UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

MIDLAND COGENERATION VENTURE LIMITED PARTNERSHIP	)	ERA DOCKET NO. 95-98-NG

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

DOE/FE ORDER NO. 305-B

On October 27, 1995, Midland Cogeneration Venture Limited Partnership (MCV) filed an application with the Office of Fossil Energy (FE) 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, to amend its long-term import authorization to reflect amendments to one of several Canadian supply agreements. DOE/FE Opinion and Order Nos. 3052/ and 305-A 3/, issued March 31, 1989, and February 6, 1990, respectively, authorized MCV to import up to 55,000 Mcf per day of natural gas under purchase contracts with four suppliers: (1) Norcen Energy Resources Limited, up to 6,500 Mcf per day through November 1, 1994, and thereafter up to 10,000 Mcf per day

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

2/ 1 FE 70,208.

3/ 1 FE 70,327.

over a term of 12 years, or through November 1, 2001; (2) Shell Canada Limited, up to 15,000 Mcf per day for 15 years; (3) Canterra Energy Ltd. (Canterra), up to 15,000 Mcf per day through December 31, 2004; and (4) TransCanada PipeLines Limited, up to 15,000 Mcf per day for 15 years. MCV uses the imported gas supply to operate a 1,370-megawatt natural gas-fired, combined-cycle, cogeneration facility located in Midland, Michigan. Electricity produced by the facility is sold to Consumers Power Company pursuant to a 35-year power purchase agreement. Additional electricity and the steam output from the facility is sold to The Dow Chemical Company. The imported natural gas is transported from the international border near Emerson, Manitoba, through the pipeline systems of Great Lakes Gas Transmission Limited Partnership.

MCV and Husky Oil Operations Ltd. (Husky), successor to Canterra4/, amended their fuel supply arrangement on January 1, 1995, to encompasses the following changes: (1) the minimum annual quantity is amended to allow an increase from 75 percent of the aggregate maximum daily quantities (MDQ) to differing levels for the period of January 1, 1995, through December 31, 1996, (100 percent of MDQ); January 1, 1997, through October 31, 2004, (80 percent of MDQ); and November 1, 1997, through October 31, 2006, (87 percent of MDQ); (2) the amended agreement allows Husky to terminate the fuel supply arrangements as of November 1,

4/ On July 20, 1992, Canterra assigned all rights, title interest, estate in, obligations, and liabilities to Husky effective December 31, 1990.

2004, if MCV fails to take 80 percent of the average MDQ during the period from November 1, 2000, through November 1, 2003; and (3) extends the term of the agreement to October 31, 2006. The volumes of gas that MCV must take or risk a reduction in the MDQ were increased from 75 percent to: 96 percent for the year beginning November 1, 1994; 100 percent for the year beginning November 1, 1995; 83 percent for the year beginning 1996; and 80 percent for the period of November 1, 1997, through October 31, 2004. The base reference price used in calculating the commodity charge of the contract price of gas purchased by MCV is set at $3.00 (U.S.) per MMBtu, beginning on November 1, 2004, and continues to be adjusted the same as the original reference price. MCV requests that its import authorization be amended to allow MCV to import gas purchased from Husky through October 31, 2006, consistent with these changes.

Under section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486), 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 related applications must be granted without modification or delay. MCV's application to amend its current authority to import natural gas produced in Canada 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. DOE/FE Opinion and Order No. 305 (Order 305), conditionally issued to Midland Cogeneration Venture Limited Partnership (MCV) on March 31, 1989, and final import authority granted by DOE/FE Opinion and Order 305-A (Order 305-A), issued February 6, 1990, are amended to authorize MCV to extend its term to October 31, 2006.

B. The natural gas authorized in Orders 305 and 305-A shall be imported consistent with the terms and conditions of the amended agreement with Husky Oil Operations Ltd. dated January 1, 1995.

C. All other terms and conditions of the import authorization contained in the final Order 305-A shall remain in full force and effect.

Issued in Washington, D.C., on November 14, 1995.

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