

Cited as "1 FE Para. 70,351"

Amoco Energy Trading Corporation (FE Docket No. 90-35-NG), September 21, 1990.

DOE/FE Opinion and Order No. 423

Order Granting Blanket Authorization to Import Canadian Natural Gas

I. Background

On May 30, 1990, Amoco Energy Trading Corporation (Amoco Energy) 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 that their existing authorization issued by the Economic Regulatory Administration (ERA) under DOE/ERA Opinion and Order No. 238 (Order No. 238) on April 26, 1988, be extended for two years from the expiration date. Amoco Energy also requested that the import volume allowed be 300 Bcf over the two year extension. Amoco Energy would use existing pipeline facilities for the importation and transportation of the requested volumes and will continue to submit quarterly reports giving details of individual transactions.

Amoco Energy is a Delaware corporation with its principal place of business in Chicago, Illinois. Amoco Energy is a wholly owned subsidiary of Amoco Production Company, which is a wholly owned subsidiary of Amoco Company which is wholly owned by Amoco Corporation, an Indiana corporation.

Amoco Energy requests that Order No. 238 be extended for a two-year period to commence on September 23, 1990, and that the previously authorized 300 Bcf of natural gas be allowed during the requested period. Order No. 238 expires on September 22, 1990.

Amoco Energy states that the gas to be imported by Amoco Energy will be supplied by individual producers, producer groups, associations, and pipeline companies. Also, that the specific terms of each supply contract will be the product of negotiations between Amoco Energy and the Canadian supplier, and that the terms of each supply contract will be dependent on the current market demand for natural gas as well as their contract arrangements with U.S. purchasers. Amoco Energy asserts that the terms of each supply contract will include the price paid to the supplier, the volume, the duration of the agreement and, where applicable, contract adjustment and take provisions.

Amoco Energy may act as a broker for U.S. purchasers, individual Canadian producers, Canadian producer groups and associations, and Canadian pipelines. Amoco Energy may also act on its own behalf as importer of natural gas for sale to U.S. purchasers. The U.S. purchasers of Canadian natural gas from Amoco Energy are expected to include, but are not limited to, industrial end users, agricultural users, electric utilities, pipelines, and distribution companies. It is expected that the majority of short-term and spot sales of Canadian natural gas sold to U.S. purchasers will be used to displace higher priced energy supplies.

In support of its application, Amoco Energy 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, Amoco Energy contends that its proposed import of Canadian natural gas is consistent with DOE's policy guidelines.

A notice of the application was issued on August 9, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by September 14, 1990. 1/ No motions were filed.

II. Decision

The application filed by Amoco Energy 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.

Amoco Energy'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 Amoco Energy 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 Amoco Energy's application, provides assurance that the transactions will be competitive with other natural gas supplies available to Amoco Energy. After taking into consideration all of the information in the record of this proceeding, I find that authorizing Amoco Energy to import up to 300 Bcf of natural gas over a

two-year term under contracts with terms of two years or less, beginning September 23, 1990, is not inconsistent with the public interest and should be approved.^{5/}

ORDER

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

A. Amoco Energy Trading Corporation (Amoco Energy) is authorized to import from Canada up to 300 Bcf of natural gas over a two-year term, ending September 22, 1992.

B. This natural gas may be imported at any point on the international border where existing facilities are located.

C. With respect to the imports authorized by this Order, Amoco Energy 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 purchaser(s), including those other than Amoco Energy, 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 September 21, 1990.

--Footnotes--

1/ 55 FR 33366, August 15, 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. 70,297 (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).