

Cited as "1 ERA Para. 70,749"

Salmon Resources Ltd. (ERA Docket No. 87-50-NG), January 22, 1988.

## DOE/ERA Opinion and Order No. 217

Order Extending Blanket Authorization to Import Natural Gas from Canada and Granting Interventions

### I. Background

On September 24, 1987, Salmon Resources Ltd. (Salmon) 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), 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. Salmon is a wholly owned subsidiary of Shell Canada Limited. Salmon's office is located in Lakewood, Colorado. On December 16, 1985, Salmon was authorized by the ERA to import up to 100 Bcf of Canadian natural gas under DOE/ERA Opinion and Order No. 94 (Order No. 94) which will expire on February 14, 1988.<sup>1</sup> Salmon has applied to import, under the extension, a total of 100 Bcf during a two-year term commencing February 14, 1988, and ending February 14, 1990.

The imported gas would be purchased by Salmon from a variety of Canadian suppliers for resale at competitive prices to pipelines, electric utilities, distribution companies, industrial end-users and others. All sales would be fully interruptible. The price for the gas would be a negotiated contract price varying from sale to sale based on competition in the market. The proposed imports would be accomplished using existing pipeline capacity and no new construction would be involved.

Salmon 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. Salmon's prior quarterly reports filed with the ERA indicate that approximately 9.6 Mcf of natural gas has been imported under Order No. 94 through September 30, 1987.

In support of its application, Salmon 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, Salmon contends that its proposal, like other blanket imports granted by the ERA, is consistent with the DOE's policy guidelines on the

regulation of imported natural gas.<sup>2/</sup>

The ERA issued a notice of this application on October 20, 1987, inviting protests, motions to intervene, notices of intervention, and comments to be filed by November 27, 1987.<sup>3/</sup> Motions to intervention without comments or requests for additional procedures were filed by Northwest Alaskan Pipeline Company, Pacific Gas Transmission Company, and ANR Pipeline Company. This order grants intervention to these movants.

## II. Decision

The application filed by Salmon 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." <sup>4/</sup> The Administrator is guided by the DOE's natural gas import policy guidelines.<sup>5/</sup> Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

The ERA concludes that Salmon's proposal for the continued importation of natural gas is consistent with the DOE policy guidelines and that the reasons for granting the authorization for which the extension is sought continue to apply. Under this arrangement, no supplier or customer is required to sell to or buy from Salmon, 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 Salmon asserts, provides assurance that the transactions will be competitive. It is clear that Salmon'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. Further, no party objected to the proposed import.

After taking into consideration all the information in the record of this proceeding, I find that extending the existing authorization to import up to 100 Bcf of Canadian natural gas for two years, through February 14, 1990, as requested by Salmon, is not inconsistent with the public interest and should be approved.<sup>6/</sup>

## 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 Salmon Resources Ltd. (Salmon) by the DOE/ERA Opinion and Order No. 94 issued December 16, 1985, in Docket No. 85-18-NG is hereby extended to February 14, 1990.

B. Salmon is authorized to import a total quantity of 100 Bcf of Canadian natural gas during the period from February 14, 1988, through February 14, 1990. 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, Salmon 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, point 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.

D. 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 January 22, 1988.

--Footnotes--

1/ 1 ERA Para. 70,612.

2/ 49 FR 6634, February 22, 1984.

3/ 52 FERC 41321, October 27, 1987.

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

5/ See supra note 2.

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.