

Cited as "1 FE Para. 70,442"

Hadson Gas Systems, Inc. (FE Docket No. 91-03-NG), April 26, 1991.

DOE/FE Opinion and Order No. 498

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On January 8, 1991, Hadson Gas Systems, Inc. (Hadson), 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. Hadson requests blanket authority to import up to 50 Bcf of natural gas from Canada over a two-year period beginning on the date of first delivery.

Hadson, an Oklahoma corporation with its principal place of business in Irving, Texas, is a wholly owned subsidiary of Hadson Corporation. Hadson gathers, aggregates and markets natural gas to commercial and industrial customers as well as local distribution companies, acting on its own behalf or as agent or broker for others. The terms, including price and volume, of all sales of natural gas under the proposed authorizations would be freely negotiated at arms length. Hadson intends to use existing facilities in the United States and will notify DOE of the date of first delivery and submit quarterly reports detailing each transaction.

A notice of the application was issued on February 6, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by March 15, 1991.1/ No comments were received.

II. Decision

The application filed by Hadson 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".2/ This determination is guided by DOE's natural gas import policy guidelines.3/ Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

Hadson's 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 guidelines. The import authorization sought is similar to other blanket arrangements approved by DOE and would provide Hadson with blanket import approval, within prescribed limits, to negotiate and transact individual, spot and short-term import arrangements without further regulatory action.4/ The fact that each spot purchase will be negotiated voluntarily in response to market conditions, as asserted in Hadson's application, provides assurance that the transactions will be competitive with other natural gas supplies available to Hadson. Thus, Hadson's 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 Hadson blanket authorization to import up to 50 Bcf of natural gas beginning on the date of the first delivery, under contracts with terms of up to two years, 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 Hadson Gas Systems, Inc. (Hadson), to import up to 50 Bcf of natural gas from Canada over a two-year term commencing on the date of the first delivery.

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, Hadson 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, Hadson 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., April 26, 1991.

--Footnotes--

1/ 56 FR 5811, February 13, 1991.

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

3/ 49 FR 6684, February 22, 1984.

4/ See, e.g., Semco Energy Services, Inc., 1 FE Para. 70328 (June 20, 1990); IGI Resources, Inc., 1 FE Para. 70,341 (July 30, 1990); Granite State Gas Transmission, Inc., 1 FE Para. 70,340 (July 30, 1990); and Petro-Canada Hydrocarbons, Inc., 1 FE Para. 70,383 (November 23, 1990); and CanadianOxy Marketing Inc., unpublished (February 20, 1991).

5/ Because the proposed importation of gas will use existing pipeline 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).