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Chair, NZBA

cc : UNEP-FI, all NZBA members

Paris, March 8th, 2023

Subject: Call from 37 global NGOs for financial institutions to commit to not provide any financial support to South Texas fracked gas export projects.

Dear Ms McDermott,

We write to you as a group of civil society organizations to request your bank and the members of the NZBA not to support the Texas LNG, Rio Grande LNG and Rio Bravo Pipeline projects, and commit not provide any lending, capital markets, or advisory services to the two fracked gas export terminals and related infrastructure projects proposed for the Rio Grande Valley in South Texas. As already brought to your attention, these projects would hurt local populations, violate Indigenous rights, damage ecosystems, and lock in decades of climate-warming greenhouse gas emissions.

The threat posed by the planned LNG terminals and pipeline are summarized:¹

- If built, Texas LNG, Rio Grande LNG and the associated Rio Bravo Pipeline would liquefy and export 4.35 billion cubic feet of shale gas every day.² This is strictly irreconcilable with the goal of limiting global warming to 1.5°C. The IPCC,³ International Energy Agency,⁴ the UN High-Level Expert Group on net zero,⁵ and the UN Environment Programme⁶ have all stated that the global 1.5°C carbon budget does not leave room for new fossil fuel projects, including for gas production and transportation. The European objective of energy security in response to the war in Ukraine cannot justify the construction of new LNG transport capacity because the alternative to Russian gas lies in savings, efficiency and renewable energies.⁷
- These two proposed terminals are poised to become major new sources of carbon emissions. Taking into account methane leakage and the energy-intensity of liquefying and shipping gas, the Rio Grande Valley's LNG terminals would cause the same annual climate damage as 50 coal plants and 35 million cars.⁸ Carbon capture and storage solutions put forward by

¹ See also Rainforest Action Network, [Rio Grande Valley At Risk From Fracked-Gas Export Terminals](#), October 2022

² FERC, [North American LNG Export Terminals – Existing, Approved not Yet Built, and Proposed](#), February 2023

³ Intergovernmental Panel on Climate Change Working Group III, [Climate Change 2022: Mitigation of Climate Change](#), 2022

⁴ International Energy Agency, [Net Zero by 2050 A Roadmap for the Global Energy Sector](#), October 2021

⁵ United Nations' High-Level Expert Group on the Net Zero Commitments of Non-State Entities, [Integrity Matters: Net Zero Commitment by Business, Financial institutions, Cities and Regions](#), November 2022

⁶ UN Environment Programme, [Global Methane Assessment: Benefits and Costs of Mitigating Methane Emissions](#), May 2021

⁷ Reclaim Finance, [Liquefied gas, solid problem: why private finance should not support any new LNG terminal project in Europe](#), September 2022

⁸ Lifecycle emissions calculated using a 20 year global warming potential for methane and a 3% leakage rate. For methodology details see Sierra Club, [LNG Export Expansion Would Be a Climate Disaster](#), June 2022.

NextDecade could only ever mitigate a small fraction of Rio Grande LNG's total considerable climate impact.⁹

- The construction of new export terminals provides a direct incentive to produce more shale gas through hydraulic fracturing across Texas, an activity which is linked to widespread water contamination and community health impacts, in addition to its incompatibility with a stable climate. Supporting these projects would be inconsistent with the stated goal of the Net-Zero Banking Alliance of aligning lending and investing portfolios with net-zero emissions by 2050.
- The terminal sites would together cover 1,609 acres, and would pave over hundreds of acres of wetlands,¹⁰ and irreplaceable clay hills — called lomas — surrounded by tidal flats that provide thickly vegetated wildlife habitat. Seven liquefaction trains, six storage tanks, and hundreds of miles of new pipeline would be built for these two projects.¹¹ The development and operation of the gas infrastructure, as well as constant tanker traffic would irrevocably scar an international wildlife corridor that includes the Laguna Atascosa National Wildlife Refuge and the Bahia Grande, one of the largest wetlands restoration projects in North America.¹² This development also threatens the endangered ocelot. A report published in May 2019 by the Intergovernmental Platform on Biodiversity and Ecosystem Services warned that one million species may be pushed to extinction in the next few years;¹³ supporting these projects would go against the common effort to tackle biodiversity issues.
- These terminals would also have irreversible impacts on the local economy, degrading the fishing, shrimping and ecotourism industries, and threatening the livelihoods of thousands of people. In the Rio Grande Valley, nature tourism alone leads to 6,600 part- and full-time jobs. The largest terminal proposed for the Rio Grande Valley would in comparison create only about 200 permanent jobs.¹⁴
- There would also be serious violations of Indigenous rights. 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 was declared an endangered site by the World Monuments Fund in 2022.¹⁵ Furthermore, no archaeological studies have been conducted at the construction sites of the other two terminals. More archaeological and cultural data needs to be collected and assessed with tribal guidance before any construction permits are granted. These lands are sacred to the Carrizo Comecrudo Tribe, also known as the Esto'k Gna, who are the original people of the region, and who not only did not give their Free, Prior and Informed Consent for these projects to move ahead, but have not even been part of the companies' consultation processes.
- Locals have made it clear that they oppose these destructive projects. Every community that would be impacted — South Padre Island, Port Isabel, Laguna Vista, and Long Island Village — has passed anti-LNG resolutions.¹⁶ The school board has sided with the community and rejected tax breaks for the Rio Grande LNG and Texas LNG projects.¹⁷ Locals are challenging the permitting process every step of the way by taking legal action, sending thousands of

⁹ The Guardian, [Carbon capture project is 'Band-Aid' to greenwash \\$10bn LNG plant, locals say](#), February 2023.

¹⁰ Federal Energy Regulatory Commission, Texas LNG Project Final Environmental Impact Statement Volume I, March 2019, p. ES-2; [Rio Grande LNG Environmental Impact Statement Volume I](#), April 2019, p. ES-2

¹¹ Ibid

¹² "Laguna Atascosa National Wildlife Refuge | Texas - Bahia Grande Unit," U.S. Fish and Wildlife Service, 29 March 2015

¹³ IPBES, [Global Assessment Report on Biodiversity and Ecosystem Services](#), May 2019

¹⁴ "Jobs," Rio Grande LNG, accessed May 2019

¹⁵ "Garcia Pasture," [World Monuments Fund](#), March 2022

¹⁶ Sergio Chapa, [Texas LNG Supporters & Opponents](#), San Antonio Business Journal, June 2016

¹⁷ Gaige Davila for Texas Public Radio, [Texas LNG loses tax abatement deal from RGV school district](#), July 2022

comments to regulators and packing public hearings. The Port of Cork in Ireland canceled plans to import gas from Rio Grande LNG because of the impacts of fracking and Texan and Irish opposition to LNG terminals.¹⁸ In 2021, a major lawsuit victory has forced the Federal Energy Regulatory Commission (FERC) to re-review the climate and environmental impacts of Texas LNG and Rio Grande LNG.¹⁹ FERC is considering several other amendments to the proposed LNG terminals such as a new proposed pipeline design. 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. Nearly four years behind schedule, the two remaining LNG terminals have been plagued with delays because of opposition, lawsuits, and the unstable gas market.

Because their capital costs are well above \$10 million each, both of these proposed projects are subject to the Equator principles.²⁰ In light of the multitude of irreversible impacts detailed above, both projects appear to be Category A projects, the highest risk category. Financial Institutions should be aware that neither of the two proposed terminals appear to be compliant with the Equator Principles.²¹

In the past years, two international investment banks have withdrawn from fracked gas LNG export terminals in the Rio Grande Valley. Sumitomo Mitsui Financial Group ended its advisory mandate for the Rio Grande LNG terminal in 2016, and BNP Paribas ended its advisory mandate for the Texas LNG terminal in 2017. However, Société Générale took over from SMBC Group as financial advisor to the Rio Grande LNG project, along with Macquarie Capital. Despite repeated warnings and mobilizations of local communities and civil society groups, these banks have so far refused to cut ties with the project.

In addition, as members of the NZBA, these banks have pledged to align their financing with global climate goals. The world's preeminent energy and climate experts have repeatedly affirmed that continued expansion of fossil fuels is fundamentally incompatible with reaching the goal of net-zero emissions by 2050.²² As the world's most prominent convenor of climate alignment for private banks, NZBA must ensure its members are following through on their own climate pledges, and not financing catastrophic fossil fuel expansion projects.

In solidarity with the communities impacted by these two projects and to meet the objectives of the Paris Agreement and of the Net-Zero Banking Alliance and Glasgow Financial Alliance for Net Zero (GFANZ), we insist that you, Ms. McDermott, in your role as Chair of the NZBA, call on the alliance's members to refuse any direct or indirect involvement in advising, investing, financing, arranging, or otherwise facilitating the development of the two projects.

We remain available to discuss these concerns with you and your teams.

Yours sincerely,

Lorette Philippot, Friends of the Earth France
Ruth Breech, Rainforest Action Network
Lucie Pinson, Reclaim Finance
Rebekah Hinojosa, Sierra Club

With the support of the following organisations:

¹⁸ Irish Examiner, [Plan to import gas through Cork harbour abandoned as port company severs ties with US firm](#), 14 January 2021

¹⁹ Gaige Davilla, [Court Rules FERC Failed to Accurately Measure LNG Plant Impacts](#) Port Isabel-South Padre Press (Port Isabel-South Padre Press, August 6, 2021)

²⁰ "Equator Principles III, June 2013," Equator Principles Association, June 2013, pp. 3

²¹ See an Equator Principles analysis of Texas LNG: "[BNP Paribas vs. Communities and Climate](#)," Rainforest Action Network, Save RGV from LNG, and Les Amis de la Terre France, March 2017, pp. 10 and 12-14

²² International Energy Agency, [Net Zero by 2050](#), May 2021

1000 Grandmothers for Future Generations
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