

Cited as "1 ERA Para. 70,731"

Vector Energy (U.S.A.) Inc. (ERA Docket No. 87-29-NG), October 26, 1987.

DOE/ERA Opinion and Order No. 200

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On June 12, 1987, Vector Energy (U.S.A.) Inc. (Vector) 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 150 Bcf of natural gas during a two-year period beginning on the date of the first delivery. Vector, a Delaware corporation, intends to use existing transmission systems and will not require the construction of new or separate facilities for the proposed imports. Vector would import gas either as a broker or agent and may itself resell gas it has purchased.

In support of this application, Vector asserts that the requested blanket import authorization is in the public interest because it will ensure both competitiveness and the efficient allocation of natural gas in the market place. Vector states that the terms of each supply contract will depend upon current market demand and the applicant's contract arrangements with Canadian suppliers.

The ERA issued a notice of this application on July 2, 1987, inviting protests, motions to intervene, notices of intervention, and comments to be filed by August 10, 1987.^{1/} Motions to intervene without comment or request for additional procedures were filed by Northwest Alaskan Pipeline Company, Pacific Gas Transmission Company, Northwest Pipeline Corporation and El Paso Natural Gas Company. This order grants intervention to these movants.

II. Decision

The application filed by Vector 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.

Vector's proposed arrangement for importing Canadian gas, as set forth in the application, is consistent with the DOE policy guidelines. The import authorization sought would provide Vector with blanket import approval, within prescribed limits, to negotiate and transact individual, short-term purchase arrangements without further regulatory action. The fact that each spot purchase will be voluntarily negotiated, short-term and market-responsive, as asserted in Vector's application, provides assurance that the transactions will be competitive. Under the proposed import, Vector will only purchase gas to the extent it needs such volumes and the price is competitive. Thus, this arrangement, like other blanket authorizations approved by ERA,^{4/} 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 Vector blanket authority to import up to 150 Bcf of natural gas during 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. Vector Energy (U.S.A.) Inc. (Vector) is authorized to import up to 150 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. Vector 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, Vector 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 Vector, 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 October 26, 1987.

--Footnotes--

1/ 52 FR 26069, July 10, 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); *Gasmak 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.