

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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CU ENERGY MARKETING INC.) FE DOCKET NO. 92-49-NG
_____)

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT NATURAL GAS
FROM CANADA

DOE/FE OPINION AND ORDER NO. 633

June 12, 1992

I. BACKGROUND

On April 10, 1992, CU Energy Marketing Inc. (CUEM) 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 term, beginning on the date of first delivery after June 16, 1992, the day CUEM's current two-year blanket import authorization expires.^{1/} CUEM, a Delaware corporation with its principal place of business in Alberta, Canada, is an indirect subsidiary of ATCOR Resources, Ltd., a Canadian corporation. From June 17, 1990 to March 31, 1992, CUEM has imported approximately 5.6 Bcf of natural gas. CUEM intends to continue to import gas from Canada, either for its own account or on behalf of others, for sale to commercial and industrial end users, utility customers and other gas marketers. CUEM will use existing facilities to import the proposed volumes, and will file quarterly reports detailing each import transaction.

In support of its import request, CUEM states that the gas will be purchased under short-term contracts which will be negotiated in response to market conditions. CUEM asserts that its import arrangements will ensure that prices are competitive and reflect the true value of the gas sold. Therefore, CUEM asserts that its import proposal is consistent with DOE's policy

1/ See DOE/ERA Opinion and Order No. 146, 1 ERA 70,669

(September 23, 1986).

guidelines^{2/} for imported natural gas and is not inconsistent with the public interest.

A notice of the application was published in the Federal Register on May 1, 1992, inviting protests, motions to intervene, notices of intervention and comments to be filed by June 1, 1992.^{3/} No comments or motions to intervene were received.

II. DECISION

The application filed by CUEM 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."^{4/} This determination is directed by DOE's natural gas import policy guidelines. Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

CUEM'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. This import authorization will provide CUEM with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term import arrangements without further regulatory action. Under CUEM's import proposal, transactions will only occur when

- 2/ 49 F.R. 6684 (February 22, 1984). _
- 3/ 57 F.R. 18872. _
- 4/ 15 U.S.C. 717b. _

producers and sellers can provide spot or short-term volumes, customers need such import volumes, and prices remain competitive. Therefore, CUEM's import proposal will further the Secretary of Energy's policy goal to reduce trade barriers by encouraging competition between U.S. and Canadian gas suppliers and purchasers.

After considering all of the information in the record of this proceeding, I find that authorizing CUEM to import from Canada up to 200 Bcf of natural gas over a two year term, under contracts with terms of two years or less, beginning on the date of first delivery, is not inconsistent with the public interest.^{5/}

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5/ Because the proposed import 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 an environmental assessment

is not required. See 40 C.F.R. 1508.4 and 54 F.R. 15122 (April
24, 1992).

ORDER

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

A. CU Energy Marketing Inc. (CUEM) 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 after June 16, 1992.

B. This natural gas may be imported at any point on the U.S./Canada border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, CUEM 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 natural gas imports authorized by this order, CUEM shall file within 30 days following each calendar quarter, quarterly reports indicating whether imports have been made. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, CUEM must report monthly total volumes in Mcf, and the average price per MMBtu at the international border. The reports shall also provide the details of each transaction, including (1) the names of the seller(s); (2) the names of the purchaser(s), including those other than CUEM; (3) the estimated or actual duration of the agreements; (4) the names of the

transporter(s); (5) the point(s) of entry; (6) the geographic markets served; and, if applicable, (7) 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. Failure to file quarterly reports may result in termination of this authorization.

E. The first quarterly report required by ordering paragraph D is due no 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.

Issued in Washington, D.C., on June 12, 1992.

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