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July 21, 2023

VIA ELECTRONIC FILING

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.W.
Room 1A, East
Washington, D.C. 20426

Re: Delfin LNG LLC
Docket Nos. CP15-490-000 and -004
Request for Further Extension of Time

Dear Secretary Bose:

On September 28, 2017, the Federal Energy Regulatory Commission (“Commission”) issued an Order Issuing Certificate, Granting Abandonment and On Clarification granting a certificate of public convenience and necessity under section 7(c) of the Natural Gas Act (“NGA”)¹ authorizing Delfin LNG LLC (“Delfin LNG”) to construct, operate and maintain certain onshore metering, compression, and piping facilities located in Cameron Parish, Louisiana.² The authorized onshore facilities – which consist of just over 2-miles of pipeline, new compression and appurtenant facilities within the fenceline of an existing gas facility, and a new metering and regulation station – will be used exclusively to transport and deliver natural gas to Delfin LNG’s planned deepwater port to be located in the Gulf of Mexico approximately 37.4 to 40.8 nautical miles off the coast of Cameron Parish. Construction and operation of Delfin LNG’s deepwater port to export liquefied natural gas (“LNG”) has been authorized, subject to conditions, by the Maritime Administration (“MARAD”) pursuant to the Deepwater Port Act.³

¹ 15 U.S.C. § 717f(c).

² *Delfin LNG LLC, et al.*, 160 FERC ¶ 61,130 (2017)(the “Certificate Order”). In the Certificate Order, the Commission also granted High Island Offshore System, LLC permission and approval pursuant to NGA Section 7(b) to abandon certain facilities, and related services, that will be used solely to transport gas to Delfin LNG’s planned deepwater port.

³ See “Secretary’s Decision on the Deepwater Port License Application of Delfin LNG, LLC,” issued on March 13, 2017, in Docket USCG-2015-0472 (the “MARAD ROD”). Delfin LNG also has obtained, *inter alia*, authorization from the Department of Energy to export natural gas from its deepwater port to both Free Trade Agreement and “non-FTA” nations. DOE/FE Order No. 3393, FE Docket No. 13-129-LNG (Feb. 20, 2014)(FTA authorization) and DOE/FE Order No. 4028, FE Docket No. 13-147-LNG (June 1, 2017)(non-FTA authorization).

Ordering Paragraph (C)(1) of the Certificate Order originally included the condition that Delfin LNG complete the construction of the authorized onshore facilities and make them available for service within two years of the date of the Certificate Order. The Commission has subsequently granted a series of successive one-year extensions of this in-service timing condition for good cause, with the result that the onshore facilities currently are required to be made available for service by September 28, 2023.⁴

In the Nov. 2022 Extension Order granting the most recent extension of the condition, the Commission “encourage[s] companies seeking extensions of certificate deadlines to provide details on planned construction timelines in order to avoid serialized extension requests.”⁵ As detailed below, Delfin LNG expects to make a Final Investment Decision (“FID”) to proceed with construction of its first floating LNG vessel (“FLNGV”) this October. Construction of that new-build FLNGV (in a shipyard in Korea) and the start-up of the Delfin deepwater port will take approximately four years. Accordingly, Delfin LNG now requests a further four-year extension of this timing condition for good cause, such that Delfin LNG’s onshore facilities that will support that FLNGV must be placed in service by September 28, 2027. The total length of time between the order authorizing the facilities and the requested new in-service deadline is not especially unusual for pipeline projects that will transport feed gas for LNG projects.⁶

As reflected in the series of needed extensions of the in-service condition previously granted for Delfin LNG by the Commission, the commercial development of its deepwater port project has been delayed for a variety of reasons, including the continuing evolution and

⁴ *Delfin LNG LLC*, 181 FERC ¶ 61,144 (2022)(the “Nov. 2022 Extension Order”). As summarized in that order at P 4 and note 13, previous one-year extensions of the in-service requirement for Delfin LNG’s onshore facilities were granted in this proceeding by delegated authority on July 8, 2019, and July 15, 2020, as well as in a Commission order issued on Jan. 21, 2022. 178 FERC ¶ 61,031 (2022)(the “Jan. 2022 Extension Order”).

⁵ See Nov. 2022 Extension Order at P 18.

⁶ As the only authorized deepwater port LNG export project, and with only minor facilities subject to Commission jurisdiction, Delfin LNG’s course here of an initial two-year in-service condition followed by a series of short extensions and the now-requested longer one is certainly unusual; but the requested total time period allowed for construction is not. The Commission typically initially provides five to seven years for construction of pipeline projects supporting Commission-jurisdictional LNG projects, as recognized in the Jan. 2022 Extension Order at P 15 and note 39 (citing orders for LNG-related pipelines with 5 and 7 year conditions). In many cases, the Commission has later approved multi-year extensions of those conditions. See Jan. 2022 Extension Order at note 42, citing cases (“*See Rio Grande LNG*, 181 FERC ¶ 61,032, at P 13 (2022) (finding good cause and granting two-year extension of time for LNG export facilities where project sponsor had maintained its other permits required for the project and was actively pursuing commercial agreements); *Port Arthur LNG, LLC*, 181 FERC ¶ 61,024, at P 9 (2022) (finding good cause and granting 50-month extension of time for LNG export facilities where project sponsor had maintained its other permits required for the project and was actively pursuing commercial agreements); *Freeport LNG*, 181 FERC ¶ 61,023, at P 12 (2022) (finding good cause and granting 26-month extension of time for LNG export facilities where project sponsor had maintained its other permits required for the project and was actively pursuing commercial agreements); *Trunkline Gas Co., LLC*, 179 FERC ¶ 61,086, at P 21 (2022) (finding good cause for a three-year extension of time where companies faced difficulties due to the COVID-19 pandemic yet demonstrated a commitment to the project); *Corpus Christi LNG Stage III, LLC*, 179 FERC ¶ 61,087, at P 13 (2022) (finding good cause for a 31-month extension of time where companies cited unforeseeable impacts of the COVID-19 pandemic as reason for an extension)).

refinement of FLNGV technology, the impacts of the COVID-19 epidemic, a prior slowdown in market demand for LNG, and complications related to trade with China. Following Russia's invasion of Ukraine and the resulting European energy crisis, however, the need around the world for additional export of the abundant, low-cost, and clean-burning U.S. natural gas supplies has never been stronger, and this increased demand has led to significant progress for Delfin LNG.

Delfin LNG has entered into three binding, long-term LNG sale and purchase agreement ("SPA") and has nearly finalized its fourth LNG off-take agreement. The first of the SPAs was entered into last year, as noted in the Nov. 2022 Extension Order at P 10: that SPA is with the Americas-based affiliate of Vitol, a leading energy trading firm, for 0.5 million metric tonnes per annum ("MTPA") of LNG delivered free on-board at the Delfin LNG deepwater port, for a 15 year period.⁷ Second, in April 2023, Delfin LNG entered into a binding SPA with an affiliate of Hartree Partners, another leading trading firm, for a 20-year term to supply 0.6 MTPA of LNG.⁸ Third, Delfin LNG and Centrica – the parent company of British Gas, Scottish Gas, and Bord Gáis – just announced on July 11 of this year their SPA for 1.0 MTPA of LNG for a 15-year term.⁹ In addition, Delfin expects to execute very soon a binding LNG off-take agreement for another 1.0 MTPA with Devon Energy Corporation, a leading domestic oil and gas producer, as part of a larger agreement initially announced last fall.¹⁰ Taken together, these four LNG offtake agreements will provide revenue to Delfin LNG of about \$18 billion over their contract terms.

As Delfin LNG explained in its extension request last year, it has a modular project consisting of 4 separate FLNGVs and only 2.0 to 2.5 MTPA of long-term off-take contracts are needed to support FID of the first FLNGV and proceed with its construction.¹¹ Thus, the off-take contracts already executed amply support FID for Delfin's first FLNGV: indeed, based on additional ongoing negotiations, Delfin expects that the FID for its second FLNGV will follow soon after the first. Relatedly, Delfin expects to announce very soon its agreement with major infrastructure investors to provide the needed equity for its first two FLNGVs and has begun discussions with a consortium of banks (led by Delfin's financial advisor Citigroup) to provide the project debt financing. Furthermore, Delfin LNG has not only completed the Front End Engineering and Design for the FLNGV construction with Samsung Heavy Industries and Black & Veatch, but also has negotiated a binding Engineering, Construction and Procurement contract with those counterparts that is expected to be executed by September 2023. Finally, Delfin LNG

⁷ See Press Release, *Delfin Midstream Signs LNG Sale and Purchase Agreement With Vitol Inc.*, dated July 13, 2022, available at: <https://www.vitol.com/delfin-midstream-signs-lng-sale-and-purchase-agreement-with-vitol-inc/>. Delfin Midstream is the parent company of Delfin LNG.

⁸ See Press Release, *Delfin Signs LNG Sale and Purchase Agreement with Hartree*, dated April 24, 2023, available at: <https://delfinmidstream.com/wp-content/uploads/2023/04/24-apr-2023.pdf>.

⁹ See Press Release, *Centrica signs major LNG supply agreement*, dated July 11, 2023, available at: <https://www.centrica.com/media-centre/news/2023/centrica-signs-major-lng-supply-agreement/>.

¹⁰ See Press Release, *Delfin Midstream and Devon Energy Enter into LNG Export Partnership*, dated Sept. 5, 2022, available at: <https://www.devonenergy.com/news/2022/Delfin-Midstream-and-Devon-Energy-Enter-into-LNG-Export-Partnership>.

¹¹ See Nov. 2022 Extension Order at P 18.

has been in active discussions with MARAD and the U.S. Coast Guard (“USCG”) concerning satisfaction of the conditions of the MARAD ROD and expects the issuance of its final deepwater port license soon.¹²

Given all this significant progress, Delfin LNG is confident that it is nearing FID on its first FLNGV and expects the FID to occur this October. Accordingly, Delfin LNG ***respectfully urges the Commission to act on this request expeditiously*** and to grant the requested extension prior to the current condition deadline of September 28, 2023, to facilitate the expected FID in October.

Good cause supports granting the requested extension of time for all the same reasons well-explained in the Commission’s Nov. 2022 Extension Order. First, Delfin LNG undoubtedly continues to make significant progress with its project notwithstanding the unforeseen circumstances that have delayed it, as evidenced by its successful contracting with LNG offtakers and the other developments explained above.¹³ Delfin LNG has demonstrated a continuing commitment to its project and the project is undoubtedly commercially viable. Second, the limited onshore facilities subject to Commission jurisdiction are an integral and necessary portion of the Delfin LNG deepwater port project under MARAD and USCG jurisdiction, and denying an extension would undermine the jurisdiction of those agencies.¹⁴ Third, the limited environmental impacts of Delfin LNG’s on-shore facilities have not changed since the Certificate Order, and the basis for the environmental findings underlying the Commission’s approval of the facilities, as well as its conclusion that the project is in the public convenience and necessity, remain valid.¹⁵ Of course, it remains the case that Delfin LNG’s extension request concerns only the timing, not the nature, of the proposed on-shore facilities and that approval of an extension request is an administrative action and not a major Federal action significantly affecting the human environment.¹⁶

Finally, Delfin LNG notes the important public interest advanced by facilitating the supply of incremental LNG to the world, as the Commission will do by granting the requested extension of time. Over a year ago, the United States and the European Commission issued a joint statement on European energy security announcing a major initiative to increase deliveries of U.S. LNG to Europe, striving to ensure additional LNG volumes to the European Union (“EU”) market of at least 15 billion cubic meters (“bcm”) in 2022 with expected increases going

¹² The Commission has previously explained that it will look to MARAD for any necessary consultation regarding newly listed threatened or endangered species related to the Delfin LNG project. *See* Jan. 2022 Extension Order at P 18. Delfin LNG expects that MARAD will address this issue as part of its license issuance action. Delfin LNG also recognizes that the Commission will need to make a determination about potential impact on newly listed species prior to authorizing construction of the onshore facilities. *See* Nov. 2022 Extension Order at P 15.

¹³ *See* Nov. 2022 Extension Order at P 11, recognizing that the initial SPA with Vitol demonstrated continuing interest in developing the project.

¹⁴ *See id.* at P 12.

¹⁵ *See id.* at PP 13-14.

¹⁶ *See id.* at P 14.

forward.¹⁷ As part of that initiative, the European Commission stated that it will work toward ensuring stable demand for additional U.S. LNG until at least 2030 of approximately 50 bcm per year, while the U.S. “commits to maintaining an enabling regulatory environment with procedures to review and expeditiously act upon applications to permit any additional export LNG capacities that would be needed to meet this emergency energy security objective and support the [EU’s] goals, affirming the joint resolve to terminate EU dependence on Russian fossil fuels by 2027.”¹⁸ More recently, Energy Secretary Granholm recognized the important role that U.S. LNG exports have played in helping U.S. allies during these difficult times, as well as the need to send to Europe more American LNG, “the cleanest form of energy possible that they can get.”¹⁹ Delfin LNG intends to do just that, as reflected perhaps most notably in its off-take agreement with Centrica, the largest gas supplier in the United Kingdom.²⁰

For all of these reasons, good cause warrants the additional extension of time for completion of the authorized Delfin LNG onshore facilities until September 28, 2027. Delfin LNG respectfully requests that the Commission, or Staff acting by delegated authority, grant this extension by no later than the current September 28, 2023 deadline, to facilitate Delfin’s expected FID on its first FLNGV in October. If you have any questions regarding this filing, please contact the undersigned outside counsel for Delfin LNG.

Respectfully submitted,

/s/ J. Patrick Nevins

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¹⁷ *Joint Statement between the European Commission and the United States on European Energy Security*, Mar. 25, 2022, available at: <https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/25/joint-statement-between-the-united-states-and-the-european-commission-on-european-energy-security/>.

¹⁸ *Id.*

¹⁹ *See Press Briefing by Press Secretary Karine Jean-Pierre and Secretary of Energy Jennifer Granholm* (Jan. 23, 2023), available at: <https://www.whitehouse.gov/briefing-room/press-briefings/2023/01/23/press-briefing-by-press-secretary-karine-jean-pierre-and-secretary-of-energy-jennifer-granholm-2/>; Jennifer Granholm, Secretary, U.S. Dep’t of Energy, *U.S. Secretary of Energy Jennifer M. Granholm Speaks at 2023 CERAWeek Luncheon & Keynote Address*, C-SPAN (Mar. 8, 2023), at 27:40 – 29:30, available at <https://www.cspan.org/video/?526539-1/energy-secretary-granholm-speaks-ceraweek-conference>.

²⁰ *See* Centrica Press Release, *supra*. note 9 (explaining that its SPA with Delfin will help “build further resilience in the UK’s energy security” and “to future-proof the UK’s energy supply and address one of the underlying causes of the energy crisis” as natural gas serves as “an essential transition fuel in the move to net zero”).

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cc: Pamela Boudreau, Director Division of Pipeline Certificates
Richard Foley, Certificates Branch Chief
Karin Larson, Office of General Counsel
All parties on the official service list