

Cited as "1 FE Para. 70,279"

Vector Energy (U.S.A.) Inc. (FE Docket No. 89-66-NG), December 20, 1989.

DOE/FE Opinion and Order No. 363

Order Granting a Blanket Authorization to Export Natural Gas

I. Background

On September 18, 1989, Vector Energy (U.S.A.) Inc. (Vector) 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 amend and extend its blanket authorization to export natural gas to Canada. Vector, a Delaware corporation, was authorized by DOE/ERA Opinion and Order No. 194 (Order 194) 1/ to export up to 60 Bcf of natural gas for a two-year period, beginning on the date of first delivery. Vector began exporting natural gas on November 1, 1987, and exported 7.577 Bcf through September 30, 1989. Vector's authorization expired November 1, 1989. Vector requested that its authorization be (1) amended to allow it to export an additional 40 Bcf of natural gas (100 Bcf total), and (2) extended for a two-year period until November 1, 1991. Vector would continue to use existing pipeline facilities for the transportation of the requested exports and to submit quarterly reports giving details of individual transactions.

In support of its application to amend, Vector stated that the gas would be supplied by individual producers, producer groups and associations, and gas marketers in the United States and sold to Canadian public utilities and other gas users pursuant to negotiated, short-term and spot sales arrangements which will be responsive to current market conditions for natural gas.

A notice of the application was issued on October 11, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by November 17, 1989.^{2/} No comments or motions to intervene were received.

II. Decision

The application filed by Vector has been evaluated to determine if the proposed export arrangement meets the public interest requirements of section 3 of the NGA. Under section 3, an export is to be authorized unless there is a finding that it "will not be consistent with the public interest." ^{3/} In reviewing natural gas export applications, the DOE considers the domestic need

for the gas to be exported, and any other issues determined to be appropriate in a particular case.

Vector's uncontested proposal for the exportation of natural gas to Canada, as set forth in its application, is consistent with section 3 of the NGA and the DOE's international trade policy. The current availability of domestic supply, coupled with the short-term, market-responsive nature of the contracts into which Vector proposes to enter, indicate that it is unlikely that the proposed export volumes will be needed domestically during the term of the authorization. In addition, Vector's proposal will further the Secretary's policy goals of reducing trade barriers by encouraging market forces to achieve a more competitive distribution of goods between the U.S. and Canada. Thus, Vector's export arrangement will enhance cross-border competition in the marketplace.

Vector requested that its blanket authorization granted in Order 194 be amended to authorize the exportation of a total of 100 Bcf and extended until November 1, 1991. Since the blanket authorization issued in Order 194 has expired, and consistent with the DOE's policy of not issuing blanket authorizations with terms of over two years, I will issue to Vector a new blanket authorization to export up to 100 Bcf of natural gas over a two-year period beginning on the date of first delivery.

After taking into consideration all of the information in the record of this proceeding, I find that granting Vector blanket authorization to export up to a total of 100 Bcf of natural gas during a two-year period is not inconsistent with the public interest and should be granted.

ORDER

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

A. Vector Energy (U.S.A.) Inc. (Vector) is authorized to export a total of up to 100 Bcf of natural gas to Canada over a two-year period beginning on the date of first delivery.

B. Vector is authorized to export natural gas at any point on the international border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, Vector shall provide written notification to the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C.

20585, of the date that the first delivery of natural gas authorized in Ordering Paragraph A above occurs.

D. With respect to the exports authorized by this Order, Vector shall file within 30 days following each calendar quarter, quarterly reports indicating whether sales of exported natural gas have been made, and if so, giving by month, the total volume of the exports in Mcf and the average price for exports per MMBtu at the international border. The reports shall also provide the details of each export transaction, including the names of the seller(s), and the purchaser(s), estimated or actual duration of the agreements, transporter(s), points of exit, market(s) served, 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 20, 1989.

--Footnotes--

1/ 1 ERA Para. 70,725 (October 5, 1987).

2/ 54 FR 42838, October 18, 1989.

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