

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

_____)
ALCAN ALUMINUM CORPORATION) FE DOCKET NO. 90-110-NG
_____)

FINAL ORDER GRANTING LONG-TERM AUTHORIZATION TO
EXPORT AND IMPORT NATURAL GAS TO AND FROM CANADA

DOE/FE ORDER NO. 495-A

JANUARY 22, 1993

I. BACKGROUND

On December 11, 1990, Alcan Aluminum Corporation (Alcan) 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),^{1/} requesting authorization to export to Canada up to 8 MMcf per day of domestic natural gas at St. Clair, Michigan, and to import from Canada up to 8 MMcf per day of natural gas, at Grand Island, New York, with adjustments for line losses, for a 15-year term utilizing the proposed Empire State Pipeline System (Empire). The natural gas would be used as fuel for Alcan's aluminum smelting and rolling facility in Oswego, New York.

Alcan is a subsidiary of Alcan Aluminum Limited, a corporation organized under the laws of Canada. Alcan's facility is located within the service territory of Niagara Mohawk Power Corporation (Niagara Mohawk). Alcan currently is dependent on CNG Transmission Corporation (CNG) for interstate gas transportation to the Niagara Mohawk system. The proposed export/import arrangement reflects the applicant's pursuit of supply diversification in order to lessen its dependence upon CNG. Alcan anticipates initially purchasing most of the natural gas on the spot market, although eventually some or all of the natural gas may be purchased under long-term contracts.

A notice of the application was published in the Federal Register on January 25, 1991, inviting protests, motions to intervene, notices of intervention and comments to be filed by

1/ 15 U.S.C. 717b.

—

February 25, 1991.^{2/} Motions to intervene were granted to CNG
— and Niagara Mohawk. Alcan was conditionally authorized in DOE/FE
Opinion and Order No. 495 (Order 495)^{3/} to export to Canada up
—
to 8 MMcf per day of domestic natural gas at St. Clair, Michigan,
and to import from Canada up to 8 MMcf per day of natural gas at
Grand Island, New York, with adjustments for line losses, over a
15-year term beginning with commencement of service by Empire.
In Order 495, DOE found that the export/import arrangement would
enhance the diversity, availability, and reliability of gas
supplies to Alcan. After making these preliminary,
non-environmental findings, the approval of Alcan's application
was conditioned on DOE review of an environmental analysis being
prepared by the Federal Energy Regulatory Commission of the
proposed Empire pipeline facilities needed to transport the gas
and the subsequent issuance by DOE of a final order.

II. FINDING _____

On October 24, 1992, President Bush signed the Energy Policy
Act of 1992 (Pub. L. 102-486). Section 201 amends section 3 of
the NGA to make a statutory finding in the new section 3(c) that
natural gas imports from, or exports to, a nation with which
there is in effect a free trade agreement with the United States
requiring national treatment for trade in natural gas, are
consistent with the public interest. The authorization sought by
Alcan to export and import natural gas to and from Canada, a

^{2/} 56 FR 2922. _____

3/ 1 FE 70,438 (March 28, 1991).

—

nation with which a free trade agreement is in effect, meets the section 3(c) criterion and is therefore consistent with the public interest. DOE is required to grant export and import applications within the scope of section 3(c), such as Alcan's, without modification or delay.

ORDER

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

A. Alcan Aluminum Corporation (Alcan) is authorized, to export to Canada up to 8 MMcf per day of domestic natural gas, at St. Clair, Michigan, and to import from Canada up to 8 MMcf per day of natural gas, at Grand Island, New York, with adjustments for line losses, for a 15-year term commencing with the date that the Empire State Pipeline is placed in service, as more fully described in the application. This authorization supersedes the conditional authorization granted in DOE/FE Opinion and Order No. 495.

B. Within two weeks after deliveries begin, Alcan 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 delivery of natural gas authorized in Ordering Paragraph A above occurred.

C. Alcan shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports showing by month, the total monthly volume of natural gas exports by point of export and imports by point of entry in Mcf. If

exports/imports have not been made, a report of "no activity" for that calendar quarter must be filed.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than 30 days after the end of the quarter in which deliveries begin.

Issued in Washington, D.C., on January 22, 1993.

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