UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENRON CAPITAL & TRADE RESOURCES CORP.	FE DOCKET NO. 97-20-NG

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

DOE/FE ORDER NO. 1260

MARCH 7, 1997

I. DESCRIPTION OF REQUEST

On February 14, 1997, Enron Capital & Trade Resources Corp. (ECT) filed an application with the Office of Fossil Energy 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, for authorization to import from Canada up to 15,400 MMcf of natural gas per day (up to approximately 5.6 Bcf annually). The term of the authorization would be for a period commencing November 1, 1997, and terminating on November 1, 2007. ECT is a Delaware corporation and wholly owned subsidiary of Enron Corp. Its principal place of business is located in Houston, Texas. ECT, the successor to Enron Gas Marketing, Inc., is one of the largest buyers and sellers of natural gas in North America. ECT is the parent corporation of Enron Capital & Trade Resources Canada Corp. (ECT Canada), which is the purchaser of the natural gas subject to this application from a supplier, Poco Petroleums Ltd. (Poco), in the Province of Alberta.

ECT proposes to import the natural gas from Canada at a point near Niagara, in the Province of Ontario. However, ECT may wish to bring these volumes into the U.S. at other points along the U.S.-Canada border from time to time. In order to retain flexibility, ECT requests that the import authorization not be restricted to a single point of importation.

1/ 15 U.S.C. § 717b.

The natural gas to be imported would be produced in Alberta, and would be transported to market through Nova Gas Transmission Limited (NOVA), TransCanada PipeLines Limited (TCPL) and National Fuel Gas Supply Corporation (National Fuel). The gas would flow on NOVA to Empress, Alberta, to the interconnect with TCPL, and then across Canada on the pipeline facilities of TCPL to the interconnect of TCPL and National Fuel at Niagara, Ontario. ECT would purchase the gas from ECT Canada on the Canadian side of the international border at a point near the interconnect between TCPL and National Fuel. The gas would continue to flow on the pipeline facilities of National Fuel to the interconnect of National Fuel and Transco in Leidy, Pennsylvania. The gas will then be delivered to markets or to interconnecting pipeline systems for delivery to markets in the northeastern U.S.

ECT would purchase the gas supplies from ECT Canada under an Enfolio Master Purchase/Sale Agreement (Master Agreement) dated
June 1, 1994. The import arrangement contemplated is subject to the Master Agreement pursuant to a confirmation letter between ECT and ECT Canada dated December 31, 1996. The December 31, 1996, Confirmation Letter provides for the sale by ECT Canada to ECT of 15,400 MMBtu’s of gas per day to be delivered at the U.S.-Canada border near Niagara for the period from November 1, 1997, up to November 1, 2007. To acquire this gas, ECT Canada entered into a purchase

arrangement with Poco, under a Master Firm Gas Purchase/Sale agreement dated April 3, 1996, with a Confirmation Letter dated December 9, 1996. Poco will sell ECT Canada a maximum daily quantity of gas up to 15,400 MMBtu's per day, plus fuel gas, in Alberta for a period coinciding with term of the proposed import.

The agreed price to be paid to ECT Canada for the gas would be a price in U.S. dollars per MMBTU equal to the price for the applicable delivery month published in Inside F.E.R.C.'s Gas Market Report, in the table entitled "Prices of Spot Gas Delivered to Pipelines", in the column for "Index" in the row for "CNG Transmission Corp. Appalachia", minus the Federal Energy Regulatory Commission's approved maximum per unit tariff effective for the delivery month, for firm transportation service from Niagara, Ontario, to Leidy, Pennsylvania on National Fuel times the number of units of gas delivered by ECT Canada to ECT.
If ECT fails to schedule the minimum daily quantity or daily contract quantity, ECT shall pay a deficiency charge to ECT Canada.

II. FINDING

The application filed by ECT 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 ECT 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. Enron Capital & Trade Resources Corp. (ECT) is authorized to import up to 15,400 MMcf of natural gas per day from Canada commencing November 1, 1997, and terminating November 1, 2007. This natural gas shall be imported under a purchase and sale arrangement between ECT and Enron Capital & Trade Resources Canada Corp. dated June 1, 1994, which was confirmed by a letter agreement dated December 31, 1996. The natural gas may be imported at any point on the border of the United States and Canada.

B. Within two weeks after deliveries begin, ECT shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first import of natural gas authorized in Ordering Paragraph A above occurred.   C. With respect to the natural gas imports authorized by this Order, ECT shall file with the Office of Natural Gas & Petroleum Import and Export Activities, 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 of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, ECT must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu delivered at the international border. Whenever imports have occurred at an entry point other than Niagara, Ontario, these volumes and prices must be reported separately. In addition, ECT shall provide to the extent possible, a breakdown of the import volume showing the amount sold in each state to each of its customers.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than January 30, 1998, and should cover the period from November 1, 1997, until the end of the fourth calendar quarter, December 31, 1997.

Issued in Washington, D.C., on March 7, 1997.

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Wayne E. Peters
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import and Export Activities