

La Quinta Channel Expansion Feasibility Study Project Update

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Port Commission Meeting

Dan Koesema, P.E. | Director of Channel & DMPA Development, PCCA

Vini Vannicola | Vice President, David Miller and Associates

Jerry Diamantides, Ph.D. | Senior Economist, David Miller and Associates

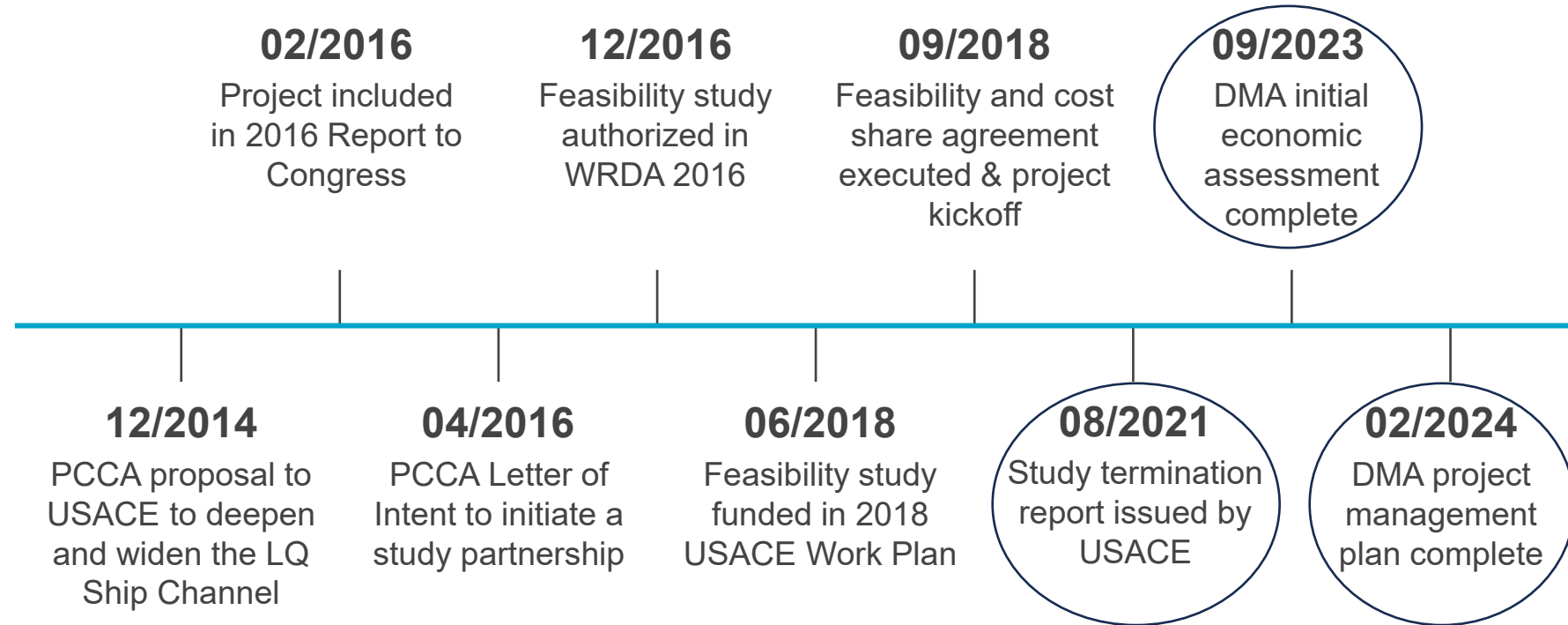
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La Quinta Channel Expansion Feasibility Study





Deepen La Quinta channel to 54 feet

Channel Improvements

Initial Economic Analysis– Clean Hydrogen

Project benefits and Federal decisions for authorization are based on reduction in transportation costs

Findings:

- **Export growth from 1.2 MM tons in 2029 to 13 MM tons in 2038**
- **Without Channel Improvements (47-foot depth)**
 - Suitable for Very Large Gas Carrier (VLGC) operating draft
 - **51,000** metric tons per call
 - **24 VLGC trips in 2029** increasing to 237 VLGC trips in 2038
 - Vessel Operating cost in 2029: \$71,000,000
 - Vessel Operating cost in 2038: \$710,000,000
- **With Channel Improvements (54-foot depth)**
 - Suitable for Ultra Large Gas Carrier (ULGC) operating draft
 - **140,000** metric tons per call
 - **10 ULGC trips in 2029** increasing to 93 ULGC trips in 2038
 - Vessel Operating cost in 2029: \$28,000,000
 - Vessel Operating cost in 2038: \$280,000,000

Discounted average annual benefits of **over \$450 million per year** support a **project cost of roughly \$10 billion**

Alternative Paths to Federal Authorization and Construction

Alternative Paths

Identical Feasibility Study & NEPA Requirements

Section 203 Feasibility Study

- Estimated initiation of construction: 10 - 15 years from study start
- Study and NEPA PCCA budgeted and managed (all costs PCCA with credit towards construction)
- Construction and maintenance cost share with USACE
- Requires congressional authorization
- Requires Federal appropriations for construction and maintenance

Section 204(f) Feasibility Study

- Estimated initiation of construction: 4 - 6 years from study start
- Study and NEPA PCCA budgeted and managed (all costs PCCA)
- Construction all PCCA cost; maintenance cost share with USACE
- Requires Assistant Secretary of the Army approval
- Requires Federal appropriations for maintenance

Section 408 Feasibility Study

- Estimated initiation of construction: 3 -5 years from study start
- Study and NEPA PCCA budgeted and managed (all costs PCCA)
- Construction and maintenance all PCCA cost
- Requires USACE Southwest Division approval

**Feasibility
study plan
and study
costs
identical
for
203, 204(f),
408**

Project Study Plan & Costs

Section 203 approach (default)

- Study cost \$4.5 million
 - \$2.07 M Engineering
 - \$0.65 M NEPA
 - \$1.20 M Formulation & Economics
 - \$0.62 M USACE & Contingencies
- Post-Study Engineering & design cost share 50/50 (\$ tbd)

Section 204(f) and 408 approach

- Study cost \$4.5 million
- Engineering & design cost 100% PCCA (\$ tbd)

**Next Steps
are
identical
for the next
two years**

Path to La Quinta Deepening: Next Steps

Initiate Study

- Identical study requirements under 203, 204(f), and 408
 - Engineering
 - NEPA
 - Formulation (study management & report writing)
 - Economics (cargo flow, fleet, landside facilities)

Decide between 203, 204(f), and 408 for project funding

- Decision point within two years contingent on:
 - Landside facilities plans and facilities construction schedule
 - ULGC status (design finalization, construction initiation)
- Uncertainty in facility or ULGC materializing will cause 203 & 204(f) delays

Questions



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