

[6450-01-P]

DEPARTMENT OF ENERGY

[FE Docket No. 11-98-LNG]

Dominion Cove Point LNG, LP; Application for Blanket Authorization to Export Previously Imported Liquefied Natural Gas

AGENCY: Office of Fossil Energy, DOE.

ACTION: Notice of application.

SUMMARY: The Office of Fossil Energy (FE) of the Department of Energy (DOE) gives notice of receipt of an application (Application), filed on August 8, 2011, by Dominion Cove Point LNG, LP (DCP), requesting blanket authorization to export liquefied natural gas (LNG) that previously had been imported into the United States from foreign sources in an amount up to the equivalent of 150 billion cubic feet (Bcf) of natural gas. The LNG would be exported from the Cove Point LNG Terminal (Cove Point Terminal), owned by DCP, in Calvert County, Maryland, 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. DCP seeks authorization to act as an agent for others who own title to the LNG who will export the LNG over a two-year period commencing on December 1, 2011. The application was filed under section 3 of the Natural Gas Act (NGA). Protests, motions to intervene, notices of intervention, and written comments are invited.

DATES: Protests, motions to intervene or notices of intervention, as applicable, requests for additional procedures, and written comments are to be filed using procedures detailed in **Public Comment Procedures** below no later than 4:30 p.m., eastern time, [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES:

Electronic Filing on the Federal eRulemaking Portal under FE Docket No. 11-98-LNG:

<http://www.regulations.gov>

Electronic Filing by email:

fergas@hq.doe.gov

Regular Mail

U.S. Department of Energy (FE-34)
Office of Natural Gas Regulatory Activities
Office of Fossil Energy
P.O. Box 44375
Washington, DC 20026-4375

Hand Delivery or Private Delivery Services (e.g., FedEx, UPS, etc.)

U.S. Department of Energy (FE-34)
Office of Natural Gas Regulatory Activities
Office of Fossil Energy
Forrestal Building, Room 3E-042
1000 Independence Avenue, SW
Washington, DC 20585

FOR FURTHER INFORMATION CONTACT:

Larine Moore or Lisa Tracy
U.S. Department of Energy (FE-34)
Office of Natural Gas Regulatory Activities
Office of Fossil Energy
Forrestal Building, Room 3E-042
1000 Independence Avenue, S.W.
Washington, DC 20585
(202) 586-9478; (202) 586-4523

Edward Myers
U.S. Department of Energy
Office of the Assistant General Counsel for
Electricity and Fossil Energy
Forrestal Building, Room 6B-159
1000 Independence Ave. S.W.
Washington, DC 20585
(202) 586-3397

SUPPLEMENTARY INFORMATION:**Background**

DCP is a Delaware limited partnership with its principal place of business in Lusby, Maryland, and offices in Richmond, Virginia. DCP is the current owner of the Cove Point Terminal. DCP is a subsidiary of Dominion Resources, Inc. (DRI), a producer and transporter of energy. DRI is a corporation organized and existing under the laws of the Commonwealth of Virginia with its principal place of business in Richmond, Virginia.

Current Application

In the instant application, DCP is seeking blanket authorization to export from its Cove Point Terminal LNG that previously had been imported from foreign sources. DCP seeks authorization 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 over a two-year period commencing on December 1, 2011, in an amount up to the equivalent of 150 Bcf of natural gas. DCP states that it does not seek authorization to export domestically produced LNG or natural gas. DCP also states that it will engage in short-term (or “blanket”) re-exports of previously imported LNG. DCP does not intend to hold title to the LNG itself, and is requesting authorization to act as agent on behalf of other entities who themselves hold title to the LNG but will register each such LNG title holder with DOE/FE consistent with registration requirements previously adopted in DOE/FE Order 2986, issued July 19, 2011, which granted blanket export authorization to Freeport LNG Development, L.P.

Public Interest Considerations

In support of its application, DCP states that pursuant to section 3 of the NGA, FE is required to authorize exports to a foreign country unless there is a finding that such exports “will

not be consistent with the public interest.”¹ DCP states that section 3 creates a statutory presumption in favor of a finding that the Application is in the public interest, which opponents bear the burden of overcoming. DCP states further that in reviewing an application to export LNG under section 3, DOE/FE has applied the principles set forth in DOE Delegation Order No. 0204-111, which focuses primarily on the domestic need for the gas to be exported. DCP asserts that DOE/FE has issued numerous recent blanket authorizations to re-export previously imported LNG, which cite evidence that indicates that consumers in the United States presently have access to substantial quantities of natural gas sufficient to meet domestic demand from multiple other sources at competitive prices without the LNG sought to be exported. Specifically, DCP asserts that DOE/FE Order 2986, issued July 19, 2011, which granted blanket authorization to Freeport LNG Development, L.P. to export LNG that previously had been imported from foreign sources, concluded that “the evidence of record indicates that United States consumers continue to 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 Freeport LNG seeks to export.”²

In addition, DCP notes that a DOE/FE review of the most recent data and analysis prepared by the Energy Information Administration (EIA) shows an increasing volume of shale gas production compared to the data and projections referenced in *Dow Chemical Company*, DOE/FE Order No 2859 (October 5, 2010), highlighting EIA’s more recent projections of rising gas production as published in the *Annual Energy Outlook 2011*. Based on these findings, DCP asserts that the evidence clearly shows that U.S. consumers have access to substantial supplies of natural gas that will meet demand without the foreign-sourced LNG which DCP proposes to re-export.

¹ 15 U.S.C. 717b.(a).

² Freeport LNG Development, L.P., FE 11-51-LNG, DOE/FE Opinion and Order No. 2986 at 7.

DCP states that its application seeks only to re-export foreign-sourced LNG that has been imported and stored at the Cove Point LNG Terminal, and does not propose to export domestically produced natural gas. DCP states that the additional flexibility to re-export previously imported LNG will provide additional flexibility to its customers and should encourage the continued importation of LNG into the United States.

DCP also states that re-exports of previously imported LNG will allow the Cove Point Terminal to remain in a cooled-down state so that it is operationally capable of providing DCP's certificated services. DCP states that granting the requested export authorization will not diminish domestically-produced natural gas supplies. Further details can be found in the Application, which has been posted at <http://www.fe.doe.gov/programs/gasregulation/index.html>.

Environmental Impact

DCP states that its requested LNG export authorization does not require the construction of any new facilities (or modifications to any existing facilities) at the Cove Point Terminal except for the conversion of six check valves located on the pier, which would allow ships to both load and unload at the terminal. In addition, DCP would modify its computer software for Emergency Shutdown to include loading operations and prepare a loading procedure for the U.S. Coast Guard. DCP states that exports of LNG from the Cove Point Terminal would not increase ship traffic beyond the number already stated in the U.S. Coast Guard Letter of Recommendation and Waterway Suitability Report issued for the Cove Point Terminal. DCP states that approval of the Application would not constitute a federal action significantly affecting the human environment under the National Environmental Policy Act (NEPA).³

DCP states that it plans in the near future to file an application with the Federal Energy Regulatory Commission (FERC) for the necessary authorization to allow for the re-export of

³ 42 U.S.C. § 4321 *et seq.*

foreign-sourced LNG from the Cove Point Terminal. DCP acknowledges that the requested authorization to be issued by DOE/FE would not take effect until FERC has completed its NEPA review and has granted DCP authorization for the re-export of LNG at the Cove Point facility. DCP requests that DOE/FE issue a conditional order authorizing the re-export of LNG from the Cove Point Terminal conditioned on completion of the environmental review and subsequent authorization by FERC.

DOE/FE Evaluation

This export application will be reviewed pursuant to section 3 of the NGA, as amended, and the authority contained in DOE Delegation Order No. 00-002.00L (April 29, 2011) and DOE Redelelegation Order No. 00-002.04E (April 29, 2011). In reviewing this LNG export application, DOE will consider domestic need for the gas, as well as any other issues determined to be appropriate, including whether the arrangement is consistent with DOE's policy of promoting competition in the marketplace by allowing commercial parties to freely negotiate their own trade arrangements. Parties that may oppose this application should comment in their responses on these issues.

NEPA requires DOE to give appropriate consideration to the environmental effects of its proposed decisions. No final decision will be issued in this proceeding until DOE has met its NEPA responsibilities.

Public Comment Procedures

In response to this notice, any person may file a protest, comments, or a motion to intervene or notice of intervention, as applicable. Any person wishing to become a party to the proceeding must file a motion to intervene or notice of intervention, as applicable. The filing of comments or a protest with respect to the Application will not serve to make the commenter or protestant a party to

the proceeding, although protests and comments received from persons who are not parties will be considered in determining the appropriate action to be taken on the Application. All protests, comments, motions to intervene or notices of intervention must meet the requirements specified by the regulations in 10 CFR part 590.

Filings may be submitted using one of the following methods: (1) submitting comments in electronic form on the Federal eRulemaking Portal at <http://www.regulations.gov>, by following the on-line instructions and submitting such comments under FE Docket No. 11-98-LNG. DOE/FE suggests that electronic filers carefully review information provided in their submissions and include only information that is intended to be publicly disclosed; (2) e-mailing the filing to fergas@hq.doe.gov, with FE Docket No. 11-98-LNG in the title line; (3) mailing an original and three paper copies of the filing to the Office Natural Gas Regulatory Activities at the address listed in ADDRESSES; or (4) hand delivering an original and three paper copies of the filing to the Office of Natural Gas Regulatory Activities at the address listed in ADDRESSES.

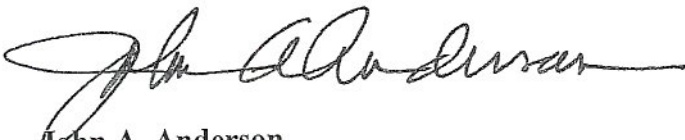
A decisional record on the Application will be developed through responses to this notice by parties, including the parties' written comments and replies thereto. Additional procedures will be used as necessary to achieve a complete understanding of the facts and issues. A party seeking intervention may request that additional procedures be provided, such as additional written comments, an oral presentation, a conference, or trial-type hearing. Any request to file additional written comments should explain why they are necessary. Any request for an oral presentation should identify the substantial question of fact, law, or policy at issue, show that it is material and relevant to a decision in the proceeding, and demonstrate why an oral presentation is needed. Any request for a conference should demonstrate why the conference would materially advance the proceeding. Any request for a trial-type hearing must show that there are factual issues genuinely

in dispute that are relevant and material to a decision and that a trial-type hearing is necessary for a full and true disclosure of the facts.

If an additional procedure is scheduled, notice will be provided to all parties. If no party requests additional procedures, a final Opinion and Order may be issued based on the official record, including the Application and responses filed by parties pursuant to this notice, in accordance with 10 CFR 590.316.

The Application filed by DCP is available for inspection and copying in the Office of Natural Gas Regulatory Activities docket room, Room 3E-042, 1000 Independence Avenue, S.W., Washington, DC 20585. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays. The Application and any filed protests, motions to intervene or notice of interventions, and comments will also be available electronically by going to the following DOE/FE Web address: <http://www.fe.doe.gov/programs/gasregulation/index.html>. In addition, any electronic comments filed will also be available at: <http://www.regulations.gov>.

Issued in Washington, D.C., on September 14, 2011.



John A. Anderson,
Manager, Natural Gas Regulatory Activities
Office of Oil and Gas Global Security and Supply
Office of Fossil Energy