

Cited as "1 FE Para. 70,411"

Transco Energy Marketing Company (FE Docket No. 90-112-NG), February 7, 1991.

DOE/FE Opinion and Order No. 477

Order Granting Blanket Authorization to Import Natural Gas and Granting Intervention

### I. Background

On December 21, 1990, Transco Energy Marketing Company (TEMCO), 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 1 Bcf per day or 730 Bcf of Canadian natural gas over a two-year period beginning on February 3, 1991, the day its import authorization granted in DOE/FE Opinion and Order No. 278 expired.<sup>1/</sup>

TEMCO, a Delaware corporation with its principal place of business in Houston, Texas, is a wholly owned subsidiary of Transco Energy Services Company, which, in turn, is a wholly owned subsidiary of Transco Energy Company. Under the blanket authority sought, TEMCO, acting either for its own account or for the account of others, would continue to import natural gas from a variety of Canadian suppliers for resale to suitable purchasers, including local distribution companies, pipelines, and commercial and industrial end-users. The specific terms of each import transaction would be negotiated on an individual basis in response to prevailing gas market conditions. TEMCO intends to use existing pipeline facilities to transport the gas.

A notice of the application was issued on December 31, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by February 6, 1991.<sup>2/</sup> A motion to intervene without comment or request for additional procedures was filed by Long Island Lighting Company. This order grants intervention to this movant.

### II. Decision

The application filed by TEMCO 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."<sup>3/</sup> This determination is guided by DOE's natural gas import policy guidelines.<sup>4/</sup> Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

TEMCO'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,<sup>5/</sup> would provide TEMCO 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 TEMCO's application, provides assurance that the transactions will be competitive with other natural gas supplies available to

TEMCO. Thus, TEMCO'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 TEMCO blanket authorization to import up to 730 Bcf of Canadian natural gas for two years from the date of issuance of this order, under contracts with terms of two years or less, is not inconsistent with the public interest.<sup>6/</sup>

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 Transco Energy Marketing Company (TEMCO), to import up to 730 Bcf of natural gas from Canada over a two-year period beginning on the date of issuance of this order.

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, TEMCO 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 TEMCO, 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 Long Island Lighting Company, is hereby granted, provided that its participation is limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and that admission of this intervenor shall not be construed as recognition that it may be aggrieved because of any order issued in this proceeding.

Issued in Washington, D.C., on February 7, 1991.

--Footnotes--

1/ 1 ERA 70,820 (November 4, 1988).

2/ 56 FR 524, January 7, 1991.

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,

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).