

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

ROCHESTER GAS AND ELECTRIC)
CORPORATION) FE DOCKET NO. 90-05-NG
)

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

DOE/FE ORDER NO. 503-B

On May 16, 1991, and December 31, 1992, the Office of Fossil Energy (FE) of the Department of Energy (DOE) granted long-term authorization to Rochester Gas and Electric Corporation (Rochester) in DOE/FE Order Nos. 503 and 503-A (Order 503 and 503-A) to import up to 16,000 Mcf per day of natural gas from Canada for a 10-year term near Grand Island, New York, in accordance with the provisions of a November 29, 1989, sales contract with Westcoast Gas Services (Westcoast).

On October 29, 1996, Rochester filed an application with DOE seeking to amend its authorization effective November 1, 1996, to reflect a change in its supplier and a change in the volume of

gas to be imported. Rochester has terminated its gas supply contract with Westcoast and has entered into two letter

agreements dated October 24, 1996, with Renaissance Energy Ltd. (Renaissance).

Under the terms of the first letter agreement, "Term Natural Gas Supplies" letter agreement, Renaissance will provide up to a Maximum Daily Quantity (MDQ) of 10,000 MMBtu per day of Canadian natural gas for a term of five months commencing November 1, 1996. The gas will be transported by TransCanada Pipelines Limited (TCPL) to Empire State Pipeline (Empire) at Grand Island, New York, for delivery to Rochester. The price for the gas under this agreement is based on a NYMEX index price plus a premium. In addition, should Rochester not nominate up to the MDQ, Renaissance will resell the gas to a third party and either credit or charge Rochester for the difference of the resale price obtained.

The second letter agreement, "Long Term Peaking" letter agreement, allows Rochester to purchase up to 10,000 MMBtu per day of natural gas from Renaissance during the months of December through April for a term of three years commencing December 1, 1996, and continuing through December 1, 1999. Under this letter agreement Rochester will release to Renaissance transportation capacity on TCPL from St. Clair to Chippewa at a specified rate for a three-year term in exchange for transportation and delivery of gas on TCPL to Chippewa for Rochester. The price of gas in the Long Term Peaking letter agreement is a two-part rate, comprised of a demand charge based on a stated formula and a commodity charge indexed to NYMEX. Rochester must pay the demand

charge whether or not it nominates any gas under this letter agreement.

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. Approving Rochester'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 Order Nos. 503 and 503-A (Orders 503 and 503-A), issued to Rochester Gas and Electric Corporation (Rochester) on May 16, 1991, and December 31, 1992, respectively, are amended to authorize Rochester to import up to 10,000 MMBtu per day of natural gas from Canada for a five-month term commencing November 1, 1996, and to import up to 10,000 MMBtu per day of natural gas from Canada for the winter months, December through April, commencing December 1, 1996, and continuing until December 1, 1999, under the terms and conditions of two letter agreements dated October 24, 1996. These volumes may be imported at the

interconnect of TransCanada PipeLines Ltd. and Empire State Pipeline at the international border at Grand Island, New York.

B. All other terms and conditions in Orders 503 and 503-A remain in full force and effect.

Issued in Washington, D.C., On October 31, 1996.

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