

Cited as "1 FE Para. 70,445"

Consolidated Edison Company of New York, Inc. (FE Docket No. 91-08-NG),
May 10, 1991.

DOE/FE Opinion and Order No. 501

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On January 28, 1991, Consolidated Edison Company of New York, Inc. (Con Edison), filed an application with the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting blanket authorization to import up to 146 Bcf of Canadian natural gas over a two-year period commencing with the date of first delivery. Con Edison intends to utilize existing pipeline facilities for the transportation of the proposed volumes to be imported and stated it would submit quarterly reports detailing each import transaction.

Con Edison is a combination gas, electric, and steam utility company whose rates and services are fully regulated by the Public Service Commission of the State of New York. Con Edison maintains that the blanket authorization requested would allow it to import competitively priced natural gas from a variety of Canadian suppliers on both a firm and interruptible basis at market responsive prices and terms. Con Edison states further that the contractual arrangements would provide it with the flexibility of additional sources of supply for resale to its customers or for its own use.

A notice of the application was issued on February 28, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by April 7, 1991.^{1/} No comments or motions to intervene were received.

II. Decision

The application filed by Con Edison has been evaluated to determine if the proposed import arrangement meets the public interest requirements of section 3 of the NGA. Under section 3, an import must be authorized unless there is a finding that it "will not be consistent with the public interest."^{2/} This determination is guided by DOE's natural gas import policy guidelines.^{3/} Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

Con Edison's uncontested proposal for the importation of natural gas, as set forth in the application, is consistent with section 3 of the NGA and the DOE's international gas trade policy. The import authorization sought, similar to other blanket arrangements approved by DOE,^{4/} would provide Con Edison with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term purchase arrangements without further regulatory action. The fact that each spot purchase will be voluntary negotiated and market-responsive, as asserted in Con Edison's application, provides assurance that the transactions will be competitive with other natural gas supplies available to Con Edison.

After taking into consideration all of the information in the record of this proceeding, I find that granting Con Edison blanket authorization to

import up to 146 Bcf of Canadian natural gas over a two-year term, under contracts with terms of two years or less, beginning on the date of delivery, is not inconsistent with the public interest.^{5/}

ORDER

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

A. Consolidated Edison Company of New York, Inc. (Con Edison), is authorized to import up to 146 Bcf of Canadian natural gas over a two-year term beginning on the date of the first delivery.

B. This natural gas may be imported at any point on the international border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, Con Edison shall provide written notification to the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first delivery of natural gas authorized in Ordering Paragraph A above occurred.

D. With respect to the imports authorized by this Order, Con Edison shall file within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas have been made, and if so, giving, by month, the total volume of the imports per Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each import transaction, including the names of the seller(s), and the purchaser(s), estimated or actual duration of the agreement(s), transporter(s), points of entry, and, if applicable, the per unit (MMBtu) demand/commodity charge breakdown of the price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions.

Issued in Washington, D.C., on May 10, 1991.

--Footnotes--

1/ 56 FR 9352, March 6, 1991.

2/ 15 U.S.C. Sec. 717b.

3/ 49 FR 6684, February 22, 1984.

4/ See, e.g., V.H.C. Gas Systems, L.P., 1 FE Para. 70,363 (October 15, 1990); Philbro Energy, Inc., 1 FE Para. 70,362 (October 15, 1990); and Amoco Energy Trading, FE Para. 70,351 (September 20, 1990).

5/ Because the proposed 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).