

Cited as "1 ERA Para. 70,642"

Community Gas Acquisition, Inc. (ERA Docket No. 86-17-NG), May 15, 1986.

DOE/ERA Opinion and Order No. 120

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On March 6, 1986, Community Gas Acquisition, Inc. (Community) 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), to import up to 300 Bcf of Canadian natural gas over a two-year period beginning on the date of first delivery.

Community, a District of Columbia non-profit corporation, proposes to import up to 400 MMcf of natural gas per day from various Canadian suppliers for direct sales to U.S. customers on a short-term and spot basis. The customers are expected to include local distribution companies, industrial and commercial end-users, and residential cooperatives. Community would also import gas for its own account as well as for the accounts of its foreign supplier clients and U.S. purchaser clients.

Community 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. Community states that it intends to use existing transmission systems and does not require the construction of new pipeline facilities in order to import the gas. It proposes to file quarterly reports with the ERA.

The ERA issued a notice of the application on March 13, 1986, with protests, motions to intervene, or comments to be filed by April 21, 1986.¹ Motions to intervene were filed by Southern California Gas Company, Pacific Gas Transmission Company, and El Paso Natural Gas Company. No one expressed an opinion on the merits of the import proposal, nor requested any further proceedings. This order grants intervention to these movants.

II. Decision

The application filed by Community 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.

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

Community'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 Community's application, provides assurance that the transactions will be competitive. Under the proposed import, Community'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 Community blanket authority to import up to 300 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. Community Gas Acquisition, Inc. (Community) is authorized to import up to a total volume of 300 Bcf of Canadian natural gas over a two-year period beginning on the date of first delivery.

B. Community 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, Community shall file with the ERA within 30 days following each calendar quarter, quarterly reports indicating whether sales of imported gas have been made, and if so, giving, by month, the total volume in MMcf of the imports and the average

purchase price per MMBtu at the border. The reports shall also provide the details of each transaction, including the names of the sellers and purchasers, estimated or actual duration of the agreements, transporters, points of entry, markets served, and if applicable, any demand/commodity charge breakdown of the contract price, any special contract price adjustment clause, and any make-up or take-or-pay provisions.

D. The motions to intervene, as set forth in this Opinion and Order, are hereby granted, 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 May 15, 1986.

--Footnotes--

1/ 51 FR 9703, March 20, 1986.

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, Inc., 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., 1 ERA Para. 70,618 (January 3, 1986).

5/ Because the proposed importation 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 an environmental assessment is not required.