

Cited as "1 ERA Para. 70,560"

Boundary Gas, Inc. (ERA Docket No. 81-04-NG), February 8, 1984

DOE/ERA Opinion and Order No. 45B

Completion of Environmental Review for Approved Import of Natural Gas from Canada by Boundary Gas, Inc.

I. Background

On August 9, 1982, the Administrator of the Economic Regulatory Administration (ERA), U.S. Department of Energy (DOE), issued Opinion and Order No. 45 (Order 45) to Boundary Gas, Inc. (Boundary), authorizing the importation of natural gas for service into the northeastern United States.^{1/} The gas was to be purchased from TransCanada PipeLines Limited (TransCanada). Boundary was authorized to import up to 185,000 Mcf of gas per day for a period not to exceed ten years from the date deliveries commence, or from November 1, 1982, whichever occurs first, plus one year for receipt of make-up gas. The authorization allows Boundary to import a total over the authorization term not to exceed 675.25 Bcf. Order 45 was conditioned, however, upon subsequent completion of an environmental analysis of the Boundary project.^{2/}

Under the proposed arrangement, Boundary was to import gas from TransCanada for resale to its purchasers. Tennessee Gas Pipeline Company (Tennessee), a division of Tenneco Inc., would transport the Boundary gas from the point of import near Niagara Falls, New York, to the systems of Boundary's purchasers. Under the import arrangement, Tennessee would be required to construct and install certain pipeline[s], compressors and other related facilities and would own and operate all necessary facilities.^{3/}

The National Environmental Policy Act of 1969 (NEPA) requires the ERA Administrator to give appropriate consideration to the environmental effects of gas import authorizations. At the time Order 45 was issued, the environmental analysis of the Boundary project had not been completed. The Administrator issued an authorization conditioned upon an environmental analysis, with a final order to be issued after DOE review of such an analysis prepared by the Federal Energy Regulatory Commission (FERC) and the completion by DOE of its NEPA responsibilities.^{4/}

Subsequent to the issuance of Order 45, Boundary reduced the scope of its original import proposal. As a result of the Canadian National Energy

Board's (NEB) omnibus export decision on January 27, 1983, TransCanada was authorized to export and sell to Boundary less than half its requested volumes.^{5/} Also during this period, the Niagara Interstate Pipeline System (NIPS) was proposed which would provide alternative facilities to transport Canadian gas imported at Niagara Falls, including the Boundary volumes.

Faced with facilities limitations because the NIPS would not be completed until after November 1986, Boundary divided its import project into two phases. The first phase, termed Boundary Phase 1, involves importing 40,000 Mcf of gas per day commencing November 1, 1984, and continuing until facilities are available for Phase 2, which involves the daily import of the full 92,500 Mcf authorized by the NEB.^{6/}

The FERC certification hearings related to Boundary Phase 1, which commenced on June 28, 1983, were recessed in late August 1983 to permit negotiations among the parties to resolve competing proposals for the supply of gas (imported and domestic) to Boundary's purchasers. The result of these negotiations was a Stipulation and Agreement (Stipulation) which provided for gas imports pursuant to the arrangement proposed in Boundary Phase 1. The Stipulation also provided for equal volumes of domestic gas for Boundary's purchasers.

II. Environmental Determinations

The FERC conducted a review of the Tennessee/Boundary project, as originally structured, and issued a Final Environmental Impact Statement (FEIS) on February 7, 1983. The FEIS assessed the environmental impacts associated with the original project's proposed 257 miles of pipeline looping (19 loops) in five states and the related facilities.

The FERC also examined in the FEIS alternatives to the proposed project, including: (1) no action on the proposal, or postponed action; (2) energy conservation and energy alternatives to the project; (3) five alternative loops or deviations; and (4) a spur pipeline in the vicinity of Niagara, New York. In the FEIS, the FERC concluded that the proposed project, with certain technical conditions and modifications, would have limited environmental impacts and would be environmentally acceptable. The Niagara spur pipeline was identified as the environmentally preferable alternative.

Just prior to publication of the FEIS, the NIPS proposal was filed before the FERC, and the NEB issued its omnibus decision which reduced the volume of gas proposed for the Boundary project. Subsequently, the FERC prepared an environmental assessment (EA) of the Boundary Phase 1 project,

which included only 41 miles of pipeline looping. The EA assessed the differences in environmental impacts between the original Boundary proposal and the Phase 1 proposal. It also assessed four alternatives, including: (1) additional deviations to the Phase 1 proposed loops; (2) use of domestic gas for two years; (3) additional loops and use of domestic gas; and (4) additional loops and use of both domestic and imported gas. The additional loops and use of domestic gas alternative was [were] identified as environmentally preferable.

Upon completion of the EA, the FERC decided to adopt the portions of the FEIS that covered the facilities in the original proposal to transport Phase 1 gas. However, subsequent to this decision, the Phase 1 project was further modified as a result of the Stipulation. The modification involved only three loops, which were covered by both the FEIS and EA, along with two transportation/exchange arrangements, which were not covered by the FEIS and EA.^{7/} These transportation/exchange arrangements eliminated certain pipeline loops and compressor stations included in the original Boundary proposal.^{8/}

The DOE has reviewed the FEIS and EA prepared by the FERC and finds the environmental impacts of the current proposal for a reduced Phase 1 project to be adequately assessed. These studies are thus adopted and incorporated by reference by the DOE for its decision on this matter.^{9/} The DOE has completed its environmental review of the reduced Phase project, with the results not affecting the decision in Order 45.

III. Decision

The authorization contained in Ordering Paragraph A of Order 45 was conditioned upon issuance of a further ERA order after review by the DOE of the FERC environmental analysis of this project, and the completion by the DOE of its NEPA responsibilities. This environmental review process has been completed with respect to Phase 1 of the Boundary project. We find that the environmental condition in Order 45 has been satisfied. Accordingly, the condition is hereby removed from the final authorization in Order 45 for the Boundary Phase 1 volumes. Until such time as the environmental condition is satisfied for Boundary Phase 2, the authorization for importation of volumes other than Boundary Phase 1 will remain conditional.

IV. Order

For the reasons set forth above, pursuant to section 3 of the Natural Gas Act, it is hereby ordered that the condition set forth in Ordering Paragraph D of DOE/ERA Opinion and Order No. 45, issued August 9, 1982, is

removed for those volumes imported pursuant to Boundary Phase 1 as described in this order, as this condition has been satisfied with respect to Boundary Phase 1.

Issued in Washington, D.C., on February 8, 1984.

--Footnotes--

1/ Boundary is a corporation comprising 12 natural gas distribution companies and two interstate pipeline companies.

2/ DOE/ERA Opinion and Order No. 45, issued August 9, 1982, Boundary Gas, Inc., in ERA Docket No. 81-04-NG (1 ERA Para. 70,539, Federal Energy Guidelines).

3/ On April 22, 1981, Tennessee filed with the Federal Energy Regulatory Commission an application for a certificate of public convenience and necessity (FERC Docket No. CP81-296-000) seeking authority to construct the facilities and provide the transportation services required for the Boundary project, as well as for volumes to be imported by Tennessee for its own system supply.

4/ See Ordering Paragraph D, DOE/ERA Opinion and Order No. 45. The FERC, which under DOE Delegation Order No. 0204-55 (44 FR 56735, October 2, 1979) has authority to approve or disapprove the construction and operation of import facilities and the site at which they would be located, must perform an environmental review before making its decision.

5/ NEB License GL-83 authorized TransCanada to export and sell to Boundary a total term volume of 330.07 Bcf or approximately 92,500 Mcf per day.

6/ The Phase 1 volumes would be resold to four of the fourteen Boundary purchasers--the Brooklyn Union Gas Company, New Jersey Natural Gas Company, Bay State Gas Company (which subsequently assigned its interests in Boundary to Granite State Gas Transmission, Inc.), and the Connecticut Light and Power Company.

7/ The three main line loops and pipeline facilities for initial service consist of:

Location	Size	Miles
MLV 250 + 3.9 to MLV 251	30 inches	6.8

MLV 254 + 4.5 to MLV 255	30 inches	5.0
MLV 258 + 9.7 to MLV 259 + 3.7	30 inches	7.0

	Total	18.8

The two transportation/exchange arrangements involve Tennessee with Consolidated Gas Supply Corporation and with National Fuel Gas Supply Corporation.

8/ In its findings and determinations, the FERC has required the applicants to implement specific mitigation measures to reduce environmental impacts.

9/ See Tennessee/Boundary Looping Project Final Environmental Impact Statement, FERC Docket CP81-296-000, February 7, 1983; and Tennessee/Boundary Looping Project Environmental Assessment, FERC Docket CP81-296-003, September 1983.