

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

_____)
OREGON NATURAL GAS DEVELOPMENT) DOCKET NO. 92-19-NG
CORPORATION)
_____)

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA
AND GRANTING INTERVENTIONS

DOE/FE OPINION AND ORDER NO. 620

MAY 21, 1992

I. BACKGROUND

On February 18, 1992, Oregon Natural Gas Development Corporation (ONGDC) filed an application with the Office of Fossil Energy 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 10 Bcf of natural gas over a two-year term beginning on the date of the first delivery. ONGDC intends to use existing facilities to import the proposed volumes and will submit quarterly reports detailing each import transaction.

ONGDC, an Oregon corporation with its principal place of business in Portland, Oregon, is a wholly-owned subsidiary of Northwest Natural Gas Company. ONGDC is engaged in the marketing and production of natural gas in the Western United States. ONGDC requests authority to import gas on its own behalf as well as on behalf of suppliers and purchasers for whom ONGDC may act as an agent. The terms of each spot or short-term transaction will be determined by competitive factors in the natural gas marketplace.

A notice of the application was published in the Federal Register on March 26, 1992, inviting protests, motions to intervene, notices of intervention, and comments to be filed by April 27, 1992. 1/ A motion to intervene was filed by Northwest Pipeline Corporation on April 20, 1992.

1/ 57 FR 10477.

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II. DECISION

The application filed by ONGDC 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.

ONGDC's uncontested import proposal, as set forth in the application, is consistent with section 3 of the NGA and the DOE's import policy guidelines. The import authorization sought, similar to other blanket arrangements approved by DOE, 4/ would provide ONGDC's 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 ONGDC's application, provides assurance that the transactions will be competitive with other natural gas supplies available to ONGDC. Under ONGDC's proposed import arrangement, transactions will only occur when producers and sellers can provide spot or short-term

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

3/ 49 FR 6684, February 22, 1984.

4/ See e.g., Portland General Electric Co., 1 FE Para. 70,455
— (June 3, 1991); Cascade Natural Gas Corporation, 1 FE Para.
70,457 (June 18, 1991); North America Resources Company,
— 1 FE Para. 70,461 (June 24, 1991).

volumes, customers need such import volumes, and prices are competitive. Therefore, ONGDC's import proposal will further the Secretary's of Energy's policy goal to reduce trade barriers by encouraging competition between U.S. and Canadian gas suppliers and purchasers.

After taking into consideration all of the information in the record of this proceeding, I find that granting ONGDC blanket authorization to import up to 10 Bcf of Canadian natural gas over a two-year term, under contracts with terms of two years or less, is not inconsistent with the public interest. 5/

ORDER

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

A. Oregon National Gas Development Corporation (ONGDC) is authorized to import up to 10 Bcf of Canadian natural gas over a two-year term beginning on the date of the first delivery.

B. This natural gas may be imported at any point on the United States/Canadian border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, ONGDC 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

5/ Because the proposed importation of gas will use existing facilities, DOE has determined that granting this authorization 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.); therefore,

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an environmental impact statement or environmental assessment is
not required. See 40 CFR 1508.4 and 54 FR 12474 (March 27,

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1989).

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, ONGDC shall file within 30 days following each calendar quarter, to the Office of Fuels Programs, 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 (1) the names of the seller(s); (2) the purchaser(s); (3) estimated or actual duration of the agreement(s); (4) transporter(s); (5) point(s) of entry; (6) geographic market(s) served; and, if applicable, (7) 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 July 30, 1992, and should cover the period from the date of this Order until the end of the current calendar quarter June 30, 1992.

F. The motion to intervene, as set forth in this Opinion and Order, is hereby granted, provided that participation of the intervenor shall be limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and

that the admission of this intervenor shall not be construed as

recognition that it might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on May 21, 1992.

Charles F. Vacek
Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy