

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

COASTAL GAS MARKETING COMPANY

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FE DOCKET NO. 92-44-NG

ORDER GRANTING BLANKET AUTHORIZATION TO IMPORT
AND EXPORT NATURAL GAS, INCLUDING LIQUEFIED NATURAL GAS,
AND GRANTING INTERVENTION

DOE/FE OPINION AND ORDER NO. 644

JULY 10, 1992

I. BACKGROUND

On March 31, 1992, Coastal Gas Marketing Company (CGM) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127 requesting blanket authority to import up to 600 Bcf and to export up to 150 Bcf of natural gas, including liquefied natural gas (LNG), from and to Canada, Mexico, and other countries. The authorization requested is for a period of two years beginning with the date of the first import or export delivery after July 11, 1972. 1/ No new facilities are proposed in connection with this authorization request.

CGM, a Delaware corporation with its principal place of business in Houston, Texas, markets natural gas under short-term arrangements to pipelines, local distribution companies and commercial and industrial end-users. CGM requests blanket authorization to import and export gas for its own account as well as for the accounts of others.

A notice of the application was published in the Federal Register on May 29, 1992, inviting protests, motions to intervene, notices of intervention, and comments to be filed by June 29, 1992. 2/ A motion to intervene without comment was received from Great Lakes Gas Transmission Limited Partnership.

1/ CGM has authority to import up to 600 Bcf and export up to 150 Bcf of natural gas and LNG which expires July 11, 1992.

2/ 57 F.R. 22739.

II. DECISION

The application filed by CGM has been evaluated to determine if the proposed import/export arrangement meets the public interest requirements of section 3 of the NGA. Under section 3, an import must be authorized unless there is a finding that it "will not be consistent with the public interest." 3/ This determination is guided by DOE's natural gas import policy guidelines, 4/ under which the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test. In reviewing natural gas export applications, the domestic need for the gas to be exported is considered, and any other issues determined to be appropriate in a particular case.

CGM's uncontested import/export proposal, as set forth in its application, is consistent with section 3 of the NGA and DOE's international gas trade policy. The import/export authorization sought by CGM will provide it with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term import and export arrangements without further regulatory action. Under CGM's proposed import/export arrangements, transactions will only occur when producers and sellers can provide spot or short-term volumes, customers need such import/export volumes, and prices remain competitive. Natural gas supplies in the United States are

3/ 15 U.S.C. 717b.

4/ 49 F.R. 6684, February 22, 1984.

expected to continue to be more than adequate to meet consumer demand. For this reason, and because CGM's proposed transactions would be short-term and market-responsive, it is unlikely that the proposed export volumes will be needed in the domestic market during the term of this authorization. Therefore, CGM's import/export proposal, which is similar to other blanket import/export proposals approved by DOE, 5/ will further the Secretary of Energy's policy goal to reduce trade barriers by promoting a more market-oriented gas trade among the United States and other countries.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing CGM to import up to 600 Bcf and to export up to 150 Bcf of natural gas, including LNG, under contracts with terms of two years or less is not inconsistent with the public interest. 6/

ORDER

For the reasons set forth above, pursuant to section 3 of the Natural Gas Act, it is ordered that:

5/ See e.g., ENERGY International Marketing Corporation,

1 FE 70,591 (June 5, 1992); Unigas Corporation, 1 FE 70,590

(June 5, 1992); and Signal Fuels Trading Corporation,

1 FE 70,589 (June 3, 1992).

6/ Because the proposed importation/exportation of gas will use existing facilities, DOE has determined that granting this application is not a major Federal action significantly affecting the quality of the human environment within the meaning of the

National Environmental Policy Act (42 U.S.C. 4331, et seq.);

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therefore an environmental impact statement or environmental
assessment is not required. See 40 C.F.R. 1508.4 and 57 F.R.

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15122 (April 24, 1992).

A. Coastal Gas Marketing Company (CGM) is authorized to import up to 600 Bcf and to export up to 150 Bcf of natural gas, including liquefied natural gas, from and to Canada, Mexico, and other countries, over a two-year term beginning on the date of first delivery after July 11, 1992.

B. This natural gas may be imported and/or exported at any point on the U.S. border that does not require the construction of new facilities.

C. Within two weeks after deliveries begin, CGM shall provide written notification to the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C., 20585, of the date that the first import or export authorized in ordering paragraph A above occurred.

D. With respect to the imports and exports authorized by this Order, CGM shall file within 30 days following each calendar quarter, quarterly reports indicating whether sales of imports or exports have been made. If no imports or exports have occurred, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, CGM must report monthly total volumes in Mcf, and the average sales price per MMBtu at the international border. The reports shall also provide the details of each import and export transaction, including (1) the country of origin for the imports; (2) the destination of the exports; (3) the names of the seller(s); (4) the names of the purchaser(s), including those other than

CGM; (5) the estimated or actual duration of the agreement(s); (6) the names of the U.S. transporter(s), including any LNG tankers used; (7) the points of entry or exit; (8) the geographic market(s) served; (9) whether the sales are being made on an interruptible or firm basis; and, if applicable, (10) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions. Failure to file quarterly reports may result in termination of this authorization.

E. The first quarterly report required by Ordering Paragraph D of this order is due no later than October 30, 1992, and should cover the period from the date of this order, until the end of the current calendar quarter September 30, 1992.

F. The motion to intervene filed by Great lakes Gas Transmission Limited Partnership, as set forth in this Opinion and Order, is hereby granted, provided that its participation shall be limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and that the admission of this intervenor shall not be construed as recognition that it might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., July 10, 1992.

Charles F. Vacek
Deputy Assistant Secretary

for Fuels Programs
Office of Fossil Energy