

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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TENNESSEE GAS PIPELINE COMPANY)	FE DOCKET NO. 93-55-NG
_____)	

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT NATURAL GAS TO MEXICO
AND GRANTING INTERVENTION

DOE/FE OPINION AND ORDER NO. 825

JULY 30, 1993

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I. BACKGROUND

On May 28, 1993, as amended June 17, 1993, Tennessee Gas Pipeline Company (Tennessee) filed an application with the Office of Fossil Energy (FE) of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127. Tennessee requests blanket

authorization to export to Mexico up to 100 Bcf of natural gas over a two-year term, beginning on the date of first delivery after August 13, 1993.^{1/} Tennessee is a Delaware corporation

with its principal place of business in Houston, Texas. Tennessee asserts that the gas it plans to export under short-term and spot market transactions will not be needed for domestic consumption. Tennessee will use existing pipeline facilities to export the gas and will comply with DOE's quarterly reporting requirement.

II. INTERVENTIONS AND COMMENTS

A notice of Tennessee's application was published in the Federal Register on June 24, 1993, inviting protests, motions to

intervene, notices of intervention and comments to be filed by July 23, 1993.^{2/} Valero Transmission, L.P. (Valero) filed a

motion to intervene without substantive comments or request for additional procedures in this proceeding. This order grants intervention to Valero.

1/ This is the expiration date of Tennessee's current blanket

authorization to export natural gas to Mexico, granted by DOE/FE
Opinion and Order No. 434 on October 9, 1990 (1 FE 70,360).

2/ 58 F.R. 34262.

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III. DECISION

The application filed by Tennessee has been evaluated to determine if the proposed export arrangement meets the public interest requirements of section 3 of the NGA. Under section 3, an export must be authorized unless there is a finding that it "will not be consistent with the public interest."^{3/} When natural gas export applications are reviewed, domestic need for the gas to be exported is considered, as well as any other issues determined to be appropriate in a particular case.

Tennessee's uncontested export proposal, as set forth in the application, is consistent with section 3 of the NGA and DOE's international gas trade policy. Natural gas supplies in the United States are expected to continue to be more than adequate to meet consumer demand. For this reason, and because Tennessee's transactions will be short-term and market-responsive, it is unlikely that the proposed export volumes will be needed in the domestic market during the term of this authorization. Additionally, Tennessee's proposal, which is similar to other blanket export arrangements approved by DOE,^{4/} should reduce trade barriers by promoting a more market-oriented gas trade between the United States and Mexico.

3/ 15 U.S.C. Sec. 717b.

4/ E.g., SDS Petroleum Products Inc., 1 FE Para. 70,682 (August 24,

1992); P.M.I. Comercio Internacional, S.A. de C.V.,

1 FE Para. 70,686 (October 6, 1992); and GPM Gas Corporation,

1 FE Para. 70,691 (October 19, 1992).

After considering all the information in the record of this proceeding, I find that authorizing Tennessee to export to Mexico up to 100 Bcf of natural gas over a two-year term, under contracts with terms of two years or less, is not inconsistent with the public interest.^{5/}

ORDER

For the reasons set forth above, pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Tennessee Gas Pipeline Company (Tennessee) is authorized to export to Mexico up to 100 Bcf of natural gas over a two-year term, beginning on the date of first delivery after August 13, 1993.

B. This natural gas may be exported at any point on the U.S./Mexico border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, Tennessee shall provide written notification to the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first delivery of natural gas authorized in Ordering Paragraph A above occurred.

^{5/} Because the proposed export of gas will use existing facilities, DOE has determined that granting this authorization is not a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act (42 U.S.C. Sec. 4321, et seq.); therefore,

neither an environmental impact statement nor an environmental

assessment is required. See 40 C.F.R. Sec. 1508.4 and 54 F.R. 15122
— (April 24, 1992).

D. Regarding the natural gas exports authorized by this Order, Tennessee shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether export sales have been made. Quarterly reports must be filed whether or not deliveries have begun. If no exports have been made, a report of "no activity" for that calendar quarter must be filed. If exports occurred, Tennessee must submit monthly total volumes of the exports in Mcf and the average sales price per MMBtu at the international border. The reports shall also provide the details of each export transaction, including: (1) the names of the seller(s); (2) the names of the purchaser(s); (3) the estimated or actual duration of the agreements; (4) the names of the U.S. transporter(s); (5) the point(s) of exit; (6) the geographic market(s) served; and, (7) whether the sales are being made on an interruptible or firm basis. Failure to file quarterly reports may result in termination of this authorization.

E. The first quarterly report required by Ordering Paragraph D is due not later than October 30, 1993, and should cover the period from August 14, 1993, until the end of the third calendar quarter, September 30, 1993.

F. The motion to intervene filed by Valero Transmission L.P. (Valero) is hereby granted, provided that Valero's participation is limited to the matters specifically set forth in its motion to intervene and not herein specifically denied, and

shall not be construed as recognition that it may be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on July 30, 1993.

Anthony J. Como
Acting Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy