UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.	)	FE DOCKET NO. 06-53-NG

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

DOE/FE ORDER NO. 2282

OCTOBER 27, 2006

I. DESCRIPTION OF REQUEST

On June 27, 2006, Consolidated Edison Company of New York, Inc. (Con Edison) 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 44 billion cubic feet of natural gas from and to Canada. The term of the authorization would begin November 1, 2006, and extend through October 31, 2009.[2/] Con Edison, a local natural gas distribution company, is a New York corporation with its principal place of business in New York, New York.

Con Edison will purchase the natural gas from Alberta Northeast Gas Limited (ANE) under the terms of a Back to Back Agreement between Con Edison and ANE, which incorporates terms of a Long Haul Term Gas Supply Agreement (Long Haul Agreement) between ANE and Nexen Marketing (Nexen). The terms of proposed imports and exports are set by the Long Haul Agreement as well as the Back to Back Agreement. The gas will be transported utilizing the existing facilities of the Tennessee Gas Pipeline Company (Tennessee) and TransCanada PipeLines Limited (TransCanada). All gas delivered to ANE by Nexen under the Long Haul Agreement will be immediately resold to Con Edison by ANE under the Back to Back Agreement. The gas will be delivered to a point on the international boundary between Canada and the United States at or near Niagara Falls, Ontario, at or near the point of interconnection between the facilities of TransCanada and

---

1 / 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redelegation Order No. 00.002.04B (September 23, 2005).

2 / Both the Back to Back Agreement between Con Edison and ANE, and the Long Haul Agreement between ANE and Nexen, became effective on March 13, 2006. The period of delivery commences on November 1, 2006 and continues through October 31, 2009.

Tennessee. The requested authorization will not require the construction of new pipeline facilities.

The price of the gas under the Long Haul Agreement is comprised of a commodity charge, as well as the demand and commodity charges for gas transportation in Canada. The commodity charge generally is the monthly commodity charge that is based on a specified monthly index price, except (i) with respect to any portion of the Daily Contract Quantity (DCQ) for which ANE and Nexen have agreed to an alternate price, the commodity charge is the fixed or a basis differential price that is agreed upon alternate commodity price and (ii) with respect to any portion of the DCQ that ANE nominates on a daily basis during the delivery month, the commodity charge is the daily commodity price that is based on a specified daily index price. Under the Back to Back Agreement, Con Edison is also responsible to pay all costs and expenses incurred by ANE in connection with the Long Haul Agreement.

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 Con Edison 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. Consolidated Edison Company of New York, Inc. (Con Edison) is authorized to import and export up to 44 billion cubic feet of natural gas from and to Canada in accordance with the Back to Back Agreement between Con Edison and Alberta Northeast Gas Limited, dated March 13, 2006. The term of this authorization shall be effective beginning on November 1, 2006, and extending through October 31, 2009.

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

C. **Monthly Reports:** With respect to the natural gas imports and exports authorized by this Order, Con Edison 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 December 30, 2006, and should cover the reporting period from November 1, 2006 through November 30, 2006.

E. **Quarterly Reports:** With respect to the natural gas imports and exports authorized by this Order, Con Edison 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 January 30, 2007, and should cover the reporting period for the fourth calendar quarter, commencing November 1, 2006 through December 31, 2006.

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 October 27, 2006.

R. F. Corbin
Manager, Natural Gas Regulatory Activities
Office of Oil and Gas Global Security and Supply
Office of Fossil Energy