

Cited as "1 ERA Para. 70,683"

CanadianOxy Marketing, Inc. (ERA Docket No. 86-58-NG), December 29, 1986.

DOE/ERA Opinion and Order No. 161

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On September 19, 1986, CanadianOxy Marketing, Inc. (CanadianOxy), 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), for blanket authorization to import up to 140 MMcf of Canadian natural gas per day, not to exceed 100 Bcf during a two-year period, beginning on the date of first delivery. CanadianOxy will purchase the gas on its own behalf for resale to any purchaser or act as an agent for others. CanadianOxy intends to purchase the gas for short-term or spot transactions and to utilize existing pipeline facilities for the transportation of the volumes imported.

The applicant is a corporation registered in the State of Delaware with its place of business in Calgary, Alberta, Canada. Its parent is Canadian Occidental Petroleum Ltd. The gas would be supplied by the parent and a variety of other suppliers.

In support of its authorization request, CanadianOxy asserts that the short-term nature of the requested authority will promote competition in the marketplace. CanadianOxy contends that its proposed import will be competitive and is therefore consistent with the Secretary's import policy guidelines under which the competitiveness of the proposed import is the primary consideration in evaluating the public interest.^{1/}

The applicant proposes to file quarterly reports with the ERA. Each report would indicate by month the transactions made during the period and the details of each transaction.

The ERA issued a notice of the application on October 20, 1986.^{2/} Motions to intervene, without comment or request for additional procedures, were received from Northwest Alaskan Pipeline Company, Pacific Gas Transmission Company, and Northwest Pipeline Corporation. This order grants intervention to these movants.

II. Decision

The application filed by CanadianOxy has been evaluated 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."

3/ The Administrator is guided by the DOE's natural gas import policy guidelines.^{4/} Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

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

CanadianOxy's proposed 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. This application is similar to other blanket authorizations approved by the ERA.^{5/} The fact that each spot purchase will be voluntarily negotiated, short-term, and market-responsive, as asserted in CanadianOxy's application, provides assurance that the transactions will be competitive. Under the proposed import, CanadianOxy will only purchase gas to the extent it needs such volumes and the price is competitive. Thus, this arrangement will enhance competition in the marketplace.

After taking into consideration all the information in the record of this proceeding, I find that granting CanadianOxy blanket authority to import up to 140 MMcf of Canadian natural gas per day, not to exceed 100 Bcf during a term of two years, is not inconsistent with the public interest.^{6/}

Order

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

A. CanadianOxy Marketing Inc. (CanadianOxy) is authorized to import up to a total volume of 140 MMcf of Canadian natural gas a day, not to exceed 100 Bcf 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. CanadianOxy shall notify the ERA in writing of the date of first delivery of natural gas authorized in Ordering Paragraph A above within two

weeks after deliveries begin.

D. With respect to the imports authorized by this Order, CanadianOxy 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, 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 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 December 29, 1986.

--Footnotes--

1/ 49 FR 6684, February 22, 1984.

2/ 51 FR 39546, October 29, 1986.

3/ 15 U.S.C. Sec. 717b.

4/ See supra note 1.

5/ See e.g., ITRP/Kimball Gas Ventures, A Joint Venture, 1 ERA Para. 70,656 (June 24, 1986); ANR-TransCanada Energy Co., 1 ERA Para. 70,657 (June 24 1986); Tricentrol Petroleum Marketing, Inc., 1 ERA Para. 70,662 (August 1, 1986); Petro-Canada Hydrocarbons Inc., 1 ERA Para. 70,664 (August 26, 1986); Spot Market Corporation, 1 ERA Para. 70,665 (August 27, 1986); and Hadson Canada, Inc., 1 ERA Para. 70,667 (September 9, 1986).

6/ 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.