

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

_____)
IROQUOIS GAS TRANSMISSION, L.P.) FE DOCKET NO. 92-15-NG
_____)

ORDER DENYING REQUEST FOR REHEARING

DOE/FE OPINION AND ORDER NO. 636-A

AUGUST 6, 1992

—

I. BACKGROUND

On June 12, 1992, the Office of Fossil Energy (FE) of the Department of Energy (DOE) issued DOE/FE Opinion and Order No. 636 (Order 636)^{1/} authorizing Iroquois Gas Transmission System, L.P. (Iroquois) to import up to one Bcf of natural gas from Canada over a two-year period beginning on the date of the first delivery. The gas would be used solely for line pack on Iroquois' pipeline system and would not be resold to its shippers or any other entity. DOE based this authorization on its determination that the imports would not be inconsistent with the public interest in that they would provide Iroquois with reliable, competitively-priced supplies of needed natural gas. In issuing the order, DOE denied the requests of the Independent Petroleum Association of America and the State Producer Associations^{2/} (collectively "Producers") that Iroquois' application be dismissed or, in the alternative, the application be set aside pending a trial-type hearing after permitting adequate discovery.

On July 13, 1992, Producers filed an application for rehearing of Order 636. In support of their request, Producers allege several errors which, with one exception, involve the same issues raised in their original intervention and protest. The

1/ 1 FE 70,599.

2/ The State Producer Associations are the California Independent Petroleum Association, California Gas Producers Association, Independent Petroleum Association of Mountain States, Independent Petroleum Association of New Mexico, Louisiana Association of Independent Producers and Royalty

Owners, Panhandle Producers and Royalty Owners Association, and
Texas Independent Producers and Royalty Owners Association.

only new assertion in their request for rehearing is that a recent order of the Canadian National Energy Board (NEB) undercuts the findings in Order 636 that Canadian gas markets are competitive.^{3/} Producers contend that this Order puts the NEB

on record as trying to obtain the highest possible price for exported Canadian natural gas.

II. DECISION

After considering Producers' arguments, DOE is not persuaded to change its determination in Order 636. The actions of the NEB and DOE's authorization of the short-term, blanket import in this proceeding are not related. Nothing Producers submitted in their request for rehearing indicates how the NEB's action regarding exports of gas to northern California would affect the competitiveness of any natural gas which might be imported at Waddington, New York by Iroquois under Order 636. Thus, Producers have failed to overcome either the general presumption favoring import authorizations mandated by section 3 of the NGA or the substantial evidence in the record of this proceeding that the proposed imports would not be inconsistent with the public interest.

^{3/} On June 16, 1992, the NEB issued Orders MO-2-92 and TG-5-92(1) to preclude exports at Kingsgate and Huntingdon, British Columbia of Canadian gas destined for the Northern California market that is not presently under contract by Alberta and Southern Gas Company (A&S) for sale to Pacific Gas Transmission Company (PGT); and to immediately suspend interruptible transportation service for the delivery of gas to the Kingsgate export point and suspend capacity assignment provisions of Alberta Natural Gas Company's transportation service tariff. The NEB stated that the ban on interruptible transportation will be lifted when existing supply contracts between PGT and the group of 190 A&S pool producers are either

honored or commercially restructured.

ORDER

For the reasons set forth above, pursuant to section 3 and 19 of the Natural Gas Act, it is ordered that the application filed by the Independent Petroleum Association of America and the State Producer Associations for discovery, evidentiary hearing, and rehearing of DOE/FE Opinion and Order No. 636 is hereby denied.

Issued in Washington, D.C., on August 6, 1992.

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