

Cited as "1 FE Para. 70,467"

BC Gas Inc. (FE Docket No. 91-14-NG), July 26, 1991.

DOE/FE Opinion and Order No. 285-B

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

I. Background

On February 15, 1991, as supplemented on July 2, 1991, BC Gas Inc. (BC Gas) filed an application with the Office of Fossil Energy (FE) of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA), to amend its authorization to import and export Canadian natural gas. Under authority granted on March 3, 1989, in DOE/FE Opinion and Order No. 285-A (Order 285-A),^{1/} BC Gas has regulatory approval to import up to 2,164,122 Mcf of Canadian gas annually for storage at the Jackson Prairie Storage Field (Jackson Prairie) in Lewis County, Washington, during the months of May through September, and to export back into Canada during the winter heating season, October through April, up to 60,115 Mcf per day. The authorization runs through April 30, 1996. Under Order 285-A, BC Gas uses the Jackson Prairie facility for seasonal storage pursuant to a release agreement with Washington Water Power Company (Water Power) in effect since 1982.

BC Gas, a Canadian corporation located in Vancouver, British Columbia, Canada, seeks to amend Order 285-A by: (1) raising the volume it presently is authorized to import and export from 2,164,122 Mcf per year to 3,180,243 Mcf per year, and (2) by eliminating the seasonal delivery date restrictions contained in Order 285-A (May thru September for import/storage and October thru April for export/withdrawal) and the restriction which limits BC Gas' export deliveries to 60,115 Mcf per day.

Since the issuance of Order 285-A, BC Gas, as a result of its growing need to peak shave its loads and delays in the development of Canadian storage facilities, has sought additional deliverability and storage capacity. To that end, BC Gas and Water Power executed an agreement which permits BC Gas to request an additional 19,000 Mcf of daily deliverability in excess of the 63,000 Mcf currently authorized pursuant to the release agreement. In addition, BC Gas has contracted for 245,577 Mcf per year of firm storage capacity and 666,666 Mcf per year of interruptible storage at Jackson Prairie with Northwest Pipeline Company (Northwest).^{2/} BC Gas would purchase natural gas in Canada where it would be delivered to the U.S./Canadian border by Westcoast Transmission Company, Ltd. (Westcoast), for transportation to Jackson Prairie by Northwest. Upon withdrawal, the storage gas would go into Northwest's system supply and Westcoast would retain a thermal equivalent of natural gas volumes for BC Gas' account.

In support of its application, BC Gas states that the proposed amendments to its import arrangement are not inconsistent with the public interest, as the net effect of the proposed amendments will be no different from the currently authorized arrangements under Order No. 285-A, and that it only wishes to continue using existing storage facilities in the United States to store gas which it purchases in Canada. Also, BC Gas asserts that, because no new facilities are required to deliver the additional volumes sought, no adverse environmental impacts will result from approval of its proposed amendments.

II. Intervention and Comment

A notice of this application was published in the Federal Register on May 16, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by June 17, 1991.³ Northwest filed a motion to intervene without comment. This order grants intervention to this movant.

III. Decision

The application filed by BC 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 BC Gas' proposal involves an arrangement, using existing transmission facilities, for seasonal storage of Canadian natural gas in Washington State that would be eventually returned to Canada 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 proposed amendments to BC Gas' long-term arrangement.

After taking into consideration all the information in the record of this proceeding, I find that granting BC Gas authority through April 30, 1996, to increase the annual volumes it imports and exports from 2,164,122 Mcf to 3,180,243 Mcf, and eliminating the daily and seasonal delivery restrictions imposed in Order 285-A, is not 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 following language shall be substituted for the first sentence of Ordering Paragraph A of DOE/FE Opinion and Order No. 285-A in its entirety:

"BC Gas Inc. (BC Gas) is authorized to import, through existing pipeline facilities at Sumas, Washington, up to 3,180,243 Mcf of Canadian natural gas annually for storage at the Jackson Prairie Storage Field in Washington State and to export equivalent volumes back into Canada."

B. 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 the intervenor shall not be construed as recognition that they might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., July 26, 1991.

--Footnotes--

1/ 1 FE Para. 70,296.

2/ In the February 15, 1991, application the firm storage capacity was 111,111 Mcf per year. Subsequently, in its July 2, 1991, supplemental filing, BC Gas informed DOE that the firm storage capacity had been increased to 245,577 Mcf per year, increasing the total annual authorization requested from 3,045,777 Mcf to 3,180,243 Mcf.

3/ 56 FR 22713.

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

5/ Because the proposed exportation/importation of gas will use existing facilities, DOE has determined that granting this application is 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. See 40 CFR Sec. 1508.4 and 54 FR 12474 (March 27, 1989).