

Cited as "1 FE Para. 70,272"

Exxon Corporation (FE Docket No. 89-56-NG), December 8, 1989.

DOE/FE Opinion and Order No. 357

Order Granting Blanket Authorization to Import Natural Gas from Canada

## I. Background

On August 14, 1989, Exxon Corporation (Exxon) 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, for blanket authorization to import up to 36.5 Bcf of Canadian natural gas per year, not to exceed 100,000 Mcf daily, over a two-year term beginning on the date of first delivery. Exxon intends to use existing pipeline facilities to transport the gas and states that reports will be submitted within 45 days after the end of each calendar quarter detailing each transaction.

Exxon, a New Jersey corporation with offices in Houston, Texas, intends to import natural gas from Canada for its own account or as agent for U.S. purchasers. The specific terms of each import transaction would be negotiated on an individual basis in response to prevailing market conditions. Exxon asserts that its transactions would be premised upon the imported gas being competitive with other supply alternatives, and that, if not, there would be no imports. Exxon requests that an import authorization be granted on an expedited basis.

A notice of the application was issued on October 4, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by November 13, 1989.<sup>1/</sup> No comments were received.

## II. Decision

The application filed by Exxon 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.

Exxon'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 DOE,<sup>4/</sup>

would provide Exxon with blanket import approval, within prescribed limits, to negotiate and transact individual, 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 Exxon's application, provides assurance that the transactions will be competitive with other gas supplies available to Exxon. 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 Exxon blanket authority to import up to 73 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. Consistent with current practice, there will be no restrictions on the daily and annual volumes that may be imported. In addition, Exxon's offer to submit reports within 45 days does not conform to our established practice, and we are requiring that quarterly reports be filed within 30 days after the end of each calendar quarter.

#### ORDER

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

A. Exxon Inc. (Exxon) is authorized to import up to 73 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, Exxon 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, Exxon 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.

Issued in Washington, D.C., on December 8, 1989.

--Footnotes--

1/ 54 FR 41665, October 11, 1989.

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

3/ 49 FR 6684, February 22, 1984.

4/ See, e.g., Washington Natural Gas Company, 1 FE Para. 70,219 (April 28, 1989); Cascade Natural Gas Corporation, 1 FE Para. 70,225 (June 12, 1989); Wisconsin Public Service Corporation, 1 FE Para. 70,230 (June 19, 1989); Grand Valley Gas Company, 1 FE Para. 70,239 (August 25, 1989).