

Cited as "1 ERA Para. 70,641"

Yankee International Company (ERA Docket No. 86-14-NG), April 29, 1986.

DOE/ERA Opinion and Order No. 119

Order Approving an Amendment to an Authorization to Export Natural Gas to Canada on a Short-Term Basis

I. Background

On February 28, 1986, 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), DOE Delegation Order No. 0204-111, and Section 590.201 of the ERA's administrative procedures, to amend its natural gas export authorization granted by the ERA in Opinion and Order No. 99, Docket No. 85-38-NG, on December 30, 1985. Under its existing authorization, Yankee may export up to 50 MMcf per day for a total of up to 2 Bcf of natural gas to Canada from the date of approval through April 30, 1986, at a price of \$2.45 per MMBtu. In the instant application, Yankee requests that the ERA amend its authorization by increasing the maximum export levels to 86 MMcf per day for a total of up to 10 Bcf for a term ending February 4, 1988.

Under the proposed extension of its export arrangement, Yankee will continue to be a marketer of natural gas supplies, acting as agent on behalf of both producers and purchaser. The natural gas will be purchased by Yankee from various suppliers principally located in the states of Oklahoma and Kansas and resold to Union Gas, Ltd. (Union) at the U.S./Canadian border. Union is a local distribution company located in the Province of Ontario, Canada, serving the cities of Hamilton and Windsor.

Yankee has contracted with Panhandle Eastern Pipe Line Company (Panhandle) for the transportation of the gas to be exported. On February 11, 1986, Panhandle filed an application with the Federal Energy Regulatory Commission (FERC) in Docket CP86-317-000 requesting authorization to effectuate its transportation agreement with Yankee. On March 12, 1986, the FERC issued an order granting a certificate of public convenience and necessity under Section 7(c) of the NGA to Panhandle for the transportation of this gas. The certificate issued by the FERC is effective through April 30, 1986, but is automatically extended up to February 4, 1988, if the underlying export authorization granted by the ERA is extended. On March 14, 1986, the FERC also amended Panhandle's Presidential Permit authorizing the use of its

facilities for the exportation of natural gas.

In support of its application, Yankee states that the proposed extension of its natural gas export authorization is not inconsistent with the public interest. Yankee states that the ERA's principal consideration in determining whether a proposed export is in the public interest is whether there is a domestic need for the gas to be exported. Yankee notes that a gas supply surplus currently exists in the U.S. Moreover, Yankee maintains that this situation will not change over the term of the proposed export and the proposed extension of this export will help alleviate a severe surplus of gas in the producing fields in the states of Oklahoma and Kansas. Yankee also states that extension of this export arrangement will benefit further the U.S. by reducing the foreign trade deficit and will not have any potential environmental impacts due to the fact that no new facilities will be constructed.

In submitting its application, Yankee has asked the ERA to make a determination on its request prior to April 30, 1986, thus avoiding any lapse in time between its existing authorization and its current request.

II. Interventions and Comments

The ERA issued a notice of the application on March 11, 1986, inviting protests, motions to intervene, notices of intervention and comments to be filed by April 18, 1986.^{1/} TransCanada PipeLines Limited (TransCanada) filed a motion to intervene, without comment. This order grants intervention to TransCanada.

III. Decision

The application filed by Yankee has been evaluated in accordance with the Administrator's authority to determine if the proposed export arrangement meets the public interest requirements of Section 3 of the NGA. Under Section 3 an export is to be authorized unless there is a finding that it "will not be consistent with the public interest."^{2/} In reviewing natural gas export applications, the ERA considers the domestic need for the gas to be exported, and any other issues determined by the Administrator to be appropriate in a particular case.

Yankee states in its application that there is no present national need for the gas to be exported and cites the ERA's policy guidelines for natural gas imports^{3/} and the FERC's Order No. 436,^{4/} that both the ERA and the FERC have recognized the current supply surplus in the United States. Yankee

further adds that the short-term nature of this export request protects against the possibility that there may in the future be a national or regional need for these supplies. No party has contested the applicant's position on domestic need for the gas to be exported, or furnished the ERA with any information that would conflict with Yankee's statements. In light of the above, the ERA concludes that there is no domestic need for the gas to be exported over the proposed term of the project.

As stated earlier in DOE/ERA Opinion and Order No. 99, the Yankee export arrangement is also consistent with the DOE's policy guidelines on gas imports. The thrust of that policy is to promote competition in the natural gas marketplace by allowing commercial parties to negotiate freely their own trade arrangements with minimal government interference. The ERA finds that Yankee's proposed extension of its export project furthers the policy goal of reducing trade barriers and encourages market forces to achieve a more rational and competitive distribution of goods between the U.S. and Canada.

After taking into consideration all the information in the record of this proceeding, I find that granting Yankee authority to export up to 10 Bcf of natural gas for a term ending February 4, 1988, 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. The export authorization granted to Yankee International Company (Yankee) in DOE/ERA Opinion and Order No. 99, issued December 30, 1985, in ERA Docket No. 85-38-NG, is hereby amended to allow Yankee to export natural gas to Canada through February 4, 1988, and to increase its maximum export levels to 86 MMcf per day and up to 10 Bcf for the term.

B. With respect to the exports authorized by this Order, Yankee shall file with the ERA within 30 days following each calendar quarter, quarterly reports indicating whether sales of exported gas have been made, and if so, giving, by month, the total volume of exports in MMcf and the average selling price per MMBtu at the international border.

C. The motion to intervene filed by TransCanada PipeLines Limited is hereby granted, 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 such intervenor shall not be

construed as recognition that it might be aggrieved because of any order in this proceeding.

Issued in Washington, D.C., April 29, 1986.

--Footnotes--

1/ 51 FR 9506, March 19, 1986.

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

3/ 1 ERA Para. 70,011.

4/ FERC Statutes and Regulations Para. 30,665 (50 FR 42408, October 18, 1985).

5/ Because the proposed exportation of gas will use existing pipeline facilities, the DOE has determined that granting this application clearly is 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 that an environmental impact statement or environmental assessment is not required.