

Cited as "1 ERA Para. 70,716"

Chevron Natural Gas Services, Inc. (ERA Docket No. 87-23-NG), August 4, 1987.

DOE/ERA Opinion and Order No. 186

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On April 27, 1987, Chevron Natural Gas Services, Inc. (Chevron Gas), 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 73 Bcf of natural gas over a two-year period, beginning on the date of first delivery. Chevron Gas, a Delaware corporation whose principal place of business is San Francisco, California, plans to import Canadian natural gas for sale in the U.S. short-term and spot markets.

Under the proposal, Chevron Gas would import gas from a variety of Canadian producers, marketers, and pipelines, including its affiliate, Chevron Canada. Chevron Gas intends to import the gas for its own account or as an agent for intrastate and interstate gas pipelines, local distribution companies, industrial end-users, or other prospective U.S. purchasers. The firm states that it would import the subject gas through existing pipeline facilities at the U.S./Canadian international border and does not propose the construction of any new facilities.

Chevron Gas proposes to file quarterly reports within 30 days following each calendar quarter showing the details of each transaction, including purchasers and sellers, price, volume, transporters, term of the agreements, take-or-pay or make-up provisions, if any, points of entry and markets served.

In support of its application, Chevron Gas 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, Chevron Gas 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 May 11, 1987,¹ inviting protests, motions to intervene, notices of intervention, and comments to be

filed by June 21, 1987. Motions to intervene without comments or requests for additional procedures were filed by 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 Chevron Gas 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 Chevron Gas with blanket import approval to negotiate and transact individual, short-term sale arrangements without further regulatory action.

Chevron Gas' 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 Chevron Gas' application, provides assurance that the transactions will be competitive. Under the proposed import, Chevron Gas' 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 Chevron Gas authority to import up to 73 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. Chevron Natural Gas Services, Inc. (Chevron), is authorized to import up to a total of 73 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. Chevron Gas 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 deliveries begin.

D. With respect to the import authorized by this Order, Chevron Gas shall file with the ERA within 30 days following each calendar quarter, quarterly reports indicating whether purchases of imported gas have been made, and if so, giving, by month, the total volume of the imports in MMcf and the average purchase 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 agreement(s), transporter(s), points of entry, market(s) served, and, if applicable, the per unit (MMBtu) demand/commodity charge breakdown of the 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 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 August 4, 1987.

--Footnotes--

1/ 52 FR 19378, May 22, 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); Bonus Energy Inc., 1 ERA Para. 70,691 (March 24, 1987); Home Oil Resources Ltd., 1 ERA Para. 70,693 (April 16, 1987); and Quintana Minerals Corporation, 1 ERA Para. 72,685 (June 1, 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.