Cited as "1 FE Para. 70,288"

Goetz Energy Corporation (FE Docket No. 89-82-NG), January 16, 1990.

DOE/FE Opinion and Order No. 371

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On November 20, 1989, Goetz Energy Corporation (formally Goetz Oil Corporation) (Goetz) 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, to extend its existing natural gas import authorization granted in DOE/ERA Opinion and Order No. 196 (Order 196).1/ Goetz was authorized in Order 196 to import up to 140 Bcf of Canadian natural gas for short-term and spot market sales over a two-year period beginning on the date of the first delivery. Goetz, a New York corporation with its principal place of business in Buffalo, New York, seeks to extend its import authorization, which expires on January 15, 1990, for an additional two years. As a matter of procedural policy, although Goetz characterizes its application as one for extension, the DOE is considering the filing as an application for new authority to import 140 Bcf during a two-year term, beginning when Goetz's existing authority expires.

Goetz requests authority to import competitively priced natural gas from reliable Canadian producers for sale to purchasers in the United States on a short-term or spot basis. The imported gas would be imported either for its own account or as agent for U.S. purchasers and/or Canadian suppliers. The price for the gas would be a negotiated contract price varying from sale to sale based on competition in the market. The proposed imports would be accomplished using existing pipeline facilities and no new construction would be involved.

Goetz proposes to file reports with FE within 30 days after the end of each calendar quarter giving details of the individual transactions. Goetz's prior quarterly reports filed with FE and ERA indicate that approximately 928 MMcf of natural gas was imported under Order 196 through September 30, 1989.

In support of its application, Goetz maintains that the provisions of each sales transaction, including the price and volumes, would be freely negotiated, thus ensuring that the imports will reflect market conditions. Therefore, Goetz contends that its proposal is consistent with DOE's policy guidelines on the regulation of imported natural gas.

A notice of the application was issued on December 6, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by January 11, 1990.2/ No comments or motions to intervene were received.

II. Decision

The application filed by Goetz 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." 3/ This determination is guided by the DOE's natural gas import policy guidelines.4/ Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

Goetz's uncontested proposal for the continued importation of natural gas, as set forth in the application, is consistent with section 3 of the NGA and the DOE policy guidelines. The import authorization sought, similar to other blanket arrangements approved by DOE5/ would provide Goetz with blanket import approval, within prescribed limits, to negotiate and transact individual, spot and short-term purchase arrangements without further regulatory action. The fact that each spot purchase will be voluntarily negotiated and market-responsive, as asserted in Goetz's application, provides assurance that the transactions will be competitive with other gas supplies available to Goetz. This arrangement, therefore, should enhance competition in the marketplace.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing Goetz to import up to 140 Bcf of Canadian natural gas over a two-year period from January 16, 1990, through January 15, 1992, under arrangements with terms of up to two years, is not inconsistent with the public interest and should be approved.

ORDER

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

A. Goetz Energy Corporation (Goetz) is authorized to import up to 140 Bcf of natural gas for two years beginning January 16, 1990, through January 15, 1992.

B. This natural 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, Goetz shall continue to file with the Office of Fuels Programs within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas have been made, and if so, giving, by month, the total volume of the imports in MMcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each import transaction, including the name of the purchaser, estimated or actual duration of the agreement(s), transporter(s), point of entry, and, if applicable, the per unit (MMBtu) demand/commodity charge breakdown of the price, any special contract price. The adjustment clauses, and any take-or-pay or make-up provisions.

Issued in Washington, D.C., on January 16, 1990.

--Footnotes--

1/ 1 ERA Para. 70,727 (October 19, 1987).

2/ 54 FR 51069, December 12, 1989.

3/ 15 U.S.C. Sec. 717b.

4/ 39 FR 6684, February 22, 1984.

5/ See, e.g., ICG Energy Marketing, Inc., 1 FE Para. 70,209 (March 31, 1989); Canterra Natural Gas Inc., 1 FE Para. 70,226 (June 19, 1989); Petro-Canada Hydrocarbons Inc., FE Docket No. 89-30-NG (September 26, 1989); Suncor Inc., FE Docket No. 89-52-NG (October 30, 1989); and Exxon Corporation, FE Docket No. 89-56-NG (December 8, 1989).