

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

VERMONT GAS SYSTEMS, INC.

FE DOCKET NO. 98-08-NG

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

DOE/FE ORDER NO. 1361

FEBRUARY 10, 1998

## I. DESCRIPTION OF REQUEST

On January 26, 1998, Vermont Gas Systems, Inc. (Vermont Gas) 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)<sup>(1)</sup> and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting authorization to import from Canada up to 8,000 Mcf per day of natural gas, plus gas required for transportation, for a ten-year term beginning November 1, 1998. Vermont Gas is a local distribution company incorporated under the laws of the State of Vermont, which provides natural gas service to over 30,000 residential, commercial and industrial customers. This natural gas will become part of the Vermont Gas supply portfolio to satisfy the increasingly seasonal nature of customers demand, and in part, to replace a contract supply reduction with TransCanada Gas Marketing Limited (TransCanada).<sup>(2)</sup>

Vermont Gas will purchase the natural gas from Renaissance Energy Ltd. (Renaissance) pursuant to the terms of a natural gas purchase contract dated November 1, 1996. Under the contract, the price of natural gas is based on the Alberta Border (Empress) Monthly Average Spot Price as stated in the first of the month issue of the Canadian Gas Price Reporter plus a firm, long-term supply premium of 1.5 percent. The contract provides for price renegotiation at regular intervals during the contract period and for arbitration if the parties are unable to agree. Vermont Gas also has a contract option to increase its maximum daily quantity (MDQ) to 12,355 Mcf, with a six months written notice to Renaissance, and to reduce its MDQ in the event of a reduction of gas sales upon a one-year written notice.

Renaissance will deliver the gas to the interconnection of NOVA Gas Transmission Ltd. and TransCanada PipeLines Limited (TCPL). TCPL will then transport the gas to its interconnection with the facilities of Vermont Gas at the international border near Philipsburg, Québec, for import into Vermont.

## II. FINDING

The application filed by Vermont Gas has been evaluated to determine if the proposed import arrangement meets the public interest requirements of section 3 of NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), 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 must be granted without modification or delay. The authorization sought by Vermont Gas 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.

## ORDER

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

A. Vermont Gas Systems, Inc. (Vermont Gas) is authorized to import up to 8,000 Mcf per day of natural gas from Canada (or alternatively 12,355 Mcf per day if it later exercises an option under the supply contract) for a ten-year term beginning on November 1, 1998, under the terms and conditions of the gas purchase contract dated November 1, 1996, with Renaissance Energy Ltd. (Renaissance).

B. In the event Vermont Gas exercises one of its options under its supply contract with Renaissance to increase or decrease the maximum daily quantity from 8,000 Mcf per day, it shall provide the Office of Natural Gas & Petroleum Import and Export Activities with written notification within 30-days of the effective increase or decrease.

C. This natural gas may be imported at the international border between Canada and the United States near Philipsburg, Québec, and Highgate Springs, Vermont.

D. With respect to the natural gas imports authorized by this Order, Vermont Gas 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 and prices of natural gas imported pursuant to this Order. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, Vermont Gas must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu delivered at the international border. The monthly price information shall itemize separately the monthly demand and commodity charges.

E. The report requirements described in Order Paragraphs B and D of this Order shall be filed with the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585.

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

Issued in Washington, D.C., on February 10, 1998.

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John W. Glynn

Manager, Natural Gas Regulation

Office of Natural Gas & Petroleum

Import and Export Activities

Office of Fossil Energy

1. 1/ 15 U.S.C. § 717b.

2. Vermont Gas also is authorized to import natural gas under DOE/FE Docket No. 91-54-NG under a gas purchase contract with TransCanada. Vermont Gas has exercised its right to reduce its daily contract volumes effective November 1, 1998.