

Cited as "1 ERA Para. 70,739"

Victoria Gas Corporation (ERA Docket No. 87-47-NG), November 30, 1987

DOE/ERA Opinion and Order No. 208

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On August 31, 1987, Victoria Gas Corporation (Victoria) 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 100 MMcf of Canadian natural gas per day and a maximum quantity of 72 Bcf annually over a two-year period beginning on the date of first delivery. On September 8, 1987, Victoria filed an amendment to request authority to import 72 Bcf over a two-year period. Victoria, a Texas corporation, proposes to import gas from Union Gas Ltd. and various other Canadian suppliers, and to make these supplies available on a short-term or spot basis to a wide range of U.S. markets, including pipelines, local distribution companies, and commercial and industrial end-users. Victoria requests authority to import the gas for its own account as well as for the accounts of Canadian sellers or U.S. purchasers. Victoria intends to use only existing pipeline facilities. Victoria further states it will notify the ERA of the date of first delivery of the gas and will file quarterly reports within 30 days following each calendar quarter.

In support of its authorization request, Victoria asserts that the short-term nature of the requested authority will promote competition in the marketplace. Victoria 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. Victoria contends that its proposed import 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 August 10, 1987, inviting protests, motions to intervene, notices of intervention, and comments to be filed by November 2, 1987.^{2/} Motions to intervene without comments or request for additional procedures were filed by Northwest Alaskan Pipeline Company, El Paso Natural Gas Company, Pacific Gas Transmission Company, and Northwest Pipeline Corporation. This order grants intervention to all movants.

II. Decision

The application filed by Victoria 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.

Victoria's application, similar to other blanket import applications approved by the ERA,5/ seeks authority to negotiate individual, short-term, import arrangements without further regulatory action. The proposed arrangement, as set forth in the application, is consistent with the DOE policy guidelines. The fact that each spot sale will be voluntarily negotiated, short-term, and market-responsive, as asserted in Victoria's application, provides assurance that the transactions will be competitive. 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 Victoria blanket authority to import up to 72 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 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. Victoria Transportation Company (Victoria) is authorized to import up to 72 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. Victoria shall notify the Economic Regulatory Administration (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, Victoria 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 November 30, 1987.

--Footnotes--

1/ 49 FR 6684, February 22, 1984.

2/ 52 FR 36821, October 1, 1987.

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

4/ See supra note 1.

5/ See e.g., Goetz Oil Corporation, 1 ERA Para. 70,727 (October 19, 1987); Semco Energy Services, Inc., 1 ERA Para. 70,723 (September 23, 1982); Continental Natural Gas Inc., 1 ERA Para. 70,722 (September 21, 1987); and Kimball Energy Corporation, 1 ERA Para. 70,720 (August 19, 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.