

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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COENERGY TRADING COMPANY)	FE DOCKET NO. 97-41-NG
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ORDER GRANTING LONG-TERM AUTHORIZATION
TO EXPORT NATURAL GAS TO CANADA
FOR SUBSEQUENT RE-IMPORT

DOE/FE ORDER NO. 1280

JUNE 20, 1997

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I. DESCRIPTION OF REQUEST _____

On May 13, 1997, CoEnergy Trading Company (CTC) 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, requesting authorization to export up to 80,000 Mcf per day (29.2 Bcf annually) of natural gas to Canada for subsequent re-import to the United States. The term of the authorization would be for a period of 10 years commencing November 1, 1998, through October 31, 2008, or 10 years after the commencement of deliveries if deliveries begin after November 1, 1998. CTC, a Michigan corporation with its principal place of business in Detroit, Michigan, is a wholly owned subsidiary of MCN Investment Corporation, located in Detroit Michigan. MCN Investment Corporation is, in turn, a wholly owned subsidiary of MCN Energy Group, Inc., also located in Detroit, Michigan. CTC is engaged in the business of buying and selling natural gas.

The authorized quantity would be exported from the United States at the existing interconnection of TransCanada PipeLines Limited (TCPL) and Great Lakes Gas Transmission Limited Partnership (GLGT) near St. Clair, Michigan, and re-imported into the United States at the interconnection of the Trans Quebec and Maritimes Pipeline and the proposed Portland Natural Gas Transmission System (PNGTS) near Pittsburg, New Hampshire. Once exported, the authorized quantity would be transported from the point of export to the point of re-import by TCPL. The gas to be

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

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exported for subsequent re-import would be supplied from CTC's portfolio of firm supplies, interstate pipeline capacity, and storage located in Michigan. These supplies are purchased by CTC under numerous gas purchase agreements with varying price terms and durations of up to 10 years. The gas is delivered to CTC by Panhandle Eastern Pipe Line Company, ANR Pipeline Company, TCPL, and GLGT. CTC also obtains gas from Michigan production and Michigan storage.

The authorized quantity would serve two distinct segments of CTC's market portfolio. First, CTC would use a portion of this gas to fulfill its redelivery obligation under 10-year exchange agreements with Bay State Gas Company and its affiliate, Northern Utilities, Inc. Second, CTC will use the remaining portion of the authorized quantity to serve various markets, including commercial, industrial, local distribution, and power generation customers, throughout the Northeast.

No new facilities would be required by CTC to provide for the export and subsequent re-import of the authorized quantity. Any potential environmental impacts from the project would stem from the expansion of TCPL in Canada and the construction of the proposed PNGTS in the United States.

II. FINDING

The application filed by CTC has been evaluated to determine if the proposed export and 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), the export and import of natural gas to and

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 must be granted without modification or delay. The authorization sought by CTC to export natural gas to Canada, a nation with which a free trade agreement is in effect, for re-import to the United States 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. CoEnergy Trading Company (CTC) is authorized to export up to 80,000 Mcf per day (29.2 Bcf annually) to Canada for re-import to the United States. The term of the authorization is for a period of 10 years commencing November 1, 1998, through October 31, 2008, or 10 years after the commencement of deliveries if deliveries begin after November 1, 1998. This gas may be exported from the United States at the existing interconnection of TransCanada PipeLines Limited and Great Lakes Gas Transmission Limited Partnership near St. Clair, Michigan, and re-imported into the United States at the proposed interconnection of the Trans Quebec and Maritimes Pipeline and the Portland Natural Gas Transmission System near Pittsburg, New Hampshire.

B. Within two weeks after deliveries begin, CTC shall

provide written notification to the Office of Natural Gas &

Petroleum Import and Export Activities, Fossil Energy, Room 3F-056, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first export of natural gas for re-import authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas exports and imports authorized by this Order, CTC shall file with the Office of Natural Gas & Petroleum Import and Export Activities, within 30 days following each calendar quarter, a quarterly report indicating by month the volumes of natural gas exported and re-imported pursuant to this Order. If no exports and imports have been made, a report of "no activity" for that calendar quarter must be filed. If exports and imports have occurred, CTC must report total monthly volumes in Mcf by point of exit and point of entry.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than January 30, 1999, and should cover the period from November 1, 1998, through the end of the fourth calendar quarter, December 31, 1998.

Issued in Washington, D.C., on June 20, 1997.

Wayne E. Peters
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import and Export Activities
Office of Fossil Energy