UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

RUMFORD POWER ASSOCIATES LIMITED PARTNERSHIP

FE DOCKET NO. 98-83-NG

ORDER GRANTING LONG-TERM AUTHORIZATION TO EXPORT NATURAL GAS TO CANADA FOR SUBSEQUENT RE-IMPORT

DOE/FE ORDER NO. 1434

NOVEMBER 09, 1998

I. DESCRIPTION OF REQUEST

On October 27, 1998, Rumford Power Associates Limited Partnership (RPA), filed an application, as amended November 3, 1998, 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 export up to 46,000 Mcf of natural gas per day to Canada for subsequent re-import to the United States. RPA is a limited partnership whose General Partner, EMI/Rumford, Inc., is a special purpose affiliate of Energy Management Inc. (EMI). EMI is a privately held independent energy company with its headquarters in North Dartmouth, Massachusetts. EMI is a developer and operator of gas-fired, combined cycle power plants in the New England market. Calpine Corporation (Calpine), a publicly held corporation with its headquarters in San Jose, California, has an option to invest and participate as a Co-General Partner in RPA. Calpine has indicated its intention to exercise this option and has been working with the Partnership in the development process. Calpine is a leading independent power company that has interests in 24 power generation facilities in the United States.

The exported and imported gas would be used as fuel to operate RPA's new 265 megawatt cogeneration facility in Rumford, Maine. The project is expected to begin construction in November 1998. Gas for testing purposes will be required in March, 2000 with commercial operation targeted for July 2000. Electricity from the power plant will be sold in the Northeast U.S. wholesale power market either through bilateral contracts of various terms, or into the spot electric market. Volumes of gas not used at the cogeneration facility would be sold by RPA to customers in the United States.

The authorized quantity would be exported and imported on an interruptible basis for a testing period of five months, and thereafter on a firm basis for eight years commencing on commercial operation of the cogeneration plant. This gas would be exported from the United States at St. Clair, Michigan/St. Clair, Ontario, and equivalent volumes would be re-imported into the United States at Pittsburg, New Hampshire/East Hereford, Quebec. RPA will take delivery of the gas in Canada at Dawn, Ontario. The source of this gas would be Canada and the United States. RPA has arranged for Portland Natural Gas Transmission System to transport the gas from Pittsburg, New Hampshire, to the electric generating facility. Although Pittsburg, New Hampshire is the primary import point, RPA also requests the flexibility to import the gas for resale to third parties at other border points. The proposed authorization would not require the construction of new pipeline facilities.

RPA intends to purchase this gas from Aquila Energy Marketing Corporation (Aquila) pursuant to the terms of a gas sale and purchase agreement dated September 15, 1998. Aquila is a subsidiary of Utilicorp United Inc. The agreement between RPA and Aquila provides for a price based on a monthly market index price of gas at Dawn, Ontario. RPA has a separate contract with TransCanada PipeLines Limited under which RPA would pay for the costs incurred for pipeline transportation of the gas from St. Clair, Ontario, and Dawn, Ontario, to Pittsburg, New Hampshire. The gas sale and purchase agreement with Aquila contains a provision that allows RPA to request different pricing terms. The price for the gas purchased prior to the time the cogeneration plant begins commercial operation would be negotiated by RPA and Aquila. RPA is obligated to take 95 percent of the annual contract quantity or pay a deficiency charge if it does not take the prescribed minimum quantity.

II. FINDING

The application filed by RPA has been evaluated to determine if the proposed import/export 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 export and import of natural gas to and 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 RPA to export natural gas to Canada, a nation with which a free trade agreement is in effect, for re-import to the United States 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. Rumford Power Associates Limited Partnership (RPA) is authorized to export up to 46,000 Mcf of natural gas per day to Canada for subsequent re-import to the United States beginning on an interruptible basis for a five-month testing period, and thereafter on a firm basis over an eight-year period commencing on commercial operation of RPA's new cogeneration plant to be constructed in Rumford, Maine. The cogeneration plant is expected to be in commercial operation by July 2000. Gas that is surplus to the requirements of the cogeneration plant may be marketed by RPA to buyers in the United States. This natural gas shall be exported and imported pursuant the terms and conditions of the gas sale and purchase agreement between RPA and Aquila Energy Marketing Corporation and Utilicorp United Inc., dated September 15, 1998, on file in this docket.

B. This natural gas may be exported at St. Clair, Michigan, and imported at Pittsburg, New Hampshire. Gas not needed for the electric generating facility that would be sold by RPA to third parties may be imported at alternative border points.

C. If Calpine Corporation exercises its option to participate as a Co-General Partner in RPA, RPA shall provide written notification within two weeks of such event to the Office of Natural Gas & Petroleum Import and Export Activities.

D. Within two weeks after deliveries begin, RPA shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities of the date that the first export and import of natural gas authorized in Ordering Paragraph A above occurred.

E. With respect to the natural gas exports and imports authorized by this Order, RPA shall file with the Office of Natural Gas & Petroleum Import and Export Activities, within 30 days following each calendar quarter, quarterly reports indicating by month the volume of natural gas in Mcf exported and imported and the price per MMBtu delivered at the U.S./Canada international border (Pittsburg, New Hampshire). The report shall differentiate between domestic gas supplies and Canadian gas supplies delivered to the U.S./Canada border near Pittsburg, New Hampshire. No monthly price information is required for domestically sourced gas; however, the monthly volumes must be reported. The monthly price information for Canadian natural gas shall include the transportation charges. Any deficiency charges shall be itemized separately. If no exports and imports have been made, a report of "no activity" for that calendar quarter must be filed.

For any imported volumes sold to third parties, RPA shall report: (1) the name of the purchaser(s); (2) the estimated or actual duration of the agreements; (3) the name of the U.S. transporter(s); (4) the point(s) of entry; (5) the monthly volumes in Mcf; (6) the price per MMBtu at the U.S./Canada international border; (7) the geographic market(s) served (by State); and (8) whether sales are being made on an interruptible or firm basis.

F. The notifications and reports described in Ordering Paragraphs C, D, and E 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.

G. The first quarterly report required by Ordering Paragraph E of this Order is due not later than 30 days after the calendar quarter in which initial deliveries of natural gas commence.

Issued in Washington, D.C., on November 09, 1998.

____

John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import and Export Activities
Office of Fossil Energy

1. / 15 U.S.C. § 717b.