



# Report of Progress of Permitting Activities for the Aguirre Offshore GasPort Project



Prepared by Excelerate Energy on behalf of Puerto Rico Electric Power Authority



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## List of Acronyms and Abbreviations

<b>AOGP</b>	Aguirre Offshore GasPort Project
<b>BO</b>	Biological Opinion
<b>COE</b>	US Army Corps of Engineers
<b>DNER</b>	Dept. Natural and Environmental Resources
<b>EIS</b>	Environmental Impact Statement
<b>EQB</b>	Environmental Quality Board
<b>FERC</b>	Federal Energy Regulatory Commission
<b>HDD</b>	Horizontal Directional Drill
<b>MARAD</b>	Maritime Administration
<b>MATS</b>	Mercury and Toxic Standards
<b>MOU</b>	Memorandum of Understanding
<b>NEPA</b>	National Environmental Policy Act
<b>NMFS</b>	National Marine Fisheries Service
<b>NOAA</b>	National Oceanographic Atmospheric Administration
<b>NTP</b>	FERC Notice to Proceed
<b>OGPe</b>	Office of Permit Endorsement Management
<b>PHMSA</b>	DOT Office of Pipeline Hazardous Material Safety Administration
<b>PREPA</b>	Puerto Rico Electric Power Authority
<b>PRPB</b>	Puerto Rico Planning Board
<b>SHPO</b>	State Historic Preservation Officer



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## Project Overview

The Aguirre Offshore GasPort (“AOGP”) project is a critical initiative for the Puerto Rico Electric Power Authority (“PREPA”). For many years, PREPA and the government of Puerto Rico have worked to bring an energy solution to the island that would minimize the environmental impacts from power generation, contribute to the stabilization of fuel costs, and allow PREPA to be compliant with the Federal Mercury and Air Toxics Standards (“MATS”) Rule. AOGP is the most economical and time efficient solution to meet PREPA’s urgent goals.

In 2008, Exceleerate Energy (“Exceleerate”) introduced the concept of an offshore LNG import terminal to PREPA as a viable alternative solution to access natural gas. In 2011, PREPA selected Exceleerate, following a Notification of Interest and Request for Proposal process, as the most qualified technology provider to collaborate on the development of a floating, offshore LNG delivery system – a decision based on Exceleerate leading the industry in experience. PREPA selected the Aguirre Power Complex as the location for LNG importation as it is the facility with the greatest concentration of power generation capacity on the PREPA system. In April 2013, Exceleerate submitted its formal application to the Federal Energy Regulatory Commission (“FERC”) to begin the review process under the National Environmental Policy Act (“NEPA”).

After a rigorous permitting process, FERC published the Final Environmental Impact Statement (“FEIS”) for the project in February 2015, and in July 2015, issued its order authorizing the project. In both of the documents, it was determined that as proposed, the project would have no significant impact on the environment and also determined that it is the best alternative for bringing LNG to the island.

The extensive economic and environmental analysis the project has received within the last five years provides assurance that a safe and reliable project will be built in Puerto Rico. The environmental review process began at the local community level, and AOGP is a reflection of the input received from the citizens of Puerto Rico and Commonwealth regulatory agencies. Exceleerate firmly believes that AOGP will provide a valuable service to PREPA and bring tangible and enduring benefits to Puerto Rico for years to come.

## Permitting Process in the United States

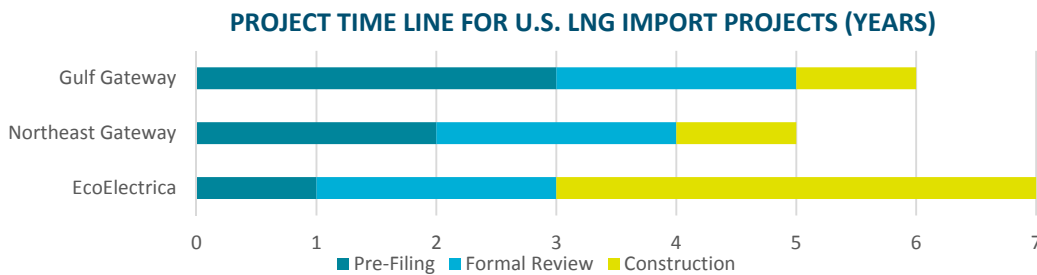
FERC’s objective is to evaluate the environmental impacts of proposed infrastructure projects in the U.S., and FERC is responsible for deciding which projects are able to move forward to construction and operation. FERC is committed to protecting the social and environmental resources of the nation, in addition to determining if a project is in the public’s best interest and is deemed necessary. As such, the environmental review process is comprehensive and typically takes several years to complete. Not all projects are guaranteed approval from FERC. The fact that the AOGP has received approval from FERC is a testament to the viability and necessity of the proposed LNG terminal.



The FERC process entails two distinct phases, the NEPA Pre-Filing Environmental Review Process and the Formal Application Process. LNG proposals filed with FERC must use the Pre-Filing Environmental Review Process. During this phase, applicants engage with the public for input and are encouraged to explore alternative projects with affected communities that would reduce adverse environmental impacts and promote security and safety.

Once the formal application is submitted by the applicant, which cannot be presented sooner than six months from initiating the Pre-Filing Environmental Review Process, FERC begins the compilation of the Draft Environmental Impact Statement (“DEIS”) in cooperation with other regulatory agencies. Public meetings are held regarding the DEIS and FERC responds to any comments provided. FERC then issues the FEIS and approves the project. During this process, the applicant submits all permit applications with the relevant regulatory agencies.

The following examples of similar projects to AOGP illustrate that the two-year permitting process for the AOGP project is typical for projects constructed in US.



**Gulf Gateway Deepwater Port** – Excelerate’s Gulf Gateway Deepwater Port, the first floating regasification project ever built in the world began its initial design in 1999. The project entered the formal NEPA review process in December 2002 and received authorization to proceed with construction in the summer of 2004. After six months of offshore construction, the facility went into service in February 2005.

**Northeast Gateway Deepwater Port** – The second offshore import facility built in the US by Excelerate, was installed approximately 18 miles offshore Boston, Massachusetts. The Northeast Gateway Deepwater Port began its initial design of the facility in 2003, and filed its formal application to begin the full NEPA review in May 2005. Following a rigorous Federal and State (“Massachusetts”) environmental review, lasting two years, MARAD issued a Deepwater Port License for the facility in February 2007.

Both projects were much less complex than the AOGP project but still had lengthy permitting processes.

**EcoElectrica Facility** – Although not an Excelerate project, the EcoElectrica Facility located on the east coast of Puerto Rico also required a rigorous environmental review. The project applied for FERC authorization in October 1994. After completing a two-year long application process, the project received the Order Granting Authorization in May 1996. The project went into service in 2000.

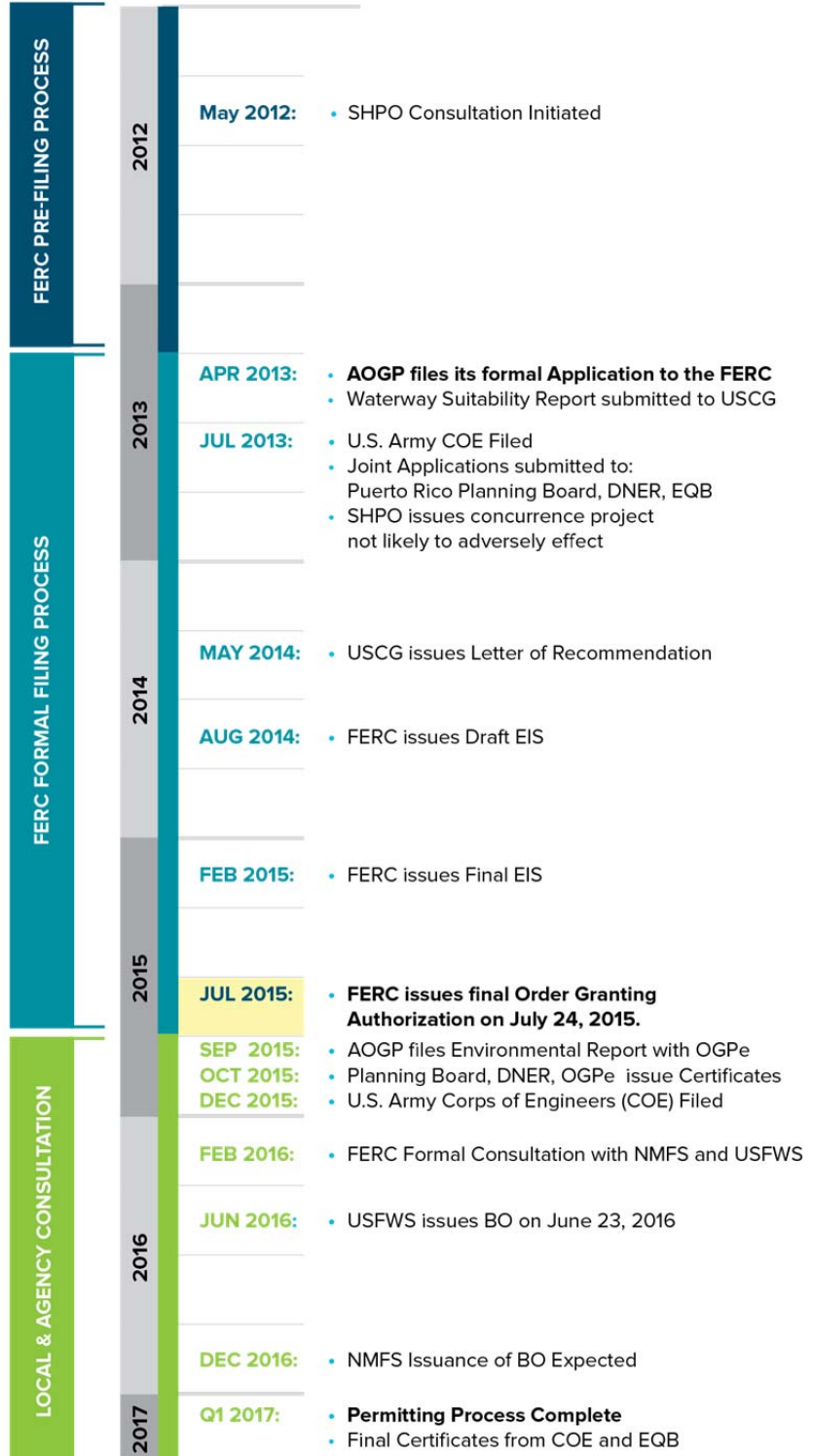


## AOGP PERMITTING TIME LINE

LNG proposals filed with the FERC must use the NEPA Pre-Filing Environmental Review Process. During this phase, applicants engage with the public for input and are encouraged to explore alternative projects with affected communities that would reduce environmental adverse effects and promote security and safety.

Once the formal application is submitted by applicant, the FERC begins the compilation of the Draft EIS along with identified cooperating agencies. Public meetings are held regarding the Draft EIS and the FERC responds to comments. The FERC then issues the Final EIS and approves the project. During the process, the applicant submits all permit applications with the regulatory agencies.

### PERMITTING STATUS





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## Project Permitting Process

### PRE-FILING PROCESS

In February 2011, when Excelerate and PREPA entered into a Memorandum of Understanding (“MOU”) to cooperatively design the project, both parties began the extensive process of engaging local and government stakeholders to introduce the project and solicit input. In December 2011, AOGP and PREPA met with FERC to present the project and request permission to begin the Pre-Filing Process. FERC approved the project’s request in February 2012, initiating a comprehensive schedule of consultations with Federal and local agencies as well as local stakeholders to gather critical input into the design of the project. The first of many public meetings was held in March 2012 at the Jobos Bay Reserve in Aguirre, Puerto Rico.

Excelerate utilized the Pre-Filing Process to gain the support of the public and the government of Puerto Rico. AOGP compiled thirteen (13) Resource Reports ranging covering topics ranging from air and water impacts, to wildlife and their habitat, to safety and engineering design. It took nearly thirteen months to compile a complete application, and in the process and the Project received authorization to begin the Formal Application Process in April 2013.

### FORMAL APPLICATION PROCESS

When the formal application was filed with FERC, the required permit applications to be considered by the relevant cooperating agencies were submitted as well. These agencies were consulted during the Pre-Filing Process and were knowledgeable about the project. FERC then established a calendar of public hearing dates where for public to have an opportunity to learn about the project benefits and the impacts, and to provide a platform for their input. Excelerate continued its cooperative efforts with the relevant agencies and the public as FERC began the compilation of the EIS, responding to comments to ensure the AOGP project would bring positive benefits to the region and the island as a whole. Excelerate also conducted multiple meetings with representatives from Diálogo Ambiental, an influential environmental advocacy group. Excelerate provided the group access to environmental experts and scientists to address the group’s concerns and facilitate in the explanation of project specific data and reports.



Under NEPA, AOGP is required to secure the following permits before proceeding to construction:

### Federal Permits

#### Federal Energy Regulatory Commission – Authorization – **COMPLETE**

- AOGP filed its formal Application to FERC in April 2013;
- FERC issued its final Order Granting Authorization on August 15, 2015.

#### U.S. Army Corps of Engineers (“COE”) – Section 10 Permit and 404 Permit – **COMPLETE**

- AOGP filed Joint Permit Application (“JPA”)\* on July 1, 2013;
- COE concluded its permit review on December 10, 2015;
- COE is awaiting the conclusion of NOAA/FERC Section 7 consultation process to complete its review.

#### U.S. Coast Guard – Letter of Recommendation – **COMPLETE**

- AOGP submitted its final Waterway Suitability Report to USCG in April 2013;
- USCG issued its Letter of Recommendation on May 2, 2014.

#### U.S. Fish and Wildlife Service (“USFWS”) – Biological Opinion (“BO”) – **COMPLETE**

- FERC requested formal consultation with USFWS on February 26, 2016;
- USFWS issued its BO on June 23, 2016, which concluded the consultation process.

#### National Marine Fisheries (“NMFS”) – Biological Opinion – **DUE DECEMBER 1, 2016**

- FERC requested formal consultation with NMFS on February 26, 2016;
- NMFS consultation is ongoing. Estimated issuance of BO on December 1, 2016.

### Commonwealth Permits

#### Puerto Rico Planning Board (“PRPB”) – Joint Permit Application – **COMPLETE**

- AOGP filed its Joint Permit Application on July 1, 2013;
- Planning Board issued Consistency Certificate on October 27, 2015.

#### Puerto Rico Office of Permit Endorsement Management (“OGPe”) – **COMPLETE**

- AOGP filed its Environmental Report on September 14, 2015;
- OGPe issued its Determination of Environmental Compliance with Article 4.b.3 on October 8, 2015.

#### Puerto Rico Department of Natural and Environmental Resources (“DNER”) – Coastal Zone Management Consistency and Water Quality Certificate – **COMPLETE**

- AOGP filed its Joint Permit Application on July 1, 2013;
- DNER provided endorsement for Consistency Certificate on October 27, 2015.



**Puerto Rico Environmental Quality Board (“EQB”) – COMPLETE**

- AOGP filed its Joint Permit Application on July 1, 2013;

EQB will issue Water Quality Certification upon public notice of the COE Section 404 permit. **Puerto Rico Environmental Quality Board (“EQB”) – Title V Operating Permit – COMPLETE**

- PREPA filed a modification to its existing Operating Permit to include AOGP;
- EQB will issue the Modified Title V Operating Permit for the Aguirre Facility upon public notice of COE Section 404 permit.

**State Historic Preservation Office (“SHPO”) – Section 106 Consultation – COMPLETE**

- AOGP initiated consultation in May 2012;
- SHPO issued its concurrence that the project is not likely to adversely effect the environment on July 2, 2013.

\* The Joint Permit Application (“JPA”) process and Standard JPA form are used by the COE, the PRPB, OGPe, DNER and the EQB for permitting purposes involving water, wetlands, and dune/beach resources, including, but not limited to, major water supply and water withdrawals projects.

Timeline challenges always occur on every project. Fortunately, the FERC process is designed to ensure all challenges to the project are addressed satisfactorily before final decisions are made.

**DOT – OFFICE OF PIPELINE HAZARDOUS MATERIAL SAFETY ADMINISTRATION (“PHMSA”).**

In August 2014, Excelerate and PREPA met with PHMSA representatives to discuss the pipeline installation method proposed. PHMSA requested that the project evaluate an alternative installation method for pipeline installation and develop a plan to use a Horizontal Directional Drill (“HDD”) procedure for the portion of the route traversing a sensitive coral area. This modification to the design was completed, but as a result it delayed the completion of the Draft EIS and subsequently the Final EIS.

**NMFS ENDANGERED SPECIES CONSULTATION**

FERC requested a formal consultation with the USFWS and NMFS on February 26, 2016. Consultation is between the NMFS and FERC, and not with the project applicant. USFWS acknowledged the request, completed their consultation and delivered their BO on June 14, 2016. NMFS did not respond to the FERC request and refused to initiate consultation as required. Citing workforce shortages and workload, NMFS did not initiate the 135-day consultation process until July 15, 2015, 135-days after the initial request. The current process is due to complete on October 13, 2016, and NMFS has 45-days to complete its BO.





## ORDER ISSUING CERTIFICATE AND NOTICE TO PROCEED

AOGP received the Final EIS from FERC in February 2015 and the Order on July 24, 2015. Project-specific conditions were included with the final Order. These conditions included the completion and submittal of all final permits to FERC, as well as the completion and submittal of final construction engineering design to FERC. All conditions need to be met before FERC will issue the Notice to Proceed (“NTP”). As authorized by the Commission’s Final Resolution and Order, PREPA is making arrangements with AOGP to conclude the final engineering design for FERC’s approval so that FERC can issue NTP and authorize construction of the Project.

## Conclusion

Given the extensive economic and environmental analysis the project has received since 2011, AOGP is the most economical and time efficient solution to bring Puerto Rico into compliance with MATS.

The project has completed the very rigorous US regulatory process, and is only months away from final authorization to commence construction. Notwithstanding the lack of a viable alternative, any new projects would require similarly high levels of regulatory and environmental approvals as the process just completed by the AOGP project. That approval must be received before expansion or construction can take place. Taking into consideration the chain of events required to implement another solution, the FERC process would take between three to five years and construction would take roughly another three years beyond that, based on standard industry practices. This timeline would place those projects in service no sooner than 2022 — at least four years after the AOGP, as scheduled to be in service.