

Cited as "1 ERA Para. 70,700"

Methon Gas Marketing (U.S.) Inc. (ERA Docket No. 87-07-NG), May 15, 1987.

DOE/ERA Opinion and Order No. 172

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On February 3, 1987, Methon Gas Marketing (U.S.) Inc. (Methon) 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 100 Bcf of natural gas during a two-year period, beginning on the date of first delivery. Methon, a Delaware corporation, is a wholly owned subsidiary of Methon Gas Marketing Ltd., an Alberta corporation founded by various Canadian producers. The natural gas would be supplied by these producers and sold on a short-term basis to pipelines, distribution companies, and end users in the United States. Methon would import natural gas for its own account as well as for the account of Canadian suppliers and U.S. purchasers. Methon intends to use existing pipeline facilities for the transportation of the imports and proposes to submit quarterly reports giving details of individual transactions in the month following each calendar quarter.

In support of this application, Methon asserts that the requested blanket import authorization is in the public interest because it would provide Methon with the flexibility to operate competitively in the U.S. market.

The ERA issued a notice of the application on February 27, 1987, inviting protests, motions to intervene, notices of intervention, and comments to be filed by April 6, 1987.¹ Motions to intervene without comments or requests for additional procedures were filed by Northwest Pipeline Corporation, Northwest Alaskan Pipeline Company, Pacific Gas Transmission Company, and El Paso Natural Gas Company. This order grants intervention to these movants.

II. Decision

The application filed by Methon 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 Methon with blanket approval to negotiate and transact individual, short-term, sale arrangements without further regulatory action.

Methon'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 Methon's application, provides assurance that the transactions will be 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 Methon blanket authority to import up to 100 Bcf 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. Methon Gas Marketing (U.S.) Inc. (Methon) is authorized to import up to a total of 100 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. Methon 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 import authorized by this Order, Methon 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 May 15, 1987.

--Footnotes--

1/ 52 FR 7012, March 6, 1987.

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

3/ 49 FR 6684, February 22, 1984.

4/ See e.g., Border-to-Border Pipeline Company, 1 ERA Para. 70,682 (December 19, 1986); 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 Company, 1 ERA Para. 70,686 (January 30, 1987); and Bonus Energy Inc., 1 ERA Para. 70,691 (March 24, 1987).

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 assessment is not required.