

Cited as "1 ERA Para. 70,715"

Suncor, Inc. (ERA Docket No. 87-13-NG), July 27, 1987.

DOE/ERA Opinion and Order No. 185

Order Granting Blanket Authorization to Import Natural Gas from Canada.

I. Background

On March 16, 1987, Suncor Inc. (Suncor) 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 50 MMcf per day of Canadian natural gas and a maximum of 36.5 Bcf over a two-year period, beginning on the later of April 1, 1987, the date that interruptible transportation service becomes available on the facilities of Northern Border Pipeline Company (Northern Border), or the date of ERA approval. The applicant, a Canadian corporation with its principal office in Toronto, Canada, is an affiliate of Sun Company, Inc., of Radnor, Pennsylvania, and Ontario Energy Resources Ltd., a corporation indirectly owned by the Province of Ontario, Canada.

Under the proposed import arrangement, the gas to be imported would be owned or controlled by Suncor and would be sold on a short-term, interruptible basis to local gas distribution companies serving the Midwestern states. The proposed import would enter the United States at a point on the international boundary near Port of Morgan, Montana, and would be transported through the facilities of Northern Border, as well as other interstate pipelines serving the Midwestern states.

In support of its import request, Suncor asserts that any sales would be made on an interruptible basis under contracts that provide for month-to-month bidding of price and volume, thus ensuring that the import arrangement will remain competitive over the term of the authorization. Suncor further states that since the gas sought to be imported would have to compete with other short-term interruptible supply sources, no deliveries will take place unless the supply is price competitive and thus needed.

The ERA issued a notice of the application on March 31, 1987.¹ A motion to intervene without request for additional procedures was received from the Northwest Alaskan Pipeline Company. This order grants intervention to this movant.

The application filed by Suncor 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.3/ 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,4/ would provide Suncor with blanket import approval, within prescribed limits, to negotiate and transact individual, short-term purchase arrangements without further regulatory action.

II. Decision

Suncor'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 Suncor's application provides assurance that the transactions will be competitive. Under the proposed import, Suncor 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 Suncor blanket authority to import up to 36.5 Bcf of Canadian natural gas over a term of two years is not inconsistent with the public interest.5/ Consistent with our recent treatment of similar blanket applications, there will be no restriction on the daily and annual volume that may be imported. This increases the flexibility of spot market importers to provide gas supplies to meet customer demand.

ORDER

For the reasons set forth above, pursuant to Section 3 of the Natural Gas Act, it is ordered that:

A. Suncor, Inc., (Suncor) is authorized to import up to a total of 36.5 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 facilities are located.

C. Suncor 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, Suncor 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 motion to intervene, as set forth in this Opinion and Order, is hereby granted, provided that participation of the intervenor shall be limited to matters specifically set forth in the motion to intervene and not herein specifically denied, and that admission of such intervenor shall not be construed as recognition that the intervenor might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on July 27, 1987.

--Footnotes--

1/ 52 FR 11531, April 9, 1987.

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

3/ 49 FR 6684, February 22, 1984.

4/ See e.g., Tex-Ana Gas Company, 1 ERA Para. 70,701 (May 15, 1987); Bountiful Corporation, 1 ERA Para. 70,703 (May 26, 1987); Quintana Minerals Corporation, 1 ERA Para. 70,704 (June 1, 1987); Gasmark Inc., 1 ERA Para. 70,705 (June 11, 1987); The Brooklyn Union Gas Company, 1 ERA Para. 70,706 (June 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.

