

Cited as "1 FE Para. 70,257"

Northridge Petroleum Marketing, Inc. (FE Docket No. 89-39-NG), November 9, 1989.

DOE/FE Opinion and Order No. 349

Order Granting Long-Term Authorization to Import and Export Natural Gas and Granting Intervention

### I. Background

On June 26, 1989, and as amended on August 8, 1989, Northridge Petroleum Marketing, Inc. (Northridge), filed with the Office of Fossil Energy (FE) of the Department of Energy (DOE) an application for authorization to import from Canada up to 15,000 Mcf of natural gas per day and to subsequently export the same gas back to Canada over a term of nine years commencing November 1, 1989, upon delivery and sale of the gas to Union Gas Limited (Union). The import/export proposal would provide a means for supplying gas to Union, a Canadian distribution company serving customers in the Province of Ontario, Canada, and would not result in a net import of foreign gas into the U.S. or a net export of U.S. produced gas.

Northridge, a Canadian corporation having its principal place of business in Calgary, Alberta, is a marketer of crude oil, natural gas, and refined products, and, through a Canadian affiliate, is also engaged in the production of crude oil and natural gas. Under Northridge's proposal, the gas would be transported in Canada by TransCanada PipeLines Limited (TransCanada) to a point on the international border near Emerson, Manitoba, where TransCanada's facilities interconnect with those of Great Lakes Transmission Company (Great Lakes). Great Lakes would then transport the gas to its existing U.S.-Canadian border interconnection with Michigan Consolidated Gas Company (MichCon) for export back into Canada and delivery to Union. According to Northridge, no new U.S. transmission facilities will be needed to implement the proposed import and export of natural gas.

In support of its application, Northridge asserts that its proposal would encourage competition and diversity of supply in the North American natural gas market, thereby benefiting the public and conforming to DOE policy goals. The applicant further submits that a major reason that the Federal Energy Regulatory Commission (FERC) approved the Great Lakes pipeline was to ensure that Canada has access to its own gas, i.e., from sources in western Canada to market in eastern Canada.

A notice of application was issued on August 24, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be

filed by September 29, 1989.<sup>1/</sup> Motions to intervene in support of the application were filed by Union and by Great Lakes. This order grants intervention to both movants.

## II. Decision

The application filed by Northridge has been evaluated to determine if the proposed import/export arrangement meets the public interest requirements of section 3 of the NGA.<sup>2/</sup> 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." Since Northridge's proposal involves importing for redelivery to Canada gas that is neither sold to U.S. consumers nor purchased from U.S. suppliers, the domestic impact of transporting the Canadian gas through U.S. pipeline facilities is the primary consideration bearing on the public interest. In this regard, no party, including customers of either Great Lakes or MichCon, has intervened in this proceeding to contest Northridge's proposal, nor is there any other information in the record of this proceeding to suggest that the proposed arrangement would have a negative domestic impact. Furthermore, the long-term arrangement is consistent with DOE's policy to promote competition in the natural gas market place by allowing commercial parties to freely negotiate their own trade arrangements.<sup>3/</sup>

After taking into consideration all of the information in the record of this proceeding, I find that granting Northridge authority to import from Canada up to 15,000 Mcf of natural gas per day, and subsequently to export the same natural gas back to Canada over a term of nine years commencing November 1, 1989, is not inconsistent with the public interest and should be approved.

## ORDER

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

A. Northridge Petroleum Marketing, Inc. (Northridge), is authorized to import from Canada up to 15,000 Mcf of natural gas per day, and subsequently to export the same natural gas to Canada as part of a transportation arrangement to supply Union Gas Limited in the Province of Ontario, Canada. The term of this authorization begins on November 1, 1989, and ends on October 31, 1998.

B. Northridge shall notify the Office of Fuels Programs, Fossil Energy, U.S. Department of Energy, FE-50, Forrestal Building, Room 3F-056, 1000 Independence Avenue, S.W., Washington, D.C., 20585, in writing of the date of first import and the date of the first export authorized in Ordering Paragraph A above within two weeks after each begins.

C. With respect to the imports and exports authorized by this Order, Northridge shall file with the Office of Fuels Programs within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports of gas have been made and, if so, giving, by month, the total volumes of imports and exports in MMcf.

D. This natural gas may be imported or exported at any point on the international border where existing pipeline facilities are located over existing pipeline systems operated by Great Lakes Transmission Company (Great Lakes) and Michigan Consolidated Gas Company (MichCon).

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 November 9, 1989.

--Footnotes--

1/ 54 FR 35922, August 30, 1989.

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

3/ 49 FR 6684, February 22, 1984.