

Testimony
of

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before

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Thank you for the opportunity to address the committee. My name is Pat Outtrim, I serve as Vice President of Government and Regulatory Affairs at Cheniere Energy, Inc. While at Cheniere I have overseen the permitting of six liquefied natural gas (“LNG”) projects, including a project now under construction to add liquefaction capability at our Sabine Pass LNG terminal in Cameron Parish, Louisiana. Today I would like to provide an update on our progress at Sabine Pass, and help the committee better understand how our capacity to export natural gas as LNG is supporting new jobs and economic growth locally in Louisiana and across the country. I will also discuss the staffing challenges created by these new projects, and how Cheniere is helping address these challenges and prepare our workforce for the new job opportunities of tomorrow.

The Sabine Pass Liquefaction project represents what is likely the largest energy infrastructure project in Louisiana and U.S. history. Cheniere has committed to spend approximately \$12 billion constructing the first four LNG trains at the facility, and our investment could rise to \$20 billion pending regulatory approvals and a final investment decision for Trains 5 & 6 planned at the site. We began construction on Trains 1 and 2 at Sabine Pass in August 2012, and at year-end 2014 Trains 1 and 2 were approximately 81% complete. Construction on Trains 3 and 4 began in May 2013, and at year-end 2014 those trains were approximately 54% complete. We anticipate producing LNG from Train 1 as early as late 2015, with commercial operations beginning in 2016. Additional trains at the facility are scheduled to start service every six to nine months thereafter.

The scale of construction on the Liquefaction Project is enormous. Approximately \$3 billion is being invested on equipment and goods made here in the United States for the four LNG trains under construction, sourced from a total of 54 manufacturers located in 17 U.S. states. Each day over 4,000 workers arrive at the Sabine Pass site, increasing the population of Cameron Parish by nearly 60%. We anticipate spending \$2 billion in wages during the course of construction on the first four LNG trains. This represents \$2 billion in the pockets of hard-working families across the Gulf Coast to spend on food, clothing, restaurants, housing, vehicles and other goods and services, resulting in tremendous additional economic benefits.

Two examples of local businesses that have been favorably impacted by the Sabine Pass Liquefaction expansion are Alfred Miller and Bayou Construction. Bayou Construction, whose ownership and employees are from the Johnson Bayou area, increased their workforce by 30% last year and their revenue doubled due to the project. Bayou construction expects to have similar increases this year and they have over 40 personnel working at the site. Alfred Miller is a family owned business located in Lake Charles and has been in business for 67 years. The precast panels

that are made in Lake Charles are part of several of the buildings on site. They too have experienced significant growth. Alfred Miller hired additional construction and engineering manpower to service the \$30 million in contracts from the Sabine Pass expansion.

A recent study by Loren C. Scott & Associates estimates that construction of the Sabine Pass Liquefaction project's six trains would grow U.S. business sales by \$46 billion dollars over eight years and would support an average of over 30,000 jobs nationwide through 2019. The impact to the state and region is particularly significant. Business sales in the Lake Charles region are estimated to expand by over \$7.3 billion over eight years, while an average of 6,391 jobs will be created for Louisiana residents through 2019 due to project spending. To put this impact in perspective, there are 14 parishes in Louisiana that employ fewer than 6,391 residents. Construction-related business activity at Sabine Pass is expected to generate over \$230 million in additional taxes and fees through 2019 for the Louisiana state treasury, according to Loren C. Scott & Associates estimates, nearly equal to all corporate income tax collections for the state in the 2012 fiscal year.

Operations at the Sabine Pass facility would provide a long-term market for America's abundant natural gas resources and support a stable source of employment in the region and state. We anticipate employing approximately 560 workers to operate the Sabine Pass facility with six LNG trains. Loren C. Scott & Associates projects that full-scale operations at Sabine Pass by 2019 would support over 2,750 new jobs in the Lake Charles region, representing a 3% jump in Lake Charles employment, and would grow regional business sales by nearly \$900 million. By 2019, 7,500 new jobs would be created in the State of Louisiana, and nearly \$2.9 Billion in economic impacts for the state, they estimate.

The Sabine Pass project represents a tremendous development for Louisiana and the Lake Charles region, and one of many examples of how the U.S. energy renaissance is generating new economic and employment opportunities in communities across the country. To take full advantage of these opportunities here in Louisiana, we need to prepare our workforce for tomorrow's jobs. Many of the new jobs created by the energy boom require specialized training for skills in the craft trades, such as welding and pipefitting, training that does not necessarily fit the four-year college model. Building these skills through training our youth and veterans will require cooperation and outside-the-box thinking among industry and community stakeholders. Cheniere is evaluating ways to help address these challenges and prepare our workforce for the new job opportunities of tomorrow.

For America to take full advantage of its growing energy resources, we also need regulatory certainty for the new infrastructure that will be required to gather, process and transport supplies to market. With respect to LNG, the U.S. has in place a robust regulatory process to evaluate the safety, environmental and community impacts of LNG projects under the National Environmental Policy Act. There are approximately 20 federal and state agencies that have a role in the permitting of an LNG project. While the Department of Energy has authority to issue a license to export or import natural gas, the Federal Energy Regulatory Commission (“FERC”) is the lead federal agency that coordinates all activity during the NEPA review process, as directed under Section 313 of the 2005 Energy Policy Act.

The FERC review process includes a minimum six-month pre-filing process during which an LNG project is vetted by these 20 federal and state agencies and public meetings are held to field inquiries and concerns from the community regarding a project’s impacts. Detailed engineering work is also required to complete 13 resource reports that cover all environmental and engineering information in an application. Once an application is submitted to FERC, an additional 12 to 30 months are required to review it and to complete an environmental assessment or an environmental impact statement. Before a construction license may be issued by FERC, other permits are also required for an LNG project, including from the U.S. Army Corp of Engineers, the EPA, and state-level environmental agencies. There are approximately 40 permits and consultations required in total before FERC can provide authorization to commence construction for an LNG project. These application review times have trended toward the longer time frame as the agencies have become increasingly busy with new infrastructure applications. FERC, in particular, is manpower constrained as their reviews of natural gas and power projects include several sectors experiencing significant growth including natural gas pipelines, LNG, power transmission, and hydroelectric facilities.

The NEPA analysis conducted by FERC is a rigorous evaluation that ensures the safety of the public and environment, but it as well is a time-intensive and expensive process. The cumulative impact is that the regulatory review for an LNG project can take up to three years, and a sponsor must spend up to \$100 million for compliance to receive all necessary permits. Furthermore, as more LNG project applications are filed at FERC and those approved go into construction, more demands are being placed on staff to review projects and oversee construction to ensure their compliance with federal environmental and safety standards.

Our regulations of midstream infrastructure keep pace with the growth America is experiencing in its oil and gas fields to avoid wasting a golden economic and strategic opportunity for the country. Section 313 of the 2005 EPLA provides that FERC “ensure expeditious completion” of LNG project reviews, and provides for timelines to ensure that review is timely. Delays in these projects can cost hundreds of millions of dollars, therefore, it is important that these timelines be adhered to by state and federal agencies during project reviews. At the same time, it is important for Congress to ensure that these agencies are provided the resources necessary to complete reviews of pending LNG and infrastructure projects in a thorough yet timely manner.