

Cited as "1 ERA Para. 70,655"

NHP Energy, Inc. (ERA Docket No. 86-28-NG), June 19, 1986.

DOE/ERA Opinion and Order No. 132

Order Granting Blanket Authorization to Import Natural Gas from Canada

## I. Background

On April 18, 1986, NHP Energy, Inc. (NHP), a Minnesota corporation, 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), requesting a blanket authorization to import from Canada up to 50 MMcf of natural gas per day and a maximum of 3 Bcf over a two-year period beginning on the date of first delivery.

Under the proposal, NHP would import natural gas for its own account as well as for the accounts of Canadian suppliers and U.S. purchasers. NHP maintains that a blanket authorization would enable it to make Canadian natural gas supplies available to a wide range of markets in the United States, including pipelines, distribution firms, and commercial and industrial end-users. Moreover, NHP states that its request for a blanket import authorization is consistent with ERA's policy of encouraging competitive and market-responsive pricing. NHP also proposes to file quarterly reports to the ERA showing the specific terms of each import and sale, including the price and volumes.

The ERA issued a notice of the application on May 7, 1986, inviting protests, motions to intervene, notices of intervention, and comments to be filed by June 6, 1986.<sup>1/</sup> Motions to intervene were filed by El Paso Natural Gas Company and Pacific Gas Transmission Company. Neither of the intervenors expressed an opinion on the merits of the proposal, nor requested any further proceedings. This order grants intervention to both movants.

## II. Decision

The application filed by NHP 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."<sup>2/</sup> The Administrator is guided in this determination by the DOE's natural gas policy guidelines.<sup>3/</sup>

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 NHP with blanket approval, within prescribed limits, to negotiate and transact individual, short-term sales arrangements without further regulatory action.

NHP'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 <sup>4/</sup> approved by the ERA, will enhance competition in the marketplace.

After taking into consideration all of the information in the record of this proceeding, I find that granting NHP blanket authority to import up to 50 MMcf per day and a maximum of 3 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. NHP Energy, Inc. (NHP) is authorized to import up to 50 MMcf per day and a maximum of 3 Bcf 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. NHP 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, NHP 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 of the imports in MMcf and the average purchase and sales price per MMBtu at the international 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 June 19, 1986.

--Footnotes--

1/ 51 FR 16889, May 7, 1986.

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

3/ 49 FR 6684, February 22, 1984.

4/ See e.g., PGC Marketing Inc., 1 ERA Para. 70,639 (March 28, 1986); Natgas (U.S.) Inc., 1 ERA Para. 70,640 (April 14, 1986); Community Gas Acquisition, Inc., 1 ERA Para. 70,642 (May 15, 1986); Ocelot Energy Corporation, 1 ERA Para. 70,643 (May 15, 1986); and Chieftain International, Inc., 1 ERA Para. 70,644 (May 16, 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.