

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

PG&E ENERGY TRADING COMPANY

FE DOCKET NO. 98-04-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT AND EXPORT NATURAL GAS FROM AND TO MEXICO

DOE/FE ORDER NO. 1356

FEBRUARY 2, 1998

I. DESCRIPTION OF REQUEST

On January 20, 1998, PG&E Energy Trading Corporation (PG&E Energy Trading) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA) ⁽⁴⁾ and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to import up to 100 Bcf of natural gas from Mexico and to export up to 100 Bcf of natural gas to Mexico over a two-year term beginning on the date of first import or export delivery. PG&E Energy Trading, a California corporation with its principal place of business in Houston, Texas, is a marketer of natural gas and a wholly-owned subsidiary of PG&E Corporation. PG&E Energy Trading will import and export the proposed gas under spot and short-term purchase arrangements, either on its own behalf or as the agent for others. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by PG&E Energy Trading has been evaluated to determine if the proposed import/export 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 or export of natural gas from or to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by PG&E Energy Trading to import and export natural gas from and to Mexico, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ORDER

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

A. PG&E Energy Trading Corporation (PG&E Energy Trading) is authorized to import up to 100 Bcf of natural gas from Mexico and to export up to 100 Bcf of natural gas to Mexico over a two-year term beginning on the date of first import or export delivery, whichever occurs first. This natural gas may be imported and exported at any point on the border of the United States and Mexico.

B. Within two weeks after deliveries begin, PG&E Energy Trading shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities of the date that the first import or export of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports and exports authorized by this Order, PG&E Energy Trading shall file with the Office of Natural Gas & Petroleum Import and Export Activities within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports or exports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, PG&E Energy Trading must report the following: (1) total monthly volumes in Mcf; (2) the average monthly purchase price of gas per MMBtu at the international border; (3) the name of the seller(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the name of the United States transporter(s); (7) the point(s) of entry and exit; and (8) the geographic market(s) served (for imports, by State). For import transactions only, the report shall also include: (1) whether sales are being made on an interruptible or firm basis; and, if applicable, (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

D. The reporting requirements required by Ordering Paragraphs B and C of this Order shall be filed with the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3E-033, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585.

E. The first quarterly report required by Ordering Paragraph C of this Order is due not later than April 30, 1998, and

should cover the period from the date of this Order until the end of the first calendar quarter, March 31, 1998.

Issued in Washington, D.C., on February 2, 1998.

John W. Glynn

Manager, Natural Gas Regulation

Office of Natural Gas & Petroleum

Import and Export Activities

Office of Fossil Energy

1. 1. 15 U.S.C. § 717b.