

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

TENNESSEE GAS PIPELINE COMPANY)
FE DOCKET NO. 93-126-NG)

ORDER GRANTING BLANKET AUTHORIZATION TO IMPORT
"SPECIAL PURCHASE NATURAL GAS" FROM CANADA

DOE/FE ORDER NO. 898

DECEMBER 23, 1993

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I. DESCRIPTION OF REQUEST

On November 15, 1993, as amended on November 22, 1993, Tennessee Gas Pipeline Company (Tennessee) 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, requesting a two-year extension of its existing blanket authorization to import "special purchase natural gas" from its Canadian supplier, ProGas Ltd. (ProGas). In DOE/FE Opinion and Order No. 547 (Order 547) issued November 18, 1991, Tennessee, an interstate pipeline company, was authorized to import up to 75,000 Mcf per day of this natural gas over a period of two years beginning on the date of the first delivery after December 12, 1991.^{2/} The first import delivery under Order 547 was made on March 12, 1992, and the authorization remains in effect through March 11, 1994. The proposed imports would not involve the construction of new pipeline facilities.

Tennessee is currently authorized in DOE/ERA Opinion and Order No. 131 (Order 131) to import near Emerson, Manitoba, on a firm basis, up to 75,000 Mcf per day of Canadian natural gas from ProGas for its system supply.^{3/} This long-term authorization

1/ 15 U.S.C. § 717b.

2/ 1 FE § 70,498.

3/ 1 ERA § 70,654. By Order issued February 7, 1989, the Secretary of Energy transferred the authority to regulate natural gas imports and exports then held by the Administrator of the Economic Regulatory Administration (ERA), pursuant to Secretary

of Energy Delegation Order No. 0204-111, 49 Fed. Reg. 6684

—— ——— (February 22, 1984), to the Assistant Secretary for Fossil
(continued...)

was issued June 19, 1986, pursuant to a contract between Tennessee and ProGas dated November 25, 1985, as amended. Order 131 will expire October 31, 2000. Tennessee also was authorized in Order 131 to import certain volumes of the contract gas designated as "special purchase natural gas" (i.e., gas offered for sale by ProGas at less than the commodity charge otherwise in effect under the contract) and to assign any or all of the right to purchase this gas to third parties through spot sales, for a period of two years from the date of the first such sale. DOE limited the term for importing "special purchase natural gas" to two years, consistent with other blanket import authorizations. That initial term expired in August 1988, and it was followed by renewals for subsequent periods of two years. In this proceeding, Tennessee proposes to continue the imports for another two years beyond the expiration of Order 547 on March 11, 1994.

II. FINDING

The application filed by Tennessee has been evaluated to determine if the proposed import arrangement meets the public interest requirement of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), an import of natural gas from a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be

3/(...continued)
Energy. See Secretary of Energy Delegation Order No. 0204-127,

54 Fed. Reg. 11436 (March 20, 1989).

consistent with the public interest and must be granted without modification or delay. The authorization sought by Tennessee to import natural gas from 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. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ORDER

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

A. Tennessee Gas Pipeline Company (Tennessee) is authorized to import from Canada, at any point on the international border, up to 75,000 Mcf per day of "special purchase natural gas" under the provisions of Tennessee's gas purchase agreement with ProGas Limited dated November 25, 1985, as amended. This authorization shall extend for a period of two years beginning on the date of first import after March 11, 1994.

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

C. With respect to the natural gas imports authorized by this Order, Tennessee shall file with the Office of Fuels Programs, within 30 days following each calendar quarter,

quarterly reports indicating whether imports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports occur, Tennessee must report monthly total volumes in Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each import 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 United States transporter(s); (5) the point(s) of entry; (6) the geographic market(s) served; (7) whether the sales are being made on an interruptible or firm basis; and, if applicable, (8) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than April 30, 1994, and should cover the period from March 12, 1994, until the end of the first calendar quarter, March 31, 1994

Issued in Washington, D.C., on December 23, 1993.

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