

Cited as "1 FE Para. 70,341"

IGI Resources, Inc. (FE Docket No. 90-50-NG), July 31, 1990.

DOE/FE Opinion and Order No. 415

Order Granting Blanket Authorization to Import Natural Gas from Canada and Granting Intervention

I. Background

On May 18, 1990, IGI Resources, Inc. (IGI), 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 extend for an additional two years its existing blanket authorization to import Canadian natural gas. IGI is a corporation registered in the State of Idaho. Under Opinion and Order No. 252 (Order 252),^{1/} IGI was authorized to import up to 50 Bcf per year of Canadian natural gas for short-term and spot-market sales to customers in the United States during a term that expires on August 1, 1990.

As before, IGI intends to import this gas either on its own behalf or as agent for U.S. purchasers and/or Canadian suppliers, for sale at competitive prices to a wide variety of markets in the Pacific Northwest, including local distribution companies, and industrial and commercial end-users. IGI would use existing pipeline facilities and would continue to file quarterly reports with FE giving details of the individual transaction.

In support of its application, IGI maintains that the provisions of each sales transaction, including the price and volumes, would be freely negotiated, short-term and market-responsive. Therefore, IGI contends that its proposal is consistent with DOE's policy guidelines.

A notice of the application was issued on June 21, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by July 30, 1990.^{2/} A motion to intervene without comment or request for additional procedures was filed by Northwest Pipeline Corporation (Northwest). This order grants intervention to Northwest.

II. Decision

The application filed by IGI 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.

IGI'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,5/ would provide IGI 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 IGI's application, provides assurance that the transactions will be competitive with other natural gas supplies available to IGI. 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 IGI to import up to a total of 100 Bcf of Canadian natural gas over a two-year period beginning on August 1, 1990, and ending July 31, 1992, under contracts with terms of two years or less, is not inconsistent with the public interest and should be approved.6/ Consistent with current practice, there will be no restriction on the daily or yearly volumes that may be imported.

ORDER

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

A. IGI Resources, Inc. (IGI), is authorized to import up to 100 Bcf of natural gas over two years beginning on August 1, 1990, and ending July 31, 1992.

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, IGI 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.

D. The motion to intervene filed by Northwest Pipeline Corporation as set forth in this Opinion and Order, is hereby granted, provided that participation of the intervenor shall be limited to matters specifically set forth in the motion to intervene and not herein specifically denied, and that the admission of such intervenor shall not be construed as recognition that they might be aggrieved because of any order issued in these proceedings, and any take-or-pay or make-up provisions.

Issued in Washington, D.C., on July 31, 1990.

--Footnotes--

1/ 1 ERA Para. 70,787 (July 11, 1988).

2/ 55 FR 26484, June 28, 1990.

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

4/ 49 FR 6684, February 22, 1984.

5/ See, e.g., Chevron Natural Gas Services, Inc., 1 FE Para. 70,298 (February 6, 1990); Williams Gas Marketing Company, 1 FE Para. 70,319 (May 31, 1990); and Kimball Energy Corporation, 1 FE Para. 70,324 (June 5, 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).