

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

UNION GAS LIMITED

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FE DOCKET NO. 18-130-NG

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

DOE/FE ORDER NO. 4274

SEPTEMBER 26, 2018

I. BACKGROUND AND DESCRIPTION OF REQUEST

On September 7, 2018, and subsequently on September 18, 2018, Union Gas Limited (Union) filed an application (Application)¹ and an Amended Application,² respectively, with the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA).³ Union requests long-term authorization to export up to 146,143 million cubic feet per day of domestically produced natural gas to Canada,⁴ which DOE finds is equivalent to approximately 0.15 billion cubic feet (Bcf) per day (Bcf/d). Union requests this authorization for a 15-year term commencing on October 1, 2018.⁵ Union, a gas distribution company, is a Canada corporation with its principal place of business in Chatham, Ontario, Canada. Union is a subsidiary of Enbridge, Inc.⁶ Union states that it intends to export the domestically produced natural gas to Canada for use by its customers in Ontario.⁷

Union states that it has entered into a 15-year gas transportation agreement (Transportation Agreement) with NEXUS Gas Transmission LLC (NEXUS Pipeline), an interstate pipeline regulated by the Federal Energy Regulatory Commission (FERC).⁸ According to Union, the 15-year term of the NEXUS Transportation Agreement is expected to begin on October 1, 2018, and end on September 30, 2033.⁹ Union states that, under the Transportation

¹ *Union Gas Limited.*, Application for Long-Term Authorization to Export Natural Gas by Pipeline to Canada, FE Docket No. 18-130-NG (September 7, 2018) [hereinafter App.].

² *Union Gas Limited.*, Amended Application for Long-Term Authorization to Export Natural Gas by Pipeline to Canada, FE Docket No. 18-130-NG (September 18, 2018) [hereinafter Amended App.].

³ 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.

⁴ Amended App. at 1 (Cover Ltr.).

⁵ *See id.*

⁶ App. at 2.

⁷ *See id.* at 2-3.

⁸ App. at 5; Amended App. at 1 (Cover Ltr.).

⁹ Amended App. at 1 (Cover Ltr.); *see also id.* at Appendix D (Redacted NEXUS Transportation Agreement).

Agreement,¹⁰ it will export to Canada up to 150,000 million British Thermal Units (MMBtu) per day of natural gas—equivalent to 53.35 Bcf/yr (0.15 Bcf/d). The natural gas will be received at the Kensington receipt point on the NEXUS Pipeline and will be transported into Canada at the St. Clair delivery point, on the Michigan, United States/Ontario, Canada border.¹¹

Additionally, Union states that it has entered into a 25-month supply contract with a counterparty that will utilize its capacity on the NEXUS Pipeline.¹² Natural gas under these contracts will be sourced from production areas in the United States, including the Marcellus and Utica formations.¹³

Union 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.¹⁴ The authorization sought by Union to export natural gas to Canada, a

¹⁰ Amended App. at 5.

¹¹ App. at 3-4.

¹² App. at 3 & Appendix C (Redacted Supply Agreement).

¹³ See *id.* at 3; Amended App. at 1 (Cover Ltr).

¹⁴ 15 U.S.C. § 717b(c).

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. Union Gas Limited (Union) is authorized to export up to 53.35 Bcf/yr (0.15 Bcf/d) of natural gas to Canada. The term of this authorization shall be effective for 15 years beginning on October 1, 2018, and extending through September 30, 2033, pursuant to the Transportation Agreement described above.

B. Under the terms of the Transportation Agreement, the natural gas will be delivered to the U.S./Canada Border at the St. Clair delivery point on the NEXUS Pipeline.

C. Monthly Reports: With respect to the natural gas exports authorized by this Order, Union 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 26, 2018.

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