

Cited as "1 ERA Para. 70,650"

Canterra Natural Gas Inc. (ERA Docket No. 86-16-NG), May 29, 1986.

DOE/ERA Opinion and Order No. 127

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On March 5, 1986, Canterra Natural Gas Inc. (CNG) filed an application for blanket authorization to import up to 25 Bcf per year of Canadian natural gas over a period of two years beginning on the date of first delivery. CNG is owned by CDC Producing Company, a Delaware corporation with its principal place of business in Pittsburgh, Pennsylvania, and which in turn is a subsidiary of Canterra Petroleum Inc. (Canterra).

CNG would receive its supply of gas from Canterra Energy Ltd., the Canadian parent of Canterra, and other Canadian suppliers and resell it on a short-term basis to U.S. purchasers, including pipelines, distribution companies and end users. CNG also proposes to act as an agent on behalf of Canadian suppliers and/or U.S. purchasers. The specific terms of each import and sale would be negotiated on an individual basis including the price and volumes. Canterra asserts that no new pipeline would be required in order to import the gas. The applicant proposes to file with the ERA quarterly reports of individual transactions within 30 days following each calendar quarter.

The ERA issued a notice of the application on March 28, 1986, inviting protests, motions to intervene, notices of interventions and comments to be filed by April 28, 1986.^{1/} Motions to intervene were filed by Southern California Gas Company, El Paso Natural Gas Company, Northwest Pipeline Corporation, and Pacific Gas Transmission Company. None of the intervenors 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 CNG 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 Natural Gas Act. 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 in this determination by the DOE's natural gas policy guidelines.^{3/}

Under these guidelines the competitiveness of an import arrangement in the markets served is the primary consideration for meeting the public interest test.

The import authorization sought would provide CNG with blanket approval, within prescribed limits, to negotiate and transact individual, short-term sales arrangements without further regulatory action.

CNG's 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 sale will be voluntarily negotiated, short-term and market-responsive provides assurance that the transactions will be competitive. Thus, this, like other similar blanket imports ^{4/} approved by the ERA, will enhance competition in the market place.

After taking into consideration all of the information in the record of this proceeding, I find that granting CNG blanket authority to import up to 25 Bcf per year 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. Canterra Natural Gas Inc. (CNG) is authorized to import up to 25 Bcf per year of Canadian natural gas over a two-year period beginning on the date of first delivery.

B. This natural gas may be imported at any point on the international border where existing pipeline facilities are located.

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

D. With respect to the imports authorized by this Order, CNG 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 MMcf of the imports and the average purchase and sales 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 clauses, or any take-or-pay or make-up provisions.

E. The motions to intervene, as set forth in this Opinion and Order, are hereby granted, provided that participation of each intervenor shall be limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and that the admission of each 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 May 29, 1986.

--Footnotes--

1/ 51 FR 10657, March 28, 1986.

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

3/ 49 FR 6684, February 22, 1984.

4/ See eg., 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); El Paso Gas Marketing Company, 1 ERA Para. 70,104 (March 27, 1986); PGC Marketing Inc., 1 ERA Para. 70,639 (March 28, 1986); Natgas (U.S.) Inc., 1 ERA Para. 70,640 (April 14, 1986).

5/ Because the proposed importation of gas will use existing pipeline facilities, the 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.