

Cited as "1 FE Para. 70,383"

Petro-Canada Hydrocarbons Inc. (FE Docket No. 90-71-NG), November 23, 1990.

DOE/FE Opinion and Order No. 454

Order Granting Blanket Authorization to Import Natural Gas and Granting Intervention

I. Background

On August 17, as amended on August 22, 1990, Petro-Canada Hydrocarbons Inc. (PCH) filed an application with 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 150 Bcf of Canadian natural gas over a two-year period beginning on March 4, 1991, the day after the expiration of its current import authorization granted in DOE/FE Opinion and Order No 366 (Order 366).¹ PCH, a wholly owned subsidiary of Petro Canada Inc. (PCI), was authorized in Order 366 to import up to 75 Bcf of natural gas from Canada for short-term and spot-market sales for a period of one year beginning March 4, 1990.

According to PCH, a Delaware corporation with its principal place of business in Calgary, Alberta, Canada, the imported gas would continue to be supplied by PCI or such supply sources as may become available, and would be sold by PCH, either as agent for PCI or on PCH's own behalf, for sales to local gas distribution companies, natural gas pipelines, and direct sales customers in California, the Pacific Northwest, the Middle West, and other areas of the U.S. as market opportunities develop. The specific terms of each import would be negotiated on an individual basis, including the price and volumes.

In support of its application, PCH maintains that the provisions of each spot sale, including the price and volumes, would be freely negotiated between PCH and its U.S. purchasers, thus ensuring that the imports will reflect market conditions.

PCH intends to utilize existing pipeline facilities for the transportation of the proposed volumes to be imported and indicated that it would submit quarterly reports detailing each blanket import transaction.

A notice of the application was issued on September 20, 1990, inviting

protests, motions to intervene, notices of intervention, and comments to be filed by October 26, 1990.^{2/} A motion to intervene was filed by Northwest Pipeline Corporation (Northwest). This order grants intervention to Northwest.

II. Decision

The application filed by PCH 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 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.

PCH's uncontested proposal for the importation of natural gas, as set forth in the application, is consistent with section 3 of the NGA, and DOE's guidelines. The import authorization sought, similar to other blanket arrangements approved by DOE,^{5/} would provide PCH with blanket import approval, within prescribed limits, to negotiate and transact individual, spot and short-term import arrangements without further regulatory action. The fact that each spot purchase will be negotiated voluntarily in response to market conditions, as asserted in PCH's application, provides assurance that the transactions will be competitive with other natural gas supplies available to PCH. Thus, PCH's import arrangement will enhance competition in the marketplace.

After taking into consideration all of the information in the record of this proceeding, I find that granting PCH blanket authorization to import up to 150 Bcf of natural gas over a two-year term beginning March 4, 1991, through March 3, 1993, under contracts with terms of two years or less, is not inconsistent with the public interest.^{6/}

ORDER

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

A. Authorization is hereby granted to Petro-Hydrocarbon Inc. (PCH) to import up to 150 Bcf of natural gas over a two-year term beginning on March 4, 1991, through March 3, 1993.

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, PCH shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether sales of imported natural gas have been made, and if so, giving, by month, the total volume of the imports in Mcf and the average 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 PCH, estimated or actual duration of the agreement(s), transporter(s), point of entry, market(s) served, 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.

D. The motion to intervene filed by Northwest 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.

Issued in Washington, D.C., on November 23, 1990.

--Footnotes--

1/ 1 FE 70,247 (September 26, 1989).

2/ 55 FR 39319, September 27, 1990.

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

4/ 49 FR 6684, February 22, 1984.

5/ See, e.g., IGI Resources, Inc., 1 FE Para. 70,341 (July 30, 1990); Granite State Gas Transmission Company, 1 FE Para. 70,340 (July 30, 1990); and Development Associates, Inc., 1 FE Para. 70,334 (July 7, 1990).

6/ 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).