

Cited as "1 ERA Para. 70,695"

Eastex Canadian, Inc. (ERA Docket No. 87-05-NG), April 30, 1987.

DOE/ERA Opinion and Order No. 170

Order Granting Blanket Authorization To Import Natural Gas From Canada

I. Background

On January 27, 1987, Eastex Canadian, Inc. (Eastex), 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 150 MMcf per day of Canadian natural gas and a maximum of 110 Bcf over a two-year period, beginning on the date of first delivery. The applicant, a Delaware corporation having its principal place of business in Tyler, Texas, states that the gas will be purchased from a variety of Canadian suppliers, for Eastex's own account, for resale to other purchasers, or as an agent for others. Eastex intends to sell the gas on a short-term or spot basis to such purchasers as local distribution companies, electric utilities, pipelines, and industrial and commercial end users. The firm intends to utilize existing pipeline facilities for the transportation of the volumes imported.

In support of its authorization request, Eastex asserts that the short-term, voluntary nature of spot market sales arrangements ensures that the gas will be competitively priced or the sales will not take place. Further, Eastex contends that its proposed import is consistent with the Secretary's import policy guidelines on the regulation of imported natural gas,^{1/} and is in accord with other blanket imports granted by the ERA.

The applicant proposes to notify the ERA of the date of its first transaction and to file quarterly reports within 30 days following each calendar quarter. 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 February 24, 1987.^{2/} Motions to intervene, without comment or request for additional procedures, were received from Northwest Alaskan Pipeline Company, Pacific Gas Transmission Company, Northwest Pipeline Corporation, and El Paso Natural Gas Company. This order grants intervention to these movants.

II. Decision

The application filed by Eastex 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, similar to other blanket arrangements authorized by ERA,5/ would provide Eastex with blanket import approval, within prescribed limits, to negotiate and transact individual, short-term purchase arrangements without further regulatory action.

Eastex'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 purchase will be voluntarily negotiated, short-term, and market-responsive, as asserted in Eastex's application provides assurance that the transactions will be competitive. Under the proposed import, Eastex 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 Eastex blanket authority to import up to 110 Bcf of Canadian natural gas over 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. Eastex Canadian, Inc. (Eastex), is authorized to import up to a total of 110 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. Eastex 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 import authorized by this Order, Eastex 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 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 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 April 30, 1987.

--Footnotes--

1/ 49 FR 6684, February 22, 1984.

2/ 52 FR 6862, March 5, 1987.

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

4/ See supra note 1.

5/ See, e.g., CanadianOxy Marketing, Inc., 1 ERA Para. 70,683 (December 29, 1986); Paramount Resources U.S. Inc., 1 ERA Para. 70,685 (December 29, 1986); Forest Marketing Corp., 1 ERA Para. 70,686 (January 30, 1987); Fiscus Inc., 1 ERA Para. 70,690 (March 13, 1987), and Bonus Energy, Inc., 1 ERA Para. 70,691 (March 24, 1987).

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.