

Cited as "1 ERA Para. 70,768"

North Canadian Resources, Inc. (ERA Docket No. 87-74-NG), March 28, 1988.

DOE/ERA Opinion and Order No. 234

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

I. Background

On December 18, 1987, North Canadian Resources, Inc. (North Canadian), 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 authority to import up to 200,000 MMBtu's per day of Canadian natural gas over a two-year period (up to an aggregate of 146 Bcf), beginning on the date of first delivery. North Canadian, a Delaware corporation, plans to import Canadian natural gas for sale in the U.S. short-term and spot markets.

Under the import proposal, North Canadian would import gas from its Canadian affiliate, North Canadian Oils Limited (North Canadian Oils), and other producers, suppliers and marketers. North Canadian intends to import the gas for resale to pipelines, local distribution companies, electric utilities, and commercial and industrial end-users. North Canadian requests authorization to import for its own account, as well as for the accounts of its foreign supplier clients. The specific terms of each import and sale would be negotiated on an individual basis, including the price and volumes and would be based on competition in the marketplace. North Canadian intends to use existing pipeline facilities for transportation of the imported volumes. North Canadian further states that it will notify the ERA of the date of first delivery of the gas and will file quarterly reports within 30 days following each calendar quarter.

In support of its application, North Canadian asserts that "because of the vast market for the imported gas, the authorization will further the DOE's policy of encouraging competitive gas pricing." North Canadian further asserts that the sales would be freely negotiated, thus ensuring that the import will reflect market conditions and remain competitive over the term of the authorization.

The ERA issued a notice of this application on January 21, 1988, inviting protests, motions to intervene, notices of intervention, and comments

to be filed by February 26, 1988.^{1/} Motions to intervene without comment or request for additional procedures were filed by Northwest Alaskan Pipeline Company, El Paso Natural Gas Company, Northwest Pipeline Corporation, and the Pacific Gas Transmission Company. This order grants intervention to these movants.

II. Decision

The application filed by North Canadian 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.

North Canadian'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 North Canadian 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 North Canadian's application, provides assurance that the transactions will be competitive. Under the proposed import, North Canadian 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 of the information in the record of this proceeding, I find that granting North Canadian blanket authority to import up to 146 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. North Canadian Resources, Inc. (North Canadian), is authorized to import up to 146 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. North Canadian 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, North Canadian 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 North Canadian, 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 March 28, 1988.

--Footnotes--

1/ 53 FR 2269, January 27, 1988.

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); Williams Gas Marketing Company, 1 ERA Para. 70,736 (November 4, 1987); Victoria Gas Corporation, 1 ERA Para. 70,739 (November 30, 1987); Texas Gas

Marketing, Inc., 1 ERA Para. 70,740 (December 11, 1987); and Associated Natural Gas Inc., 1 ERA Para. 70,741 (December 11, 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.