

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

NEW ENGLAND POWER COMPANY) FE DOCKET NO. 90-09-NG
_____)

ORDER AMENDING LONG-TERM AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 551-C

On November 29, 1995, New England Power Company (NEP) 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/} and DOE Delegation Order Nos. 0204-111 and 0204-127, to amend its long-term import authorization issued November 27, 1991, in DOE/FE Opinion and Order No. 551 (Order 551)^{2/}, as amended by DOE/FE Opinion and Order No. 551-A (Order 551-A)^{3/}, as amended by DOE/FE Opinion and Order No. 551-B (Order 551-B)^{4/} issued August 2, 1995. Under the arrangement approved in Order 551, as amended, NEP is authorized to import through November 26, 2006, up to 60,000 Mcf per day of firm natural gas supplies to be purchased from three Canadian producers: Talisman Energy Inc.

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|----|-----------|---------|---|
| 1/ | 15 U.S.C. | 717b. | — |
| 2/ | 1 FE | 70,502. | — |
| 3/ | 1 FE | 70,956. | — |
| 4/ | 1 FE | 71,146. | — |

(10,000 Mcf per day), Renaissance Energy Limited (15,000 Mcf per day), Sceptre Resources Limited (35,000 Mcf per day). NEP will use the imported gas supply for electric generation at its Brayton Point Unit 4 in Somerset, Massachusetts, and at two other generating facilities in Providence, Rhode Island. These facilities are currently being modified and repowered to add natural gas burning capability and are expected to start operating on natural gas by late 1995.^{5/} The gas will be

delivered from the international border near Waddington, New York, by Iroquois Gas Transmission System, with further downstream transportation to the generating plants by Tennessee Gas Pipeline Company and Algonquin Gas Transmission Company.

NEP's contract with Talisman Energy Inc. (Talisman), as approved by DOE, gave NEP the right to terminate the contract under certain circumstances outlined therein. NEP has exercised its right to terminate pursuant to these provisions. NEP, however, would like to maintain its ability to import 60,000 Mcf per day of Canadian gas. The contract with Sceptre Resources Limited (Sceptre), as approved by DOE, allows NEP to increase the amount of gas that it purchases under the contract.^{6/}

NEP requests that DOE grant NEP permission to exercise its right to import an additional 10,000 Mcf per day of gas under its contract with Sceptre to replace the 10,000 Mcf per day of gas

5/ See Order 551-A, supra note 3.

6/ NEP's contract with Sceptre is dated August 31, 1988. It was
amended on February 5, 1990, August 10, 1992, and August 2, 1995.

that it is authorized to import under its contract with Talisman. By giving NEP the right to shift the Talisman volume to the Sceptre contract, NEP will maintain its ability to purchase its full requirements for Canadian gas.^{7/}

Under section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486), the importation 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 consistent with the public interest, and related applications must be granted without modification or delay. Therefore, approving NEP's application to amend its current authority covering imports of natural gas produced in Canada 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. DOE/FE Opinion and Order No. 551 (Order 551), issued to New England Power Company (NEP) on November 27, 1991, as amended by DOE/FE Opinion and Order 551-A, issued May 2, 1994, as amended by DOE/FE Opinion and Order No.551-B, issued August 2, 1995, is further amended to authorize NEP to increase the amount of natural gas it may import from Sceptre Resources Limited (Sceptre) from a maximum of 35,000 Mcf per day to up to 45,000

7/ If the price for these increased supplies varies from the
price for the base contract amount, NEP states that it would seek
another amendment to its import authorization.

Mcf per day. This importation of natural gas shall be accomplished in accordance with the provisions of NEP's supply contract with Sceptre dated August 31, 1988, as amended.

B. If the price paid for the additional 10,000 Mcf per day of gas imported from Sceptre varies from the price to be paid for the preceding base contract amount of 10,000 Mcf per day, NEP shall file a report of contract amendments pursuant to 10 CFR 590.407 of DOE's administrative procedures for the import and export of natural gas.

C. Ordering Paragraph A of Order 551 is amended to rescind NEP's authority to import up to 10,000 Mcf per day of natural gas from Talisman Energy Inc. because NEP's gas purchase agreement dated August 31, 1988, as amended, has been terminated by the parties.

D. All other terms and conditions of the import authorization contained in Order 551, as amended by Order 551-A, Order 551-B and this Order shall remain in effect.

Issued in Washington, D.C., on December 29, 1995.

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