

Cited as "1 ERA Para. 70,723"

Semco Energy Services, Inc. (ERA Docket No. 87-33-NG) September 23, 1987.

DOE/ERA Opinion and Order No. 193

Order Granting Blanket Authorization to Import Natural Gas

I. Background

On June 29, Semco Energy Services, Inc. (SEMCO), 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 200 Bcf of natural gas per year over a two-year period, beginning on the date of the first delivery. SEMCO is a corporation registered with the State of Michigan and is a wholly-owned subsidiary of Southeastern Michigan Gas Enterprises, Inc.

In support of its authorization request, SEMCO asserts that the short-term nature of the requested authority will promote competition in the marketplace. SEMCO further asserts that the 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.

SEMCO proposes to notify the ERA of the date of its first delivery and to file quarterly reports within 30 days following each calendar quarter.

The ERA issued a notice of this application on July 22, 1987, inviting protests, motions to intervene, notices of intervention, and comments to be filed by August 28, 1987.^{1/} Motions to intervene without comment or request for additional procedures were filed by Northwest Pipeline Corporation, Pacific Gas Transmission Company, and El Paso Natural Gas Company. This order grants intervention to these movants.

II. Decision

The application filed by SEMCO 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.

SEMCO's proposed arrangement for importing gas, as set forth in the application, is consistent with the DOE policy guidelines. The import authorization sought would provide SEMCO with blanket import approval, within prescribed limits, to negotiate and transact individual, short-term purchase arrangements without further regulatory action, and, thus, is similar to other blanket authorizations approved by the ERA.⁴ The fact that each spot purchase will be voluntarily negotiated, short-term, and market-responsive, as asserted in SEMCO's application, provides assurance that the transactions will be competitive. Under the proposed import, SEMCO 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. Further, no party objected to the proposed import.

After taking into consideration all the information in the record of this proceeding, I find that granting SEMCO blanket authority to import up to 400 Bcf of natural gas during 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 annual volume that may be imported. This increases the flexibility of spot market importers to provide gas suppliers to meet customers demand.

Order

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

A. SEMCO Energy Services, Inc. (SEMCO), is authorized to import up to 400 Bcf of natural gas during 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. SEMCO 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 imports authorized by this Order, SEMCO 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 seller(s), and the purchaser(s) if other than SEMCO, 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 makeup 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 September 23, 1987.

--Footnotes--

1/ 52 FR 28330, July 29, 1987.

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

3/ 49 FR 6684, February 22, 1984.

4/ See e.g., Bountiful Corporation, 1 ERA Para. 70,703 (May 26, 1987); Quintana Minerals Corporation, 1 ERA Para. 70,704 (June 11, 1987); GasMark, Inc., 1 ERA Para. 70,705 (June 11, 1987); ANR Gathering Company, 1 ERA Para. 70,708 (June 29, 1987); and American Central Gas Pipeline Corporation, 1 ERA Para. 70,709 (June 29, 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.