

Cited as "1 FE Para. 70,410"

Fuel Services Group, Inc. (FE Docket No. 90-91-NG), February 6, 1991.

DOE/FE Opinion and Order No. 476

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On October 23, 1990, Fuel Services Group, Inc. (FSG), 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 14.6 Bcf of Canadian natural gas over a two-year term beginning on the date of first delivery. FSG intends to utilize existing pipeline facilities for the transportation of the proposed volumes to be imported.

FSG, a Delaware corporation with its principal place of business in Houston, Texas, maintains that the blanket authorization requested would allow it to import competitively priced natural gas from a variety of Canadian suppliers for resale to U.S. consumers, primarily in the states of Michigan, Minnesota, Wisconsin, Illinois and Ohio. FSG states further that purchases generally will be made on a month-to-month basis under 30-day spot market supply contracts, and will not exceed a period of more than two years. The specific terms of each import arrangement would be negotiated by the parties, subject to any restrictions imposed by the Canadian National Energy Board and DOE.

A notice of the application was issued on November 23, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by December 31, 1990.^{1/} No comments were received.

II. Decision

The application filed by FSG 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 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.

FSG'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 FSG 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 purchase will be voluntarily negotiated and market-responsive, as asserted in FSG's application, provides assurance that the transactions will be competitive with other natural gas supplies available to FSG.

After taking into consideration all of the information in the record of this proceeding, I find that granting FSG blanket authorization to import up to 14.6 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 Fuel Services Group, Inc. (FSG), to import up to 14.6 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, FSG 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, FSG 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 FSG, 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 February 6, 1991.

--Footnotes--

1/ 55 FR 19695, November 30, 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, 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).