

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

SUMAS ENERGY 2, INC.)

FE DOCKET NO. 99-24-NG

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT NATURAL GAS
FROM CANADA

DOE/FE ORDER NO.1475

APRIL 08, 1999

I. DESCRIPTION OF REQUEST

On April 1, 1999, Sumas Energy 2, Inc. (SE2) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),^{1/} and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to import up to 82.8 Bcf of natural gas from Canada over a two-year term beginning on the date of the first delivery. SE2, with its principal place of business in Kirkland, Washington, proposes to construct, own, and operate a 720 megawatt electrical generating facility in Sumas, Washington, which will generate electric power for transmission to Canada. SE2 intends to burn natural gas as its primary feedstock. Construction of the electrical generating facility is expected to begin in December, 1999, with commercial operation commencing on or before December, 2001. SE2 will import the natural gas from various Canadian suppliers under short-term and spot market arrangements. The gas will enter the United States through a proposed 4.5-mile pipeline connecting the new electric generating facility to the Canadian pipeline facilities of Westcoast Energy Inc., at the international border near Sumas, Washington.

II. FINDING

The application filed by SE2 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 natural gas from 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 SE2 to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the section 3(c)

^{1/} 15 U.S.C. § 717b.

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. Sumas Energy 2, Inc. (SE2) is authorized to import up to 82.8 Bcf of natural gas from Canada over a two-year term beginning on the date of the first delivery. This natural gas may be imported at Sumas, Washington.

B. Within two weeks after deliveries begin, SE2 shall provide written notification of the date that the first import of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports authorized by this Order, SE2 shall file within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas have been made. If no imports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, SE2 must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu at the international border. The reports shall also provide the details of each import transaction, including: (1) the name of the seller(s); (2) the name of the purchaser; (3) the estimated or actual duration of the agreement(s); (4) the name of the United States transporter; (5) the point of entry; (6) the geographic market served; (7) whether sales are being made on an interruptible or firm basis; and, if applicable, (8) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

D. The notification and reports described in Ordering Paragraphs B and C of this Order shall be filed with Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy,

Room 3E-042, 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 30 days following the end of the calendar quarter in which initial deliveries commence.

Issued in Washington, D.C., on April 08, 1999.

John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy