

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY



IN THE MATTER OF )  
 )  
DOMINION COVE POINT LNG, LP )

FE DOCKET NO. 11-128-LNG

**MOTION OF SHELL NA LNG LLC TO INTERVENE AND COMMENTS ON  
APPLICATION TO EXPORT LNG**

Pursuant to 10 C.F.R. § 590.303 of the Administrative Procedures with respect to the Import and Export of Natural Gas,<sup>1</sup> Shell NA LNG LLC ("Shell LNG") submits this motion to intervene, as well as comments, respecting the application of Dominion Cove Point LNG, LP ("Dominion Cove Point") for long-term authorization to export domestically produced liquefied natural gas ("LNG") from its LNG terminal in Lusby, Maryland filed in this docket on October 3, 2011 ("Application"). In support hereof, Shell LNG states as follows:

I.  
**COMMUNICATIONS AND CORRESPONDENCE**

All communications and correspondence regarding this pleading or docket should be directed to the following representatives of Shell LNG:

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<sup>1</sup> 10 C.F.R. § 590.303 (2011)

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## II. DOMINION COVE POINT'S APPLICATION

On October 3, 2011, Dominion Cove Point filed its Application with the Department of Energy, Office of Fossil Energy ("DOE/FE").<sup>2</sup> In the Application, Dominion Cove Point sought long-term, multi-contract authority to export domestically produced LNG from its Lusby, Maryland LNG terminal, up to a cumulative total of the equivalent of 1 Bcf of natural gas per day, or approximately 7.82 million metric tons per year. The authority sought by Dominion Cove Point would span 25 years, commencing on the sooner of the date of the first LNG export, or six years from the date the authorization is issued. The authority requested would permit Dominion Cove Point to export LNG to any country with the capacity to import LNG via ocean going carrier and with which the United States does not prohibit trade but also does not have a Free Trade Agreement.<sup>3</sup> Dominion Cove Point states that it does not intend to hold title to LNG itself; rather, Dominion Cove Point would

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<sup>2</sup> On October 4, 2011, Dominion Cove Point supplemented its Application by withdrawing and replacing Appendix B (Navigant Price Report) and Appendix C (ICF Economic Benefit Study) to the Application.

<sup>3</sup> Dominion Cove Point's Application represents the second part of its two-part request for authorization to export domestic natural gas in the form of LNG from its terminal. Previously, on September 1, 2011, in FE Docket No. 11-115-LNG Dominion Cove Point sought (and subsequently was granted) authority to export domestically produced LNG to any country with which the United States has a Free Trade Agreement requiring national treatment for trade in natural gas and which has the capacity to import LNG via ocean-going carrier.

act as agent for LNG owners that wish to export LNG and that will provide their own gas supply.<sup>4</sup>

Dominion Cove Point states further that it intends to seek authority from the Federal Energy Regulatory Commission (“FERC”) to construct new facilities at its LNG terminal to provide natural gas liquefaction (“Liquefaction Project”) and to provide LNG export services. Dominion Cove Point states that its Liquefaction Project facilities will be integrated with existing facilities at its LNG terminal, and that “much of the existing facilities at the Terminal will be used as part of the liquefaction project.”<sup>5</sup> Dominion Cove Point states that it anticipates placing its Liquefaction Project in service by the end of 2016. Dominion Cove Point states that, as a practical matter, the authorization it is requesting in this docket from DOE/FE “will not be actionable” until FERC grants authorization for the Liquefaction Project and the export of LNG, and that DOE/FE should condition any authorization it may issue in this docket on Dominion Cove Point’s acceptance of a FERC authorization.<sup>6</sup>

Dominion Cove Point states that it intends to operate its LNG terminal as a “bi-directional facility” following construction of its Liquefaction Project.<sup>7</sup> Dominion Cove Point states it is in the process of conducting commercial negotiations with potential customers.<sup>8</sup>

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<sup>4</sup> See Application at p. 2.

<sup>5</sup> These existing facilities may include Dominion Cove Point’s offshore pier (with two berths), insulated LNG and gas piping from the pier to the on-shore terminal and within the terminal, the seven LNG storage tanks, on-site power generation, and control systems. See Application at p. 6.

<sup>6</sup> See Application at pp.10-11.

<sup>7</sup> See Application at p. 5.

<sup>8</sup> See Application at p. 6.



Dominion Cove Point states that the authorization it has requested in this docket is consistent with the public interest.<sup>9</sup> Dominion requests that the DOE/FE grant its Application by June 1, 2012.

### **III. INTERVENTION**

Shell LNG is an affiliate of Shell Oil Company and is headquartered in Houston, Texas. Shell LNG is currently a firm capacity holder at Dominion Cove Point's LNG terminal and on its pipeline. The services that Shell LNG takes from Dominion Cove Point include firm LNG tanker discharging service and firm transportation service. These services are subject to FERC's comprehensive certificate, rate and tariff jurisdiction under the Natural Gas Act. Shell LNG's firm service agreements with Dominion Cove Point extend into 2023. Shell LNG thus has a direct and immediate interest in this docket which cannot be adequately protected by any other party. Accordingly, Shell LNG should be permitted to intervene in this docket with full rights as a party.

### **IV. COMMENTS**

Given Dominion Cove Point's intention to use its existing facilities – many of the same facilities currently dedicated to providing LNG tanker discharging and peaking services -- to provide LNG export services, Shell LNG has an interest in assuring that the services Dominion Cove Point currently provides for Shell LNG are not disrupted, degraded or impaired by Dominion Cove Point's proposed Liquefaction Project construction or its proposed LNG export services or operations, and that Dominion Cove Point's LNG import and related transportation service customers do not subsidize Dominion Cove Point's

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<sup>9</sup> See Application at p. 5-6.

proposed LNG export services or operations.

Since reactivation of Dominion Cove Point's terminal was authorized for LNG imports in 2001, Shell LNG has relied on FERC's certificate, rate, and tariff orders directed to Dominion Cove Point for assurance of Shell LNG's ability to import LNG at Cove Point and ship revaporized LNG on Dominion Cove Point's pipeline on a long-term basis (into the year 2023). The firm nature of these services means that Shell LNG pays monthly reservation charges *for the right* to import LNG into Dominion Cove Point's terminal and ship gas on its pipeline (whether or not Shell LNG actually imports LNG or ships gas).

Dominion Cove Point's Application in this docket is silent on the question of how Dominion Cove Point's proposed LNG export services and operations would affect the existing long-term firm LNG import and related firm transportation services that Dominion Cove Point currently provides to Shell LNG. Many significant issues exist with respect to how Dominion Cove Point's proposed LNG export services and operations would interrelate with its existing long-term firm service commitments. Dominion Cove Point has not addressed any of them in this docket.

Dominion Cove Point argues that Section 3(a) of the Natural Gas Act ("NGA") governs this case. That NGA provision imposes a public interest standard on applicants. Under the public interest test, DOE/FE has broad discretion to consider all relevant matters. As noted by Dominion Cove Point, DOE/FE has issued policy guidelines to implement Section 3(a). FERC also has responsibilities under Section 3(a) of the NGA. These responsibilities generally pertain to siting, construction and operation of LNG terminal facilities, the transportation of natural gas in interstate commerce and the facilities used to provide such transportation, and the associated rates and terms and conditions of

service under Sections 4, 5, and 7 of the NGA.

To the extent that DOE/FE believes the issues raised by Shell LNG are relevant to its consideration of Dominion Cove Point's Application in this docket, then Shell LNG requests that DOE/FE establish appropriate procedures to consider them. In any event, Shell LNG reserves the right to raise in any appropriate forum issues concerning disruption, degradation or impairment of Shell LNG's existing services on Dominion Cove Point or rate subsidization that may be associated with Dominion Cove Point's LNG export activities and operations.

**V.  
CONCLUSION**

WHEREFORE, Shell LNG requests that its motion to intervene in this docket be granted, and that DOE/FE consider the comments of Shell LNG on Dominion Cove Point's Application.

Respectfully submitted,

By: 

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**Attorneys for  
SHELL NA LNG LLC**

November 15, 2011

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

Dominion Cove Point LNG, LP

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FE Docket No. 11-128-LNG

VERIFICATION

WASHINGTON

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DISTRICT OF COLUMBIA

Pursuant to 10 C.F.R. § 590.103(b) (2010), Charles H. Shoneman, being duly sworn, affirms that he is authorized to execute this verification, that he has read the foregoing document, and that all facts stated herein are true and correct to the best of his knowledge, information, and belief.



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Subscribed and sworn to before me this 15<sup>th</sup> day of November, 2011.

Bonny M. Connor

Notary Public

My Commission Expires: 4-14-2012



UNITED STATES OF AMERICA  
BEFORE THE  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

Dominion Cove Point LNG, LP

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FE Docket No. 11-128-LNG

**CERTIFIED STATEMENT OF AUTHORIZED REPRESENTATIVE**

Pursuant to 10 C.F.R. § 590.103(b) (2010), I, Charles H. Shoneman, hereby certify that I am a duly authorized representative of Shell NA LNG LLC, and that I am authorized to sign and file with the Department of Energy, Office of Fossil Energy, on behalf of Shell NA LNG LLC, the foregoing document in the above-captioned docket.

Served and dated at Washington, D.C., on this 15th day of November, 2011.



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## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon on the applicant and all parties on the official service list in this docket in accordance with 10 C.F.R. § 590.107. Dated at Washington, D.C. this 15th day of November 2011.

By:

  
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