

Cited as "1 ERA Para. 70,701"

Tex-Ana Gas Company (ERA Docket No. 87-09-NG), May 15, 1987.

DOE/ERA Opinion and Order No. 173

Order Granting Blanket Authorization to Import Natural Gas from Canada and/or Mexico

Background

On February 11, 1987, Tex-Ana Gas Company, Gas Division of Agronomics, Inc. (Tex-Ana), 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 from Canada and/or Mexico up to 100 Bcf of natural gas during a two-year period beginning on the date of first delivery. Tex-Ana is a corporation registered in the State of Texas.

Under the proposal, Tex-Ana would purchase natural gas from a variety of Canadian and/or Mexican suppliers for sale in the U.S. on a short-term and spot market basis to such purchasers as local distribution companies, electric utilities, agricultural users, pipelines and industrial and commercial end-users. Tex-Ana would import the gas for its own account or as an agent for Canadian and/or Mexican suppliers and/or U.S. purchasers. The firm states that it would use existing facilities to import and transport the gas from Canada and/or Mexico.

Tex-Ana purposes to file quarterly reports within 30 days following each calendar quarter and would show the details of each transaction, including parties, price, volume, transporters, terms of the agreements, take-or-pay or make-up provisions, if any, points of entry and markets served.

In support of its application, Tex-Ana asserts that the flexibility provided under the blanket authorization will enable it to respond to rapid changes in the spot market and that the authorization requested is consistent with other blanket authorizations approved by the ERA. In addition, Tex-Ana urges that security of supply is not an issue because its proposed sales of imported gas are of short-term duration.

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 8, 1987.¹ Motions to intervene without comment or

request for additional procedures were filed by El Paso Natural Gas Company, Pacific Gas Transmission Company and Northwest Alaskan Pipeline Company. This order grants intervention to these movants.

Decision

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

Tex-Ana's proposed arrangement for the import of Canadian and/or Mexican 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 Tex-Ana's application, provides assurance that the transactions will be competitive. Under the proposed import, Tex-Ana'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 Tex-Ana blanket authority to import up to 100 Bcf of Canadian and/or Mexican 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. Tex-Ana Gas Company, Gas Division of Agronomics, Inc. (Tex-Ana), is authorized to import up to 100 Bcf of natural gas from Canada and/or Mexico 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. Tex-Ana 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, Tex-Ana 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 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 May 15, 1987.

--Footnotes--

1/ 52 FR 7193, March 9, 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 Fiscus Inc., 1 ERA Para. 70,689 (March 11, 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 or environmental assessment is not required.