

Cited as "1 ERA Para. 70,803"

Great Lakes Gas Transmission Company (ERA Docket No. 88-31-NG), August 9, 1988.

DOE/ERA Opinion and Order No. 264

Order Amending Authorization to Import and Export Natural Gas from Canada and Granting Interventions

I. Background

On May 16, 1988, Great Lakes Gas Transmission Company (Great Lakes) 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), requesting an amendment to its natural gas import and export authorization granted by the ERA in DOE/ERA Opinion and Order Nos. 81,1/ 81-A,2/ and 140 3/ (Order No. 81, Order No. 81-A, and Order No. 140) issued May 9, 1985, July 24, 1985, and August 22, 1986, respectively. The amendment would permit Great Lakes to increase the volumes of natural gas it is presently authorized to import and export under a transportation service agreement with TransCanada PipeLines Limited (TransCanada) from 887,500 Mcf per day to 925,000 Mcf per day for a term ending November 1, 2005.

Great Lakes operates a pipeline system extending from the international boundary near Emerson, Manitoba, Canada, the point at which it connects with the facilities of TransCanada, across northern Minnesota, Wisconsin, and Michigan, until it reconnects with TransCanada's eastern Canadian facilities at two points on the international boundary near St. Clair and Sault Ste. Marie, Michigan. Under an agreement dated September 12, 1967, as amended, Great Lakes supplies transportation services for TransCanada.^{4/}

Order No. 81 granted Great Lakes conditional authority to increase the gas volumes it imports and exports for TransCanada from 815,000 Mcf per day to 825,000 per day until November 1, 2005, contingent upon the DOE and the Federal Energy Regulatory Commission (FERC) completing an environmental review of Great Lakes' proposal to construct additional pipeline facilities.^{5/} Subsequently, an environmental assessment was completed that determined the environment would not be significantly affected by constructing a new pipeline. The ERA then issued Order No. 81-A removing the condition in Order No. 81.

Order No. 140 granted Great Lakes authority to import an additional

62,500 Mcf per day at Emerson, Manitoba, for redelivery and export to TransCanada's customers from its St. Clair, Michigan, interconnection. None of the proposed incremental volumes to be imported for redelivery to TransCanada was to be sold or marketed in the United States. This authorization is valid as long as the gas is transported through existing facilities.

By this application, Great Lakes requests authority to import an additional 37,500 Mcf per day under its contract with TransCanada at the U.S.-Canadian boundary near Emerson, Manitoba, for transportation through Minnesota to the U.S.-Canadian boundary near Sault Ste. Marie and St. Clair, Michigan. There, the gas would be exported back into Canada for redelivery to TransCanada and its customers. Great Lakes states that none of the gas volumes, including the additional 37,500 Mcf in daily contract quantities it requests authority to import and export, would be delivered to markets in the U.S. Great Lakes further states that the natural gas imported and exported under this requested authority will be transported through existing pipeline facilities.

The ERA issued a notice of this application on June 23, 1988, inviting protests, motions to intervene, notices of intervention, and comments to be filed by August 1, 1988.^{6/} Motions to intervene without comments or requests for additional procedures were received from TransCanada, Michigan Consolidated Gas Company, ANR Pipeline Company, and Northern Natural Gas Company (Division of Enron Corp.). A motion to intervene with comments in support of the Great Lakes application was received from Consumers Gas Company Ltd. This order grants intervention to all movants.

II. Decision

The application filed by Great Lakes has been evaluated to determine if the proposed import and export arrangement meets the public interest requirements of Section 3 of the NGA. Under Section 3, imports and exports must be authorized unless there is a finding that it "will not be consistent with the public interest."^{7/} With respect to imports, the Administrator is guided in this determination by the DOE's natural gas policy guidelines.^{8/} Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test. DOE Delegation Order No. 0204-111^{9/} directs the ERA, in reviewing natural gas export applications, to consider domestic need for the gas to be exported, and any other issues determined by the Administrator to be appropriate in a particular case. Great Lakes' proposed amendment to its import and export authorization, as set forth in its application, is consistent with Section 3 and DOE policy.

Neither the competitiveness of Great Lakes' arrangement nor the domestic need for the exported volumes are issues in this case because the volumes being imported are redelivered to Canada and are neither sold to nor purchased from U.S. consumers. Inasmuch as the volumes are being imported and exported for TransCanada's account only, and are not sold on the U.S. market, the only relevant issue here is the impact of the import and export on Great Lakes and its customers.

In authorizing Order Nos. 70, 81, 81-A, and 140 for the import of gas from and export to Canada, the ERA recognized that gas shipments made for TransCanada account for more than 50 percent of Great Lakes' system throughput and provide security to Great Lakes for long and short-term financing while allowing it to improve service to its other customers. These orders also took into consideration the fact that there is no domestic supply of gas in Great Lakes' market area that could replace the volumes being transported for TransCanada. It is the ERA's opinion that the circumstances which led to approval of Order Nos. 70, 81, 81-A, and 140 have not changed. Finally, we note the fact that no party objected to Great Lakes' proposed amendment to its import and export authorization.

After taking into consideration all the information in the record of this proceeding, I find that granting the approval of the amendment to Great Lakes' contract increasing the volumes in its current import and export authorization from 887,500 Mcf per day to 925,000 Mcf per day is not inconsistent with the public interest.^{10/}

ORDER

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

A. The import and export authorization previously granted to Great Lakes Gas Transmission Company (Great Lakes) in DOE/ERA Opinion and Order No. 70, issued on January 23, 1985, and amended in DOE/ERA Opinion and Order Nos. 81, 81-A, and 140 issued on May 9, 1985, July 24, 1985 and, August 22, 1986, respectively, is hereby further amended to increase the authorized volumes Great Lakes imports and exports for TransCanada PipeLines Limited (TransCanada) from 887,500 Mcf per day to 925,000 Mcf per day until November 1, 2005, as set forth by the agreement between Great Lakes and TransCanada submitted as a part of the application filed by Great Lakes in this docket. This authorization is valid as long as the gas is transported through existing facilities.

B. Great Lakes shall file with the ERA within 30 days following each calendar quarter, beginning September 30, 1988, quarterly reports showing by month, the quantities of gas in Mcf transported on behalf of TransCanada pursuant to this authorization.

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

D. All other terms and conditions of this authorization remain in effect.

Issued in Washington, D.C., on August 4, 1988.

--Footnotes--

1/ Great Lakes Gas Transmission Company, 1 ERA Para. 70,597 (May 9, 1985).

2/ Great Lakes Gas Transmission Company, 1 ERA Para. 70,603 (July 24, 1985).

3/ Great Lakes Gas Transmission Company, 1 ERA Para. 70,663 (August 22, 1986).

4/ Great Lakes was initially granted authority to import and export natural gas by the Federal Power Commission (FPC) in Order No. 521, issued on June 20, 1967, in Docket No. CP66-112, and later amended by the FPC on June 1, 1971, in Docket No. CP71-223 (37 FPC 1070 and 45 FPC 1037).

5/ Order No. 81 amended Opinion and Order No. 70, Great Lakes Transmission Company, 1 ERA Para. 70,583 (January 23, 1985).

6/ 53 FR 24775, June 30, 1988.

7/ 15 U.S.C. Sec. 717b.

8/ 49 FR 6684, February 22, 1984.

9/ *Id.*, at 6690.

10/ Because the proposed importation of gas will use existing pipeline 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.