck Loading Facilities are not necessary for any anticipated future use by Applicants.

As demonstrated in the attached resource reports, removal of the LNG Truck Loading Facilities will have minimal environmental impacts. The proposed abandonment will not have an adverse impact on existing service provided by SLNG and will not affect SLNG’s existing rates or tariff. For the foregoing reasons, SLNG submits that the requested abandonment authorization is permitted by the present and future public convenience and necessity under Section 7(b) of the NGA.

²⁸ 15 U.S.C. § 717f(b).

VII.

RATES AND PRO FORMA TARIFF PROVISIONS

A. ELC Liquefaction Facilities

ELC proposes to provide liquefaction services pursuant to a negotiated commercial arrangement between ELC and SNALNG under *Hackberry LNG Terminal, L.L.C.*, 101 FERC ¶61,294 (2002) and Section 311 of the Energy Policy Act of 2005.²⁹ ELC will only have one customer, SNALNG, and does not propose to provide open access liquefaction services or establish rates, terms or conditions of service that are regulated by the Commission. SNALNG will nominate deliveries of LNG into SLNG's Terminal at the interconnection facilities downstream. ELC will be operationally connected with SLNG, but will not be integrated with facilities and services of SLNG.

B. SLNG Export Facilities

SLNG currently offers, and proposes to continue offering, open access terminalling service to its customers at the existing Terminal facilities, and these existing customers will not subsidize the proposed expanded use of the Terminal for exports. Section 311 of EAct 2005 amended Section 3(e)(4) of the NGA to provide that:

An order issued for an LNG terminal that offers service to customers on an open access basis shall not result in subsidization of expansion capacity by existing customers, degradation of service to existing customers, or undue discrimination against existing customers as to their terms or conditions of service at the facility.

...³⁰

²⁹ Pub. L. 109-58, 42 U.S.C. § 717(b).³⁰ 15 U.S.C. § 717b(e)(4).
³⁰ 15 U.S.C. § 717b(e)(4).

As demonstrated below, the proposed SLNG Export Facilities and services will not result in (1) subsidization of expansion capacity by existing customers, (2) degradation of service to existing customers, or (3) undue discrimination against existing customers as to their terms or conditions of service at the facility, and will therefore meet the NGA Section 3(e)(4) conditions.

1. Will Not Result In Subsidization

The costs of the facilities constructed, owned and operated by SLNG as part of the Elba Liquefaction Project are proposed to be borne solely by the customers that execute a service agreement under one of SLNG's existing Rate Schedules (LNG-1, LNG-2, or LNG-3), which, as proposed in the pro forma tariff sections provided in Exhibit P to this Application, will include service for loading LNG Carriers from SLNG's existing LNG Docks ("**Ship Loading Service**"). Such costs are proposed to be recovered through charges under SLNG's existing Rate Schedules that will apply only to the customers contracting for firm, or utilizing on an interruptible basis, the proposed Ship Loading Service. Accordingly, the Elba Liquefaction Project will not involve subsidization from SLNG's existing customers.

2. Will Not Degrade Service to Existing Customers

The Elba Liquefaction Project will have no detrimental impacts to SLNG's existing customers. The changes proposed by SLNG to its Tariff will integrate the Ship Loading Service with its LNG receiving, storage, import and vaporization capabilities, and terms and conditions previously authorized by the Commission for the existing Terminal. Such integration ensures that the existing import customers will not be adversely impacted by the proposed Ship Loading Service. Thus, the Elba Liquefaction Project will not degrade service to existing customers.

Although SLNG is not proposing to construct any additional tank capacity, SLNG's existing customers will fully retain the use of their previously contracted tank capacity.

3. Will Not Result in Undue Discrimination to Existing Customers

Because the existing terminalling, storage and vaporization service to SLNG's customers will continue to be available, and because the existing customers will have the option to request and contract for Ship Loading Service pursuant to SLNG's Tariff, the Elba Liquefaction Project will not result in undue discrimination.

C. Proposed Tariff Changes

SLNG herein proposes changes to its Tariff as reflected in the pro forma tariff sections provided in Exhibit P to this Application. These changes/additions are proposed to allow SLNG to provide the additional Ship Loading Service as a result of the Elba Liquefaction Project. The proposed Tariff changes/additions to accommodate the Ship Loading Service include modifications to (i) the Preliminary Statement, (ii) Rate Schedules LNG-1, LNG-2, and LNG-3, (iii) Rate Sections LNG-1, LNG-2, and LNG-3, (iv) several sections of the General Terms & Conditions, and (v) the Forms of Service Agreements. SNALNG has agreed to a negotiated rate consistent with the SLNG PA for the Ship Loading Service under its existing Service Agreement with SLNG. The parties did not amend the base terms of the Service Agreement, and, except for Exhibit A and Exhibit F, it has not changed since it was accepted by the Commission on August 4, 2010. Upon approval of the pro forma tariff provisions set forth herein to incorporate the terms of the Ship Loading Service, the Service Agreement does not deviate from SLNG's Tariff. SLNG requests that the authorizations issued by the Commission include approval of these pro forma changes as well as the derivation of the recourse rates for the Ship Loading Service, which SLNG will file to put into effect 30 to 60 days prior to the in-service date of the Elba Liquefaction Project.

VIII.

PRESIDENTIAL PERMIT

The Elba Liquefaction Project will not involve any facilities at the border of the U.S. and either Canada or Mexico, and will not otherwise involve any physical connection between the U.S. and a foreign country. Therefore, neither Section 153.15(a) of the Commission's regulations nor Executive Order 10485 requires ELC or SLNG to apply for a Presidential Permit.³¹

IX.

DEPARTMENT OF ENERGY OFFICE OF FOSSIL ENERGY

The Commission has noted that it considers its scope of its review to be "limited to consideration of the impacts related to the place of importation [or export], which necessarily includes the technical and environmental aspects of any related facilities."³² Notwithstanding the Commission's statement concerning its limited scope of review, Applicants note that on May 15, 2012, SLNG filed an application with DOE/FE for long-term, multi-contract authorization to export up to 500 MMcf/d of LNG by LNGCs to Free Trade Agreement ("FTA") nations. The DOE/FE granted this authorization in its Order No. 3016.³³ In addition, on August 31, 2012, SLNG filed an application with the DOE/FE for long-term, multi-contract authorization to export up to 500 MMcf/d of LNG by LNGCs to Non-FTA nations ("**Non-FTA Application**"). The Non-FTA Application is currently under DOE/FE review. Phase I of the Elba Liquefaction Project, approximately 1.5 MTPA (210 MMcf/d), is not dependent on receipt of DOE/FE approval of the Non-FTA Application.

³¹ See *EcoElectrica, L.P.*, 75 FERC ¶ 61,157 at 61,158 n.13 (1996).

³² See *Sabine Pass Liquefaction, LLC*, 139 FERC ¶ 61,039 at P 27, n.35 (2012) (citing *National Steel Corp.*, 45 FERC ¶ 61,100, at 61,333 (1988)).

³³ SLNG has received authorization from the DOE to export LNG to FTA countries. *Southern LNG Company, L.L.C.*, FE Docket No. 12-54-LNG, Order No. 3106 (June 15, 2012).

X.

OTHER RELATED APPLICATIONS

As discussed above, EEC will file an application under Section 7(c) of the NGA to modify its interstate pipeline transmission facilities to transport gas to the Elba Liquefaction Project. EEC expects to file such application on or before March 24, 2013.

XI.

FORM OF NOTICE

A suggested form of notice for the Elba Liquefaction Project suitable for publication in the *Federal Register* is enclosed.

XII.

REQUIRED EXHIBITS

ELC and SLNG submit the following additional information as required by 18 C.F.R. § 153.8 and 18 C.F.R. § 157.18 in support of its Application. To the extent any required exhibits have been omitted, ELC and SLNG request that the Commission treat the omitted material as inapplicable or otherwise unnecessary to disclose fully the nature and intent of the modifications proposed herein:

A. Exhibits under Section 153.8 (ELC and SLNG):

Exhibit A	Business Organization	Included - Public
Exhibit B	Financial and Corporate Relationships	Included - Public
Exhibit C	Statement of Counsel	Included – Public
Exhibit D	Border Facilities Agreements	Omitted - Not applicable

Exhibit E	LNG Safety Design	Included - See Resource Reports 11 and 13 in Exhibit F
Exhibit E-I	Seismic Information	Included - See Resource Reports 13 (Appendix I), in Exhibit F
Exhibit F	Environmental Report	Included - Public, CEII and Privileged Resource Reports included under separate cover
Exhibit G	Location Map	Included - Public
Exhibit H	Federal Authorization	Included – See Resource Report 1, Table 1.9-1

B. Exhibits Under 157.14 (SLNG Ship Loading Service):

Exhibit A	Articles of Incorporation	See Exhibit A of Section A above
Exhibit B-I	State Authorization	Included
Exhibit C-I	Company Officials	Included
Exhibit D	Subsidiaries and Affiliation	Included
Exhibit E-II	Other Pending Applications	Included
Exhibit F	Location of Facilities	Included in Exhibit G of Section A above
Exhibit F-I	Environmental Report	Included in Exhibit F of Section A above
Exhibits G, G-I, and G-II	Flow Diagram	Included in Resource Report 13 of Section A above Exhibit F – CEII
Exhibit H	Gas Supply	Omitted-Not applicable

Exhibit I	Market Data	Included – Public (certain business sensitive information has been redacted for privileged treatment)
Exhibit J	Federal Authorizations	Included in Section A above Exhibit H
Exhibit K	Cost of Facilities	Included – Public
Exhibit L	Financing	Included – Public
Exhibit M	Management	Included – Public
Exhibit N	Income Statement	Included – Public
Exhibit O	Depreciation	Included – Public
Exhibit P	Pro-forma SLNG Tariff Sheets and Recourse Rates	Included – Public
Exhibit Z	Equipment Lists	Included – Public

C. Exhibits under Section 157.18 (SLNG Truck Loading Facilities Abandonment):

Exhibit T	Related Applications	Included – Public
Exhibit U	Contracts	Omitted - Not applicable. The LNG Truck Loading Facilities are currently not in service.
Exhibit V	Flow Diagram	Omitted - Not applicable
Exhibit W	Impact on Customers	Omitted - Not applicable. Removal of the truck loading facilities will have no impact on existing customers.
Exhibit X	Effect of Abandonment on Existing Tariffs	Omitted - Not applicable. Abandonment of the LNG Truck Loading Facilities will have no impact on existing tariffs.
Exhibit Y	Accounting Treatment of Abandonment	Included – Public
Exhibit Z	Location of Facilities	Included - See Exhibit F of Section A above

XIII.

CONCLUSION

ELC and SLNG are qualified applicants, able and willing to conform to the provisions of the NGA, and the requirements of the Commission thereunder. The proposed services, operations, and construction are not inconsistent with the public interest, and the abandonment proposed by SLNG is permitted by the present and future public convenience and necessity. For the reasons discussed above, Applicants respectfully request that the Commission grant authorization to construct and operate the Elba Liquefaction Project, as described herein, and SLNG requests that the Commission grant authorization to abandon by removal its LNG truck loading facility.

WHEREFORE, Applicants respectfully request that the Commission grant the authorizations requested herein by March 1, 2015.

Respectfully submitted,

**ELBA LIQUEFACTION COMPANY, L.L.C.
SOUTHERN LNG COMPANY, L.L.C.**

By: 
Glenn A. Sheffield
Director, Regulatory

March 10, 2014