

Cited as "1 FE Para. 70,226"

Canterra Natural Gas Inc. (FE Docket No. 89-11-NG), June 19, 1989.

DOE/FE Opinion and Order No. 317

Order Extending Blanket Authorization to Import Natural Gas from Canada

I. Background

On February 17, 1989, Canterra Natural Gas Inc. (CNG) filed an application pursuant to Section 3 of the Natural Gas Act (NGA) and DOE Delegation Order No. 0204-127, requesting that its existing blanket import authorization, which was previously granted in DOE/ERA Opinion and Order No. 127 (Order 127),^{1/} issued May 29, 1986, be amended to extend its term for two years from August 14, 1989, through August 13, 1991. CNG's current authorization expires August 13, 1989. That blanket authorization allows CNG to import up to 25 Bcf per year of Canadian natural gas. CNG, a Delaware corporation with its principal place of business in Pittsburgh, Pennsylvania, is a direct wholly-owned subsidiary of Husky (U.S.A.), Inc.

CNG requests authority to continue to import Canadian gas from affiliated producing entities and a variety of other suppliers located in Canada for sales to U.S. customers on both a short-term and spot basis. CNG would import the gas for its own account or for the accounts of other participants depending on the particular transaction. The specific terms of each import and sale, including price and volume, would be negotiated on an individual basis. CNG intends to use existing pipeline facilities to transport its gas supplies from the point of importation. CNG states also that it would continue to file quarterly reports giving details of individual transactions. CNG's prior quarterly reports indicate that approximately 2 Bcf of natural gas has been imported under Order 127 through March 31, 1989.

In support of its application, CNG asserts that the proposed extension of its existing blanket import authorization is not inconsistent with the public interest since the extension requested would allow CNG to continue to make its imported gas available to U.S. purchasers under contract terms that will be competitive in their market areas and that will remain competitive throughout the contract period.

A notice of this application was issued on April 21, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by May 31, 1989.^{2/} A motion to intervene without comment was filed by Pacific Gas Transmission Company. This order grants intervention to this movant.

II. Decision

The application filed by CNG has been evaluated to determine if the proposed import arrangement 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." 3/ This determination 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.

CNG's proposal for the continued importation of Canadian natural gas is consistent with the DOE policy guidelines and the reasons for granting the original authorization continue to apply to the proposed extension. Under this arrangement, no parties, including CNG and its supplier(s) and customer(s), are required to sell or buy from CNG, and all are free to negotiate directly and independently for the purchase and sale of gas. The fact that each spot sale will be voluntarily negotiated, short-term, and market-responsive, as CNG asserts, provides assurance that the transactions will be competitive. Under the proposed arrangement, CNG, and/or its customers, will only purchase gas to the extent such volumes are needed and the price is competitive. Therefore, this arrangement should enhance competition in the marketplace. Further, no party objected to the proposed import authorization extension.

After taking into consideration all of the information in the record of this proceeding, I find granting CNG blanket authorization to import up to 50 Bcf of Canadian natural gas for a two-year period commencing August 14, 1989, through August 13, 1991, under contracts with terms of up to two years, is not inconsistent with the public interest and thus should be granted. Consistent with our treatment of similar blanket applications, there will be no restriction on the annual volume that may be imported. This increases the flexibility of spot market importers to provide supplies to meet customer demand.

ORDER

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

A. Canterra Natural Gas Inc. (CNG), is authorized to import up to 50 Bcf of Canadian natural gas for two years beginning August 14, 1989, through August 13, 1991.

B. This natural 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, CNG shall file

with the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, 1000 Independence Avenue, S.W., Washington, D.C. 20585, within 30 days following each calendar quarter, quarterly reports showing by month, the total volume of natural gas imports in Mcf 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 purchaser(s), including those other than CNG, estimated or actual duration of the agreement(s), transporters, points of entry, markets served, and if applicable, the demand/commodity charge breakdown of the price, and special contract price adjustment clauses, and any take-or-pay or make-up provisions.

D. The motion to intervene filed by Pacific Gas Transmission Company, is hereby granted, provided that its participation is 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 may be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., June 19, 1989.

--Footnotes--

1/ 1 ERA Para. 70,650 (May 29, 1986).

2/ 54 FR 18585, May 1, 1989.

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

4/ 49 FR 6684, February 22, 1984.