

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

DATE: 3/20/2006

MAR 20 2006

DOE/OFE/NGR

SELKIRK COGEN PARTNERS, L.P.)
_____)

FE DOCKET NO. 05-50-NG

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

DOE/FE ORDER NO. 2188

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),^{1/} 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).^{2/} On December 28, 2005, DOE/FE Order No. 2165 (Order 2165) was issued to Selkirk granting authorization to import up to 17,000 MMBtu per day of natural gas from Canada and Order No. 756, as amended, was vacated.^{3/} Selkirk seeks authority to import up to 17,000 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 January 1, 2005, with EnCana Corporation (EnCana)^{4/} (the “Amended Agreement”) to supply fuel to Selkirk’s 252-megawatt cogeneration facility in Selkirk, New York. This Amended Agreement expires October 31, 2009. Selkirk and EnCana Gas also have entered into a North American Energy Standards Board (NAESB) base contract, as amended, effective after the current EnCana gas purchase contract

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

^{2/} 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.

^{3/} Order 2165 (not yet published) granted Selkirk authority to import up to 17,000 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 was erroneously vacated.

^{4/} On April 5, 2002, EnCana, the successor in interest to PanCanadian, became the seller under the gas purchase contract. Selkirk and EnCana have entered into and amended and restated agreement that commenced January 1, 2005 and continues through the existing term of October 31, 2009. The NAESB base contract replaces the current contract effective November 1, 2009.

expires.^{5/} The NAESB base contract, as amended, between Selkirk and EnCana Gas would continue the gas supply arrangement to import up to 17,000 Mcf per day of natural gas from Canada for an additional five year term beginning November 1, 2009, and extending through October 31, 2014 between Selkirk and EnCana Gas.

The imported natural gas will be delivered at the border at Burstall, Saskatchewan near Empress, Alberta, Canada, or other points as is mutually agreed to. Under the Amended Agreement, Selkirk pays a monthly charge and a commodity charge to EnCana. Under the NAESB base contract, the price paid will be a spot price published monthly in the "*Canadian Gas Price Reporter*" in the table entitled Canadian Natural Gas Supply prices, in the column "Alberta" as AECO C & N.I.T. one month spot, under the column "Avg.", plus Nova FT-D transportation costs. 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 2165 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

^{5/} Under the NAESB base contract, the seller will be EnCana Gas.

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 17,000 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 EnCana Corporation at the border at Burstall, Saskatchewan near Empress, Alberta, Canada, or other points as is mutually agreed to, under the current Agreement, as amended, and at its expiration, the gas will be imported from EnCana Gas under a North American Energy Standards Board base contract dated December 23, 2004.

B. The import authorization granted in this Order supersedes, in its entirety, the import authorization granted to Selkirk in DOE/FE Order No. 2165 issued December 28, 2005. Accordingly, pursuant to section 3 of the Natural Gas Act, Order 2165, 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 imports 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]

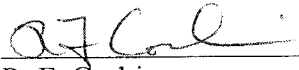
D. The first monthly report required by this Order is due not later than April 30, 2006, and should cover the reporting period March 1, 2006, through March 31, 2006.

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.

A handwritten signature in dark ink, appearing to read 'R. F. Corbin', is written over a horizontal line.

R. F. Corbin

Manager, Natural Gas Regulatory Activities
Office of Oil and Gas Global Security and Supply
Office of Fossil Energy