

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

AG-ENERGY, L.P.

FE DOCKET NO. 98-41-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1390

JUNE 22, 1998

I. DESCRIPTION OF REQUEST

On June 16, 1998, AG-Energy, L.P. (AG-Energy), 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 blanket authorization to import up to 13.14 Bcf of natural gas from Canada for two years beginning on the date of first delivery after June 30, 1998. AG-Energy is a Delaware limited partnership with its principal place of business in Ogdensburg, New York. AG-Energy is a qualifying cogeneration facility, known as the Ogdensburg Energy Facility, and uses natural gas as a fuel. AG-Energy may, on occasion, resell the imported gas to correct imbalances or rid itself of surplus gas. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by AG-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 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 AG-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. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ORDER

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

A. AG-Energy L.P. (AG-Energy) is authorized to import from Canada up to 13.14 Bcf of natural gas over a two-year term beginning on the date of first delivery after June 30, 1998. The gas may be imported at any U.S./Canada border point.

B. Within two weeks after deliveries begin, AG-Energy shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities 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, AG-Energy 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 have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, AG-Energy must report total monthly volumes in Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each import transaction, including: (1) the name of the seller(s); (2) the estimated or actual duration of the agreement(s); (3) the name of the U.S. transporter(s); (4) the point(s) of entry; (5) whether sales are being made on an interruptible or firm basis; and, if applicable, (6) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. If AG-Energy resells any of the imported gas which is not used as fuel in its cogeneration facility, the reports shall also provide the following additional information: (1) the volumetric (Mcf) breakdown by purchaser(s) and (2) the geographic market(s) served (by State).

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than October 30, 1998, and should cover the period from July 1, 1998, until the end of the third calendar quarter, September 30, 1998.

E. The notification and reports required by Ordering Paragraphs B and C of this Order shall be filed with the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C., 20585.

Issued in Washington, D.C., on June 22, 1998.

John W. Glynn

Manager, Natural Gas Regulation

Office of Natural Gas & Petroleum

Import and Export Activities

Office of Fossil Energy

1. 1/ 15 U.S.C. § 717b.