

Cited as "1 ERA Para. 70,784"

Amagas Resources, Inc. (ERA Docket No. 88-21-NG), June 30, 1988.

DOE/ERA Opinion and Order No. 249

ORDER Granting Blanket Authorization to Import Natural Gas from Canada and Mexico and Granting Interventions

## I. Background

On April 8, 1988, AMAGAS Resources, Inc. (AMAGAS), 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 100 Bcf of Canadian and/or Mexican natural gas over a two-year period, beginning on the date of the first delivery. AMAGAS, a Delaware corporation with its principal place of business in Houston, Texas, plans to import the Canadian and/or Mexican natural gas for short-term and spot sales in the U.S. domestic market.

Under the import proposal, AMAGAS would import gas from a variety of Canadian or Mexican producers, marketers and pipelines. AMAGAS, acting on its own behalf or on behalf of a supplier or purchaser, intends to import the gas for sale to pipelines, electric utilities, local distribution companies, industrial and commercial end-users, and other prospective U.S. purchasers. The specific terms of each Canadian and/or Mexican import sale would be negotiated on an individual basis, including the price and volumes, and would be based on competition in the marketplace. AMAGAS intends to use existing pipeline facilities in transporting the imported volumes from either the Canadian or Mexican international borders. Further, AMAGAS 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, AMAGAS asserts that the gas sales made under the proposed import arrangement would, due to their short-term/best efforts nature, promote the public interest by eliminating long-term reliance on a single supply source. AMAGAS further asserts that the proposed sales would be freely negotiated, thus ensuring that both Canadian and/or Mexican gas imports will reflect market conditions and remain competitive over the term of the authorization.

The ERA issued a notice of this application on April 25, 1988, inviting protests, motions to intervene, notices of intervention, and comments to be

filed by June 1, 1988.<sup>1/</sup> Motions to intervene without comments or requests for additional procedures were filed by El Paso Natural Gas Company and Pacific Gas Transmission Company. This order grants intervention to these movants.

## II. Decision

The application filed by AMAGAS 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 must be authorized unless there is a finding that it "will not be consistent with the public interest." <sup>2/</sup> The Administrator is guided by the DOE's natural gas import policy guidelines.<sup>3/</sup> Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test. AMAGAS' proposed arrangement for importing gas, as set forth in the application, is consistent with the DOE policy guidelines. The import authorization sought, similar to other blanket arrangements approved by the ERA,<sup>4/</sup> would provide AMAGAS with blanket import 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 application, provides assurance that the transactions will be competitive. Under the proposed import, AMAGAS 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 AMAGAS blanket authority to import an aggregate of up to 100 Bcf of Canadian and/or Mexican natural gas over a term of two years is not inconsistent with the public interest.<sup>5/</sup>

## ORDER

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

A. AMAGAS Resources, Inc. (AMAGAS), is authorized to import an aggregate of up to 100 Bcf of Canadian and/or Mexican natural gas over a two-year period, beginning on the date of first delivery.

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

C. AMAGAS 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, AMAGAS 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 AMAGAS, 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 break-down 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 30, 1988.

--Footnotes--

1/ 53 FR 3911, February 10, 1988.

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

3/ 49 FR 6684, February 22, 1984.

4/ See e.g., Entrade Corporation, 1 ERA Para. 70,761 (March 3, 1988); Dynasty Gas Marketing, Inc., 1 ERA Para. 70,764 (March 18, 1988); Colony Natural Gas Corporation, 1 ERA Para. 70,766 (March 26, 1988); and Pacific Interstate Transmission Company, 1 ERA Para. 70,771 (April 20, 1988).

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.