

Cited as "1 ERA Para. 70,816"

Great Lakes Gas Transmission Company (ERA Docket No. 88-56-NG), October 31, 1988.

DOE/ERA Opinion and Order No. 276

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

I. Background

On September 14, 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),^{1/} to amend its existing natural gas import/export authorization providing firm gas transportation service of 925,000 Mcf per day for TransCanada PipeLines Limited (TransCanada).^{2/} The amendment for which Great Lakes seeks approval would permit it to increase by 62,500 Mcf the maximum daily volumes of natural gas it is currently authorized to import and export under its transportation service agreement with TransCanada to a total of 987,500 Mcf over a term ending November 1, 2005. Great Lakes has asked that it be given temporary emergency authority to transport the additional volumes beginning November 1, 1988, and continuing until the ERA issues a final decision on the application, to insure that TransCanada has sufficient gas supplies for winter peaking needs during the 1988-89 heating season.

Great Lakes is a Delaware corporation, jointly owned by TransCanada and The Coastal Corporation. Great Lakes currently transports up to 925,000 Mcf per day of natural gas for the account of TransCanada under a contract dated September 12, 1967, as amended. The gas is received from TransCanada at the international boundary near Emerson, Manitoba, where their facilities interconnect, and it is redelivered to TransCanada's border facilities at two points, near Sault Ste. Marie and St. Clair, Michigan. Great Lakes also purchases gas from TransCanada at Emerson for resale in the U.S. On August 9, 1988, Great Lakes and TransCanada amended their transportation agreement to provide for the additional 62,500 Mcf per day of firm service. None of the gas imported from and exported to TransCanada by Great Lakes under the transportation arrangement is sold or marketed in the U.S.

Great Lakes asserts that TransCanada needs the increased volumes to avoid peak-day and seasonal deficiencies on its system in eastern Canada, especially during the coming winter heating season months. A substantial

portion of this gas would be used to supply Consumers Gas Company Limited (Consumers), the largest natural gas distribution utility in Canada, which could experience curtailment of some firm service to its industrial customers.

Great Lakes does not possess sufficient pipeline capacity to provide transportation for the increased quantities on a firm daily basis. To render the expanded firm service, Great Lakes proposes to construct approximately 91 miles of 36-inch outside diameter pipeline loops parallel to its existing main line in Minnesota, Wisconsin, and Michigan. Great Lakes also proposes to replace five aerodynamic assembly units at compressor stations along the pipeline. Construction is planned to begin in the autumn of 1989. Great Lakes has an application pending with the Federal Energy Regulatory Commission (FERC) filed under Section 7 of the NGA for a certificate of public convenience and necessity authorizing it to construct and operate the proposed facilities and to transport this increase in deliveries.^{3/}

To the extent that there is pipeline capacity available above Great Lakes' firm obligations to all its customers, the additional gas supply to be imported for redelivery to TransCanada would be transported through Great Lakes' existing facilities on an interruptible basis while the loops are being installed and the compressor stations modified. The amended agreement between Great Lakes and TransCanada provides that, during the interim period before construction of the new facilities required to accommodate the increased firm service is completed, the volumes delivered by Great Lakes on any day may fluctuate from the amended contract quantity of 987,500 Mcf. Any underdeliveries during the interim period are expected to be offset by overruns so that, on an annual basis, the additional volume to be transported is 22.8 Bcf (62,500 Mcf x 365 days). If, due to capacity limitations on its system, Great Lakes is unable to transport 22.8 Bcf of gas during the interim period, TransCanada would receive credit against the monthly demand charges.

II. Interventions and Comments

The ERA issued a notice of this application on September 26, 1988, inviting protests, motions to intervene, notices of intervention, and comments to be filed by October 30, 1988.^{4/} In light of Great Lakes' request that the ERA issue a temporary emergency authorization to be effective November 1, 1988, the ERA established an intermediate period ending October 17, 1988, for filing comments on that request. To date, motions to intervene have been filed by ANR Pipeline Company (ANR), Michigan Consolidated Gas Company (MichCon), Consumers and TransCanada. This order grants intervention to these movants.

The motions to intervene filed by ANR and MichCon, both of which are

customers of Great Lakes, contain no comments on the merits of the application. Consumers and TransCanada fully support Great Lakes' application and the request for interim authorization as a means to provide increased natural gas service to markets which are threatened with supply shortfalls during the upcoming winter. Consumers states that ". . . even with the additional service from TransCanada, Consumers Gas still faces a peak-day supply deficiency of 150,000 Mcf per day."

III. Decision

Great Lakes' application presents the ERA with a situation in which prompt regulatory action is indicated. In making a decision at this stage in the proceeding, the ERA considered Great Lakes' request for emergency interim authorization in light of the ERA's responsibility established by Section 3 of the NGA. Under Section 3, imports and exports are to be authorized unless there is a finding that they "will not be consistent with the public interest." The ERA believes that Great Lakes states reasons sufficient to justify an import and export authorization of limited duration. An authorization at this time will enable TransCanada to meet the requirements of its customers in eastern Canada during the coming winter heating season months and minimize curtailments by Consumers. Inasmuch as the volumes are being imported and exported on behalf of TransCanada and are not sold on the U.S. market, the impact of this increased import and export authority on Great Lakes' and its customers is the primary consideration bearing on the public interest. Great Lakes asserts that the additional service to be provided to TransCanada during the period before it makes improvements to its pipeline system will not affect Great Lakes' ability to continue to meet its firm daily requirements to its other customers under any of its existing service contracts. Further, no party objected to the interim authorization, including Great Lakes' domestic customers intervening in this case.

In view of the above considerations and the facts asserted by Great Lakes, the ERA concludes that authorizing an increase in the volumes imported from and exported to TransCanada for a limited term until a final determination is made on the application, to the extent that there is existing pipeline capacity available, will not be inconsistent with the public interest.^{5/}

ORDER

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

A. The natural gas import and export authorization previously granted to Great Lakes Transmission Company (Great Lakes) by the Economic Regulatory Administration (ERA) in DOE/ERA Opinion and Order No. 70, issued January 23, 1985, as most recently amended in DOE/ERA Opinion and Order No. 264, issued August 9, 1988, is hereby further amended to temporarily increase the authorized volumes Great Lakes imports from and exports to TransCanada PipeLines Limited (TransCanada) from 925,000 Mcf per day to a total of the 987,500 Mcf per day in accordance with the agreement between Great Lakes and TransCanada submitted as part of the application filed by Great Lakes in this docket. In addition, Great Lakes is authorized to import and export any overrun volumes above the 987,500 Mcf per day which may be needed from time to time to offset any underdeliveries. This authorization is valid until a final determination is made on the application and as long as the gas is transported through existing pipeline facilities.

B. Great Lakes shall continue to file quarterly reports with the ERA 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 their motions to intervene and not herein specifically denied, and that admission of such intervenors 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 31, 1988.

--Footnotes--

1/ 15 U.S.C. Sec. 717b.

2/ The original certificate authorization was granted to Great Lakes by the Federal Power Commission (FPC) in Opinion No. 521 issued June 20, 1967, 37 FPC 1070, and was subsequently amended by a series of FPC and ERA orders. See 45 FPC 1037 (June 1, 1971), 50 FPC 1683 (November 27, 1973), 1 ERA Para. 70,583 (January 23, 1985), 1 ERA Para. 70,597 (May 9, 1985), 1 ERA Para. 70,603 (July 24, 1985), 1 ERA Para. 70,663 (August 22, 1986), and 1 ERA Para. 70,803 (August 9, 1988).

3/ See FERC Docket No. CP88-805-000.

4/ 53 F.R. 38322, September 30, 1988.

5/ Because the proposed importation and exportation 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 (NEPA), 42 U.S.C. 4321, et seq., and therefore an environmental impact statement or environmental assessment is not required. We note that the DOE recently issued a proposed categorical exemption to NEPA in cases not involving new pipeline construction (See 53 F.R. 29934, August 9, 1988).