

FEB 26 2015

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

Electricity Delivery and  
Energy Reliability

Saracen Power LP

)

Docket No. EA-350-~~3~~ 409

APPLICATION OF SARACEN POWER LP  
FOR RENEWAL OF AUTHORIZATION TO  
EXPORT ELECTRICITY FROM THE UNITED STATES TO CANADA

Pursuant to Section 202(e) of the Federal Power Act ("FPA") (16 U.S.C. § 824a(e)) and the regulations promulgated under 10 C.F.R. §§ 205.300, *et seq.* (2014), Saracen Power LP ("Saracen Power" or "Applicant") hereby submits requests this Application for Renewal of Authorization to Transmit Electricity from the United States to Canada for a period of five years (or such longer period as may be permitted by the Department). In support of this Application, Saracen Power respectfully states as follows:

I. INTRODUCTION

On April 13, 2009, in Order No. EA-350, the United States Department of Energy, Office of Electricity Delivery and Energy Reliability ("Department") authorized Saracen Power LLC to export electric energy from the United States to Canada as a power marketer for a period of five years ending on April 13, 2014.<sup>1</sup> On December 16, 2009, in Order No. EA-350-A, the Department amended Order No. EA-350 to reflect the change in the name of the authorized exporter to Saracen Power LP (the Applicant here).<sup>2</sup> Saracen Power inadvertently overlooked the need to submit an application to renew its authorization to export electricity to Canada in

<sup>1</sup> See *Saracen Power LLC*, "Order Authorizing Electricity Exports to Canada," Order No. EA-350 (April 13, 2009).

<sup>2</sup> See *Saracen Power LP*, "Amendment to Order Authorizing Electricity Exports to Canada," Order No. EA-350-A (Dec. 16, 2009).

connection with the April 13, 2014 expiration date. Accordingly, Saracen Power hereby requests that the Department renew its authorization to export electricity from the United States to Canada for a five-year period, or such longer period as the Department may authorize for similarly situated power marketers.

Since the April 13, 2014 expiration of the export authorization granted in Order No. EA-350 (as amended by Order No. 350-A), Saracen Power has continued to timely submit its quarterly reports of electricity exports, pursuant to Order No. EA-350. Saracen Power has engaged in only one electricity export transaction since its authorization expired on April 13, 2014; specifically, Saracen Power transmitted 800 MWh to Canada over the Ontario-Michigan Interconnection facilities (Presidential Permit No. PP-230) on February 22, 2015.<sup>3</sup> At the time of this export transaction, the Saracen Power trader responsible for the transaction was not aware that Saracen Power's export authorization had lapsed. Upon inquiry internally and with outside counsel in connection with due diligence for a subsequent proposed transaction, Saracen Power determined that its authorization had lapsed, immediately suspended further export transactions, and promptly commenced preparation of this application to renew its authorization to export electricity to Canada. Saracen Power will not engage in any further exports of electricity until such time as it is authorized by the Department to do so. Saracen Power also is updating its internal compliance calendar and procedures to ensure that future reauthorizations are sought and obtained in a timely manner, to avoid future lapses of its electricity export authorization. Saracen Power sincerely regrets that it conducted the export transaction referenced above without the

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<sup>3</sup> Saracen Power will also include information concerning this transaction in its next quarterly report.

requisite authorization, and believes that the actions that it is taking will prevent recurrence of any future unauthorized exports.

## II. DESCRIPTION OF APPLICANT

The exact legal name of the Applicant is "Saracen Power LP." Applicant is a Texas limited partnership with its principal place of business in Houston, Texas. Saracen Power LP is controlled by Saracen Energy Advisors LP ("SEA"), a Texas limited partnership and the sole general partner of Saracen Power LP. The general partner of SEA is Saracen LLC, a Texas limited liability company that in turn is owned by individual Neil Kelley. In addition to SEA's general partnership interest in Saracen Power LP, Saracen Power LP has one limited partnership interest, held by Saracen Energy FTR LP, which is managed by SEA.

Saracen Power is engaged in, among other things, the marketing of electric power at wholesale, as well as in the physical and financial trading of other energy products. Saracen Power is authorized by FERC to engage in the wholesale sale of electricity at market-based rates.<sup>4</sup> Neither Saracen Power nor any of its affiliates owns or controls any electric generation or transmission facilities, nor does any of them hold a franchise or service territory for the transmission, distribution or sale of electric power.

Applicant will purchase the power to be exported to Canada from wholesale generators, electric utilities, and federal power marketing agencies. Applicant will have title to any

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<sup>4</sup> See *Saracen Power LLC*, FERC Docket No. ER09-709-000, Letter Order (March 12, 2009) (unpublished) (granting market-based rate authorization to Saracen Power LLC); *Saracen Power LP*, FERC Docket Nos. ER10-451-000 & ER10-451-001, Letter Order (Feb. 19, 2010) (unpublished) (accepting notice of succession of Saracen Power LP).

electricity transmitted to Canada under the authorization sought in this Application. This application relates to Saracen Power as a marketer of electric power only.

Saracen Power is not seeking authorization to export power on behalf of, or in conjunction with, any partners or partnerships.

### **III. COMMUNICATIONS**

Communications regarding this Application should be addressed to the following:

Allison P. Duensing  
General Counsel  
The Saracen Group of Companies  
Five Greenway Plaza, Suite 1310  
Houston, TX 77046  
Tel.: (713) 366-7059  
Fax: (713) 583-9675  
Email: [aduensing@saracenenergy.com](mailto:aduensing@saracenenergy.com)

Daniel E. Frank  
Jennifer J.K. Herbert  
Sutherland Asbill & Brennan LLP  
700 Sixth Street, NW, Suite 700  
Washington, DC 20001-3980  
Tel.: (202) 383-0100  
Fax: (202) 637-3593  
Email: [daniel.frank@sutherland.com](mailto:daniel.frank@sutherland.com)  
[jj.herbert@sutherland.com](mailto:jj.herbert@sutherland.com)

### **IV. JURISDICTION**

Pursuant to FPA Section 202(e), the Department has jurisdiction over the action proposed in this Application. No other known federal, state or local government has jurisdiction over the actions to be taken under the authority sought in this Application, except to the extent that Saracen Power must comply with applicable FERC requirements in making sales at wholesale. FERC's address is:

Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426

### **V. RENEWAL AUTHORIZATION AND TECHNICAL DISCUSSION**

Saracen Power hereby applies to renew its authorization to transmit electric power to Canada as a power marketer over any authorized international transmission facility that is

appropriate for open access transmission by third parties in accordance with the export limits authorized by the Department. Saracen Power plans to export electric power over authorized transmission interconnections between Canada and the United States. Such sales would be made in foreign commerce at the U.S. – Canada border. Transmission to the point of delivery will be arranged by Saracen Power over any of the existing international electric transmission facilities set out in Attachment 1, and over any international transmission facilities that may be approved by the Department in the future.

Applicant does not currently own or control electric generation or transmission facilities, and does not have a power supply of its own in the United States on which its exports of power could have a reliability, fuel use or system stability impact. Saracen Power will purchase the electric power that it will export, on either a firm or an interruptible basis, from wholesale generators, electric utilities, and federal power marketing agencies voluntarily, and therefore will be surplus to the needs of the selling entities. Accordingly, the proposed exports will not impair or tend to impede the sufficiency of electric power supplies in the United States or the regional coordination of electric utility planning or operations. Additionally, as a power marketer that does not own or operate a transmission system, Saracen Power does not have the ability to cause a violation of the terms and conditions in the existing authorizations associated with the international transmission facilities identified in Attachment 1. Specifically, Saracen Power does not have the ability to cause total exports on Presidential Permit facilities to exceed the authorized instantaneous transmission rate.

Saracen Power will make all necessary commercial arrangements and will obtain any and all other regulatory approvals required in order to carry out any power exports. This would include: (1) scheduling each transaction with the appropriate balancing authority area in

compliance with all reliability criteria, standards, and guidelines of the North American Electric Reliability Corporation and the relevant Regional Entities (collectively, "NERC") in effect at the time of export, and (2) obtaining all necessary transmission access over approved export facilities. Saracen Power agrees to abide by the export limits contained in the relevant export authorization of any transmission facilities over which Saracen Power exports electric power to Canada. The controls that are inherent in any transaction that complies with all NERC requirements and the export limits imposed by the Department on the international transmission facilities are sufficient to ensure that exports by Saracen Power would not impede or tend to impede the coordinated use of transmission facilities within the meaning of FPA Section 202(e).

In previous orders granting export authorizations to electric power marketers, the Department declined to rigidly apply the information filing requirements contained in its regulations and instead used a flexible approach which takes into consideration the unique nature of power marketers and previously authorized export limits of cross-border facilities.<sup>5</sup> These same considerations demonstrate that Saracen Power's proposed exports will not impair or tend to impede the sufficiency of electric supplies in the United States or the regional coordination of electric utility planning or operations.

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<sup>5</sup> See, e.g., *NorAm Energy Services, Inc.*, No. EA-105-CN (Aug. 16, 1996); *MidCon Power Services Corp.*, No. EA-114 (July 15, 1996); *USGen Power Services*, No. EA-112 (June 27, 1996); *CNG Power Services Corp.*, No. EA-110 (June 20, 1996); *Destec Power Services, Inc.*, No. EA-113 (May 31, 1996); *North American Energy Conservation, Inc.*, No. EA-103 (May 30, 1996); *NorAm Energy Services, Inc.*, No. EA-105-MX (May 30, 1996); *Enron Power Marketing, Inc.*, No. EA-102 (Feb. 6, 1996); *Morgan Stanley Capital Group Inc.*, No. EA-185-A-CN (Aug. 14, 2000); *Saracen Energy Partners, LP*, No. EA-340 (June 18, 2008).

## **VI. CONSISTENCY WITH LAWS**

Authorization of the exports proposed by Saracen Power is consistent with the North American Free Trade Agreement and United States energy policy and will foster development of a more efficient and competitive North American energy market. Saracen Power will conduct all operations pursuant to this authorization in accordance with the provisions of the FPA and pertinent rules, regulations and orders adopted or issued thereunder, and in conformity with the applicable reliability criteria, standards and guidelines of NERC, reliability coordinators, and balancing authority area operator(s), including any applicable regional transmission organizations or independent system operators.

Because the proposed exports will occur over existing transmission facilities, Applicant respectfully submits that the Application qualifies for a categorical exclusion under the National Environmental Policy Act of 1969, such that neither an Environmental Agreement nor an Environmental Impact Statement is required.

Finally, Saracen Power will continue to comply with such requirements as may be imposed by the Department on other power marketers with blanket electricity export authorization, including making periodic reports to the Department regarding exports, as may be applicable or required.

## **VII. EXHIBITS**

Saracen Power includes the following Exhibits with this Application:

- |           |   |
|-----------|---|
| Exhibit A | (Not applicable) - Agreements.            |
| Exhibit B | Legal Opinion of Saracen Power's Counsel. |
| Exhibit C | (Not applicable) - Map.                   |
| Exhibit D | (Not applicable) - Designated Agent.      |

Exhibit E	(Not applicable) - Corporate Relationship or Existing Contract.
Exhibit F	(Not applicable) - Operating Procedures.
Exhibit G	Verification.

To the extent necessary, Saracen Power requests a waiver of the requirement to provide the exhibits that are not applicable to this Application, as noted.

Finally, the existing international electric transmission facilities authorized for third-party use (including Saracen Power's use pursuant to the authorization sought herein) are set out in Attachment 1.

#### **VIII. CONCLUSION**

For the foregoing reasons, Saracen Power LP respectfully requests that the Department of Energy grant this Application as requested herein.

Respectfully submitted,



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Daniel E. Frank  
Jennifer J.K. Herbert  
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Tel.: (202) 383-0100  
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Email: daniel.frank@sutherland.com  
jj.herbert@sutherland.com

*Attorneys for Saracen Power LP*

Date: February 26, 2015



**EXHIBIT A**  
**(NOT APPLICABLE)**

**EXHIBIT B**  
**OPINION OF COUNSEL**

## LEGAL OPINION

United States Department of Energy  
Office of Electricity Delivery and Energy Reliability  
Washington, DC

Re: Application of Saracen Power LP for Renewal of Authorization  
to Transmit Electric Energy from the United States to Canada  
(Docket No. EA-350)

Ladies and Gentlemen:

The following opinion is given in support of the Application of Saracen Power LP for Renewal of Authorization to Transmit Electric Energy to Canada.

1. I am an attorney at law, authorized to practice law in Texas;
2. I am employed as General Counsel to Saracen Power LP;
3. Saracen Power LP is duly established, validly existing and in good standing under the laws of the State of Texas and is authorized to do business in the State of Texas;
4. Saracen Power LP has full corporate power and authority to buy, sell or act as a marketer/broker in the sale and exportation of electric energy as described in the Application; and
5. Based upon my knowledge of the facts and the law, including as a result of my consultation with outside counsel, following the issuance of the authorization sought in the Application, Saracen Power LP will have complied with all federal and state laws applicable to the export of electric energy as requested in the Application.

This opinion is limited to the Federal laws of the United States, the laws of the State of Texas as of the date hereof, and I am expressing no opinion as to the effect of the laws of any other jurisdiction.

In rendering this opinion, I have (a) examined such corporate records, certificates and other documents, and such questions of law, as I have considered necessary or appropriate, (b) relied as to certain matters on information obtained from public officials, officers of Saracen Power LP and other sources believed by me to be responsible, and (c) assumed that the signatures on all documents examined by me are genuine, assumptions which I have not independently verified.

I am furnishing this opinion solely for your benefit in connection with the Application. This opinion may not be relied upon by you for any other purpose or relied upon by or furnished to any other person without my express written consent.

Very truly yours,

A handwritten signature in black ink, appearing to read 'A. Duensing', with a long horizontal line extending to the right.

Allison P. Duensing  
General Counsel  
The Saracen Group of Companies

Dated: February 25, 2015

**EXHIBIT C**  
**(NOT APPLICABLE)**

**EXHIBIT D**  
**(NOT APPLICABLE)**

**EXHIBIT E**

**(NOT APPLICABLE)**

**EXHIBIT F**

**(NOT APPLICABLE)**



**EXHIBIT G**  
**VERIFICATION**

VERIFICATION

STATE OF TEXAS

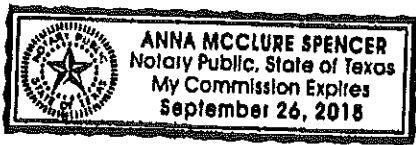
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CITY OF HOUSTON

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I, Neil Kelley, am the Chief Executive Officer of The Saracen Group of Companies, am authorized to provide this verification on behalf of Saracen Power LP, have knowledge of the matters set forth in the foregoing Application of Saracen Power LP for Renewal of Authorization to Transmit Electric Energy from the United States to Canada, and hereby verify that the contents thereof are true and correct to the best of my knowledge, information and belief.



*Neil Kelley*

Neil Kelley  
Chief Executive Officer  
The Saracen Group of Companies

SIGNED AND SWORN TO before me this 25<sup>th</sup> day of February, 2015.

*Anna McClure Spencer*  
Notary Public

My commission expires: 9/26/18

**ATTACHMENT 1**

**Transmission Facilities Located  
at the U.S. – Canada Border  
Authorized for Third-Party Use**

<u>Present Owner</u>	<u>Location</u>	<u>Voltage</u>	<u>Presidential Permit No.</u>
Bangor Hydro-Electric Company	Baileyville, ME	345-KV	PP-89
Basin Electric Power Cooperative	Tioga, ND	230-kV	PP-64
Bonneville Power Administrative	Blaine, WA	2-500-kV	PP-10
	Nelway, WA	230-kV	PP-36
	Nelway, WA	230-kV	PP-46
Eastern Maine Electric Cooperative	Calais, ME	69-kV	PP-32
International Transmission Company	Detroit, MI	230-kV	PP-230
	Marysville, MI	230-kV	PP-230
	St. Claire, MI	230-kV	PP-230
	St. Claire, MI	345-kV	PP-230
Joint Owners of the Highgate Project	Highgate, VT	120-kV	PP-82
Long Sault, Inc.	Massena, NY	2-115-kV	pp-24
Maine Electric Power Company	Houlton, ME	345-kV	PP-43
Maine Public Service Company	Limestone, ME	69-kV	PP-12
	Fort Fairfield, ME	69-kV	PP-12
	Madawaska, ME	138-kV	PP-29
	Aroostook, ME	2-69-kV	PP-29
Minnesota Power, Inc.	International Falls, MN	115-kV	PP-78
Minnkota Power Cooperative	Roseau County, MN	230-kV	PP-61
Montana Alberta Tie Ltd.	Cut Bank, MT	230-kV	PP-305*
New York Power Authority	Massena, NY	765-kV	PP-56
	Massena, NY	2-230-kV	PP-25
	Niagara Falls, NY	2-345-kV	PP-74
	Devils Hole, NY	230-kV	PP-30
Niagara Mohawk Power Corp.	Devils Hole, NY	230-kV	PP-190
Northern States Power Company	Red River, ND	230-kV	PP-45
	Roseau County, MN	500-kV	PP-63
	Rugby, ND	230-kV	PP-231
Sea Breeze Olympic Converter LP	Port Angeles, WA	±450-kV DC	PP-299*
Vermont Electric Power Co.	Derby Line, VT	120-kV	PP-66
Vermont Electric Transmission Co.	Norton, VT	±450-kV DC	PP-76
	Imperial Valley, CA	230-kV	PP-79

\* These transmission facilities have been authorized but are not yet constructed or placed into operation.

**SUTHERLAND**

**US Department of Energy**

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**FEB 26 2015**

**Electricity Delivery and  
Energy Reliability**

DANIEL E. FRANK  
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February 26, 2015

Mr. Christopher Lawrence  
U.S. Department of Energy  
Office of Electricity Delivery and Energy Reliability  
OE-20, Room 8G-024  
1000 Independence Avenue, S.W.  
Washington, DC 20585

Re: Application of Saracen Power LP for Renewal of Authorization to Export  
Electricity from the United States to Canada  
Docket No. EA-350

Dear Mr. Lawrence:

Please find enclosed (i) an original and two copies of the "Application of Saracen Power LP for Renewal of Authorization to Export Electricity from the United States to Canada," and (ii) as required by 10 C.F.R. § 205.309 (2014), a check in the amount of \$500 for the filing fee payable to the Treasurer of the United States. A copy of the Application is being served contemporaneously upon the Federal Energy Regulatory Commission as required by 10 C.F.R. § 205.309 (2014).


Saracen Power LP (Saracen Power) respectfully requests that the Department issue an order granting the requested reauthorization by no later than April 27, 2015, the date that is 60 days after the date of this application. To the extent necessary, Saracen Power requests waiver of the requirement to file this Application six months in advance of the authorization requested herein.

Finally, enclosed is an additional copy of this filing labeled "stamp and return." Please date stamp the additional copy for return by our messenger.

Mr. Christopher Lawrence  
February 26, 2015  
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Thank you for your attention to this matter. Please contact us if there are any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel E. Frank". The signature is fluid and cursive, with a prominent initial "D" and a long, sweeping horizontal stroke at the end.

Daniel E. Frank  
Jennifer J.K. Herbert

*Attorneys for Saracen Power LP*

Enclosures

cc: Federal Energy Regulatory Commission