Cited as "1 FE Para. 70,250"

Northridge Petroleum Marketing U.S., Inc. (FE Docket No. 89-41-NG), October 10, 1989.

DOE/FE Opinion and Order No. 339

Order Extending Blanket Authorization to Import Natural Gas From Canada

I. Background

On July 7, 1989, Northridge Petroleum Marketing U.S., Inc. (Northridge), filed an application with the Office of Fossil Energy (FE) of the Department of Energy (DOE), pursuant to section 3 of the Natural Gas Act (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to import up to 200 Bcf of Canadian natural gas through December 4, 1991. Northridge, a Colorado corporation, is a wholly-owned subsidiary of Northridge Petroleum Marketing, Inc., a Canadian corporation, and holds existing authority to import up to 200 Bcf of Canadian natural gas through December 1, 1989.1/

Northridge requests authority to import natural gas on a short-term and spot-market basis, either for its own account or as agent for others, for sales to U.S. purchasers. The imported gas would be supplied by various Canadian suppliers and transported through existing pipelines. The U.S. purchasers would include, but would not be limited to, local distribution companies, interstate pipelines, electric utilities, natural gas marketers, agricultural users, pipeline and commercial end-users.

Northridge proposes to file reports with the FE within 30 days after the end of each calendar quarter giving details of the individual transactions.

Northridge maintains that the provisions of each short-term sales transaction, including the price and volumes, would be freely negotiated thus ensuring that the imports will reflect market conditions. Therefore, Northridge asserts that its import proposal is consistent with the DOE's policy guidelines for imported natural gas 2/ and, is not inconsistent with the public interest. According to Northridge, the proposed extension of its blanket import authority simply continues its existing arrangement, including the total volume to be imported.

FE issued a notice of this application on July 31, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by September 11, 1989.3/ No comments were received.

II. Decision

The application filed by Northridge has been evaluated to determine if the proposed extension of its existing import authorization meets the public interest requirements of section 3 of the NGA. Under section 3, imports are to be authorized unless there is a finding that they "will not be consistent with the public interest." 4/ This determination is guided by the DOE's natural gas import policy guidelines.5/ Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

The DOE finds that Northridge's uncontested proposal for the continued importation of natural gas over existing facilities is consistent with section 3 of the NGA and the DOE policy guidelines. The reasons for granting the original authorization continue to apply here for the proposed extension of the term. Under this proposed arrangement, no supplier or customer is required to sell or to buy imported natural gas from Northridge, and such parties are free to negotiate directly and independently for the purchase and sale of gas. The fact that each spot sale will be voluntarily negotiated, short-term, and market-responsive, as Northridge asserts, provides assurance that the transactions will be competitive.

After taking into consideration all the information in the record of this proceeding, I find that granting Northridge blanket authorization to import up to 200 Bcf of Canadian natural gas for a two-year term beginning on December 5, 1989, and ending December 4, 1991, under contracts with terms of two years or less, is not inconsistent with the public interest and thus should be granted. Consistent with our current policy and practice in similar blanket arrangements,6/ there will be no restrictions on the daily and annual volumes that may be imported. This maximizes the flexibility of spot market importers to provide gas supplies to meet customer demand.

ORDER

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

A. Northridge Petroleum Marketing U.S., Inc. (Northridge), is authorized to import up to 200 Bcf of natural gas for a two-year term from December 5, 1989, through December 4, 1991.

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

C. With respect to the imports authorized by this Order, Northridge shall file with the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, 1000 Independence Avenue, S.W., Washington, D.C. 20585, within 30 days following each calendar quarter, quarterly report showing by month, the total volume of natural gas imports in Mcf and the average purchase 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 purchaser(s), including those other than Northridge, estimated or actual duration of the agreement(s), transporters, points of entry, markets served, and if applicable, the demand/commodity charge breakdown of the price, and special contract price adjustment clauses, and any take-or-pay or make-provisions.

Issued in Washington, D.C. on October 10, 1989.

--Footnotes--

1/ 1 ERA Para. 70,743 (December 23, 1987).

2/ 49 FR 6684, February 22, 1984.

3/ 54 FR 33055, August 11, 1989.

4/ 15 U.S.C. 717b.

5/ See supra note 3.

6/ See, e.g., Canterra Natural Gas Inc., 1 FE Para. 70,226 (June 19, 1989); Texas International Gas & Oil, 1 FE Para. 70,228 (June 19, 1989); Brymore Energy Inc., 1 FE Para. 70,229 (June 19, 1989); and Wisconsin Public Service Corp., 1 FE Para. 70,230 (June 19, 1989).