

Cited as "1 FE Para. 70,337"

Midland Cogeneration Venture Limited Partnership (FE Docket No. 90-32-NG), July 20, 1990.

DOE/FE Opinion and Order No. 411

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On April 24, 1990, Midland Cogeneration Venture Limited Partnership (MCV), 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, requesting blanket authority to import up to 20 Bcf of Canadian natural gas over a two-year term beginning on the date of first delivery.

MCV, a limited partnership in the State of Michigan, has been organized for the purposes of acquiring, constructing, owning, operating, and managing a natural gas, combined-cycle cogeneration facility. MCV requests authority to import competitively priced natural gas from reliable Canadian producers as additional fuel for its cogeneration facility located in Midland, Michigan. The specific terms of each import transaction would be negotiated on an individual basis in response to prevailing gas market conditions.

In support of its application, MCV maintains that its transactions would be premised upon imported gas being price-competitive with other alternatives. Therefore, MCV contends that its proposed import of Canadian natural gas is consistent with DOE's policy guidelines. MCV intends to utilize existing pipeline facilities for transportation of the volumes to be imported and indicates that it will submit quarterly reports detailing each transaction.

A notice of the application was issued on May 22, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by June 28, 1990. 1/ No comments or motions to intervene were received.

II. Decision

The application filed by MCV 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." 2/ This

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

MCV's 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, 4/ would provide MCV 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 MCV's application, provides assurance that the transactions will be competitive with other natural gas supplies available to MCV.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing MCV to import up to 20 Bcf of Canadian natural gas, over a two-year term under contracts with terms of two years or less, beginning on the date of first delivery is not inconsistent with the public interest and should be approved. 5/

ORDER

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

A. Midland Cogeneration Venture Limited Partnership (MCV) is authorized to import up to 20 Bcf of Canadian natural gas for a two-year term beginning on the date of first delivery.

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

C. Within two weeks after deliveries begin, MCV shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, 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 natural gas imports authorized by this Order, MCV 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 names of the seller(s), and the purchaser(s), 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 take-or-pay or make-up provisions.

Issued in Washington, D.C., on July 20, 1990.

--Footnotes--

1/ 55 FR 21775, May 29, 1990.

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

3/ 49 FR 6684, February 22, 1984.

4/ See, e.g., Westar Marketing Company, 1 FE Para. 70,292 (January 25, 1990); Chevron Natural Gas Services, Inc., 1 FE Para. 70,298 (February 6, 1990); Dome Petroleum Corporation, 1 FE Para. 70,297 (February 6, 1990); and Westcoast Resources, Inc., 1 FE Para. 70,304 (March 2, 1990).

5/ Because the proposed importation of gas will use existing facilities, the DOE has determined that granting this application is 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 required. See 40 CFR Sec. 1508.4 and 54 FR 12474 (March 27, 1989).