UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ROTTERDAM GENERATING COMPANY, L.P.	)	FE DOCKET NO. 92-148-NG

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

DOE/FE ORDER NO. 758

DECEMBER 22, 1992

I. BACKGROUND

On November 23, 1992, Rotterdam Generating Company, L.P. (Rotterdam) 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/ requesting authorization to import from Canada up to 44,527 Mcf of natural gas per day over a period of fifteen years. The imported gas would be used to fuel Rotterdam's new 244-megawatt cogeneration facility to be located in Rotterdam, New York. The cogeneration plant is expected to be in commercial operation October 1, 1995. Rotterdam will sell electricity from the plant to Niagara Mohawk Power Corporation and it may sell steam to a local manufacturer. Rotterdam is a Delaware limited partnership with its principal office in Bethesda, Maryland.2/

The imported gas would be supplied under the terms of a gas purchase agreement between Rotterdam and CanStates Gas Marketing (CanStates) dated January 31, 1992. The contract calls for deliveries of natural gas to begin October 1, 1995, and continue for a primary term ending September 30, 2010. However, by mutual agreement, the commencement date for deliveries may be adjusted if the expected construction schedule of the plant changes. In

1 15 U.S.C. 717b.

2 Rotterdam's general partners are Cormorant Power Corporation and Willow Power Corporation. The sole limited partner is PG&E Generating Company, which is a wholly-owned subsidiary of PG&E Enterprises. Pacific Gas and Electric Company owns all of the stock of PG&E Enterprises. Willow is a wholly-owned subsidiary of Bechtel Generating Company, which is a wholly-owned subsidiary of Bechtel Enterprises, Inc. Bechtel Group, Inc. owns all of the stock of Bechtel Enterprises, Inc.

addition, the contract would be automatically extended beyond the 15-year primary term unless it is terminated by either party. Under the pricing provisions, Rotterdam will pay CanStates each month a price that is comprised of a commodity charge, transportation charge, and administrative charge. If Rotterdam takes less than 80 percent of the contract quantity in any year, it must pay a reservation charge on the shortfall.

The imported gas would enter the United States at the existing point of interconnection between the pipeline facilities of Iroquois Gas Transmission System (IGTS) and TransCanada PipeLines Limited on the U.S.-Canada border near Iroquois, Ontario, and Waddington, New York. The gas would be transported to the cogeneration facility through the pipeline systems of IGTS, CNG Transmission Corporation, and Niagara Mohawk.

II. FINDING

The application filed by Rotterdam 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 Rotterdam 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. Rotterdam Generating Company, L.P. (Rotterdam) is authorized to import near Iroquois, Ontario/Waddington, New York, up to 44,527 Mcf per day of Canadian natural gas in accordance with the provisions of its gas purchase agreement with CanStates Gas Marketing (CanStates) dated January 31, 1992, filed in this proceeding. The term of the authorization shall be for a period of fifteen years beginning on October 1, 1995, and extending through September 30, 2010.

B. Within two weeks after deliveries begin, Rotterdam 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, Rotterdam shall file with the Office of Fuels Programs (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, Rotterdam must report total monthly volumes in Mcf and the average purchase price per MMBtu (in U.S. dollars) delivered at

the international border. The reports shall itemize separately the commodity and transportation charges on a per unit (MMBtu) basis and any reservation charge that Rotterdam pays CanStates during the particular calendar quarter.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than 30 days after the calendar quarter in which imports first occur under this authorization.

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

James G. Randolph
Assistant Secretary for Fossil Energy