

Cited as "1 ERA Para. 70,762"

Shell Gas Trading Company (ERA Docket No. 87-67-NG), March 8, 1988.

DOE/ERA Opinion and Order No. 229

Order Granting Blanket Authorization to Export Natural Gas to Canada and Granting Intervention

I. Background

On December 2, 1987, Shell Gas Trading Company (Shell Gas) 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 export up to 60 Bcf of natural gas over a term of two years, beginning on the date of the first delivery, for sales on a short-term basis to Canadian spot market purchasers. Shell Gas, a Delaware corporation, is a wholly-owned subsidiary of Shell Energy Resources, Inc. Shell Gas is a marketer of natural gas supplies, acting on behalf of both Canadian purchasers and U.S. natural gas producers.

Shell Gas intends to export natural gas either as a broker or agent or may purchase domestic gas on its own behalf for resale in Canada. The company states that the gas would be transported through existing facilities and will not require the construction of new or separate facilities to export the natural gas. Shell Gas proposes to file quarterly reports giving by month specific volumes and average sales price of individual export transactions.

In support of its application, Shell Gas maintains that its proposed export arrangement is fully consistent with the public interest requirement of Section 3 of the Natural Gas Act (NGA) 1/ and with the DOE's policies on international gas trade. Shell Gas states, that, given the existing surplus of natural gas in the United States, the requested authorization would be especially beneficial to the public interest. The applicant maintains that sales under the proposed export will reduce the U.S. trade deficit and provide gas sellers facing a continuing deliverability surplus an opportunity to expand markets.

The ERA issued a notice of this application on December 30, 1987, inviting protests, motions to intervene, notices of intervention, and comments to be filed by February 19, 1988.2/ A motion to intervene without comments or request for additional procedures was filed by El Paso Natural Gas Company.

II. Decision

The application filed by Shell Gas has been evaluated to determine if the proposed export arrangement meets the public interest requirements of Section 3 of the NGA. Under Section 3, an export must be authorized unless there is a finding that it "will not be consistent with the public interest."

3/ In reviewing natural gas export applications, the ERA considers the domestic need for the gas to be exported, and any other issues determined by the Administrator to be appropriate in a particular case.

Shell Gas' arrangement for the export of natural gas, as set forth in the application, is consistent with DOE's international gas trade policy and Section 3 of the NGA. The current gas surplus, together with the short term requested and the fact that no party has argued that the gas proposed to be exported is needed domestically, indicates that domestic need for this gas is not currently and is unlikely to become an issue during the term of this authorization. The ERA also finds that Shell Gas' export proposal, like other similar blanket export arrangements recently approved by the ERA,^{4/} will further the policy goals of reducing trade barriers and encouraging market forces to achieve a more competitive distribution of goods between the U.S. and Canada.

After taking into consideration all the information in the record of this proceeding, I find that granting Shell Gas blanket authority to export up to 60 Bcf of domestic 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. Shell Gas Trading Company (Shell Gas) is authorized to export up to 60 Bcf of natural gas during a two-year period, beginning on the date of first delivery.

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

C. Shell Gas shall notify the Economic Regulatory Administration (ERA) in writing of the date of first delivery of natural gas exported under Ordering Paragraph A above within two weeks after deliveries begin.

D. With respect to the exports authorized by this Order, Shell Gas shall file with the ERA within 30 days following each calendar quarter, quarterly reports indicating whether sales of exported gas have been made, and if so, giving, by month, the total volume of the exports in MMcf and the average selling 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 Shell Gas, estimated or actual duration of the agreement(s), transporter(s), points of exit, 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 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 admission of such intervenor shall not be construed as recognition that it might be aggrieved because of any order issued in these proceedings.

--Footnotes--

1/ 15 U.S.C. Sec. 717b.

2/ 53 FR 1509, January 20, 1988.

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

4/ See e.g., Vector Energy (U.S.A.), Inc., 1 ERA Para. 70,725 (October 5, 1987); Northridge Petroleum Marketing U.S., Inc., 1 ERA Para. 70,728 (October 20, 1987); Victoria Gas Corporation, 1 ERA Para. 70,742 (December 17, 1987); and Continental Natural Gas, 1 ERA Para. 70,747 (January 15, 1988).

5/ Because the proposed exportation 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.