

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

CEG ENERGY OPTIONS INC.

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FE DOCKET NO. 01-64-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1729

OCTOBER 30, 2001

I. DESCRIPTION OF REQUEST

On October 16, 2001, CEG Energy Options Inc. (CEG) 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 authority to import up to 40 billion cubic feet (Bcf) of natural gas from Canada, over a two-year term beginning on the date of first delivery. CEG, a Saskatchewan corporation, is an indirect subsidiary of PG&E National Energy Group, Inc. with its principal place of business in Saskatoon, Saskatchewan, Canada. CEG intends to import the gas on its own account or as agent for others under voluntarily negotiated and market responsive terms and conditions. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by CEG 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 natural gas from a nation with which there is in effect a free trade agreement 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 CEG to import natural gas from Canada, a nation with which a free trade agreement is 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.

ORDER

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

A. CEG Energy Options Inc. (CEG) is authorized to import up to 40 Bcf of natural gas from Canada over a two-year term beginning on the date of first delivery.

B. This natural gas may be imported at any point on the international border between the United States and Canada.

C. Within two weeks after delivery begins CEG shall provide notification to the Office of Natural Gas & Petroleum Import & Export Activities of the date that the first import authorized in Order Paragraph A above occurred.

D. With respect to the natural gas imports authorized by this Order, CEG will file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, reports indicating whether imports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, CEG must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu at the international border. The reports will also provide the details of each import transaction, including: (1) the name of the seller(s); (2) the name of the purchaser(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; (6) the geographic market(s) served (by State); (7) whether 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. [OMB NO.: 1901-0294]

E. The notification and reports required by Ordering Paragraphs C and D of this Order will be filed with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, Room 3E-042, 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, 2002, and should cover the period from the date of this Order, until the end of the fourth calendar quarter, December 31, 2001.

Issued in Washington, D.C., on October 30, 2001.

Thomas W. Dukes
Acting Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy