

SEP 27 2015

Electricity Delivery and
Energy Reliability

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY

Calpine Energy Services, L.P.

)

Docket No. EA-430

**APPLICATION OF CALPINE ENERGY SERVICES, L.P. FOR
AUTHORIZATION TO TRANSMIT ELECTRIC ENERGY TO MEXICO**

Pursuant to Section 202(e) of the Federal Power Act ("FPA"),¹ and 10 C.F.R. §§ 205.300-309 (2016), Calpine Energy Services, L.P. ("CES") hereby submits this application for blanket authorization to transmit electric energy from the United States to Mexico for a term of five years, or the maximum period allowed by the Department of Energy (the "Department").

I.

DESCRIPTION OF APPLICANT

The exact legal name of applicant is Calpine Energy Services, L.P. CES is an indirect, wholly-owned subsidiary of Calpine Corporation ("Calpine"). CES is authorized to do business in the State of Delaware and such other states as required by the current nature of its business. CES is a power marketer authorized by the Federal Energy Regulatory Commission ("FERC") to make sales of electric power at wholesale in interstate commerce at market-based rates.² It does not own or control any transmission facilities and does not have a franchised service area.

Calpine is the parent company of CES. Calpine is a publicly-traded Delaware corporation engaged through subsidiaries in the development, financing, acquisition, ownership, and operation

¹ 16 U.S.C. § 824a(e) (2012).

² See *Calpine Energy Servs., L.P.*, Docket No. ER00-3562-000 (Sept. 21, 2000) (unreported) (granting market-based rate authority).

of independent power production facilities, and the wholesale and retail marketing of electricity in the United States and Canada.

CES has not previously sought authorization to export, nor has it exported, electricity to Mexico. CES does not have any partners and is not seeking authorization to export power on behalf of any other entity.

II.

CORRESPONDENCE AND COMMUNICATIONS

CES respectfully requests that all correspondence and communications regarding this application be addressed to the following persons:

Sarah G. Novosel
Senior Vice President, Government Affairs,
and Managing Counsel
Calpine Corporation
875 15th Street NW, Suite 700
Washington, DC 20005
(202) 777-7623
snovosel@calpine.com

Neil L. Levy
KING & SPALDING LLP
1700 Pennsylvania Ave., NW
Washington, DC 20006-4706
(202) 737-0500
(202) 626-3737 (facsimile)
nlevy@kslaw.com

III.

JURISDICTION

Other than the Department, CES does not know of any other federal, state, or local government agency that has jurisdiction over the actions to be taken under the authority sought in this application.

IV.

FACILITIES

Consistent with the Department's prior orders, CES seeks authority to export power to Mexico 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.

Exhibit C to this Application identifies the international transmission facilities that are currently authorized by Presidential Permit and available for open access transmission.³

V.

TECHNICAL DISCUSSION OF PROPOSAL

CES seeks authorization, as a power marketer, to export electricity to points in Mexico or at the border of the United States and Mexico. As noted above, CES has no “system” of its own on which its exports of power could have a reliability or stability impact. The electric power CES will export, on a firm or interruptible basis, will generally be purchased from others and, therefore, will be surplus to the needs of the selling entities. CES does not have a regulatory franchise obligation to serve any end use obligations in the United States. The exports proposed by CES will not impair its ability to meet any prospective wholesale power supply obligations in the United States, and will not impair or impede the sufficiency of electric power supplies in the United States or the regional coordination of electric utility planning or operations.

VI.

CONSISTENCY WITH LAWS

CES’s application is consistent with United States energy policy established in the Energy Policy Act of 1992, as amended, the North American Free Trade Agreement of 1993, and other initiatives intended to foster more efficient and competitive North American energy markets. Given that CES only intends to export power over existing transmission lines, this application qualifies for

³ See *MXTREP #1*, Order Authorizing Electricity Exports to Mexico, Order No. EA-419 (June 30, 2016) (the “MXTREP Order”).

a categorical exclusion under the Department's regulations implementing the National Environmental Policy Act of 1969.⁴

CES will not export electricity to Mexico until such time as the Department grants authorization for such exports, and is willing to accept general conditions consistent with those established by the Department in its previous orders granting authorization for exports.

VII.

EXHIBITS AND ATTACHMENTS

In accordance with 10 C.F.R. § 205.303 (2016), the following exhibits are attached hereto:

Exhibit A	Agreements – Not Applicable
Exhibit B	Legal Opinion of CES's Counsel
Exhibit C	Transmission Facilities
Exhibit D	Non-U.S. Applicant's Power of Attorney – Not Applicable
Exhibit E	Statement of Corporate Relationship or Existing Contract Relating to the Control or Fixing of Rates – Not Applicable ⁵
Exhibit F	Operating Procedures – Not Applicable
Attachment 1	Verification
Attachment 2	Copy of Letter Order from FERC, dated September 21, 2000, granting CES market-based rate authority

⁴ See 10 C.F.R. Part 1021, Subpart D, Appendix B, § B4.2 (2016) (providing a categorical exclusion for the "[e]xport of electric energy as provided by Section 202(e) of the Federal Power Act over existing transmission systems or using transmission system changes that are themselves categorically excluded").

⁵ There are no corporate relationships or existing contracts between CES and any other person, corporation, or foreign government, which in any way relates to the control or fixing of rates for the purchase, sale or transmission of electric energy.

VIII.

CONCLUSION

WHEREFORE, for the reasons set forth above, CES respectfully requests that the Department grant it authorization to export electric energy to Mexico.

Respectfully submitted,

CALPINE ENERGY SERVICES, L.P.

By: _____

Neil L. Levy
KING & SPALDING LLP
1700 Pennsylvania Ave., NW
Washington, DC 20006-4706

Counsel for **Calpine Energy Services, L.P.**

Dated: September 27, 2016

Exhibit B

Legal Opinion of CES's Counsel

KING & SPALDING

King & Spalding LLP
1700 Pennsylvania Avenue, N.W.
Washington, D.C. 20006-4706
www.kslaw.com

Main Telephone: (202) 737-0500
Main Fax: (202) 626-3737

September 27, 2016

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

Re: *Calpine Energy Services, L.P.*
Application for Authorization to Transmit Electric Energy to Mexico

Dear Mr. Lawrence:

The following opinion is given in support of the application of Calpine Energy Services, L.P. for authorization to transmit electric energy to Mexico.

1. I am an attorney authorized to practice law in the District of Columbia;
2. I am counsel to Calpine Energy Services, L.P. in this matter;
3. Calpine Energy Services, L.P. is duly organized, validly existing, and in good standing under the laws of the State of Delaware, and is authorized to do business in the State of Delaware and such other states as required by the current nature of its business;
4. Calpine Energy Services, L.P. has full corporate power and authority to buy, sell, or act as a marketer/broker in the sale and exportation of electric energy as requested in this Application; and
5. Calpine Energy Services, L.P. intends to comply with all applicable federal and state laws.

Very truly yours,

Neil L. Levy

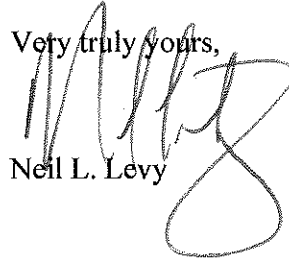


Exhibit C

Transmission Facilities

Existing And Planned International Transmission Facilities¹

Owner	Location	Voltage	Presidential Permit No.
AEP Texas Central Company	Brownsville, TX	138 kV	PP-94
		69 kV	PP-94
	Laredo, TX	138 kV	PP-317
		230 kV	PP-317
	Eagle Pass, TX	138 kV	PP-219
Baja California Power, Inc.	Imperial Valley, CA	230 kV	PP-234
Comisión Federal de Electricidad	Falcon Dam, TX	138 kV	N/A
	Redford, TX	7.2 kV	PP-51
	Presidio, TX	13.8 kV	PP-03
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 ²
San Diego Gas & Electric Company	Miguel, CA	230 kV	PP-68
	Imperial Valley, CA	230 kV	PP-79
Sharyland Utilities, Inc.	McAllen, TX	138 kV	PP-285

¹ These international transmission facilities are authorized by Presidential Permit and available for open access transmission as of the most recent Department order authorizing electricity exports to Mexico. *See* MXTREP Order at 11.

² These transmission facilities have been authorized, but have not yet been constructed or placed into operation.

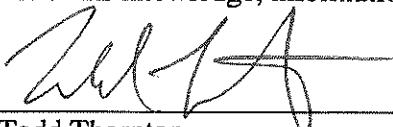
Attachment 1

Verification

VERIFICATION

STATE OF TEXAS)
)
COUNTY OF HARRIS)

Todd Thornton, being first duly sworn, states that he is Vice President of Calpine Energy Services, L.P.; that he is authorized to execute this verification; that he has read the above and foregoing Application and is familiar with the contents thereof; and that all allegations and facts contained therein are true and correct to the best of his knowledge, information, and belief.



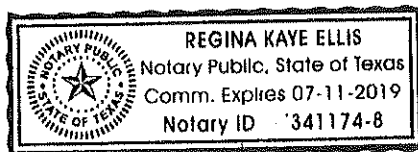
Todd Thornton
Vice President, Calpine Energy Services, L.P. *km*

Subscribed and sworn to before me this 21st day of September, 2016.



Notary Public
for the State of Texas

My Commission expires: 7-11-19



Attachment 2

FERC Order Granting Market-Based Rate Authorization

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

September 21, 2000

To: Calpine Energy Services, L.P.

Docket No. ER00-3562-000

You submitted for filing with the Commission a rate schedule under which you will engage in wholesale electric power and energy transactions at market-based rates. Pursuant to authority delegated to the Director, Division of Corporate Applications, under 18 C.F.R. § 375.307, your submittal complies with the Commission's requirements for market-based rates and is accepted for filing on the effective date requested. Your rate schedule designation(s) are accepted as shown on the Enclosure.

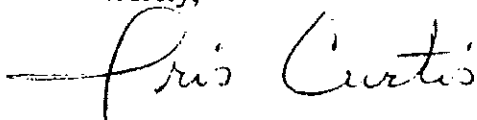
Any waivers or authorizations requested in your application are granted to the extent specified in Appendix A.

Under 18 C.F.R. § 385.210, interventions are timely if made within the time prescribed by the Secretary. Under 18 C.F.R. § 385.214, the filing of a timely motion to intervene makes the movant a party to the proceeding if no answer in opposition is filed within fifteen days. The filing of a timely notice of intervention makes a State Commission a party to the proceeding.

This action does not constitute approval of any service, rate, charge, classification, or any rule, regulation, contract, or practice affecting such rate or service provided for in the filed documents; nor shall such action be deemed as recognition of any claimed contractual right or obligation affecting or relating to such service or rate; and such action is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against the applicant.

This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713.

Sincerely,


for Michael C. McLaughlin, Director
Division of Corporate Applications

000922.0323.1

FEDERAL ENERGY REGULATORY COMMISSION
SEP 21 2000

Enclosure

Calpine Energy Services, L.P.
Docket No. ER00-3562-000
Rate Schedule Designations
Effective Date: September 1, 2000

Rate Schedule FERC No. 1

Original Sheet No. 1

Appendix A

Waivers and Authorizations

Any waivers or authorizations requested by the applicants are granted to the extent specified herein. Waiver of the prior or advance notice requirements, if requested, is granted. The applicant must comply with the reporting requirements specified herein.

If requested, the following waivers of the Commission's Regulations are granted:

- 1) Subparts B and C of Part 35, regarding the filing of rate schedules, except for Sections 35.12(a), 35.13(b), 35.15 (which requires applicant to file a Notice of Cancellation or Termination when it ceases its marketing activities), and 35.16 (which requires applicant to file a notice of succession whenever its name or operational control is changed).
- 2) Part 41, regarding accounts, records, and memoranda;
- 3) Part 101, regarding the uniform system of accounts; and
- 4) Part 141, regarding statements and reports, with the exception of 18 C.F.R. §§ 141.14, .15 (1999). Licensees remain obligated to file the Form No. 80 and the Annual Conveyance Report.

See Citizens Energy Corporation (Citizens Energy), 35 FERC ¶ 61,198 (1986), Citizens Power and Light Corporation (Citizens P&L), 48 FERC ¶61,210 (1989), and Enron Power Marketing, Inc. (Enron), 65 FERC ¶ 61,305 (1993), order on rehearing, 66 FERC ¶ 61,244 (1994).

The requirements of Part 34 of the Commission's Regulations regarding securities and assumptions of liabilities are statutory in nature and cannot be waived. If an applicant requested blanket approval under Part 34, a separate notice will be published in the Federal Register following this letter order, establishing a period during which protests may be filed. Absent a request to be heard in opposition within the period set forth in the notice, if the applicant has requested such approval, the applicant is authorized to issue securities and assume obligations or liabilities as guarantor, indorser, surety, or otherwise in respect of any security of another person; provided that such issue or assumption is for some lawful object within the corporate purposes of the applicant, compatible with the public interest, and reasonably necessary or appropriate for such purposes. See Citizens P&L and Enron.

Requests that the Commission waive the requirements of Part 46 of its Regulations regarding interlocking directors are denied. In Enron, the Commission stated that the requirements of Part 46 regarding interlocking directors are statutory in nature and may not be waived.

If requested, until further order of the Commission, the full requirements of Part 45 of the Commission's Regulations, except as noted below, are hereby waived with respect to any person now holding or who may hold an otherwise proscribed interlocking directorate involving the applicants. Any such person instead shall file a sworn application providing the following information: (1) full name and business address, and (2) all jurisdictional interlocks, identifying the affected companies and the positions held by that person. See Enron.

The Commission reserves the right to require a further showing that neither public nor private interests will be adversely affected by continued Commission approval of issuances of securities or assumptions of liabilities, or by the continued holding of any affected interlocks.

Requests for disclaimer of jurisdiction over brokering activities, in which title to electricity is not taken, must be filed separately as a petition for a declaratory order accompanied by the appropriate filing fee. See Citizens Energy and Heartland Energy Services, Inc., 68 FERC ¶ 61,223 (1994).

Requests that the Commission waive annual charges for power marketers, under Part 382 of the Commission's Regulations, are denied. See Morgan Stanley Capital Group Inc. (Morgan Stanley I), 69 FERC ¶ 61,175 (1994) and Morgan Stanley Capital Group Inc. (Morgan Stanley II), 72 FERC ¶ 61,082 (1995).

Requests for waiver of the provisions of Section 203 regarding the disposition of jurisdictional facilities, the merger or consolidation of such facilities, or the acquisition of the securities of another public utility, are denied. The provisions of Section 203 are statutory in nature and may not be waived. See Resources Recovery (Dade County), Inc., 20 FERC ¶ 61,138 (1982). Requests for clarification that sales of accounts receivable are not dispositions of jurisdictional facilities and are, therefore, not within the scope of Section 203, are granted. See Enron. Requests for clarification that the assignment of a power sales contract constitutes a disposition of jurisdictional facilities under Section 203 are granted. See Enron. Requests for clarification that funds received from the sale of electricity are not jurisdictional facilities within the meaning of Section 203 are

granted. See Citizens Energy. Also, requests for clarification that the requirements of Section 203 do not apply to the facilities of a power marketer that are not involved in the generation, transmission or sale for resale of electric energy, are granted. See Howell Gas Management Co., 40 FERC ¶ 61,336 (1987).

If requested, waiver of compliance with the requirements of Order Nos. 888 and 889 is granted. Waiver of the requirements of Order No. 888 is granted until such time as the applicant receives a request for transmission service. Waiver of the requirements of Order No. 889 is appropriate because: (1) the applicant owns, operates, or controls only limited and discrete transmission facilities (rather than an integrated transmission grid); or (2) the applicant is a small public utility that owns, operates, or controls an integrated transmission grid. See Black Creek Hydro, Inc., et al., 77 FERC ¶ 61,232 at 61,941 (1996); see also, Midwest Energy, Inc., et al., 77 FERC ¶ 61,208 at 61,854 (1996).

Requests that the Commission waive its requirement that purchasers of electricity under market-based rate schedules certify that the purchase price was equal to or less than its avoided cost, are moot. The Commission eliminated the requirement in Louisville Gas & Electric Company, 62 FERC ¶ 61,016 (1993).

Requests for approval to reassign transmission capacity are found to be consistent with the Commission's requirements. See Southwestern Public Service Company, 80 FERC ¶ 61,245 (1997). Power marketers not requesting approval to reassign transmission capacity are informed that they are authorized to reassign transmission capacity pursuant to the Commission's order in Enron Power Marketing, Inc., 81 FERC ¶ 61,277 (1997).

Requests for approval to buy and sell firm transmission rights are found to be consistent with the Commission's requirements. See California Independent System Operator, Inc., 89 FERC ¶ 61,153 (1999).

Should an applicant or any of its affiliates deny, delay, or require unreasonable terms, conditions, or rates for natural gas fuel or services to a potential electric competitor in bulk power markets, then that electric competitor may file a complaint with the Commission that could result in the applicant's or its affiliate's authority to sell power at market-based rates being suspended. See, e.g., Louisville Gas & Electric Company, 62 FERC ¶ 61,016 at 61,148 (1993).

If the applicant submitted a code of conduct, it is accepted if consistent with Appendix B which reflects requirements adopted in previous Commission orders. Any code of conduct inconsistent with Appendix B is rejected and in such case Appendix B has been designated as the applicant's code of conduct.

Reporting Requirements

Applicants who own generating facilities may file umbrella service agreements for short-term power sales (one year or less) within 30 days of the date of commencement of short-term service, to be followed by quarterly transaction summaries of specific sales (including risk management transactions if they result in actual delivery of electricity). For long-term transactions (longer than one year), applicants must submit the actual individual service agreement for each transaction within 30 days of the date of commencement of service. To ensure the clear identification of filings, and in order to facilitate the orderly maintenance of the Commission's files and public access to documents, long-term transaction service agreements should not be filed together with short-term transaction summaries. For applicants who own, control or operate facilities used for the transmission of electric energy in interstate commerce, prices for generation, transmission and ancillary services must be stated separately in the quarterly reports and long-term service agreements.

Applicants who do not own generating facilities must file quarterly reports detailing the purchase and sale transactions undertaken in the prior quarter (including risk management transactions if they result in actual delivery of electricity). Applicants who are power marketers should include in their quarterly reports only those risk management transactions that result in the actual delivery of electricity. On May 27, 1999, the Commission issued an order in which it modified the reporting requirements for long-term transactions applicable to public utilities without ownership or control over generation or transmission facilities that are authorized to sell power at market-based rates (power marketers). Southern Company Services, et al., 87 FERC ¶ 61,214 (1999), reh'g pending, (Southern). Specifically, with respect to any long-term transaction agreed to by a power marketer after 30 days from the date of issuance of a final order in the Southern case, the power marketer must file a service agreement with the Commission within 30 days after service commences, rather than reporting transactions thereunder in its quarterly transaction summaries. Requests for different reporting requirements are denied.

The first quarterly report filed by an applicant will be due within 30 days of the end of the quarter in which the rate schedule is made effective.

Requests to file quarterly transaction reports on a confidential basis are denied. See National Electric Associates L.P., 50 FERC ¶ 61,378 (1990). See also, AIG Trading Corporation, 71 FERC ¶ 61,148 (1995), LG&E Power Marketing Inc., 68 FERC ¶ 61,247, and Enron.

Each applicant must file an updated market analysis within three years of the date of this order, and every three years thereafter. The Commission reserves the right to require such an analysis at any time. The applicants must also inform the Commission promptly of any change in status that would reflect a departure from the characteristics the Commission has relied upon in approving market-based pricing. These include, but are not limited to: (a) ownership of generation or transmission supplies; or (b) affiliation with any entity not disclosed in the applicants' filing that owns generation or transmission facilities or inputs to electric power production, or affiliation with any entity that has a franchised service area. Alternatively, the applicants may elect to report such changes in conjunction with the updated market analysis required above. Each applicant must notify the Commission of which option it elects in the first quarterly report filed with the Commission.

APPENDIX B

[APPLICANT]
SUPPLEMENT NO. _ TO RATE SCHEDULE NO. _

STATEMENT OF POLICY AND CODE OF CONDUCT WITH RESPECT TO THE RELATIONSHIP BETWEEN [POWER MARKETER] AND [PUBLIC UTILITY]

Marketing of Power

1. To the maximum extent practical, the employees of [Power Marketer] will operate separately from the employees of [Public Utility].
2. All market information shared between [Public Utility] and [Power Marketer] will be disclosed simultaneously to the public. This includes all market information, including but not limited to, any communication concerning power or transmission business, present or future, positive or negative, concrete or potential. Shared employees in a support role are not bound by this provision, but they may not serve as an improper conduit of information to non-support personnel.
3. Sales of any non-power goods or services by [Public Utility], including sales made through its affiliated EWG's or QF's, to [Power Marketer] will be at the higher of cost or market price.
4. Sales of any non-power goods or services by the [Power Marketer] to [Public Utility] will not be at a price above market.

Brokering of Power

To the extent [Power Marketer] seeks to broker power for [Public Utility]:

5. [Power Marketer] will offer [Public Utility's] power first.
6. The arrangement between [Power Marketer] and [Public Utility] is non-exclusive.
7. [Power Marketer] will not accept any fees in conjunction with any Brokering services it performs for [Public Utility].