

Cited as "1 ERA Para. 70,754"

Unicorp Energy, Inc. (ERA Docket No. 87-56-NG), January 28, 1988.

DOE/ERA Opinion and Order No. 222

Order Granting Blanket Authorization to Import Natural Gas

I. Background

On October 8, 1987, Unicorp Energy, Inc. (Unicorp), 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 400 MMcf per day, but not to exceed 145 Bcf annually of natural gas during a two-year period, beginning on the date of the first delivery. Unicorp is a Delaware corporation with its principal place of business in Columbus, Ohio. Unicorp is a wholly-owned subsidiary of Unicorp Canada Corporation. Unicorp would be acting as a marketer of natural gas for its own account as well as on behalf of U.S. purchasers and Canadian suppliers. Unicorp intends to purchase natural gas from Mark Resources, a partially-owned subsidiary of Unicorp Canada Corporation, and from B.P. Canada, as well as a variety of other reliable Canadian suppliers. The gas would be sold on a short-term or spot market basis to a wide range of purchasers in the U.S. including, but not limited to, pipelines, local distribution companies, and commercial and industrial end-users.

Unicorp states that the deliverability of surplus Canadian gas, the reduction in border prices and the announced flexibility in regional border prices makes Canadian gas prices competitive with U.S. markets. Further, Unicorp's transactions are based upon imported gas being price competitive and market responsive with alternate fuels in the U.S. Unicorp also intends to utilize existing pipeline facilities.

Unicorp has stated that it will notify the ERA in writing of the date of first delivery. Unicorp also states that it will file with the ERA quarterly reports indicating whether sales have been made, and if so, details of each transaction.

The ERA issued a notice of this application on November 30, 1987, inviting protests, motions to intervene, notices of intervention, and comments to be filed by December 30, 1987.¹ Motions to intervene without comments or requests for additional procedures were filed by Northwest Pipeline Corporation, Pacific Gas Transmission Company, and Northwest Alaskan Pipeline

Company. This order grants intervention to these movants.

II. Decision

The application filed by Unicorp 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^{3/} guidelines. Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

Unicorp's proposed arrangement for importing gas, as set forth in the application, is consistent with the DOE policy guidelines. The import authorization sought would provide Unicorp with blanket import approval, within prescribed limits, to negotiate and transact individual, short-term purchase arrangements without further regulatory action, and, thus, is similar to other blanket authorizations approved by the ERA.^{4/}

The fact that each spot purchase will be voluntarily negotiated, short-term, and market-responsive, as asserted in Unicorp's application, provides assurance that the transactions will be competitive. Under the proposed import, Unicorp will only purchase gas to the extent it needs 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 granting Unicorp blanket authority to import up to 290 Bcf of natural gas during a term of two years is not inconsistent with the public interest.^{5/} Consistent with our recent treatment of similar blanket applications, there will be no restriction on the daily or annual volume that may be imported. This increases 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. Unicorp Energy, Inc. (Unicorp), is authorized to import up to 290 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. Unicorp 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, Unicorp 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), including those other than Unicorp, 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 January 28, 1988.

--Footnotes--

1/ 52 FR 45482, November 30, 1987.

2/ 15 U.S.C. Sec. 717b.

3/ 49 FR 6684, February 22, 1984.

4/ Goetz Oil Corporation, 1 ERA Para. 70,727 (October 19, 1987); Valero Industrial Gas, L.P., 1 ERA Para. 70,730 (October 20, 1987); Vector Energy (U.S.A.) Inc., 1 ERA Para. 70,731 (October 26, 1987); Texarkoma Transportation Company, 1 ERA Para. 70,732 (October 26, 1987); and Williams Gas Marketing Company, 1 ERA Para. 70,736 (November 4, 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.