

Cited as "1 ERA Para. 70,619"

Citizens Energy Corporation; Citizens Resources Corporation (ERA Docket No. 85-28-NG), January 14, 1986.

DOE/ERA Opinion and Order No. 101

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On November 1, 1985, Citizens Energy Corporation (Citizens Energy) and Citizens Resources Corporation (Citizens Resources) jointly (Citizens) filed an application with the Economic Regulatory Administration (ERA) of the Department of Energy (DOE), pursuant to Section 3 of the Natural Gas Act (NGA), for blanket authorization to import up to 200 Bcf of Canadian natural gas during a two-year period, beginning on the date of first delivery. Citizens Energy is a nonprofit Massachusetts corporation and Citizens Resources is a for-profit, wholly-owned subsidiary of Citizens Energy. Citizens Energy is engaged in providing low cost energy to low-income consumers; Citizens Resources trades in crude oil in international markets, markets petroleum products here and abroad, and buys and sells natural gas in this country.

Citizens jointly propose to import natural gas supplied by prospective Canadian sources, including various individual producers, producer groups and associations, and pipeline companies. They intend to sell to prospective customers such as local distribution companies, domestic natural gas pipelines, and industrial and commercial end-users as short-term market opportunities develop. The terms of the transactions would not differ materially from their current short-term and spot market transactions in domestic natural gas and petroleum commodities. In any one transaction, either Citizens Energy or Citizens Resources propose to purchase Canadian gas for resale, or act as agent for the buyer or seller, and may negotiate transportation arrangements for the gas on behalf of either of those parties.

Within the limits of the requested authorization, Citizens propose to sell imported gas under the terms, including price, existing in the spot or short-term marketplace at the time each individual sale is negotiated. Citizens assert the proposed import would be competitive and would not be inconsistent with the public interest since gas must meet the test of competitiveness, or no sales will be consummated. Citizens propose to

file with the ERA quarterly reports of individual transactions within 30 days following each calendar quarter.

Citizens state its import transactions would utilize existing transmission facilities and therefore would have no significant impact on the environment.

The ERA issued a notice of the application on November 20, 1985, with protests, motions to intervene, or comments to be filed by December 30, 1985.^{1/} The Brooklyn Union Gas Company filed the only motion to intervene, expressed no opinion on the merits of the import proposal, nor requested any further proceedings. This order grants intervention to the movant.

II. Decision

The application filed by Citizens has been evaluated in accordance with the Administrator's authority to determine if the proposed import arrangement meets the public interest requirements of Section 3 of the NGA. Under Section 3, an import is to be authorized unless there is a finding that it "will not be consistent with the public interest."^{2/} The Administrator is guided by the DOE's natural gas import policy guidelines.^{3/} Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

The authorization sought would provide Citizens with blanket import approval to negotiate and transact individual, short-term sale arrangements without further regulatory action.

Citizens' proposed arrangement for the import of Canadian gas, as set forth in the application, is consistent with the DOE policy guidelines. No party objected to the proposed import. The fact that each spot sale will be voluntarily negotiated, short-term, and market-responsive, as asserted in Citizens' application, provides assurance that the transactions will be competitive. Under the proposed import, Citizens' customers will only purchase gas to the extent they need such volumes and the price is competitive. Thus, this like other, similar blanket imports approved by the ERA, will enhance competition in the market place.^{4/}

After taking into consideration all the information in the record of this proceeding, I find that granting Citizens blanket authority to import up to 200 Bcf of Canadian natural gas over a term of two years for sale in the domestic spot market is not inconsistent with the public interest.^{5/}

ORDER

For the reasons set forth above, pursuant to Section 3 of the Natural Gas Act, it is ordered that:

A. Citizens Energy Corporation and Citizens Resources Corporation are jointly authorized to import up to a total volume of 200 Bcf of Canadian natural gas over a two-year period beginning on the date of first delivery.

B. Citizens shall notify the ERA in writing of the date of first delivery of natural gas imported under Ordering Paragraph A above within two weeks after the date of such delivery.

C. With respect to the imports authorized by this order, Citizens shall file with the ERA within 30 days following each calendar quarter, quarterly reports indicating, by month, whether sales of imported gas have been made, and if so, giving the details of each transaction. The report shall include the purchase and sales price, volumes, any special contract price adjustments, take-or-pay or make-up provisions, duration of the agreements, ultimate sellers and purchasers, transporters, points of entry, and markets served.

D. The motion to intervene, as set forth in this Opinion and Order, is hereby granted, subject to the administrative procedures in 10 CFR part 590, provided that participation of the intervenor shall be limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and that the admission of the intervenor shall not be construed as recognition that it might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on January 14, 1986.

--Footnotes--

1/ 50 FR 49093, November 29, 1985.

2/ 15 U.S.C. Para. 717B.

3/ 49 FR 6684, February 22, 1984.

4/ See e.g., Tenngasco Exchange Corp. and LHC Pipeline Company, 1 ERA Para. 70,596 (May 6, 1985); Dome Petroleum Corporation, 1 ERA Para. 70,601 (July 2, 1985); U.S. Natural Gas Clearinghouse, Ltd., 1 ERA Para. 70,602

(July 5, 1985); Westcoast Resources, Inc., 1 ERA Para. 70,606 (September 27, 1985); Northeast Gas, Inc., 1 ERA Para. 70,613 (December 20, 1985); Petro-Canada Hydrocarbons Inc., unpublished (January 3, 1986).

5/ Because the proposed importation of gas will use existing pipeline facilities, DOE has determined that granting this application is clearly not a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act (42 U.S.C. 4321, et seq.) and therefore an environmental impact statement or environmental assessment is not required.