

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

PROJECT ORANGE ASSOCIATES L.P.)

ERA DOCKET NO. 88-01-NG

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

DOE/FE ORDER NO. 500-B

On February 7, 2000, Project Orange Associates L.P. (POA) 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 204-127, to amend its long-term authorization to import natural gas from Canada issued April 30, 1991, in DOE/FE Opinion and Order No. 500 (Order 500).^{2/} Order 500 authorizes POA to import at Niagara Falls, New York, up to 120 billion cubic feet of natural gas over a period of 20 years in accordance with a Restated Gas Purchase and Sales Agreement (Restated Gas Agreement) between POA and Noranda Inc., its Canadian supplier. DOE/FE Order No. 500-A, issued July 22, 1996, amended Order 500 to authorize POA to market surplus volumes either on the domestic or Canadian spot market, throughout the term of the authorization.^{3/}

^{1/} 15 U.S.C. Sec. 717b.

^{2/} 1 FE ¶ 70,444. The history of this import is detailed in DOE/ERA Opinion and Order Nos. 274, 1 ERA ¶ 70,815, and 425, 1 ERA ¶ 70,353, and in DOE/FE Opinion and Order No.274-A, 1 FE ¶ 70,280.

^{3/} 1 FE ¶ 71,284.

POA requests an amendment to its import authorization to reflect the replacement of its Restated Gas Purchase and Sales Agreement with Noranda with two agreements, one between POA and Canadian Hunter Exploration Ltd. (Canadian Hunter), to which Noranda assigned its interest on December 6, 1999,^{4/} and the other between POA and Union Pacific Resources Inc. (UPRI). POA indicates the terms of both the Canadian Hunter and UPRI supply agreements, which were effective January 1, 2000, are substantially identical to the Restated Gas Agreement with Noranda.^{5/}

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 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. POA's application to amend its current authority to import natural gas from 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. DOE/FE Order No. 500 (Order 500), issued to Project Orange Associates, L. P. (POA) on April 30, 1991, is amended to reflect the replacement of the Restated Gas Agreement between POA and Noranda Inc., dated March 18, 1991, with two gas supply agreements, one between

^{4/} Canadian Hunter, a former Noranda subsidiary, was the successor to Noranda's gas supplies pursuant to a corporate restructuring in which Canadian Hunter was spun off and became an independent entity.

^{5/} Specifically, and for example, the quantities of natural gas supplied by Canadian Hunter and UPRI are 58.333% and 41.667%, respectively, of the total quantity in the Restated Gas Agreement with Noranda.

Canadian Hunter Exploration Ltd. and POA and the other between Union Pacific Resources Inc. and POA. .

B. The quarterly reports required by Ordering Paragraph C of Order 500 shall list separately for the two gas supply agreements the details of each import transaction.

C. In all other respects the earlier orders shall remain in full force and effect.

Issued in Washington, D.C., on February 24, 2000.

Donald A. Juckett
Director, Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy