

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

MIDLAND COGENERATION VENTURE)
LIMITED PARTNERSHIP)

FE DOCKET NO. 99-70-NG

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

DOE/FE ORDER NO. 305-C

On September 29, 1999, Midland Cogeneration Venture Limited Partnership (MCV) filed an application with the Office of Fossil Energy (FE) 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, to amend its long-term import authorization to reflect an amendment to one of four Canadian supply arrangements. MCV is authorized by DOE/FE Opinion and Order No. 305 as amended,^{2/} to import up to an aggregate daily quantity of 55,000 Mcf of natural gas in accordance with purchase contracts with the following four suppliers: (1) from Norcen Energy Resources Limited, up to 6,500 Mcf per day through November 1, 1994, and thereafter up to 10,000 Mcf per day through November 1, 2001; (2) from Shell Canada Limited, up to 15,000

^{1/} 15 U.S.C. § 717b.

^{2/} 1 FE ¶ 70,208 (March 31, 1989); as amended by DOE/FE Opinion and Order Nos. 305-A, 1 FE ¶ 70,327 (February 6, 1990), and 305-B, 1 FE ¶ 71,200 (November 5, 1995).

Mcf per day through April 30, 2005; (3) from Huskey Oil Operations Ltd. (Husky), successor to Canterra Energy Ltd. (Canterra),^{3/} up to 15,000 Mcf per day through October 31, 2006; and (4) from TransCanada PipeLines Limited, up to 15,000 Mcf per day through April 30, 2005. MCV uses the imported gas supply to operate a 1,370-megawatt natural gas-fired, combined-cycle, cogeneration facility located in Midland, Michigan. Electricity produced by the facility is sold to Consumers Power Company pursuant to a 35-year power purchase agreement. Additional electricity and the steam output from the facility is sold to The Dow Chemical Company. The imported natural gas is transported from the international border near Emerson, Manitoba, through the pipeline systems of Great Lakes Gas Transmission Limited Partnership.

MCV and Husky executed a Second Amendment to their fuel supply arrangement on January 1, 1999. The Second Amendment extends the term of their agreement one year, through October 31, 2007, consistent with the amended terms and conditions (described at pages 4-5 of the application), which also include revisions to the way in which the maximum daily quantity (MDQ) and minimum annual quantity are calculated, revisions to the pricing provisions for the MDQ, the inclusion of the pre-payment charge to reflect a MDQ price reduction, and the addition of protections for the buyer in the event the seller does not deliver the contract volumes. The Second Amendment to the MCV-Husky contract does not indicate an increase to the aggregate 55,000 Mcf/day MCV is authorized to import by Order 305.

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

^{3/} On July 20, 1992, Canterra assigned all rights, title interest, estate in, obligations, and liabilities to Husky effective December 31, 1990.

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. MCV's application to amend its current authority to import 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. The long-term import authorization held by Midland Cogeneration Venture Limited Partnership (MCV) under DOE/FE Opinion and Order No 305, as amended, is amended to extend its term to October 31, 2007, consistent with the terms and conditions of the amended gas purchase agreement with Husky Oil Operations Limited.

C. All other terms and conditions of the import authorization contained in Order 305 , as amended shall remain in full force and effect.

Issued in Washington, D.C., on November 30, 1999.

John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fuels Programs