

Cited as "1 ERA Para. 70,821"

Renaissance Energy (U.S.) Inc. (ERA Docket No. 88-51-NG), November 4, 1988.

## DOE/ERA Opinion and Order No. 279

### Order Granting Blanket Authorization to Import and Export Natural Gas and Granting Interventions

#### I. Background

On August 25, 1988, Renaissance Energy (U.S.) Inc. (Renaissance) 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 and export in the aggregate not more than 200 Bcf 1/ of U.S. and Canadian natural gas over a two-year term beginning on the date of the first delivery. Renaissance, a Delaware corporation, is a wholly-owned subsidiary of Renaissance Energy Ltd., a Canadian company whose principal place of business is Calgary, Alberta.

Under the blanket authority requested, Renaissance plans to export and import U.S. and Canadian natural gas for spot and short-term sales, either for its own account or as agent for both U.S. and Canadian purchasers and suppliers. Renaissance asserts that the terms of each import/export sale, including price and volume, would be negotiated individually and would reflect market conditions and individual customer needs. In support of its application, Renaissance asserts that its proposed import/export arrangement is fully consistent with the public interest requirements of Section 3 of the NGA 2/ and with the DOE's policies on international gas trade.<sup>3/</sup> Renaissance states that any natural gas volumes approved for import or export by the ERA would be transported through existing facilities at the border and within the United States and it therefore anticipates no environmental impacts. In addition, Renaissance plans to submit quarterly reports giving the details of its individual sales transactions.

The ERA issued a notice of this application on September 16, 1988, inviting protests, motions to intervene, notices of intervention, and comments to be filed by October 17, 1988.<sup>4/</sup> Motions to intervene without comments or requests for additional procedures were filed by Pacific Gas Transmission Company and Northwest Alaskan Pipeline Company. On October 18, 1988, a late motion to intervene without comment or request for additional procedures was filed by El Paso Natural Gas Company. No delay to the proceeding nor prejudice

to any party will result with regard to this late filing. Therefore, the late filing is accepted and this order grants intervention to all movants.

## II. Decision

The application filed by Renaissance has been evaluated to determine if the proposed import/export arrangement meets the public interest requirements of Section 3 of the NGA. Under Section 3, an import or export must be authorized unless there is a finding that it "will not be consistent with the public interest." 5/ With regard to import applications, the Administrator is guided by the DOE's natural gas import policy guidelines.<sup>6/</sup> Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test. 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.

Renaissance's import/export arrangement for Canadian and U.S. domestic 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 ERA believes that Renaissance's market-based approach for negotiating short-term import/export sales will enhance competition in North American natural gas markets. By transacting individual import/export sales solely on the basis of prevailing market pricing and gas supply conditions, Renaissance's arrangement ensures that U.S. and Canadian customers will only purchase gas to the extent that producers and sellers can provide supplemental spot or short-term volumes, that U.S. and Canadian purchasers need such import/export volumes, and that prices remain competitive. Thus, each import/export transaction must reflect the true value of the commodity being traded, or no gas sales will be made.

In addition, the current domestic gas surplus and the short-term, market-responsive nature of the contracts Renaissance contemplates demonstrate that it is unlikely that the proposed export volumes will be needed domestically during the term of this authorization. Further, no party has opposed Renaissance's import/export proposal. The ERA also finds that Renaissance's import/export proposal, like other blanket import/export proposals approved by the ERA,<sup>7/</sup> will further the Secretary's policy goals of reducing trade barriers by encouraging market forces to achieve a more competitive distribution of goods between the U.S. and Canada. Thus, Renaissance's import/export arrangement will enhance cross-border competition in the marketplace.

After taking into consideration all of the information in the record of

this proceeding, I find that granting Renaissance blanket authority to import and export in the aggregate not more than 200 Bcf of U.S. and Canadian natural gas during a term of two years is not inconsistent with the public interest.<sup>8/</sup>

### ORDER

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

A. Renaissance Energy (U.S.) Inc. (Renaissance) is authorized to import and export in the aggregate not more than 200 Bcf of U.S. and Canadian natural gas during a two-year period, beginning on the date of first delivery.

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

C. Renaissance shall notify the Economic Regulatory Administration (ERA) in writing of the date of first delivery of natural gas authorized in Ordering Paragraph A above within two weeks after import or export deliveries begin.

D. With respect to the imports and exports authorized by this Order, Renaissance shall file with the ERA within 30 days following each calendar quarter, quarterly reports indicating whether sales of imported and/or exported natural gas have been made, and if so, giving, by month, the total volume of the imports and exports in MMcf and the average price for imports and exports per MMBtu at the international border. The reports shall also provide the details of each import or export transaction, including the names of the seller(s) and the purchaser(s), including those other than Renaissance, estimated or actual duration of the agreement(s), transporter(s), points of entry or 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 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 November 4, 1988.

1/ For example, if Renaissance imports 150 Bcf of Canadian natural gas over a two-year period, then it would be allowed to export not more than 50 Bcf of U.S. natural gas over the same two-year period. The converse of this hypothetical situation is also true.

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

3/ 49 FR 6684, February 22, 1984.

4/ 53 FR 36105, September 16, 1988.

5/ 15 U.S.C. Sec. 717b.

6/ See supra note 2.

7/ See e.g. Alenco Resources, Inc., 1 ERA Para. 70,808 (August 31, 1988); Western Gas Marketing U.S.A., Ltd., 1 ERA Para. 70,802 (August 4, 1988); Czar Gas Corporation, Inc., 1 ERA Para. 70,790 (July 18, 1988); and Reliance Gas Marketing Company, 1 ERA Para. 70,782 (June 22, 1988).

8/ Because the proposed importation and exportation of natural gas will use existing 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 (NEPA) (42 U.S.C. 4221, et seq.) and therefore an environmental impact statement or environmental assessment is not required. Be advised that in cases not involving new construction the DOE has issued a proposed categorical exemption to NEPA (See 53 FR 29934, August 9, 1988).