

SEP 12 2014

Electricity Delivery and
Energy Reliability

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

Frontera Marketing, LLC

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Docket. EA-403

APPLICATION OF FRONTERA MARKETING, LLC
FOR AUTHORIZATION TO
TRANSMIT ELECTRIC ENERGY TO MEXICO

Pursuant to section 202(e) of the Federal Power Act, 16 U.S.C. § 824(e), and 10 C.F.R. § 205.300 *et seq.*, Frontera Marketing, LLC ("Applicant") hereby submits this application ("Application") for authorization to transmit electric energy from the United States to Mexico for a ten-year term. Applicant respectfully requests expedited review of this Application and issuance of an order approving the Application in 60 days. In support of this Application, Applicant states as follows:

I. DESCRIPTION OF APPLICANT

The exact legal name of the Applicant is Frontera Marketing, LLC. Applicant, a Delaware limited liability company, is an indirect, wholly-owned subsidiary of Frontera Marketing Holdings, LLC. Blackstone Energy Partners L.P. and Blackstone Capital Partners VI L.P. are the sole members of Frontera Marketing Holdings, LLC. The owner and controlling entity of Blackstone Energy Partners L.P. and Blackstone Capital Partners VI L.P. is The Blackstone Group L.P. ("Blackstone"), a leading global alternative asset manager and provider of financial advisory services. Blackstone's alternative asset management businesses include the management of corporate private equity funds, real estate opportunity funds, funds of hedge funds, mezzanine funds, senior debt funds, proprietary hedge funds, and closed-end mutual funds.

Applicant is an affiliate of Frontera Generation Limited Partnership ("Frontera Generation"), which holds Presidential Permit PP-206¹ and Export Authorization EA-206-B.² Frontera Generation is an indirect, wholly-owned subsidiary of Lone Star Holdings, LLC, which is an indirect, wholly-owned subsidiary of Blackstone Capital Partners VI NQ L.P., Blackstone Family Investment Partnership VI-NQ ESC L.P., Blackstone Energy Partners NQ L.P., Blackstone Energy Family Investment Partnership NQ ESC L.P. and Blackstone Energy Family Investment Partnership SMD L.P.

Applicant will operate as a power marketer in the Electric Reliability Council of Texas ("ERCOT") and will make sales of electric energy at wholesale in ERCOT and in Mexico. Applicant was formed for the purpose of entering into an exclusive, long-term energy sales agreement with Frontera Generation to facilitate marketing of the output from the Frontera Station to customers in Mexico, which would be exported over the international transmission facilities authorized by Presidential Permit PP-206. Accordingly, Applicant requests authorization to export electricity over those facilities. In addition, Applicant anticipates that there may be times when it is prudent or necessary to obtain third party supply to meet its obligations to supply customers in Mexico. Pursuant to the terms of PP-206, the Frontera Generation facilities are not capable of transmitting third party supply; therefore, Applicant also seeks authorization herein to transmit electricity on other international transmission facilities DOE has identified as open-access lines.

Applicant does not own, operate or control any electric generation or transmission facilities. Applicant will be a Purchasing Selling Entity, as defined by the North American

¹ See *Frontera Generation Limited Partnership*, Order No. PP-206 (July 12, 1999).

² See *Frontera Generation Limited Partnership*, Order No. EA-206-B (Jan. 6, 2005) ("Order No. EA-206-B").

Electric Reliability Corporation (“NERC”) and will register as such with NERC. Applicant will comply with the reliability standards promulgated by NERC, the Federal Energy Regulatory Commission and the Texas Reliability Entity, as well as any terms and conditions contained in the Export Authorization. Applicant is authorized to do business in Delaware.

II. COMMUNICATIONS

Bilal Khan
Vice President and Secretary
Frontera Marketing, LLC
c/o The Blackstone Group L.P.
345 Park Avenue
New York, New York 10154

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Marcia Hook
Baker Botts L.L.P.
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(202) 585-4087 (facsimile)
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III. JURISDICTION

Applicant is not aware of any other Federal, State, or local government agency that has jurisdiction over the action to be taken in this application.

IV. DESCRIPTION OF TRANSMISSION FACILITIES

As noted above, Applicant will enter into an exclusive energy sales agreement with its affiliate, Frontera Generation, under which Applicant will purchase 100% of the portion of the energy produced at the Frontera Generation station that is intended to be sold into Mexico.³ It is the intent of the energy sales agreement that Applicant will take title to the subject power, and using the Frontera Generation transmission facilities authorized in Presidential Permit PP-206, will export that power over the U.S.-Mexico border for sale to customers in Mexico.

The facilities authorized by Presidential Permit PP-206 consist of a single-circuit 138-kilovolt (“kV”) transmission line extending from the Rio Bravo Substation across the U.S.

³ Frontera Generation, which is registered with the Federal Energy Regulatory Commission as an Exempt Wholesale Generator, will retain the ability to sell a portion of the station’s output into ERCOT, if it chooses to do so.

border with Mexico, and connecting to similar facilities owned by Comisión Federal de Electricidad. Under the terms of the applicable Presidential Permit, the 138-kV line may be replaced by a double-circuit 230-kV line.

From time to time, Applicant may also purchase energy at wholesale for resale to customers in Mexico. Therefore, Applicant also seeks authorization to export energy across the facilities interconnecting ERCOT and CFE that DOE has authorized to provide non-discriminatory, open-access transmission services as part of the interconnected U.S. electrical grid. A list of those currently authorized facilities is provided in Exhibit C.

V. TECHNICAL DISCUSSION OF IMPACT OF PROPOSED EXPORTS

Section 202(e) of the Federal Power Act and DOE's regulations provide that exports should be allowed unless the proposed export would impair the sufficiency of electric power supply within the United States or would tend to impede the coordinated use of the United States power supply network.⁴

DOE has previously assessed the impact of potential exports from Frontera Generation and has determined that these exports "would not impair the sufficiency of electric power supply within the United States and would not impede the sufficiency of electric power supply within the United States and would not impede or tend to impede the coordination in the public interest of facilities within the jurisdiction of DOE."⁵ Applicant has no electric power supply system on which the proposed exports could have a reliability, fuel use, or system stability impact. Further, Applicant has no native load obligations usually associated with a franchised service territory.

⁴ 16 U.S.C. § 824a(e); 10 CFR 205.302(g).

⁵ Order No. EA-206-B at 2.

Therefore, allowing the export by Applicant to Mexico of electric energy generated by Frontera Generation will not negatively impact the reliability of the U.S. electric power supply system.⁶

In those instances where Applicant purchases power from entities other than Frontera Generation to be exported over facilities other than the facilities permitted by Presidential Permit PP-206, the power will be purchased from others voluntarily, and thus will be surplus to the needs of the selling entities. Accordingly, the proposed exports will not impair or tend to impede the sufficiency of electricity supplies in the United States or the regional coordination of electric utility planning or operations.

VI. EXHIBITS

Pursuant to Section 205.303 of DOE's regulations,⁷ the following exhibits are attached hereto:

- Exhibit A – Not applicable
- Exhibit B – Legal Opinion of Frontera Marketing, LLC's Counsel
- Exhibit C – Facilities Currently Authorized for Use for Export from ERCOT to Mexico
- Exhibit D – Not applicable
- Exhibit E – Not applicable
- Exhibit F – Not applicable

To the extent necessary, Applicant requests a waiver of the requirement to provide the exhibits that are not applicable to the application, as noted.

VII. REQUEST FOR EXPEDITED REVIEW

Applicant respectfully requests expedited review of this application and issuance of an order granting the application within 60 days. Issuing an order within 60 days is consistent with

⁶ The Applicant's proposed export of electric energy qualifies for DOE's categorical exclusion for exports of electric energy under the National Environmental Policy Act of 1969, 42 U.S.C. § 4332(2) *et seq.* See 10 C.F.R. Part 1021, App. B to Subpart D § B4.2.

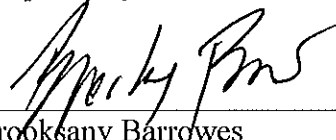
⁷ 10 C.F.R. § 205.303.

DOE precedent regarding approval of applications to export energy.⁸ Any delay in processing this application may prevent Applicant from being able to enter into contracts for the duration of the delay, and substantial delay may materially alter the Applicant's bargaining position and ability to enter into agreements for the longer-term.

VIII. CONCLUSION

For the reasons contained herein, Applicant requests that DOE grant Applicant authorization to export electric energy to Mexico within 60 days.

Respectfully submitted,



Brooksany Barrowes

Marcia Hook

Baker Botts L.L.P.

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September 12, 2014

⁸ See, e.g., *Bruce Power Inc.*, Order No. EA-349-A (Apr. 17, 2014) (granting renewal of export authorization in 58 days); *NextEra Energy Power Marketing, LLC*, Order No. EA-348-B (Feb. 11, 2014) (granting renewal of export authorization in 53 days); *Dynegy Power Marketing, Inc.*, Order No. EA-121-B (Jun. 10, 2004) (granting renewal of export authorization in 28 days).

EXHIBIT B

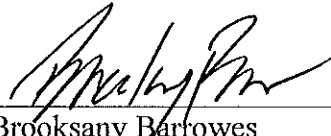
OPINION OF LEGAL COUNSEL

LEGAL OPINION

The following opinion is given in support of the application of Frontera Marketing, LLC for authorization to transmit electric energy to Mexico.

1. I am an attorney at law, authorized to practice in the District of Columbia;
2. I am counsel for Frontera Marketing, LLC;
3. Frontera Marketing, LLC has full corporate power and authority to engage in the export of electricity as proposed in the Application; and
4. Frontera Marketing, LLC will comply with all pertinent Federal and state laws.

Date: September 12, 2014



Brooksany Barrowes
Partner
Baker Botts L.L.P.

EXHIBIT C

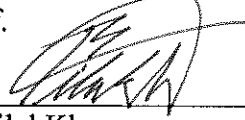
**FACILITIES TO BE USED BY APPLICANT
FOR EXPORT OF ELECTRIC ENERGY**

<u>Present Owner</u>	<u>Location</u>	<u>Voltage</u>	<u>Presidential Permit No.</u>
AEP Texas Central Company	Laredo, TX	138 kV	PP-317
		230 kV	PP-317
	Brownsville, TX	138 kV 69 kV	PP-94
Comisión Federal de Electricidad	Eagle Pass, TX	138 kV	PP-219
	Falcon Dam, TX	138 kV	NA
	Redford, TX	7.2 Kv	PP-51
	Presidio, TX	13.8 kV	PP-03
El Paso Electric Company	Ascarate, TX	115 kV	PP-48
Frontera Generation Limited Partnership	Mission, TX	138 kV	PP-206
Sharyland Utilities, L.P.	McAllen, TX	138 kV	PP-285

VERIFICATION

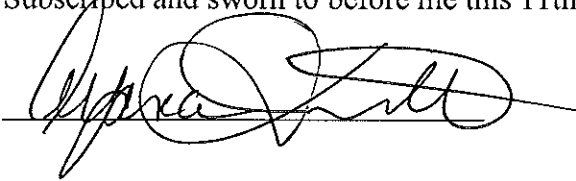
VERIFICATION

I, Bilal Khan, being duly sworn on his own, do hereby affirm that I am Vice President and Secretary of Frontera Marketing, LLC, and have authority to file the foregoing document, and that I have examined the statements contained therein and that all such statements are true and correct to the best of my knowledge, information, and belief.



Bilal Khan
Vice President and Secretary
Frontera Marketing, LLC

Subscribed and sworn to before me this 11th day of September, 2014.



My Commission Expires July 20 16

AYANA DUMMETT
NOTARY PUBLIC, State of New York
No. 01DU6265064
Qualified in New York County
Commission Expires July 9, 2016

BAKER BOTTS LLP

US Department of Energy

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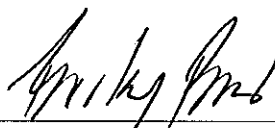
Christopher Lawrence
U.S. Department of Energy, OE-20
Office of Electric Delivery and Energy Reliability
1000 Independence Avenue, SW
Washington, DC 20585

**Re: Application of Frontera Marketing, LLC for Authorization to Export
Electricity from the United States to Mexico, Docket No. EA-403**

Dear Mr. Lawrence,

Enclosed please find: (i) an original and two copies of the above-referenced Application of Frontera Marketing, LLC for Authorization to Transmit Electricity from the United States to Mexico; and (ii) a check in the amount of \$500.00, payable to the Treasurer of the United States, as required by 10 C.F.R. § 205.309. Pursuant to 10 C.F.R. § 205.309, a copy of the Application is also being filed with the Federal Energy Regulatory Commission.

Respectfully,



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Counsel for Frontera Marketing, LLC