

US Department of Energy
US Department of Energy

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF ELECTRICITY DELIVERY AND ENERGY RELIABILITY

MAR 22 2011
Electricity Delivery and
Energy Reliability

CARGILL POWER MARKETS, LLC)

Docket No. EA- _____ To Be Assigned _____

APPLICATION OF CARGILL POWER MARKETS, LLC

EA-378

FOR AUTHORIZATION TO

TRANSMIT ELECTRICITY TO MEXICO

Cargill Power Markets, LLC ("Applicant") hereby files its application for blanket authority to transmit electricity from the United States to Mexico ("Application") for a term of five (5) years.¹

I. DESCRIPTION OF APPLICANT

The exact legal name of the applicant is Cargill Power Markets, LLC ("CPM"). CPM was organized on July 7, 1997, under the laws of the State of Wisconsin and is currently authorized to do and does business in the states of Wisconsin, Texas, and Minnesota. CPM's principal and executive offices are located at 9350 Excelsior Boulevard MS 150, Hopkins, MN 55343. CPM is 100% owned by Cargill, Incorporated. CPM is presently authorized to export electric energy to Canada and is now filing application to do the same with Mexico.

Applicant is a power marketer and specializes in the marketing, trading, and risk management, of Power; subject to the Federal Energy Regulatory Commission's ("FERC") jurisdiction under Section 201 of the FPA (16 U.S.C. § 824e).²

¹ This license application is filed pursuant to section 202(e) of the Federal Power Act ("FPA"), 16 U.S.c. § 824a(e), and the Department of Energy (DOE) regulations contained in 10 C.f.R. §§ 205.300-205.309 (2008).

² See Southern Company Services, Inc. • et al., 87 F.E.R.C. ~ 61,214, at 61,847 (1999). As used herein, the term "marketer" or "power marketer" means an entity that buys and sells electric power for its own account.

CPM has been authorized by the Federal Energy Regulatory Commission to make wholesale sales of electric power in interstate commerce at market-based rates. See Notice of Issuance of Order, 62 FR 59856 (1997). The power export(s) contemplated by the Application are foreign as opposed to interstate commerce. Applicant intends to operate as a wholesale power marketer, and will purchase and sell electricity and enter into financial and physical contracts for power, natural gas, and other energy products for its own account, as well as on behalf of the accounts of U.S. suppliers and Mexican purchasers, in the wholesale markets throughout the United States and Mexico. All Applicant power transactions will be at rates negotiated between Applicant and its counterparties.

Neither Applicant nor any of its affiliates currently controls, directly or through affiliates, any electric generation, transmission, or distribution facilities in the United States. Neither Applicant nor any of its affiliates owns, operates or controls any electric generation assets. As part of its trading and investment activities in various industry sectors, Applicant periodically takes passive or other non-controlling positions in, or is a passive lender to, unaffiliated companies that directly or indirectly own electric generation or transmission, have franchised service territories or provide inputs to generation in the United States. Neither Applicant nor any of its affiliates holds any position that would give it control over the day-to-day operations of such unaffiliated energy-related companies. When Applicant makes investments with unaffiliated investment managers, Applicant does not direct the investment decisions of such investment managers. Neither the Applicant nor any of its affiliates holds a franchise or service territory for the transmission, distribution or sale of electric power at this time.

II. COMMUNICATIONS

All service and correspondence concerning this application should be sent to:

Valerie L. Ege
Compliance Manager
Cargill Power Markets, LLC
9350 Excelsior Blvd MS 150.
Hopkins, Minnesota 55343
Phone (952) 984-3071
Fax (952) 984-3836
Valerie_ege@cargill.com

III. JURISDICTION

Applicant believes that the Department of Energy (the "Department") is the only government agency that has authority over this Application. FERC has jurisdiction over Applicant's wholesale electric power sales activities in the United States.

IV. DESCRIPTION OF TRANSMISSION FACILITIES

Exhibit C to this Application provides the location and description of the existing transmission facilities through which the electric energy covered by this Application will be delivered into Mexico and includes the name of the facility owners, as well as the Presidential Permit numbers.

V. TECHNICAL DISCUSSION

CPM is engaged in the marketing of wholesale electric power as a power marketer, and seeks authority to export electric power into Mexico over the existing cross-border facilities described in Exhibit "C." CPM has no electric power supply system of its own on which its exports of power could have a reliability or stability impact. CPM's only supply obligations are those for which it has contracted. The electric power that will be exported pursuant to the requested export authorization, whether on a firm or interruptible basis, will be surplus to the system of the generator of such power. In addition, since CPM does not own transmission facilities, CPM does not have the native load obligations of those entities holding franchised service territories. Thus, the exports proposed herein by CPM will not impair the sufficiency of power in the United States, nor will the transactions impede or tend to impede the regional coordination of electric utility planning or operation.

In its previous orders granting export authorizations to electric power marketers, the Department has indicated its reluctance to follow a rigid application of the information filing requirement contained in its regulations in the context of applications by power marketers.³ The Department has taken a flexible approach in determining the information necessary to evaluate the reliability for a specific market and has held that existing technical analysis support the present authorizations to export power through designated international border transmission. CPM respectfully requests that the Department continue to apply this standard during its review of the instant application and grant CPM the same benefits accorded to other electric power marketers.

Additionally, CPM agrees to comply with all reliability criteria, standards, and guidelines of the North American Electric Reliability Council and Regional Councils, on such terms as expressed therein, and as such criteria, standards, and guides may be amended from time to time.

Applicant requests authority to transmit electric power to Mexico as a power marketer. As noted above, Applicant does not own or control any power supply system in the United States. Applicant will purchase the

³See, e.g., *Enron Power Marketing, Inc.*, FE Docket No. EA-102 at p.5 (Feb. 6, 1996) ("DOE has never applied the information filing requirements contained in its regulations in a rigid manner"); *Destec Power Services, Inc.*, FE Docket No. EA-113 at p.3 (May 31, 1996) (same); *ProMark Energy, Inc.*, FE Docket No. EA-155 at p.2 (January 23, 1998) (same).

power to be exported from electric utilities, federal power marketing agencies, qualifying cogeneration, small power production facilities and exempt wholesale generators, as those terms are defined in the FPA, and other public utilities. Any power purchased by Applicant for export would be surplus to the needs of those entities selling power to Applicant.⁴ Thus, as required by FPA Section 202(e), Applicant's exports will not impair the sufficiency of power in the United States, nor will the transactions impede or tend to impede the coordinated use of U.S. transmission facilities.⁵ Furthermore, Applicant's power exports will not adversely impact the reliability or stability of any power supply system utilized for such exports.

VI. VERIFICATION

The signed Verification of Eugene J. Becker, Vice President of CPM, is attached to this Application.

VII. PROCEDURES

This Application is consistent with the North America Free Trade Agreement (1993) and United States energy policy which would foster a more efficient and competitive North American energy market.

CPM requests authority for export transactions through specified border facilities. The Department has granted export authority to similarly situated power marketers, and CPM agrees to abide by the general conditions set forth in the Department's previous orders authorizing power marketers to export power. *See, e.g., Enron Power Marketing, Inc.*, FE Docket No. EA-102 (Feb. 6, 1996).

Applicant proposes to abide by the general conditions consistent with the Department's previous grants of authorization to power marketers as set forth in its previous orders, as described herein. From time to time, Applicant will enter into agreements with third parties which involve the export of electric power from the United States to Mexico. Applicant's exports over the subject transmission facilities will not exceed the export limits for the facilities, or otherwise cause a violation of the terms and conditions set forth in the export authorizations applicable to each. When scheduling delivery of power, Applicant will comply with the applicable North American Reliability Council reliability criteria, standards, and guidelines. Within thirty days following the end of each calendar quarter, Applicant will provide the Department with reports indicating the gross amount of electricity delivered to Mexico, consideration received during each month, and the maximum hourly rate of transmission.

⁴ /datp.2.

⁵ 1d at p. 2.

VIII. EXHIBITS AND ATTACHMENTS

The signed declaration of Eugene J. Becker, Vice President and Controller, is attached to this Application. In accordance with IO C.F.R. § 205.303 (2009), the following exhibits are attached as described and made part of this Application:

- Exhibit A (Not Applicable)
- Exhibit B Legal Opinion
- Exhibit C Transmission System Information (submitted in lieu of maps)
- Exhibit D CPM, LLC Form
- Exhibit E Articles of Amendment

Pursuant to 10 C.F.R. § 205.309 (2009), a copy of this Application is being provided to:

Federal Energy Regulatory Commission
Office of the Secretary
888 First St., N.E.
Washington, D.C. 20426

IX. CONCLUSION

In consideration of the foregoing, Applicant requests approval of this Application for authorization to export electricity to Mexico for a term of five (5) years, effective from the date of the order granting this Application, on substantially the same terms and conditions as applied to similarly-situated electric power marketers.

Respectfully submitted,

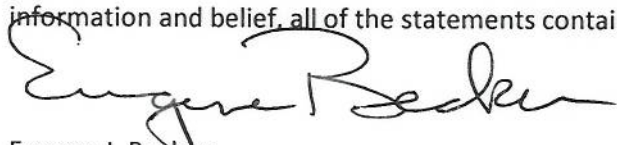


Eugene J. Becker
Vice President and Controller
Cargill Power Markets, LLC
9350 Excelsior Blvd- MS 150
Hopkins, MN. 55343
Phone: 952.984.3158

Dated: March 21, 2011

DECLARATION

I, Eugene J. Becker, declare under penalty of perjury that I am duly authorized officer of Cargill Power Markets, LLC and verify the foregoing Application on behalf of Cargill Power Markets, LLC, and that to the best of my knowledge, information and belief, all of the statements contained in said Application are true and correct.

A handwritten signature in black ink, appearing to read "Eugene Becker", written over the printed name.

Eugene J. Becker
Vice President and Controller
Cargill Power Markets, LLC

Dated March 21, 2011

EXHIBIT A

Transmission Agreements

(Not Applicable)

EXHIBIT B

Legal Opinion

Legal Opinion

The following is given in support of the Application of Cargill Power Markets, LLC for Authorization to Transmit Electric Energy to Mexico, dated March 21, 2011.

- (1) I am an attorney at law, authorized to practice law in the State of Wisconsin and Minnesota.
- (2) I am employed as General Counsel of Cargill Power Markets, LLC. In this capacity, I provide legal counsel to Cargill Power Markets, LLC, which is in good standing under the laws of the States of Wisconsin and Minnesota.
- (3) To the best of my knowledge and belief, Cargill Power Markets, LLC, pursuant to a Federal Energy Regulatory Commission authorization granted in Docket No. ER03-774-000, has full power and authority to sell or act as a marketer/broker in the sale and exportation of electric energy as requested in the Application.
- (4) To the best of my knowledge and belief, Cargill Power Markets, LLC has complied or will comply with Section 202(e) of the Federal Power Act and all pertinent Federal and state laws relevant to the Application.

By: 

Name: Michael Skoglund

Title: Senior Lawyer

EXHIBIT C

Transmission System Information

March 2011

TRANSMISSION LINES AT THE U.S. BORDER WITH MEXICO

APPROPRIATE FOR OPEN ACCESS TRANSMISSION BY THIRD PARTIES

<u>Present Owner</u>	<u>Location</u>	<u>Voltage</u>	<u>Pres. Permit No</u> ⁶
AEP Texas Central Company	Laredo, TX	138-kV	PP-317
		230-kV	PP-317
	Brownsville, TX	138-kV	PP-94
		69-kV	
	Eagle Pass, TX	138-kV	PP-219
Comision Federal de Electricidad	Falcon Dam, TX	138-kV	None
El Paso Electric Company	Diablo, NM	115-kV	PP-92
	Ascarate, TX	115-kV	PP-48
Generadora del Desierto-WAPA	San Luis, AZ	230-kV	PP-304
San Diego Gas & Electric	Miguel, CA	230-kV	PP-68
	Imperial Valley, CA	230-kV	PP-79
Sharyland Utilities, Inc.	McAllen, TX	138-kV	PP-285

⁶ ⁷ These Presidential permit numbers refer to the generic DOE permit number and are intended to include any subsequent amendments to the permit authorizing the facility.

EXHIBIT D

**Power of Attorney with Agent
Residing Within the United States**

(Not Applicable)

EXHIBIT E

**Statement of any Corporate Relationship or Existing Contract which in Any Way Relates to the Control or Fixing of
Electric Power**

(Not Applicable)

EXHIBIT F

Operating Procedures regarding Available Capacity and Energy

(Not Applicable)