United States Export-Import Bank (US EXIM)

811 Vermont Ave NW

Washington, DC 20571

XX December 2023

Dear Chair Reta Jo Lewis,

The below civil society organizations and persons urge the United States Export-Import Bank’s (EXIM) to reject the Category A Guyana Gas to Energy Project – Offshore Pipeline, Integrated Liquid Natural Gas Separation Plant, and 300 MW Natural Gas Power Plant. The loan would be contrary to Article 2.1(c) of the Paris Agreement which requires “making finance flows consistent with a pathway towards low greenhouse gas emissions and climate resilient development,” and, therefore, the United States will be in breach of its obligations under international law. This loan would be an inappropriate and irresponsible use of the taxes of hardworking American citizens.

This project is not in the best interest of the people of Guyana, presents significant financial risks, and would prevent Guyana from meeting its renewable energy goals.

**Violation of Biden’s Climate Commitments**

Approval of this project would contradict the United States’ commitment made at the UNFCCC COP in Glasgow in 2021 to “end new, direct public support for the international unabated fossil fuel energy sector within one year of signing this statement.”[[1]](#footnote-1) EXIM has shown its disdain for considering climate justice in its decision making. So far in 2023, EXIM has approved 4 projects – for a total of $811 million, including an oil project in the Bahamas, an oil refinery in Indonesia, a gas project in Iraq, and Trafigura’s trade of US liquefied natural gas exports. Approving this project would put EXIM in the running for the largest public financier of fossil fuels in 2023 and the worst violator of the Glasgow commitment.

**Objections to Gas to Energy Project in Guyana**

The Guyanese people are against the Gas to Energy Project for the following reasons inter alia:

* The residents in the Canal #1, Java & Bordeaux, the area of influence (AoI) and also in the right of way (RoW) of the Gas to Energy (GtE) pipeline requested a repudiation of the Environmental Impact Assessment (EIA) for lack of consultation before the submission of the EIA in 2022. This lack of consultation is in violation of the Environmental Protection Act and the Gunning Principles on consultation. See attached letter addressed to the Environmental Protection Agency (EPA). This request was delivered to, and receipt acknowledged by both the EPA and ExxonMobil/Stabroek Block Partners.
* The Environmental Permit (EP) was adjudged “contrary to law and improper” in case 2023-HC-DEM-CIV-FDA-456.
* There is no feasibility study for this project with its 25 Km of onshore pipeline.
* There is no feasibility study for the Wales location where the NGL and power plants will be located.
* There is no financial information available for investors.
* There is no financial information to indicate how the project will repay the loan from EXIM Bank nor the loan from ExxonMobil and/or Stabroek Block Partners.
* There are no commercial agreements available in public domain which would include gas sales agreements, term sheets, etc.
* There are no legal documents to indicate the apportionment of risks.
* There are no details on the design of the NGL nor the power plants which would indicate Methane and other fugitive emission controls.
* There are no publicly available Gas Utilization Study for Lisa 1 & 2 a requirement under the Petroleum Sharing Agreement 2016.
* There is no publicly available information on whether the Government of Guyana has approved the amended Field Development Plans of Lisa 1 & 2 to include gas utilization.
* There are no publicly available agreements for electricity sales to Guyana Power Limited.
* There are no publicly available documents to indicate which arm of the Government will own the NGL and power plant.
* The land on which the NGL and power plant will be located is owned by Guyana Sugar Corporation and is slated as agricultural land. To date there has been no land use change.
* There are no publicly available legal documents to indicate any transfer of rights under the Environmental Permit granted to Stabroek Block Partners to transfer the rights of the NGL plant to any legal entity. Stabroek Block Partners are not constructing the NGL plant under the current structure of the GtE project and would need to transfer all rights in relation to the NGL plant to the owners of the NGL plant.
* There is no publicly available Terms of Reference for baseline studies, which is a requirement under the Environmental Permit granted to Stabroek Block Partners.
* There is no management and operations structure available for the pipeline, NGL and power plant.
* There is no clarity on the funding of the offshore pipeline as it is part of the EXIM Bank loan application AP089490XX in Category A on the EXIM Bank website. The Head of the Task force informed as at Q1 2023 that US$55M pa would be needed to repay ExxonMobil and/or Stabroek Block Partners for the pipeline. Is this just the onshore pipeline?
* A [study](https://ieefa.org/articles/guyana-gas-energy-project-unnecessary-and-financially-unsustainable) by the independent New York based think tank, the Institute for Energy Economics and Financial Analysis (IEEFA) concluded on financial and economic grounds that the Guyana gas to energy project is unnecessary and financially unsustainable. In addition, the World Bank’s report “Energy Markets in Latin America Emerging disruptions and the Next Frontier” published in 2017 states that, “In countries such as Suriname, Guyana, Ecuador, Paraguay, and most of Central America and the Caribbean, natural gas demand is small or non-existent.” With the expansion of solar in Guyana and planned expansion of hydro-power the gas to shore project flies in the face of economics. Thus, EXIM will be taking a major financial risk and acting irresponsibly by making this loan. In addition, Guyana's financial management is below standard with ongoing disputes with ExxonMobil over its expenses and attempts to alter audit findings. This increases the risk of funds being misspent. EXIM should not assume that it can rely on in-country systems to track where the money goes.
* There are no publicly available regulations issued for the Petroleum Activities Act 2023. In particular no regulations for the current ongoing pipeline laying construction, a requirement under the new aforementioned act, despite requests for the same from the relevant Minister mentioned therein.
* Guyana's fiscal management is inadequate as evidenced by [criticisms from the InterAmerican Development B](https://www.kaieteurnewsonline.com/2021/03/30/despite-some-improvements-guyanas-public-financial-management-still-inadequate-idb-report/)ank (IDB). There is a significant risk that the EXIM loan could be misspent or not repaid.
* The GtE project is currently five times the cost of the original project when it was located on the coast at Clonbrook as per the Ministry of Natural Resources and Environment website where it is called Gas to Power (GtP). [See Oil and Gas - Ministry of Natural Resources (nre.gov.gy)](https://nre.gov.gy/oil-and-gas/).
* There is no publicly available information on how the price will be halved nor within the 4.5 cents per kwh.
* There is no final investment decision from Stabroek Block Partners to invest in the Gas to Energy Project.
* In the 2018-2020 Auditor’s report Stabroek Block Partners have begun to be compensated for expenditure on the Gas to Energy project under cost oil expenditure.

**Right of Way of Pipeline Conflicts**

There are currently two cases in the legal system which affect the RoW. Case 2023-HC-DEM-CIV-SOC-24 was filed in the court system February 2023 against the Attorney General. In part the prayers in the above referenced case are:

* A declaration that the Order made under the Acquisition of Lands for Public Purposes Act Order # 5 of 2023 is null void and of no effect insofar as it purports to acquire the Claimant's property.
* A declaration that the failure of the Commissioner of Lands and Survey to issue Notice of intended survey of the Claimant's Property on the Claimant deprived the Claimant of an opportunity to object to the survey and or the proposed location of the gas pipeline.
* A Conservatory Order restraining the Minister of Public works and or the Minister of Natural Resources whether by themselves their servants and or agents howsoever from entering upon the Claimants property described as Lots numbered 2(two) and 3 (three) parts of the Eastern half of Plantation Bordeaux, Canal No.1 in the Canals Polder Local -- Government District situate on the West Bank of the Demerara River, in the county of Demerara and Republic of Guyana.

During the month of Q3 2023, the case entered into case management. The claimant filed as per case management timetable their witness statements in a timely manner.

The onshore pipeline laying begun in or around Q3 2023 in the area of Java, Canal #1. Java is separated from Bordeaux by a canal dug during slavery. The contract for the pipeline laying was awarded to an Italian/Guyanese consortium named SICIM/GAICO. The Attorney for the claimant had cause to write to the Attorney General and SICIM/GAICO twice in Q3 & Q4 about prima facie contempt of court proceedings in the above quoted case. On both of these occasions the proposed survey was canceled.

On 18 October 2023, despite the aforementioned two letters the Gas to Energy project contractors along with GoG personnel entered unto the aforementioned land without any authority and against the protest from the landowner's appointed representative. These personnel were asked to leave and refused. Kindly see attached videos.

On 18 October 2023 the Attorney General applied to the court in the case 2023-HC-DEM-CIV-SOC-24 in a Notice of Application -Urgent and Made with Notice requesting an extension of time to file and serve its witness statements, to file and serve it Rebuttal witness statements inter alia. On 24 October 2023 the Court granted relief of extension of time to file and serve witness statements by Friday October 27, 2023. With a return date to court of 10 November 2023. The actions of the contractor were in contempt of court proceedings.

**Trespassing**

In October 2023, Lance Weinmann, the onshore project engineer/manager for the Guyana Gas to Energy Project at ExxonMobil, and his colleagues illegally trespassed on land belonging to local community members. When asked to leave Mr. Weinmann refused. Videos show Mr. Weinmann and his colleagues being asked to leave and refusing despite not having permission to enter the land. The videos show the ExxonMobil crew conducting survey activities. This illegal trespass demonstrates ExxonMobil’s complete disregard for the rights and land ownership of local people and indicates that they will not abide by any environmental and social protections put into place by any financing deal with EXIM.

**Financial Risks**

Recent research by the Institute for Energy Economics and Financial Analysis (IEEFA) has found that will far exceed the Guyanese public’s need for energy and could cause economic

hardship for the Guyana government. The Guyana gas to energy project will lead to a substantially overbuilt electrical system since the new natural gas power plant would generate more electricity – possibly more than six times more – than consumers in Guyana are likely to use in the near future.[[2]](#footnote-2) Questions of Guyana Power and Light’s financial viability exist because of the utility’s debt burden, which might force the government of Guyana to bail them out. The main beneficiary of the project will not be the people of Guyana, but ExxonMobil with increased profits from the pipeline, loans to Guyana, and sale of the gas. Meanwhile, solar provides a much better alternative – with lower costs to ratepayers and the creation of more jobs.

Given the likelihood that the power plant will be underutilized and that Guyana will be left with a stranded asset, we strongly urge US EXIM to reject this project and take immediate action to implement President Biden’s Glasgow commitment, including putting forward a policy to end its support for fossil fuels.

Thank you for your consideration of our opposition to EXIM support for this project.

Sincerely,

Friends of the Earth United States, USA

Oil Change International, USA

Elizabeth Deane-Hughes

1. Statement on International Public Finance Support for Clean Energy (2021) Available here: <https://ukcop26.org/statement-on-international-public-support-for-the-clean-energy-transition/> [↑](#footnote-ref-1)
2. Sanzillo, Tom & Kunkel, Cathy, *Guyana Gas to Energy Project Is Unnecessary and Financial Unsustainable* (Oct. 2023), <https://ieefa.org/resources/guyana-gas-energy-project-unnecessary-and-financially-unsustainable>. [↑](#footnote-ref-2)