

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

_____)
THE CONSUMERS' GAS COMPANY LTD.) FE DOCKET NO. 93-88-NG
_____)

ORDER GRANTING LONG-TERM AUTHORIZATION
TO EXPORT NATURAL GAS TO CANADA

DOE/FE ORDER NO. 889

DECEMBER 9, 1993

I. DESCRIPTION OF REQUEST

On September 2, 1993, The Consumers' Gas Company Ltd. (Consumers Gas) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)^{1/} and DOE Delegation Order Nos. 0204-111 and 0204-127, for authorization to export up to 66,000 Mcf per day of natural gas to Canada over a term of 15 years commencing November 1, 1994, or as soon as the necessary pipeline facilities are in place. Consumers Gas, a Canadian corporation with its principal place of business in Willowdale, Ontario, is the largest natural gas distribution utility in Canada. It serves customers primarily in the metropolitan Toronto, Ottawa, and Niagara Falls regions of Ontario. Consumers Gas would export this gas for its own account for its system supply or on behalf of its direct purchase customers.

The gas would be transported into Canada through the pipeline facilities of InterCoastal Pipe Line Inc. (InterCoastal).^{2/} The InterCoastal pipeline will be a 157-mile, 24- and 20-inch-diameter pipeline extending from Toronto, Ontario, to the ANR Pipeline Company (ANR) system at the international border near St. Clair, Michigan and Corruna,

1/ 15 U.S.C. § 717b.

2/ InterCoastal Pipe Line Inc., is a joint venture between Interprovincial Pipe Line Systems Inc., a Canadian pipeline company, and ANR Pipeline Company, a U.S. interstate pipeline company.

Ontario.^{3/} To receive exported U.S. gas, InterCoastal intends to convert an existing 20-inch crude oil pipeline of Interprovincial Pipe Line Systems Inc., to a gas transporter and install a total of 26 miles of new pipe at both ends of the converted pipeline. This project is expected to go into service November 1, 1994.

Consumers Gas states that it has entered into a 15-year firm transportation agreement with ANR to export the proposed volumes. In conjunction with the ANR agreement, Consumers Gas proposes to negotiate a portfolio of firm gas purchase agreements with U.S. suppliers which would have primary terms of from one to five years. Consumers Gas states that with the development of deregulated natural gas markets in the U.S., these proposed firm contracts will provide both Consumers Gas and its suppliers with the flexibility to adjust to changing market conditions. Additionally, Consumers Gas asserts that these proposed supply agreements will include pricing terms which may vary from month-to-month or year-to-year, based on prevailing market prices. Consumers Gas intends to file with DOE copies of its contracts for the purchase of U.S. gas to be exported when they are executed.

^{3/} ANR filed applications with the Federal Energy Regulatory Commission (FERC) to obtain authorization to construct 12 miles of pipeline and related facilities to connect its system with the

InterCoastal pipeline. See FERC Docket Nos. CP93-564-000 and
CP93-566-000, filed July 19, 1993.

II. FINDING

The application filed by Consumers Gas has been evaluated to determine if the proposed export arrangement meets the public interest requirements of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (P.L. 102-486). Under section 3(c), the exportation of natural gas to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Consumers Gas to export natural gas to Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest.

ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. The Consumers' Gas Company Ltd. (Consumers Gas) is authorized to export up to 66,000 Mcf per day of natural gas to Canada for a period of fifteen years commencing on the later of November 1, 1994, or the date upon which all necessary pipeline facilities are fully operational.

B. Consumers Gas shall notify DOE of the date that the pipeline system proposed by Intercoastal Pipe Line Inc., is available for service within 15 days of its being established.

C. Consumers Gas shall file with DOE all executed supply contracts pertaining to the gas to be exported which have

durations of more than two years, within 15 days of their execution.

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

E. With respect to the natural gas exports authorized by this Order, Consumers Gas shall file with OFP, within 30 days following each calendar quarter, quarterly reports indicating whether exports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no exports have been made, a report of "no activity" for that calendar quarter must be filed. If exports have occurred, Consumers Gas must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu at the international border. The reports also shall provide the details of each export transaction, including: (1) the name of the seller(s); (2) the name of the purchaser(s); (3) the estimated or actual duration of the agreement(s); (4) the name of the U.S. transporter(s); (5) the point of exit; (6) the geographic market(s) served; and (7) whether sales are being made on an interruptible or firm basis.

F. The first quarterly report required by Ordering Paragraph E of this Order is due not later than 30 days after the

calendar quarter in which exports first occur under this authorization.

Issued in Washington, D.C., on December 9, 1993.

Anthony J. Como
Director
Office of Coal & Electricity
Office of Fuels Programs
Office of Fossil Energy