

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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BG LNG SERVICES, LLC  
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FE DOCKET NO. 03-77-LNG

ORDER GRANTING LONG-TERM AUTHORIZATION TO  
IMPORT LIQUEFIED NATURAL GAS FROM  
THE REPUBLIC OF TRINIDAD AND TOBAGO

DOE/FE ORDER NO. 1926

DECEMBER 08, 2003

## I. DESCRIPTION OF REQUEST

On November 7, 2003, BG LNG Services, LLC (BGLS) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),<sup>1/</sup> for authority to import up to 109 million MMBtu of liquefied natural gas (LNG) per year over a term of 22 years beginning on the date of this Order. BGLS, a limited liability company organized under the laws of the State of Delaware, has its principal place of business in Houston, Texas. BGLS is a wholly-owned subsidiary of BG Group plc. BGLS proposes to import LNG purchased from BG Gas Marketing Ltd. (BGGM) pursuant to their Importation Agreement effective November 6, 2003. BGGM will purchase the LNG subject to the Importation Agreement from Point Fortin LNG Exports Ltd. and Trinling Limited (the "Suppliers"). The Suppliers are located in the Republic of Trinidad and Tobago. The point of entry for the LNG into the United States will generally be the LNG terminal owned and operated by Southern LNG, Inc. located on Elba Island, in the vicinity of Savannah, Georgia.

Under the Importation Agreement, BGLS will pay BGGM for each cargo of LNG delivered to the LNG terminal according to the following: (a) where the point of resale is at the outlet of the LNG terminal, the amount BGLS receives for the resale of the gas less \$0.02 per MMBtu, or (b) where the point of resale is downstream of the LNG terminal, the amount received by BGLS for the resale less (i) \$0.02 per MMBtu and (ii) the reasonably incurred cost of transportation from the LNG terminal to the point of sale. Because the contract price for the LNG under the Importation Agreement is linked to the market price for natural gas, the LNG

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<sup>1/</sup> 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redeleation Order No. 00-002.04 (January 8, 2002).

supply covered by the Importation Agreement will remain competitive for its duration. The requested authorization does not involve the construction of new LNG receiving facilities.

## II. FINDING

The application filed by BGLS has been evaluated to determine if the proposed import 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 of LNG is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by BGLS to import LNG meets the section 3(c) criterion and, therefore, is consistent with the public interest.

## ORDER

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

A. BG LNG Services, LLC (BGLS) is authorized to import up to 109 million MMBtu of liquefied natural gas (LNG) per year over a term of 22 years beginning on the date of this Order. This LNG will be imported from the Republic of Trinidad and Tobago. This LNG will be delivered to the LNG terminal and related facilities of Southern LNG, Inc. on Elba Island, in the vicinity of Savannah, Georgia.

B. With respect to the LNG imports authorized by this Order, BGLS shall file with Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, reports indicating whether imports of LNG have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports of LNG have been made, a report of "no activity" for that calendar quarter must be filed. If imports of LNG have occurred, BGLS must report by month: (1) total volumes in Mcf and MMBtu; (2) the country of

origin; (3) the name(s) of the seller(s); (4) the point(s) of entry; (5) transporters, including the name(s) of the LNG tankers used; (6) the geographic market(s) served; (7) the average landed cost per MMBtu at the point of import; and (8) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price, if applicable. The reports shall also include the monthly volumes in Mcf taken by each of BGLS's customers.

[OMB No.: 1901-0294]

C. The first quarterly report required by Ordering Paragraph B of this Order is due not later than January 30, 2004, and should cover the period from the date of this Order until the end of the fourth calendar quarter, December 31, 2003.

D. Quarterly reports shall be filed with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, Room 3E-042, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C., 20585.

Issued in Washington, D.C., on December 8, 2003.



Clifford P. Tomaszewski  
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Office of Natural Gas & Petroleum  
Import & Export Activities  
Office of Fossil Energy