

FE DOCKET NO.: 95-98-NG

APPLICANT(S): MIDLAND COGENERATION VENTURE LTD PARTNERSHIP

ITEM	PREPARED OR FILED BY	FILING TYPE	DESCRIPTION OF DOCUMENT	DATED	DATE FILED OR ISSUED
1	MIDLAND COGENERATION VENTURE LTD	APPLICATION	Application for Amendment to Reflect Amendments to Several Canadian Suppliers	95-10-27	95-10-27
2	DOE/FE	ORDER	Order 305-B Amending Long-Term Authority to Import of Natural Gas	95-11-14	95-11-14

95-98-NG

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LAURENCE E. SKINNER
ADMITTED TO THE VIRGINIA BAR

FILE No.: 42095.000010
DIRECT DIAL: (202) 955-1540

October 27, 1995

By Hand

Office of Natural Gas
Office of Fuels Programs
Office of Fossil Energy
Forrestal Building, Room 3F-056, FE-50
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Attention: Ms. Larine Moore

Dear Ms. Moore:

Enclosed for filing with the Office of Fossil Energy is the Application of Midland Cogeneration Venture Limited Partnership for Amendment of Authorization to Import Natural Gas from Canada. Through this Application, Midland Cogeneration Venture Limited Partnership seeks to amend the long-term import authorization granted in ERA Docket No. 88-39-NG through DOE/FE Opinion and Order Nos. 305 and 305-A, which were issued on March 31, 1989 and February 6, 1990, respectively.

Also enclosed are a form of notice for the Application and a check for the \$50 filing fee.

Please return a date stamped copy of the filing with our messenger.

Thank you for your assistance.

Sincerely,

Laurence E. Skinner
Laurence E. Skinner

enclosures

1995 OCT 27 PM 4:48
DOE/FE

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY

BEFORE THE
OFFICE OF FOSSIL ENERGY
WASHINGTON, D.C.

1990 OCT 27 P 4:48

MIDLAND COGENERATION VENTURE)
LIMITED PARTNERSHIP)

Docket No. 95-98-NG

APPLICATION OF
MIDLAND COGENERATION VENTURE LIMITED PARTNERSHIP
FOR AMENDMENT OF AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

Pursuant to Section 3 of the Natural Gas Act, 15 U.S.C. § 717(b), and Part 590, Subpart B of the Regulations of the Department of Energy, 10 C.F.R. §§ 590.201-209, Midland Cogeneration Venture Limited Partnership ("MCV") hereby requests an amendment to the authorization to import natural gas from Canada previously granted to MCV in ERA Docket No. 88-39-NG through DOE/FE Opinion and Order Nos. 305 and 305-A, which were issued on March 31, 1989 and February 6, 1990, respectively. The need for an amended authorization arises from amendments to the gas supply agreement between MCV and Husky Oil Company Ltd. ("Husky") that, among other things, extend the term of fuel supply arrangement with Husky by two years, enhancing the fuel security for the MCV generating facility. In support of its request to amend its authorization to import Canadian natural gas, MCV states as follows:

I. INTRODUCTION

A. Description of MCV

The exact legal name of MCV, the applicant herein, is Midland Cogeneration Venture Limited Partnership. MCV is a limited partnership organized under the laws of the State of

Michigan. Its principal place of business is located at 100 Progress Place, Midland, Michigan 48640. MCV has been organized for the purpose of constructing, operating and managing a natural gas-fired combined-cycle cogeneration facility located in Midland, Michigan.

The cogeneration facility that MCV operates has a maximum electrical generating capacity of approximately 1,370 megawatts. The MCV facility has been certified by the Federal Energy Regulatory Commission as a qualifying cogeneration facility under the Public Utility Regulatory Policies Act of 1978, 16 U.S.C. §§ 2601-2645. Electricity produced by the MCV facility is sold to Consumers Power Company pursuant to a power purchase agreement providing for the purchase of up to 1,240 megawatts over a term of 35 years; additional electricity and the steam output of the facility is sold to The Dow Chemical Company pursuant to a steam and electric power sales agreement.

The MCV facility currently consumes between 170,000 and 250,000 Mcf per day of natural gas. MCV obtains gas supplies necessary to meet these requirements through firm transportation arrangements utilizing Canadian natural gas pipelines, interstate natural gas pipelines and Michigan intrastate pipeline, distribution and storage facilities. The Canadian natural gas imported by MCV is transported from the international border near Emerson, Manitoba through the pipeline systems of Great Lakes Gas Transmission Limited Partnership ("Great Lakes").

The names, titles and addresses of the persons to whom communications concerning this application should be addressed are:

Mr. LeRoy W. Smith
Vice President, Gas Supply
Midland Cogeneration Venture
Limited Partnership
100 Progress Place
Midland, Michigan 48640
(517) 839-6008

Laurence E. Skinner, Esq.
Hunton & Williams
P.O. Box 19230
2000 Pennsylvania Ave., N.W.
Washington, D.C. 20036
(202) 955-1540

B. Background Of These Proceedings

On January 5, 1988, MCV applied to the Office of Fossil Energy's predecessor, the Economic Regulatory Administration of the Department of Energy, for authorization to import an aggregate daily contract quantity of 55,000 Mcf per day of Canadian natural gas over a 15-year term. Those volumes were to be purchased from four suppliers: Norcen Energy Resources Limited, Shell Canada Limited, Canterra Energy Ltd., and TransCanada PipeLines Limited.¹⁷

In Order No. 305, MCV was granted final authority to import up to 51,500 Mcf per day of Canadian natural gas on an interruptible basis using existing facilities beginning in 1989 and ending in 1990 on the date of initial firm deliveries. MCV also was granted conditional authorization to import 55,000 Mcf per day of Canadian gas beginning on the

¹⁷ In addition to the import authorizations for these suppliers, the import authorization that had been granted to POCO Petroleum, Inc. in DOE/ERA Opinion and Order No. 287-A, issued February 6, 1990, was transferred to MCV in DOE/FE Opinion and Order No. 418, issued August 14, 1990.

date of initial firm deliveries. That authorization was conditioned upon the completion of the environmental analysis of an expansion of the Great Lakes system.

In DOE/FE Opinion and Order No. 305-A, which was issued on February 6, 1990, the condition on the authorization to import up to an aggregate daily contract quantity of 55,000 Mcf of Canadian natural gas over a 15-year term was removed. Initial firm deliveries of Canadian gas to MCV over the Great Lakes system began on May 1, 1990.

C. Summary Of The Amended Agreement

Husky, the successor to Canterra Energy Ltd. in one of the fuel supply arrangements addressed in Order Nos. 305 and 305-A, and MCV have agreed to amend their agreement (the "Amended Agreement"). A copy of the Amended Agreement is attached as Exhibit A.

The Amended Agreement encompasses the following changes:

- The term "Minimum Annual Quantity" is amended to allow for an overall increase from the earlier 75 percent of aggregate Maximum Daily Quantities ("MDQ") and to allow for differing levels for the periods 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, 2004 through October 31, 2006 (87 percent of MDQ).
- Extension of the term to October 31, 2006.
- Allowing Husky to terminate the fuel supply arrangement as of November 1, 2004 (which was the old expiration date) if MCV fails to take 80 percent of the average MDQ during the period from November 1, 2000 through November 1, 2003.

- The quantity take levels that MCV must satisfy or risk a reduction MDQ levels were increased from the 75 percent of MDQ level 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" beginning on November 1, 2004, which is used in the calculation of the "Commodity Charge Component" of the "Contract Price" of the gas purchased by MCV from Husky, is set at \$3.00 (U.S.) per MMbtu, as adjusted in the same manner as the original reference price.

As a result of these changes, MCV has obtained a secure source of natural gas over a longer period of time, which is necessary for the operation of MCV's facility and the satisfaction of MCV's long-term electricity and steam sales obligations.

II. DESCRIPTION OF RELIEF REQUESTED

MCV requests that its authorization to import Canadian natural gas be amended to allow MCV to import Canadian gas purchased from Husky for two additional years through October 31, 2006 consistent with the terms of the Amended Agreement.

III. ARGUMENT: THE REQUESTED RELIEF IS IN THE PUBLIC INTEREST

Approval of the requested revision to MCV's import authorization is in the public interest because the gas imported thereunder is competitive, is needed, and is secure.

A. The Terms Of The Amended Agreement Are Competitive

In Order No. 305, the Department of Energy ("DOE") found that the competitiveness of the imported gas would be assured by the pricing mechanism in the contracts. The price

adjustment mechanism is unchanged. The prices continue to be adjusted to reflect the changes to the net fuel equivalent of the avoided cost rate that is payable to MCV under its power purchase agreement. This mechanism ensures that the gas purchased from Husky will be marketable by MCV as part of its fuel cost for generated power.

Although the Amended Agreement calls for higher minimum take levels, the mitigating factors relied on by DOE in Order No. 305 continue to minimize the effect of that obligation on the competitiveness of the imported natural gas: (1) MCV continues to be entitled to make up deficiencies in the following contract year, (2) MCV continues to be able to have the gas sold to third party purchasers within the U.S., and (3) force majeure or the failure of Husky to deliver gas will relieve MCV of its minimum take obligations to the extent of those events.

B. The Imported Gas Is Needed

In Order No. 305, DOE concluded that the need for the imported gas was demonstrated. The DOE has noted that the "[n]eed for a gas supply is intrinsically related to its anticipated marketability." Policy Guidelines, 49 Fed. Reg. 6684, 6686. Gas that is shown to be competitive is presumed to be needed.

In addition to this presumptive need, MCV obligations under its long-term electric and steam sales agreements demonstrate an actual need for gas to be provided under the Amended Agreement. Under its agreement with Consumers Power Company, MCV is obligated to provide up to 1,240 megawatts over a term of 35 years. The two year extension provided by the Amended Agreement is a critical component of MCV's efforts to arrange a long-term fuel supply portfolio consistent with that power sale obligation.

C. The Imported Gas Is Secure

In Order No. 305, DOE also found that the supply of gas to be secure. The arrangement with Husky, as reflected by the Amended Agreement, continues to be a dependable and reliable source of supply. The reliability of this source of gas continues to be supported by the proximity of MCV's facility to the Canadian border and by MCV's continuing right, in the event Husky fails to deliver at least 90 percent of daily quantities requested by MCV, to reduce its MDQ and to be indemnified by Husky.

IV. ENVIRONMENTAL CONSIDERATIONS

As noted in Order No. 305-A, the Federal Energy Regulatory Commission ("FERC") was the lead Federal agency for the examination of the environmental effects of the facilities that were constructed to transport the imported Canadian gas to the MCV facility. FERC concluded that those facilities would not be a major Federal action significantly affecting the quality of the human environment and approved the construction of those facilities. DOE, in its own environmental analysis, also concluded that the MCV project and the expansion of Great Lakes' pipeline facilities would not constitute a major Federal action significantly affecting the quality of the human environment and that no environmental impact statement or further environmental assessment would be required.

Because no new facilities will be constructed as a result of the Amended Agreement, the conclusions reached by DOE and relied upon in Order No. 305-A continue to be valid.

V. RELATED MATTERS

To the best of MCV's knowledge, information, and belief, no related matters are being considered by any other part of the Department of Energy, including the Federal Energy Regulatory Commission or any other Federal agency or department.

VI. MCV'S AUTHORITY

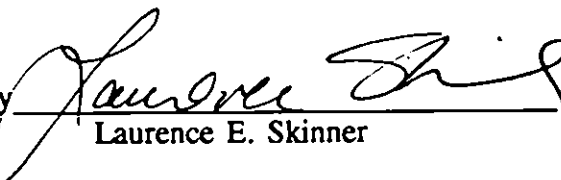
A statement from MCV's general counsel is attached as Exhibit B, indicating that in his opinion MCV has the authority under its partnership agreement and Michigan law to enter into the Amended Agreement.

VII. CONCLUSION

WHEREFORE, in light of the foregoing, MCV submits that the requested amendment to its import authorization should be approved.

Respectfully submitted,

MIDLAND COGENERATION VENTURE
LIMITED PARTNERSHIP

By 
Laurence E. Skinner

Gary B. Pasek, Esq.
Midland Cogeneration Venture
Limited Partnership
100 Progress Place
Midland, Michigan 48640
(517) 839-6716

Laurence E. Skinner, Esq.*
HUNTON & WILLIAMS
P.O. Box 19230
2000 Pennsylvania Ave., N.W.
Washington, D.C. 20036
(202) 955-1500

Of Counsel

Dated: October 27, 1995

*Admitted in Virginia.

THIS AMENDING AGREEMENT made as of the 1st day of January, 1995

BETWEEN:

Husky Oil Operations Ltd. ("Seller")

-and-

Midland Cogeneration Venture Limited Partnership ("Buyer")

WHEREAS Canterra Energy Limited, Seller's predecessor in title, and Buyer are parties to a natural gas purchase agreement dated as of August 31, 1988 (the "Agreement"); and

WHEREAS Seller and Buyer wish to provide for certain amendments to the Agreement effective as of January 1, 1995;

NOW THEREFORE THIS AMENDING AGREEMENT WITNESSES that, in consideration of the mutual covenants herein contained, the parties covenant and agree as follows:

1. Definitions

Except as otherwise provided in this Amending Agreement, capitalized words and phrases shall have the meaning attributed to them in the Agreement.

2. Conditions Precedent

The Amending Agreement is subject to the satisfaction on or before April 1, 1996 of the following conditions precedent each on terms and conditions satisfactory to both parties;

- (a) Seller is the holder of Removal Permit GR 89-33B from the Energy Resources Conservation Board and Export License CL 114 from the National Energy Board, which authorize the transactions contemplated by the Agreement, including the sale and removal of gas from the province of Alberta and the export of gas from Canada, respectively (the "Canadian Authorizations"). The Amending Agreement provides for the extension of the term of the Agreement for a period of two years. Seller shall obtain the necessary regulatory approvals to extend or otherwise supplement the Canadian Authorizations to provide for this two year extension of the Agreement.
- (b) Buyer is currently the holder of Department of Energy Import Authorization DOE/FE Opinion and Order No. 305A, which authorize the transactions contemplated by the Agreement, including the purchase and import of gas from Canada (the "United States Authorizations"). The Amending Agreement provides for the extension of the term of the Agreement for a period of two years. Buyer

shall obtain the necessary regulatory approvals to extend or otherwise supplement the United States Authorizations to provide for this two year extension of the Agreement.

- (c) On or before April 1, 1996 Seller shall enter into agreements with TCPL and Nova required to transport the MDQ to be sold hereunder for the period of November 1, 2004 to October 31, 2006 from Seller's facilities to the Point of Delivery on a firm basis. On or before April 1, 1996 Buyer shall enter into agreements with United States Transporter required to transport the MDQ to be sold hereunder for the period of November 1, 2004 to October 31, 2006 from the Point of Delivery to Buyer's Plant on a firm basis.

3. Amendment to Definition of Minimum Annual Quantity

The following amendment shall be made to the Agreement by deleting subsection 1.1(t)(1) in its entirety and by substituting the following therefor:

- *1.1(t)(1) for the period:
- (A) commencing on the Commencement of Firm Deliveries and ending on December 31, 1994, seventy-five percent (75%) of the aggregate of the Maximum Daily Quantities in the subject Contract Year;
 - (B) commencing on January 1, 1995 and ending on December 31, 1996, one hundred (100%) of the aggregate of the Maximum Daily Quantities in the subject Contract Year;
 - (C) commencing on January 1, 1997 and ending on October 31, 2004, eighty percent (80%) of the aggregate of the Maximum Daily Quantities for each month in the subject Contract Year;
 - (D) commencing on November 1, 2004 and ending on October 31, 2006, eighty percent seven (87%) of the aggregate of the Maximum Daily Quantities for each month in the subject Contract Year;

minus".

4. Amendment as to Term

(a) Term

The Agreement is amended by deleting in subsection 3.1(a) the words "Fifteen (15) Contract Years after the Commencement of Firm Delivery but in no event later than November 1, 2004" and by substituting therefor the words "October 31, 2006.

(b) Amendment of subsection 3.3(b)

The Agreement is further amended by renumbering subsection 3.3(b) as subsection 3.3(c) and by inserting the following as the new subsection 3.3(b):

"3.3(b) Seller may elect, by providing Buyer with written notice of such election prior to December 31, 2003, to terminate this Agreement as of the date indicated below if the average of daily quantities of gas purchased by Buyer from Seller hereunder from November 1, 2000 until November 1, 2003 is less than eighty percent (80%) of the average MDQ during such period. In the event of such an election, this agreement shall terminate as of November 1, 2004. In determining the average daily quantity of gas purchased during any period, the same manner of calculation used in the aforementioned renumbered subsection 3.3(c) shall be used for the period November 1, 2000 until November 1, 2003."

5. Amendments as to Quantity

(a) Amendment of subsection 4.5

The Agreement is amended by deleting Section 4.5 in its entirety.

(b) Amendment of subsection 4.6

The Agreement is amended by deleting Section 4.6 in its entirety and by substituting the following therefor:

"4.6 If

- (a) during the Contract Year commencing November 1, 1994 the sum of the daily quantities of gas taken by Buyer is less than ninety-six percent (96%) of the aggregate of the MDQ's for such Contract Year;
- (b) during the Contract Year commencing November 1, 1995 the sum of the daily quantities of gas taken by Buyer is less than one hundred percent (100%) of the aggregate of the MDQ's for such Contract Year;
- (c) during the Contract Year of commencing November 1, 1996 the sum of the daily quantities of gas taken by Buyer is less than eighty-three percent (83%) of the aggregate of the MDQ's for such Contract Year;
- (d) during any of the Contract Years for the period commencing November 1, 1997 and ending October 31, 2004 the sum of the daily quantities of gas taken by Buyer is less than eighty percent (80%) of the aggregate of the MDQ's for such Contract Year;

then, within sixty (60) days following the end of such Contract Year, Seller shall have the option to elect to reduce the MDQ effective at the commencement of the following Contract Year to a daily quantity of gas not less than one hundred thirty-three percent (133%) of the sum of the quantities so nominated by Buyer in the most recently concluded Contract Year divided by the number of Days in such Contract Year by giving notice to Buyer within the prescribed time period stating that Seller elects to exercise such option. For the purposes of this Section, the volume of gas taken by Buyer during any Contract Year shall be deemed to include all volumes which Buyer was prevented or excused from taking or which Seller was prevented or excused from delivering due to force majeure, quality deficiencies or non-performance by the Seller of its obligations hereunder."

6. Amendment as to Price

The Agreement is amended by deleting Section 6.2 in its entirety and by substituting the following therefor:

"6.2 For the period beginning at the Commencement of Firm Deliveries and ending on October 31, 2004, the Reference Price each month shall be the product obtained when \$1.90 (U.S.) per MMBtu is multiplied by a fraction, the numerator of which is the sum of such Month's energy charges associated with fixed expenses and variable expenses referenced in Schedule "A" and the denominator of which is \$0.0229 (U.S. per Kwh); provided that the Reference Price during this period shall never be less than \$1.90 (U.S.) per MMBtu.

For the period beginning on November 1, 2004, the Reference Price each month shall be the product obtained when \$3.00 (U.S.) per MMBtu is multiplied by a fraction, the numerator of which is the sum of such Month's energy charges associated with fixed expenses and variable expenses referenced in Schedule "A" and the denominator of which is \$0.0229 (U.S. per Kwh); provided that the Reference Price during this period shall never be less than \$3.00 (U.S.) per MMBtu."

7. Consequential Changes

The Agreement is amended by deleting the references to "November 1, 2003" in Sections 21.2 and 21.3 and by substituting the therefor "November 1, 2005".

8. Ratification

All other terms of the Agreement shall remain in full force and effect with any changes necessary to give effect to the provisions of this Amending Agreement, and the Contract as amended herein is hereby ratified and confirmed.

IN WITNESS WHEREOF the parties hereto have executed these presents as of the day and year first above written.

HUSKY OIL OPERATIONS LTD.

MIDLAND COGENERATION
VENTURE LIMITED PARTNERSHIP

per: *[Signature]* D.L. STOUT
Vice President

per: *[Signature]*

per: *[Signature]*
G.J. DANIEL
Secretary

per: _____

(12)

EXHIBIT B



Gary B. Pasek
General Counsel and Secretary

VIA U.P.S. NEXT DAY AIR

October 26, 1995

Laurence E. Skinner, Esq.
Hunton & Williams
2000 Pennsylvania Avenue N.W.
P.O. Box 19230
Washington, DC 20036

Dear Mr. Skinner:

In connection with your representation of MCV before the U.S. Departments of Energy, Office of Fossil Energy, you have requested my opinion, as prescribed by the administrative procedures of the Office of Fossil Energy, that the proposed import by Midland Cogeneration Venture Limited Partnership of Canadian natural gas from Husky Oil Company, Ltd. ("Husky") is within the partnership powers of Midland Cogeneration Venture Limited Partnership. I have reviewed the Amended and Restated Limited Partnership Agreement and the Certificate of Limited Partnership of Midland Cogeneration Venture Limited Partnership and other applicable documents and state my opinion that:

1. Midland Cogeneration Venture Limited Partnership is a limited partnership duly organized, validly existing, and in good standing under the laws of the State of Michigan.
2. The proposed import of natural gas by Midland Cogeneration Venture Limited Partnership from Husky and the authority to enter into the Amended Agreement for such purpose is within its partnership powers.

Very truly yours,

A handwritten signature in black ink, appearing to read "Gary B. Pasek", written over a large, stylized initial "P".

Gary B. Pasek

GBP/jhw

FORM OF NOTICE

DEPARTMENT OF ENERGY

Office of Fuels Programs, Fossil Energy

AGENCY: Office of Fossil Energy, DOE

[FE Docket No. 95- -NG]

October __, 1995

MIDLAND COGENERATION VENTURE LIMITED PARTNERSHIP; Application to Amend Authorization to Import Natural Gas from Canada

AGENCY: Office of Fossil Energy, Department of Energy.

ACTION: Notice of application to amend authorization to import natural gas from Canada.

SUMMARY: The Office of Fossil Energy (FE) of the Department of Energy (DOE) gives notice of receipt on October 27, 1995 of the application of Midland Cogeneration Venture Limited Partnership (MCV) to amend its long-term authorization to import natural gas from Canada. MCV was granted import authority in ERA Docket No. 88-39-NG through DOE/FE Opinion and Order Nos. 305 and 305-A, which were issued on March 31, 1989 and February 6, 1990, respectively. MCV seeks an amendment to that authorization to reflect amendments to its gas supply agreement with Husky Oil Company Ltd. that, among other things, extend the term of fuel supply. No new facilities will be required.

The application is filed pursuant to Section 3 of the Natural Gas Act and Part 590, Subpart B of the Regulations of the Department of Energy. Protests, motions to intervene, notices of intervention, and written comments are invited.

DATE: Protests, motions to intervene, or notices of intervention, as applicable, requests for additional procedures and written comments are to be filed at the address below no later than 4:30 p.m., eastern time, November __, 1995.

ADDRESS: Office of Fuels Programs, Fossil Energy, U.S. Department of Energy, Forrestal Building, Room 3F-056, FE-50, 1000 Independence Avenue, S.W., Washington, DC 20585.

FOR FURTHER INFORMATION CONTACT:

SUPPLEMENTARY INFORMATION: MCV is limited partnership organized under the laws of the State of Michigan. MCV operates a combined-cycle, natural gas-fired cogeneration facility located in Midland, Michigan, which has a maximum electrical generating capacity of approximately 1,370 megawatts. The MCV facility has been certified

by the Federal Energy Regulatory Commission as a qualifying cogeneration facility under the Public Utility Regulatory Policies Act of 1978, 16 U.S.C. §§ 2601-2645.

The MCV facility currently consumes between 170,000 and 250,000 Mcf per day of natural gas. MCV obtains gas supplies necessary to meet these requirements through firm transportation arrangements utilizing Canadian natural gas pipelines, interstate natural gas pipelines and Michigan intrastate pipeline, distribution and storage facilities. The Canadian natural gas imported by MCV is transported from the international border near Emerson, Manitoba through the pipeline systems of Great Lakes Gas Transmission Limited Partnership.

In support of its application, MCV asserts that the amendment to its import authorization is in the public interest.

NEPA Compliance

The National Environmental Policy Act ("NEPA"), 42 U.S.C. 4321 *et seq.*, requires DOE to give appropriate consideration to the environmental effects of its proposed actions. No final decision will be issued in this proceeding until DOE has met its NEPA responsibilities.

Public Comment Procedures

In response to this notice, any person may file a protest, motion to intervene or notice of intervention, as applicable, and written comments. Any person wishing to become a party to the proceeding and to have their written comments considered as the basis for any decision on the application must, however, file a motion to intervene or notice of intervention, as applicable. The filing of a protest with respect to this application will not serve to make the protestant a party to the proceeding, although protests and comments received from persons who are not parties will be considered in determining the appropriate action to be taken on the application. All protests, motions to intervene, notices of intervention, and written comments must meet the requirements that are specified by the regulations in 10 CFR part 590. Protests, motions to intervene, notices of intervention, requests for additional procedures, and written comments should be filed with the Office of Fuels Programs at the address listed above.

It is intended that a decisional record on the application will be developed through responses to this notice by parties, including the parties' written comments and replies thereto. Additional procedures will be used as necessary to achieve a complete understanding of the facts and issues. A party seeking intervention may request that additional procedures be provided, such as additional written comments, an oral presentation, a conference, or trial-type hearing. Any request to file additional written comments should explain why they are necessary. Any request for an oral presentation should identify the substantial question of fact, law, or policy at issue, show that it is material and relevant to a decision in the proceeding, and demonstrate why an oral presentation is needed. Any request for a conference should demonstrate why the conference would materially advance the

proceeding. Any request for a trial-type hearing must show that there are factual issues genuinely in dispute that are relevant and material to a decision and that trial-type hearing is necessary for a full and true disclosure of the facts.

If an additional procedure is scheduled, notice will be provided to all parties. If no party requests additional procedures, a final opinion and order may be issued based on the official record, including the application and responses filed by parties pursuant to this notice, in accordance with 10 CFR 590.316.

A copy of MCV's application is available for inspection and copying in the Office of Fuels Programs Docket Room, 3F-056, at the above address. The docket room is open between the hours of 8 a.m. and 4:30 p.m, Monday through Friday, except Federal holidays.

Issued in Washington, DC, on November __, 1995.

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

1995 OCT 28 3:57

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. 305^{2/} 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 Canterra^{4/}, amended their fuel supply arrangement on January 1, 1995, to encompass 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

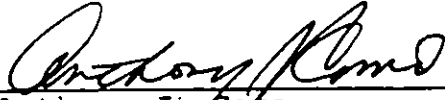
Pursuant to section 3 of the Natural Gas Act, it is ordered that:

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