

Cited as "1 FE Para. 70,413"

Canadian Hydrocarbons Marketing (U.S.) Inc. (FE Docket No. 90-101-NG),  
February 20, 1991.

DOE/FE Opinion and Order No. 479

Order Granting Blanket Authorization to Import Natural Gas from Canada

### I. Background

On November 28, 1990, Canadian Hydrocarbons Marketing (U.S.) Inc. (Canadian Hydrocarbons) 1/ 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 blanket authorization to import up to 72 Bcf of natural gas from Canada for a two-year term, from April 1, 1991, the date the applicant's existing authority expires, through March 31, 1993. The company intends to use existing facilities of U.S. pipelines for the natural gas imports.

Canadian Hydrocarbons, a Delaware company, is a wholly owned subsidiary of Canadian Hydrocarbons Marketing Inc., which in turn is a subsidiary of ICG Utilities (Canada) Ltd. Its ultimate parent corporation is Westcoast Energy Inc. Canadian Hydrocarbons markets natural gas in the United States and Canada. The company received blanket authorization to import up to 25.6 Bcf per year of Canadian natural gas over a two-year term in DOE/ERA Opinion and Order No. 130 (June 12, 1986). Canadian Hydrocarbons intends to continue to import natural gas for its own account or as agent for Canadian suppliers for short-term sales to U.S. purchasers including, but not limited to, commercial and industrial end-users and local distribution companies.

A notice of the application was published in the Federal Register on December 19, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by January 18, 1991.<sup>2/</sup> No comments or motions to intervene were received.

### II. Decision

The application filed by Canadian Hydrocarbons 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 or export must be authorized unless there is a finding that it "will not be consistent with the public interest."<sup>3/</sup> With regard to import authorizations, the 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. Canadian Hydrocarbons' uncontested import proposal for Canadian natural gas, as set forth in the application, is consistent with section 3 of the NGA and DOE's international gas trade policy. FE finds that Canadian Hydrocarbons' market-based approach for negotiating short-term imports will enhance competition in the North American gas market. The import authorization sought, similar to other blanket arrangements approved by DOE,<sup>5/</sup> would provide Canadian Hydrocarbons with blanket approval, within prescribed limits, to negotiate and transact individual, short-term purchase arrangements without further regulatory action. Transactions would be negotiated only where purchasers or sellers can provide supplemental spot or short-term volumes and where purchasers need such import volumes and the prices remain competitive.

Each transaction, therefore, must reflect the true value of the commodity being traded, or no gas sales presumably would take place.

After taking into consideration all of the information in the record of this proceeding, I find that granting Canadian Hydrocarbons blanket authorization to import up to 72 Bcf of Canadian natural gas for a two-year term, from April 1, 1991, through March 31, 1993, under contracts with terms of up to two years, 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 Canadian Hydrocarbons Marketing (U.S.) Inc. (Canadian Hydrocarbons) to import up to 72 Bcf of Canadian natural gas for a two-year term, from April 1, 1991, through March 31, 1993.

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

C. Within two weeks after deliveries begin, Canadian Hydrocarbons 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, Canadian Hydrocarbons 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 price for imports 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), estimated or actual duration of the agreement(s), transporter(s), points of entry or exit, 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.

Issued in Washington, D.C., on February 20, 1991.

--Footnotes--

1/ Formerly ICG Energy Marketing Inc.

2/ 55 FR 52087, December 19, 1990.

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

4/ 49 FR 6684, February 22, 1984.

5/ See, e.g., Vermont Gas Systems, Inc. 1 FE 70,323 (June 7, 1990); Victoria Gas Corporation, 1 FE 70,339 (July 30, 1990); and Nortech Energy Corporation, 1 FE 70,343 (August 12, 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).