

Cited as "1 FE Para. 70,304"

Westcoast Resources, Inc. (FE Docket No. 89-74-NG), March 2, 1990

DOE/FE Opinion and Order No. 376-A

Order Granting Blanket Authorization to Import Natural Gas from Canada,  
Revoking Emergency Interim Order, and Granting Intervention

### I. Background

On October 26, 1989, Westcoast Resources, Inc. (Westcoast Resources), 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), requesting that the blanket authorization previously granted in DOE/ERA Opinion and Order No. 223 (Order No. 223), issued February 3, 1988,<sup>1/</sup> be extended for a term of two years beginning on February 5, 1990, and amended to increase the import volume from up to 200 Bcf to up to 300 Bcf over the term. Westcoast Resources requests authorization to import natural gas during the two-year period, either as an agent for U.S. purchasers contracting directly with Canadian gas suppliers or on its own behalf for resale in the U.S.

Westcoast Resources intends to utilize existing facilities for the requested authorization and will file quarterly reports with the FE. The applicant's prior quarterly reports filed with the ERA/FE indicate that over 63 Bcf has been imported under Order No. 223 as of September 30, 1989.

In support of its authorization request, Westcoast Resources asserts that the specific terms of each sale will be freely negotiated at arm's length as to price, term, volume, contract adjustment provisions, and other conditions. Westcoast Resources maintains that the blanket authorization will facilitate the importation of Canadian gas under competitive market-responsive prices and terms. The applicant also asserts that sales will take place only if the gas is marketable, competitively priced, and needed.

The FE issued a notice of this application on December 28, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by February 5, 1990.<sup>2/</sup> A motion to intervene commenting in support of the application without requesting additional procedures was filed by Northwest Natural Gas Company. This order grants intervention to this movant.

On February 1, 1990, FE issued an emergency interim order to Westcoast Resources, authorizing it to continue the importation of natural gas from

Canada granted in DOE/ERA Opinion and Order 223, until the comment period in FE Docket No. 89-74-NG closed and a decision could be made on the application. This action was taken to avoid the disruption during the winter heating season of service to various gas customers relying on import by Westcoast Resources.

## II. Decision

The application filed by Westcoast Resources has been evaluated to determine if the proposed import authorization 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." 3/ This determination is guided by the DOE's natural gas import policy guidelines.<sup>4/</sup> Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

Westcoast Resources' uncontested import proposal, as set forth in its 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>5/</sup> would provide Westcoast Resources with blanket import approval, within proscribed 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 marketable, as asserted in Westcoast Resources' application, provides assurance that the transactions will be competitive with other gas supplies available to Westcoast Resources. 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 Westcoast Resources blanket authority to import up to 300 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, pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Westcoast Resources, Inc. (Westcoast Resources), is authorized to import up to 300 Bcf of natural gas from Canada during a two-year period beginning on the date of the issuance of this order.

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, Westcoast Resources shall file with FE, 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 natural gas imports in Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each import transaction, including the names of the seller(s), and purchaser(s), duration of the agreement(s), transporter(s), points of entry, markets served and, if applicable, the per unit (MMBtu) demand/commodity charge breakdown of the price, and special contract price adjustment clauses, and any take-or-pay or make up provisions.

D. The emergency interim authority granted to Westcoast Resources in DOE/FE Opinion and Order No. 376 is hereby revoked.

E. The motion to intervene filed by Northwest Natural Gas Company is hereby granted, provided that its participation is limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and that the admission of such intervenor shall not be construed as recognition that it might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on March 2, 1990.

--Footnotes--

1/ 1 ERA Para. 70,755.

2/ 55 FR 352, January 4, 1990.

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

4/ 49 FR 6684, February 22, 1984.

5/ See, e.g., Washington Natural Gas Company, 1 FE Para. 70,219 (April 29, 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); Consolidated Fuel Company, 1 FE Para. 70,241 (September 22, 1989); and Conoco Inc., 1 FE Para. 70,258 (November 3, 1989).