

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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TRUNKLINE LNG COMPANY) ERA DOCKET NO. 82-12-LNG
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ORDER GRANTING REQUEST FOR WAIVER
OF REPORTING REQUIREMENTS

DOE/FE ORDER NO. 50-B

On December 23, 1993, Trunkline LNG Company (TLC) filed a petition with the Office of Fossil Energy of the Department of Energy (DOE) requesting permanent waiver of the quarterly reports required by DOE/ERA Opinion and Order No. 50 (Order No. 50) dated February 15, 1983. Order No. 50 addresses the authorization of TLC to import liquefied natural gas (LNG) from Algeria.

In 1977, the Federal Power Commission (FPC) authorized TLC to import from Algeria approximately 165 Bcf of LNG annually for a period of twenty years.^{1/} Deliveries of LNG began in

September 1982. Upon the announcement of TLC's intention to accept initial deliveries, customers of TLC filed complaints with the Economic Regulatory Administration (ERA) and the Federal Energy Regulatory Commission (FERC) seeking either a revocation or suspension of TLC's authorization to import Algerian LNG.^{2/}

1/ Opinion No. 796 issued April 29, 1977 (58 FPC 726). Order on rehearing, Opinion No. 796-A issued June 30, 1977 (58 FPC 2935).

2/ Under the 1977 Department of Energy Organization Act, most of

the FPC's functions were transferred to FERC. The Secretary of Energy delegated all regulatory authority over imports and exports of natural gas under section 3 of the Natural Gas Act to ERA. In 1989 the Secretary of Energy transferred the

(continued...)

In general, the complaints alleged that TLC did not need the LNG, that the price of the LNG was too expensive, and that Algeria could not be considered a reliable supplier. Order No. 50, issued February 25, 1983, denied the petitions to suspend or revoke the authorization, and deferred a decision on the issue of price for at least six months in order to better assess changing market conditions and other developments.^{3/}

On July 25, 1983, TLC filed with ERA an amendment to its authorization reflecting new pricing, volume, and related provisions that had been negotiated with Sonatrach, the Algerian LNG supplier. However, before any action was taken on this filing, TLC unilaterally suspended purchases on December 12, 1983, invoking the force majeure clause in its contract with

Sonatrach, stating that the price of the gas made it unmarketable. On March 7, 1984, in DOE/ERA Opinion and Order No. 50-A, ERA dismissed without prejudice all complaints and petitions, as well as TLC's amendment.^{4/} ERA concluded the

complaints were rendered moot by TLC's suspension of LNG deliveries from Algeria.

TLC and Sonatrach ultimately reached a settlement of the pricing and take-or-pay obligations under their original September 17, 1975, LNG purchase contract. The settlement

2/(...continued)
responsibility for regulating imported and exported natural gas to the Assistant Secretary for Fossil Energy on precisely the

— same terms as it had been delegated to ERA. See Delegation Order
— No. 0204-127, 54 Fed. Reg. 11,436 (March 20, 1989).

— 3/ 1 ERA □ 70,116. —

4/ 1 ERA □ 70,119. —

agreement dated August 12, 1986, suspended the original contract with no further obligations. TLC has not imported LNG since December 1983, and it does not anticipate future activation of the September 17, 1975, contract.

Order No. 50 requires TLC to report quarterly information on Algerian gas reserves supplied in connection with the 1977 import authorization, projections of Algerian LNG output over the term of the authorization, and any other information that TLC acquires regarding the security and reliability of this supply. TLC states in its petition requesting permanent waiver of the quarterly reports that the purpose and circumstances which created the need for the information are now moot.

DOE concurs with TLC that in the absence of current or prospective import activity, the reporting requirements no longer serve any information gathering purpose of the Department. Accordingly, pursuant to section 3 of the Natural Gas Act, TLC's petition for permanent waiver of the quarterly reports required by Ordering Paragraph (D) of Opinion No. 50 is granted. TLC shall notify the Office of Fuels Programs in DOE's Office of Fossil Energy in writing no less than ninety (90) days in advance of any resumption of LNG shipments authorized under FPC Opinion Nos. 796 and 796-A.

Issued in Washington, D.C., on December 29, 1993.

Anthony J. Como
Director

Office of Coal & Electricity
Office of Fuels Programs
Office of Fossil Energy