

Cited as "1 FE Para. 70,345"

ANR Pipeline Company (FE Docket No. 90-41-NG), August 15, 1990.

DOE/FE Opinion and Order No. 419

Order Granting Blanket Authorization to Import Canadian Natural Gas and Granting Interventions

I. Background

On May 11, 1990, ANR Pipeline Company (ANR) 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 100 Bcf of natural gas from Canada over a two-year term beginning on the date of first delivery.

ANR, a Delaware corporation and subsidiary of The Coastal Corporation, is a natural gas transmission company engaged in purchasing, transporting, storing, and selling natural gas. ANR proposes to import the gas at Emmerson, Manitoba, and transport it through the existing pipeline systems of Viking Gas Transmission Company and Great Lakes Gas Transmission Company. The natural gas will be resold to ANR's customers or will be injected into storage for subsequent withdrawal and resale. The natural gas may also be used as compression fuel and pipeline losses associated with transportation arrangements. ANR further indicates short-term import authority will permit it to "bridge" the period between the expiration of its long-term purchase contract with TransCanada PipeLines, on October 31, 1990, and the negotiation and regulatory approval of a new, long-term contract.

In support of its application, ANR maintains that the competitiveness of the import will be ensured since the spot purchase arrangements will not be made unless such transactions result in competitive, market-responsive prices. Therefore, ANR contends that its proposed import of Canadian natural gas is consistent with DOE's policy guidelines.

A notice of the application was issued on June 18, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by July 23, 1990.¹ Motions to intervene without comment or request for additional procedures were filed by Michigan Consolidated Gas Company and Midwest Gas. This order grants intervention to these movants.

II. Decision

The application filed by ANR 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.

ANR'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 international gas trade policy. The import authorization sought, similar to other blanket arrangements approved by DOE,^{4/} would provide ANR 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 ANR's application, provides assurance that the transactions will be competitive with other natural gas supplies available to ANR.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing ANR to import up to 100 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. ANR Pipeline Company (ANR) is authorized to import at Emmerson, Manitoba, up to 100 Bcf of Canadian natural gas for a two-year term beginning on the date of first delivery.

B. Within two weeks after deliveries begin, ANR 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.

C. With respect to the natural gas imports authorized by this Order, ANR 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), including those other than ANR, 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.

D. The motions to intervene filed by Michigan Consolidated Gas Company and Midwest Gas are hereby granted, provided that participation of the intervenor shall be limited to matters specifically set forth in their respective motions to intervene and not herein specifically denied, and that their admission 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 August 15, 1990.

--Footnotes--

1/ 55 FR 25693, June 22, 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 granted 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).