

Cited as "1 ERA Para. 70,795"

CU Energy Marketing Inc. (ERA Docket No. 88-27-NG), July 27, 1988.

DOE/ERA Opinion and Order No. 259

Order Granting Blanket Authorization to Export Natural Gas and Granting Interventions

I. Background

On May 5, 1988, CU Energy Marketing Inc. (CUEM) 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 export up to 50 Bcf of natural gas to Canada on a short-term and spot basis over a two-year period, beginning on the date of the first delivery. CUEM, a Delaware corporation, is a wholly-owned subsidiary of ATCOR Ltd., which, in turn, is a wholly-owned subsidiary of CU Enterprises Inc. ATCOR Ltd. is a direct marketer of natural gas to utilities and industrial consumers in Canada.

CUEM proposes to export the gas, either on its own behalf or on the behalf of others, to Canadian purchasers including, but not limited to, local distribution companies and industrial end users. The gas would be supplied from producer sources in the midwestern region of the United States. In support of its application, CUEM maintains that its proposed export arrangement is fully consistent with the public interest requirement of Section 3 of the Natural Gas Act (NGA) 1/ and with the DOE's policies on international gas trade. CUEM states that, given the existing surplus of natural gas in the United States, the requested authorization would be especially beneficial to the public interest. The terms of each export arrangement would be negotiated to maximize market-responsiveness, and would contain sufficient flexibility to remain price competitive over the contract term. The ERA issued a notice of this export application on May 24, 1988, inviting protests, motions to intervene, notices of intervention, and comments to be filed by July 1, 1988.2/ A motion to intervene, without comment, was filed by Northwest Pipeline Corporation. This order grants intervention to this motion.

II. Decision

The application filed by CUEM has been evaluated to determine if the proposed export arrangement meets the public interest requirements of Section

3 of the NGA. Under Section 3, an export must be authorized unless there is a finding that it "will not be consistent with the public interest." 3/ In reviewing natural gas export applications, the ERA considers the domestic need for the gas to be exported and any other issues determined by the Administrator to be appropriate in a particular case.

CUEM's proposed arrangement for the export of natural gas, as set forth in the application, is consistent with the DOE's international gas trade policy and Section 3 of the NGA. The current gas surplus, the short term requested, and the fact that no party objected to the proposed export, indicate that the domestic need for the gas is not likely to become an issue during the term of this authorization. The ERA also finds that CUEM's export proposal, similar to other blanket export arrangements approved by the ERA 4/, will advance the policy goals of reducing trade barriers and encouraging the use of market forces to achieve a more competitive and efficient distribution of goods between the U.S. and Canada.

After taking into consideration all of the information in the record of this proceeding, I find that granting CUEM blanket authority to export up to 50 Bcf of natural gas during a term of two years is not inconsistent with the public interest.^{5/}

ORDER

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

A. CU Energy Marketing Inc. (CUEM) is authorized to export up to 50 Bcf of natural gas to Canada during a two-year period, beginning on the date of first delivery.

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

C. CUEM 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 exports authorized by this Order, CUEM shall file with the ERA within 30 days following each calendar quarter, quarterly reports indicating whether sales of exported gas have been made, and if so, giving, by month, the total volume of the exports in MMcf and the average selling 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 CUEM, estimated or actual duration of the agreement(s), transporter(s), points of exit, 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 admission of such intervenor 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/ 15 U.S.C. Sec. 717b.

2/ 53 FR 19986, June 1, 1988.

3/ See supra note 1.

4/ See e.g., Shell Gas Trading Company, 1 ERA Para. 70,762 (March 8, 1988); Continental Natural Gas, Inc., 1 ERA Para. 70,747 (January 15, 1988); Victoria Gas Corporation, 1 ERA Para. 70,742 (December 17, 1988); and Valero Industrial Gas, L.P., 1 ERA Para. 70,730 (October 20, 1987).

5/ Because the proposed 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.