

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

DUKE ENERGY MARKETING)
AMERICA, LLC) FE DOCKET NO. 03-25-LNG
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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. 1872

JUNE 30, 2003

I. DESCRIPTION OF REQUEST

On June 25, 2003, Duke Energy Marketing America, LLC (DEMA) 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/} for blanket authorization to import and export up to a combined total of 900 billion cubic feet of natural gas, including liquefied natural gas (LNG), from and to Canada and Mexico, and to import LNG from other international sources. The applicant requests the authorization be granted for a two-year term beginning July 1, 2003. DEMA is a limited liability company with its principal place of business in Houston, Texas. The applicant intends to import and export the natural gas on its own behalf or as the agent for others under short-term and spot-market arrangements negotiated in response to market conditions. The proposed authorization does not involve the construction of new pipeline or LNG terminal facilities.

II. FINDING

The application 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 and export of natural gas from and to nations with which there are in effect free trade agreements requiring national treatment for trade in natural gas, and the import of LNG from an international source not subject to trading sanctions, are deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by DEMA to import and export natural gas from and to Canada and Mexico, nations with which free trade agreements are in effect, and the import of LNG from other international sources, meets the section 3(c) criterion and, therefore, is consistent with the public interest. This Order authorizes transactions under contracts with terms of no longer than two years.

^{1/} 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redefinition Order No. 00-002.4 (January 8, 2002).

ORDER

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

A. Duke Energy Marketing America, LLC (DEMA) is authorized to import and export up to a combined total of 900 billion cubic feet of natural gas, including liquefied natural gas (LNG), from and to Canada and Mexico, and to import LNG from other international sources. The term of the authority will begin on July 1, 2003, and extend through June 30, 2005.

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

C. The LNG may be imported at any existing LNG receiving facility in the United States and its territories.

D. With respect to the imports and exports authorized by this Order, DEMA shall file with the Office of Natural Gas & Petroleum Import & Export Activities, 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, the report must give the details of each transaction by country: (1) the total monthly volumes in thousand cubic feet (Mcf); (2) average purchase price of gas per million British thermal units (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 United States transporter(s); (7) the point(s) of entry and exit; (8) the geographic market(s) served (for imports, by State); (9) the name(s) of the LNG tankers or the number of tanker truck(s) used; (10) the average landed cost per MMBtu of LNG at the point of import; and, if applicable, (11) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. [OMB NO.: 1901-0294]

E. The quarterly reports required by 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.

F. The first quarterly report required by this Order is due not later than October 30, 2003, and should cover the period from July 1, 2003, until the end of the third calendar quarter, September 30, 2003.

Issued in Washington, D.C., on June 30, 2003.

Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy