

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

DUKE ENERGY TRADING AND MARKETING, L.L.C.

FE DOCKET NO. 98-78-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT AND EXPORT NATURAL GAS, INCLUDING
LIQUEFIED NATURAL GAS FROM AND TO CANADA
AND MEXICO, AND TO IMPORT LIQUEFIED NATURAL GAS
FROM OTHER COUNTRIES

DOE/FE ORDER NO. 1425

OCTOBER 26, 1998

I. DESCRIPTION OF REQUEST

On October 15, 1998, Duke Energy Trading and Marketing, L.L.C., (DETM) 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, for blanket authorization to import and export up to an aggregate of 200 Billion Cubic feet (Bcf) of natural gas, including liquefied natural gas (LNG) from and to Canada and Mexico, and to import LNG from other countries. The authorization would be for a two-year term beginning on October 31, 1998,⁽²⁾ and ending on October 30, 2000. DETM is a Delaware limited liability company with its principal place of business in Houston, Texas, and is a joint venture between Duke Energy Company and Mobil Natural Gas, Inc. (MNGI). DETM plans to import and export the natural gas under short-term and spot market arrangements on its own behalf or on behalf of others. The proposed authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by DETM has been evaluated to determine if the proposed import and export arrangement meets the public interest requirement of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the import or export of natural gas, including LNG, from or to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, and the import of LNG in general, are deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by DETM to import and export natural gas, including LNG from and to Canada and Mexico, nations with which free trade agreements are in effect, and the import of LNG from countries other than Canada and Mexico, meets the section 3(c) criterion and, therefore, is consistent with the public interest. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Duke Energy Trading and Marketing, L.L.C. (DETM) is authorized to import and export up to an aggregate of 200 Billion cubic feet (Bcf) of natural gas, including liquefied natural gas (LNG) from Canada and Mexico, and to import LNG from other countries. The term of the authority is for two years beginning on October 31, 1998, and ending October 30, 2000.

B. This natural gas, and LNG may be imported and exported at any point on the borders between the United States and Canada and between the United States and Mexico.

C. The LNG imported from countries other than Canada or Mexico may be imported at any receiving facility in the United States, or its territories.

D. With respect to the natural gas imports and exports authorized by this Order, DETM shall file with the Office of Natural Gas & Petroleum Import and Export Activities, within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports of natural gas have been

made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports or exports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, DETM must report the following: (1) the country of origin; (2) total monthly volumes in Mcf; (3) the average monthly purchase price of gas per MMBtu at the international border; (4) the name of the seller(s); (5) the name of the purchaser(s); (6) the estimated or actual duration of the agreement(s); (7) the name of the U. S. transporter(s); (8) the point(s) of entry and exit; and (9) the geographic market(s) served (for imports, by State). For import transactions only, the report shall also include: (1) whether sales are being made on an interruptible or firm basis; and (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. With respect to LNG imports, DETM shall provide the average landed cost per MMBtu at the point of import and the names(s) of the LNG tanker(s) used.

The reports shall also include the monthly volumes in Mcf taken by each of DETM's customers.

E. The quarterly reports required by Ordering Paragraph D of this Order shall be filed with the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C., 20585.

F. The first quarterly report required by Ordering Paragraph D of this Order is due not later than January 30, 1999, and should cover the period from October 31, 1998, through the end of the fourth calendar quarter, December 31, 1998.

Issued in Washington, D.C., on October 26, 1998.

John W. Glynn

Manager, Natural Gas Regulation

Office of Natural Gas & Petroleum

Import and Export Activities

Office of Fossil Energy

1. 1/ 15 U.S.C. § 717b.

2. 2/ DETM's current blanket authority expires October 30, 1998, as granted by DOE/FE Order Nos. 1215 and 1215-A dated October 31, 1996, and August 19, 1997 (1 FE ¶ 71,329 and 71,438 respectively).