UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

SARANAC POWER PARTNERS, L. P.	)	FE DOCKET NO. 92-70-NG

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

DOE/FE ORDER NO. 725

NOVEMBER 20, 1992

I. BACKGROUND

On June 9, 1992, as revised on July 13, 1992, Saranac Power Partners, L. P. (Saranac) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),1/ requesting authorization to import up to 54,000 Mcf of natural gas per day from Canada for a period of sixteen years from the date of initial import. Saranac is a Delaware limited partnership with its headquarters in Houston, Texas. Saranac's sole general partner is Saranac Energy Co., Inc. (Saranac Energy) and the ultimate parent company of Saranac Energy is Falcon Seaboard Resources, Inc., a Texas corporation.

Saranac will use the gas to be imported to fuel a 240 megawatt gas-fired, topping-cycle cogeneration plant that Saranac plans to build in Plattsburgh, New York. Saranac will purchase the gas pursuant to a gas sales contract with Shell Canada Limited (Shell) dated May 20, 1992. Shell will deliver gas on an interruptible basis as required by Saranac for testing the powerplant prior to the date of commercial operation and then continue to supply gas on a firm basis for a period of fifteen years from the date that the plant commences commercial operation. The rate paid by Saranac to Shell is a two-part rate consisting of a demand component which is based on the charges for transportation in Canada on the pipeline systems of NOVA Corporation of Alberta and TransCanada PipeLines Limited (TransCanada), and a commodity component equal to the difference

1/ 15 U.S.C. 717b.

between the demand charge and the "contract price." The gas will enter the United States at the point on the international border near Champlain, New York, where the pipeline facilities of TransCanada will interconnect with the new transmission system to be constructed by North Country Gas Pipeline Corporation (North Country). North Country will then transport the gas to the Saranac plant.

DOE published a notice of receipt of Saranac's application in the Federal Register on September 22, 1992.2/ Great Lakes Gas Transmission Limited Partnership (Great Lakes), an importer and transporter of Canadian natural gas, filed a motion to intervene without comment in Saranac's application. This order grants intervention to Great Lakes.

II. FINDING

The application filed by Saranac 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 Saranac to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and is therefore consistent with the public interest.

2/ 57 F.R. 43729.

ORDER

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

A. Saranac Power Partners, L. P. (Saranac) is authorized to import near Champlain, New York up to 54,000 Mcf of Canadian natural gas per day for a term of sixteen years beginning on the date of first import. Saranac shall import the gas in accordance with the provisions of its May 20, 1992, gas purchase contract with Shell Canada Limited, as described in the application.

B. Within two weeks after imports begin, and commencement of the cogenerator's commercial operations, Saranac 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 of both occurrences.

C. With respect to the natural gas imports authorized by this Order, Saranac 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, Saranac must report separately for firm and interruptible supplies, the monthly total volumes in Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the per unit (MMBtu) demand/commodity charge breakdown of the price, if applicable. For the interruptible supplies, the reports shall provide: (1) the name of the U.S. transporter(s); (2) the point(s) of entry; and (3) the geographic market(s) served.

D. The first quarterly report required by Paragraph C of this Order is due not later than January 30, 1993, and should cover the period from the date of this order until the end of the calendar quarter, December 31, 1992.

E. The motion to intervene filed by Great Lakes Gas Transmission Limited Partnership is hereby granted, provided that its participation is limited to the matters specifically set forth in its motion to intervene and not herein specifically denied, and shall not be construed as recognition that they may be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on November 20, 1992.

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