

Cited as "1 FE Para. 70,312"

Great Lakes Gas Transmission Company (ERA Docket No. 88-56-NG), April 25, 1990.

DOE/FE Opinion and Order No. 276-A

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

I. Background

On February 24, 1989, the Great Lakes Gas Transmission Company (Great Lakes) filed with the Office of Fossil Energy (FE) of the Department of Energy (DOE) an application to amend the existing import and export authorization granted to Great Lakes by DOE/ERA Opinion and Order No. 264 (Order 264) on August 9, 1988, 1/ and by several previous authorizations. 2/ Under Order 264, Great Lakes is authorized to import from and export to TransCanada PipeLines Limited (TransCanada) up to 925,000 Mcf per day of natural gas through November 1, 2005, as part of a firm gas transportation arrangement under which TransCanada moves gas from Western Canada to markets in eastern Canada via its own pipeline facilities in combination with that of Great Lakes. The amendment requested would permit Great Lakes to increase by 62,500 Mcf the maximum daily volumes of natural gas it is authorized to import and export under its transportation agreement with TransCanada to a total of 987,500 Mcf over a term ending November 1, 2005. Great Lakes also asked that it be given temporary emergency authority to transport the additional volumes beginning November 1, 1988, pending a final decision on the application, to insure that TransCanada has sufficient gas supplies for winter peaking needs during the 1988-89 heating season. On October 31, 1988, DOE issued DOE/ERA Opinion and Order No. 276 (Order 276) 3/ granting a temporary increase in authorized volumes of 62,500 Mcf per day to Great Lakes so long as the gas is transported through existing pipeline facilities.

Great Lakes is a Delaware corporation, jointly owned by TransCanada and the Coastal Corporation. Great Lakes currently transports up to 987,500 Mcf per day of natural gas for the account of TransCanada under a contract dated September 12, 1967, as amended, which includes the additional 62,500 Mcf per day temporarily authorized by Order 276. The gas is received from TransCanada at the international boundary near Emerson, Manitoba, where their facilities interconnect, and is redelivered to TransCanada's border facilities at two points, near Sault Ste. Marie and St. Clair, Michigan. None of the gas imported from and exported to TransCanada by Great Lakes under the

transportation agreement 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. A substantial portion of the gas would be used to supply Consumer Gas Company Limited (Consumers), the largest natural gas distribution utility in Canada, which could experience curtailment of some firm service to its industrial customers without the additional volumes.

In order to provide transportation for the additional 62,500 Mcf per day of natural gas on a firm basis, Great Lakes states that it must expand its pipeline capacity. To do so, Great Lakes proposes to construct approximately 91 miles of 36-inch outer 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. The National Environmental Policy Act of 1969 (NEPA) 4/ requires that DOE consider the environmental impact of Great Lakes' import/export proposal, including the proposed pipeline expansion, before a final decision is made on Great Lakes' request for the increase in authorized volumes temporarily authorized by Order 276. That environmental analysis is now complete. This decision and order supersedes Order 276.

II. Interventions and Comments

The DOE issued a notice of Great Lakes' application on September 26, 1988, inviting protests, motions to intervene, notices of intervention, and comments to be filed by October 30, 1988. 5/ In light of Great Lakes' request for temporary authorization of the increase in volumes to be effective November 1, 1988, the DOE established an intermediate period ending October 17, 1988, for filing comments on Great Lakes' request. Order 276 granted the temporary authorization and granted intervention to ANR Pipeline Company (ANR), Michigan Consolidated Gas Company (MichCon), Consumers and TransCanada who had filed motions for intervention by October 17, 1988. No other motions or comments were filed during the remainder of the comment period ending October 30, 1988.

ANR and MichCon intervened without comment on Great Lakes' application. Consumers and TransCanada intervened in support of Great Lakes' application.

III. 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." 6/ With respect to imports, this determination is guided by the DOE's natural gas import policy guidelines. 7/ 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 8/ directs the DOE, in reviewing natural gas export applications, to consider the domestic need for the gas to be exported, and any other issues determined to be appropriate in a particular case. In addition the environmental implications of granting or denying this application must be evaluated under NEPA.

A. General Considerations

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 or suppliers. 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 transportation of the import and export on Great Lakes and its customers.

In authorizing Order Nos. 70, 81, 81-A, 140, 264 and 276 9/ for the import of gas from and export to Canada, the DOE recognized that gas shipments made for TransCanada make up 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 DOE's opinion that the circumstances which led to approval of Order Nos. 70, 81, 81-A, 140, 264 and 276 have not changed. Finally, we note the fact that no party objected to Great Lakes' proposed amendment, including the customers of Great Lakes' who intervened in this proceeding.

B. Environmental Considerations

The Federal Energy Regulatory Commission (FERC) was the lead agency in conducting an examination of the environmental effects of constructing the pipeline looping and related construction that Great Lakes' proposes to construct in order to transport the Canadian gas for TransCanada. In August, 1989, the FERC completed an environmental assessment (EA) that addressed Great Lakes' construction of proposed new facilities. On September 1, 1989, the FERC

in an order issued in Great Lakes Gas Transmission Company, FERC Docket No. CP88-805-000, determined that the facilities proposed by Great Lakes, when completed in accordance with the conditions set forth in the FERC EA, would not constitute a major Federal action significantly affecting the quality of the human environment. The DOE, after reviewing the environmental material prepared by the FERC, adopted the EA as DOE/EA 0436 in partial satisfaction of its responsibilities under the NEPA statute. The DOE also conducted its own independent environmental analysis and concluded that the Great Lakes project, including, in particular, Great Lakes' pipeline construction proposal, would not constitute a major Federal action significantly affecting the quality of the human environment within the meaning of NEPA, and that no environmental impact statement (EIS) or additional EA was required. 10/

C. Conclusion

After taking into consideration all of the information in the record of this proceeding, I find that granting Great Lakes authority to import from Canada an additional 62,500 Mcf per day of natural gas and to subsequently export the same gas back to Canada for a total import and export authorization of 987,500 Mcf per day 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. 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; as 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; as amended by DOE/ERA Opinion and Order No. 264, issued August 9, 1988; as amended by DOE/ERA Opinion and Order No. 276, issued October 31, 1988, is hereby further amended to increase the authorized volumes Great Lakes may import and export for TransCanada PipeLines Limited (TransCanada) from up to 925,000 Mcf per day to up to 987,500 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. DOE/ERA Opinion and Order No. 276, dated October 31, 1988, is superseded by this order.

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

Issued in Washington, D.C., on April 25, 1990.

--Footnotes--

1/ 1 ERA Para. 70,803.

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), DOE/ERA Opinion and Order No. 70, (1 ERA Para. 70,583) January 23, 1985; DOE/ERA Opinion and Order No. 81 (1 ERA Para. 70,597) May 9, 1985; DOE/ERA Opinion and Order No. 81-A (1 ERA Para. 70,603) July 24, 1985; and DOE/ERA Opinion and Order No. 140 (1 ERA Para. 70,663) August 22, 1986.

3/ 1 ERA Para. 70,816.

4/ 42 U.S.C. 4321, et seq.

5/ 53 FR 38322, September 30, 1988.

6/ 15 U.S.C. Sec. 717b.

7/ 49 FR 6684, February 22, 1984.

8/ *Id.*, at 6690.

9/ See *supra* notes 1, 2 and 3.

10/ See the Finding of No Significant Impact issued by the DOE on April 18, 1990, and filed in this docket. The DOE notes that as of the date of issuance of this opinion and order, Great Lakes has already completed construction of its proposed pipeline looping under the authorization granted by the FERC in the FERC's September 1, 1989, order.