

Cited as "1 FE Para. 70,427"

Catamount Natural Gas, Inc. (FE Docket No. 90-109-NG), March 14, 1991.

DOE/FE Opinion and Order No. 484

Order Granting Blanket Authorization to Import and Export Natural Gas

I. Background

On December 11, 1990, Catamount Natural Gas, Inc. (Catamount), 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 and export a combined total of 150 Bcf of natural gas, including liquefied natural gas (LNG), over a two-year period commencing with the date of first import or export. Although Catamount is primarily interested in importing and exporting natural gas from and to Canada, it also seeks authority to import and export natural gas from and to other countries. Catamount intends to use existing pipeline facilities within the transportation of the imported and exported gas. Catamount states that it will notify the DOE of the date of first delivery and submit quarterly reports detailing each transaction.

Catamount, a corporation organized under the laws of the State of Delaware, with its principal place of business in Boston, Massachusetts, is a natural gas and petroleum marketing and trading company. Catamount requests authorization to import and export natural gas, including LNG, for its own account as well as for the accounts of others. Catamount states that the specific pricing terms of each import and export arrangement would be determined by competitive factors in the markets served through arms-length negotiations between Catamount and its suppliers.

In support of its application, Catamount maintains that the proposed import and export is in the public interest. The proposed import arrangements will be sold on a short-term basis to U.S. pipelines, distribution companies, marketers, and commercial and industrial end-users. Also, Catamount states that the proposed export arrangements will enable it to make natural gas available on a short-term or spot-market basis to various Canadian and other purchasers and will benefit domestic natural gas producers.

A notice of the application was issued on January 10, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by February 19, 1991.^{1/} No comments were received.

II. Decision

The application filed by Catamount has been evaluated to determine if the proposed import/export 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.

Catamount's uncontested import/export proposal, as set forth in the application, is consistent with section 3 of the NGA and the DOE's international gas trade policy. The authorization sought would provide Catamount 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 Catamount's application, provides assurance that the transactions will be competitive with other natural gas supplies available to Catamount. 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 supplies of domestic gas, coupled with the short-term, market responsive nature of the contracts into which Catamount 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 Catamount'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 Catamount to import and export a combined total of 150 Bcf of natural gas, including LNG, over a period of two years, under contracts with terms of up to two years, 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. Catamount Natural Gas, Inc. (Catamount), is authorized to import and export a combined total of 150 Bcf of natural gas, including liquefied natural gas (LNG), over a two-year term, commencing on the date of the first import or export.

B. This natural gas and LNG may enter and exit the U.S. at any point on the international border which does not require the construction of new facilities for the importation and exportation.

C. Within two weeks after deliveries begin, Catamount 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 and LNG imports and exports authorized by this Order, Catamount 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 country of origin for the imports, the names of the seller(s), and the purchaser(s), including those other than Catamount, estimated or actual duration of the agreement(s), transporter(s), including

any LNG tankers used, 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 provision.

Issued in Washington, D.C., on March 14, 1991.

--Footnotes--

1/ 56 FR 1805, January 17, 1991.

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

3/ 49 FR 6684, February 22, 1984.

4/ See, e.g., CanWest Gas Supply U.S.A., Inc., 1 FE Para. 70,404 (January 29, 1991); Northern Minnesota Utilities, 1 FE Para. 70,391 (December 20, 1990); and ICG Utilities (Manitoba) Ltd., 1 FE Para. 70,385 (November 23, 1990).

5/ Because the proposed importation/exportation 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).