

Cited as "1 FE Para. 70,425"

Broad Street Oil & Gas Company (FE Docket Nos. 90-104-NG and 90-105-NG),
February 28, 1991.

DOE/FE Opinion and Order No. 483

Order Granting Blanket Authorization to Import and Export Natural Gas to
and from Canada

I. Background

On December 4, 1990, Broad Street Oil & Gas Company (Broad Street) filed two applications 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 from Canada up to 290 Bcf and export to Canada up to 290 Bcf of natural gas over a two-year period commencing with the date of first delivery. For administrative purposes, FE decided to consolidate the two blanket authorization requests, so the final decision is contained in one opinion and order. Broad Street intends to use existing pipeline facilities within the United States and Canada for transportation of the imported and exported gas. Broad Street states that it will notify the DOE of the date of first delivery and submit quarterly reports detailing each transaction.

Broad Street, an Ohio corporation with its principal place of business in Columbus, Ohio, is a marketer of natural gas, acting as an agent on behalf of both producers and purchasers. Broad Street requests authorization to import and export for its own account or as an agent on behalf of others. Broad Street states that the specific terms of each import and export arrangement would be negotiated on an individual basis, including price and volume.

In support of its applications, Broad Street maintains that the proposed import and export is in the public interest. The proposed import arrangements will provide competitively priced supplies of Canadian natural gas under short-term supply arrangements that will contain individually negotiated and market-responsive terms. Also, Broad Street states that the proposed export arrangements will use gas from areas with a surplus of natural gas supplies and benefit domestic natural gas producers.

A consolidated notice of the applications was issued on December 28, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by February 7, 1991.^{1/} No comments were received.

II. Decision

The applications filed by Broad Street have 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 an export must be authorized unless there is a finding that it "will not be consistent with the public interest." ^{2/} With regard to imports, this determination is guided by DOE's natural gas import guidelines.^{3/} Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test. In reviewing natural gas export applications, domestic need for the natural gas to be exported is considered, and any other issues determined to be appropriate in a particular

case.

Broad Street's uncontested import and export proposal, as set forth in the applications, is consistent with section 3 of the NGA and the DOE's international gas trade policy. The authorization sought would provide Broad Street with blanket import and export approval 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 Broad Street's applications, provides assurance that the transactions will be competitive with other natural gas supplies available to Broad Street. Under the proposed arrangement, short-term transactions will be negotiated in response to the marketplace and thus must reflect the true value of the commodity being traded or no gas sales would presumably take place. Also, considering the current surplus of domestic gas, coupled with the short-term, market responsive nature of the contracts into which Broad Street proposes to enter, it is unlikely that the proposed export volumes will be needed domestically during the term of the authorization. Finally, FE finds that Broad Street's import/export proposal, like other blanket arrangements approved by DOE,^{4/} will further the Secretary of Energy's policy of reducing trade barriers by encouraging market forces to achieve a more competitive distribution of goods between the United States and Canada.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing Broad Street to import up to 290 Bcf of Canadian natural gas and to export up to 290 Bcf of natural gas, over a two-year term, is not inconsistent with the public interest and should be approved.^{5/}

ORDER

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

A. Broad Street Oil & Gas Company (Broad Street) is authorized to import up to 290 Bcf of Canadian natural gas and to export up to 290 Bcf of natural gas, over a two-year term, commencing on the date of the first delivery of imports or exports.

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

C. Within two weeks after deliveries begin, Broad Street shall provide written notification to the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first delivery of natural gas authorized in Ordering Paragraph A above occurs.

D. With respect to the natural gas imports and exports authorized by this Order, Broad Street shall file within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports have been made, and if so, giving by month, the total volume of the imports and/or exports in Mcf and the average price per MMBtu at the international border. The reports shall also provide the details of each import or export transaction, including the names of the seller(s), and the purchaser(s), including those other than Broad Street, estimated or actual duration of the agreements, transporter(s), points of entry or exit, and market(s) served and,

if applicable, the per unit (MMBtu) demand/commodity charge breakdown of the price, any special contract price adjustment clauses, and take-or-pay or make-up provision.

Issued in Washington, D.C., on February 28, 1991.

--Footnotes--

1/ 56 FR 521 January 7, 1991.

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

3/ 49 FR 6684, February 22, 1984.

4/ See, e.g., Northern Minnesota Utilities, 1 FE Para. 70,391 (December 20, 1990); Kimball Energy Corporation, 1 FE Para. 70,330 (June 26, 1990); Unicorp Energy Inc., FE Para. 70,307 (March 9, 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).