

Cited as "1 ERA Para. 70,662"

Tricentrol Petroleum Marketing, Inc. ERA Docket No. 86-33-NG, August 1, 1986.

DOE/ERA Opinion and Order No. 139

Order Granting Blanket Authorization to Import and Export Natural Gas

### I. Background

On May 9, 1986, Tricentrol Petroleum Marketing, Inc. (TPMI) 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 Canadian natural gas and to export natural gas to Canada for short-term sales in the respective countries spot market. Authorization is requested to import up to 125 Bcf per year of Canadian natural gas over a period of two years beginning on the date of first delivery of the import. TPMI additionally requests authorization to export 50 Bcf of natural gas to Canada from the United States over a two-year term, beginning on the date of first delivery.

TPMI would receive its supply of gas from various reliable Canadian sources for its own account or for others and would resell it on a short-term or spot market basis to domestic purchasers. TPMI also proposes to export and market domestically-produced gas, primarily supplied from the Bear Paw Region of Montana, to various Canadian customers. The specific terms of each sale would be negotiated on an individual basis, including price and volume. TPMI asserts that no new facilities would be required in order to import or export the gas.

In support of its application, TPMI states that the proposed import and export authorization is not inconsistent with the public interest. TPMI asserts that the proposed import will be competitive and is therefore consistent with the Secretary's policy guidelines under which the competitiveness of the proposed import is the primary consideration in evaluating the public interest. The specific terms of each sale arrangement would be negotiated on an individual basis and will ensure the competitiveness of the markets being served.

TPMI states that the ERA's principal consideration in determining whether a proposed export is in the public interest is whether there is domestic need for the gas to be exported. TPMI 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 <sup>1/</sup> and the Federal Energy Regulatory Commission's (FERC) Order No. 436,<sup>2/</sup> as documentation that both the ERA and the FERC have recognized the current supply surplus in the United States. TPMI states that as a result of this request some portion of the natural gas exported may be imported into the United States.

TPMI 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.<sup>3/</sup>

Motions to intervene were filed by Southern California Gas Company, Northwest Pipeline Corporation, Pacific Gas Transmission Company, Northwest Alaskan Pipeline Company, and El Paso Natural Gas Company. None of the intervenors expressed an opinion on the merits of the import or the export proposal, nor requested any further proceedings. This order grants intervention to these movants.

## II. Decision

The application filed by TPMI has been evaluated in accordance with the Administrator's authority to determine if the proposed import and export arrangement meets the public interest requirements of Section 3 of the NGA. Under Section 3, imports and exports are to be authorized unless there is a finding that they "will not be consistent with the public interest." <sup>4/</sup> With respect to imports, the Administrator is guided in this determination by the DOE's natural gas policy guidelines.<sup>5/</sup> Under these guidelines the competitiveness of an import arrangement in the markets served is the primary consideration for meeting the public interest test. With respect to the proposed export volumes, the domestic need for the gas during the term of the authorization is the main consideration.

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

TPMI's arrangement for the import and export of natural gas, as set forth in the application, is consistent with the DOE policy guidelines and Section 3 of the NGA. No party objected to the proposed import and export. The fact that each sale will be voluntarily negotiated, short-term and market

responsive provides assurance that the transactions will be competitive. The current gas surplus and the fact that no party indicates a need for the gas proposed to be exported indicates that the gas will not be required for domestic use during the term of this authorization. Thus, this, like other, similar blanket imports and exports <sup>6/</sup> 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 TPMI blanket authority to import up to 125 Bcf per year of Canadian natural gas and to export 50 Bcf of natural gas over a term of two years is not inconsistent with the public interest.<sup>7/</sup>

### ORDER

For the reasons set forth above, pursuant to Section 3 of the Natural Gas Act, it is ordered that:

A. Tricentrol Petroleum Marketing, Inc. (TPMI) is authorized to import up to 125 Bcf per year of Canadian natural gas over a two-year period beginning on the date of first delivery.

B. Trincentrol Petroleum Marketing, Inc. (TPMI) is authorized to export 50 Bcf of natural gas over a two-year period beginning on the date of first delivery.

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

D. TPMI shall notify the ERA in writing of the date of the first delivery of natural gas imported and the date of the first delivery of natural gas exported under Ordering Paragraphs A and B above within two weeks after the dates of such deliveries.

E. With respect to the imports and exports authorized by this Order, TPMI shall file with the ERA within 30 days following each calendar quarter, quarterly reports indicating whether sales of imported and/or exported gas have been made, and if so, giving by month, the total volume of the imports and/or exports 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.

F. 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 August 1, 1986.

--Footnotes--

1/ 1 ERA Para. 70,011 (1984).

2/ FERC Statutes and Regulations Para. 30,665 (50 FR 42208, October 18, 1985).

3/ 51 FR 21395, June 12, 1986.

4/ 15 U.S.C. Sec. 717b.

5/ 49 FR 6684, February 22, 1984.

6/ See e.g., Yankee International Company, 1 ERA Para. 70,641 (April 29, 1986); 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); NHP Energy, Inc., 1 ERA Para. 70,655 (June 19, 1986); and TRP/Kimball Gas Ventures, A Joint Venture, 1 ERA Para. 70,656 (June 24, 1986).

7/ Because the proposed import and exportation 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.