

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

NEW YORK STATE ELECTRIC & GAS
CORPORATION

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FE DOCKET NO. 93-07-NG

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

DOE/FE ORDER NO. 777

MARCH 3, 1993

I. DESCRIPTION OF REQUEST _____

On January 27, 1993, New York State Electric & Gas Corporation (NYSEG) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA), requesting authorization to import up to 10,000 Mcf of Canadian natural gas per day plus transportation fuel for a term of ten years beginning on or about November 1, 1993. The total volume to be imported over the term of the authorization shall not exceed 40 Bcf. The natural gas will be imported at the interconnection between TransCanada Pipelines Limited (TransCanada) and Empire State Pipeline Company, Inc. (Empire) near Grand Island, New York. NYSEG is a natural gas distribution and electric utility with its headquarters in Dryden, New York.

NYSEG will purchase the Canadian gas from Crestar Energy (Crestar) pursuant to a letter agreement dated August 26, 1992. NYSEG will pay Crestar a commodity charge plus all Canadian transportation charges. The commodity charge consists of a predetermined base price adjusted monthly to reflect changes in

Louisiana spot gas prices paid by Tennessee Gas Pipeline Company and changes in prices paid for Alberta gas under one-year contracts. Also, the commodity price covers two different tiers of purchase volumes.

II. FINDING _____

The application filed by NYSEG has been evaluated to determine if the proposed import arrangement meets the public interest requirements of section 3 of the NGA, as amended by

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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 consistent with the public interest and must be granted without modification or delay. The authorization sought by NYSEG 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

_____ For reasons set forth above, under section 3 of the Natural Gas Act, it is ordered that:

A. New York State Electric & Gas Corporation (NYSEG) is

authorized to import near Grand Island, New York, up to 10,000 Mcf of Canadian natural gas per day plus transportation fuel for a term of ten years beginning on or about November 1, 1993. The total volume imported over the term of the authorization shall not exceed 40 Bcf. NYSEG shall import the gas in accordance with the provisions of the August 26, 1992, letter agreement between Crestar Energy and NYSEG filed in this proceeding.

B. All contracts and other documents that underlie the subject import authorization shall be filed with DOE within 30 days of their execution.

C. Within two weeks after imports begin, NYSEG shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington,

D.C. 20585, in writing of the date that the first delivery of natural gas authorized in Ordering Paragraph A above occurred.

D. With respect to the natural gas imports authorized by this Order, NYSEG 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. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, NYSEG must report the monthly total volumes in Mcf and the average

purchase price per MMBtu at the international border. The price information shall itemize separately the commodity and transportation charges on a per unit (MMBtu) basis.

E. The first quarterly report required by Paragraph D of this Order is due not later than April 30, 1993, and should cover the period from the date of this order until the end of the current calendar quarter, March 31, 1993.

Issued in Washington, D.C., on March 3, 1993.

Anthony J. Como
Acting Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy