

Cited as "1 ERA Para. 70,545"

Del Norte Natural Gas Company (ERA Docket No. 80-19-NG), April 28, 1982

DOE/ERA Opinion and Order No. 40

Order Amending Authorization to Export

I. Background

On November 18, 1980, the Economic Regulatory Administration (ERA) of the Department of Energy issued in this docket an "Order to Show Cause Why the Natural Gas Export Authorization of Del Norte Natural Gas Company Should Not be Amended." In that order, we asked Del Norte Natural Gas Company (Del Norte), which exports natural gas to Mexico, to show cause why its export authorization should not be amended to make it consistent with the export parity pricing and revenue crediting policies established by the ERA in ERA Docket No. 78-15-NG in DOE/ERA Opinion and Order No. 18 (Order 18), issued August 21, 1980 (1 ERA paragraph 70,513). In Order 18, we found that exports of natural gas from the United States would be authorized only at a price "no less than and no more than the effective price authorized at that time by the ..." ERA for natural gas imported from that same country (export parity pricing), and we conditioned the export accordingly. We also conditioned that export to ensure that the revenues derived from the price increase be credited to the exporter's domestic customers (revenue crediting).^{1/}

Del Norte responded on January 13, 1981, and requested an extension of time to respond to our order. On January 23, 1981, we granted Del Norte the requested extension. On February 11, 1981, Del Norte requested a further extension of time, which we granted on February 19, 1981. Del Norte requested these extensions of time to attempt to complete negotiations with Petroleos Mexicanos (Pemex), contemplating a possible exchange of gas, whereby volumes exported by Del Norte could be repaid or exchanged with Del Norte. On February 26, 1981, Del Norte informed us that the negotiations were not successful and therefore did not contemplate any additional formal response to our order.

On February 19, 1982, Del Norte filed a further "Response to Order to Show Cause." Del Norte stated that it has amended its contract with the Mexican importer, Gas Natural de Juarez, S.A., so that Del Norte receives, effective January 1, 1982. "The prevailing Border Price for natural gas imported into the U.S. from Mexico, in U.S. currency."

II. Intervenors and Comments

On November 26, 1980, we issued a "Notice of Orders to Show Cause" in this docket, inter alia (45 FR 80165, December 3, 1980), inviting protests or petitions to intervene. We received a petition to intervene from Northern Natural Gas Company, Division of InterNorth, Inc. (Northern). Northern took no position on the merits of the application and did not request a hearing. Northern's petition to intervene is granted.

III. Decision

We have reviewed Del Norte's responses to our show cause order and conclude that the price of Del Norte's exports of natural gas to Mexico, currently being made at \$4.94 per MMBtu, is in line with our export parity pricing policy and therefore is not inconsistent with the public interest. We also conclude that, since there is no difference between the export parity price and the contract price, the issue of revenue crediting is moot.

Del Norte's Natural Gas Contract with Gas Natural, as amended on January 1, 1982, provides that Gas Natural will pay Del Norte "at the prevailing order price for natural gas imported into the U.S. from Mexico . . ." In import cases, we have approved only the present border price. In this case, however, the underlying principle is price parity rather than absolute level of export prices.

We are, therefore, amending Del Norte's export authorization so that changes in the export price to a level consistent with the border price for Mexican gas imported into the United States will not require Del Norte to come before us again for amendment of the export authorization. Del Norte is still required to come before us with changes in any other contract terms, or changes in the price not in accord with our parity pricing policy.

Order

For the reasons set forth above, ERA hereby orders that:

A. Pursuant to Section 3 of the Natural Gas Act, the authorization to export natural gas to Mexico issued to Del Norte Natural Gas Company in Federal Power Commission Docket No. CP66-104 (34 FPC 1584) be amended to require that Del Norte receive from Gas Natural de Juarez, S.A. no less and no more than the effective price authorized at that time by the Economic Regulatory Administration to be paid at the international border for natural gas imported from Mexico into the United States;

B. The petition to intervene of Northern Natural Gas Company, Division

of InterNorth, Inc., is hereby granted, subject to such rules of practice and procedure as may be in effect, provided that participation shall be limited to matters affecting asserted rights and interests specifically set forth in their petition to intervene and that the grant of intervention shall not be construed as recognition by ERA that Northern Natural might be aggrieved because of any order issued by ERA in this proceeding.

Issued in Washington, D.C. on April 28, 1982.

--Footnote--

1/ The conditions imposed in Order 18 were challenged separately by Compania Minera S.A. de C.V., the Mexican importer (the parity price condition), and El Paso Natural Gas Company, the U.S. exporter (the revenue crediting condition). On January 25, 1982, we issued DOE/ERA Opinion and Order No. 18F (Order 18F) in ERA Docket No. 78-15-NG, 1 ERA Para. 70,538, Federal Energy Guidelines, accepting a joint offer of settlement made by the parties. Order 18F left the basic policies of export parity pricing and revenue crediting intact.