

Cited as "1 FE Para. 70,433"

The Consumers' Gas Company Ltd. (FE Docket No. 90-111-NG), March 28, 1991.

DOE/FE Opinion and Order No. 490

Order Granting Blanket Authorization to Export Natural Gas to Canada

I. Background

On December 20, 1990, The Consumers' Gas Company Ltd. (Consumers Gas) 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 export up to 100 billion cubic feet (Bcf) of natural gas to Canada over a two-year term beginning April 1, 1991, the date on which Consumers Gas' existing export authorization expires.^{1/} Consumers Gas requests authority to export the natural gas through any point on the U.S.-Canadian border where transportation facilities currently exist and would file quarterly reports detailing any transactions.

Consumers Gas, an Ontario corporation, is a large natural gas distribution utility in Canada, serving residential, commercial, and industrial customers primarily within the metropolitan Toronto, Ottawa, and Niagara Falls regions of Ontario. The company intends to purchase and export natural gas on its own account for its system supply, and would not act as an export agent for other parties.

In support of its application, Consumers Gas maintains that there is no present domestic need for the gas to be exported and that its export proposal will supply a market for surplus U.S. gas and promote competition in the natural gas marketplace.

A notice of the application was published in the Federal Register on January 24, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by February 25, 1991.^{2/} No comments or motions to intervene were received.

II. Decision

The application filed by Consumers Gas has been evaluated to determine if the proposed export arrangement meets the public interest requirements of section 3 of the NGA. Under section 3, an export must be authorized unless there is a finding that it "will not be consistent with the public interest."^{3/} In reviewing natural gas export applications, domestic need for the gas to be exported is considered, and any other issues determined to be appropriate in a particular case.

Consumers Gas' uncontested export proposal, as set forth in the application, is consistent with section 3 of the NGA and DOE's international gas trade policy. FE finds that the current supplies of domestic gas, coupled with the short-term, market-responsive nature of the contracts into which Consumers Gas proposes to enter, indicate that it is unlikely the proposed export volumes will be needed domestically during the term of this authorization. Further, FE finds that Consumers Gas' proposed export of domestic natural gas to Canada, like other blanket export proposals that have

been approved by DOE,^{4/} will further the Secretary of Energy's policy goals of reducing trade barriers by encouraging market forces to achieve a more competitive distribution of goods between the U.S. and Canada.

After taking into consideration all of the information in the record of this proceeding, I find that granting Consumers Gas blanket authorization to export up to 100 Bcf of U.S. domestic natural gas to Canada over a two-year term, under contracts with terms of up to two years, beginning on the date of first export after April 1, 1991, is not inconsistent with the public interest.^{5/}

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 The Consumers Gas Company Ltd. (Consumers Gas) to export to Canada up to 100 Bcf of natural gas over a two-year term beginning on the date of first export after April 1, 1991.

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

C. Within two weeks after deliveries begin, Consumers Gas 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 export authorized in Ordering Paragraph A above occurs.

D. With respect to the exports authorized by this Order, Consumers Gas shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether sales of exported natural gas have been made, and if so, giving, by month, the total volume of the exports in Mcf and the average price for exports per MMBtu at the international border. The reports shall also provide the details of each export 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, and market(s) served.

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

--Footnotes--

1/ DOE/ERA Opinion and Order No. 277, 1 ERA 70,819 (November 2, 1988).

2/ 56 FR 2767, January 24, 1991.

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

4/ See e.g., Access Energy Corporation, 1 FE Para. 70,361 (October 10, 1990); Transco Energy Marketing Company, 1 FE Para. 70,359 (October 9, 1990); and Tejas Power Corporation, 1 FE Para. 70,358 (October 9, 1990).

5/ Because the proposed exportation 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).