

Cited as "1 FE Para. 70,448"

Coenergy Ventures, Inc. (FE Docket No. 90-113-NG), May 16, 1991.

DOE/FE Opinion and Order No. 504

Order Granting Blanket Authorization to Export Natural Gas to Canada

I. Background

On December 31, 1990, Coenergy Ventures, Inc. (CVI), 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 to Canada up to 20 Bcf of natural gas over a two-year period commencing with the date of first delivery. CVI 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 transaction.

CVI, a Michigan corporation with its principal place of operation in Detroit, Michigan, is in the business of buying and selling natural gas. The company intends to purchase and export natural gas for its own account or as an agent on behalf of domestic suppliers or Canadian purchasers. In support of its application, CVI 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.

A notice of the application was issued on January 31, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by March 7, 1991. 1/ No comments or motions to intervene were received.

II. Decision

The application filed by CVI 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 import or an export must be authorized unless there is a finding that it "will not be consistent with the public interest." 2/ In reviewing natural gas export applications, domestic need for natural gas to be exported is considered, and any other issues determined to be appropriate in a particular case.

CVI's uncontested export proposal, as set forth in the application, is consistent with section 3 of the NGA and the 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 proposed export arrangements, make it unlikely that the proposed export volumes will be needed domestically during the term of the authorization. Further, FE finds that CVI's proposed export of domestic natural gas to Canada, like other blanket export proposals that have been approved by DOE, 3/ will further the Secretary'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 CVI blanket authorization to export up to 20 Bcf of natural gas to Canada over a two-year term, under contracts with terms of two years or less, beginning on the date of first export, is not inconsistent with the public interest. 4/

ORDER

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

A. Coenergy Ventures, Inc. (CVI), is authorized to export to Canada up to 20 Bcf of natural gas over a two-year term beginning on the date of the first delivery.

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, CVI 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 occurred.

D. With respect to the exports authorized by this Order, CVI shall file 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 per 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 exit, and market(s) served.

Issued in Washington, D.C., on May 16, 1991.

--Footnotes--

1/ 56 FR 4990, February 7, 1991.

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

3/ 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, FE Para. 70,358 (October 9, 1990).

4/ Because the proposed 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).