

Cited as "1 FE Para. 70,240"

Northern Natural Gas Company, Division of Enron Corp. (FE Docket No. 89-36-NG), September 5, 1989.

DOE/FE Opinion and Order No. 331

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

## I. Background

On June 30, Northern Natural Gas Company, Division of Enron Corp. (Northern), filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to import up to 219 Bcf of natural gas from Canada over a two-year term beginning on the date of first delivery. Northern intends to use existing pipeline facilities for transportation of the imported gas and to file quarterly reports detailing each transaction.

Northern proposes to import the gas purchased from a variety of Canadian suppliers on a short-term, interruptible basis for resale to existing system supply customers. The specific terms of each import transaction, including price and volumes, would be negotiated on an individual basis to reflect market conditions. It is contemplated that the volumes imported would enter the U.S. at Monchy, Saskatchewan, and be transported from that point via the existing pipeline facilities related to the Alaska Natural Gas Transportation System (ANGTS) or enter at Emerson, Manitoba, via the facilities of Great Lakes Gas Transmission Company (Great Lakes), or at other existing import points.

A notice of the application was issued on June 30, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by August 10, 1989.<sup>1/</sup> Motions to intervene without comment or request for additional procedures were filed by Great Lakes Gas Transmission Company, KN Energy, Inc., Midwest Gas and a joint filing by Northern States Power Company (Minnesota) and Northern States Power Company (Wisconsin). This order grants intervention to these movants.

## II. Decision

The application filed by Northern 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."<sup>2/</sup> This

determination is guided by the DOE's natural gas import policy guidelines.<sup>3/</sup> Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

Northern's uncontested import proposal, as set forth in the application, is consistent with section 3 of the NGA and the DOE policy guidelines. The import authorization sought, similar to other blanket arrangements approved by the Office of Fossil Energy,<sup>4/</sup> would provide Northern with blanket import approval, within prescribed limits, to negotiate and transact individual, blanket and 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 Northern's application, provides assurance that the transactions will be competitive with other gas supplies available to Northern. 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 Northern blanket authority to import up to 219 Bcf of natural gas from Canada during a period of two years, under contracts with terms of two years or less, is not inconsistent with the public interest.

#### ORDER

For the reasons set forth above, under section 3 of the Natural Gas Act, it is ordered that:

A. Northern Natural Gas Company, Division of Enron Corp. (Northern), is authorized to import up to 219 Bcf of natural gas from Canada during a two-year period beginning on the date of the first delivery.

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

C. Within two weeks after deliveries begin, Northern shall notify the Office of Fuels Programs, Fossil Energy, FE-50, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C., 20585, in writing of the date that the first delivery of natural gas authorized in Ordering Paragraph A above occurs.

D. With respect to the imports authorized by this Order, Northern shall file with the Office of Fuels Programs within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural 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 import transaction, including the name

of the purchaser, estimated or actual duration of the agreement(s), transporter(s), point of entry, 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 the 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 September 5, 1989.

--Footnotes--

1/ 54 FR 29089, July 11, 1989.

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

3/ 49 FR 6684, February 22, 1984.

4/ See e.g., Canterra Natural Gas Inc., 1 FE Para. 70,226 (June 19, 1989); Texas International Gas & Oil, 1 FE Para. 70,228 (June 19, 1989); Brymore Energy Inc., 1 FE Para. 70,229 (June 19, 1989); and Wisconsin Public Service Corp., 1 FE Para. 70,230 (June 19, 1989).