

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

TRANSALTA CHIHUAHUA S.A.DE C.V.)
_____)

FE DOCKET NO. 03-30-NG

ORDER GRANTING LONG-TERM AUTHORIZATION
TO EXPORT NATURAL GAS
TO MEXICO

DOE/FE ORDER NO. 1877

July 15, 2003

I. DESCRIPTION OF REQUEST

On July 11, 2003, TransAlta Chihuahua S.A. de C.V. (TAC) 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 authorization to export up to 49,500 thousand cubic feet (Mcf) per day of natural gas to Mexico. TAC is a Mexican corporation with its principal place of business in Lomas de Chapultepec Mexico City, Mexico. TAC is owned by TransAlta Corporation whose principal place of business is in Calgary, Alberta, Canada. TAC will purchase the gas under a Fuel Supply Contract (supply contract) with Cynergy Marketing & Trading, LP (CMT) beginning on July 15, 2003, and extending through July 15, 2008. The exported natural gas will be used as fuel for TAC's natural gas-fired power facility near Ciudad Juárez, Chihuahua, Mexico.

The exported natural gas will be delivered by El Paso Natural Gas Pipeline Company to TAC's Keystone Permian Basin Pool or at other delivery points agreed to by both parties. The price paid under the supply contract consists of the daily price index, in US\$/MMBtu, of the Midpoint posting for El Paso Natural Gas Permian Basin, as published in the *Gas Daily*, under the Daily Price Survey, for the corresponding gas day, plus US\$0.02 per MMBtu. In addition, TAC shall pay CMT a reservation fee of US\$0.02 per MMBtu on 8,000 MMBtu's per gas day on swing gas, unless TAC nominates swing gas in increments of 1,000 MMBtu up to the 8,000 MMBtu's per gas day, in which case the fee shall be waived on those amounts nominated.

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

TAC also requests that its blanket export authority granted in DOE/FE Order No. 1855 (Order 1855), dated March 3, 2003, be vacated upon issuance of its requested long-term authority. Order 1855 shall be vacated by separate order.

II. FINDING

The application filed by TAC has been evaluated to determine if the proposed 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 export of natural gas from or to 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 TAC to export natural gas to Mexico, 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.

ORDER

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

A TransAlta Chihuahua S.A. de C.V. (TAC) is authorized to export up to 49,500 thousand cubic feet (Mcf) of natural gas per day to Mexico, under a Fuel Supply Contract with Cynergy Marketing & Trading, LP dated April 15, 2003. The term of the authority shall begin on July 15, 2003, and extend through July 15, 2008.

B. This natural gas may be exported at any point on the border between the United States and Mexico.

C. With respect to the natural gas exports authorized by this Order, TAC shall file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, reports indicating whether exports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no exports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If exports have occurred, TAC must report the following: (1) total monthly volumes Mcf ; (2) the average monthly purchase price of gas per British thermal units (MMBtu) at the international border; (3) the name of the seller(s); (4) the name of the purchaser(s); (5) the name of the U. S. transporter(s); and (6) the point(s) of exit.

D. The first quarterly report required by this Order is due not later than October 30, 2003, and should cover the period from July 15, 2003, until the end of the third calendar quarter, September 30, 2003.

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.

Issued in Washington, D.C., on July 15, 2003.

Clifford P. Tomaszewski
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