Cited as "1 ERA Para. 70,725"

Vector Energy (U.S.A.) Inc. (ERA Docket No. 87-38-NG), October 5, 1987.

DOE/ERA Opinion and Order No. 194

Order Granting Blanket Authorization to Export Natural Gas

I. Background

On July 15, 1987, Vector Energy (U.S.A.) Inc. (Vector) filed an application with the Economic Regulatory Administration (ERA) of the Department of Energy (DOE), pursuant to Section 3 of the Natural Gas Act (NGA), for blanket authority to export, for short-term or spot market sales, up to 60 Bcf of U.S. natural gas to Canada over a two-year period, beginning on the date of first delivery. Vector, a Delaware corporation, is a wholly owned subsidiary of Vector Energy Inc., an Alberta corporation. According to its application, Vector intends to use existing pipeline facilities for the transportation of the exports, and will submit quarterly reports to the ERA giving details of individual transactions.

In support of its application, Vector asserts that the exportation of U.S. gas pursuant to the application is not inconsistent with the public interest, that the short-term nature of the transactions will ensure the market competitiveness of each export arrangement and, thus, ensure the efficient allocation of natural gas in the market place, and that allowing the exportation of U.S. gas will open additional sales opportunities to domestic producers.

The ERA issued a notice of the application on August 11, 1987, inviting protests, motions to intervene, notices of intervention, and comments to be filed by September 17, 1987.1/ Motions to intervene without comments or requests for additional procedures were filed by Northwest Pipeline Corporation and Pacific Gas Transmission Company. This Order grants intervention to these movants.

II. Decision

The application filed by Vector has been evaluated to determine if the proposed export arrangement meets the public interest requirements of Section 3 of the NGA. Under Section 3, an export is to be authorized unless there is a finding that it "will not be consistent with the public interest." 2/ In reviewing natural gas export applications, the ERA considers the domestic need

for the gas to be exported, and any other issues determined by the Administrator to be appropriate in a particular case.

Vector's proposed arrangement for exporting gas, as set forth in the application, meets the public interest requirements of Section 3 of the NGA. The export authorization sought would provide Vector with blanket export approval, within prescribed limits, to negotiate and transact individual, short-term sales arrangements without further regulatory action, and, thus, is similar to other blanket authorizations approved by the ERA.3/ The current gas surplus in the United States,4/ the limited, two-year, length of the authorization, and the fact that each spot sale, as asserted in Vector's application, will be voluntarily negotiated, short-term, and market responsive, thus providing assurance that the gas will be sold wherever it is needed based upon market demand, demonstrate that the proposed export will not conflict with domestic need for the gas. Further, no party objected to the proposed export.

After taking into consideration all of the information in the record of this proceeding, I find that granting Vector authority to export up to 60 Bcf of U.S. natural gas over a two-year period is not inconsistent with the public interest.5/

ORDER

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

A. Vector Energy (U.S.A.) Inc. (Vector) is authorized to export up to 60 Bcf of U.S. natural gas over a two-year period, beginning on the date of first delivery.

B. This natural gas may be exported at any point on the international border where existing pipeline facilities are located.

C. Vector shall notify the ERA in writing of the date of the first delivery of natural gas exported under Ordering Paragraph A above within two weeks after the date of such delivery.

D. With respect to the exports authorized by this Order, Vector shall file with the ERA, within 30 days following each calendar quarter, quarterly reports indicating whether sales of exported gas have been made and, if so, giving by month, the total volume of exports in MMcf and the average purchase and sales price per MMBtu at the international border. The report shall also

provide the details of each transaction, including the names of the sellers and purchasers, estimated or actual duration of the agreements, transporter, points of exit, markets served and, if applicable, any demand/commodity charge breakdown of the contract price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions.

E. 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 denied, and that the admission of such 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 5, 1987.

--Footnotes--

1/ 52 FR 30948, August 18, 1987.

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

3/ See e.g., Hadson Canada, Inc., 1 ERA Para. 70,667 (September 9, 1986); Natgas (U.S.) Inc., 1 ERA Para. 70,668 (September 23, 1986); Yankee International Company, 1 ERA Para. 70,670 (September 26, 1986).

4/ See Energy Information Administration, U.S. Department of Energy, Natural Gas Monthly, June 1987, DOE/EIA-0130 (87/06) Table 6, p. 15. The estimated gas surplus is 1.8 Tcf for the period July 1987 to December 1987.

5/ Because the proposed exportation of gas will use existing pipeline facilities, the DOE has determined that granting this application is clearly 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 environmental assessment is not required.