

Cited as "1 ERA Para. 70,741"

Associated Natural Gas, Inc. (ERA Docket No. 87-49-NG), December 11, 1987.

## DOE/ERA Opinion and Order No. 210

### Order Granting Blanket Authorization to Import Natural Gas from Canada

#### I. Background

On September 8, 1987, Associated Natural Gas, Inc. (ANGI), 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 100,000 Mcf per day of natural gas and a maximum of 18 Bcf annually for a two-year period, beginning on the date of the first delivery. ANGI, a Colorado corporation, intends to use existing facilities and would import Canadian gas either for its own account or for the account of others for short-term and spot sales to purchasers in the United States.

In support of this application, ANGI asserts that the requested blanket import authorization is in the public interest because it will ensure both competitiveness and the efficient servicing with natural gas of certain existing, as well as new, transactions. ANGI 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 September 29, 1987, inviting protests, motions to intervene, notices of intervention, and comments to be filed by November 5, 1987.<sup>1</sup> Motions to intervene without comment or request for additional procedures were filed by Northwest Pipeline Corporation, El Paso Natural Gas Company, Colorado Interstate Gas Company, and Northwest Alaskan Pipeline Company. On November 9, 1987, Pacific Gas Transmission Company moved to intervene. No delay to the proceeding nor prejudice to any party will result with regard to this late filing. Therefore, the late filing is accepted and this order grants intervention to all movants.

#### II. Decision

The application filed by ANGI 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.

ANGI'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 ANGI 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 ANGI's application, provides assurance that the transactions will be competitive. Under the proposed import, ANGI 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 the ERA,4/ will enhance competition in the marketplace. Further, no party objected to the proposed import.

Although ANGI has applied for authorization to import up to 18 Bcf of natural gas per year, not to exceed 100,000 Mcf daily, during a two-year period, the ERA's recent practice in approving blanket authorizations is to impose a two-year aggregate volume limitation but not to impose any daily or annual volume limit. This practice is intended to permit importers maximum flexibility to make available competitively priced gas to meet market demand. The ERA will continue that practice here.

After taking into consideration all the information in the record of this proceeding, I find that granting ANGI blanket authority to import up to 36 Bcf of 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. Associated Natural Gas, Inc. (ANGI), is authorized to import up to 36 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. ANGI shall notify the Economic Regulatory Administration (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, ANGI 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 ANGI, 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 December 11, 1987.

--Footnotes--

1/ 52 FR 37362, October 6, 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 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); Semco Energy Services, Inc., 1 ERA Para. 70,723 (September 23, 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.