

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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MASSPOWER )  
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FE DOCKET NO. 91-86-NG

ORDER GRANTING BLANKET AUTHORIZATION TO IMPORT  
AND EXPORT NATURAL GAS, INCLUDING LIQUEFIED  
NATURAL GAS TO AND FROM CANADA

DOE/FE OPINION AND ORDER NO. 584

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FEBRUARY 28, 1992  
  
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I. BACKGROUND

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On October 16, 1991, MASSPOWER 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) and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting blanket authority to import and export up to 20 Billion cubic feet (Bcf) of natural gas, including liquefied natural gas (LNG), over a two-year term beginning on the date of the first delivery. MASSPOWER proposes to use existing pipeline and LNG facilities for the imports and exports and no new construction would be involved.

MASSPOWER is a Massachusetts general partnership with its principal place of business in Boston, Massachusetts. MASSPOWER proposes to construct, own and operate a 239 megawatt, natural gas-fired, electric cogeneration facility in Springfield, Massachusetts. According to the application, the requested import authority will enable MASSPOWER to secure supplemental supplies for its facility if needed in the event of a temporary increase in fuel requirements or temporary interruption in either of its primary fuel supplies. The export authorization requested by MASSPOWER would give it the flexibility to market excess imported supplies due to, for example, climatic conditions or maintenance activities. MASSPOWER asserts that the specific terms of each blanket import and export sale arrangement would be negotiated on an individual basis at market responsive prices.

DOE published a notice of receipt of MASSPOWER's application in the Federal Register on November 25, 1991, inviting protests,

\_\_\_\_\_ motions to intervene, notices of intervention, and comments to be filed by December 26, 1991. 1/ No interventions or comments

— were received.

## II. Decision \_\_\_\_\_

The application filed by MASSPOWER 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, an import or export must be authorized unless there is a finding that it "will not be consistent with the public interest." 2/ With regard to imports, this determination is

— guided by DOE's natural gas import policy guidelines under which the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test. 3/

— In reviewing natural gas export applications, domestic need for the gas to be exported is considered, and any other issues determined to be appropriate in a particular case. Since the natural gas to be exported will be that natural gas which was imported for use in the facility, but excess to the facility's requirements, domestic need is not an issue.

MASSPOWER's uncontested import/export proposal, as set forth in the application, is consistent with section 3 of the NGA and

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- 1/ 56 FR 59281. \_
- 2/ 15 U.S.C. Sec. 717b. \_
- 3/ 49 FR 6684, February 22, 1984. \_

DOE's international gas trade policy. The authorization sought, would provide MASSPOWER with blanket import and export 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 voluntarily negotiated and market-responsive, as asserted in MASSPOWER's application, provides assurance that the transactions will be competitive with other natural gas supplies available to MASSPOWER. Finally, MASSPOWER's proposal, like other blanket import/export proposals that have been approved by DOE, 4/ will

further the Secretary's policy goals of reducing trade barriers by encouraging market forces to achieve a more competitive distribution of goods in the North American gas market.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing MASSPOWER to import and export up to 20 Bcf of natural gas, including LNG, over a two-year term beginning on the date of first delivery, under contracts with terms of two years or less, is not inconsistent with the public interest. 5/

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4/ See, e.g., Inland Gas & Oil Corp., 1 FE 70,463 (July 5, 1991); Seagull Marketing Services, Inc., 1 FE 70,470 (July 26, 1991); and Jonan Gas Marketing, Inc., 1 FE 70,475 (August 22, 1991).

5/ Because the proposed importation/exportation 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).

## ORDER

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

A. MASSPOWER is authorized to import and export up to 20 Bcf of natural gas, including liquefied natural gas (LNG), over a two-year term beginning on the date of first import or export.

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

C. Within two weeks after deliveries begin, MASSPOWER shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, in writing of the date that the first import and first export delivery of natural gas authorized in Ordering Paragraph A above occurs.

D. With respect to the natural gas imports and exports authorized by this Order, MASSPOWER shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether imports and/or export of natural gas or LNG have been made, and if so, giving, by month, the total volumes of the imports and exports in Mcf and the average purchase price per MMBtu at the international border.

The reports shall also provide the details of each import or export transaction, including the names of the seller(s), and the purchaser(s), including those other than MASSPOWER, estimated or actual duration of the agreement(s), transporter(s), points of entry or exit, and market(s) served, identification of LNG tanker used, and, if applicable, the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions. If no imports or exports have been made, a report of "no activity" for that calendar quarter must be filed. Failure to file quarterly reports may result in termination of this authorization.

E. The first quarterly report required by paragraph D of this order is due not later than April 30, 1992, and should cover the period from the date of this order until the end of the current calendar quarter March 31, 1992.

Issued in Washington, D.C., on February 28, 1992.

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Charles F. Vacek  
Deputy Assistant Secretary  
for Fuels Programs  
Office of Fossil Energy