



# RIO GRANDE VALLEY

AT RISK FROM FRACKED-GAS EXPORT TERMINALS | 2023 UPDATE

## Summary for Financial Institutions

Financial institutions investing in, lending to, or underwriting securities for Rio Grande LNG, Texas LNG, and/or the Rio Bravo Pipeline in the Rio Grande Valley in South Texas, USA face serious reputational and financial risks. If built, these facilities would violate the rights of Indigenous Peoples, damage community health, harm endangered species, and contribute to climate chaos. This summary of key risks provides an overview at what stands to be lost if the proposed LNG terminals and pipelines are developed.

PROJECT NAME	COMPANY
RIO GRANDE LNG	NEXTDECADE
RIO BRAVO PIPELINE	ENBRIDGE
TEXAS LNG	GLENFARNE GROUP, SAMSUNG ENGINEERING CO.
VALLEY CROSSING PIPELINE (BUILT)	ENBRIDGE

# *Final Investment Decision & Permits*

Despite the long delays and risks clearly laid out in each of the three editions of this report, NextDecade announced a final investment decision (FID) for the proposed Rio Grande LNG project in July 2023.<sup>1</sup>

They have not met all the regulatory requirements to move forward with the project. Texas LNG requires authorization on a Section 404 permit under the Clean Water Act from the US Army Corps of Engineers but has not received it.<sup>2</sup> Presently, the Rio Grande LNG project must provide additional information to the FERC in order to receive a “Notice to Proceed” (NTP) for the construction of the final design.<sup>3</sup>

Beginning in 2022, the NextDecade company has prematurely begun clear-cutting the nearly 1000-acre site of wetlands, mud flats, and pristine lands for the proposed Rio Grande LNG project. The Carrizo Comecrudo Tribe has not consented to this activity.

The Rio Bravo Pipeline, which would feed gas to the Rio Grande LNG project, is seeking the US Federal Energy Regulatory Commission's (FERC) authorization to modify the pipeline route. As of early-October 2023, FERC had not authorized the modification.<sup>4</sup>

NextDecade plans to install an unproven and untested carbon capture sequestration (CCS) system technology onsite. The FERC paused their review of these plans because the company has not provided enough information to the commission for it to continue its review.

## *Rio Grande LNG Bank Financing*

Due to the severity of the risks outlined in this report many US-based and European banks did not sign onto the deal to support NextDecade's Rio Grande LNG export terminal. Through novel partnerships and selling their majority stake, NextDecade secured a **\$10.8 billion** dollar loan for Rio Grande LNG, Phase I. The loan executed on July 12, 2023 moved NextDecade to FID for the Rio Grande LNG.

The banks with leading roles in the **\$10.8 billion loan**, which was broken into four parts, known as tranches, are credited with the deal. Each of these banks is credited with **\$1.08 billion**, listed alphabetically and by country designation.

- Abu Dhabi Commercial Bank (United Arab Emirates)
- Banco Santander (Spain)
- Bank of China (China)
- HSBC (UK)
- Intesa Sanpaolo (Italy)
- JP Morgan (USA)
- MUFG (Japan)
- Mizuho (Japan)
- RBC Capital Markets (Canada)
- Standard Chartered Bank (UK)



In addition to the \$10.8 billion loan, Rio Grande LNG issued an \$800 million credit facility, backed by TotalEnergies. The Japanese mega bank MUFG was the sole lender on this credit facility. As a result, MUFG alone lent nearly \$2 billion to see this greenfield export terminal to fruition.<sup>5</sup>

French company Engie is a key customer for Rio Grande LNG. The company entered negotiations to purchase gas from Rio Grande LNG in 2020, but scrapped those plans over concerns about exporting gas from the highly polluting West Texas' Permian Basin, a major source of methane emissions.<sup>6</sup> Engie eventually signed a deal with Rio Grande LNG after NextDecade added plans for carbon capture and storage (CCS), an

unproven and untested technology for reducing emissions. The FERC paused their review of the CCS proposal in April 2023 due to a lack of information from NextDecade.<sup>7</sup>

NextDecade owned 100% of the Rio Grande LNG (RGLNG) project until June 2023, when TotalEnergies acquired a 16.7% interest in the project. Upon reaching FID, Rio Grande LNG is now owned by 5 companies: NextDecade LNG (up to 20.79%); Global Infrastructure Partners (a minimum of 46.12%); Singapore-based Devonshire (a minimum of 9.85%); TotalEnergies (16.67%); and Abu Dhabi-based MIC TI Holding, (a minimum of 6.57%).<sup>8</sup>

## Key Risks

### Climate Disaster

- The two terminals and pipeline would be destructive to the climate and spew just as much greenhouse emissions as approximately 40.4 million cars on the road per year.
- These terminals would liquefy fracked gas and would contribute to the expansion of hazardous fracking in the Eagle Ford and Permian shale basins in Texas.
- If built, the LNG terminals would be counterproductive to the Paris Agreement's goal of limiting global warming to 1.5° Celsius, which requires an end to all expansion of fossil fuel infrastructure.

### Indigenous Rights Violations

- The Texas LNG terminal site contains Garcia Pasture, a sacred burial site of the Carrizo Comecrudo Tribe of Texas. This burial site is on the National Park Service's list of historic places and declared an endangered site by the World Monuments Fund in 2022.
- Rio Grande LNG plans to build adjacent to Texas LNG on land that is sacred to the Carrizo Comecrudo Tribe of Texas.
- NextDecade and Texas LNG claim they will monitor for historical artifacts or burial grounds as they bulldoze the land to build the LNG terminals. The Tribe and community members have called this a blatant conflict of interest and requested their own archeologists to survey the land with Tribal representatives. The National Park Service (NPS) has shared their concerns with LNG construction and operation activities for the potential of disturbing unexcavated indigenous artifacts. In a letter submitted to the FERC, the NPS states,

"If the three [presently two] LNG terminals –proceed there is potential that another critical piece of prehistoric archeological record is lost without gaining much needed insights and understanding of the people who occupied the Rio Grande Delta."

- Texas LNG, Rio Grande LNG, regulatory agencies, and banks have failed to consult with the Carrizo Comecrudo Tribe. Banks that have engaged with the Carrizo Comecrudo Tribe directly have not financed the Rio Grande LNG export terminal.

### Community and Health Impacts

- Together, the LNG terminals would be the largest single-source polluters in the South Texas region, by emitting thousands of tons of harmful pollutants into the air, impacting the health of nearby low-income Latinx and Indigenous communities.
- The facilities would significantly degrade the local fishing, shrimping, and nature tourism industries, which make up large parts of the local economy.
- Directly-impacted communities formally oppose the projects: the City of South Padre Island, the City of Port Isabel, the Town of Laguna Vista, Long Island Village, the Laguna Madre Water District, and the South Padre Island Business Owners Association.

## Ecosystem Damage

- These terminals are proposed for an unindustrialized area of the Texas Gulf Coast that does not currently have fossil fuel infrastructure. They would pave over a “greenfield” of undeveloped wetlands, pollute nearby wildlife refuges, and divide a national wildlife corridor.
- Construction and operation of the LNG projects would destroy habitat for multiple endangered species. Habitat loss, industrial noise, and LNG ship traffic would mean “permanent and significant” impacts on the endangered ocelot, northern aplomado falcon, the Rice’s Whale, and Kemp’s Ridley sea turtle.

## Reputational and Financial Risk to Financial Institutions

- Local residents have already garnered significant attention in speaking out against banks advising these LNG projects, and the opposition will continue.
- Protests from activists, including Indigenous People, pushed the French bank, BNP Paribas, to withdraw from Texas LNG and, ultimately, nearly all LNG terminals and pipelines.

- Years of sustained opposition by French and Texas activists forced the French bank, Societe Generale, to withdraw from the Rio Grande LNG project in 2022.
- Cork, Ireland, canceled their plans to import gas from Rio Grande LNG because of the impacts of fracking and Texan and Irish opposition to LNG terminals.
- In 2021, Annova LNG, another LNG terminal proposed for the Rio Grande Valley, canceled its export project because of the unstable global market for LNG and local opposition.
- The FERC faces several lawsuits for inadequately reviewing the projects’ climate and environmental justice impacts and for reapproving the authorizations for Rio Grande LNG, Texas LNG, and the Rio Bravo Pipeline.
- Texas LNG does not currently have its Clean Water Act Section 404 permit from the Army Corps of Engineers required to move forward with the project.
- Over five years behind schedule, the two remaining LNG terminals have been plagued with delays because of opposition, lawsuits, and the unstable gas market.

## SpaceX: An Explosive Threat

These LNG export terminals would be located about six miles from the SpaceX rocket launch site, and are even closer to Brownsville, Port Isabel, and South Padre Island communities. SpaceX plans to fire off the Starship/SuperHeavy rockets, the largest in human history, next door to the LNG facilities that process a highly volatile gas.

Residents have demanded answers from the Federal Aviation Administration, SpaceX, FERC, and the LNG companies. The company proposing the LNG expansion, NextDecade, funded a report suggesting that the SpaceX launch site poses no special dangers in an attempt to defuse community concerns. It didn’t, especially after rocket testing in July 2022 sent shockwaves for miles that rattled the Port Isabel lighthouse, six miles away from the SpaceX launch site. Debris from SpaceX rocket testing was recovered on the South Padre Island jetties.

During SpaceX’s most recent failed launch and explosion on April 20, particulate matter and metal pieces landed on the site of future LNG facilities.





PHOTO: LAGUNA ATASCOSA WILDLIFE REFUGE / JASON FRY

## Endnotes

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- 1 “[NextDecade Announces Positive Final Investment Decision on Rio Grande LNG Phase 1](#),” July 12, 2023
- 2 [Monthly Status Report No. 44 for the period of August 1, 2023 to August 31, 2023](#), for the Texas LNG Liquefaction Project under CP16-116, See also [U.S. Department of Energy Correspondence](#), March 31, 2022.
- 3 FERC, October 6, 2023, [Letter](#) requesting Rio Grande LNG, LLC to file a response to the engineering information request to assist in FERC’s analysis of the Rio Grande LNG Project under CP16-454.
- 4 “[Rio Bravo Pipeline Company, LLC; Notice of Scoping Period Requesting Comments on Environmental Issues for the Proposed Rio Bravo Pipeline Route Amendment](#),” Federal Register, August 30, 2023.
- 5 Securities & Exchange Commission [Form 10-Q](#) for the period ending June 30, 2023, NextDecade. Bank participation confirmed in Bloomberg LP.
- 6 Ben Lefebvre, “[French Government Blocks U.S. LNG Deal as Too Dirty](#),” Politico, October 21, 2020. The most recent research shows that methane emissions have been vastly underestimated in the Permian Basin and other fields. See, eg William M. Kunkel et al., “[Extension of Methane Emission Rate Distribution for Permian Basin Oil and Gas Production Infrastructure by Aerial LiDAR](#),” Environmental Science & Technology 57, no. 33 (August 2023): 12234–41.
- 7 “[Rio Grande LNG, LLC; Notice Suspending Environmental Review Schedule of the Proposed Carbon Capture and Sequestration System Amendment](#),” Federal Register, April 20, 2023.
- 8 “Change in Control: Rio Grande LNG, LLC, Department of Energy [Docket Nos. 15–190–LNG],” Federal Register 88, no. 170 (September 5, 2023): 60669–70.

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