

Cited as "1 FE Para. 70,206"

B.C. Gas Inc. (ERA Docket No. 88-72-NG), March 31, 1989.

DOE/FE Opinion and Order No. 285-A

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

I. Background

On December 12, 1988, the Economic Regulatory Administration (ERA) of the Department of Energy (DOE) issued DOE/ERA Opinion and Order No. 285 (Order 285) 1/ granting B.C. Gas Inc. (B.C. Gas) emergency interim authority through April 30, 1989, to export to Canada, at Sumas, Washington, up to 2,164,122 Mcf of Canadian gas stored in Lewis County, Washington.^{2/} B.C. Gas filed a request for this interim authority on November 30, 1988, as well as a request for authorization to import and export up to 2,164,122 Mcf of Canadian gas per year through April 30, 1996, to permit continuation of arrangements enabling B.C. Gas (successor to British Columbia Hydro, or B.C. Hydro) to use storage capacity at the Jackson Prairie Storage Field (Jackson Prairie), released to it by Washington Water Power Company (Water Power).

Since 1982, use of this storage capacity has depended on a deferred exchange agreement between Northwest Pipeline Company (Northwest) and Westcoast Transmission Company Limited (Westcoast). Under the deferred exchange agreement, Northwest delivered a portion of the system supply gas that it imported from Westcoast at Sumas during the storage injection season (May 1 through September 30) to Jackson Prairie for injection and storage on B.C. Gas' behalf. During the storage withdrawal season (October 1 through April 30), gas withdrawn from Jackson Prairie for B.C. Gas' account was transported by displacement by Northwest and delivered at Sumas to Westcoast. However, on September 30, 1988, Northwest gave Westcoast notice it was invoking force majeure and discontinuing gas purchases under the remaining term of their Sumas gas purchase contract. As a result, B.C. Gas assumed and Westcoast indicated it and Northwest would be unable to redeliver under the deferred exchange arrangement the 2,164,122 Mcf of stored gas to meet 1988-1989 winter heating season demands.

The ERA issued Order 285 in advance of publishing a notice in the Federal Register of B.C. Gas' application to enable B.C. Gas to transport its storage gas back into Canada. In approving the emergency arrangement, it was determined that there was no net export of U.S. gas supplies which would

involve a consideration of domestic need for the gas and the delay required by the normal 30-day public comment period would expose B.C. Gas' customer, B.C. Hydro, to a supply interruption. A decision on B.C. Gas' request to import up to 2,164,122 Mcf of gas each year during the storage injection period, and to export up to 60,115 Mcf per day during the withdrawal period, until its release agreement with Water Power expires on April 30, 1996, was postponed until after the expiration of the notice and public comment period.

Contemporaneously with the issuance of Order 285, the ERA issued a notice of B.C. Gas' application on December 12, 1988. In that notice, protests, motions to intervene, notices of intervention, and comments on both the emergency interim authorization and the proposed long-term import/export arrangement were invited to be filed by January 17, 1989.³ No comments were received.

II. Decision

The application filed by B.C. Gas has been evaluated to determine if the proposed import/export arrangement meets the public interest requirements of Section 3 of the NGA.⁴ Under Section 3, an import or export must be authorized unless there is a finding that it "will not be consistent with the public interest." Since B.C. Gas' proposal involves an arrangement for seasonal storage of Canadian natural gas in Washington State that is eventually returned to Canada through existing transmission facilities for consumption, there would be no net import or export, and no sale of gas inside the U.S. Accordingly, the normal policy considerations, including price, security of supply, and domestic need for the gas, do not apply. The only relevant issue is the impact of the transportation and storage arrangement on the customers of Northwest and Water Power. Historically, Northwest and Water Power have provided transportation and seasonal storage since 1982 with no adverse impact. Further, no party objected to the emergency interim authorization or to B.C. Gas' proposed long-term arrangement.

After taking into consideration all the information in the record of this proceeding, I find that granting B.C. Gas authority through April 30, 1996, to import each year up to 2,164,122 Mcf of natural gas which it purchases in Canada for storage in the U.S. during off-peak periods and to export during the peak winter heating season up to 60,115 Mcf of that gas daily for use in Canada is not inconsistent with the public interest.

ORDER

For the reasons set forth above, pursuant to Section 3 of the Natural

Gas Act, it is ordered that:

A. B.C. Gas Inc. is authorized to import, through existing pipeline facilities at Sumas, Washington, up to 2,164,122 Mcf of Canadian gas annually during the months of May through September to be stored in Washington State and to export at Sumas up to 60,115 Mcf per day of storage gas to Canada in the months of October through April. The term of this authorization commences with the expiration on April 30, 1989, of the export authority granted in DOE/ERA Opinion and Order No. 285 and ends April 30, 1996.

B. B.C. Gas shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, in writing of the date of the first import and the date of the first export authorized in Ordering Paragraph A above within two weeks after each begins.

C. With respect to the imports and exports authorized by this Order, B.C. Gas shall file with the Office of Fuels Programs within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports of storage gas have been made and, if so, giving, by month, the total volumes of imports and exports in MMcf.

Issued in Washington, D.C. on March 31, 1989.

--Footnotes--

1/ 1 ERA Para. 70,827.

2/ On January 6, 1989, the authority to regulate natural gas imports and exports was transferred from the ERA to the Assistant Secretary for Fossil Energy. DOE Delegation Order No. 0204-127 specifies the transferred functions (54 FR 11436, March 10, 1989).

3/ 53 FR 50449, December 15, 1989.

4/ 15 U.S.C. Sec. 717b.