

Cited as "1 ERA Para. 70,788"

National Energy Systems, Inc. (ERA Docket No. 88-17-NG), July 11, 1988

DOE/Opinion and Order No. 253

Order Granting Blanket Authorization to Import Natural Gas and Granting Interventions

I. Background

On March 30, 1988, National Energy Systems, Inc. (National Energy), 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 200 MMcf of natural gas per day, not to exceed a total of 146 Bcf over a two-year period, beginning on the date of the first delivery.

National Energy, a marketer of natural gas, is a Washington corporation with its principal place of business in Bellevue, Washington. National Energy proposes to import Canadian natural gas on its own behalf for resale and as agent of undesignated United States purchasers, including local distribution companies, commercial and industrial end users, and pipelines. The specific terms of import arrangements would be negotiated individually based on competition in the marketplace. National Energy will have primary responsibility for arranging domestic transportation of the gas and proposes importing gas through existing pipeline facilities.

The ERA issued a notice of this application on April 7, 1988, inviting protests, motions to intervene, notices of intervention, and comments to be filed by May 16, 1988.¹ Motions to intervene without comments or requests for additional procedures were filed by Pacific Gas Transmission Company and Northwest Alaskan Pipeline Company. On May 27, 1988, the ERA received a motion to intervene without comment or request for additional procedures from El Paso Natural Gas Company that was dated May 13, 1988. The certificate of service was dated May 16, 1988. No delay to the proceeding nor prejudice to any party will result from acceptance of this late filing. This order grants intervention to all movants.

II. Decision

The application filed by National Energy 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.

National Energy's 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,^{4/} would provide National Energy 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 National Energy's application, provides assurance that the transactions will be competitive. Under the proposed import, National Energy will only purchase gas to the extent it needs such volumes and the price is competitive. Further, no party objected to the proposed import. 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 granting National Energy 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 volume that may be imported. This increases the flexibility of spot market importers to provide gas suppliers 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. National Energy Systems, Inc. (National Energy), 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. National Energy 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, National Energy 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 National Energy, 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 July 11, 1988.

--Footnotes--

1/ 53 FR 12454, April 14, 1988.

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

3/ 49 FR 6684, February 22, 1984.

4/ See e.g., Colony Natural Gas Corporation, 1 ERA Para. 70,766 (March 23, 1988); Dynasty Gas Marketing, Inc., 1 ERA Para. 70,764 (March 18, 1988); Entrade Corporation, 1 ERA Para. 70,761 (March 3, 1988); Bishop Pipeline Corporation, Inc., 1 ERA Para. 70,759 (February 24, 1988); Loutex Energy Inc., 1 ERA Para. 70,757 (February 11, 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.