UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

BROOKLYN NAVY YARD COGENERATION PARTNERS, L.P.	DOCKET NO. 94-07-NG

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

DOE/FE OPINION AND ORDER NO. 929

MARCH 28, 1994

I. DESCRIPTION OF REQUEST

On January 26, 1994, as supplemented on February 3, 1994, Brooklyn Navy Yard Cogeneration Partners, L.P. (Applicant) 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/ and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting authorization to import Canadian natural gas for a 15-year term beginning November 1, 1995, under two long-term gas purchase contracts with Crestar Energy (Crestar) and PanCanadian Petroleum Limited (PanCanadian). Applicant is a Delaware limited partnership which does business in the State of New York. Natural gas imported under these arrangements would be used primarily to fuel a new 286-megawatt gas-fired cogeneration facility to be constructed and operated by Applicant in the Brooklyn Navy Yard, Brooklyn, New York. The electric power and thermal energy generated by the facility would be purchased by Consolidated Edison Company of New York, Inc., the Brooklyn Navy Yard Development Corporation, and the Red Hook Water Pollution Control Plant.

Under the Crestar contract, dated October 2, 1993, Applicant would purchase a maximum daily quantity (MDQ) of 10,000 MMBtu of natural gas, or a maximum term quantity of 60,225,000 MMBtu. The contract provides for a two-part demand/commodity rate, with an initial demand charge of $0.15 (U.S.) per MMBtu, and an initial commodity charge of $1.93 (U.S.) per MMBtu. On January 1, 1996, and on the first day of each year thereafter for the term of the

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

contract, both the demand and commodity charge would increase by four percent. Applicant is obligated to take 100 percent of the MDQ on a daily basis, subject only to regularly scheduled outages and force majeure.

The PanCanadian contract, dated October 20, 1993, provides for a MDQ of 15,000 MMBtu subject to a 100 percent minimum purchase obligation, and a maximum term quantity of 90,337,500 MMBtu. The initial price for the gas is $2.02 (U.S.) per MMBtu to be adjusted annually, beginning on January 1, 1996, by a weighted floating/fixed industry price index.

Applicant would take delivery under both contracts at the provincial border interconnection of NOVA Corporation of Alberta and TransCanada PipeLines Limited (TCPL) near Empress, Alberta. TCPL would deliver Applicant's gas through existing pipeline facilities to the facilities of Iroquois Gas Transmission System, L.P. (Iroquois) at Waddington, New York. Iroquois would then deliver the gas to its existing interconnection with Long Island Lighting Company's gas facilities at South Commack, New York.

II. FINDING

The application filed by Applicant 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 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 Applicant 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. Brooklyn Navy Yard Cogeneration Partners, L.P. (Applicant) is authorized to import at Waddington, New York, up to 10,000 MMBtu per day of Canadian natural gas from Crestar Energy (Crestar) and up to 15,000 MMBtu per day of Canadian natural gas from PanCanadian Petroleum Limited (PanCanadian), both beginning on November 1, 1995, for a 15-year term. Applicant shall import this gas pursuant to the pricing and other provisions of its gas purchase agreements with Crestar and PanCanadian, dated October 21, 1993, and October 20, 1993, respectively, on file in this docket.

B. Within two weeks after deliveries begin, Applicant shall provide written notification to the Office of Fuels Programs (OFP), Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first import of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports authorized by this Order, Applicant shall file with OFP, 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, Applicant must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu at the international border. The price information shall itemize separately the demand charge, the commodity charge, and the price per MMBtu.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than April 30, 1994, and should cover the period from the date of this Order until the end of the first calendar quarter, March 30, 1994.

Issued in Washington, D.C., on March 28, 1994.

Anthony J. Como
Director
Office of Coal & Electricity
Office of Fuels Programs
Office of Fossil Energy