

Cited as "1 ERA Para. 70,685"

Paramount Resources U.S. Inc. (ERA Docket No. 86-57-NG), December 29, 1986.

DOE/ERA Opinion and Order No. 160

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On September 19, 1986, Paramount Resources U.S. Inc. (Paramount) 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 authority to import from Canada up to 400 MMcf of natural gas per day, not to exceed a total of 300 Bcf during a two-year period, beginning on the date initial deliveries of gas commence. Paramount, a corporation registered in the State of Delaware, is a wholly-owned subsidiary of Paramount Resources Ltd., a Canadian producer of natural gas.

Under the proposal, Paramount would purchase Canadian gas from its parent, Paramount Resources Ltd., and a variety of producers, producer groups, associations, and pipeline companies located in Canada. The Canadian gas would be sold in the U.S. spot market to local distribution companies, pipelines, and industrial and commercial end-users at competitive prices. Paramount would import the gas for its own account or as an agent for both foreign suppliers and U.S. purchasers. Paramount states that it would use existing facilities of U.S. pipelines to transport the gas.

Paramount proposes to file quarterly reports within 30 days following each calendar quarter giving the details of each transaction, including parties, price, volume, transporters, term of the agreements, take-or-pay or make-up provisions, if any, points of entry and market served.

In support of its application, Paramount asserts that the flexibility provided under the blanket authorization will enable it to respond to rapidly changing conditions in the spot market and that the authorization requested is consistent with other blanket authorizations recently approved by the ERA.

The ERA issued a notice of the application on September 26, 1986, inviting protests, motions to intervene, notices of intervention, and comments to be filed by November 3, 1986.^{1/} Motions to intervene without comment or request for additional procedures were filed by El Paso Natural Gas Company,

Pacific Gas Transmission Company, Northwest Alaskan Pipeline Company, Southern California Gas Company, and Northwest Pipeline Corporation. This order grants intervention to these movants.

II. Decision

The application filed by Paramount 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."^{2/} The Administrator is guided by the DOE's natural gas import policy guidelines. Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.^{3/}

This application is similar to other blanket imports approved by the ERA.^{4/} The authorization sought would provide Paramount with blanket import approval to negotiate and transact individual, short-term, sale arrangements without further regulatory action.

Paramount'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. The fact that each spot sale will be voluntarily negotiated, short term, and market-responsive, as asserted in Paramount's application, provides assurance that the transactions will be competitive. Under the proposed import, Paramount's customers will only purchase gas to the extent they need 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 Paramount blanket authority to import up to 400 MMcf of Canadian natural gas per day, not to exceed a total of 300 Bcf 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. Paramount Resources U.S. Inc. (Paramount) is authorized to import up to 400 MMcf of Canadian natural gas per day, not to exceed a total volume of 300 Bcf over a two-year period, beginning on the date of the first delivery.

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

C. Paramount shall notify the ERA in writing of the date of 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, Paramount 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 report shall also provide the details of each transaction, including the names of the sellers and purchasers, estimated or 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/ 51 FR 35393, October 3, 1986.

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

3/ 49 FR 6684, February 22, 1984.

4/ See e.g., Czar Resources, Inc., 1 ERA Para. 70,660 (July 17, 1986); Canadian Natural Gas Clearing House (U.S.), Inc., 1 ERA Para. 70,661 (July 31, 1986); Spot Market Corporation, 1 ERA Para. 70,665 (August 27, 1986) CU Energy Marketing, Inc., 1 ERA Para. 70,669 (September 23, 1986); Brymore Gas Marketing, Inc., 1 ERA Para. 70,671 (October 3, 1986); Tricentrol United States, Inc., and Tricentrol Petroleum Marketing, Inc., 1 ERA Para. 70,672 (October 20, 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.