

April 12, 2024

Ms. Debbie-Anne A. Reese, Acting Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: *NFEnergía LLC*
Docket Nos. CP21-496-000 and CP23-518-000
Vessel Substitution

Dear Ms. Reese:

On September 15, 2021, NFEnergía LLC (“NFEnergía”) filed an application (“Application”) pursuant to Section 3(a) of the Natural Gas Act, as amended,¹ and Parts 153 and 380 of the Federal Energy Regulatory Commission’s (“Commission” or “FERC”) regulations,² for authorization to operate certain existing liquefied natural gas (“LNG”) facilities located at the Port of San Juan, Puerto Rico (“MFH Facility”). NFEnergía operates the MFH Facility pursuant to a temporary Section 3 authorization while NFEnergía works with FERC Staff to obtain the authorizations requested in the Application.³

The United States Army Corps of Engineers (“USACE”) has been working on the San Juan Harbor Improvement Project (the “Navigation Improvements”) for over 10 years with the aim of deepening and widening the San Juan Harbor’s channel. A key stated benefit to the Navigation Improvements was the ability to get larger vessels into the harbor including LNG and petroleum tankers.⁴ The Puerto Rico Port Authority (the “Port Authority”) is taking the lead in overseeing the implementation of these changes and the realization of the benefits. We have become involved in this effort because our operations currently require over a hundred trips per year to deliver natural gas to the MFH Facility for supply to the Puerto Rico Electric Power Authority (“PREPA”) and other customers who receive LNG in ISO containers.⁵ This LNG is a cleaner burning and less costly fuel than the diesel and residual fuel oil that many PREPA units use as fuel and results in significant costs savings and reductions in emissions. For instance, the reductions in

¹ 15 U.S.C. § 717b(a) (2018).

² 18 C.F.R. pts. 153, 380 (2021).

³ *New Fortress Energy LLC*, 174 FERC ¶ 61,207 (2021), *notice of reh’g denial*, 175 FERC ¶ 62,108 (2021), *reh’g denial confirmed*, 176 FERC ¶ 61,031 (2021); *NFEnergía LLC*, 184 FERC ¶ 61,061 (2023), *notice of reh’g denial*, 185 FERC ¶ 62,002, *order on reh’g*, 186 FERC ¶ 61,078 (2024).

⁴ USACE, San Juan Harbor Puerto Rico: Integrated Feasibility Report & Environmental Assessment at 1-5 (2018) (“USACE EA”), <https://usace.contentdm.oclc.org/utils/getfile/collection/p16021coll7/id/10519>.

⁵ NFEnergía’s Letter of Recommendation from the United States Coast Guard currently provides authorization for up to 120 vessel trips per year.

emissions realized by PREPA at Units 5 and 6 of the San Juan Power Plant alone total approximately 624 tons per year of SO₂ and 581,442 tons per year of CO₂e emissions reductions relative to diesel fuel.

In an effort to help utilize the full benefits of the newly deepened channel, NFEnergía has begun working with the Port Authority, United States Coast Guard (“USCG”), and other stakeholders to explore the benefits of using a larger vessel (roughly 125,000 m³) than the vessel that is currently semi-permanently moored at the site (33,000 m³). Reducing the number of vessel trips is a principal purpose of these discussions, which will allow the Port of San Juan to increase service for other cargo and passenger trips. Even taking into account fewer vessel trips, NFEnergía will still be able to serve all of the required natural gas fueled power generation capacity at San Juan and Palo Seco.

NFEnergía writes to inform the Commission that NFEnergía has initiated limited exploratory steps as part of its consideration of substituting the current vessels used to deliver LNG to the MFH Facility. To date, these efforts have entailed some preliminary meetings and the filing of a Letter of Intent and a Preliminary Waterway Suitability Assessment with the USCG. NFEnergía and other users of the San Juan Harbor are also engaged with the Port Authority regarding improvements to the harbor layout and infrastructure that may be needed to accommodate larger vessels. NFEnergía provides additional background on why it is evaluating this potential substitution below.

First, a larger vessel will lower transportation costs for the LNG, reduce congestion in San Juan Harbor, and should also result in a decrease in maritime emissions from the transport of LNG by reducing the number of trips. The smaller vessel currently unloading at the MFH Facility typically requires three deliveries each week. In contrast, the larger vessel would receive two deliveries per month, a reduction of 84%. Because the port is limited to one-way transit during every delivery, this reduction in vessel trips will reduce congestion in the port significantly.

NFEnergía was not in a position to propose the use of this larger vessel when the MFH Facility was originally conceived because the federal channels within the San Juan Harbor were size constrained in both width and depth, which harmed Puerto Rico’s economy by requiring “vessel operators to forego potential transportation cost savings available from the economies of scale associated with existing and larger ships drafting deeper.”⁶ The opportunity to use larger vessels in San Juan Harbor including for deliveries to the MFH Facility is only possible now due to the Navigation Improvements. The broadening and deepening of the channel and wharves as part of the Navigation Improvements will allow a wide variety of larger vessels to navigate within the San Juan Harbor so as to reach the MFH Facility. In considering the use of such a larger vessel, NFEnergía is exploring the opportunity to provide Puerto Rico the benefit of the “transportation savings” and “power generation cost reduction benefits” foreseen by USACE in pursuing the Navigation Improvements.⁷

⁶ USACE EA at ES-2.

⁷ *Id.* at ES-4.

In addition, the larger vessels will ensure stable and adequate volumes are available to provide natural gas to several power plants throughout Puerto Rico as discussed above. The operation of these power facilities is vital to maintaining the Island's electric system reliability, and the volumes sourced from the MFH Facility are critical for each of these power plants. Having greater volumes of fuel available from a larger vessel substantially reduces the risk of a fuel shortage that could jeopardize these missions.

NFEnergía recognizes that the vessels themselves are not subject to FERC's jurisdiction under the Natural Gas Act because they are "waterborne vessels used to deliver natural gas."⁸ NFEnergía further acknowledges that the Application, including its associated resource reports, contemplate smaller vessels, and if transitioning to a larger vessel ultimately occurs, the impacts and analysis included in the Application would need to be updated to evaluate and assess the potential changes. At this point, NFEnergía is simply considering this opportunity and has not made a final investment decision to pursue the use of a larger vessel. Should NFEnergía decide to seek to use a larger vessel, NFEnergía will engage with the Commission either through an amendment to the current application, or through a request for a meeting to discuss questions related to the concept and the best procedure for moving forward.

In the meantime, NFEnergía will provide the filings made to the USCG under separate cover with the appropriate CEII designations. Should NFEnergía decide to pursue this opportunity, we will also work to update any responses to Commission Staff data request necessitated by this activity. NFEnergía is eager to engage with the Commission. Should you have any questions, please contact the undersigned at cmacdougall@fortress.com or (212) 479-1522.

Sincerely,

/s/ Cameron MacDougall

Cameron MacDougall

General Counsel

NFEnergía LLC

cc: Jonathan Turquette (FERC)
Dawn Ramsey (FERC)
Service List in Docket Nos. CP21-496-000 and CP23-518-000

⁸ 15 U.S.C. § 717a(11)(A).

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 12th day of April, 2024.

/s/ Jacob N. Silver

Jacob N. Silver

On behalf of

NFEnergía LLC