

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

Issued December 22, 2004

In Reply Refer To:
Dominion Cove Point LNG, LP
Docket No. RP03-564-002

Dominion Cove Point LNG, LP
P.O. Box 26532
Richmond, VA 32361

Attention: Mabelle F. Grim, Manager
Manager, Regulatory & Pricing

Reference: Request to Withdraw Application and Terminate Proceeding

Dear Ms. Grim:

1. On September 30, 2004, the Commission accepted and suspended, subject to conditions and further review, a negotiated rate agreement between Dominion Cove Point LNG, LP (Cove Point) and Statoil Natural Gas, LLC (Statoil).¹ On October 20, 2004, Cove Point filed a motion to withdraw its application for approval of the negotiated rate agreement and to terminate the proceeding. As discussed below, the Commission will grant Cove Point's motion. This order benefits customers because it ensures compliance with the Commission's negotiated rate policy.

Background

2. On August 31, 2004, Cove Point filed a negotiated rate agreement with Statoil for Commission approval. The negotiated rate agreement amended Statoil's October 9, 2002 Rate Schedule LTD-1 service agreement by modifying the applicable reservation rates. The negotiated rate agreement had a primary term of five years and did not modify any

¹ *Dominion Cove Point LNG, LP*, 108 FERC ¶ 61,327 (2004).

terms of service other than the reservation rates applicable to Statoil. It did provide Statoil with a Right of First Refusal (ROFR) for its LTD-1 service quantities which was “substantially identical to FERC’s regulatory ROFR regardless of the approval of the negotiated rate for recovery of the existing reactivation costs.”²

3. Shell NA LNG, LLC (Shell) and BP Energy Company (BP Energy) filed a timely protest to Cove Point’s filing, contending that Cove Point should be required to file additional information in order to evaluate the negotiated rate service agreement. Shell and BP Energy argued that without this information, the Commission is unable to determine whether the negotiated rate agreement is consistent with the Commission’s regulations and to ensure that Cove Point is not engaging in any unjust, unreasonable, unduly discriminatory, or preferential practice in violation of the Natural Gas Act.

4. On September 30, 2004, the Commission accepted and suspended Cove Point’s filing to be effective September 1, 2004, subject to certain conditions. The Commission required Cove Point to file the October 9, 2002 LTD-1 Service Agreement with Statoil and directed Cove Point to explain and identify the volumes and receipt and delivery points for LTD-1 service to Statoil. Cove Point was also required to explain the service that will be provided for Statoil from its fifth storage tank and explain how the proposed service is consistent with the various settlements addressing assignment of capacity and service on Cove Point’s system. The Commission further directed Cove Point to revise its tariff to provide that it may offer a ROFR provision on a not unduly discriminatory basis to firm customers not eligible for the ROFR provided in section 4(g) of the General Terms and Conditions of Cove Point’s FERC Gas Tariff.

Motion for Withdrawal of Application and Termination of Proceedings

5. On October 20, 2004, Cove Point filed a motion to withdraw its application for approval of the negotiated rate agreement and to terminate the proceeding. In its motion, Cove Point explains that Cove Point and Statoil have terminated the negotiated rate agreement, rendering all issues in this proceeding moot.

6. Statoil filed an answer in support of Cove Point’s motion to withdraw the application and terminate the proceedings. Shell also filed an answer in support of Cove Point’s motion. However Shell requests that the Commission direct Cove Point to promptly submit any alternative agreements it may enter into with Statoil. Shell points to the fact that the June 14, 2004 negotiated rate agreement between Cove Point and Statoil included a provision that if the negotiated rate agreement was not approved by the

² Dominion Cove Point, Negotiated Rate Agreement, paragraph 6.

Commission, the parties will implement alternative means to effectuate the commercial agreement. Shell is concerned that any alternative agreement negotiated between Cove Point and Statoil may affect its interests.

Discussion

7. The Commission will grant Cove Point's request to withdraw the negotiated rate agreement with Statoil under Rate Schedule LTD-1. The Commission sees no need for a special directive to Cove Point that it promptly file any alternative agreements it negotiates with Statoil. Commission policy and regulations already require that Cove Point file for Commission approval any negotiated rate agreement or any other agreement which materially deviates from its standard form of service agreement and rate structure. In addition, section 284.13 of the Commission's regulations requires that it must post certain information about all its contracts on its electronic bulletin board.

The Commission orders:

8. The Commission grants Cove Point's motion to withdraw.

By direction of the Commission.

Linda Mitry,
Deputy Secretary.