

Cited as "1 ERA Para. 70,624"

Amoco Energy Trading Corporation (ERA Docket No. 85-34-NG), January 29, 1986.

## DOE/ERA Opinion and Order No. 106

### Order Granting Blanket Authorization to Import Natural Gas from Canada

#### I. Background

On December 4, 1985, Amoco Energy Trading Corporation (Amoco Energy) 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 an aggregate of 70 Bcf of Canadian natural gas over a two-year period beginning on the date of first delivery. Amoco Energy, an indirect subsidiary of Amoco Corporation, would purchase gas from various Canadian suppliers for direct sales to U.S. customers on a short-term and spot basis.

Amoco Energy states that the gas would be obtained from individual producers, pipeline companies and producer groups and associations. The customers are expected to include distribution companies, agricultural users, pipelines, and industrial end-users. Amoco Energy asserts that the specific terms of each supply contract would be responsive to competitive market forces in the U.S. domestic gas market and would be consistent with its contractual arrangements with U.S. purchasers. Similarly, the terms, including prices, for each spot or short-term sale would be freely negotiated between Amoco Energy and its U.S. purchasers.

Amoco Energy proposes to file with the ERA quarterly reports giving the specific terms for each sale that will include the price paid by the purchaser, the volume, the duration of the agreement, transportation arrangements to deliver gas from the U.S.-Canadian border, and where applicable, contract adjustments and take provisions.

Amoco Energy states that approval and implementation of this gas import application would have a positive impact on the environment in instances where the gas is used to displace high sulfur fuel oil and coal. It further states that it intends to use existing transmission systems and does not require the construction of new or separate facilities in order to import the gas.

In support of its application, Amoco Energy asserts that approval of its arrangement would be consistent with the public interest because of the beneficial competitive consequences inherent in freely negotiated spot and short-term sales. Amoco Energy maintains that unless the Canadian gas is priced competitively in the market served, no sales would be consummated.

## II. Interventions and Comments

The ERA issued a notice of the application on December 20, 1985, with protests, motions to intervene, or comments to be filed by January 21, 1986.<sup>1/</sup> Pacific Gas Transmission Company and Northwest Pipeline Corporation filed motions to intervene but did not express an opinion on the merits of the application. This order grants intervention to these movants.

## III. Decision

The application filed by Amoco Energy 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."<sup>2/</sup> The Administrator is guided by the DOE's natural gas import policy guidelines.<sup>3/</sup> Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

This application is similar to other blanket imports approved by the ERA.<sup>4/</sup> The authorization sought would provide Amoco Energy with blanket import approval to negotiate and transact individual, short-term sale arrangements without further regulatory action.

Amoco Energy's arrangement for the import of Canadian gas, as set forth in the application, is consistent with the DOE policy guidelines. Further, 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 Amoco Energy's application, provides assurance that the transactions will be competitive. Under the proposed import, Amoco Energy's customers will only purchase gas to the extent they need such volumes and the price is competitive. Thus, this arrangement will enhance competition in the market place.

After taking into consideration all the information in the record of this proceeding, I find that granting Amoco Energy's blanket authority to import up to 70 Bcf of Canadian natural gas over a term of two years is not

inconsistent with the public interest.<sup>5/</sup>

### Order

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

A. Amoco Energy Trading Corporation (Amoco Energy) is authorized to import up to a total volume of 70 Bcf of Canadian natural gas over a two-year period beginning on the date of first delivery.

B. Amoco Energy 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, Amoco Energy shall file with the ERA in the month following each calendar quarter, quarterly reports indicating, by month, whether sales have been made, and if, giving the details of each transaction. The report shall include the purchase and sales price, volumes, any special contract price adjustments, take or make-up provisions, duration of the agreements, ultimate sellers and purchasers, transporters, points of entry, and markets served.

D. The motions to intervene as set forth in this Opinion and Order, are hereby granted, subject to the administrative procedures in 10 CFR Part 590, provided that participation of the intervenors shall be limited to matters specifically set forth in their motions to intervene and not herein specifically denied, and that the admission of such intervenors shall not be construed as recognition that they might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on January 29, 1986.

--Footnotes--

1/ 50 FR 51903, December 20, 1985.

2/ 15 U.S.C. Sec. 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); Northridge Petroleum Marketing U.S., Inc., 1 ERA Para. 70,610 (September 07, 1985); Salmon Resources, Ltd., unpublished (December 16, 1985); Northeast Gas, Inc., unpublished (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 Environment Policy Act (42 U.S.C. 4321, et seq.) and therefore an environmental impact statement or environmental assessment is not required.