

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

TM STAR FUEL COMPANY

)
)
)
FE DOCKET NO. 93-15-NG

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

DOE/FE ORDER NO. 771

FEBRUARY 16, 1993

I. DESCRIPTION OF REQUEST _____

On February 4, 1993, TM Star Fuel Company (TM Star) 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 10,000 MMBtu2/ of

natural gas per day from Canada over a period of 15 years beginning on the date of the first delivery (anticipated in April 1993). TM Star is a California general partnership between Texaco Cogeneration Fuel Company and Southern Sierra Gas Company.3/ The gas will be imported from CanWest Gas Supply

—
Inc. (CanWest) at the international border near Sumas, Washington, and transported through the pipeline facilities of Northwest Pipeline Corporation. Most of the gas will be sold by TM Star to its affiliate, March Point Cogeneration Company (March Point), as fuel to generate electricity at a cogeneration plant near Anacortes, Washington. However, TM Star may sell a portion of the supply to others during periods when the March Point facility is not generating electricity.

1/ 15 U.S.C. 717b. —

2/ One MMBtu is equal to approximately one Mcf. —

3/ TM Star's place of business is in Universal City, California.

—
Texaco Cogeneration Fuel Company is a Delaware corporation and a wholly owned subsidiary of Texaco Inc. Southern Sierra Gas Company is a California corporation and a wholly owned subsidiary of Mission Energy Fuel Company, a subsidiary of the Mission Group, which is a wholly owned subsidiary of SCEcorp., a

California corporation.

Under the provisions of the gas sale/purchase contract between TM Star and CanWest dated October 7, 1992, the price will be \$1.83 (U.S.) per MMBtu at the U.S. border beginning April 1, 1993. This price is then increased each January 1st according to an index reflecting the annual inflation rate in the United States. The price escalations are subject to a ceiling of six percent per year and a floor of four percent. The contract includes a 90 percent minimum take requirement on an annual basis, with TM Star to pay 30 percent of the price of the gas for any deficiency.

II. FINDING

The application filed by TM Star 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), an import or export of natural gas from or to 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 TM Star 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. TM Star Fuel Company (TM Star) is authorized to import, at Sumas, Washington, up to 10,000 Mcf (or MMBtu) of natural gas from Canada over a period of 15 years beginning on the date of the first delivery. The imports shall be subject to the provisions of the gas sale/purchase agreement between TM Star and CanWest Gas Supply Inc., dated October 7, 1992, which was filed in this proceeding.

B. Within two weeks after deliveries begin, TM Star 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 import of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports authorized by this Order, TM Star 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, TM Star must report monthly total volumes in Mcf, the average purchase price per MMBtu at the international border, the name of the buyer, and the buyer's location (state). The reports shall

itemize separately any deficiency payments made by TM Star during a particular calendar quarter.

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

Issued in Washington, D.C., on February 16, 1993.

Jack S. Siegel
Acting Assistant Secretary
for Fossil Energy