UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

GRAHAM ENERGY MARKETING CORPORATION	FE DOCKET NO. 92-83-NG

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT NATURAL GAS FROM CANADA

DOE/FE OPINION AND ORDER NO. 688

OCTOBER 22, 1992

I. BACKGROUND

On June 25, 1992, as amended July 31, 1992, Graham Energy Marketing Corporation (GEMC) 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, requesting blanket authorization to import from Canada up to 183 Bcf of natural gas over a two-year term beginning on the date of first delivery. GEMC is a Louisiana corporation with its principal place of business in Covington, Louisiana. GEMC proposes to sell gas imported under this order to industrial users, local distribution companies, municipalities and other purchases. GEMC will use existing facilities to import the proposed volumes, and will file quarterly reports detailing each import transaction.

In support of its import request, GEMC states that the gas will be purchased from individual producers and other suppliers under short-term and spot contracts which will be negotiated in response to market conditions. GEMC also states that the gas it imports will be sold to a variety of purchasers in the United States for whom GEMC may act as agent. GEMC further asserts interruptible supplies of gas would only be imported where needed and competitive. Therefore, GEMC submits that its import request would not be inconsistent with the public interest.

A notice of the application was published in the Federal Register on August 13, 1992, inviting protests, motions to intervene, notices of intervention, and comments to be filed by September 14, 1992.1 No comments or motions were received.

II. DECISION

The application filed by GEMC 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.3 Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

GEMC's uncontested import proposal, as set forth in the application, is consistent with section 3 of the NGA and DOE's natural gas import policy guidelines. The import authorization sought by GEMC, similar to other blanket import arrangements approved by DOE4, will provide GEMC with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term import arrangements without further regulatory action. Under GEMC's proposed import arrangement,

1 57 FR 36399.

2 15 U.S.C. 717b.

3 49 F.R. 6684 (February 22, 1984).

4 E.g., Amoco Canada Marketing Corporation, 1 FE 70,594 (June 12, 1992); Williams Gas Marketing Company, 1 FE 70,583

(May 29, 1992); and CU Energy Marketing Inc., 1 FE 70,596 (June 12, 1992).

transactions will only occur when producers and sellers can provide spot or short-term volumes, customers need such import volumes, and prices remain competitive. Therefore, GEMC's import proposal will further the Secretary of Energy's policy goal to reduce trade barriers by encouraging competition between U.S. and Canadian gas suppliers and purchasers.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing GEMC to import from Canada up to 183 Bcf of natural gas over a two-year term, under contracts with terms of two years or less, beginning on the date of first delivery, is not inconsistent with the public interest.[5]

ORDER

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

A. Graham Energy Marketing Corporation (GEMC) is authorized to import from Canada up to 183 Bcf of natural gas over a two-year term, beginning on the date of first delivery.

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

5 Because the proposed import/export 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. 4321, et seq.) and therefore neither an environmental impact statement nor

environmental assessment is required. See 40 CFR 1508.4 and 57 FR 15122 (April 27, 1992).

C. Within two weeks after deliveries begin, GEMC 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. Regarding the natural gas imports authorized by this Order, GEMC shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether sales of imports have been made. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, GEMC must report monthly total volumes in Mcf, and the average sales price per MMBtu. The reports shall also provide the details of each import transaction, including (1) the names of the sellers; (2) the names of the purchasers(s); (3) the estimated or actual duration of the agreements; (4) the names of the transporter(s); (5) the point(s) of entry; (6) the geographic market(s) served; and, (7) if applicable, 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. 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 January 30, 1993, and should cover the period from the date of this order until the end of the current calendar quarter December 31, 1992.

Issued in Washington, D.C., October 22, 1992.

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