

Cited as "1 ERA Para. 70,782"

Reliance Gas Marketing Company (ERA Docket No. 88-18-NG), June 22, 1988

DOE/ERA Opinion and Order No. 247

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

I. Background

On March 31, 1988, Reliance Gas Marketing Company (Reliance Marketing) 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 from Canada up to 100 Bcf of natural gas and to export to Canada up to 100 Bcf of U.S. domestic natural gas during a two-year period, beginning on the date of the first delivery.

Under the proposal, Reliance Marketing would import gas from a variety of Alberta and British Columbia producers, or export gas to Canada from various U.S. domestic suppliers, for its own account or as a broker on behalf of local distribution companies, industrial end-users, electric utilities and other prospective Canadian or domestic customers. The firm states that it would import or export the subject gas through existing pipeline facilities at the U.S./Canadian international border and does not propose the construction of any new facilities. Reliance Marketing proposes to file quarterly reports within 30 days following each calendar quarter showing the details of each blanket import and export transaction.

The ERA issued a notice of this application on April 21, 1988, inviting protests, motions to intervene, notices of intervention, and comments to be filed by May 31, 1988.^{1/} Motions to intervene without comments or requests for additional procedures were filed by Northwest Pipeline Corporation, El Paso Natural Gas Company, and Pacific Gas Transmission Company. This order grants intervention to these movants.

II. Decision

The application filed by Reliance Marketing has been evaluated to determine if the proposed import/export arrangement meets the public interest requirements of Section 3 of the NGA. Under Section 3, an import or export must be authorized unless there is a finding that it "will not be consistent with the public interest."^{2/} With regards to import applications the

Administrator is guided by the DOE 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. DOE Delegation Order No. 0204-111 ^{4/} directs the ERA, in reviewing natural gas export applications, to consider domestic need for the gas to be exported, and any other issues determined by the Administrator to be appropriate in a particular case.

Reliance Marketing's proposed arrangement for importing and exporting gas, as set forth in the application, is consistent with the DOE policy guidelines and Delegation Order. The authorization sought, similar to other blanket import/export authorizations approved by the ERA,^{5/} would provide Reliance Marketing with blanket import/export approval, within prescribed limits, to negotiate and transact individual, short-term purchase arrangements without further regulatory action. The fact that each spot purchase will be voluntarily negotiated, short-term, and market-responsive, as asserted in Reliance Marketing's application, provides assurance that the transactions will be competitive. Under its proposal, Reliance Marketing will only purchase Canadian or U.S. gas supplies for import or export gas to the extent its customers need such volumes and the price is competitive. Thus, this arrangement will enhance cross-border gas competition in the North American market-place. Further, the current domestic gas surplus, considered together with the short term requested and the fact that no party objected to Reliance Marketing's proposed import/export arrangement, demonstrated that it is unlikely the proposed export volumes will be needed domestically during the term of this authorization.

After taking into consideration all the information in the record of this proceeding, I find that granting Reliance Marketing blanket authority to import up to 100 Bcf of Canadian natural gas and export up to 100 Bcf of U.S. domestic natural gas to Canada during a term of two years is not inconsistent with the public interest.^{6/}

ORDER

For the reasons set forth above, pursuant to Section 3 of the Natural Gas Act, it is ordered that:

A. Reliance Marketing Company (Reliance Marketing) is authorized to import up to 100 Bcf of Canadian natural gas and to export to Canada up to 100 Bcf of U.S. domestic natural gas during a two-year period, beginning on the date of first delivery.

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

C. Reliance Marketing 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 import or export deliveries begin.

D. With respect to the imports and exports authorized by this Order, Reliance Marketing shall file with the ERA within 30 days following each calendar quarter, quarterly reports indicating whether purchases of imported and/or exported gas have been made, and if so, giving, by month, the total volume of the imports and exports in MMcf and the average purchase price for imports and exports 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 Reliance Marketing, 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 June 22, 1988.

--Footnotes--

1/ 53 FR 15442, April 29, 1988.

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

3/ 49 FR 6684, February 22, 1984.

4/ 49 FR 6690, February 22, 1984.

5/ See e.g. Tricentrol United States, Inc. and Tricentrol Petroleum Marketing, Inc., 1 ERA Para. 70,672 (October 20, 1986), Enron Gas Marketing, Inc., 1 ERA Para. 70,688 (March 9, 1987), and Woodward Marketing, Inc., unpublished (June 2, 1988).

6/ Because the proposed importation or 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.