

Cited as "1 ERA Para. 70,801"

Northeast Gas, Inc. (ERA Docket No. 88-11-NG), August 4, 1988.

DOE/ERA Opinion and Order No. 262

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

I. Background

On March 16, 1988, Northeast Gas, Inc. (NGI), 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), requesting that the blanket import authorization previously granted in DOE/ERA Opinion and Order No. 95, issued on December 20, 1985,¹ be extended for a two-year period. NGI's existing authorization to import up to 100 Bcf of Canadian natural gas over a two-year period expired March 31, 1988. Under the extension requested, NGI would be authorized to import up to 100 Bcf of Canadian natural gas for two years beginning on the date of first delivery following expiration of the existing import authorization.

NGI, a wholly owned subsidiary of Northeast Gas Markets, Inc., is a purchaser and reseller of short-term, spot market supplies of natural gas with its principal place of business in Boston, Massachusetts. As under its existing authorization, NGI states that it will import the gas from various Canadian suppliers for sale on a spot market basis to its U.S. purchaser clients serving markets in the northeastern states. NGI's purchaser clients consist of twenty local distribution companies located in the U.S. Northeast, namely: Bay State Gas Company; Berkshire Gas Company; The Brooklyn Union Gas Company; Colonial Gas Company; The Connecticut Light & Power Company; Connecticut Natural Gas Corporation; Consolidated Edison Company of New York, Inc.; Elizabethtown Gas Company; EnergyNorth, Inc.; Essex County Gas Company; Fitchburg Gas and Electric Light Company; National Fuel Gas Supply Corporation; New Jersey Natural Gas Company; New York State Electric & Gas Corporation; Niagara Mohawk Power Corporation; Norwich Utilities; Public Service Electric & Gas Company; South Jersey Gas Company; Southern Connecticut Gas Company; and Valley Gas Company.

NGI further states that it would import the gas either as a reseller or as an agent for its purchaser clients. The specific terms of each import and sale will be freely negotiated between NGI or its clients and the Canadian suppliers. None of the purchase agreements will exceed two years in duration

with most expected to last less than one year. Such agreements may be subject to extension at the option of the parties, with appropriate regulatory approval. NGI expects that transportation of the gas will be arranged on a best efforts basis using existing facilities. NGI proposes to continue to file reports within 30 days after the end of each calendar quarter giving the details of each transaction. NGI reported no imports of natural gas under its existing import authorization which expired March 31, 1988.

In support of its application, NGI asserts that the proposed extension of its existing blanket import authorization is not inconsistent with the public interest since the extension requested would provide U.S. Northeast gas consumers expanded access to competitively-priced gas. NGI further asserts that, since the proposed import will be on a short-term, spot market basis, this assures that such import will be competitive and market-responsive because, if it is not, there will be no sales and therefore, no imports.

The ERA issued a notice of this application on April 12, 1988, inviting protests, motions to intervene, notices of intervention, and comments to be filed by May 23, 1988.^{2/} A motion to intervene without comments or request for additional procedures was filed by Long Island Lighting Company. This order grants intervention to this movant.

II. Decision

The application filed by NGI 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."^{3/} The Administrator is guided by the DOE's natural gas import policy guidelines.^{4/} Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

NGI's proposal for importation of gas, as set forth in the application, is consistent with the DOE policy guidelines. The requested extension of NGI's existing blanket import arrangement, similar to other blanket arrangements approved by the ERA,^{5/} will provide the applicant with blanket approval, within prescribed limits, to negotiate and transact individual, short-term purchase arrangements without further regulatory action. As proposed, NGI will only purchase gas to the extent that such volumes are needed for its U.S. purchaser clients, and the price is competitive. The reasons for granting the original authorization continue to apply for the extension. Under this arrangement, no supplier or U.S. purchaser client of NGI is required to sell or to buy from NGI. The fact that each spot purchase and sale will be

voluntarily negotiated, short-term, and market-responsive, as asserted in NGI's application, provides assurance that the transactions will be competitive. Thus, this arrangement will enhance competition in the Northeast markets served by NGI's purchaser clients and will provide gas consumers in that region with expanded access to competitively-priced gas. Further, no party has objected to the proposed import.

After taking into consideration all the information in the record of this proceeding, I find that extending the previous authority to import up to 100 Bcf of Canadian natural gas over a term of two years, through March 31, 1990, as requested by NGI, is not inconsistent with the public interest and should be approved.^{6/}

ORDER

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 Northeast Gas, Inc. (NGI), by the Economic Regulatory Administration (ERA) in DOE/ERA Opinion and Order No. 95, issued December 20, 1985, in Docket No. 85-23-NG, is hereby amended to extend the authorization for a two-year term effective on the date of first delivery following expiration of NGI's existing authorization on March 31, 1988. NGI is authorized to import up to 100 Bcf of natural gas during the extended term.

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

C. With respect to the imports authorized by this Order, NGI 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 NGI, 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.

D. 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 the motion to intervene and not herein specifically denied, and that 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 August 4, 1988.

--Footnotes--

1/ 1 ERA Para. 70,613.

2/ 53 FR 13150, April 21, 1988.

3/ 15 U.S.C., Sec. 717b.

4/ 49 FR 6684, February 22, 1984.

5/ See e.g., North Canadian Resources, 1 ERA Para. 70,768 (March 28, 1988); Amtran Gas Transmission, Inc., 1 ERA Para. 70,767 (March 25, 1988); Development Associates, Inc., 1 ERA Para. 70,765 (March 22, 1988); and American Central Gas Pipeline Co., 1 ERA Para. 70,763 (March 18, 1988).

6/ 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.