

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

_____)
KAMINE/BESICORP SYRACUSE L.P.) DOCKET NO. 92-90-NG
_____)

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

DOE/FE ORDER NO. 745

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DECEMBER 3, 1992

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I. BACKGROUND

On July 8, 1992, Kamine/Besicorp Syracuse L.P. (K/B Syracuse) filed an application with the Office of Fossil Energy of the Department of Energy (DOE) under section 3 of the Natural Gas Act^{1/} for authorization to import up to 16,300 Mcf per day, and up to a total of 89.2 Bcf, of natural gas from Canada over a period of 15 years. The gas will be used to fuel the applicant's proposed 79.9-megawatt combined-cycle cogeneration facility in the Town of Geddes, New York, which is scheduled to begin commercial operation by November 1993. K/B Syracuse is a Delaware limited partnership whose general partners are Beta Syracuse Inc. (Beta) and Kamine Syracuse Cogen Co., Inc. (Kamine). Beta is a subsidiary of Besicorp Group Inc., a New York corporation with its principal place of business in Kingston, New York. Kamine, a New Jersey corporation with its principal place of business in Union, New Jersey, is an affiliate of Kamine Development Corp. (KDC), also a New Jersey corporation. KDC and Besicorp and their affiliates are energy project developers which own and operate several natural gas cogeneration facilities.

K/B Syracuse will purchase the gas from North Canadian Marketing Inc. under a gas purchase contract dated July 30, 1991, the term of which will begin on the date of commercial operation of the cogeneration facility and continue through November 1, 2008. The proposed volumes will be imported at the U.S./Canada

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

border near Chippawa, Ontario/Grand Island, New York and will be delivered to K/B Syracuse on the proposed Empire State Pipeline (Empire). Empire will transport the gas to Niagara Mohawk Power Corporation's distribution system at Syracuse, New York, for delivery to the cogeneration plant. The contract specifies a fixed commodity price starting at \$1.86 (U.S.) per MMBtu (1992-1995), escalating to \$5.54 (U.S.) per MMBtu in 2008. The total price for gas delivered to the U.S./Canada border will be the fixed commodity price plus transportation charges, currently estimated at \$.84 per Mcf. The contract also requires K/B Syracuse to pay a gas inventory charge of \$.40 per Mcf for deficiency volumes if it takes less than 80 percent of the maximum daily quantity.

II. INTERVENTIONS AND COMMENTS

DOE published a notice of receipt of K/B Syracuse's application in the Federal Register on September 24, 1992.2/

Great Lakes Gas Transmission Limited Partnership and Niagara Mohawk Power Corporation filed motions to intervene in support of the proposed import arrangement. This order grants intervention to these movants.

III. FINDING

The application filed by K/B Syracuse 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 (P.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 K/B Syracuse to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and is therefore consistent with the public interest.

ORDER

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

A. Kamine/Besicorp Syracuse L.P. (K/B Syracuse) is authorized to import, at Chippawa, Ontario/Grand Island, New York, up to 16,300 Mcf per day, and up to a total of 89.2 Bcf, of Canadian natural gas over a period of 15 years beginning on the date of commercial operation of its Geddes, New York cogeneration facility, and continuing through November 1, 2008, consistent with the terms of the July 30, 1991, contract on file in this docket.

B. Within two weeks after deliveries begin, K/B Syracuse shall notify the Office of Fuels Programs (OFP), Fossil Energy, Room 3F-056, FE-50, 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, K/B Syracuse 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 occur, K/B Syracuse must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu delivered to the international border. The monthly price information shall itemize separately the commodity and transportation charges, including any deficiency charge that K/B Syracuse pays.

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 motions to intervene filed by Great Lakes Gas Transmission Limited Partnership and Niagara Mohawk Power Corporation are hereby granted, provided that their participation is limited to the matters specifically set forth in their motions to intervene and not herein specifically denied, and shall not be construed as recognition that they may be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on December 3, 1992.

James G. Randolph
Assistant Secretary of Fossil Energy