UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

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SEMPRA LNG MARKETING, LLC	)	FE DOCKET NO. 10-110-LNG
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ORDER GRANTING BLANKET AUTHORIZATION TO EXPORT LIQUEFIED NATURAL GAS

DOE/FE ORDER NO. 2885

DECEMBER 3, 2010

SUMMARY

Following an examination of all record evidence in this proceeding in conformity with the requirements of section 3 of the Natural Gas Act, 15 USC 717b, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486) (NGA); part 590 of DOE's regulations, 10 CFR part 590 (2008); and applicable delegations and redelegations of authority,[1] the Office of Fossil Energy (FE) of the Department of Energy (DOE) is herein granting the September 2, 2010, application of Sempra LNG Marketing, LLC (Sempra).

The authorization permits Sempra to export liquefied natural gas (LNG) that previously had been imported from foreign sources, in an amount up to the equivalent of 250 billion cubic feet (Bcf) of natural gas on a cumulative basis, over a two-year period commencing on February 1, 2011. Sempra is authorized to export this LNG to any country with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by U.S. law or policy. This authorization permits such exports on a short-term or spot market basis from the Cameron LNG Terminal in Cameron Parish, Louisiana. The authorization provided by this Order will not permit the export of domestically produced LNG.

PROCEDURAL HISTORY

Sempra filed the "Application for Blanket Authorization to Export Liquefied Natural Gas on a Short-Term Basis" (Application) with FE on September 2, 2010. The Application was submitted pursuant to section 3 of the NGA[2] and part 590 of DOE's regulations.

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[1] See, DOE Delegation Order No. 00-002.001 (Nov. 10, 2009) and DOE Redelagation Order No. 00-002.04D (Nov. 6, 2007).

[2] The authority to regulate the imports and exports of natural gas, including liquefied natural gas, under section 3 of the NGA (15 U.S.C. §717b) has been delegated to the Assistant Secretary for FE in Redelegation Order No. 00-002.04D issued on November 6, 2007.

On September 29, 2010, DOE/FE published a Notice of Application (Notice) in the Federal Register. 75 FR 60095. The Notice stated that comments, protests, motions and notices to intervene, and requests for additional procedures would be due no later than October 29, 2010. FE received no filings in response to this Notice.

BACKGROUND

Sempra, a Delaware limited liability company, is a wholly-owned subsidiary of Sempra LNG, a Delaware corporation. Sempra LNG, through its other subsidiaries, owns and operates LNG receipt and storage terminals in North America, including the Cameron LNG Terminal in Cameron Parish, Louisiana.

Sempra is engaged in the business of purchasing and marketing supplies of LNG. Sempra is a customer of the Cameron LNG Terminal. On June 22, 2010, DOE/FE issued DOE/FE Order No. 2806, which granted Sempra blanket authorization to import LNG from various international sources for a two-year period commencing on September 1, 2010.

Current Application

In the instant application, Sempra is seeking blanket authorization commencing on February 1, 2011, to export LNG from the Cameron LNG Terminal, that has been previously imported from foreign sources, to any county with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by U.S. law, over a two-year period, in an amount up to the equivalent of 250 Bcf of natural gas.

DECISION

A. Standard of Review

Pursuant to the transfer of authorities under sections 301(b) and 402 of the DOE Organization Act, 42 USC 7151(b) and 42 USC 7172, DOE/FE is responsible for evaluating the instant application under section 3 of the NGA. Section 3(a) provides:

> [N]o person shall export any natural gas from the United States to a foreign country or import any natural gas from a foreign country without first having secured an order of the [Secretary of Energy] authorizing it to do so. The [Secretary] shall issue such order upon application, unless after opportunity for hearing, [he] finds that the proposed exportation or importation will not be consistent with the public interest. The [Secretary] may by [the Secretary's] order grant such application, in whole or part, with such modification and upon such terms and conditions as the [Secretary] may find necessary or appropriate.

15 USC 717b(a).

In evaluating an export application under section 3, DOE/FE applies the principles described in DOE Delegation Order No. 0204-111, which focuses primarily on domestic need for the gas to be exported, as described in the Secretary's natural gas policy guidelines,[3] and any other matters determined to be appropriate to a determination of the public interest. In addition, the National Environmental Policy Act (NEPA), 42 U.S.C. § 4321 *et seq.,* requires DOE to give appropriate consideration to the environmental effects of its proposed decisions.

B. Domestic Need

The instant application involves a request for authorization to export LNG that was not produced in the United States. Accordingly, exporting the gas necessarily could not reduce the availability of domestically produced gas. On the other hand, exporting previously imported LNG will still affect the domestic market because, for a two-year period, the exports will reduce the volume of natural gas potentially available for domestic consumption.

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[3] See 49 FR 6684, February 22, 1984.

DOE/FE has issued recent blanket authorizations to export previously imported LNG[4] and in each case cited the evidence of record which indicates that United States consumers presently have access to substantial quantities of natural gas sufficient to meet domestic demand from multiple other sources at competitive prices without drawing on the LNG which Sempra seeks to export. There has been no change in the market analysis and evidence of record since the most recent of such authorizations has been granted.[5] In addition, I note that no interested person intervened in this proceeding or otherwise challenged Sempra's assertions of sufficient supplies to meet domestic demand if the application is granted.

C. Other Public Interest Considerations

Domestic need is the only explicit public interest consideration identified by DOE in Delegation Order No. 0204-111. However, consistent with DOE's Guidelines and applicable precedent, *e.g.,* Order No. 1473, the Department considers the potential effects of proposed exports on other aspects of the public interest. The other considerations in this case include the environment.

The Environment

NEPA requires DOE to give appropriate consideration to the environmental effects of its proposed decisions. In the application, Sempra states that no new facilities or modification to any existing facilities at the Cameron LNG Terminal would be required in order for Sempra to export LNG from that facility. Sempra asserts that exports of LNG from the Cameron LNG Terminal also would not increase the number of LNG carriers that the Cameron LNG Terminal is designed and authorized to accommodate. As noted, no person has submitted contrary

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[4] *Dow Chemical Company*, DOE/FE Order No. 2859 (October 5, 2010); *Cheniere Marketing, LLC* DOE/FE Order No. 2795 (June 1, 2010); *Freeport LNG Development, L.P.* DOE/FE Order No. 2644-B (May 11, 2010); *ConocoaPhillips Company*, DOE/FE Order No. 2731 (November 30, 2009).

[5] *Dow Chemical Company*, DOE/FE Order No. 2859 (October 5, 2010), at 4 through 6 provides a discussion of relevant records discussing domestic need for previously imported LNG that are applicable to this application.

information. Under these circumstances, DOE's NEPA procedures provide for a categorical exclusion for which neither an environmental assessment (EA) nor an environmental impact statement (EIS) is required.[6] Accordingly, DOE issued a Categorical Exclusion Determination, dated December 2, 2010, which found that the Sempra proposed action is categorically excluded from further NEPA review.

FERC Authorization of Operational Changes

Sempra states in the application that its affiliate, Cameron LNG (the owner of the Cameron LNG Terminal), intends to file an application with the Federal Energy Regulatory Commission (FERC) for the necessary authorizations to provide LNG export services from the Cameron LNG Terminal. Without such authority from the FERC, as a practical matter, the authorization requested by Sempra in this proceeding will not be actionable. Accordingly, I find that the authorization sought herein will be conditioned on Cameron LNG's receipt of authority from FERC to make the necessary operational changes to provide LNG export services from the Cameron LNG Terminal.

D. Conclusion

After due consideration based on all facts and evidence of record, I find that a grant of the export application is not inconsistent with the public interest. In particular, the record shows[7] there is sufficient supply of natural gas to satisfy domestic demand from multiple other sources at competitive prices without drawing on the previously imported LNG which Sempra seeks to export through the authorization timeframe; and this application falls under DOE categorical exclusion such that no new EA or EIS will be required. Therefore, I will grant the application on

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[6] "Approval of new authorization or amendment of existing authorization to import/export natural gas under section 3 of the Natural Gas Act that does not involve new construction and only requires operational changes, such as an increase in natural gas throughput, change in transportation, or change in storage operations." 10 CFR Part 1021.410 Appendix B to Subpart D of Part 1021, Categorical Exclusions in B5.

[7] *Dow Chemical Company*, DOE/FE Order No. 2859 (October 5, 2010), at 4 through 6.

the condition that Sempra LNG receives authority from the FERC to make operational changes at the Cameron LNG Terminal to handle exports of LNG.

ORDER

Pursuant to section 3 of the NGA it is ordered that:

A. Sempra is authorized to export LNG that previously had been imported from foreign sources in an amount up to the equivalent of 250 Bcf of natural gas pursuant to transactions that have terms of no longer than two years. This authorization shall be effective for a two-year term beginning on February 1, 2011, and extending through January 31, 2013, provided that the authorization shall not take effect unless and until Cameron LNG is authorized by the FERC to make the operational changes at the Cameron LNG Terminal to handle exports of LNG.

B. This LNG may be exported from the Cameron LNG Terminal located in Cameron Parish, Louisiana, to any country with the capacity to import ocean-going LNG carriers and with which trade is not prohibited by U.S. law or policy.

C. **Monthly Reports:** With respect to the export of LNG authorized by this Order, Sempra shall file with the Office of Natural Gas Regulatory Activities, within 30 days following the last day of each calendar month, a report indicating whether exports of LNG have been made. Monthly reports must be filed whether or not initial deliveries have begun. If no exports have been made, a report of "no activity" for that month must be filed. If exports of LNG have occurred, the report must give the following details of each LNG cargo: (1) the name of the U.S. export terminal; (2) the name of the LNG tanker; (3) the date of departure from the U.S. export terminal; (4) the country of destination; (5) the name of the supplier/seller; (6) the volume in

Mcf; (7) the delivered price per MMBtu; (8) the duration of the supply agreement (indicate spot sales); and (9) the name(s) of the purchaser(s).

(Approved by the Office of Management and Budget under OMB Control No. 1901-0294.)

D. The first monthly report required by this Order is due not later than March 30, 2011, and should cover the reporting period from February 1, 2011, through February 28, 2011.

F. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Natural Gas Regulatory Activities, P.O. Box 44375, Washington, D.C. 20026-4375, Attention: Ms. Yvonne Caudillo. Alternatively, reports may be e-mailed to Ms. Caudillo at Yvonne.caudillo@hq.doe.gov or ngreports@hq.doe.gov, or may be faxed to Ms. Caudillo at (202) 586-6050.

Issued in Washington, D.C., on December 3, 2010.

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