

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

CLEAN ENERGY

FE DOCKET NO. 16-92-LNG

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT AND EXPORT LIQUEFIED NATURAL GAS
FROM AND TO FREE TRADE AGREEMENT NATIONS BY TRUCK, RAIL, BARGE,
OR OTHER WATERBORNE VESSEL

DOE/FE ORDER NO. 3865

AUGUST 22, 2016

I. DESCRIPTION OF REQUEST

On June 22, 2016, Clean Energy filed an application (Application)¹ with the Office of Fossil Energy (FE) of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),² for short-term, blanket authorization to import and export liquefied natural gas (LNG) from and to Canada, Mexico, and any other country with which the United States currently has, or in the future will have, a free trade agreement (FTA) that requires national treatment for trade in natural gas (FTA countries).³ Clean Energy requests authorization to import LNG and to export both previously imported LNG and domestically sourced LNG by truck, rail, barge, or other waterborne vessel, up to a combined total of the equivalent to 10 billion cubic feet (Bcf) of natural gas. Clean Energy requests the authorization be granted for a two-year term beginning on August 29, 2016.⁴ Clean Energy is a California corporation with its principal place of business in Newport Beach, California and is a wholly owned subsidiary of Clean Energy Fuels Corporation, a Delaware corporation.

Clean Energy proposes to import LNG to or export LNG from Clean Energy's LNG facilities throughout the United States. Clean Energy requests that DOE/FE grant import and export authorization at all points of import and export from and to Canada, Mexico, or any other FTA country. Clean Energy states that no major facility modifications or additions will be required and that it will produce LNG at its existing plants in Willis, Texas and Boron, California. In addition, Clean Energy states that it may purchase LNG on both the spot market

¹ Clean Energy filed a clarification to its application on July 1, 2016.

² The authority to regulate the imports and exports of natural gas, including liquefied natural gas, under section 3 of the NGA (15 U.S.C. § 717b) has been delegated to the Assistant Secretary for FE in Redelegation Order No. 00-002.04F issued on July 11, 2013.

³ The United States currently has FTAs requiring national treatment for trade in natural gas with Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore. FTAs with Israel and Costa Rica do not require national treatment for trade in natural gas.

⁴ Clean Energy currently has an existing blanket authorization to import and export LNG from and to FTA nations, granted in DOE/FE Order No. 3484 on August 29, 2014, extends through August 28, 2016.

and under long term purchase agreements from suppliers (such as utilities) that have excess natural gas and LNG.⁵ Clean Energy notes that in the limited cases in which Clean Energy chooses to make minor modifications to its facilities to accommodate additional volumes of LNG, Clean Energy will obtain the necessary state, local, or federal permits before any such modifications are implemented. Clean Energy further states that it will transport the LNG from its liquefaction facilities within the United States and will transport it to buyers using approved LNG transportation containers. Clean Energy notes that all containers and carriers used for transportation within the United States will comply with all Association of American Railroads and U.S. Department of Transportation regulations. In addition, Clean Energy states that any third party with which Clean Energy contracts to handle the transportation of LNG will comply with all hazardous material and cryogenic handling regulations and requirements, including employee training, in addition to obtaining any state permits required for transportation of LNG.

II. FINDING

The Application has been evaluated to determine if the proposed import and/or 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 and export of natural gas, including LNG, from and to a nation with which there is in effect a FTA requiring national treatment for trade in natural gas and the import of LNG from other international sources are deemed to be consistent with the public interest, and applications for such imports or exports must be granted without modification or delay. The authorization sought by Clean Energy to import and export LNG from and to Canada, Mexico, and any other FTA countries by truck, rail, barge, or other waterborne vessel, meets the section 3(c) criteria and,

⁵ See page 5 of Application from Clean Energy for Blanket Authorization to Export Liquefied Natural Gas, FE Docket No. 16-92-LNG (June 22, 2016) http://energy.gov/sites/prod/files/2016/07/f33/app16_92_LNG.pdf

therefore, is consistent with the public interest. This Order authorizes transactions with terms of no longer than two years.

ORDER

Pursuant to section 3 of the NGA, it is ordered that:

A. Clean Energy is authorized to import LNG and to export both previously imported and domestically produced LNG from and to Canada, Mexico, and any other FTA country that requires national treatment for trade in natural gas by truck, rail, barge, or other waterborne vessel, up to a combined total of the equivalent of 10 Bcf of natural gas, pursuant to transactions that have terms of no longer than two years. This authorization shall be effective for a two-year term beginning on August 29, 2016, and extending through August 28, 2018.

B. This LNG may be imported or exported by truck, rail, barge, or other waterborne vessel from or to any points of import or export within the United States.

C. LNG imports that require increased security measures from the United States Coast Guard (USCG) and/or other branches of the Department of Homeland Security, in place now or added in the future, shall comply with those measures on a shipment-by-shipment basis to the satisfaction of the USCG. Such measures may include periodic boarding or examination of the vessel by the USCG at the load port, while the vessel is underway, at any time during the voyage, and before and during discharge of the cargo while at the discharge port, as well as other enhanced security measures.

D. **Monthly Reports:** With respect to the imports and/or exports of LNG authorized by this Order, Clean Energy shall file with the Office of Regulation and International Engagement within 30 days following the last day of each calendar month, a report indicating whether imports and/or exports of LNG have been made. Monthly reports must be filed whether or not

initial deliveries have begun. If no imports or exports have been made, a report of “no activity” for that month must be filed.

If imports of LNG by barge or other waterborne vessel have occurred, the report must give the following details of each LNG cargo: (1) the name of the U.S. receiving terminal; (2) the name of the LNG barge or vessel; (3) the date of arrival at the U.S. receiving terminal; (4) the country of origin; (5) the name of the supplier/seller; (6) the volume in thousand cubic feet (Mcf); (7) the landed price in U.S. dollars per million British thermal units (MMBtu) at the point of import; (8) the duration of the supply agreement (indicate spot purchases); (9) the name(s) of the purchaser(s); and (10) the geographic market served (list State(s), U.S. Census Region(s), or general U.S. geographic area(s)).

If imports of LNG by truck or rail have occurred, the report must give the following details of each LNG cargo: (1) the name of the U.S. receiving facility; (2) the country of origin; (3) the point(s) of entry; (4) the name(s) of the supplier(s)/seller(s); (5) the name(s) of the LNG transporter(s); (6) the volume in Mcf; (7) the price in U.S. dollars per MMBtu at the point of entry; (8) the duration of the supply agreement; and (9) the geographic market(s) served (list State(s); U.S. Census Region(s), or general U.S. geographic area(s)).

If exports of LNG by barge or other waterborne vessel have occurred, the report must give the following details of each LNG cargo: (1) the name of the U.S. export terminal; (2) the country (or countries) of destination into which the LNG was actually delivered; (3) the date of departure from the U.S. export terminal; (4) the name(s) of the supplier(s)/seller(s); (5) the name(s) of the barge or vessel; (6) the volume in Mcf; (7) the price in U.S. dollars per MMBtu at the point of exit; (8) the name(s) of the purchaser(s); and (9) the duration of the supply agreement.

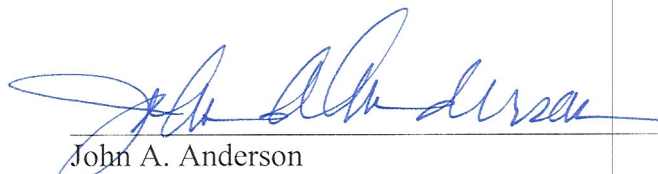
If exports of LNG by truck or rail have occurred, the report must give the following details of each LNG cargo: (1) the name of the U.S. departure facility; (2) the country of destination into which the LNG was actually delivered; (3) the point(s) of exit; (4) the name(s) of the supplier(s)/seller(s); (5) the name(s) of the LNG transporter(s); (6) the volume in Mcf; (7) the price in U.S. dollars per MMBtu at the point of exit; and (8) the duration of the supply agreement.

(Approved by the Office of Management and Budget under OMB Control No. 1901-0294)

E. The first monthly report required by this Order is due not later than September 30, 2016, and should cover the reporting period from August 29, 2016 through August 31, 2016.

F. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Division of Natural Gas Regulation, Office of Regulation and International Engagement, Office of Fossil Energy, P.O. Box 44375, Washington, D.C. 20026-4375, Attention: Natural Gas Reports. Alternatively, reports may be e-mailed to ngreports@hq.doe.gov, or may be faxed to Natural Gas Reports at (202) 586-6050.

Issued in Washington, D.C., on August 22, 2016.



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