

Cited as "1 FE Para. 70,392"

Neste Trading (USA), Inc. (FE Docket No. 90-86-NG), December 20, 1990.

DOE/FE Opinion and Order No. 464

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On September 28, 1990, Neste Trading (USA), Inc. (Neste), 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, for blanket authorization to import up to 50 Bcf of Canadian natural gas over a two-year term beginning on the date of first delivery. Neste 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 import transaction.

Neste, a Delaware corporation with its principal place of business in Houston, Texas, is an indirect wholly owned subsidiary of Neste Oy, a foreign corporation organized under the laws of Finland. Neste conducts natural gas marketing and other marketing activities in the United States as agent for Neste Oy.

Under the blanket authority sought, Neste, acting either for its own account or on behalf of third parties, would import natural gas from a variety of Canadian suppliers for resale to purchasers which may include local distribution companies, pipelines, and commercial and industrial end-users. The specific terms of each import arrangement would be negotiated on an individual basis, including price, volume or special marketing arrangements in order to meet competition in the marketplace.

A notice of the application was issued on October 31, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by December 6, 1990.^{1/} No comments were received.

II. Decision

The application filed by Neste 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/} The

determination is guided by 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.

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

After taking into consideration all of the information in the record of this proceeding, I find that granting Neste blanket authorization to import up to 50 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.^{5/}

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 Neste Trading (USA), Inc., (Neste), to import up to 50 Bcf of Canadian natural gas over a two-year term beginning on the date of the first delivery.

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

C. Within two weeks after deliveries begin, Neste shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, 1000 Independence Avenue, S.W., Washington, D.C. 20585, in writing of the date that the first import authorized in Ordering Paragraph A above occurs.

D. With respect to the imports authorized by this Order, Neste 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 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 Neste, 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 any take-or-pay or make-up provisions.

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

--Footnotes--

1/ 55 FR 46718, November 6, 1990.

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

3/ 49 FR 6684, February 22, 1984.

4/ See, e.g., V.H.C. Gas Systems, L.P., 1 FE Para. 70,363 (October 15, 1990); Phibro Energy. Inc., 1 FE Para. 70,362 (October 15, 1990; and Amoco Energy Trading, 1 FE Para. 70,351 (September 20, 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).