

Cited as "1 ERA Para. 70,713"

Minnesota Methane, Inc. (ERA Docket No. 87-18-NG), July 28, 1987.

DOE/ERA Opinion and Order No. 183

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On March 24, 1987, Minnesota Methane, Inc. (MnM), 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 182.5 Bcf of natural gas during a five-year period, beginning on the date of first delivery. MnM, a Minnesota corporation, intends to use existing pipeline facilities or new facilities that may be constructed and placed in service for transportation of the proposed imports. Deliveries are not contingent on new pipeline construction. MnM would import natural gas for its own account as well as for the account of Canadian suppliers and U.S. purchasers.

In support of this application, MnM asserts that the requested blanket import authorization is in the public interest because it would increase the level of competition within natural gas markets and foster favorable conditions for future negotiations with Canadian energy producers. MnM states it would not offer to enter into contracts which contain take-or-pay obligations.

The ERA issued a notice of the application on April 3, 1987, inviting protests, motions to intervene, notices of intervention, and comments to be filed by May 15, 1987.¹ Motions to intervene without comments or requests for additional procedures were filed by El Paso Natural Gas Company, Northwest Alaskan Pipeline Company, and Pacific Gas Transmission Company. This order grants intervention to these movants.

II. Decision

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

MnM'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 MnM's application, provides assurance that the transactions will be competitive. Thus, this arrangement will enhance competition in the marketplace.

However, we are denying MnM's request for an authorization for a five year period. The two-year limit on the term of such sales was a consideration imposed in recognition of the experimental nature of the blanket-type authorization. We still consider this an important condition and MnM offers no reason sufficiently compelling to diverge from this policy. It gives the ERA an opportunity to review the impact of the blanket program after a reasonable period of time. We note that, assuming the blanket authorization operates as envisaged, MnM may request and receive an extension of this blanket authorization.

After taking into consideration all the information in the record of this proceeding, I find that granting MnM blanket authority to import up to 182.5 Bcf of Canadian natural gas over a term of two years rather than five 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. Minnesota Methane, Inc. (MnM), is authorized to import up to a total of 182.5 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 or newly approved facilities are located.

C. MnM 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, MnM 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 July 21, 1987.

--Footnotes--

1/ 52 FR 12236, April 15, 1987.

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

3/ 49 FR 6684, February 22, 1984.

4/ See e.g., Forest Marketing Company, 1 ERA Para. 70,686 (January 30, 1987); Enron Gas Marketing, Inc., 1 ERA Para. 70,688 (March 9, 1987); Fiscus Inc., 1 ERA Para. 70,690 (March 13, 1987); Bonus Energy Inc., 1 ERA Para. 70,691 (March 24, 1987); and Home Oil Resources Ltd., 1 ERA Para. 70,693 (April 16, 1987).

5/ Because the proposed importation of gas will use existing pipeline facilities or other new facilities otherwise approved, 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.

