

Cited as "1 ERA Para. 70,832"

Gas Masters, Inc. (ERA Docket No. 88-60-NG), December 30, 1988.

## DOE/ERA Opinion and Order No. 291

Order Granting Blanket Authorization to Import Natural Gas from Canada and/or Mexico and Granting Intervention

### I. Background

On September 26, 1988, Gas Masters, Inc. (GMI), 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) and DOE Delegation Order No. 0204-111, for blanket authorization to import up to 100 Bcf of Canadian and/or Mexican natural gas for short-term and spot market sales to customers in the United States for a two-year period beginning on the date of first delivery. GMI is a Texas corporation with its principal place of business in Houston, Texas.

GMI intends to import the gas on its own behalf or as agent on behalf of Canadian and Mexican suppliers or domestic purchasers. The specific terms of each import and sale would be negotiated on an individual basis including the price and volumes. GMI intends to use existing pipeline facilities to transport the gas. GMI will file reports with the ERA on a quarterly basis showing the quantities of gas imported, suppliers, purchasers and the average price paid per MMBtu. The inclusion of take-or-pay or make-up provisions, if any, will also be reported.

In support of its application GMI maintains that the provisions of each spot sale, including the price and volumes, would be freely negotiated between GMI and its U.S. purchasers, thus ensuring that the imports will reflect market conditions. Therefore, GMI contends that its proposal is consistent with the DOE's policy guidelines on the regulation of imported natural gas and is not inconsistent with the public interest.

The ERA issued a notice of this application on October 27, 1988, inviting protests, motions to intervene, notices of intervention, and comments to be filed by December 2, 1988.<sup>1</sup> A motion to intervene without comment or request for additional procedures was filed by Pacific Gas Transmission Company. This order grants intervention to this movant.

### II. Decision

The application filed by GMI has been evaluated to determine if the proposed import authorization meets the public interest requirements of Section 3 of the NGA. Under Section 3, imports must be authorized unless there is a finding that they "will not be consistent with the public interest." 2/ The Administrator is guided by the DOE's natural gas import policy guidelines. Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

GMI's proposal for the importation of natural gas, as set forth in the application, is consistent with the DOE policy guidelines. The import authorization sought would provide GMI with blanket approval, within prescribed limits, to negotiate and transact individual, short-term arrangements without further regulatory action. Those purchasers on whose behalf GMI may act are free to negotiate directly and independently for the purchase of gas. GMI asserts that each spot sale will be voluntarily negotiated, short-term, and market-responsive, providing assurance that the transactions will be competitive. Under the arrangement, as proposed, GMI's customers will only purchase gas to the extent they need such volumes and the price is competitive and this arrangement, therefore, should enhance competition in the marketplace.

After taking into consideration all the information in the record of this proceeding, I find that granting GMI blanket authorization to import up to 100 Bcf of Canadian and/or Mexican natural gas for a two-year period commencing on the date of first delivery, is not inconsistent with the public interest and should be approved.3/

### ORDER

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

A. Gas Masters, Inc. (GMI), is hereby authorized to import up to 100 Bcf of Canadian and/or Mexican natural gas for two years beginning on the date of first delivery.

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

C. GMI 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 deliveries begin.

D. With respect to the imports authorized by this Order, GMI 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 GMI, 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 the 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 December 30, 1988.

--Footnotes--

1/ 53 FR 44221, November 2, 1988.

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

3/ An import authorization for natural gas in cases not involving new construction is categorically excluded by the DOE from further documentation under the National Environmental Policy Act, 42 U.S.C. 4321, et seq. (See 53 F.R. 29934, August 9, 1988).