UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

MIDLAND COGENERATION VENTURE LIMITED PARTNERSHIP	))))	FE DOCKET NO. 02-59-NG

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

DOE/FE ORDER NO. 1807

SEPTEMBER 12, 2002

I. DESCRIPTION OF REQUEST

On August 29, 2002, 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/] requesting authorization to import natural gas from Canada. MCV would import up to 10,000 MMBtu[2/] per day of natural gas. MCV is a limited partnership organized under the laws of the State of Michigan, with its principal place of business in Midland, Michigan. MCV contracted to purchase the natural gas from Husky Oil (Husky) for a four-year term beginning on November 1, 2001, and extending through October 31, 2004. The imported volumes will be used to generate electricity and process steam at a 1,370-megawatt, natural gas-fired, combined-cycle, cogeneration facility which MCV operates in Midland, Michigan.

The price paid by MCV to Husky under the gas purchase contract dated June 19, 2001, is the average of the NYMEX Price on the last three trading days of the NYMEX contract for the applicable delivery month, minus U.S. $0.10/MMBtu. Husky is responsible for all costs and charges associated with the transportation and delivery to the international border delivery point. MCV is responsible for all costs and charges associated with transportation from the delivery point as well as any tax liability. The imported natural gas will be transported by TransCanada Pipelines Limited to the international border near Emerson, Manitoba, (Noyes, Minnesota) at which point MCV will take ownership, and Great Lakes Gas Transmission Limited Partnership will provide transportation to the facility.

1/ 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redelegation Order No. 00-002.4 (January 8, 2002).

2/ One MMBtu is equal to approximately one Mcf of natural gas.

II. FINDING

The application filed by MCV, 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 import 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 MCV 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.

ORDER

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

A. Midland Cogeneration Venture Limited Partnership (MCV), is authorized to import up to 10,000 MMBtu (approximately10,000 Mcf) per day of natural gas from Canada, under a gas purchase agreement with Husky Oil, which began November 1, 2001, and extends through October 31, 2004.

B. This gas will be imported at Noyes, Minnesota, consistent with the terms and conditions of the gas sales agreement between MCV and Husky Oil dated June 19, 2001.

C. With respect to the natural gas imports authorized by this Order, MCV will file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas have been made by MCV. Quarterly reports must be filed whether or not deliveries have made. If no imports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, MCV must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu (in U.S. dollars) delivered at the international border. The reports will also provide the demand/commodity/reservation charge breakdowns of the contract price. [OMB NO.: 1901-0294]

D. The quarterly reports described in Ordering Paragraph C of this Order will be filed with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585.

E. The first quarterly report required by Ordering Paragraph C of this Order is due not later than October 30, 2002, and should cover the period from the date of this Order, until the end of the third calendar quarter, September 30, 2002.

Issued in Washington, D.C., on September 12, 2002.

Clifford Tomaszewski
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy