

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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MAR 20 2006

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SELKIRK COGEN PARTNERS, L.P. )  
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FE DOCKET NO. 05-49-NG

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

DOE/FE ORDER NO. 2187

MARCH 20, 2006

## I. DESCRIPTION OF REQUEST

On July 5, 2005, Selkirk Cogen Partners, L.P. (Selkirk) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),<sup>1/</sup> to amend its long-term import authorization granted in DOE/FE Order No. 756 (Order 756), as amended by DOE/FE Order No. 756-A (Order 756-A).<sup>2/</sup> On December 28, 2005, DOE/FE Order No. 2164 (Order 2164) was issued to Selkirk granting authorization to import up to 23,000 MMBtu per day of natural gas from Canada and Order 756, as amended, was vacated.<sup>3/</sup>

Selkirk seeks authority to import up to 23,000 Mcf per day of natural gas from Canada, beginning November 1, 2004, and extending through October 31, 2014. Currently the imports take place under a gas purchase contract, as amended, with Canadian Forest Oil Ltd. (CFOL),<sup>4/</sup> authorized under Order 756, to supply fuel to Selkirk's 252-megawatt cogeneration facility in Selkirk, New York, as supplemented by a NAESB base contract, as amended, between Selkirk and CFOL. The NAESB base contract, as amended, would also continue the gas supply arrangement to import up to 23,000 Mcf per day of natural gas from Canada for an additional

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<sup>1/</sup> 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redefinition Order No. 00.002.04A (April 13, 2005).

<sup>2/</sup> Order 756, issued December 22, 1992 (1FE ¶ 70,736), granted Selkirk authority to import up to 55,000 Mcf of natural gas per day from Canada over a fifteen year period beginning on the date of the first firm delivery which began November 1, 1994. Order 756-A, issued June 14, 1994 (1 FE ¶ 70,981) reflected the name change of one of Selkirk's suppliers from Esso Resources Canada to Imperial Oil Resources.

<sup>3/</sup> Order 2164 (not yet published) granted Selkirk authority to import an increased volume amount of up to 23,000 MMBtu per day of natural gas from Canada and an extension of its term to October 31, 2014. Order 756-B (not yet published), however, incorrectly stated that Selkirk had terminated its existing gas purchase contracts and as a result Order 756 was erroneously vacated.

<sup>4/</sup> On January 31, 1996, CFOL acquired ATCOR, seller of gas to Selkirk under its previous authority, as a subsidiary and changed its name to CFOL.

five year term beginning November 1, 2009, and extending through October 31, 2014. The current gas purchase contract expires October 31, 2009.

The imported natural gas will be delivered at the border at Empress, Alberta, Canada with Selkirk's one-time option to permanently assign from 50% to 100% of its TransCanada capacity to CFOL which would change the delivery point of those volumes to Waddington, New York. The spot price under the NAESB base contract will be the gas daily midpoint published in the First of the Month Index, as reported in the "Inside FERC," under the heading "Henry Hub," subject to certain adjustments. The price of gas will include any applicable demand charge, variable commodity charges, fuel charges and reservation fee. Selkirk also states that for a variety of reasons, including maintenance activities, it may sell some of the imported gas on the domestic spot market.

Selkirk also seeks to vacate Order 2164 since the proposed authorization will supersede the current authorization.

## II. FINDING

The application filed by Selkirk 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 Selkirk 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. Selkirk Cogen Partners, L.P. (Selkirk) is authorized to import up to 23,000 Mcf per day of natural gas from Canada, beginning on November 1, 2004, and extending through October 31, 2014. The gas will be imported from Canadian Forest Oil Ltd. at a border point at Empress, Alberta, Canada or near Waddington, New York, under the current gas purchase contract, as amended, until its expiration, and under the North American Energy Standards Board base contract dated November 1, 2004, as amended.

B. The import authorization granted in this Order supersedes, in its entirety, the import authorization granted to Selkirk in DOE/FE Order No. 2164 issued December 28, 2005. Accordingly, pursuant to section 3 of the Natural Gas Act, Order 2164, authorizing the import of natural gas from Canada, is hereby vacated.

C. **Monthly Reports:** With respect to the import of natural gas authorized by this Order, Selkirk shall file with the Office of Natural Gas Regulatory Activities, within 30 days following each calendar month, a report indicating whether import of natural gas have been made. Monthly reports must be filed whether or not initial deliveries have begun. If no imports have been made a report of “no activity” for that month must be filed. If imports of natural gas have occurred, the report must give the following details: (1) country of entry; (2) point(s) of entry; and (3) total volume in thousand cubic feet (Mcf) at each import point for the month. [OMB No.: 1901-0294]

D. The first monthly report required by this Order is due not later than April 30, 2006, and should cover the reporting period March 1, 2006, through March 31, 2006.

E. **Quarterly Reports:** With respect to the natural gas imports authorized by this Order, Selkirk will file with the Office of Natural Gas Regulatory Activities, within 30 days following each calendar quarter, reports indicating whether imports of natural gas have been made. If imports of natural gas have not been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, Selkirk must report the following details including each resale transaction: (1) the total monthly volumes in Mcf; (2) the average purchase price of gas per MMBtu; (3) the name of the supplier(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement; (6) the name of the United States transporter; (7) the point(s) of entry; and (8) the geographic market(s) served, by State. [OMB NO.: 1901-0294]

F. The first quarterly report required by this Order, is due not later than April 30, 2006, and should cover the period of the first calendar quarter, from January 1, 2006 through March 31, 2006.

G. The quarterly reports shall be filed with the Office of Natural Gas Regulatory Activities, Fossil Energy, FE-34, P.O. Box 44375, Washington, D.C. 20026-4375.

Issued in Washington, D.C., on March 20, 2006.



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Office of Fossil Energy