

Cited as "1 FE Para. 70,513"

Tenngasco Corporation (FE Docket No. 91-78-NG), December 18, 1991.

DOE/FE Opinion and Order 559

Order Granting Blanket Authorization to Import Natural Gas from Canada and Granting Intervention

## I. Background

On September 26, 1991, Tenngasco Corporation (Tenngasco) 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 import from Canada up to 200 Bcf of natural gas over a two-year period beginning on November 2, 1991, the day after its current authorization was to expire.

Tenngasco, a Delaware corporation with its principal place of business in Houston, Texas, is a wholly-owned subsidiary of Tenneco Corporation. Tenngasco is a major U.S. marketer and broker of natural gas to interstate pipelines, intrastate pipelines, local distribution companies, and end-users. Tenngasco was authorized by DOE/ERA Opinion and Order No. 80 1/ to import up to 110 Bcf of natural gas from Canada during a two-year period that began November 2, 1989, and terminated November 1, 1991. During the past two years Tenngasco has imported a total of approximately 9.67 Bcf.

In support of its import request, Tenngasco asserts the terms and conditions of any sales of imported gas would contain pricing and volumetric flexibility thus assuring that the imports would remain competitive over the term of the authorization. Further, Tenngasco notes that it will import natural gas from reliable sources in Canada, including producers such as Kangaz Limited, ProGas Limited, Shell Canada and Mobil Oil Canada. Therefore, Tenngasco asserts its import proposal is consistent with DOE's policy guidelines for imported natural gas and is not inconsistent with the public interest.

A notice of the application was published in the Federal Register on October 30, 1991, inviting protests, motions to intervene, notices of intervention and comments to be filed by November 29, 1991.<sup>2/</sup> Great Lakes Transmission Limited Partnership filed a motion to intervene. This order grants intervention to the movant.

## II. Decision

The application filed by Tenngasco 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/ The 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.

Tenngasco's uncontested import proposal, as set forth in the application, is consistent with section 3 of the NGA and DOE's natural gas import policy guidelines. The import authorization sought, similar to other blanket arrangements approved by DOE <sup>5/</sup>, would provide Tenngasco with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term import arrangements without further regulatory action. Tenngasco's market-based approach for negotiating short-term imports will enhance competition in the North American gas market. Under Tenngasco's proposed arrangements, which contemplate individual, short-term sales negotiated in response to the marketplace, transactions would only occur to the extent that sellers can provide spot or short-term volumes, customers need such import volumes, and the prices remain competitive. Thus, each transaction must reflect the true value of the commodity being traded, or no gas deliveries will be made. Finally, Tenngasco's proposal 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 Canadian gas purchasers and suppliers.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing Tenngasco to import from Canada up to 200 Bcf of natural gas over a two-year term beginning on the date of first delivery 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. Tenngasco Corporation (Tenngasco), is authorized to import from Canada up to 200 Bcf of natural gas over a two-year term, beginning on the date of first delivery.

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

C. Within two weeks after deliveries begin, Tenngasco 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 short-term blanket import authorized by this Order, the applicant 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 transaction, including the names of the seller(s), and the purchaser(s), estimated or actual duration of the agreements, transporter(s), point(s) of entry or exit, geographic markets served, and, if applicable the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price, any special contract price adjustments 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, 1992, and should cover the period from the date of this order until the end of the current calendar quarter December 31, 1991.

F. The motion to intervene filed by Great Lakes Gas Transmission Partnership is hereby granted provided that its participation shall be limited to matters specifically set forth in their motion to intervene and admission of this intervenor shall not be construed as recognition that it is aggrieved because of any order issued in this proceeding.

Issued in Washington, D.C., on December 18, 1991.

--Footnotes--

1/ 1 ERA Para. 70,596 (May 6, 1985); see DOE/ERA Order 80-A, 1 FE Para. 70,401 (January 10, 1991), transferring import authority to Tenngasco from Tenngasco Exchange Corporation and LHC Pipeline.

2/ 56 FR 55921.

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); and JMC Fuel Services Inc., 1 FE Para. 70,434 (March 28, 1991).

6/ Because the proposed import/export 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 an environmental assessment is not required. See 40 CFR Sec. 1508.4 and 54 FR 12474 (March 27, 1989).