Report of The Committee On Natural Gas Imports And Exports

Under Section 3 of the Natural Gas Act, 15 U.S.C. §717(b), natural gas may be exported from or imported into the United States upon a finding that the import or export is in the public interest. Pursuant to the Department of Energy Organization Act, 42 U.S.C. §7151(a), Section 3 authority is vested in the Secretary of Energy. With a few exceptions, the Secretary has in turn delegated that authority to both the Economic Regulatory Administration (ERA) and the Federal Energy Regulatory Commission (FERC or Commission). In weighing the merits of a proposed import or export, the ERA bases its decisions on several considerations: (1) security of supply and potential effect of imports on the U.S. balance of payments; (2) border price; (3) compatibility with DOE regulations; (4) national need and other Section 3 considerations. In contrast, the FERC exercises all Section 3 authority over proposed imports or exports that has not been delegated to the ERA or that the ERA has chosen not to exercise. The FERC also has authority, pursuant to Sections 4, 5 and 7 of the Natural Gas Act, to consider the site, construction and operation of particular facilities as well as the authority to review resale and transportation prices whenever the import is to be transported or resold in interstate commerce. Since assumption of its natural gas review duties, the ERA has primarily applied FERC procedures to the exercise of its own import and export authority.

On August 27, 1981, the ERA proposed a rule to govern its administrative procedures regarding import or export applications and to reflect the institutional differences between the ERA and the FERC.[1] As stated in the proposal, "the most significant changes from existing FERC practice are the deviation from holding evidentiary hearings as a matter of course and the elimination of the requirement that either the ultimate decision-maker or an Administrative Law Judge preside at hearings."

The proposal would also permit the export of up to 100 Mcf of natural gas for scientific, experimental or other non-utility use without prior authorization, subject to certain reporting requirements, and establish fees relating to the processing of applications. A public hearing was held on October 7, 1981 to address the proposed rule. The matter is awaiting ERA action.

Interested parties have questioned the timeliness of this proposed rule, arguing that the import/export licensing functions probably will be transferred to the FERC, the Environmental Protection Safety and Emergency Preparedness Office, Department of Energy, or the Department of Commerce (Commerce) before ERA's scheduled demise on September 30, 1982. A mid-October ERA staff report noted that while Commerce could adequately weigh international and domestic policy considerations affecting import/export programs, the transfer of power to Commerce would require a legislative amendment. In contrast, the staff report stated that the FERC could accommodate natural gas import licensing functions under its existing authority;

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[1]Import and Export of Natural Gas: New Administrative Proposed Rule, Docket No. ERA-R-81-05, issued August 27, 1981. 46 Fed. Reg. 44696 (1981) (to be codified in 10 C.F.R., Parts 205 and 590).

however, the FERC's policy considerations do not incorporate international or domestic strategic planning concerns which could potentially conflict with its programs designed to insure equitable rate structures within the utility industry. Currently, the Administration is considering possible transfer alternatives and has not, as yet, submitted any proposal to the Hill for approval.

I. CANADIAN IMPORTS

A. *Alaska Natural Gas Transportation System (ANGTS) Northwest Alaskan Pipeline Company, et al., Docket Nos. CP78-123, et al.*

1. Condition to Certificate

In February, 1981,[2] the FERC adopted a condition to be appended to the final certificates issued to Pacific Gas Transmission Company and Northern Border Pipeline Company (Northern Border). The condition requiries all certificate holders to comply with all of the requirements delineated in an exchange of diplomatic notes between the United States and Canada, signed June 10, 1980. Through these notes, each government is committed to endeavor to ensure that procurement procedures for the supply of goods and services to the project will be on generally competitive terms. Procedures to accomplish this goal were included in the notes, subject to regulatory approvals in both countries. The Commission's Order completed the process and implemented the Agreement on behalf of the United States.

2. Audit Report

The FERC, in May, 1981,[3] issued an order requesting that an interested person show cause, within 45 days of issuance of the order, why the Commission should not adopt the data and the opinions set forth by the Office of the Chief Accountant in its two *Reports on Results of Audit* for purposes of rate base determination.[4] These reports concerned the audit of expenditures in relation to the Northern Border segment of the ANGTS.

3. Report on Tracking Charges

In June, 1981,[5] the Commission noticed the preparation of a report on certain aspects of tracking charges in the rates of shippers using ANGTS. This report may constitute the first step in a new subproceeding related to the certification of ANGTS.

[2]Northwest Alaskan Pipeline Company, *et al.*, Order Attaching Conditions to Certificates, Docket Nos. CP78-123 *et al.*, (issued February 25, 1981).

[3]Northwest Alaskan Pipeline Company, *et al.*, Order to Show Cause, Docket Nos. CP78-123 *et al.*, (issued May 1, 1981).

[4]Northwest Alaskan Pipeline Company, *et al.*, Order to Show Cause, Docket Nos. CP78-123 *et al.*, Appendices A and B, (issued May 1, 1981).

[5]Northwest Alaskan Pipeline Company, *et al.*, Notice, Docket Nos. CP78-123 *et al.*, (issued June 17, 1981).

4. Import Authorization and Adoption and Conditioning of Rate Schedule

In October, 1981,[6] the FERC approved an amendment to Northwest Alaskan's importation for the Western Delivery System so as to authorize importation of that gas at the present Canadian border price of $4.94 per MMBtu. The Commission also waived its regulations to the extent necessary to accept Northwest Alaskan's gas tariff, originally filed in the name of Northwest Canadian, in order to avoid delay in the in-service date for the Western Delivery System. The company also was required to file revised tariff sheets to define properly and clearly the take-or-pay "cap" according to previous orders by the Commission. The Commission indicated it would view favorably a "cap" established by the parties at a level less than the one it previously prescribed.

5. Notice of Cost Estimates

The Commission, in December, 1981,[7] issued a public notice that Alaskan Northwest Natural Gas Transportation Company had filed detailed adjustments to the Certification Costs Estimate and Center Point Ratio previously submitted. The Commission established deadlines for intervention and protests on the company's submission.

B. ANGTS Pre-build Related Imports

The FERC, in April, 1981[8] authorized Northern Border to construct and operate a second 16,000 horsepower compressor station, and to receive at Port of Morgan, Montana, and to transport in interstate commerce at a negotiated rate, up to 175,000 Mcf of natural gas per day to be imported from Canada by Northern Natural Gas Company (Northern Natural) and Natural Gas Pipeline Company (Natural). The Commission approved the import by Natural at the current border price of $4.94 per MMBtu and on the same conditions attached to the imports authorized in the Commission's previous orders regarding prebuild projects.

The Commission also approved proposed loops for Northern Natural's system to provide additional operating flexibility and system reliability. Northern Border's agreed-upon 43 cents per Mcf rate with Northern natural for transportation, as provided in Northern Border's submitted rate schedule, was approved by the Commission on the same basis as it would approve an uncontested settlement. The Commission, however, stressed the unique facts

[6]Northwest Canadian Gas Sales Company, Docket Nos. CP81-388-000, *et al.*; Northwest Alaskan Pipeline Company, *et al.*, Docket Nos. CP78-123, *et al.*; Findings and Order After Statutory Hearing, Authorizing the Importation of Natural Gas, Accepting Tariff and Rate Schedule and Granting Petitions to Intervene, (issued October 1, 1981).

[7]Alaskan Northwest Natural Gas Transportation Company, Notice of Amendment to Application, Docket No. CP 80-435-002, (issued December 9, 1981).

[8]Northwest Alaskan Pipeline Company, *et al.*, Docket Nos. CP78-123, *et al.*, Order Authorizing the Importation of Natural Gas, Issuing Certificates of Public Convenience and Necessity Upon Statutory Hearing and Granting Interventions, (issued April 24, 1981).

presented by the undertaking of an international project of unprecedented scale, and warned that its acceptance of the rate schedule did not constitute a precedent for any other proceeding.

The Commission also approved as reasonable Northern Natural's monthly charge to Natural for transportation and redelivery of gas from the Northern Border system.

By separate orders, the ERA and the FERC granted applications of the "Pro Gas Purchasers" — Natural Gas Pipeline Company (Natural), Michigan Wisconsin Pipe Line Company (Mich-Wisc), Tennessee Gas Pipeline Company (Tennessee), and Texas Eastern Pipeline Corporation (Texas Eastern) to import and transport 150,000 Mcf/day of gas to be purchased from Progas, Ltd., a Canadian corporation.[9] The volume requested to be imported was reduced from a previous request to import 300,000 Mcf/day. The portion of the gas to be imported by Natural is to be transported by Northern Border from Monchy, Saskatchewan under a previously granted authorization.[10] If, however, Northern Border is unable to transport, the Commission granted conditional authorization to Great Lakes Transmission Company (Great Lakes) to transport gas from a point near Emerson, Manitoba until Northern Border is able to transport the volumes to be imported. Under this conditional authorization, Great Lakes would transport the imported gas to Mich-Wisc, which was separately authorized to transport and deliver the volumes to Natural. In addition, Great Lakes was unconditionally authorized to deliver a separate portion of the Canadian gas from the point near Emerson, Manitoba to Mich-Wisc, and Mich-Wisc was authorized to then transport and deliver this gas to Tennessee and Texas Eastern.

In June, 1981,[11] Northwest Canadian Gas Sales Company (Northwest Canadian), a subsidiary of Northwest Energy Company, filed an application with the Commission for import authorization and for a certificate authorizing the transfer of authority to import and sell Canadian natural gas which was contained in certain certificates previously issued to its sister subsidiary, Northwest Alaskan Pipeline Company (Northwest Alaskan). The Commission, in October, 1981, deferred consideration of Northwest Canadian's request because the Commission desired additional information from Northwest Canadian concerning its purpose in seeking the transfer of import and selling authority and its reasons why the public convenience and necessity requires the transfer. The Commission further requested an explanation of how Northwest Alaskan's accounting would be simplified.

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[9]Order Approving Application to Import Natural Gas From Canada, DOE/ERA Opinion and Ordr No. 32, ERA Docket No. 79-15-NG (issued April 24, 1981); Order Authorizing Importation of Natural Gas, Issuing and Amending Certificates of Public Convenience and Necessity and Granting Interventions, Docket Nos. CP79-332, *et al.*, (issued June 10, 1981).

[10]Northwest Alaskan Pipeline Company, *et al.*, Docket Nos. CP78-123, *et al.*; Order Authorizing the Importation of Natural Gas. Issuing Certificates of Public Convenience and Necessity Upon Statutory Hearing and Granting Intervention, (issued April 24, 1981).

[11]Northwest Canadian Gas Sales Company, Docket Nos. CP81-388-000, *et al.*; Findings and Order After Statutory Hearing, Authorizing and Importation of Natural Gas, Accepting Tariff and Rate Schedule and Granting Petitions to Intervene, (issued October 1, 1981).

C. *Other Imports from Canada*

In Opinion No. 28, issued February 13, 1981,[12] the ERA granted *Midwestern Gas Transmission Company's* application to increase maximum daily imports from TransCanada Pipelines Ltd. from 350,000 Mcf/d to 600,000 Mcf/d through October 31, 1981.

On June 22, 1981,[13] the ERA granted *St. Lawrence Gas Company* authorization to increase the amount of gas it imports from its affiliate, Niagara Gas Transmission Ltd., from 30,000 Mcf/d (6,500,000 Mcf annually) to 43,000 Mcf/d (9,700,000 Mcf annually), at a price of $4.94/ MMBtu.

By its Opinion Nos. 35 and 36, issued October 23 and October 26, 1981,[14] respectively, the ERA approved the requests of *Great Lakes Transmission Company* and *Midwestern Gas Transmission Company* to extend until October 31, 1982 their previous authorizations to import natural gas from Canada. ERA further authorized Great Lakes to continue its import of "company use" volumes (fuel and lost and unaccounted for volumes) required to transport gas for the account of Midwestern. In both cases, the ERA found the requested $4.94 per MMBtu border price to be reasonable.

In late December, 1981,[15] *Northwest Pipeline Corporation* received authorization from the ERA and the FERC to import gas from Westcoast Transmission Co. at Kingsgate, British Columbia for the period January 1, 1982 through October 31, 1987 at the approved Canadian border price.

D. *Pending Applications*

On December 19, 1980, *Boundary Gas, Inc.,* filed applications with the FERC (CP81-107-000) and the ERA (81-04-NG) for authority to import up to 185,000 Mcf/d from TransCanada Pipelines. Ltd. at a point near Niagara, Ontario over a 10-year period commencing November 1, 1982 at the then effective international border price. At the same time, *Boundary Gas, Inc.* filed with the FERC (CP81-108-000) a related application to resell the gas to the 14 stockholders of Boundary, all of which are distributors located in the northeastern United States.

On April 22, 1981, *Tennessee Gas Pipeline Company* requested approval from the ERA (81-24-NG) to import up to 300,000 Mcf/d of natural gas from TransCanada Pipeline Limited (TransCanada) at an existing point of interconnection on the international border near Niagara Falls, New York at a border price to be established by the Canadian National Energy Board

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[12]Order Amending Authorization to Import Natural Gas from Canada, DOE/ERA Opinion and Order No. 28, ERA Docket No. 79-32-NG (issued February 13, 1981).

[13]Order Authorizing Increased Importation of Natural Gas From Canada, DOE/ERA Opinion and Order No. 33, ERA Docket No. 80-11-NG (issued June 22, 1981).

[14]Order Granting Amendment to Authorizations to Import Natural Gas from Canada and Granting Intervention, DOL/ERA Opinion and Order No. 35, ERA Docket No. 81-27-NG (issued October 25, 1981); Opinion and Order Amending Authorizations to Import Natural Gas From Canadian and Granting Interventions, DOE/ERA Opinion and Order No. 36, ERA Docket No. 81-28-NG (issued October 26, 1981).

[15]Order Authorizing Northwest Pipeline Company to Import Natural Gas From Canada, DOE/ERA Opinion and Order No. 38, DOE/ERA Docket No. 81-31-NG (issued December 21, 1981); Findings and Order Authorizing Importation of Natural Gas and Granting Petitions to Intervene, Docket No. CP82-73 (issued December 31, 1981).

(NEB). The application proposes sales for a ten-year period, commencing no later than November 1, 1982, and requests an additional period of up to one year should TransCanada be unable to make timely deliveries.

On July 2, 1981, *Transcontinental Gas Pipe Line Corporation* (Transco) filed an appliction with the ERA (81-29-NG) proposing the Lake Erie Import and Storage Project which would involve the purchase of up to 300,000 Mcf/d of natural gas from TransCanada at the NEB determined price, the export to Canada of 300,000 Mdf/d and the import into the U.S. of up to 600,000 Mcf/d as part of a storage project involving two locations in the U.S. and Canada.

On July 16, 1981, *Transco* applied to the ERA (81-30-NG) for authorization to import Canadian gas from Sulpetro Ltd. at the international border price, over a period of eight years in quantities of up to 75,000 Mcf/d from November 1, 1983 through October 31, 1987, such amount to be reduced by 15,000 Mcf/d each subsequent year until the cessation of delivery on October 31, 1991.

On July 18, 1981 *Transco* sought authorization from the ERA (81-26-NG) and the FERC (CP81-384-00) for an additional limited term importation from Sulpetro Ltd. commencing November 1, 1982 and ending October 31, 1983 for up to 75,000 Mcf/d and up to 22,000,000 Mcf annually.

On December 18, 1981, *Transco* filed an application before the FERC in Docket No. CP82-125 pursuant to Sections 3 and 7(c) of the Natural Gas Act. In order to facilitate the importation of natural gas from Canada as proposed in ERA Docket No. 81-30-NG, Transco proposes to construct and operate approximately 158 miles of pipe (the Transco Niagara Pipeline System) extending from a point on the U.S.-Canada border near Niagara Falls, New York to Transco's existing system at the Leidy Storage Field in Pennsylvania. In addition, the Transco Niagara Pipeline System would be utilized to transport up to 600,000 Mcf/d of storage withdrawal gas for which Transco has contracted in Michigan and Ontario, Canada with ANR Storage Company and Union Gas Limited, respectively. This application was noticed by the FERC on January 22, 1982.

ERA action is still pending on the August, 1981 applications filed by *Northwest Pipeline Corp.* (81-31-NG) and *Midwestern Gas Transmission Co.* (81-32-NG) to extend authorization of their natural gas imports from Canada through October 31, 1987 and October 31, 1994, respectively. Northwest requests extension of its license to import gas at Kingsgate, British Columbia in keeping with an export license extension granted by the NEB to Westcoast Transmission from which Northwest purchases the import volumes. In support of its application, Midwestern Gas stated that although TransCanada's export license was extended, the NEB substantially reduced the volumes which TransCanada may export to Midwestern. In order to offset declining availability of gas, TransCanada agreed to extend the term until October 31, 1994, with all other provisions remaining the same.

On October 9, 1981, *New England States Pipeline Company (NESP)* filed an application with t he FERC in Docket No. CP82-12 seeking authority to construct and operate 360 miles of 36-inch pipeline extending from the international border near Calais, Maine to Burrillville, Rhode Island. NESP is a partnership comprised of affiliates of Algonquin Gas Transmission Company (Algonquin), Texas Eastern Transmission Corp. (Texas Eastern), Transco and NOVA (formerly Alberta Gas Trunkline Ltd.). The proposed $560.8 million line would be designed to transport, initially, approximately 306,000 Mcf/d of Canadian gas to be imported by Algonquin and Texas Eastern and is scheduled for a November 1, 1983 start-up. Related applications to import this Canadian gas were filed at the FERC by Transco, Algonquin and Texas Eastern (CP82-46) and at the ERA by Transco and Algonquin (81-02-NG) on October 28, 1981 and December 16, 1980, respectively.

II. Canadian and Mexican Border Price Developments

A. *Canadian Export Pricing*

Subsequent to Canada's announcement that effective April 1, 1981, the price of natural gas exported to the U.S. would increase from $4.47 to $4.94/MMBtu, the ERA, in Opinion No. 29, approved the requests of 12 pipelines to permit payment of $4.94/MMBtu.[16] In granting these applications for increased prices, the ERA referred to its Opinion and Order No. 14B, issued May 15, 1980 (ERA Docket Nos. 80-01-NG *et al.*) in which border prices were compared with a weighted national average of residual and distillate fuel prices to determine the reasonableness of an increase. Applying the same formula to the present situation, the ERA found that its calculations demonstrated the requested price fell within the competitive range of alternate fuel prices in the U.S. and, therefore, was reasonable.

By its Opinion No. 29A, issued June 11, 1981, ERA denied applications for rehearing of the Process Gas Consumers Group, The American Iron and Steel Institute and Vermont Gas Systems, Inc.[17] In so doing, the ERA affirmed the requirement that import volumes in excess of 1977 base year levels be subject to incremental pricing under Title II of the Natural Gas Policy Act of 1978 (NGPA).

B. *Mexican Export Pricing*

In attempting to effect a general pricing policy for Mexican exports, the ERA established a policy of equal pricing of natural gas imports and exports from the same country. In Opinion Nos. 18 *et al.*, ERA justified this policy on the grounds that inequitable charges (i.e., higher import than export prices) upset the U.S. balance of payments and resulted in loss of revenue, which loss

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[16]Opinion and Order Authorizing Payment of an Increased Border Price for Natural Gas Imported From Canada, DOE/ERA Opinion and Order No. 29, ERA Docket Nos. 81-09-NG *et al.* (issued March 27, 1981). The 12 pipelines filing for increases were Pacific Gas Transmission Co. (81-09-NG), Great Lakes Gas Transmission Co. (81-10-NG), Northwest Pipeline Corp. (81-11-NG), InterCity Minnesota Pipelines Ltd., Inc. (81-12-NG), St. Lawrence Gas Co., Inc. (81-13-NG), Transcontinental Gas Pipe Line Corp. (81-14-NG and 81-15-NG), Midwestern Gas Transmission Co. (81-16-NG), Tennessee Gas Pipeline Co. (81-17-NG), Michigan Wisconsin Pipe Line Co. (81-18-NG), Northern Natural Gas Co. (81-19-NG), Vermont Gas Systems, Inc. (81-20-NG) and Montana Power Co. (81-21-NG).

[17]Opinion and Order Denying the Applications for Rehearing of the Process Gas Consumers Group/The American Iron and Steel Institute and Vermont Gas Systems, Inc., DOE/ERA Opinion and Order No. 29A, ERA Docket Nos. 81-09-NG *et al.* (issued June 11, 1981).

is in effect paid for by U.S. customers. Accordingly, on November 8, 1980, the ERA issued orders directing Entex, Inc. (80-20-NG), Del Norte Natural Gas Co. (80-19-NG), and the Montana Power Co. (80-20-NG) to show cause why they should not charge for gas exported into Mexico a price equal to that authorized for imported gas.

Thereafter, companies importing U.S. gas were contacted by Montana Power and agreed to contract amendments by which their import prices would equal that paid by U.S. companies importing Canadian gas. Montana Power did, however, encourage the ERA to include in any amendment to the existing authorizations a formula workable under either the uniform border price system of the former market price system, or other systems which may be adopted by the NEB and the ERA. It also felt the ERA lacked authority to credit domestic customers with the difference between import and export prices, as ERA had proposed.

Following Canada's announcement of an export price increase to $4.94/ MMBtu, Petroleos Mexicanos (PEMEX) advised Border Gas, Inc. that PEMEX would also increase export prices to $4.94/MMBtu, effective April 1, 1981. On March 26, 1981 Border Gas filed a petition before the ERA (81-23-NG), seeking approval to pay PEMEX, effective April 1, the higher of $4.94/MMBtu or the price pursuant to the contract price adjustment provision for gas previously authorized in Opinion No. 16A.[18] Relying on its Opinion No. 29, which authorized the $4.94 Canadian border price, the ERA in Opinion No. 31, issued April 21, 1981[19] found Border's price increase to be reasonable, based on a comparison of the border price with the range of prices for alternate fuels in major U.S. markets, which concluded that the average alternate fuel price at that time was $5.56/MMBtu. As requested, ERA allowed the increased rate to become effective April 1, 1981. However, ERA rejected automatic parity pricing of Mexican and Canadian gas, noting that it was "not appropriate" for the agency to allow pricing without its review of Mexican border price changes.

III. LNG Imports

On January 16, 1981, *Boston Gas Co.* filed an application with the ERA to import 125 Bcf of Indonesian LNG from Pertamina at a price of $6.13/MMBtu (f.o.b. Indonesia) to meet a natural gas emergency then existing in the State of Massachusetts. Boston Gas proposed to use 60 Bcf to repay gas loans made to it by Southern Energy and to use the remainder of the import to replenish its own LNG supply. By Order issued February 2, 1981,[20] the ERA denied Boston Gas' application, noting that an abatement of the cold weather and the resumption of LNG deliveries from Algeria to Distrigas

[18]Opinion and Order Granting the Authorization Temporarily Approved in Opinion No. 16, Granting Interventions and Establishing Further Proceedings for Purposes of Final Consideration of Mexican Pricing Issues, DOE/ERA Opinion and Order No. 16A (issued May 15, 1980).

[19]Opinion and Order Authorizing Payment of an Increased Border Price for Natural Gas Imported From Mexico, DOE/ERA Opinion and Order No. 31 (issued April 21, 1981).

[20]Order Denying Authorization to Import Liquefied Natural Gas from Indonesia, ERA Docket No. 81-08-LNG (issued February 2, 1981).

of Massachusetts Corporation (DOMAC), which supplies Boston Gas, had alleviated the anticipated severe LNG shortfall and the need for the additional import.

On April 8, 1981, the ERA issued Opinion No. 30[21] which approved the joint petition filed on March 13, 1981 by *Gas Service, Inc. and Manchester Gas Co.* to amend their import authorization to permit payment of $6.4057 per MMBtu for LNG purchased from Gaz Metropolitan, Inc. of Montreal, Canada, an increase from $5.9357/MMBtu[22] The delivered LNG purchase price increase reflects an increase in Canadian export prices established by the NEB, and may be revised at the end of each contract year to account for changes in the cost of service related to Gaz Metropolitan's LNG plant. In Opinion No. 30, the ERA reasoned that for the price of imported LNG to be found consistent with the public interest, it must prove competitive with prices charged for other natural gas peaking supplies as well as the price of alternate fuels. Since this application involved a very small winter peaking import supply, the proposed price was compared with the price of other natural gas peaking supplies as well as that of alternate fuels and found to be competitive.

On September 9, 1981 the ERA in Opinion No. 4A[23] permitted *El Paso Eastern Co.* to withdraw its application for the Algeria II LNG Project which involved the 20-year importation of the equivalent of 1 Bcf/d of LNG from Algeria to a terminal located in Matagorda Bay on the Texas Gulf Coast for sale to El Paso Natural Gas Co. (65%) and United Gas Pipeline Co. (35%). The Algeria II project provided for El Paso Atlantic Co. to purchase LNG from Sonatrach at a price equal to the higher of an import price initially set at $1.30/MMBtu as of July 1, 1975, subject to adjustments and review, or at a floor price, also initially set at $1.30/MMBtu, subject to a one-time recalculation after the first year of deliveries to reflect actual operating and investment costs. ERA, in its Opinion No. 4[24] had previously denied the project, noting that the NGPA alleviated the need for large quantities of imported LNG. However, on February 20, 1979, the ERA granted applications for rehearing for purposes of further consideration. When in March, 1981, the parties terminated discussions regarding the purchase, transportation and sale of LNG, El Paso Eastern voiced its concern that the project could not be implemented as originally proposed and shortly thereafter requested authorization to withdraw the application.

IV. SUMMARY OF RECENT IMPORT-EXPORT DATA

During July of 1980, the Energy Information Administration (EIA) released a report on U.S. imports and exports of natural gas for the year 1980

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[21]Order Authorizing Payment of an Increased Border Price Paid for Liquefied Natural Gas Imported From Canada. DOE/ERA Opinion and Order No. 30, ERA Docket No. 80-22-LNG (issued April 8, 1981).

[22]This price increase authorization to $5.9357/MMBtu was granted by the ERA in January, 1981. *See* Authorization to Increase the Price Paid for Liquefied Natural Gas Imported From Canada, ERA Docket No. 80-18-LNG (issued January 5, 1981).

[23]Order Separating Consolidated Dockets and Permitting Withdrawal of Application for Authorization to Import Liquified Natural Gas From Algeria, ERA Docket No. 77-006-LNG (issued September 9, 1981).

[24]Application to Import LNG from Algeria, ERA Docket No. 77-006-LNG (issued December 21, 1978).

based on data filed with the EIA on FPC Form 14, Annual Report for Importers and Exporters of Natural Gas. The EIA abstract highlights the following:

A. *Pipeline Imports and Exports*

During 1980, United States imports of natural gas from Canada totalled 796.5 Bcf, a decrease of 20.4% from the 1979 imports of 1,000.8 Bcf. However, Border Gas Co. partly offset this decline by its Bcf of imported natural gas from Mexico. Net pipeline imports (imports less exports) from both countries totalled 894.9 Bcf, a decrease of 10.2% from the 1979 figure of 1,253 Bcf. The average price of imports increased from $2.60/Mcf in 1979 to $4.33/Mcf in 1980, a rise of 65.7%.

B. *LNG Imports and Export*

Algerian 1980 LNG imports totalled 85.9 Bcf, a 66% drop from 252.6 Bcf in 1979. The drop in imports reflects the discontinuation of LNG deliveries to Columbia LNG Corp., Consolidated Systems LNG Co. and Southern Energy Co. after April 1980 due to an impasse in negotiations to establish a new pricing formula. Together, these three companies received 61,600 Mcf of LNG in 1980, a 72.5% decrease compared to 224,000 Mcf in 1979. In a separate agreement, Distrigas Corp. imported Algerian LNG through May and from October through December, 1980. No LNG was imported from Canada throughout the year. The average unit price of LNG imports rose from $2.03 to $3.77/Mcf.

During the year, exports of LNG to Japan by Phillips Petroleum Co. and Marathon Oil Co. from the Cook Inlet of Alaska dropped 12.8%, from 51.3 Bcf in 1979 to 44.7 Bcf in 1980. However, the average price of these exports more than doubled from $2.32 in 1979 to $4.90 in 1980.

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