

Cited as "1 FE Para. 70,360"

Tennessee Gas Pipeline Company (FE Docket No. 90-64-NG), October 9, 1990.

DOE/FE Opinion and Order No. 434

Order Granting Blanket Authorization to Export Natural Gas from the United States to Mexico or Canada and Granting Intervention

I. Background

On July 20, 1990, Tennessee Gas Pipeline Company (Tennessee) filed an application pursuant to section 3 of the Natural Gas Act (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127 for blanket authorization to export from the United States to Mexico or Canada up to 200 Bcf of natural gas over a two-year period commencing with the date of first delivery. Tennessee states that it intends to use existing pipeline facilities within the United States and at the international border for transportation of the exported gas. Tennessee states that it will advise DOE of the date of first delivery and submit quarterly reports detailing each transaction.

Tennessee, a wholly owned subsidiary of Tenneco Inc., is a Delaware corporation with its principal place of business in Houston, Texas. Tennessee intends to export to Mexico or Canada natural gas originating from any domestic or foreign supply source, either for ultimate consumption in Mexico or Canada or for reimportation to the United States as a part of Tennessee's system supply. Tennessee is a natural gas transmission company primarily engaged in the business of purchasing, transporting, and selling natural gas in interstate commerce, under authority granted by and subject to the jurisdiction of the Federal Energy Regulatory Commission. Tennessee states that all export sales will be short-term in nature and that prices will be determined by market conditions.

A notice of the application was issued on August 21, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by September 27, 1990. 1/ A motion to intervene without comment was filed by Clajon Gas Company, L.P. This order grants intervention to this movant.

II. Decision

The application filed by Tennessee 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 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.

Tennessee's uncontested export proposal, as set forth in the application, is consistent with section 3 of the NGA and the DOE's international gas trade policy. We believe that the current supplies of domestic gas, coupled with the short-term, market-responsive nature of the contracts into which Tennessee proposes to enter, indicate that it is unlikely that the proposed export volumes will be needed domestically during the term of the authorization. In addition, Tennessee'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 Mexico and/or Canada. Thus, Tennessee'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 Tennessee blanket authority to export a total of up to 200 Bcf of natural gas from the U.S. to Mexico or Canada during a period of two years, under contracts with terms of up to two years, is not inconsistent with the public interest and should be approved. 4/

ORDER

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

A. Tennessee Gas Pipeline Company (Tennessee) is authorized to export a combined total of up to 200 Bcf of natural gas from the United States to Mexico or Canada during a two-year period beginning on the date of the first delivery.

B. Tennessee 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, Tennessee 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 occurs.

D. With respect to the exports authorized by this Order, Tennessee shall file within 30 days following each calendar quarter, quarterly reports indicating whether sales of exported natural gas have been made, and if so, giving by month, the total volume of the exports in Mcf and the average price for exports per MMBtu at the international border. The reports shall also provide the details of each export transaction, including the names of the seller(s), and the purchaser(s), estimated or actual duration of the agreements, transporter(s), points of exit, and market(s) served.

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

Issued in Washington, D.C., on October 9, 1990.

--Footnotes--

1/ 55 FR 35179, August 28, 1990.

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

3/ See, e.g. Transco Energy Marketing Company, 1 FE Para. 70,333 (July 9, 1990); Unicorp Energy, Inc., 1 FE Para. 70,307 (March 9, 1990); and Carson Water Company, 1 FE Para. 70,302 (February 7, 1990).

4/ Because the proposed exportation of gas will use existing facilities, the DOE has determined that granting this application is clearly 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).