

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

PROJECT ORANGE ASSOCIATES, L.P. } ERA DOCKET NO. 88-01-NG
_____)

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

DOE/FE ORDER NO. 500-A

On April 30, 1991, in DOE/FE Opinion and Order No. 500
(Order 500)1/, the Office of Fossil Energy (FE) of the
- Department of Energy (DOE) amended the existing authorization
granted on September 29, 1990, to Project Orange Associates, L.P.
(POA)2/ (previously called G.A.S. Orange Developments, Inc.)

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Order 500 authorized POA to import approximately 120 Bcf of
Canadian natural gas from Noranda Inc. over a 20-year period for
use in a cogeneration facility to be constructed in Syracuse, New
York. Deliveries commenced on June 17, 1992, making the
authorization effective through June 16, 2012. The amendment
reflected a Restated Gas Purchase and Sales Agreement between POA
and Noranda Inc. which increased the lump sum to be paid by POA
from \$77.6 million to \$88 million or about 73.7 cents per Mcf

1/ 1 FE 70,444. -

2/ 1 FE 70,353. -

over the 20-year term. Apart from changing the lump sum payment, the terms of the arrangement were not substantially changed.

POA anticipates that the imported gas supplies sometimes will exceed POA's power generation requirements. Therefore, POA filed an application on July 10, 1996, requesting that Order 500 be amended to authorize POA to market surplus volumes either on the domestic or Canadian spot market, throughout the term of the authorization.

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. Therefore, approving POA's application to amend its current authority covering imports of 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. 500 (Order 500), issued to Project Orange Associates, L. P. (POA) on April 30, 1991, is amended to authorize POA to resell some of the imported gas either on the domestic or Canadian spot market whenever it is not

used by POA to generate electricity at its Syracuse, New York, cogeneration facility.

B. With respect to the imports authorized by Order 500 which are resold by POA to buyers in the United States and Canada, the quarterly reports required by Ordering Paragraph C of Order 500 shall provide details of each transaction, including the name(s) of the purchaser(s), geographic market(s) served, and the volume in Mcf.

C. In all other respects the earlier order shall remain in full force and effect.

Issued in Washington, D.C., on July 22, 1996.

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