

Cited as "1 ERA Para. 70,794"

Portland General Electric Company (ERA Docket No. 88-26-NG), July 27, 1988.

DOE/ERA Opinion and Order No. 258

Order Granting Blanket Authorization to Import Natural Gas and Granting Intervention

I. Background

On April 26, 1988, Portland General Electric Company (Portland) 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 120,000 Mcf of Canadian natural gas per day, not to exceed a total of 40 Bcf over a two-year period, beginning on the date of first delivery.

Portland, a subsidiary of Portland General Corporation, is an electric utility with its principal place of business in Portland, Oregon. Portland attached to its application a proposed contract with Westcoast Transmission Company Limited (Westcoast), but Portland indicates that it contemplates purchasing gas from a variety of Canadian suppliers other than Westcoast. Natural gas imported pursuant to the requested authorization would be used at Portland's Beaver generating facility, although some might be resold to correct demand imbalances. Portland states that it intends to use existing facilities of U.S. and Canadian pipelines for transportation of its imported gas supplies. Portland further states that it will notify the ERA within two weeks of the first delivery of Canadian natural gas imported pursuant to the requested authorization and to thereafter submit quarterly reports giving details of individual transactions.

The ERA issued a notice of this application on June 9, 1988, inviting protests, motions to intervene, notices of intervention, and comments to be filed by July 18, 1988.¹ A motion to intervene without comment or request for additional procedures was filed by Northwest Pipeline Corporation. This order grants intervention to this movant.

II. Decision

The application filed by Portland 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.

Portland'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 Portland 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 Portland's application, provides assurance that the transactions will be competitive. Under the proposed import, Portland 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 Portland blanket authority to import 40 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 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. Portland General Electric Company (Portland), is authorized to import up to 40 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. Portland 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, Portland 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 Portland, 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 motion to intervene, as set forth in this Opinion and Order, is hereby granted, provided that participation of the intervenor shall be limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and that admission of such intervenors shall not be construed as recognition that it might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on July 27, 1988.

--Footnotes--

1/ 53 FR 22706, June 17, 1988.

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

3/ 49 FR 6684, February 22, 1984.

4/ See e.g., National Steel Corporation, ERA Docket No. 87-63-NG (July 11, 1988); Cepex, Inc., 1 ERA Para. 70,573 (October 31, 1986).

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.