

Cited as "1 FE Para. 70,264"

Suncor Inc. (FE Docket No. 89-52-NG), October 30, 1989.

DOE/FE Opinion and Order No. 345

Order Extending Blanket Authorization to Import Natural Gas from Canada

### I. Background

On August 3, 1989, Suncor Inc. (Suncor) filed an application with the Office of Fossil Energy (FE) 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, to extend its existing blanket authorization to import Canadian natural gas for a two-year period beginning January 1, 1990, through December 31, 1991, for short-term and spot market sales to customers in the midwestern region of the United States. Suncor requests authority to import up to 27.38 Bcf annually during the term. The Economic Regulatory Administration (ERA) 1/ granted Suncor blanket authorization to import Canadian natural gas in DOE/ERA Opinion and Order No. 185 (Order 185).2/ Under this authorization, which will expire on December 31, 1989, Suncor has imported 13,505 MMcf of Canadian natural gas, as of the second quarter of 1989. The applicant, a Canadian corporation with its principal office in Toronto, Canada, is an affiliate of Sun Company, Inc., of Radnor, Pennsylvania, and Ontario Energy Resources Ltd., a corporation indirectly owned by the Province of Ontario, Canada.

Under the proposed import arrangement, the gas to be imported would be owned or controlled by Suncor and would be sold on a short-term, interruptible basis to local gas distribution companies, natural gas marketing firms, and industrial end-users. The gas would enter the United States at a point on the international boundary near Port of Morgan, Montana, and would be transported through the existing facilities of Northern Border Pipeline Company, and other interstate pipelines serving the midwestern states.

In support of its import request, Suncor asserts that sales of its imports would be made on an interruptible basis under contracts that provide for month-to-month bidding of price and volume, thus assuring that the import arrangement will remain competitive over the term of the authorization. Therefore, Suncor asserts that its import proposal is consistent with the DOE's policy guidelines for imported natural gas and is not inconsistent with the public interest.

A notice of the application was issued on August 24, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by October 2, 1989.3/ No interventions or comments were received.

## II. Decision

The application filed by Suncor 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." 4/ This determination is guided by the DOE's natural gas import policy guidelines.5/ Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

The DOE finds that Suncor's uncontested proposal for the continued importation of natural gas, over existing facilities 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,6/ would provide Suncor with a blanket import authority, within prescribed limits, to negotiate and transact individual, blanket and short-term purchase arrangements without further regulatory action. As the ERA found in Order No. 185, "the fact that each spot purchase will be voluntarily negotiated, short-term, and market-responsive, as asserted in Suncor's application, provides assurance that the transactions will be competitive" with other gas supplies available to Suncor. This arrangement, therefore, should enhance competition.

After taking into consideration all of the information in the record of this proceeding, I find that granting Suncor blanket authorization to import natural gas from Canada over a two-year term commencing on January 1, 1990, through December 31, 1991, under contracts with terms of up to two years, is not inconsistent with the public interest and should be granted. Consistent with our treatment of similar blanket applications, there will be no restriction on the annual volume that may be imported.

### ORDER

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

A. Suncor Inc. (Suncor), is authorized to import up to 54.76 Bcf of Canadian natural gas for a two-year term beginning on January 1, 1990, through December 31, 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, Suncor 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 indicating whether sales of imported natural gas have been made, and if so, giving, by month, the total volume of the imports in Mcf and the average purchase price for imports per MMBtu at the international border. The reports shall also provide the details of each import transaction, including the name of the seller(s) and purchaser(s), including those other than Suncor, 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.

Issued in Washington, D.C., on October 30, 1989.

--Footnotes--

1/ On January 6, 1989, the authority to regulate natural gas imports and exports was transferred from the ERA to the Assistant Secretary for Fossil Energy. DOE Delegation Order No. 0204-127 specifies the transfer functions (54 FR 11436, March 20, 1989).

2/ 1 ERA Para. 70,715 (July 27, 1987).

3/ 54 FR 36049, August 31, 1989.

4/ 15 U.S.C. Sec. 717b.

5/ 49 FE 6684, February 22, 1984.

6/ See e.g., CanadianOxy Marketing Inc., 1 ERA Para. 73,043 (January 31, 1989); ICG Energy Marketing, Inc., 1 FE Para. 70,209 (March 31, 1989); Canterra Natural Gas Inc., 1 FE Para. 70,226 (June 19, 1989); and Petro-Canada Hydrocarbons Inc., FE Docket 89-30-NG (September 26, 1989).