

Cited as "1 ERA Para. 70,625"

Yankee International Co. (ERA Docket No. 85-36-NG), January 29, 1986.

DOE/ERA Opinion and Order No. 107

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On December 3, 1985, Yankee International Company (Yankee) 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 for short-term, spot sales up to 400 MMcf of Canadian natural gas per day and a maximum of 296 Bcf over a period of two years beginning on the date of first delivery. Yankee proposes to import the gas both for its own account and for the accounts of currently undesignated Canadian suppliers and U.S. purchasers, who would include pipelines, local distribution companies, and end-users.

Yankee anticipates that the contract price in each of the proposed transactions will not remain fixed for a period of more than one year and in most cases will be adjusted on a monthly or quarterly basis to reflect market conditions.

Yankee asserts that no new pipeline facilities will be required in order to import the gas.

The applicant proposes to file quarterly reports with the ERA. Each report would indicate the transactions made during the quarterly period and the details of such transactions including purchase and sales prices, volumes, duration of the agreements, contract adjustment and take provisions, if any, the supply sources, the U.S. purchasers, and a description of the market served.

II. Interventions and Comments

A notice of Yankee's application was issued on December 20, 1985, inviting protests, comments, and motions to intervene to be filed by January 21, 1986.¹ Motions to intervene were filed by Pacific Gas Transmission Company (PGT) and Northwest Pipeline Corporation (Northwest). PGT and Northwest neither expressed an opinion on the merits of the import proposal, nor requested any further proceedings. This order grants intervention to PGT and

Northwest.

III. Decision

The application filed by Yankee 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, and 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.

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

Yankee's 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 Yankee's application, provides assurance that the transactions will be competitive. Under the proposed import, Yankee'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 Yankee's blanket authority to import up to 296 Bcf of Canadian natural gas over a term of two years 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. Yankee International Company (Yankee) is authorized to import up to a total volume of 400 MMcf of Canadian natural gas per day and a maximum of 296 Bcf over a two-year period beginning on the date of first delivery.

B. Yankee 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, Yankee shall file with the ERA in the month following each calendar quarter, quarterly reports indicating, by month, whether sales 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 make-up provisions, duration of the agreements, ultimate sellers and purchasers, transporters, 2 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 51905, December 20, 1985.

2/ 15 U.S.C. Sec. 717b.

3/ 49 FR 6684, February 22, 1984.

4/ See e.g., *Salmon Resources, Ltd.*, 1 ERA 70,612 (December 16, 1985); *Northeast Gas, Inc.*, 1 ERA Para. 70,613 (December 20, 1985); *Petro-Canada Hydrocarbons, Inc.*, 1 ERA Para. 70,618 (January 3, 1986); *Development Associates, Inc.*, unpublished (January 14, 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.