

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

**J. Aron & Company LLC**

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**Docket No. [EA-] 439**

**APPLICATION OF J. ARON & COMPANY LLC  
FOR AUTHORIZATION TO  
EXPORT ELECTRICITY FROM THE UNITED STATES TO MEXICO**

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.*, J. Aron & Company LLC ("Applicant") hereby submits and requests this Application for Authorization to Transmit Electricity from the United States to Mexico ("Application") for a period of five years (or such longer period as may be permitted by the Department). In support of this Application, Applicant respectfully states as follows:

**I. DESCRIPTION OF APPLICANT**

The exact legal name of the Applicant is J. Aron & Company LLC. Applicant is a New York limited liability company with its principal place of business in New York City. Applicant is an international commodities dealer that is engaged as a market-maker in physical and financial transactions involving various commodities, including electricity, natural gas, precious metals, base metals, crude oil, and petroleum products. Applicant also develops and provides products that assist suppliers and users of these commodities in managing risks associated with their business. Applicant is registered with the U.S. Commodity Futures Trading Commission as a swap dealer.

Applicant is a wholly-owned subsidiary of The Goldman Sachs Group, Inc. ("GS Group"). GS Group is a Delaware corporation and bank holding company under the Bank Holding Company Act. GS Group, together with its subsidiaries, is a leading global investment

banking, securities, and investment management firm that provides a wide range of services worldwide to a substantial and diversified client base that includes corporations, financial institutions, governments, and high net worth individuals.

Applicant has received authorization from the Federal Energy Regulatory Commission ("FERC") to sell energy, capacity and certain ancillary services at wholesale at market-based rates as a Category 1 Seller in the Northeast, Northwest, Southeast, Southwest, Central and Southwest Power Pool regions pursuant to Part 35, Subpart H of the FERC's regulations. Applicant submitted a notice of succession and revised market-based rate tariff with the FERC on May 18, 2017, in FERC Docket No. ER17-1622-000, which was accepted for filing on July 14, 2017, with an effective date of April 28, 2017.

## **II. COMMUNICATIONS**

Communications regarding this Application should be addressed to the following:

J. Aron & Company LLC  
Attention: Kelly Brooks  
200 West Street, 6th Floor  
New York, New York 10282  
Tel: 212-855-6188

With a copy to:

J. Aron & Company LLC  
Attention: Ricardo Alicea  
200 West Street, 15th Floor  
New York, New York 10282  
Tel: 212-902-8426

## **III. 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 Applicant 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

#### **IV. DESCRIPTION OF TRANSMISSION FACILITIES**

Applicant hereby applies for authorization to transmit electric 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. Applicant plans to export electric power over authorized transmission interconnections between Mexico and the United States. Such sales would be made in foreign commerce at the U.S. - Mexico border. Transmission to the point of delivery will be arranged by Applicant 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.

#### **V. TECHNICAL DISCUSSION**

Applicant does not own or control any generation or transmission facilities, or hold a franchise service territory for the transmission, distribution or sale of electric power. Through indirect upstream ownership, Applicant is affiliated with Oncor Electric Delivery Company LLC, a Texas utility which owns transmission and distribution facilities. Applicant will purchase the electric power to be exported in the markets in which it participates, on a firm or interruptible basis, including purchases 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. It is Applicant's intent that any power purchased by it for export would be surplus to the needs of those entities selling power to Applicant.<sup>1</sup> Accordingly, as required by FPA Section 202(e), 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.<sup>2</sup> Additionally, as a power marketer that does not own or operate a transmission system, Applicant 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, Applicant does not have the ability to cause total exports on Presidential Permit facilities to exceed the authorized instantaneous transmission rate.

Applicant 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. Applicant agrees to abide by the export limits contained in the relevant export authorization of any transmission facilities over which Applicant exports electric power to Mexico. 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

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<sup>1</sup> See Order No. EA-342 (September 4, 2008) (*The Royal Bank of Canada*) at p. 2.

<sup>2</sup> *Id.* at p. 2.

facilities are sufficient to ensure that exports by Applicant 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>3</sup> These same considerations demonstrate that Applicant'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.

## **VI. CONSISTENCY WITH LAWS**

Authorization of the exports proposed by Applicant 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. Applicant 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.

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<sup>3</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); *EDF Trading N. America*, No. EA-185-A-CN (Aug. 14, 2000); *Saracen Energy Partners, LP*, No. EA-340 (June 18, 2008).

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, Applicant will comply with such terms and conditions as may be established by the Department in respect of Applicant's authority to export electric energy to Mexico, including making periodic reports to the Department regarding exports, as may be applicable or required.

## **VII. EXHIBITS AND ATTACHMENTS**

Applicant includes the following Exhibits and Attachments with this Application:

Exhibit A	(Not Applicable) – Agreements
Exhibit B	Legal Opinion of Applicant'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	Declaration

To the extent necessary, Applicant 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 Applicant's use pursuant to the authorization sought herein) are set out in Attachment 1 hereto.


## VIII. CONCLUSION

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

Respectfully submitted,

J. Aron & Company LLC

TEA

By:   
Its: Managing Director

Date: August \_\_, 2017

**Exhibit A**  
**Agreements**  
**(Not Applicable)**



**Exhibit B**  
**Legal Opinion**

August 15, 2017

United States Department of Energy  
Office of Electricity Delivery and Energy Reliability  
Washington, D.C.

Re: Application of J. Aron & Company LLC for Authorization to Export Electricity from the United States to Mexico (Docket No. [\_\_\_\_\_])

Ladies and Gentlemen:

I am a Managing Director and Associate General Counsel of Goldman Sachs & Co. LLC ("Goldman Sachs"), a limited liability company existing under the laws of the State of New York. I or a member of the legal department of Goldman Sachs under my supervision have examined the Application of J. Aron & Company LLC for Authorization to Export Electricity from the United States to Mexico (the "Application") submitted by J. Aron & Company LLC ("J. Aron") to the United States of America Department of Energy (Office of Electricity Delivery and Energy Reliability). J. Aron is a limited liability company existing under the laws of the State of New York and an affiliate of Goldman Sachs. In addition, I or a member of the legal department under my supervision has examined such corporate records, certificates and other such documents, and we have considered such questions of law, as we have considered necessary or appropriate for the purposes of this opinion, and on the basis of such examination, I advise you that, in my opinion:

1. J. Aron is validly existing and in good standing as a limited liability company under the laws of the State of New York.
2. J. Aron has the limited liability company power and authority to engage in the export of electricity as proposed in the Application.

In delivering the foregoing opinions, I express no opinion other than as to the Laws of the State of New York.

With your approval, insofar as my opinions involve factual matters, I have relied on certificates of officers of Goldman Sachs and its subsidiaries and certificates of public officials and other sources believed by me to be responsible. I have assumed that the signatures on all

documents examined by me (or members of the legal department of Goldman Sachs and certain of its subsidiaries) are genuine, an assumption which I have not independently verified.

This opinion is solely for the benefit of the addressee and may not be relied upon by, or disclosed or provided to, any other person without my prior written consent.

Very truly yours,

A handwritten signature in black ink, consisting of a stylized initial 'J' followed by a long, horizontal, slightly wavy line.

**OFFICER'S CERTIFICATE OF  
J. ARON & COMPANY LLC**

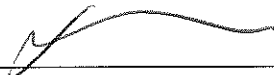
**August 15, 2017**

The undersigned, John R. Thomas, hereby certifies that he is the duly appointed Assistant General Counsel of J. Aron & Company LLC ("J. Aron").

This officer's certificate is provided in connection with the Application of J. Aron for Authorization to Export Electricity from the United States to Mexico (the "Application") submitted by J. Aron to the United States of America Department of Energy (Office of Electricity Delivery and Energy Reliability) on or around the date hereof.

The undersigned does hereby certify as of the date hereof, solely in his capacity as Assistant General Counsel of J. Aron, and not in his personal capacity and without personal liability therefor, on behalf of J. Aron, that, to the best of my knowledge and belief, J. Aron has complied with all pertinent federal and state laws related to the actions to be undertaken pursuant to the Application.

IN WITNESS WHEREOF, the undersigned has executed this Officer's Certificate as of the date set forth above.

By:  \_\_\_\_\_

Name: John R. Thomas

Title: Assistant General Counsel  
J. Aron & Company LLC

**Exhibit C**

**Existing and Planned International Transmission Facilities**

**(Not Applicable)**

**Exhibit D**  
**Designated Agent**  
**(Not Applicable)**

**Exhibit E**

**Corporate Relationship or Existing Contract**

**(Not Applicable)**

**Exhibit F**

**Operating Conditions**

**(Not Applicable)**



## **Attachment 1**

### **List of Existing International Electric Transmission Facilities**

<b>Present Owner</b>	<b>Location</b>	<b>Voltage</b>	<b>Presidential Permit No.<sup>4</sup></b>
AEP Texas Central Company	Laredo, TX	138 kV 230 kV	PP-317 PP-317
	Brownville, TX	138 kV 69 kV	PP-94 PP-94
	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	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
	Diablo, NM	115 kV	PP-92
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, L.P.	McAllen, TX	138 kV	PP-285

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<sup>4</sup> 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.