

Cited as "1 ERA Para. 70,743"

Northridge Petroleum Marketing U.S., Inc. (ERA Docket No. 87-57-NG),
December 23, 1987.

DOE/ERA Opinion and Order No. 212

Order Extending Blanket Authorization to Import Natural Gas from Canada

Background

On October 9, 1987, Northridge Petroleum Marketing U.S., Inc. (Northridge), 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) and DOE Delegation Order No. 0204-111, to extend for two years its existing two-year blanket authorization to import Canadian natural gas for short-term and spot market sales to customers in the United States. Northridge is a Colorado corporation and a wholly-owned subsidiary of Northridge Petroleum Marketing, Inc., a Canadian corporation. Northridge was authorized by the ERA to import up to 100 Bcf of Canadian natural gas under DOE/ERA Opinion and Order No. 88 (Order No. 88) which expired on December 4, 1987.^{1/} Northridge requests approval to increase the volume from the currently authorized 100 Bcf over a two-year term to 200 Bcf, with no daily limit, for an additional two years to December 4, 1989.

Northridge would continue to import natural gas either for its own account or as agent for others for short-term and spot market sales to U.S. purchasers. The imported gas would be supplied by various Canadian suppliers and transported through existing pipelines. Northridge identified the Mid-Atlantic and Midwestern U.S. as its principal marketing areas.

Northridge proposes to continue to file reports with the ERA within 30 days after the end of each calendar quarter giving details of the individual transactions. Northridge's prior quarterly reports filed with the ERA indicate that approximately 3.8 Bcf of natural gas were imported under Order No. 88 as of September 30, 1987.

In support of its application, Northridge maintains that the provisions of each sales transaction, including the price and volumes, would be freely negotiated thus ensuring that the imports will reflect market conditions. Therefore, Northridge contends that its proposal is consistent with the DOE's policy guidelines on the regulation of imported natural gas ^{2/} and, as the ERA determined in Order No. 88, not inconsistent with the public interest.

According to Northridge, the proposed extension simply continues the existing arrangements except for the increase in volume.

The ERA issued a notice of this application on October 30, 1987, inviting protests, motions to intervene, notices of intervention, and comments to be filed by December 9, 1987.^{3/} A motion to intervene without comment or request for additional procedures was filed by ANR Pipeline Company. This order grants intervention to this movant.

II. Decision

The application filed by Northridge has been evaluated to determine if the proposed extension of its existing import authorization meets the public interest requirements of Section 3 of the NGA. Under Section 3, imports are to be authorized unless there is a finding that they "will not be consistent with the public interest."^{4/} The Administrator is guided by the DOE's natural gas import policy guidelines. Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

Northridge's proposal for the continued importation of natural gas is consistent with the DOE policy guidelines and the reasons for granting the original authorization continue to apply for the proposed extension. Under this arrangement, no supplier or customer is required to sell to or buy from Northridge, and such parties are free to negotiate directly and independently for the purchase and sale of gas. The fact that each spot sale will be voluntarily negotiated, short-term, and market-responsive, as Northridge asserts, provides assurance that the transactions will be competitive. It is clear that Northridge'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 extending the previous authorization to import natural gas and increasing the total volume up to 200 Bcf of Canadian natural gas for two years, through December 4, 1989, as requested by Northridge, is not inconsistent with the public interest and should be approved.^{5/} In accordance with Order No. 88 and our recent treatment of similar blanket applications, there will be no restriction on the daily and annual volumes that may be imported. This maximizes 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. The import authorization previously granted to Northridge Petroleum Marketing U.S., Inc. (Northridge), by the Economic Regulatory Administration (ERA) in DOE/ERA Opinion and Order No. 88, issued September 27, 1985, in Docket No. 85-14-NG, is hereby amended to extend the authorization for a two-year term effective December 5, 1987, through December 4, 1989, and to increase the total maximum volume of natural gas to be imported during the extended term to 200 Bcf.

B. This gas may be imported at any point on the international border where existing pipeline facilities are located.

C. With respect to the imports authorized by this Order, Northridge 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, transporters, points of entry, markets served and, if applicable, any demand/commodity charge breakdown of contract price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions.

D. The motion to intervene as set forth in this Opinion and Order is hereby granted, provided that participation of the intervenor shall be limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and that the admission of such intervenor shall not be construed as recognition that it might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C. on December 23, 1987.

--Footnotes--

1/ 1 ERA Para. 70,605 (September 27, 1985).

2/ 49 FR 6684, February 22, 1984.

3/ 52 FR 43101, November 9, 1987.

4/ 15 U.S.C. Sec. 717b.

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.