UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENRON GAS MARKETING, INC.	)	FE DOCKET NO. 92-153-NG

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

DOE/FE ORDER NO. 762

JANUARY 22, 1993

I. BACKGROUND

On December 4, 1992, Enron Gas Marketing, Inc. (Enron) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA), requesting authorization to import up to 32,000 Mcf of natural gas per day and up to 10.6 Bcf per year from Canada for a period of ten years from November 1, 1994, through October 31, 2004. The gas Enron proposes to import will be consumed at a 1,000-megawatt cogeneration facility to be built by Sithe/Independence Power Partners, L.P. (Sithe) in Scriba, New York. The facility is scheduled to begin commercial operation on January 1, 1995.

Enron is a Delaware corporation with its headquarters in Houston, Texas. It is engaged, directly or through its wholly-owned subsidiaries, in the marketing of natural gas. Sales of long-term gas to electric utilities and independent power producers are made through Enron's wholly-owned subsidiary, Enron Power Services, Inc. (EPSI), a Delaware corporation. Enron's parent is Enron Corp.

In its role as the party responsible for acquiring gas supplies, Enron will purchase the Canadian gas from Unigas Corporation (Unigas) pursuant to a letter agreement dated August 11, 1992. EPSI is responsible for the sale of the gas and has executed a gas sales contract with Sithe dated October 26, 1992. Under the terms of the agreements, Enron will import the gas at the interconnection of the facilities of TransCanada PipeLines, Limited and Empire State Pipeline to be constructed at a new border point near Grand Island, New York. At the import point, Enron will sell the gas to EPSI and EPSI, in turn, will sell the gas to Sithe.

The contract between EPSI and Sithe is the relevant import arrangement. The price paid by Sithe for gas purchased from EPSI will be $2.28 per MMBtu for 1995, increasing each year to $3.52 per MMBtu by the year 2000. The import price is then determined each day based on the amount paid to Sithe by Consolidated Edison Company of New York for electricity from the cogeneration plant and the published spot price for natural gas deliveries to pipelines in Louisiana. The contract between EPSI and Sithe contains a take-or-pay charge based on minimum monthly and minimum annual quantities.

II. FINDING

The application filed by Enron has been evaluated to determine if the proposed import arrangement meets the public interest requirements 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), an 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 Enron 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

For reasons set forth above, under section 3 of the Natural Gas Act, it is ordered that:

A. Enron Gas Marketing, Inc. (Enron) is authorized to import near Grand Island, New York up to 32,000 Mcf of Canadian natural gas per day and up to 10.6 Bcf per year for a term beginning November 1, 1994, through October 31, 2004. Enron shall import the gas in accordance with the provisions of the October 26, 1992, gas sales contract between Enron Power Services, Inc. and Sithe/Independence Power Partners, L.P., filed in this proceeding.

B. Within two weeks after imports begin, Enron shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, in writing of the date that the first delivery of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports authorized by this Order, Enron shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas have been made. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, Enron must report the monthly total volumes in Mcf and the average purchase price per MMBtu at the international border.

D. The first quarterly report required by Paragraph C of this Order is due not later than 30 days after the calendar quarter in which imports first occur under this authorization.

Issued in Washington, D.C., on January 22, 1993.

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Charles F. Vacek
Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy