UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

DIRECT ENERGY MARKETING INC.)	FE DOCKET NO. 92-64-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT NATURAL GAS TO CANADA

DOE/FE OPINION AND ORDER NO. 694

OCTOBER 23, 1992

I. BACKGROUND

On May 19, 1992, Direct Energy Marketing Inc. (DEMI) filed an application with the Office of Fossil Energy 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 export to Canada up to a maximum of 200 Bcf of natural gas over a two-year period beginning on the date of first delivery. DEMI would utilize existing pipeline facilities and would submit quarterly reports detailing each export transaction.

DEMI, a Delaware corporation with its principal place of business in Calgary, Alberta, requests authority to export gas for its own account, as well as for the accounts of others. The specific terms of each export, including price and volume, would be negotiated at arms-length in response to market conditions.

A notice of the application was issued on June 22, 1992, inviting protests, motions to intervene, notices of intervention, and comments to be filed by July 27, 1992.1/ No comments or motions to intervene were received.

II. DECISION

The application filed by DEMI 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 public interest."2/ In

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1. 57 F.R. 28659, June 26, 1992.

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

reviewing natural gas export applications, domestic need for the gas to be exported is considered, and any other issues determined to be appropriate in a particular case.

DEMI's uncontested export proposal, as set forth in the application, is consistent with section 3 of the NGA and DOE's international gas trade policy. Natural gas supplies in the U.S. are expected to be more than adequate to meet consumer demand. For this reason, and because Demi's transactions will be short-term and market-responsive, it is unlikely that the proposed export volumes will be needed domestically during the term of the authorization. In addition, DEMI's proposal, like other blanket export proposals that have been approved by DOE,3/ will further the Secretary's policy goals of reducing trade barriers by encouraging market forces to achieve a more competitive distribution of goods between the U.S. and Canada. Thus, DEMI's export arrangement will enhance cross-border competition in the marketplace.

After taking into consideration all of the information in the record of this proceeding, I find that granting DEMI blanket authorization to export up to 200 Bcf natural gas to Canada over a period of two years, under contracts with terms of up to two years, is not inconsistent with the public interest.4/

3. E.g., EnMark Gas Corp., 1 FE 70,595 (June 12, 1992); EMC Gas Transmission Co., 1 FE 70,570 (April 27, 1992); and

Tarpon Gas Marketing Ltd., 1 FE 70,496 (November 11, 1991).

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4. Because the proposed exportation of gas will use existing facilities, DOE has determined that granting this application is not a major Federal action significantly affecting the quality of

ORDER

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

A. Direct Energy Marketing Inc. (DEMI) is authorized to export up to 200 Bcf of natural gas to Canada over a two-year term beginning on the date of the first delivery.

B. DEMI is authorized to export natural gas at any point on the international border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, DEMI 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 exports authorized by this Order, DEMI shall file with the Office of Fuels Programs, 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 Mcf and the average sales price per MMBtu at the international border. The reports shall also provide the details of each export transaction, including: (1) the names of the seller(s); (2) the names of the

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 Sec. 1508.4 and 57 FR 15122 (April 24, 1992).

purchaser(s); (3) the estimated or actual duration of the agreements; (4) the names of the U.S. transporter(s); (5) point(s) of exit; (6) geographic markets served; and (7) whether the sales are being made on an interruptible or firm basis. If no exports 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 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., on October 23, 1992.

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