

Cited as "1 FE Para. 70,431"

Unigas Energy, Inc. (FE Docket No. 90-107-NG), March 26, 1991.

DOE/FE Opinion and Order No. 488

Order Granting Blanket Authorization to Import Natural Gas, Including Liquefied Natural Gas

I. Background

On December 6, 1990, Unigas Energy, Inc. (Unigas), 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 natural gas, including liquefied natural gas (LNG), for short-term sales to customers in the United States. Authorization is requested to import from Canada, and Mexico, as well as other countries, up to 290 Bcf of gas over a two-year period beginning on the date of first delivery after April 6, 1991, the date Unigas' present authority expires under DOE/FE Opinion and Order 222.1/ The company intends to use existing facilities for the imports.

Unigas, a Delaware corporation with its principal place of business in Traverse City, Michigan, would continue to import competitively-priced gas for sale on a short-term or spot basis to a wide variety of markets in the United States, including local distribution companies, and commercial and industrial end-users. Unigas intends to import natural gas for its own account as well as on behalf of U.S. purchasers and foreign suppliers.

A notice of the application was published in the Federal Register on December 27, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by January 28, 1991.2/ No comments were received.

II. Decision

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

Unigas' 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 import guidelines. The import authorization sought, similar to other blanket arrangements approved by DOE,5/ would provide Unigas with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term import arrangements without further regulatory action. The fact that each purchase will be negotiated voluntarily in response to market conditions, as asserted in Unigas' application, provides assurance that the transactions will be competitive with other natural gas supplies available to Unigas. Thus, Unigas' 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 Unigas blanket authorization to import up to 290 Bcf of natural gas, including LNG, from various countries over a two-year period under contracts with terms of up to two years, beginning on the date of first delivery after April 6, 1991, is not inconsistent with the public interest.^{6/}

ORDER

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

A. Authorization is hereby granted to Unigas Energy, Inc. (Unigas), to import up to 290 Bcf of natural gas, including LNG, over a two-year term beginning on the date of first delivery after April 6, 1991.

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

C. Within two weeks after deliveries begin, Unigas 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, Unigas 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 for imports per MMBtu at the international border. The reports shall also provide the details of each import transaction, including the country of origin for imports, the names of the purchaser(s), and of the seller(s), including those other than Unigas, estimated or actual duration of the agreement(s), transporter(s), including any LNG tankers used, points of entry, 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 any take-or-pay or make-up provisions.

Issued in Washington, D.C., on March 26, 1991.

--Footnotes--

1/ 1 FE 70,754 (January 28, 1988).

2/ 55 FR 53185.

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

4/ 49 FR 6684, February 22, 1984.

5/ See, e.g., Access Energy Corporation, 1 FE Para. 70,389 (December 20, 1990); Phibro Energy, Inc., 1 FE Para. 70,362 (October 15, 1990); and V.H.C. Gas Systems, L.P., 1 FE Para. 70,363 (October 15, 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).