

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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MAY 14 2007

DOE/OFE/NGE

ESSEX GAS COMPANY)
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FE DOCKET NO. 07-26-NG

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

DOE/FE ORDER NO. 2355

MAY 14, 2007

I. DESCRIPTION OF REQUEST

On March 26, 2007, Essex Gas Company d/b/a KeySpan Energy Delivery New England (Essex) 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 for long term authorization to import and export up to a combined total of 1,661 thousand cubic feet (Mcf) of natural gas per day over a term of five years (a total volume of 3.1 billion cubic feet) from and to Canada. The term of the authorization will begin on April 1, 2007, and extend through March 31, 2012.^{2/} Essex, a local natural gas distribution company, is a Massachusetts corporation with its principal place of business in Boston, Massachusetts.

Essex will purchase the natural gas from BP Canada Energy Company (BP) under the terms of Revision 1 of the Transaction Confirmation between Essex and BP, and subject to the terms and conditions of the Base Contract between Essex and BP. Northeast Gas Markets, L.L.C. will act as Essex's administrative agent for all purposes under the Transaction Confirmation. The gas will be transported in the United States on existing facilities of Tennessee Gas Pipeline Company (Tennessee). Tennessee will receive gas from TransCanada PipeLines Limited (TransCanada) for the account of Essex. The point of delivery will be on the international boundary between Canada and the United States at or near the point of interconnection between the facilities of TransCanada and the facilities of Tennessee at or near Niagara Falls, Ontario. The requested authorization will not require the construction of new pipeline facilities.

¹ / 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redefinition Order No. 00.002.04C (January 30, 2007).

² / The Transaction Confirmation, dated August 10, 2006, and subsequently revised in Revision 1, dated March 21, 2007, confirms the terms of the transaction between Essex and BP. The Transaction Confirmation is subject to the terms of the Base Contract dated July 1, 2006. The period of delivery is effective beginning on April 1, 2007, and extending through March 31, 2012.

II. FINDING

The application has been evaluated to determine if the proposed import and export 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), of the NGA, the import and export of natural gas from and to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas and the import of LNG are deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Essex to import and export natural gas from and 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. Essex Gas Company d/b/a KeySpan Energy Delivery New England (Essex) is authorized to import and export up to a combined total of 1,661 thousand cubic feet (Mcf) of natural gas per day over a term of five years (a total volume of 3.1 billion cubic feet) from and to Canada. The authorization shall be effective for a five year term which began on April 1, 2007, and extends through March 31, 2012.

B. This natural gas may be imported and exported at a point on the border between the United States and Canada at or near the point of interconnection between the facilities of TransCanada PipeLines Limited and Tennessee Gas Pipeline Company, at or near Niagara Falls, Ontario.

C. **Monthly Reports:** With respect to the natural gas imports and exports authorized by this Order, Essex shall file with the Office of Natural Gas Regulatory Activities, within 30 days following the last day of each calendar month, a report indicating whether imports or

exports of natural gas have been made. Monthly reports must be filed whether or not initial deliveries have begun. If neither imports nor exports have been made, a report of “no activity” for that month must be filed. If imports or exports of natural gas have occurred, the report must give the following details: (1) for imports, country of origin; (2) for exports, the country of destination; (3) the point(s) of entry and exit; and (4) the total volume at each import or export point in thousand cubic feet (Mcf) for the month. [OMB No. 1901-0294]

D. The first monthly report required by this Order is due not later than May 30, 2007, and should cover the reporting period from April 1, 2007 through April 30, 2007.

E. **Quarterly Reports:** With respect to the natural gas imports and exports authorized by this Order, Essex shall file with the Office of Natural Gas Regulatory Activities, within 30 days following the last day of each calendar quarter, reports indicating whether imports or exports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If neither imports nor exports of natural gas have been made, a report of “no activity” for that calendar quarter must be filed. If imports or exports of natural gas have occurred, the report must give the details of each transaction, including: (1) the total monthly volumes in Mcf; (2) the average purchase price of gas per million British thermal units (MMBtu) at the international border; (3) the name of the supplier(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the supply agreement(s); (6) the name of the United States transporter(s); (7) the point(s) of entry or exit; and (8) for imports, the geographic market(s) served, by State.

[OMB No. 1901-0294]

F. The first quarterly report required by this Order is due not later than July 30, 2007, and should cover the reporting period for the second calendar quarter, from April 1, 2007 through June 30, 2007.

G. Both the monthly and quarterly reports shall be filed with the U.S. Department of Energy, Office of Natural Gas Regulatory Activities, FE-34, P.O. Box 44375, Washington, D.C. 20026-4375.

Issued in Washington, D.C., on May 14, 2007.



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