UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

SELKIRK COGEN PARTNERS, L.P.	)	FE DOCKET NO. 92-13-NG

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

DOE/FE ORDER NO. 756

DECEMBER 22, 1992

I. BACKGROUND

On February 5, 1992, as supplemented May 14, August 13, and December 3, 1992, Selkirk Cogen Partners, L.P. (Selkirk), 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/ requesting authorization to import up to 55,000 Mcf of natural gas per day from Canada over a period of 15 years. Selkirk is a Delaware limited partnership whose principal office is in Boston, Massachusetts. The imports would supply the second phase of Selkirk's project, a 252-megawatt (MW) cogeneration facility under construction at the General Electric Company Plastics Division (GE) manufacturing complex in Selkirk, New York.2/ Electricity from the plant will be sold to Consolidated Edison Corporation. For a variety of reasons, including maintenance activities which temporarily shut down or slow plant operation, Selkirk may sell some of the imported gas on the domestic spot market.

Selkirk requested that the term of the authorization extend for 15 years beginning on the date of the first firm delivery to the cogeneration plant which is expected to be in commercial operation in June 1994. However, Selkirk states that

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

2/ The first phase of Selkirk's project (Phase I) consists of a 79.9-MW cogeneration facility also located at the GE complex. DOE/FE Opinion and Order No. 447, issued November 15, 1990, authorized Selkirk to import up to 23,000 Mcf of Canadian gas per day from Paramount Resources Ltd. to supply Phase I, which began commercial operation in April 1992. See 1 FE 70,375.

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interruptible deliveries may begin about six months earlier than firm deliveries to provide gas during the test phase of the cogeneration plant. The imports would take place under gas purchase agreements with ATCOR Ltd. (ATCOR), Esso Resources Canada (Esso), and PanCanadian Petroleum Limited (PanCanadian). The gas would enter the United States near Waddington, New York, and be transported to the cogeneration facility by Iroquois Gas Transmission System (Iroquois) and Tennessee Gas Pipeline Company (Tennessee). Construction of additional pipeline facilities would be required on these two systems to transport the gas for Selkirk.

The supply contract with ATCOR dated August 13, 1991, covers firm purchases of up to 17,000 Mcf of gas per day. The contracts with PanCanadian dated August 12, 1991, and Esso dated August 13, 1991, each cover firm purchases of up to 19,000 Mcf per day. All of the gas to be purchased under these contracts would be delivered at the Alberta/Saskatchewan border at Empress, Alberta. Selkirk is responsible for paying the transportation charges on TransCanada PipeLines Limited's system from Empress to Waddington, New York, and for transportation on Iroquois and Tennessee.

All three contracts require Selkirk to purchase a minimum annual quantity equal to 75 percent of the sum of the maximum daily contract quantities (MDQ). If Selkirk does not make up any deficiency after two years, ATCOR and PanCanadian can reduce the

MDQ proportionally. Esso may reduce the MDQ if Selkirk does not make up the deficiency after one year.

The price provisions of the three contracts are generally similar. They consist of a two-part demand charge and a commodity charge. The commodity charge also has two parts covering two different tiers of purchase volumes.

A notice of Selkirk's application was published in the Federal Register on June 11, 1992,3/ with motions to intervene to be filed no later than July 13, 1992. A motion to intervene without comment was filed by Niagara Mohawk Power Corporation (Niagara Mohawk) on August 13, 1992. Selkirk's cogeneration facility is located within the service territory of Niagara Mohawk. No delay in this proceeding or prejudice to any party will result from this late filing. Therefore, the late filing is accepted, and this order grants intervention to Niagara Mohawk.

II. FINDING

The application filed by Selkirk has been evaluated to determine if the proposed import arrangement meets the public interest requirements 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 importation and exportation 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 is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization

3/ 57 FR 24786.

sought by Selkirk 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 the reasons set forth above, under section 3 of the Natural Gas Act, it is ordered that:

A. Selkirk Cogen Partners, L.P. (Selkirk) is authorized to import at Waddington, New York, up to 55,000 Mcf of Canadian natural gas per day over a fifteen-year term beginning on the date of the first firm deliveries to its new 252-MW cogeneration plant in Selkirk, New York. Interruptible deliveries may begin up to six months before firm deliveries to provide gas during the test phase of the plant. This gas shall be imported in accordance with the provisions of Selkirk's gas purchase agreements with ATCOR Ltd. (17,000 Mcf/day), Esso Resources Canada (19,000 Mcf/day), and PanCanadian Petroleum Limited (19,000 Mcf/day) filed in this docket.

B. Within two weeks after deliveries begin, Selkirk 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 import delivery of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports authorized by this Order, Selkirk shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports showing by month the total volume of gas imported under each supply contract in Mcf and the average purchase price per MMBtu at the international border. The price information shall itemize separately the demand and commodity charges paid by Selkirk to each of its three suppliers on a per unit (MMBtu) basis and the transportation charges paid to TransCanada PipeLines Limited. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. With regard to any of this imported gas which Selkirk may sell on the domestic spot market, Selkirk must report total monthly volumes in Mcf, the price per MMBtu, the name of the supplier(s), purchaser(s) and, the geographic market(s) served.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than 30 days after the end of the quarter in which deliveries began.

E. The late motion to intervene filed by Niagara Mohawk Power Corporation is hereby granted provided that its participation is limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and that the admission of this intervenor shall not be construed as recognition that it might be aggrieved because of any order issued in this proceeding.

Issued in Washington, D.C., on December 22, 1992.

James G. Randolph
Assistant Secretary for Fossil Energy