

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

EASTERN ENERGY MARKETING, INC.) FE DOCKET NO. 96-03-NG
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ORDER GRANTING LONG-TERM AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1152

MARCH 27, 1996

I. DESCRIPTION OF REQUEST

On February 7, 1996, Eastern Energy Marketing, Inc. (Eastern Energy) filed an application with the Office of Fossil Energy (FE) of the Department of Energy (DOE), under section 3 of the Natural Gas Act 1/ and DOE Delegation Order Nos. 0204-111 and 0204-127, for authorization to import up to 2,826 MMBtu2/ per day of Canadian natural gas over a twenty-year term in accordance with a Gas Sales Agreement (Agreement) with Talisman Energy Inc. (Talisman) and Rupert Cogeneration Partners, Ltd. (RCP), dated December 21, 1995. Under the Agreement, Eastern Energy will purchase and import the gas for resale to RCP for use in RCP's proposed gas-fired cogeneration facility located near Rupert, Idaho. The facility will have a generating capacity of 10 megawatts and will sell its electrical output to Idaho Power Company and its steam to Magic Valley Foods, Inc. Eastern Energy, a marketer of natural gas and the gas marketing subsidiary of The Eastern Group, Inc., is a Virginia corporation with its principal place of business in Alexandria, Virginia.

Delivery to Eastern Energy would take place at an interconnection between the facilities of Westcoast Energy Inc. and Northwest PipeLine Corporation at the international border

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1. 15 U.S.C. 717b.
 2. This is an amount approximately equivalent to 2,826 Mcf.

near Sumas, Washington. The pricing provisions in the Agreement with Talisman specifically divide the daily contract quantity into a "market" component and a "fixed" component. The market component is tied to Inside FERC's Gas Market Report. The fixed

component is set for the first year of the Agreement and increases by an agreed-to escalator for the next four years. In contract years 6-15, the fixed component is tied to the NYMEX Futures Gas Strip and a Basis Differential and is redetermined annually.

II. FINDING

The application filed by Eastern Energy 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 import 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 Eastern Energy 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

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

A. Eastern Energy Marketing, Inc. (Eastern Energy) is authorized to import up to 2,826 Mcf per day of natural gas over a twenty-year term beginning on the date of first delivery, consistent with the terms and conditions of its gas sales agreement with Talisman Energy Inc. (Talisman), dated December 21, 1995. This natural gas may be imported at the point of interconnection between the pipeline facilities of Westcoast Energy, Inc. and Northwest Pipeline Corporation which are located at the United States and Canada international border near Sumas, Washington.

B. Within two weeks after deliveries begin, Eastern Energy shall provide written notification to the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first delivery of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports authorized by this Order, Eastern Energy shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether imports of

natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, Eastern Energy must report monthly total volumes in Mcf and the average purchase price per MMBtu at the international border, and paid to Talisman.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than thirty days after the calendar quarter in which the first import takes place and should cover the period from the date of the first import until the end of the calendar quarter in which the first import takes place.

Issued in Washington, D.C., on March 27, 1996.

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

