UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

COENERGY VENTURES, INC.	)	FE DOCKET NO. 91-120-NG

ORDER GRANTING BLANKET AUTHORIZATION TO IMPORT NATURAL GAS FROM CANADA AND GRANTING INTERVENTION

DOE/FE OPINION AND ORDER NO. 600

APRIL 14, 1992

I. BACKGROUND

On December 31, 1991, Coenergy Ventures, Inc. (CVI) 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 authorization to import from Canada up to 72 Bcf of natural gas over a two-year term beginning on the date of first delivery. CVI intends to use existing facilities to import the proposed volumes and would submit quarterly reports detailing each import transaction.

CVI, a Michigan corporation with its principal place of business in Detroit, Michigan, is a wholly-owned subsidiary of MCN Investment Corporation, which is, in turn, a wholly-owned subsidiary of MCN Corporation, both Michigan corporations. CVI is a natural gas marketing company engaged in the business of buying and selling natural gas, and CVI currently holds a blanket export authorization issued in DOE\FE Opinion and Order No. 504. 1/ CVI states that the gas imported under the requested authorization will be sold on a firm and interruptible basis at market responsive prices for sale to various United States customers.

A notice of the application was published in the Federal Register on January 30, 1992, inviting protests, motions to intervene, notices of intervention, and comments to be filed by March 2, 1992. 2/ A motion to intervene without comment was received from Great Lakes Gas Transmission Limited Partnership (Great Lakes). This Order grants intervention to Great Lakes.

1. 1 FE Para. 70,448 (May 16, 1991).

2. 57 FR 3624.

II. DECISION

The application filed by CVI 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 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.

CVI's uncontested proposal for the importation of natural gas, as set forth in the application, is consistent with section 3 of the NGA and the DOE's import policy guidelines. The import authorization sought, similar to other blanket arrangements approved by DOE, 5/ would provide CVI with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term purchase arrangements without further regulatory action. The fact that each purchase will be voluntarily negotiated in response to market conditions, as asserted in CVI's application, provides assurance that the transactions will be competitive with other natural gas supplies available to CVI.

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

4. 49 FR 6684, February 22, 1984.

5. E.g., Portland General Electric Co., 1 FE Para. 70,455 (June 3, 1991); Cascade Natural Gas Corporation, 1 FE Para. 70,457 (June 18, 1991); North America Resources Company, 1 FE Para. 70,461 (June 24, 1991).

After taking into consideration all of the information in the record of this proceeding, I find that granting CVI blanket authorization to import up to 72 Bcf of Canadian natural gas over a two-year term, under contracts with terms of two years or less, is not inconsistent with the public interest. 6/

ORDER

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

A. Coenergy Ventures, Inc. (CVI) is authorized to import up to 72 Bcf of Canadian natural gas over a two-year term beginning on the date of the 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, CVI shall provide written notification to the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first delivery of natural gas authorized in Ordering Paragraph A above occurred.

D. With respect to the imports authorized by this Order, CVI shall file within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas have

6. Because the proposed importation of gas will use existing 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. 4331, et seg.) and therefore

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an environmental impact statement or environmental assessment is not required. See 40 CFR sec. 1508.4 and 54 FR 12474 (March 27,

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1989).

been made, and if so, giving, by month, the total volume of the imports per Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each import transaction, including (1) the names of the seller(s); (2) the purchaser(s); (3) estimated or actual duration of the agreement(s); (4) transporter(s); (5) point(s) of entry; (6) geographic market(s) served; and, if applicable, (7) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. Failure to file quarterly reports may result in termination of this authorization.

E. The first quarterly report required by Ordering Paragraph D of this Order is due not later than July 30, 1992, and should cover the period from the date of this Order until the end of the current calendar quarter June 30, 1992.

F. The motion to intervene filed by Great Lakes, as set forth in this Opinion and Order, is hereby granted, provided that its participation shall be limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and that the admission of this intervenor shall not be construed as recognition that it might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on April 14, 1992.

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Charles F. Vacek
Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy