

Cited as "1 ERA Para. 70,787"

IGI Resources, Inc. (ERA Docket No. 88-16-NG), July 11, 1988.

## DOE/ERA Opinion and Order No. 252

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

### I. Background

On March 24, 1988, IGI Resources, Inc. (IGI), 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) and DOE Delegation Order No. 0204-111, to extend for two years its existing two-year blanket authorization to import Canadian natural gas for short-term and spot market sales to customers in the United States. IGI is a wholly-owned subsidiary of Intermountain Gas Industries, an Idaho corporation. IGI was authorized by the ERA to import up to 100 Bcf of Canadian natural gas under DOE/ERA Opinion and Order No. 129 (Order No. 129) which expires on July 31, 1988.<sup>1/</sup> IGI requests approval to extend the currently authorized 100 Bcf over a two-year term to August 1, 1990.

IGI would continue to import natural gas either for its own account or for others and to resell the imported volumes on the short-term or spot market to U.S. purchasers. The imported gas would be supplied by various Canadian suppliers and transported through existing pipelines.

IGI proposes to continue to file reports with the ERA within 30 days after the end of each calendar quarter giving details of the individual transactions. IGI's prior quarterly reports filed with the ERA indicate that approximately 3.9 Bcf of natural gas were imported under Order No. 129 as of March 31, 1988.

In support of its application, IGI maintains that the provisions of each sales transaction, including the price and volumes, would be freely negotiated thus ensuring that the imports will reflect market conditions. Therefore, IGI contends that its proposal is consistent with the DOE's policy guidelines on the regulation of imported natural gas<sup>2/</sup> and, as the ERA determined in Order No. 129, not inconsistent with the public interest. According to IGI, the proposed extension simply continues the existing arrangement.

The ERA issued a notice of this application on April 11, 1988, inviting

protests, motions to intervene, notices of intervention, and comments to be filed by May 18, 1988.<sup>3/</sup> Two motions to intervene without comment or request for additional procedures were received. A timely motion was filed by Pacific Gas Transmission Company and a late motion was filed May 27, 1988, by El Paso Natural Gas Company. No delay to the proceeding nor prejudice to IGI will result from this late filing. This order grants intervention to these movants.

## II. Decision

The application filed by IGI has been evaluated to determine if the proposed extension of its existing import authorization meets the public interest requirements of Section 3 of the NGA. Under Section 3, imports must be authorized unless there is a finding that they "will not be consistent with the public interest." <sup>4/</sup> The Administrator is guided by the DOE's natural gas import policy guidelines. Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

IGI's proposal for the continued importation of natural gas is consistent with the DOE policy guidelines and the reasons for granting the original authorization continue to apply for the proposed extension. Under this arrangement, no supplier or customer is required to sell to or buy from IGI, and such parties are free to negotiate directly and independently for the purchase and sale of gas. The fact that each spot sale will be voluntarily negotiated, short-term, and market-responsive, as IGI asserts, provides assurance that the transactions will be competitive. It is clear that IGI's customers will only purchase gas to the extent they need such volumes and the price is competitive. Thus, this arrangement will enhance competition in the marketplace.

After taking into consideration all the information in the record of this proceeding, I find that extending the previous authorization to import up to 100 Bcf of Canadian natural gas over a two-year period to August 1, 1990, as requested by IGI, is not inconsistent with the public interest and should be approved.<sup>5/</sup>

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

A. The import authorization previously granted to IGI Resources, Inc. (IGI), by the Economic Regulatory Administration (ERA) in DOE/ERA Opinion and Order No. 129, issued June 11, 1986, in Docket No. 86-21-NG, is hereby amended to extend the authorization for a two-year term effective July 31, 1988, to

August 1, 1990.

B. All other terms and conditions specified in Order No. 129 remain in effect.

C. 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 the 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 July 11, 1988.

--Footnotes--

1/ 1 ERA Para. 70,652 (June 11, 1986).

2/ 49 FR 6684, February 22, 1984.

3/ 53 FR 12722, April 18, 1988.

4/ 15 U.S.C. Sec. 717b.

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.