

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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BROOKLYN NAVY YARD COGENERATION)	DOCKET NO. 94-07-NG
PARTNERS, L.P.)	
_____)	

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

DOE/FE ORDER NO. 929-B

FEBRUARY 13, 1997

I. DESCRIPTION OF REQUEST

On December 19, 1996, Brooklyn Navy Yard Cogeneration Partners, L.P. (Applicant) 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, requesting that DOE amend its authorization to import Canadian natural gas. Currently, Applicant is authorized to import a combined total of up to 25,000 MMBtu per day of gas for a 20-year term ending September 30, 2016, under two gas purchase contracts with Crestar Energy (Crestar) and PanCanadian Petroleum Limited (PanCanadian).^{2/}

Applicant is a Delaware limited partnership which does business in the State of New York. Natural gas imported under these arrangements is used primarily to fuel a 286-megawatt gas-fired cogeneration facility operated by Applicant in the Brooklyn Navy Yard, Brooklyn, New York.

Currently, under the Crestar contract, dated October 20, 1993, as amended, the pricing provisions provide for a two-part demand/commodity rate, with an initial demand charge of \$0.15 (U.S.) per MMBtu, and an initial commodity charge of \$1.93 (U.S.) per MMBtu. On January 1, 1996, and on the first day of each year thereafter for the term of the contract, both the demand and commodity charge would increase by four percent. The pricing provisions under the PanCanadian contract, dated October 21, 1993, as amended, provides that the initial price for the gas is

1/ 15 U.S.C. 717b. —

2/ DOE/FE Opinion and Order No. 929 (1 FE 70,946, March 28,
— 1994), as amended by DOE/FE Order No. 929-A (1 FE 71,093,
March 20, 1995)

\$2.02 (U.S.) per MMBtu to be adjusted annually, beginning on January 1, 1996, by a weighted floating/fixed industry price index.

Applicant has requested approval to revise the gas pricing and other miscellaneous provisions under both contracts based on an amending agreement with Crestar (Amendment No. 3") dated May 1, 1996, and an amending agreement with PanCanadian (Amendment No.4") dated May 1, 1996. Under the contract amendments the price of gas for any given month would be equal to the average closing price (in U.S. dollars) of the New York Mercantile Exchange for Henry Hub gas deliveries on the last three days of futures trading on the prior month as reported in the Wall Street Journal (the NYMEX Price) , minus \$0.45 per

MMBtu in the PanCanadian amendment and minus \$0.40 per MMBtu in the Crestar amendment.

II. FINDING _____

The application filed by Applicant has been evaluated to determine if the proposed contract amendments meet the public interest requirements 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 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 Applicant to change the pricing and various other provisions under the Crestar

and PanCanadian contracts for natural gas imported 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. Brooklyn Navy Yard Cogeneration Partners, L.P. is authorized to import natural gas from Canada under the pricing and other terms and conditions of the May 1, 1996, amending agreement with Crestar Energy (Amendment No. 3") and the May 1, 1996, amending agreement with PanCanadian Petroleum Limited (Amendment No. 4"), as discussed in the body of this Order.

B. All other terms and conditions set by DOE/FE Order Nos. 929 and 929-A shall remain in full force and effect, except that Ordering Paragraph C of Order 929 is amended as follows:

Applicant must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu at the international border by supplier. The price information shall itemize separately the demand charge and the commodity charge per MMBtu.

Issued in Washington, D.C., on February 13, 1997.

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

