

Cited as "1 FE Para. 70,450"

Spot Market Corporation (FE Docket No. 91-07-NG), May 23, 1991.

DOE/FE Opinion and Order No. 505

Order Granting Blanket Authorization to Import Canadian Natural Gas

#### I. Background

On January 25, 1991, Spot Market Corporation (SM Corp.) filed an application with the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127. SM Corp. requests blanket authority to import up to 300 Bcf of Canadian natural gas over a two-year term beginning on August 20, 1991, the date SM Corp.'s present authority expires under DOE/FE Opinion and Order No. 182.1/

SM Corp., a Texas corporation with its principal place of business in Houston, Texas, is engaged in the marketing of natural gas throughout the U.S. SM Corp., acting as agent for others, proposes to import the gas from Canadian suppliers, which would be sold to a wide range of markets in the United States, including pipelines, local gas distribution companies, electric utilities and industrial and agricultural end-users. The terms of each import and sale, including the price and volumes, would be negotiated on an individual basis. SM Corp. intends to use existing pipeline facilities to transport the gas and to file quarterly reports with Fossil Energy giving details of the individual import transactions.

A notice of the application was issued on February 22, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by April 1, 1991.2/ No comments were received.

#### II. Decision

The application filed by SM Corp. 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.

SM Corp.'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, similar to other blanket arrangements approved by DOE,5/ would provide SM Corp. with blanket import approval, within prescribed limits, to negotiate and transact individual, spot and short-term import arrangements without further regulatory action. The fact that each spot purchase will be negotiated voluntarily in response to market conditions, as asserted in SM Corp.'s application, provides assurance that the transactions will be competitive with other natural gas supplies available to SM Corp. Thus, SM Corp.'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 SM Corp.'s blanket authorization to import up to 300 Bcf of natural gas over a two year period beginning on the

date of first delivery after August 19, 1991, is not inconsistent with the public interest.<sup>6/</sup>

ORDER

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

A. Spot Market Corporation (SM Corp.) is authorized to import up to 300 Bcf of natural gas from Canada over a two-year period beginning on the date of first delivery after August 19, 1991.

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

C. Within two weeks after deliveries begin, SM Corp. 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, SM Corp. shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether sales of imported natural gas have been made, and if so, giving, by month, the total volume of the imports in Mcf and the average price 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), including those other than SM Corp., estimated or actual duration of the agreement(s), transporter(s), point of entry, 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 May 23, 1991.

--Footnotes--

1/ 1 ERA 70712, July 22, 1987.

2/ 56 FR 8754, March 1, 1991.

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

4/ 49 FR 6684, February 22, 1984.

5/ See, e.g., IGI Resources, 1 FE Para. 70,341 (July 30, 1990); Granite State Gas Transmission Company, 1 FE Para. 70,340 (July 30, 1990); and Development Associates, Inc., 1 FE Para. 70,334 (July 9, 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).