

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

\_\_\_\_\_)  
NORTHEAST ENERGY ASSOCIATES, )  
A LIMITED PARTNERSHIP AND )  
NORTH JERSEY ENERGY ASSOCIATES, ) ERA DOCKET NO. 89-26-NG  
A LIMITED PARTNERSHIP )  
\_\_\_\_\_)

ORDER SUPERSEDING PREVIOUS ORDER  
AUTHORIZING IMPORTS OF NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 979

SEPTEMBER 26, 1994

I. DESCRIPTION OF REQUEST

---

On September 13, 1994, Northeast Energy Associates, A Limited Partnership (Northeast) and North Jersey Energy Associates, A Limited Partnership (North Jersey) 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)<sup>1/</sup> and DOE Delegation Order Nos. 0204-111 and 0204-

127, to amend their long-term import authorization granted in DOE/FE Opinion and Order No. 425 (Order 425),<sup>2/</sup> as amended by

DOE/FE Order No. 425-A.3/ The purpose of the amendment is to

(1) extend the term of the import authorization to match the extended terms of the underlying long-term gas purchase contracts, and (2) to reflect other minor modifications to the long-term gas purchase contracts.

Northeast is a Massachusetts limited partnership and North Jersey is a New Jersey limited partnership. Each one acts through its Managing General Partner, Intercontinental Energy Corporation, a Massachusetts corporation. Northeast owns and operates a 300-megawatt, combined-cycle, cogeneration power plant in Bellingham, Massachusetts. North Jersey owns and operates a 300-megawatt, combined-cycle, cogeneration power plant in Sayerville, New Jersey. Northeast and North Jersey fuel their

---

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

2/ Great Lakes Gas Transmission Limited Partnership, et al.,

---

1 FE 70,353 (September 29, 1990).

3/ Texas Eastern Transmission Corporation, et al., 1 FE 70,850

---

(September 30, 1993).

cogeneration plants on natural gas. A significant portion of Northeast and North Jersey's gas is supplied by a Canadian aggregator, ProGas Limited (ProGas).

Order 425, as amended, currently authorizes Northeast and North Jersey to import jointly from ProGas up to a combined average of 72,000 Mcf per day of Canadian natural gas, subject to an annual limitation of 26,271,000 Mcf in a 365-day year and 26,362,000 Mcf in a 366-day year, over separate 15-year terms which expire November 5, 2006.<sup>4/</sup> In addition, Northeast and

North Jersey may release imported gas under this authorization pursuant to a special marketing agreement with ProGas in order to correct imbalances or to rid themselves of surplus gas that they cannot use immediately. Further, Northeast and North Jersey received two-year blanket authorization in Order 425 to import up to 50,000 Mcf per day of gas to be purchased from ProGas and other Canadian suppliers under individually negotiated, short-term, market-responsive arrangements.

Northeast and North Jersey's individual gas purchase agreements with ProGas were entered into on May 12, 1988. Their agreements are identical except for the price adjustment provisions. They each consist of a demand charge and a commodity charge. Both contracts have been amended by agreements dated April 17, 1989, June 23, 1989, and November 1, 1991.

---

<sup>4/</sup> Order 425-A amended Order 425 to terminate a related authorization granted to Texas Eastern Gas Transmission Corporation (Texas Eastern) to import natural gas from ProGas. Texas Eastern's separate supply agreement with ProGas to purchase

up to 29,000 Mcf of gas per day expired April 1, 1993.

On July 30, 1993, Northeast and North Jersey further amended their gas purchase contract with ProGas. The amendments to both contracts are identical. The amendments extend the term of each contract for a period of seven years, thus increasing the term of each contract from 15 to 22 years. The new expiration date of the contracts will be October 31, 2013. Other minor modifications have also been made to the contracts. In particular, if Northeast and North Jersey are successful in refinancing the debt on their cogeneration projects, or if Northeast and North Jersey are able to obtain consent of their existing debt holders to the modifications provided in the amended contracts, then the Base Price under both contracts shall increase by \$0.019 per MMBtu.

## II. FINDING \_\_\_\_\_

The application filed by Northeast and North Jersey has been evaluated to determine if the proposed import arrangements meet the public interest requirement 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 proposal by Northeast and North Jersey to amend their long-term authorization 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. This order succeeds their authorization granted in Order 425, as amended.

ORDER

---

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

A. Northeast Energy Associates (Northeast) and North Jersey Energy Associates (North Jersey) are authorized to import, jointly, up to a combined average of 72,000 Mcf per day of Canadian natural gas, subject to an annual limitation of 26,271,000 Mcf in a 365-day year and 26,352,000 Mcf in a 366-day year. This gas may be imported in accordance with the pricing and other provisions of their gas sales agreements with ProGas Limited (ProGas) dated May 12, 1988, as amended, which are filed in this docket. The term of the authorization is from the date of this Order through October 31, 2013.

B. Within the authorization granted in Ordering Paragraph A to import a combined average of 72,000 Mcf of natural gas, Northeast and North Jersey may release back to ProGas for remarketing in the United States any imported gas that is surplus to the needs of their individual cogeneration facilities, in accordance with their special marketing agreements with ProGas. The term of this authorization is for a period of two years beginning on the date when the first surplus volumes are released back to ProGas and remarketed.

C. Northeast and North Jersey are further granted blanket authorization to import for their cogeneration plants up to

50,000 Mcf per day of Canadian natural gas from ProGas or other Canadian suppliers, under individually negotiated short-term or spot market agreements, for a term of two years beginning on the date of the first delivery.

D. The import authorizations granted in this Order supersede, in their entirety, the import authorizations granted to Northeast and North Jersey in Ordering Paragraph F of DOE/FE Opinion and Order 425 issued September 29, 1990, as amended by DOE/FE Order No. 425-A issued September 30, 1993.

E. Within two weeks after deliveries of natural gas authorized in Ordering Paragraphs B and C begin, Northeast and North Jersey 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 delivery occurred.

F. With respect to the natural gas imports authorized by Ordering Paragraph A of this Order, Northeast and North Jersey (jointly) shall file with OFP, within 30 days following each calendar quarter, quarterly reports indicating for each company the monthly volume (in Mcf) imported and the average purchase price per MMBtu paid at the international border. The price information for a particular month shall list separately (on a per unit [MMBtu] basis) the commodity charge and the demand charge.

G. Northeast and North Jersey (jointly) shall also indicate in their quarterly reports whether any imported gas has been



released to ProGas and remarketed under Ordering Paragraph B and whether any gas has been imported under the blanket authorization granted in Ordering Paragraph C. If no such transactions have been made, the reports shall state "no activity" for that calendar quarter. If these imports have occurred, Northeast and North Jersey must report the total monthly volumes in Mcf and the average purchase price of gas per MMBtu at the international border. The reports shall also provide the details of each import transaction, including: (1) the name of the seller(s); (2) the name of the purchaser(s); (3) the estimated or actual duration of the agreement(s); (4) the name of the U.S. transporter(s); (5) the point(s) of entry; (6) the geographic market(s) served; (7) whether sales are being made on an interruptible or firm basis; and, if applicable, (8) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

H. The first quarterly report required by Ordering Paragraph F of this Order is due not later than October 30, 1994, and should cover the period from the date of this Order until the end of the third calendar quarter, September 30, 1994.

Issued in Washington, D.C., on September 26, 1994.

---

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