

Cited as "1 ERA Para. 70,661"

Canadian Natural Gas Clearing House (U.S.) Inc. (ERA Docket No. 86-34 NG), July 31, 1986.

DOE/ERA Opinion And Order No. 138

Order Granting Blanket Authorization To Import Natural Gas From Canada

I. Background

On May 21, 1986, Canadian Natural Gas Clearing House (U.S.) Inc. (Canadian Clearing House) 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 blanket authorization to import up to 125 MMcf of natural gas per day and a maximum of 75 Bcf for a term of two years beginning on the date of first delivery. The applicant, a corporation registered in the State of Delaware, is an affiliate of Canadian Natural Gas Clearing House Inc. (Clearing House Inc.) of Calgary, Alberta, Canada.

Canadian Clearing House would import natural gas for its own account as well as for the accounts of its Canadian supplier clients and U.S. purchaser clients. The specific terms of each import sale would be negotiated on an individual basis including the price and volume. Canadian Clearing House 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 June 6, 1986, inviting protests, motions to intervene, notices of interventions and comments to be filed by July 14, 1986.^{1/}

Motions to intervene were filed by El Paso Natural Gas Company, Pacific Gas Transmission Company, Southern California Gas Company, Northwest Alaskan Pipeline Company, and Northwest Pipeline 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 Canadian Clearing House 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 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 Canadian Clearing House with blanket approval, within prescribed limits, to negotiate and transact individual, short-term sales arrangements without further regulatory action.

Canadian Clearing House'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 sale will be voluntarily negotiated, short-term and market responsive provides assurance that the transactions will be competitive. 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 Canadian Clearing House blanket authority to import up to 75 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. Canadian Natural Gas Clearing House (U.S.) Inc. (Canadian Clearing House) is authorized to import up to 75 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. Canadian Clearing House 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, Canadian Clearing House 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 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, and special contract price adjustment clauses, and 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 July 31, 1986.

--Footnotes--

1/ 51 FR 21394, June 12, 1986.

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

3/ 49 FR 6684, February 22, 1984.

4/ See e.g., *Community Gas Acquisition, Inc.*, 1 ERA Para. 70,642 (May 15, 1986); *Ocelot Energy Corporation*, 1 ERA Para. 70,643 (May 15, 1986); *Chieftain International, Inc.*, 1 ERA Para. 70,644 (May 16, 1986); *ITRP/Kimball Gas Ventures*, 1 ERA Para. 70,656 (June 24, 1986); and *ANR-TransCanada Energy Co.*, 1 ERA Para. 70,657 (July 3, 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.