

Cited as "1 ERA Para. 70,804"

Tarpon Gas Marketing Ltd. (ERA Docket No. 88-32-NG), August 10, 1988.

DOE/ERA Opinion and Order No. 265

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

## I. Background

On April 8, 1988, Tarpon Gas Marketing Ltd. (TGM) 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 500 Bcf of natural gas from Canada for short-term sales over a two-year period, beginning on the date of the ERA approval.

TGM, a Canadian corporation with its principal place of business in Calgary, Alberta, plans to import Canadian natural gas from a variety of Canadian producers, marketers and pipelines. TGM intends to import the gas for sales to a wide range of markets in the United States, including pipelines, local distribution companies, commercial and industrial end-users and other prospective U.S. purchases. No contracts have been executed and therefore the application does not identify the suppliers, buyers or prices. However, TGM asserts that the specific terms of each import and sale would vary from one month to one year based on competition in the marketplace. TGM states that their sales will be made on a best-efforts basis and that there will be no take-or-pay obligations or make-up provisions.

TGM intends to use existing pipeline facilities for the transportation of the imported volumes. 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.<sup>1/</sup> Motions to intervene without comments or requests for additional procedures were filed by El Paso Natural Gas Company, Pacific Gas Transmission Company, and Northwest Alaskan Pipeline Company. This order grants intervention to all movants.

## II. Decision

The application filed by TGM 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 must 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.

TGM'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 TGM 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 TGM's application, provides assurance that the transactions will be competitive. Further, no party objected to the proposed import. Thus, this arrangement will enhance competition in the marketplace.

To allow TGM maximum flexibility and to maintain consistency with other blanket arrangements approved by ERA, the authorization will run for two years beginning on the date of first delivery, rather than on the date of ERA's approval of the authorization as requested by TGM.

After taking into consideration all the information in the record of this proceeding, I find that granting TGM blanket authority to import 500 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. Tarpon Gas Marketing Ltd. (TGM), is authorized to import up to 500 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. TGM 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, TGM 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 TGM, 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 August 10, 1988.

--Footnotes--

1/ 53 FR 22707, June 17, 1988.

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

3/ 49 FR 6684, February 22, 1984.

4/ See e.g., TXG Gas Marketing, Inc., 1 ERA Para. 70,769 (March 31, 1988); Midcon Sales, Inc., 1 ERA Para. 70,776 (May 13, 1988); DEKALB Petroleum Corporation, Inc., 1 ERA Para. 70,779 (June 16, 1988); Amalgamated Pipeline Company, 1 ERA Para. 70,781 (June 21, 1988); Amagas Resources, Inc., 1 ERA Para. 70,784 (June 30, 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.