

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

1995 APR 19 2:30

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ECOELCTRICA, L. P. )  
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FE DOCKET NO. 94-91-LNG

ORDER GRANTING LONG-TERM AUTHORIZATION  
TO IMPORT LIQUEFIED NATURAL GAS

DOE/FE ORDER NO. 1042

APRIL 19, 1995

## I. DESCRIPTION OF REQUEST

On October 31, 1994, as supplemented on January 19, 1995, EcoElectrica, L.P. (EcoElectrica) filed an application with the Office of Fossil Energy 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, requesting authorization to import to Puerto Rico up to 130 million MMBtu (approximately 130 Bcf) per year of liquefied natural gas (LNG) from various countries. The proposed term of the authorization would be for forty (40) years, beginning approximately October 1, 1997, and continuing through December 31, 2037.<sup>2/</sup> EcoElectrica is a Bermuda limited partnership formed by affiliates of KENETECH Energy Systems, Inc. (KES) and Enron Development Corporation (Enron). EcoElectrica's general partners are KES Bermuda, Inc. and Buenergia, B.V., each of which holds a one percent interest. EcoElectrica's limited partners are KES Puerto Rico, L.P. and Buenergia Enron de Puerto Rico, C.V., which are both indirect wholly-owned subsidiaries of KENETECH Corp., which also owns KES. Buenergia B.V. and Buenergia Enron de Puerto Rico, C.V. are both indirect wholly-owned subsidiaries of Enron Corporation, the parent company of Enron Development Corporation.

The Puerto Rico Electric Power Authority (PREPA), which supplies virtually all of the electric power consumed in Puerto

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<sup>1/</sup> 15 U.S.C. § 717b.

<sup>2/</sup> EcoElectrica filed a concurrent application with the Federal Energy Regulatory Commission in Docket No. CP95-35-000 (October 24, 1994) for approval of place of import.

Rico, has determined that it will need approximately 1,000 megawatts (MW) of additional generating capacity by the year 2000 to meet its customer demand. Because 98% of PREPA's current capacity is supplied by oil-fired electrical generation units, and only 2% by hydroelectric units, PREPA wants to fulfill its increased capacity requirement by purchasing electricity from cogeneration facilities which use fuels other than oil. PREPA hired KES to help develop a plan for PREPA to meet its anticipated growth in energy demand. After considering various alternatives, KES determined that LNG would be a viable fuel for large-scale energy production, and recommended construction of the EcoElectrica Project.

When completed, the EcoElectrica Project will consist of a 461-megawatt (MW) combined-cycle power plant, a desalination plant, a 230 kV transmission line, a backup liquefied petroleum gas (LPG) fuel system, and an emergency No. 2 fuel oil system. The LNG facilities, including two LNG storage tanks, a vaporization system, and a marine unloading facility, will be constructed at Guayanilla Bay, which is approximately nine miles west of the city of Ponce on the south coast of Puerto Rico. EcoElectrica anticipates a project completion date of about October 1, 1997. KES and Enron have agreed to form a joint venture to own and operate the EcoElectrica Project. Enron also operates a natural gas pipeline in Puerto Rico, as well as a liquefied petroleum gas (LPG) terminal adjacent to the project area, which will be available for startup and backup fuel supply.

EcoElectrica states in its application that it is currently negotiating with various potential LNG suppliers, but has not yet signed any firm contracts. EcoElectrica also mentions that possible LNG sources include Algeria, Nigeria, Trinidad, Venezuela, Norway, Abu Dhabi, Qatar, Oman, and Yemen. EcoElectrica has assured DOE/FE that it will provide copies of the LNG supply contracts as soon as they have been executed.

## II. FINDING

The application filed by EcoElectrica has been evaluated to determine if the proposed import arrangement meets 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 LNG is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by EcoElectrica to import LNG from various countries 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. EcoElectrica, L.P. (EcoElectrica) is authorized to import to Puerto Rico, from various countries, up to 130 Bcf per year of liquefied natural gas (LNG) beginning on October 1, 1997, and continuing through December 31, 2037. EcoElectrica shall

import these LNG volumes near Ponce, Puerto Rico, at LNG facilities to be constructed at Guayanilla Bay.

B. EcoElectrica shall notify the Office of Fuels Programs of the date that the proposed LNG facilities are available for service within 30 days of those facilities becoming operational.

C. EcoElectrica shall file with the Office of Fuels Programs all executed LNG supply contracts pertaining to the LNG to be imported within 30 days of their execution.

D. EcoElectrica shall file with the Office of Fuels Programs, on a semi-annual basis, written reports describing the progress of the EcoElectrica Project. The reports shall be filed on October 1 and April 1 of each year, and shall include information on the LNG supply contracts, status of construction of planned facilities, and update on commercial start-up of the project. The first of these reports shall be filed with the Office of Fuels Programs not later than October 1, 1995.

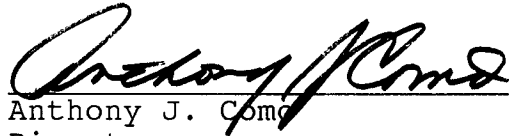
E. Within two weeks after LNG deliveries begin, EcoElectrica shall provide written notification to the Office of Fuels Programs, Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first LNG imports authorized in Ordering Paragraph A above occurred.

F. With respect to the LNG imports authorized by this Order, EcoElectrica shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports

indicating, by month: (1) the total volume of imports in Mcf and MMBtu; (2) the country of origin; (3) the names of the seller(s); (4) transporters, including the name of the LNG tankers used; (5) the average landed cost per MMBtu at the point of import; and (6) the per unit (MMBtu) demand/commodity charge breakdown of the price, if applicable.

G. The first quarterly report required by Ordering Paragraph F of this Order is due not later than January 1, 1998, and should cover the period from October 1, 1997, until the end of the fourth calendar quarter, December 31, 1997.

Issued in Washington, D.C., on April 19, 1995.



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