

Cited as "1 ERA Para. 70,658"

Michigan Consolidated Gas Company (ERA Docket No. 86-27-NG), July 14, 1986.

## DOE/ERA Opinion and Order No. 135

Order Approving an Amendment to an Authorization to Import Natural Gas from Canada

### I. Background

On April 16, 1986, Michigan Consolidated Gas Company (MichCon) filed an application with the Economic Regulatory Administration (ERA) of the Department of Energy (DOE), pursuant to Section 3 of the Natural Gas Act (NGA), to amend an existing natural gas import authorization granted by the ERA on December 20, 1985, in DOE/ERA Opinion and Order No. 96 (Order 96).<sup>1/</sup> Order 96 authorized MichCon to import up to 13,000 Mcf per day of Canadian natural gas during a three-year period beginning on the date of first delivery, pursuant to the provisions of energy exchange agreements with Esso Chemical Canada (ECC), a Division of Imperial Oil Limited (Imperial), and Shell Western E&P Inc. (Shell) for an exchange, on an equivalent Btu basis, of natural gas for ethane. The gas was to be purchased by Imperial from TransCanada PipeLines Limited (TransCanada) and transported from the point of importation by Great Lakes Gas Transmission Company (Great Lakes) to Belle River Mills, Michigan, and then delivered to MichCon for use in its distribution system. The current application seeks to increase the import to 50,000 Mcf per day.

Since the commencement of the natural gas/ethane exchange authorized by Opinion and Order No. 96, which began on January 23, 1986, deliveries of gas by TransCanada to Great Lakes, and by Great Lakes to MichCon, have varied dramatically from 0 to 13,000 Mcf per day. At the same time, however, deliveries of ethane to ECC for use at its Sarnia, Ontario, petrochemical plant have been comparatively constant. As a result, a substantial imbalance has accumulated and continues to grow. The imbalance (839,826 Mcf as of March 31, 1986) is far in excess of what MichCon contemplated when it originally sought authorization for the importation. However, TransCanada has informed MichCon that it is able from time to time to deliver to Great Lakes, and Great Lakes has indicated that it can deliver to MichCon, volumes of gas in excess of 13,000 Mcf per day. MichCon wishes to be able to take advantage of these opportunities to reduce the sizable exchange imbalance more quickly than would otherwise be the case.

The proposed increase in the maximum daily quantity from 13,000 Mcf of gas per day to 50,000 Mcf per day is solely for the purpose of mitigating the exchange imbalance described above and, according to MichCon, will not result in an increase in the total volume of gas to be imported over the term of the authorization.

The ERA issued a notice of the application on May 5, 1986, with protests, motions to intervene, or comments to be filed by June 16, 1986.<sup>2/</sup> A motion to intervene, without comment or request for additional procedures, was received from Great Lakes. This order grants intervention to Great Lakes.

## II. Decision

The MichCon application to amend its order has been reviewed to determine if it conforms with Section 3 of the NGA. Under Section 3, the Administrator shall issue an order authorizing an import unless there is a finding that the import "will not be consistent with the public interest." <sup>3/</sup> In making this finding, the Administrator is guided by the DOE policy guidelines for natural gas imports.<sup>4/</sup> Under this policy, the competitiveness of an import arrangement in the markets served is the primary consideration for meeting the public interest test. MichCon seeks to amend its order authorizing its energy exchange arrangement of natural gas and ethane gas, which was freely negotiated by the participating parties. The new daily volumes of natural gas will be imported on an interruptible basis, through existing facilities,<sup>5/</sup> under its existing three-year authorization. The purpose of amending the arrangement is to balance out highly fluctuating daily deliveries under the existing energy exchange without changing other elements of the arrangement or the total volumes of the exchange during the three-year term.

After taking into consideration all information in the record of this proceeding, I find that the amendment to its authorization requested by MichCon is not inconsistent with the public interest and should be granted.

## ORDER

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

A. DOE/ERA Opinion and Order No. 96 (Order 96) issued to Michigan Consolidated Gas Company (MichCon) on December 20, 1985, is amended to authorize MichCon to import up to 50,000 Mcf of Canadian natural gas during any one day over the three-year period that began on January 23, 1986,

pursuant to the provisions of the energy exchange agreements with Esso Chemical Canada and Shell Western E&P Inc. for the exchange, on an equivalent Btu basis, of natural gas for ethane.

B. The import authorized in Ordering Paragraph A above does not change the total volume of 14,248 MMcf for the three-year import based upon the maximum of 13,000 Mcf per day authorized in Order 96.

C. Ordering Paragraph C of Order 96, requiring reports to show quantities of natural gas imported, remains applicable.

D. 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 the admission of such intervenor shall not be construed as recognition that it might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C. on July 14, 1986.

--Footnotes--

1/ 1 ERA Para. 70,614.

2/ 51 FR 17795, May 15, 1986.

3/ 15 U.S.C. Sec. 717b.

4/ 49 FR 6684, February 22, 1984.

5/ Because the proposed importation of gas will use existing pipeline facilities, the DOE has determined that granting this application clearly is not a 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.