



CUMMINGS WESTLAKE

Corpus Christi Liquefaction, LLC

## Chapter 313 Application Gregory-Portland ISD

TAB 4

Detailed Description of the Project

Provide 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.

**This Application is the first in a series of three projects.**

Corpus Christi Liquefaction, LLC ("Corpus Christi Liquefaction" or "Applicant"), a wholly owned subsidiary of Cheniere Energy Inc. ("Cheniere"), is evaluating the potential development of an additional mid-scale liquefied natural gas ("LNG") liquefaction facility (the "Considered Project") within the 1,519 acre reinvestment zone in San Patricio County, Texas. This application pertains to the proposed Stage 3C, which would constitute four mid-scale mixed refrigerant LNG liquefaction trains. This application is submitted as the first of a series of three related applications pursuant to Tax Code Section 313.027(h); the second and third applications, which relate to the potential development of Stage 4A and Stage 4B, are being concurrently submitted<sup>1</sup>.

Corpus Christi Liquefaction is currently operating an LNG liquefaction, storage and marine terminal facility, including three LNG liquefaction trains, which are covered by Chapter 313 Agreement Nos. 296, 297 and 298 (the "Operating Project"), and Applicant's affiliate Corpus Christi Liquefaction Stage III is continuing to develop the Stage 3A and Stage 3B Projects, which constitute seven mid-scale mixed refrigerant LNG liquefaction trains and are covered by Chapter 313 Agreement Nos. 1179 and 1180 (the Stage 3A Project, and the Stage 3B Project, respectively, which together with the Operating Project constitute the "Covered Project"). (A "train" is an integrated collection of manufacturing equipment that is designed to operate independently as a unit.) This Considered Project, which may include four mid-scale mixed refrigerant LNG liquefaction trains, would operate largely independent from the Covered Project.

Each individual train of a LNG liquefaction facility must stand on its own in terms of technical viability, regulatory approvals, long-term customer commitments for the LNG produced, and project financing. Construction could start as early as 2024 with commencement of commercial operations by 2038 **if, and only if**, the following conditions are met for the Considered 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.

<sup>1</sup> Any references herein to the series, phases, stages, or project numbering is for Chapter 313 application purposes only and does not ascribe any specific meaning with respect to any future regulatory or environmental permitting process for the Considered Project or any future project.



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Subject to final technology and equipment selection, which has not been finalized as of the date of this application, the proposed Considered Project would include four mixed refrigerant LNG liquefaction trains and supporting infrastructure similar to those as described in Chapter 313 applications for Agreement Nos. 1179 and 1180 including: pre-treatment and liquefaction processing equipment; foundation and supporting equipment; electrical power, water supply; interconnection equipment; other liquefaction facility operating equipment; storage equipment; safety equipment and pollution control equipment; and all of the associated concrete foundations, pipe supports, intra-plant piping, intra-plant conduit and connections, control loops, safety systems, fire water protection, insulation, pollution control equipment and utilities necessary to safely operate the Considered Project.

The Considered Project would rely on natural gas delivered by pipeline as feedstock for its production of LNG, which would be exported globally. The Considered Project would export the LNG it produces via LNG transfer lines interconnected with the Operating Project's marine terminal. Any interconnected property of the Covered Project is not subject to this application. Otherwise, due largely to the spatial separation and operational independence of the Covered Project, the preliminary design calls for no other significant interconnections and for the Considered Project to rely solely on its own supporting infrastructure.



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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 six LNG trains in production at its Sabine Pass facility in Louisiana, three LNG trains in production near Corpus Christi, Texas (the Corpus Christi facility is covered by Chapter 313 Agreement Nos. 296, 297 and 298 (the "CCL Project")), and a project for seven mid-scale LNG trains under development near Corpus Christi, Texas (this development is covered by Chapter 313 Agreement Nos. 1179 and 1180). The company is evaluating new LNG investment opportunities. 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 high Texas property taxes on the cost of the Considered Project would not allow the Considered Project to compete for global LNG customers against similar projects operated by Cheniere in Louisiana, or with its competitors in the United States and around the world. Without this appraised value limitation Cheniere would have to strongly consider making this investment at a site outside of Texas.

The Considered Project is still in the very earliest of the evaluation stage. Cheniere has no sales contracts for the additional capacity and does not intend to start marketing any such potential capacity until the technical and commercial viability of the Considered Project is more fully established. No engineering, procurement or construction contracts have been signed to support the Considered Project. No public announcements of a definitive intent to construct the Considered Project have been made. No regulatory permit applications have been filed. No public announcements of a definitive intent to construct the Project have been made – any statements have indicated only that Cheniere has requested pre-filing review from the Federal Energy Regulatory Commission for the Considered Project (see articles included with this Tab 5). 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 Operating Project, the applicant was 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 represented fixed fees of around \$1.5 billion per year, which enabled the project financing for construction of these facilities. Today, long term capacity prices have reduced to around \$2.00-\$2.25 per million BTUs. The appraised value limitation for the Considered Project would help keep costs within LNG customer expectations amidst a competitive market – increasing the applicant's ability to secure customer commitments and reach a final investment decision ("FID").



While the Considered Project would be located adjacent to the Covered Project, the Considered Project would operate largely independent from the Covered Project, other than LNG transfer lines which would be interconnected with the Operating Project's marine terminal. Operation of the Covered Project would not be dependent on, rely on, or be enhanced by construction of the Considered Project, and it would not be detrimental to the Covered Project if the Considered Project were located elsewhere. Finally, because construction of the Considered Project would continue for several years and would operate largely independent from the Covered Project, the Considered Project should not be viewed as an expansion of the Covered Project.

In summary, the ultimate determination for the Applicant to deploy capital investment in a particular country or state depends on the project economics. In the case of the investment on this proposed project in Texas, the decision will be based on a number of commercial and financial considerations, including the ability to obtain relief from local property taxes. Obtaining the Chapter 313 value limitation is a necessary part of the economic analysis and a determining factor for investment in Texas. The global LNG market is very competitive. Without the Chapter 313 value limitation, siting the project in Texas is far less attractive. In a capital constrained environment, the economics of each project are challenged against each other and only the best will have a chance to advance.

Set forth below is additional information in response to the questions in Section 8 of the Application.

1. **Does the applicant currently own the land on which the proposed project will occur?**  
No.
2. **Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?**  
No. Only certain preliminary agreements and other technical studies and estimates have begun; this work is necessary for purposes of determining whether the Considered Project is technically viable and cost-competitive in the global marketplace.
3. **Does the applicant have current business activities at the location where the proposed project will occur?**  
No. There are no current business activities occurring at the location where the Considered Project would occur.
4. **Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?**  
No.
5. **Has the applicant received any local or state permits for activities on the proposed project site?**  
No.



- 6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?**  
No.
- 7. Is the applicant evaluating other locations not in Texas for the proposed project?**  
Yes, the Applicant continuously evaluates long-term investment opportunities. These evaluations weigh a number of factors, including return on investment which is directly impacted by the cost of operations. The local property tax burden represents a significant amount of operational cost. As the Applicant weighs these factors in evaluating a project's viability, economic incentives such as the Chapter 313 directly impact the economics of the Project. Without this incentive, the Project would be less competitive with competitor projects, and thus, this incentive will be a determining factor in the final investment decision.
- 8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with alternative investment opportunities?**  
No.
- 9. Has the applicant provided information related to the applicant's inputs, transportation, and market for the proposed project?**  
No.
- 10. Are you submitting information to assist in the determinations 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.

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## Cheniere Energy Expanding Corpus Christi Complex

by Bojan Lepic | Rigzone Staff | Tuesday, August 30, 2022

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The biggest U.S. exporter of liquefied natural gas Cheniere Energy has revealed its plans to expand its complex on the Texas coast.

The biggest U.S. exporter of liquefied natural gas Cheniere Energy has revealed its plans to expand its complex on the Texas coast.

Cheniere said submitted a letter to the Federal Energy Regulatory Commission (FERC) requesting a **pre-filing** review for the proposed Corpus Christi Liquefaction Midscale Trains 8 & 9 Project. According to the company, the **proposed** project would expand the previously approved liquefaction project and Stage 3 project facilities.

Namely, the company is seeking to add two midscale production lines – otherwise known as trains – as well as a 220,000-cubic-meter storage tank at its Corpus Christi plant. It also wants to add a refrigerant storage facility, appurtenant connecting facilities and piping, and an increase in Corpus Christi's previously approved ship loading rates.

Cheniere plans to file a formal application with the agency in February 2023 upon completion and approval of the commission's mandatory 6-month pre-filing process. Construction would begin in October 2024 with a projected in-service date during the second half of 2031.

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This request to the FERC comes some two months after the company reached a final investment decision for the Stage 3 expansion of Corpus Christi LNG.

Stage 3 is supposed to be a 10+ million ton per annum project that consists of up to seven midscale trains bringing Corpus Christi's total nominal capacity to approximately 25 mtpa.

Cheniere's 1,000+ acre Corpus Christi Liquefaction facility is in the Corpus Christi Bay in San Patricio County, Texas, where energy infrastructure and estuaries coexist. It currently has three fully operational liquefaction units, all of which were completed ahead of schedule and within budget, and each train is designed to produce around 5 million tons per annum of LNG.

The first two LNG trains, along with the first two LNG tanks and wharf facilities, were completed in August 2019, while the third train and tank and a second berth were finished in March 2021.

It is worth noting that Cheniere signed six LNG supply deals since May as Europe and Asia continue to compete for tight global supplies.

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## Cheniere Teases 3 MMty Corpus LNG Expansion in FERC Letter



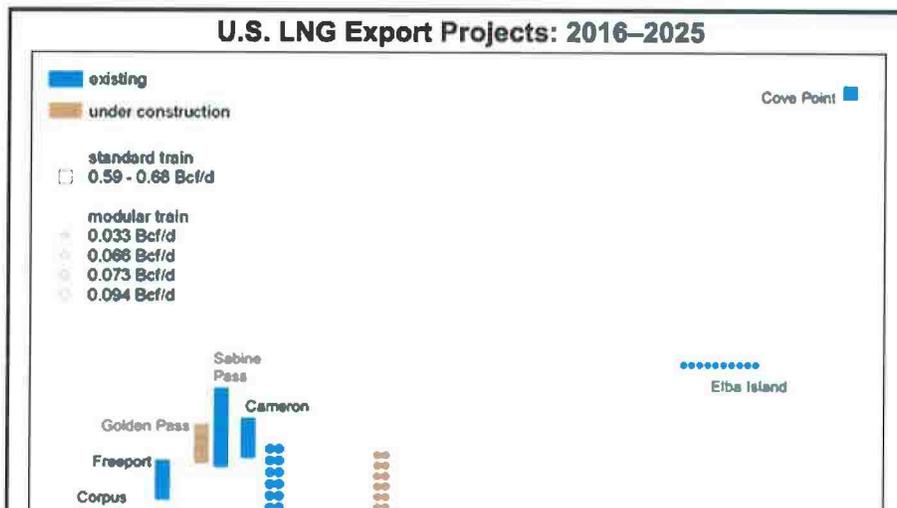
BY JACOB DICK  
August 30, 2022

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Cheniere Energy Inc. outlined plans to add more than 3 million metric tons/year (mmt) of capacity and additional storage at its Corpus Christi LNG terminal in South Texas after inking deals for future capacity.

The largest U.S. liquefied natural gas exporter is **considering** adding two midscale trains and a 220,000 cubic meter storage tank at the Corpus facility, it disclosed in a **preliminary** regulatory filing. Cheniere **could file a formal application** to FERC in February after the six month pre-filing process.

According to the letter filed with the Federal Energy Regulatory Commission, the project would be centered around its site for the Corpus Christi Stage Three project **sanctioned in June**. Under a tentative timeline, construction was estimated to begin in 2024, with liquefaction ramping up in the second half of 2031.



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Source: Energy Information Administration

In the lead up to a final investment decision for Stage Three, which would **increase Corpus capacity to around 25 mmt**, Cheniere disclosed that its land acquisition would enable “significant further liquefaction capacity expansion” beyond its already permitted projects. Cheniere has more than 1,000 acres at its South Texas site.

Cheniere has also been **inking contracts** for future volumes from Corpus. In July, it **announced two separate deals** with PetroChina Co. Ltd. and Chevron U.S.A. Inc. that included almost 2 mmt of supply from a possible expansion at Corpus.

The Corpus Christi Stage Three project is one of only three expected to **add significant U.S. LNG capacity** by 2025. ExxonMobil and QatarEnergy’s **Golden Pass LNG** also in Texas could add 5.2 mmt addition from its first of three trains in 2024. Venture Global LNG Inc. could also add 13.33 mmt from the first phase of **Plaquemines LNG sanctioned in May**.

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ISSN © 1532-1231 | ISSN © 2577-9877 | ISSN © 1532-1266

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## TAB 7

Description of Qualified Investment**This Application is the first in a series of three projects.**

The Considered Project would include four mid-scale mixed refrigerant LNG liquefaction trains and supporting infrastructure, as described further below.

Below is a list of the potential new equipment that would be considered Qualified Investment:

Subject to final technology and equipment selection, which has not been finalized as of the date of this application, the proposed Considered Project would include four mixed refrigerant LNG liquefaction trains and supporting infrastructure similar to those as described in Chapter 313 applications for Agreement Nos. 1179 and 1180 including: pre-treatment and liquefaction processing equipment; foundation and supporting equipment; electrical power, water supply; interconnection equipment; other liquefaction facility operating equipment; storage equipment; safety equipment and pollution control equipment; and all of the associated concrete foundations, pipe supports, intra-plant piping, intra-plant conduit and connections, control loops, safety systems, fire water protection, insulation, pollution control equipment and utilities necessary to safely operate the Considered Project.

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## TAB 8

Description of Qualified Property**This Application is the first in a series of three projects.**

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Below is a list of the potential new equipment that would be considered Qualified Property:

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