

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

MERCURIA COMMODITIES CANADA CORPORATION)

FE DOCKET NO. 18-138-NG

ORDER GRANTING LONG-TERM AUTHORIZATION
TO EXPORT NATURAL GAS TO CANADA

DOE/FE ORDER NO. 4276

SEPTEMBER 28, 2018

I. BACKGROUND AND DESCRIPTION OF REQUEST

On September 20, 2018, Mercuria Commodities Canada Corporation (MCCC) 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 MCCC filed a supplement to the Application on September 24, 2018.³ MCCC requests long-term authorization to export up to 7.3 billion cubic feet (Bcf) per year (Bcf/yr) of domestically produced natural gas to Canada for a term commencing on October 1, 2018 and extending through October 31, 2020. MCCC is a Canada federal corporation with its principal place of business in Calgary, Alberta, Canada. MCCC is a wholly-owned subsidiary of Mercuria Energy Group Holding Ltd.⁴

MCCC states that, on July 27, 2018, it executed a Transaction Confirmation and Asset Management Agreement (the Transaction) with Enbridge Gas Distribution Inc. (Enbridge).⁵ MCCC states that it will export up to 7.3 Bcf/yr of natural gas to Canada for delivery to Enbridge at Vector Canada – Dawn.⁶ According to MCCC, the “actual Commencement Date [under the Transaction] is October 1, 2018.”⁷ MCCC states that the Transaction runs through October 31, 2020 (the Delivery Term).⁸ MCCC further states that, to effectuate the delivery, Enbridge will release capacity on the NEXUS Pipeline and on the U.S. and Canadian portion of the Vector

¹ *Mercuria Commodities Canada Corp.*, Application for Long-Term Authorization to Export Natural Gas by Pipeline to Canada and Request for Waiver and Expedited Review, FE Docket No. 18-138-NG (Sept. 20, 2018) [hereinafter App.].

² 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. 00-006.02 issued on November 17, 2014.

³ *Mercuria Commodities Canada Corp.*, Supplemental Filing to Application for Long-Term Authorization to Export Natural Gas to Canada and Request for Waiver and Expedited Review, FE Docket No. 18-138-NG (Sept. 24, 2018) [hereinafter Supp.].

⁴ App. at 1.

⁵ See *id.* at 2. MCCC filed confidential and public versions of the Transaction Confirmation and Asset Management Agreement as Appendix A and B to its Supplement, respectively.

⁶ See App. at 1; see also Supp. at 1-2.

⁷ App. at 2.

⁸ See *id.*

Pipeline to MCCC for the Delivery Term.⁹ MCCC states that the closest town to the border point at which the Vector Pipeline crosses the border in the United States is St. Clair, Michigan, and the closest town to the point at which the Pipeline crosses the border in Canada is Lambton, Ontario.¹⁰

MCCC states that it has filed with DOE/FE, under seal, all executed long-term contracts associated with the export of natural gas under the requested authorization.

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) of the NGA, the import and export of natural gas, including liquefied natural gas (LNG), from and to a nation with which there is in effect a free trade agreement 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.¹¹ The authorization sought by MCCC to export natural gas to Canada, a nation with which a free trade agreement requiring national treatment for trade in natural gas is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest.

ORDER

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

A. Mercuria Commodities Canada Corporation (MCCC) is authorized to export up to 7.3 Bcf/yr of natural gas to Canada. This authorization shall be effective for a term beginning on

⁹ *See id.*

¹⁰ Supp. at 2.

¹¹ 15 U.S.C. § 717b(c).

October 1, 2018, and extending through October 31, 2020, pursuant to the Transaction described above.

B. Under the terms of the Transaction, the natural gas will be delivered to the United States/Canada Border on the Vector Pipeline at the Vector Canada delivery point at Dawn, Ontario, Canada.

C. Monthly Reports: With respect to the natural gas exports authorized by this Order, MCCC shall file with the Office of Regulation, Analysis, and Engagement, within 30 days following the last day of each calendar month, a report indicating whether exports of natural gas have been made. Monthly reports must be filed whether or not initial deliveries have begun. If no exports have been made, a report of “no activity” for that month must be filed. If exports of natural gas have occurred, the report must give the following details: (1) the country of destination (2) the point(s) of exit; (3) the volume in thousand cubic feet (Mcf); (4) the average purchase price of gas per million British thermal units (MMBtu) at the international border; (5) the name of the supplier(s); (6) the name of the U.S. transporter(s); and (7) the estimated or actual duration of the supply agreement(s).

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

D. The first monthly report required by this Order is due not later than November 30, 2018, and should cover the reporting period from October 1, 2018, through October 31, 2018.

E. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Oil and Natural Gas, Office of Regulation, Analysis, and Engagement, 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 September 28, 2018.

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