

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

_____)
DYNEGY MARKETING AND TRADE) FE DOCKET NO. 01-57-NG
_____)

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT AND EXPORT NATURAL GAS
FROM AND TO CANADA AND MEXICO

DOE/FE ORDER NO. 1717

OCTOBER 16, 2001

I. DESCRIPTION OF REQUEST

On October 9, 2001, Dynegy Marketing and Trade (Dynegy) 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 up to an aggregate of 600 Bcf of natural gas from Canada and Mexico, and to export up to an aggregate of 330 Bcf of natural gas to Canada and Mexico, over a two-year term beginning on October 31, 2001.^{2/} Dynegy, a Colorado partnership with its principal place of business in Houston, Texas, is one of the leading independent nationwide marketers of natural gas. It is a subsidiary of Dynegy Inc., which has subsidiaries involved in the gathering, processing, and marketing of natural gas, natural gas liquids and crude oil, as well as the generation and marketing of electric power. Dynegy will import and export the natural gas under spot and short-term purchase and sales arrangements, either on its own behalf or as the agent for others. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by Dynegy has been evaluated to determine if the proposed import/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 from or to nations with which there are in effect free trade agreements requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Dynegy to import and export natural gas from and to Canada and Mexico, nations with which free trade agreements are in effect, 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.

^{1/} 15 U.S.C. § 717b.

^{2/} This is the expiration date of Dynegy's current authorization to import and to export natural gas from and to Canada and Mexico, granted in DOE/FE Order No. 1513 on September 13, 1999 (1 FE ¶ 70,377).

ORDER

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

A. Dynegy Marketing and Trade (Dynegy) is authorized to import up to an aggregate of 600 Bcf of natural gas from Canada and Mexico, and to export up to an aggregate of 330 Bcf of natural gas to Canada and Mexico, over a two-year term beginning on October 31, 2001, and extending through October 30, 2003.

B. The natural gas may be imported and exported at any United States border point with Canada and Mexico.

C. With respect to the natural gas imports and exports authorized by this Order, Dynegy shall file, within 30 days following each calendar quarter, 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, Dynegy must report the following information: (1) total monthly volumes in Mcf; (2) the average monthly purchase price of gas per MMBtu at the international border; (3) the name of the seller(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the name of the U.S. transporter(s); (7) the point(s) of entry and exit; and (8) the geographic market(s) served (for imports, by State). For import transactions only, the report shall include this additional information: (1) whether sales are being made on an interruptible or firm basis; and, if applicable, (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. [OMB No.: 1901-0294]

D. The reporting requirements described in 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, SW., Washington, D.C. 20585.

E. The first quarterly report required by Ordering Paragraph C of this Order is due not later than January 30, 2002, and should cover the period from October 31, 2001, until the end of the fourth calendar quarter, December 31, 2001.

Issued in Washington, D.C., on October 16, 2001.

Thomas W. Dukes
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Office of Natural Gas & Petroleum
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