

Cited as "1 ERA Para. 70,548"

Valero Transmission Company (ERA Docket No. 81-01-NG), April 08, 1982

DOE/ERA Opinion and Order No. 43

Order Suspending Order to Show Cause

I. Background

On November 20, 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 Valero Transmission Company Should Not Be Amended." In that order, we asked Valero Transmission Company (Valero), 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/}

Valero responded on January 9, 1981, that it is no longer exporting natural gas to Compania Nacional de Gas SA (Compania). Furthermore, Valero said it had been informed that its customer has obtained an alternate source of gas within Mexico, and that the pipeline facilities at the border are no longer in service. Valero concludes that "[i]t appears that Compania no longer has the need or desire to purchase gas from Valero." If exports of gas were to flow again in the future, Valero states that it "would have no objection to a condition in its [export] authorization requiring [export parity pricing]."

With respect to the revenue crediting provision, Valero states that, since there are currently no export sales, there is no current "price presently authorized" from which the additional revenues could be calculated. Valero suggests that, at the time any new exports are undertaken, the regulatory authority "can attach such reasonable conditions as may be appropriate for such future sales, including the disposition of any difference between the authorized price and the border price."

Valero urges that our show cause order be dismissed and that the proposed amendment to Valero's authorization not be ordered because it has "no present applicability and could not be performed by Valero . . ."

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 in this proceeding. We received no petitions to intervene or protests.

III. Decision

We have reviewed Valero's answer to our show cause order and agree that, as long as no export sales are being made, at any price, the conditions proposed in our Order to Show Cause would have no practical effect on Valero's authorization. Because of this situation, we are unable to make a final decision at this time as to whether the price charged by Valero is not inconsistent with the public interest. Therefore, we are herein suspending our consideration of our show cause order until such time as Valero resumes exporting under its contract with Compania Nacional de Gas SA. Should Valero propose to resume the export, our order provides that Valero will have to come before us again with a written notice. We would, at that time, examine the proposed export price and other terms to determine whether they are consistent with the export parity pricing and revenue crediting policies.

Order

For the reasons set forth above, ERA hereby orders that the "Order to Show Cause Why the Natural Gas Export Authorization of Valero Transmission Company Should Not Be Amended," issued November 20, 1980, be suspended and ERA orders further that no less than 60 days prior to the resumption of natural gas exports by Valero to Compania Nacional de Gas SA, Valero shall provide written notice of this resumption, which notice shall include the full terms of the resumption including the export price.

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

--Footnote--

1/ The conditions imposed in Order 18 were challenged by Compania Minera S.A. de C.V., the Mexican importer (for the parity price condition), and El Paso Natural Gas Company, the U.S. exporter (for the revenue crediting

condition). On January 25, 1982, we issued DOE/ERA Opinion and Order Nm. 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.