

# Top USLNG Developments of 2020

**1. First Wave.** The first six USLNG projects are now fully operational and by year-end were producing near capacity ( $\approx 73$  mtpa), and consuming  $\approx 11$  bcf/day of natural gas ( $\approx 12\%$  of U.S. production). Installed USLNG capacity is now approaching that of Qatar (77 mtpa) and Australia (88 mtpa).

**2. Optionality.** In 2020's oversupplied global LNG market (mostly due to COVID-19), modest "take-or-pay" clauses in USLNG contracts saved LNG offtakers millions of dollars as U.S. production was reduced to balance the market. (An estimated 175 to 200 USLNG cargoes were cancelled from June to Nov. 2020.)

**3. Second Wave All Permitted.** The Federal Energy Regulatory Commission (FERC) and U.S. Department of Energy (DOE) issued final LNG project authorizations for the Jordan Cove, Alaska, Rio Grande, Texas, and Annona LNG projects, bringing the number of federally authorized USLNG projects to 21 (approx. 200 mtpa).

**4. 30-Year Permits.** On July 31, DOE finalized a new policy allowing USLNG export authorizations to non-FTA nations to be extended through Dec. 31, 2050. (Previously, the standard term for LNG authorizations had been 20 years.) By year-end, most authorization holders had requested/received extensions.

**5. Hurricanes.** Two major storms (Laura on Aug. 27 and Delta on Oct. 09) hit Cameron Parish, La., head-on, knocking out electricity to the Cameron LNG project for a month, but doing little damage there or to Venture Global's nearby Calcasieu Pass LNG project which is under construction.

**6. Energía Costa Azul.** Sempra Energy took a final investment decision (FID) on the ECA LNG project in Baja, Mexico, on Nov. 17. The only liquefaction project worldwide to reach FID in 2020, ECA Phase I will produce 3.25 mtpa using U.S. natural gas. Partners/offtakers include Total and Mitsui.

**7. Debottlenecking.** In its Q3 2020 earnings call Cheniere Energy announced that optimization and debottlenecking will result in  $\approx 7$  mtpa more LNG from its Sabine Pass (6 trains) and Corpus Christi (3 trains) USLNG projects. Also, Golden Pass LNG (Qatar Petroleum and ExxonMobil) asked FERC for a 2.5 mtpa capacity increase (to 18.1 mtpa) after design optimization.

**8. Construction Progress.** The Golden Pass (Texas) and Calcasieu Pass (La.) LNG projects made significant progress (despite pandemic and storms), with Calcasieu raising tanks and receiving major equipment modules from Chart Industries and Baker Hughes. In addition, Cheniere's Corpus Train 3 started commissioning as construction was successfully concluded by Bechtel.

**9. China Trade Thaw?** Partially honoring its Phase 1 U.S.-China trade deal commitments, China resumed USLNG purchases in March and China's Foran Energy Group announced a five-year, 26 LNG cargo deal with Cheniere on Nov. 06.

**10. Cove Point.** Dominion Energy reduced its equity in the Cove Point (Md.) USLNG export project to 50%, selling 25% to Berkshire Hathaway Energy. BHE became the project operator of Cove Point on Nov. 02.

**11. Tellurian.** Company founders Charif Souki (Cheniere) and Martin Houston (BG Group) resumed hands-on management of Tellurian, Inc. and added Sempra LNG veteran Octávio Simões as President & CEO.

**12. Magnolia.** Glenfarne Group acquired Magnolia LNG from Australia-based LNG Ltd. on June 09 adding this 8.8 mtpa project in Lake Charles, La., to its global gas infrastructure portfolio which also includes the 4.0 mtpa Texas LNG Brownsville project.