

Cited as "1 FE Para. 70,441"

Chippewa Gas Corporation (FE Docket No. 90-83-NG), April 24, 1991.

DOE/FE Opinion and Order No. 497

Order Granting Blanket Authorization to Import Canadian Natural Gas

I. Background

On September 24, 1990, Chippewa Gas Corporation (Chippewa), filed an application with 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 up to 150 Bcf of natural gas from Canada over a two-year term from the date of first delivery. All transactions contemplated under Chippewa's import proposal would utilize existing pipeline facilities and would be subject to Fossil Energy's reporting requirements.

Chippewa, a Delaware corporation with its principal place of business in Houston, Texas, is engaged in the marketing of natural gas throughout the U.S. Chippewa states that under the blanket authorization requested, it contemplates importing, either on its own behalf or on behalf of others, competitively priced natural gas supplied by a variety of Canadian suppliers for sale to U.S. purchasers, including local distribution companies, pipelines, and commercial and industrial end-users. Chippewa further states that it may also secure arrangements for transportation of Canadian gas in the United States pursuant to agreements with certain customers.

A notice of the application was issued on November 27, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by January 2, 1991.¹ No comments were received.

II. Decision

The application filed by Chippewa 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."² 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.

Chippewa's uncontested proposal for the importation of natural gas, as set forth in the application, is consistent with section 3 of the NGA and DOE's guidelines. The import authorization sought, similar to other blanket arrangements approved by DOE,⁴ would provide Chippewa with blanket import approval, within prescribed limits, to negotiate and transact individual, spot and short-term import arrangements without further regulatory action. The fact that each spot purchase will be negotiated voluntarily in response to market conditions, as asserted in Chippewa's application, provides assurance that the transactions will be competitive with other natural gas supplies available to Chippewa. Thus, Chippewa's import arrangement will enhance competition in the marketplace.

After taking into consideration all of the information in the record of this proceeding, I find that granting Chippewa blanket authorization to import up to 150 Bcf of Canadian natural gas for two years from the date of issuance

of this order, under contracts with terms of two years or less, is not inconsistent with the public interest.^{5/}

ORDER

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

A. Authorization is hereby granted to Chippewa Gas Corporation (Chippewa), to import up to 150 Bcf of natural gas from Canada over a two-year period beginning on the date of first delivery.

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

C. Within two weeks after deliveries begin, Chippewa shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, in writing of the date that the first delivery of natural gas authorized in Ordering Paragraph A above occurs.

D. With respect to the imports authorized by this Order, Chippewa shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether sales of imported natural gas have been made, and if so, giving, by month, the total volume of the imports in Mcf and the average price per MMBtu at the international border. The reports shall also provide the details of each import transaction, including the names of the seller(s), and the purchaser(s), including those other than Chippewa, estimated or actual duration of the agreement(s), transporter(s), point of entry, 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 April 24, 1991.

--Footnotes--

1/ 56 FR 49944, December 3, 1990.

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

3/ 49 FR 6684, February 22, 1984.

4/ See, e.g., IGI Resources Inc., 1 FE Para. 70,341 (July 30, 1990); Granite State Gas Transmission Company, 1 FE Para. 70,340 (July 30, 1990); and Development Associates, Inc., 1 FE Para. 70,334 (July 9, 1990).

5/ Because the proposed importation of gas will use existing pipeline facilities, DOE has determined that granting this application 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., and therefore an environmental impact statement or environmental assessment is not required. See 40 CFR Sec. 1508.4 and 54 FR 12474 (March 27, 1989).