

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

NATURAL GAS CLEARINGHOUSE

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FE DOCKET NO. 93-75-NG

ORDER GRANTING BLANKET AUTHORIZATION TO IMPORT
AND EXPORT NATURAL GAS FROM AND TO MEXICO, AND
TO EXPORT LIQUEFIED NATURAL GAS TO ANY FOREIGN COUNTRY;
AND GRANTING INTERVENTIONS

DOE/FE OPINION AND ORDER NO. 844

SEPTEMBER 24, 1993

I. BACKGROUND

On July 16, 1993, as amended July 30, 1993, Natural Gas Clearinghouse (NGC) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)^{1/} and DOE Delegation Order Nos.

0204-111 and 0204-127, requesting blanket authorization to import from Mexico up to 200 Bcf of natural gas and export to Mexico up to 200 Bcf of natural gas. In addition, NGC requested authorization to export liquefied natural gas (LNG) to any foreign country. The combined volumes of natural gas and LNG exported by NGC would not exceed 200 Bcf. The term of the proposed authorization would begin on the date of the first delivery of either imports or exports after October 31, 1993.^{2/}

The imports and exports would take place using existing pipeline and LNG facilities and no new construction would be involved.

NGC is a partnership with its principal place of business in Houston, Texas. The volumes would be imported and exported by NGC under spot and short-term transactions, either on its own behalf or as the agent for others. NGC states that the specific terms of these arrangements would be negotiated individually and that the price would be competitive.

1/ 15 U.S.C. Sec. 717b.

2/ This is the expiration date of NGC's existing blanket import

and export authorization granted by DOE/FE Opinion and Order 544
on October 25, 1991 (1 FE Para. 70,492).

II. Interventions and Comments

DOE published a notice of receipt of NGC's application in the Federal Register on August 6, 1993, inviting protests,

motions to intervene, notices of intervention, and comments to be filed by September 7, 1993.^{3/} Motions to intervene were filed

by Southern California Gas Company (SoCalGas) and Valero Transmission, L.P. (Valero). They did not take a position on the authorization sought by NGC or request additional procedures. This order grants intervention to SoCalGas and Valero.

III. DECISION

The application filed by NGC has been evaluated to determine if the proposed import and export arrangement meets the public interest requirements of section 3 of the NGA. Under section 3, an import or export must be authorized unless there is a finding that it "will not be consistent with the public interest."^{4/} Regarding import authorizations, the section 3

determination is directed by DOE's natural gas import policy guidelines.^{5/} Under these guidelines, the competitiveness of

an import in the markets served is the primary consideration for meeting the public interest test. When natural gas export applications are reviewed, domestic need for the gas to be exported is considered, as well as any other issues determined to be appropriate in a particular case.

- 3/ 58 F.R. 42063. _
- 4/ 15 U.S.C. Sec. 717b. _
- 5/ 49 F.R. 6684, February 22, 1984. _

NGC's uncontested import and export proposal, as set forth in the application, is consistent with section 3 of the NGA, DOE's natural gas import policy guidelines, and DOE's international gas trade policy. The authorization sought by NGC, similar to other blanket arrangements approved by DOE 6/, will provide NGC with blanket approval, within prescribed limits, to negotiate and transact individual spot and short-term import and export arrangements without further regulatory action. Under NGC's proposed import/export arrangements, transactions will only occur when producers and sellers can provide spot or short-term volumes, customers need the gas, and prices remain competitive. Additionally, because natural gas supplies in the United States are expected to continue to be more than adequate to meet consumer demand, it is unlikely that the proposed export volumes will be needed in the domestic market during the term of this authorization. Therefore, NGC's import/export proposal should reduce trade barriers by promoting a more market-oriented gas trade between the United States and other countries.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing NGC to import natural gas from and export natural gas to Mexico, and to export LNG to any foreign country over a period of two years beginning on the date of first import or export after October 31,

6/ E.g., Texas-Ohio Gas, Inc., 1 FE Para. 70,615 (July 29, 1992);

Cornerstone Natural Gas Company, 1 FE Para. 70,614 (July 29, 1992);

and CNG Trading Company, 1 FE Para. 70,612 (July 28, 1992).

1993, is not inconsistent with the public interest.^{7/} This
blanket order authorizes transactions under contracts with terms
of no longer than two years.

ORDER

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

A. Natural Gas Clearinghouse (NGC) is authorized to import
natural gas from and export natural gas to Mexico, and to export
liquefied natural gas (LNG) to any foreign country. This
authorization shall extend for a period of two years beginning on
the date of the first delivery of either imports or exports after
October 31, 1993. The maximum volume of gas that may be imported
shall not exceed 200 Bcf and the maximum volume of gas and LNG
that may be exported shall not exceed an aggregate of 200 Bcf.
These authorized transactions may take place at any United States
border point which does not require the construction of new
pipeline or LNG facilities.

B. Within two weeks after deliveries begin, NGC shall
provide written notification to the Office of Fuels Programs,
Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence
Avenue, S.W., Washington, D.C. 20585, of the date that the first

^{7/} Because the proposed import/export of gas will use existing
pipeline and LNG facilities, DOE has determined that granting
this authorization 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. Sec. 4321, et
— seq.); therefore, neither an environmental impact statement nor
— an environmental assessment is required. See 40 C.F.R Sec. 1508.4
— and 57 F.R. 15122 (April 24, 1992).

import or export of natural gas authorized in Ordering Paragraph A above occurred.

C. Regarding the natural gas imports and exports authorized by this order, NGC shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports of natural gas and LNG have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports or exports have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, NGC must report monthly total volumes in Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each import and export transaction, including: (1) the name of the purchaser(s); (2) the name of the seller(s); (3) the estimated or actual duration of the agreement(s); (4) the name of the United States transporter(s); (5) the point(s) of entry or exit; (6) the geographic market(s) served; (7) whether the sales are being made on an interruptible or firm basis; and, if applicable, (8) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. Failure to file quarterly reports may result in termination of this authorization.

D. The first quarterly report required by Ordering Paragraph C is due not later than January 30, 1994, and should cover the period from November 1, 1993, to the end of the fourth calendar quarter, December 31, 1993.

E. The motions to intervene filed by Southern California Gas Company and Valero Transmission, L.P. are hereby granted, provided that their participation shall be limited to matters specifically set forth in their motions to intervene and not herein specifically denied, and that the admission of these intervenors shall not be construed as recognition that they may be aggrieved because of any order issued in this proceeding.

Issued in Washington, D.C., on September 24, 1993.

Anthony J. Como
Director
Office of Coal & Electricity
Office of Fuels Programs
Office of Fossil Energy