UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

UNIGAS CORPORATION	)	FE DOCKET NO. 92-25-NG

ORDER GRANTING BLANKET AUTHORIZATION TO IMPORT
AND EXPORT NATURAL GAS, INCLUDING LIQUEFIED NATURAL GAS,
FROM AND TO CANADA, MEXICO AND OTHER FOREIGN COUNTRIES

DOE/FE OPINION AND ORDER NO. 627

JUNE 5, 1992

I. BACKGROUND

On February 27, 1992, Unigas Corporation (Unigas) 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 authority to import and export up to 200 Billion cubic feet (Bcf) of natural gas, including liquified natural gas (LNG), from and to Canada, Mexico and other countries over a two-year term beginning on the date of the first delivery. Unigas proposes to use existing pipeline and LNG facilities for the imports and exports and no new construction would be involved.

Unigas is a Canadian Federal Corporation with its principal place of business in Calgary, Alberta, Canada. Unigas engages in the marketing of natural gas produced in Canada with its recent marketing efforts being directed in substantial part toward the short and long-term United States markets. Unigas states that while it is primarily interested in the short-term import of Canadian gas to the United States and the export of United States gas to Canada, it is also interested in securing authorization to import and export natural gas from and to countries other than the United States and Canada.

The requested authorization will allow Unigas to purchase and resell gas to pipelines, local distribution companies, and commercial and industrial end-users, in addition to assisting others in the marketing of natural gas. Unigas indicates that it may act on its own behalf or as agent on behalf of others. Unigas has not executed any formal contracts for the purchase or transportation of the gas to be imported or exported since the identity of the actual suppliers or transporters is presently unknown. It is indicated that any shipment of imported gas will be based on the specific needs of Unigas' customers and that the domestically-produced gas to be exported will be incremental to the needs of any current purchasers. Unigas asserts that the specific terms of each blanket import and export transaction will be negotiated on an individual basis at market responsive prices.

DOE published a notice of receipt of Unigas' application in the Federal Register on April 6, 1992, inviting protests, motions to intervene, notices of intervention, and comments to be filed by May 6, 1992.1/ No interventions or comments were received.

II. DECISION

The application filed by Unigas has been evaluated to determine if the proposed import and export arrangement meets the public interest requirements of section 3 of the NGA. Under section 3, an import or export must be authorized unless there is a finding that it "will not be consistent with the public interest."2/ With regard to imports, 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. In reviewing natural gas export applications, the

1/ 57 FR 11610.

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

3/ 49 FR 6684, February 22, 1984.

domestic need for the gas to be exported is considered, as well as any other issues determined to be appropriate in a particular case.

Unigas' uncontested import/export proposal, as set forth in the application, is consistent with section 3 of the NGA and DOE's international gas trade policy. Unigas' market-based approach for negotiating short-term imports and exports will enhance competition in gas markets. Natural gas supplies in the United States are expected to continue to be more than adequate to meet consumer demand. For this reason, and because Unigas' transactions will be short-term and market-responsive, it is unlikely that the proposed export volumes will be needed in the domestic market during the term of this authorization. Additionally, Unigas' proposal, which is similar to other blanket import/export proposals approved by DOE,4/ will further the Secretary of Energy's policy goals of reducing trade barriers by promoting a more market-oriented gas trade between the United States and other countries.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing Unigas to import and export up to 200 Bcf of natural gas, including LNG, over a two-year term beginning on the date of first delivery, under contracts with terms of two years of less, is not

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4/ See e.g., MASSPOWER, 1 FE 70,542 (February 28, 1992);

Alenco Resources, Inc., 1 FE   70,525 (December 31, 1991); Sun Operating Limited Partnership, 1 FE   70,520 (December 27, 1991).

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. Unigas Corporation (Unigas) is authorized to import and export up to 200 Bcf of natural gas, including liquefied natural gas (LNG), from and to Canada, Mexico and other countries over a two-year term beginning on the date of the first import or export.

B. This natural gas may be imported or exported at any point on the United States international border that does not require the construction of new facilities.

C. Within two weeks after deliveries begin, Unigas shall provide written notification to the Office of Fuels Programs, Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first import and first export delivery of natural gas authorized in ordering paragraph A above occurs.

D. Regarding the natural gas imports and exports authorized by this order, Unigas shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports of natural gas or LNG have been made. If no imports or exports have

5/ Because the proposed importation/exportation 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 an environmental impact statement or environmental assessment is not required. See 40 CFR 1508.4 and 57 FR 15122 (April 24, 1992).

been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports occurred, Unigas must report monthly total volumes of the imports and exports in Mcf and the average purchase or sales price per MMBtu. The reports shall also provide the details of each import or export transaction, including: (1) the country of origin for the imports; (2) the names of the seller(s); (3) the name of the purchaser(s); (4) the estimated or actual duration of the agreement(s); (5) the name of the transporter(s); (6) the point(s) of entry or exit; (7) the geographic market(s) served; (8) whether the sales are being made on an interruptible or firm basis and, if applicable; (9) the contract pricing provisions, including the per unit (MMBtu) demand/commodity/reservation charge breakdown of the price, any special contract price adjustment clauses, or any take-or-pay or make-up provisions. Failure to file quarterly reports may result in termination of this authorization.

E. The first quarterly report required by ordering paragraph D 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 of June 30, 1992.

Issued in Washington, D.C., on June 5, 1992.

Charles F. Vacek
Deputy Assistant Secretary

for Fuels Programs
Office of Fossil Energy