Cited as "1 ERA Para. 70,828"

Metro Gaz Marketing, Inc. (ERA Docket No. 88-61-NG), December 23, 1988.

DOE/ERA Opinion and Order No. 286.

Order Granting Blanket Authorization to Export Natural Gas from the United States to Canada

I. Background

On October 7, 1988, Metro Gaz Marketing, Inc. (Metro Gaz Marketing), 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 authorization to export from the United States to Canada up to a maximum of 150 Bcf of domestic natural gas under short-term and spot market arrangements for two years beginning on the date of the first export delivery.

Metro Gaz Marketing, a Canadian corporation with its principal place of business in Calgary, Alberta, is engaged in the business of marketing natural gas supplies in the United States and Canada. Metro Gaz Marketing proposes to export quantities of U.S. natural gas from a variety of suppliers in various producing states and resell those quantities to Canadian short-term and spot market purchasers, including commercial and industrial end-users and local distribution companies. Metro Gaz Marketing may act as an agent on behalf of U.S. producers and/or Canadian purchasers, and may also secure transportation arrangements for the gas to be exported. Metro Gaz Marketing intends to use existing transmission systems and the proposed arrangement would not require the construction of new or separate facilities in order to export the natural gas. Metro Gaz Marketing states that it will file quarterly reports giving the details of each transaction.

The ERA issued a notice of application on November 2, 1988, inviting protests, motions to intervene, notices of intervention, and comments to be filed by December 15, 1988.1/ No comments were received.

II. Decision

The application filed by Metro Gaz Marketing 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 must be authorized unless there is a finding that it "will not be consistent with the pubic 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.

The Metro Gaz Marketing export arrangement, as proposed and set forth in its application, is consistent with the public interest requirement of Section 3 of the NGA and with the DOE's policies on international gas trade.3/ The current natural gas surplus in the United States, together with the short-term nature of the proposed export, support a finding that there is no domestic need for the gas at this time and that need is unlikely to become an issue during the term of the authorization. Further, no party has opposed this export arrangement. The ERA also finds that the export authorization sought, like other blanket export arrangements approved by the ERA,4/ will advance the policy goals of reducing trade barriers and encouraging the use of market forces to achieve a more competitive and efficient distribution of goods between the U.S. and Canada.

After taking into consideration all the information in the record of this proceeding, I find that granting Metro Gaz Marketing blanket authority to export up to 150 Bcf of natural gas over a term of two years 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. The Metro Gaz Marketing, Inc. (Metro Gaz Marketing) is authorized to export up to 150 Bcf of natural gas during a two-year period, beginning on the date of first delivery.

B. The natural gas exports authorized in Paragraph A above may be exported at any point on the international border where existing pipeline facilities are located.

C. Metro Gaz Marketing shall notify the Economic Regulatory Administration (ERA) in writing of the date of first delivery of natural gas authorized in Ordering Paragraph A above within two weeks after deliveries begin.

D. With respect to the exports authorized by this Order, Metro Gaz Marketing shall file with the ERA within 30 days following each calendar quarter, quarterly reports indicating whether exports of natural gas have been made, and if so, giving, by month, the total volume of the exports in MMcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each export transaction, including the names of the seller(s), and the purchaser(s), including those other than Metro Gaz Marketing's, estimated or actual duration of the agreement(s), transporter(s), points of exit, market(s) served, and, if applicable, the per unit (MMBtu) demand/commodity charge breakdown of the price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions.

Issued in Washington, D.C., on December 23, 1988.

--Footnotes--

1/ 53 FR 45958, November 15, 1988.

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

3/ 49 FR 6690, February 22, 1984.

4/ E.g., Union Gas Limited, 1 ERA Para. 70,825 (November 22, 1988); Consolidated Fuel Corporation, 1 ERA Para. 70,822 (November 8, 1988); Renaissance Energy (U.S.), 1 ERA Para. 70,821 (November 4, 1988); and The Consumers Gas Company Ltd., (November 2, 1988).

5/ An export authorization for natural gas in cases not involving construction is categorically excluded by the DOE from further documentation under the National Environmental Policy Act, 42 U.S.C. 4321, et seq. (See 53 F.R. 29934, August 9, 1988).