

Cited as "1 ERA Para. 70,719"

American Natural Gas Corporation (ERA Docket No. 87-27-NG), August 14, 1987.

DOE/ERA Opinion and Order No. 189

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On May 21, 1987, American Natural Gas Corporation (American Natural) 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 authority to import up to 200,000 Mcf of Canadian natural gas per day and a maximum quantity of 146 Bcf over a two-year period beginning on the date of first delivery. American Natural states that the gas to be imported will be from one or more Canadian producers. Under the proposed arrangement, the imported gas would be sold in the domestic spot market on an interruptible basis to local gas distribution companies, pipelines, utilities, and commercial and industrial end-users serving primarily the Western regions of the United States. American Natural would act on its own behalf or on behalf of other U.S. purchasers and Canadian suppliers. American Natural intends to use only existing pipeline facilities.

In support of its authorization request, American Natural asserts that the short-term nature of the requested authority will promote competition in the marketplace. American Natural further asserts that the sales would be freely negotiated thus ensuring that the import will reflect market conditions and remain competitive over the term of the authorization. American Natural contends that its proposed import will be competitive and is therefore consistent with the Secretary's import policy guidelines under which the competitiveness of the proposed import is the primary consideration in evaluating the public interest.^{1/}

The ERA issued a notice of the application on June 11, 1987, inviting protests, motions to intervene, notices of intervention, and comments to be filed by July 20, 1987.^{2/} Motions to intervene without comment or request for additional procedures were filed by Northwest Pipeline Corporation, Northwest Alaskan Pipeline Company, El Paso Natural Gas Company, and Pacific Gas Transmission Company. This order grants intervention to these movants.

II. Decision

The application filed by American Natural 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." 3/ The Administrator is guided by the DOE's natural gas import policy guidelines.4/ Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

American Natural's application is similar to other blanket imports approved by the ERA.5/ The authorization sought would provide American Natural with blanket import approval to negotiate and transact individual, short-term, sale arrangements without further regulatory action.

American Natural's proposed arrangement for the importation of Canadian natural 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 American Natural's application, provides assurance that the transactions will be competitive. Under the proposed import, American Natural'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 American Natural blanket authority to import up to 146 Bcf of Canadian natural gas over a term of two years is not inconsistent with the public interest.6/ 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. American Natural Gas Corporation (American Natural) is authorized to import up to 146 Bcf of Canadian natural gas 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. American Natural shall notify the ERA in writing of the date of the 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, American Natural 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, transporter, 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 August 14, 1987.

--Footnotes--

1/ 49 FR 6684, February 22, 1984.

2/ 52 FR 23201, June 18, 1987.

3/ 15 U.S.C. Sec. 717b.

4/ See supra note 1.

5/ 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).

6/ 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.