

Rio Grande LNG Terminal United States

Sectors: oil and gas, transport and infrastructure

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By: BankTrack & Rainforest Action Network

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Contact:

[Alison Kirsch](#), Climate and Energy Program and Research Coordinator, Rainforest Action Network

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Status



About Rio Grande LNG Terminal

In the port of Brownsville, Texas in the USA, NextDecade is planning to build the Rio Grande LNG export terminal. The facility will be supplied with natural gas from a new natural gas pipeline, the [Rio Bravo Pipeline](#) (owned by NextDecade). According to NextDecade's subsidiary, [Rio Grande LNG](#), the investment for their LNG terminal and required infrastructure would amount to USD 20 billion.

Next to this LNG Terminal, there are two other terminals planned to be constructed in the Port of Brownsville ([Texas LNG](#) and [Annova LNG](#)).

Brief history

Gas, mostly derived from fracking, is piped to the coast, supercooled and compressed into a liquid - liquefied natural gas (LNG). Due to over-extraction from fracking the USA faces an oversupply of natural gas. Across North America companies are planning to build dozens of LNG export terminals. These infrastructures span hundreds of acres. Each facility connects to a network of pipelines that are fed from fracking sites. There are 40 of these proposed and existing facilities in the USA, and 80 percent of them are situated along the Gulf Coast. The three terminals planned for the Rio Grande area ([Rio Grande LNG](#), [Texas LNG](#) and [Annova LNG](#)) have each received authorisation from the Department of Energy to export their LNG overseas. They are awaiting completion of a full environmental review and a final decision from the [Federal Energy Regulatory commission \(FERC\)](#). This decision is expected to be taken in 2017.

While an SEC filing [reportedly states](#) an expected final investment decision on the project by June 2019, [NextDecade states](#) that they expect it some time in 2018.

What must happen

In general LNG export terminals are capital-intensive, financially risky and environmentally destructive. Financial institutions involved in these projects share responsibility for the impacts of these facilities. These impacts span people and ecosystems across the continent: communities around the terminal site, communities at the point of extraction and communities along the pipeline routes.

By financing practices that are incompatible with a climate-stable future, the financial institutions involved threaten the global agreement to address climate change. Therefore, Societe Generale, Macquarie and other banks involved should withdraw their involvement in this project.

Issues

Social issues

[The public health impacts of climate change in U.S. Gulf Coast states](#)—Texas, Louisiana, Mississippi, Alabama, and Florida—may be especially severe and further exacerbated by a range of threats facing the coastline areas, including severe erosion, subsidence, and—given the amount of energy production infrastructure—the ever-present potential for large-scale industrial accidents. The Gulf Coast population is expected to reach over 74 million by 2030 with a growing number of people living along the coastlines. Populations in the region that are already vulnerable because of economic or other disparities may face additional risks to health and well-being as a consequence of a changing climate, creating new levels of concern for political and public health leaders.

Communities that would feel the negative impacts of the LNG terminals are often low-income people of colour. The Rio Grande LNG Terminal will be located between the Laguna Madre communities and next to Brownsville, a rural community that is 93 percent Hispanic or Latino. More than 35 percent of the Rio Grande Vallley's residents live in poverty, the highest rate of any metropolitan area in the United States. Already this region struggles with major health issues. These projects would add thousands of tons of pollutants into the air. Across the United States nearly 1.78 million Latinos already live in areas that face a cancer risk above the EPA's level of concern from toxins emitted by oil and gas facilities. Industrial ozone smog burdens Latino communities with 153,000 childhood asthma attacks and 112,000 lost school days each year.

If built, this LNG terminal could significantly impact the local fishing, shrimping and ecotourism industries. Nearby South Padre Island could have its beauty and its economy compromised by the release of effluent water, and the brown haze that would come with the thousands of tons of air pollution.

In the Rio Grande Valley, nature tourism alone leads to 6,600 jobs. In contrast, an LNG terminal creates mostly temporary construction jobs and only a few hundred permanent ones.

Environmental issues

The terminal is proposed right on the edge of what the US Fish and Wildlife Service calls 'one of the largest and most successful coastal wetland restoration projects in the US': the Bahia Grande unit of the Laguna Atascosa National Wildlife refuge, where wetland restoration is still ongoing. The 21,700 acre refuge is a safe haven for a range of species and native vegetation, as well as a crucial storm barrier. Endangered ocelots and Aplomado falcons roam this area. As of August 2015 only 53 ocelots were left in Texas, all in this area of the state. Construction, bright lights, tall structures, air pollution and wastewater will fundamentally alter the ecosystem of the area.

With these three terminals (Rio Grande LNG, [Texas LNG](#) and [Annova LNG](#)) exporting at full capacity, burning just one year's worth of the gas exported from Brownsville would create greenhouse gas emissions equivalent to the annual emissions of 30 coal-fired power plants. Accounting for extracting, piping, liquefying and shipping the gas nearly doubles the carbon intensity of energy produced from RGV's exported LNG. LNG is the most carbon-intensive form of natural gas.

Governance

Updates

Societe Generale and Macquarie named financial advisors for Rio Grande LNG

May 2 2017

NextDecade, LLC [said it has appointed](#) Societe Generale and Macquarie Capital to act as joint financial advisors in conjunction with the anticipated debt and equity financing for the construction of its Rio Grande LNG and associated Rio Bravo Pipeline projects. Rio Grande LNG is a proposed LNG export facility at the Port of Brownsville, Texas, planned for a 984-acre industrial site. The LNG project and its associated Rio Bravo pipeline are in the midst of the Federal Energy Regulatory Commission (FERC) permitting process.

Financiers

Banks

Macquarie bank Australia [profile](#)

[Details](#) ▼

Advisor

Macquarie bank, together with Société Générale, acts as financial advisor.

source: Oil&Gas360

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Société Générale France [profile](#)

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Advisor

May 2017

Société Générale, together with Macquarie bank, acts as financial advisor.

source: Oil&Gas360

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Related companies

NextDecade United States

Owner of Rio Grande LNG and Rio Grande Pipeline

Rio Grande LNG United States