

Cited as "1 FE Para. 70,489"

Northern Natural Gas Company (FE Docket No. 91-58-NG), October 25, 1991.

DOE/FE Opinion and Order No. 541

Order Granting Blanket Authorization to Import Natural Gas from Canada

#### I. Background

On August 2, 1991, Northern Natural Gas Company (Northern) 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, requesting blanket authorization to import up to 219 Bcf of Canadian natural gas over a two-year period commencing with the date of first delivery after October 31, 1991, the date when Northern's existing blanket import authority expires.<sup>1/</sup> Northern intends to use existing facilities to import the gas and to submit quarterly reports detailing each import transaction.

Northern proposes to import gas from a variety of Canadian suppliers, on both a firm and interruptible basis, for existing system supply. Price, volume, and other specific terms of each import transaction would be negotiated in response to market conditions. Northern contemplates importing the gas at Monchy, Saskatchewan, via the existing pipeline facilities related to the Alaska Natural Gas Transportation System (ANGTS), or at Emerson, Manitoba, via the facilities of Great Lakes Gas Transmission Company.

A notice of the application was issued on September 9, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by October 16, 1991.<sup>2/</sup> A motion to intervene without comment was filed by Great Lakes Transmission Limited Partnership. This order grants intervention to the movant.

#### II. Decision

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

Northern's uncontested proposal for the importation of natural gas, as set forth in the application, is consistent with section 3 of the NGA and the DOE's international gas trade policy. The import authorization sought, similar to other blanket arrangements approved by DOE,<sup>5/</sup> would provide Northern with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term purchase arrangements without further regulatory action. The fact that each purchase will be voluntarily negotiated in response to market conditions, as asserted in Northern's application, provides assurance that the transactions will be competitive with other natural gas supplies available to Northern.

After taking into consideration all of the information in the record of this proceeding, I find that granting Northern blanket authorization to import up to 219 Bcf of Canadian natural gas over a two-year term, under contracts

with terms of two years or less, beginning on the date of first delivery after October 31, 1991, is not inconsistent with the public interest.<sup>6/</sup>

ORDER

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

A. Northern Natural Gas Company (Northern) is authorized to import up to 219 Bcf of Canadian natural gas over a two-year term beginning on the date of the first delivery after October 31, 1991.

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, Northern 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 imports authorized by this Order, Northern shall file 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 per Mcf and the average purchase 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), estimated or actual duration of the agreement(s), transporter(s), points of entry, geographic markets served, and, if applicable, the per unit (MMBtu) demand/commodity/reservation charge breakdown of the price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. Failure to file quarterly reports may result in termination of this authorization.

E. The first quarterly report required by ordering Paragraph D. of this order is due not later than January 30, 1991, and should cover the period from the date of this order until the end of the current calendar quarter December 31, 1991.

F. The motions to intervene, as set forth in this Opinion and Order, are hereby granted, provided that participation of the intervenors shall be limited to matters specifically set forth in their motions to intervene and not herein specifically set forth denied, and that the admission of these intervenors shall not be construed as recognition that they might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on October 25, 1991.

--Footnotes--

1/ DOE\FE Opinion and Order No. 331, 1 FE Para. 70,240 (September 5, 1989). Order 331 was issued to Northern's predecessor in interest, Northern Natural Gas Company, Division of Enron Corp.

2/ 56 FR 46789, September 16, 1991.

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

4/ 49 FR 6684, February 22, 1984.

5/ See, e.g., Hadson Gas Systems, Inc., 1 FE Para. 70,442 (April 26, 1991); Chippewa Gas Corporation, 1 FE Para. 70,441 (April 24, 1991); JMC Fuel Services, Inc., 1 FE Para. 70,434 (March 28, 1991).

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. 4331, 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).