

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

_____)
DUKE ENERGY LNG MARKETING AND) FE DOCKET NO. 00-41-LNG
MANAGEMENT COMPANY)
_____)

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT LIQUEFIED NATURAL GAS

DOE/FE ORDER NO. 1603

JUNE 13, 2000

I. DESCRIPTION OF REQUEST

On June 12, 2000, Duke Energy LNG Marketing and Management Company (DELMM) 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 204-127, for authorization to import up to 700 Bcf of liquefied natural gas (LNG) over a two-year term beginning on June 13, 2000.^{2/} DELMM asserts the LNG would be imported from various international sources to existing facilities in the United States and its territories. DELMM is a Delaware company with its principal place of business in Houston, Texas. DELMM is a marketer of regasified LNG in the United States, and a wholly-owned subsidiary of Duke Energy Corporation.

DELMM will resell the LNG, and/or regasified LNG on a short-term or spot market basis to U.S. pipelines, distribution companies, marketers, and end-users. The proposed authorization does not involve the construction of new pipeline or LNG receiving facilities.

II. FINDING

The application filed by DELMM has been evaluated to determine if the proposed import 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 of LNG is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by DELMM to import LNG meets the section

^{1/} 15 U.S.C. § 717b.

^{2/} DELMM's current blanket LNG import authority granted by DOE/FE Order No. 1366, (1 FE ¶ 71,535) issued on March 5, 1998, expired June 12, 2000.

3(c) criterion and, therefore, is consistent with the public interest. This blanket Order authorizes transactions under gas purchase 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 LNG Marketing and Management Company (DELMM) is authorized to import up to 700 Bcf of liquefied natural gas (LNG) over a two-year term beginning on June 13, 2000, and extending through June 12, 2002.

B. This LNG may be imported at any receiving facility in the United States, or its territories.

C. With respect to the LNG imports authorized by this Order, DELMM shall file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, reports indicating whether imports of LNG have been made. If no imports of LNG have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, DELMM must report by month: (1) the total volume of imports in Mcf and MMBtu; (2) the country of origin; (3) the name(s) of the sellers(s); (4) the point(s) of entry; (5) the name(s) of the LNG tankers used; (6) the estimated or actual duration of the agreements; (7) the geographic market(s) served; (8) the average landed cost per MMBtu at the point of import; and (9) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price, if applicable. The reports also will include the monthly volumes in Mcf taken by each customer of DELMM. [OMB Nos.: 1901-0294]

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than July 30, 2000, and should cover the period from June 13, 2000, until the end of the second calendar quarter, June 30, 2000.

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

Issued in Washington, D.C., on June 13, 2000.

John W. Glynn
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Office of Natural Gas & Petroleum
Import & Export Activities
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