

Cited as "1 FE Para. 70,319"

Williams Gas Marketing Company (FE Docket No. 90-22-NG), May 31, 1990.

DOE/FE Opinion and Order No. 396

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On April 2, 1990, Williams Gas Marketing Company (Williams), 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 authority to import up to 200 Bcf of Canadian natural gas for short-term and spot-market sales over a two-year term beginning on June 1, 1990. Williams' existing natural gas import authorization granted in DOE/ERA Opinion and Order No. 205 expires May 31, 1990.^{1/}

Williams is a Delaware corporation with its principal place of business in Tulsa, Oklahoma. It requests authority, either on its own behalf or as agent for U.S. purchasers and/or Canadian suppliers, to import competitively priced natural gas for short-term or spot-market sales to a range of U.S. buyers, including commercial and industrial end-users, local distribution companies, and intrastate and interstate pipelines. The imported natural gas would be sold on a best-effort basis and transported over existing facilities both within the United States and at the international border.

In support of its application, Williams maintains that the provisions of each sales transaction, including the price and volumes, would be freely negotiated, thus ensuring that the imports will reflect market conditions. Williams also maintains that since it will use existing facilities to transport its import volumes, there are no potential environmental impacts. Williams asserts that its proposed import of natural gas is consistent with DOE's policy guidelines.

Williams states that it would file reports with FE within 30 days after the end of each calendar quarter giving details of the individual transactions.

A notice of the application was issued on April 12, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by May 17, 1990.^{2/} No comments or motions to intervene were received.

II. Decision

The application filed by Williams 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." 3/ This determination is guided by the DOE's natural gas import policy guidelines.4/ Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

Williams' uncontested proposal for the importation of natural gas, 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,5/ would provide Williams with blanket import approval, within prescribed limits, to negotiate and transact individual, spot and short-term purchase arrangements without further regulatory action. The fact that each spot purchase will be voluntarily negotiated and market-responsive, as asserted in Williams' application, provides assurance that the transaction will be competitive with other natural gas supplies available to Williams. This arrangement, therefore, should enhance competition in the marketplace.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing Williams to import up to 200 Bcf of Canadian natural gas over a two-year period beginning on June 1, 1990, under contracts with terms of two years or less, is not inconsistent with the public interest and should be approved.6/

ORDER

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

A. Williams Gas Marketing Company (Williams), is authorized to import up to 200 Bcf of Canadian natural gas for two years beginning on June 1, 1990.

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, William, 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 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 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 May 31, 1990.

--Footnotes--

1/ 1 ERA Para. 70,736 (November 4, 1987).

2/ 55 FR 14347, April 17, 1990.

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

4/ 39 FR 6684, February 22, 1984.

5/ See, e.g., Dome Petroleum Corporation., 1 FE Para. 70,297 (February 6, 1990); Chevron Natural Gas Services, Inc., 1 FE Para. 70,298 (February 6, 1990); Mobil Natural Gas, Inc., 1 FE Para. 70,305 (February 16, 1990); and Westcoast Resources Inc., 1 FE Para. 70,304 (March 2, 1990).

6/ Because the proposed importation of gas will use existing facilities, the DOE has determined that granting this application is clearly not a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act (42 U.S.C. 4321, et seq.) and therefore an environmental impact statement or environmental assessment is not a requirement. See 40 CFR Sec. 1508.4 and 54 FR 12474 (March 27, 1989).