

EA 459

**APPLICATION OF MERCURIA ENERGY AMERICA, INC. FOR JUL 30 2018
AUTHORIZATION TO TRANSMIT ELECTRIC ENERGY INTO MEXICO**

**Electricity Delivery and
Energy Reliability**

Pursuant to section 202(a)(e) of the Federal Power Act (the "FPA"), 16 U.S.C. § 824(a)(5) and 10 C.F.R. §§ 205.300 *et seq.*, Mercuria Energy America, Inc. (MEAI) hereby submits this application ("Application") for authorization to export wholesale electricity from the United States to Mexico for a five (5) year term. MEAI respectfully requests expedited review of this Application and issuance of an order approving the Application within sixty (60) days. In support of this Application, MEAI states as follows:

DESCRIPTION OF APPLICANT

The exact legal name of the Applicant is Mercuria Energy America, Inc. (MEAI). MEAI, a Delaware corporation, is an energy marketing and trading company with its principal place of business at 20 E. Greenway Plaza, Suite 650, Houston, Texas 77046. MEAI is a direct, wholly-owned subsidiary of Mercuria Energy Company, LLC (MEC), a Delaware limited liability company having its principal place of business in Houston, Texas. MEC is a direct, wholly-owned subsidiary of Mercuria Energy Group Holding S.A. (MEGHSA), a Swiss holding company. MEGHSA is a direct, wholly-owned subsidiary of Mercuria Holdings Limited (MHL), a Cyprus holding company. MHL is a direct, wholly-owned subsidiary of Mercuria Energy Group Ltd. (MEGL), a Cyprus holding company. MEGL is a wholly-owned direct subsidiary of the ultimate parent company of the Mercuria companies, Mercuria Energy Group Holding Ltd., a British Virgin Island-based holding company.

COMMUNICATIONS

All communications regarding this application should be directed to:

Chloe Cromarty
Head of US Gas & Power Compliance
20 E. Greenway Plaza, Suite 650
Houston, TX 77046
(832) 209-2336
ccromarty@mercuria.com

Mark Greenberg
Head of Legal – North America
20 E. Greenway Plaza, Suite 650
Houston, TX 77046
(832) 209-2335
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JURISDICTION OVER ACTIVITY SUBJECT TO THIS APPLICATION

Pursuant to Section 202(a)(e) of the Federal Power Act, the United States Department of Energy (DOE) has jurisdiction over the export of wholesale electricity from the United States to Mexico. In order to effectuate this export activity, MEAI will buy and sell wholesale electricity within the organized electric markets within the United States, and will export electricity transmitted across transmission facilities operated by the Electric Reliability Council of Texas (ERCOT). Accordingly, MEAI will rely upon its Power Marketer registration with the Public Utility Commission of Texas¹ and could also rely upon its market based rate authority (MBRA) granted by the Federal Energy Regulatory Commission (FERC).² Pursuant to its FERC MBRA, MEAI is permitted to make wholesale sales of electric power and ancillary services in all regions. MEAI is a Category 1 Seller in all regions except for the Southeast, where it is a Category 2 Seller. MEAI is also registered as a Purchasing and Selling Entity, as defined by the North American Electric Reliability Corporation (NERC).

DESCRIPTION OF TRANSMISSION FACILITIES

Applicant hereby applies for authorization to export wholesale electricity to Mexico as a power marketer over all authorized international transmission facilities that provide open access to third parties in accordance with the export limits authorized by the DOE. MEAI plans to export electric power over authorized transmission interconnections between Mexico and the United States. Transmission to the point of delivery will be arranged by Applicant over any of the existing international electric transmission facilities detailed below in Figure 1, as well as over any international transmission facilities approved in the future.

¹ MEAI registered as a Power Marketer with the PUCT under Project No. 14406 on October 18, 2011

² *Letter Order Accepting Mercuria Energy America, Inc. et al Revised Market-Based Rate Tariff*, Docket No. ER18-873 (April 5, 2018)

Figure 1

<u>Owner</u>	<u>Location</u>	<u>Voltage (kv)</u>	<u>Presidential Permit #</u>
Comision Federal de Electricidad	Falcon Dam, TX	138	N/A
	Redford, TX	7.2	PP-51
	Presidio, TX	13.8	PP-03
Baja California Power, Inc.	Imperial Valley, CA	230	PP-234
Generadora del Desierto - WAPA	San Luis, AZ	230	PP-304
AEP Texas Central Company	Brownsville, TX	138	PP-94
	Brownsville, TX	69	PP-94
	Laredo, TX	138	PP-317
	Laredo, TX	230	PP-317
	Eagle Pass, TX	138	PP-219
El Paso Electric Company	Diablo, NM	115	PP-92
	Ascarate, TX	115	PP-48
San Diego Gas & Electric	Miguel, CA	230	PP-68
	Imperial Valley, CA	230	PP-79
Sharyland Utilities	McAllen, TX	138	PP-285

MEAI'S ELECTRICITY EXPORT WILL NOT IMPAIR THE SUFFICIENCY OF ELECTRIC SUPPLY ON ITS SYSTEM AND WILL NOT IMPEDE THE REGIONAL COORDINATION OF ELECTRIC UTILITY PLANNING OR OPERATION

MEAI does not currently own or control electric generation or transmission facilities of its own in the United States over which the export of wholesale electricity could have a reliability, fuel use, or system stability impact. MEAI does not own or control any electricity in the ERCOT market, therefore, the wholesale electricity that MEAI will export using firm or interruptible transmission service will be purchased from other suppliers (i.e. generators, electric utilities and other power marketers) voluntarily, and therefore will be surplus 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. Rather, it will conform to electric system requirements as they may change over time.

Additionally, as a power marketer that does not own or control a transmission system, MEAI 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 above in Figure 1. Specifically, MEAI does not have the ability to cause total exports on Presidential Permit facilities to exceed the authorized instantaneous transmission rate. Further, Mercuria will comply with all applicable scheduling and reliability standards of the NERC.

In previous orders granting authorization to export wholesale electricity to Mexico, DOE has taken into consideration the unique nature of power marketers, like MEAI, who do not have franchised service areas and, consequently, do not have native load obligations that could be impaired by exports. MEAI offers this as additional supporting information to demonstrate that its export of wholesale electricity to Mexico 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.

COMPLIANCE WITH APPLICABLE REGULATIONS, POLICY AND LAWS

The export activity for which MEAI requests authorization is consistent with the North American Free Trade Agreement and the energy policy of the United States – in that it will enhance efficiency and competition in the North American energy markets. MEAI hereby commits to conduct all electricity exports in compliance with all applicable rules and regulations, including the standards and guidelines of NERC, Regional Reliability Councils, control area operators and the protocols, tariffs and manuals for all applicable regional transmission organizations or independent system operators.

Because the proposed exports will occur over existing international transmission facilities, MEAI respectfully submits that the Application qualifies for a categorical exclusion under the National Environmental Policy Act of 1969, such that neither an environmental assessment nor an environmental impact statement is required.

EXHIBITS

Pursuant to 10 C.F.R. § 205.303, the following indicated exhibits are attached hereto:

Exhibit A: Agreement – Not applicable. MEAI is requesting blanket authority, and is not being requested pursuant to a specific agreement.

Exhibit B: Legal Opinion of Mercuria's Counsel

Exhibit C: Maps – Not applicable – MEAI does not own or operate any assets on the applicable electric system(s).

Exhibit E: Corporate Relationship of Existing Relationship – Not applicable

Exhibit F: Operating Procedures – not applicable

APPENDICES

Appendix A: Mercuria Energy America, Inc. beneficial owners organization chart

Appendix B: Verification

SERVICE OF APPLICATION

Pursuant to 10 C.F.R. § 205.302(h), a copies of this Application are being provided to:

Federal Energy Regulatory Commission
888 First St. NE
Washington, DC 20426

Public Utilities Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, TX 78711

CONCLUSION

For good cause shown, MEAI respectfully requests the DOE issue expedited approval of this application for blanket authorization to export electricity to Mexico for a period of five years.

Respectfully,

A handwritten signature in cursive script, reading "Cody Moore", is written over a horizontal line.

Cody Moore
Director and President
Mercuria Energy America, Inc.

Dated: July 26, 2018

Exhibit B
Opinion of Counsel



July 26, 2018

Mr. Christopher Lawrence
United States Department of Energy
Office of Electricity Delivery and Reliability
OE-20, Room 8G-024
1000 Independence Ave., SW
Washington, DC 20585

Re: Application of Mercuria Energy America, Inc. for Authority to Export Electricity to Mexico (Docket No. EA-____)

Dear Mr. Lawrence:

I am the Head of Legal – North America for all of the indirect, wholly owned subsidiaries of Mercuria Energy Group Holding Ltd. formed in and operating in the United States of America and Canada. In such capacity, I am counsel to Mercuria Energy America, Inc. (MEAI), and hereby represent MEAI in such capacity in connection with its Application for Authority to Export Electricity to Mexico (the “Application”).

Based on my review of MEAI’s corporate documentation and the authorizations granted to MEAI therein (the “Organization Documentation”):

- The export of electricity described in the Application is within the corporate authorization of MEAI as set out in the Organization Documentation.
- In accordance with the Organization Documentation, MEAI’s directors and officers are authorized to make and provide the Application and to undertake all actions necessary for the provision of the Application, including, once approved, the undertaking of exporting electricity into Mexico in the manner described in the Application.

In rendering this opinion, I have relied solely on the Organization Documentation of MEAI made available to me by MEAI, including, but not limited to, its corporate formation and authorization documentation. Such Organization Documentation confirms the general authorization of MEAI to engage in, among other activities, the business of trading of electricity and to qualify for such purpose in any state, territory or dependency of the United States or any foreign country in which it is necessary or expedient for MEAI to transact its business.

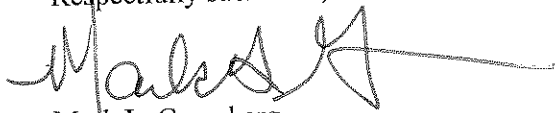
For purposes of this opinion, I have assumed that all Organization Documentation provided to me has been properly implemented and that all individuals whose signatures appear on any one or more of the

Mr. Christopher Lawrence
United States Department of Energy
Office of Electricity Delivery and Reliability
July 26, 2018
Page 2

Organization Documentation made available to me are the correct and accurate signatures of each such director and/or officer whose name appears therein and thereon.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark L. Greenberg", with a long horizontal flourish extending to the right.

Mark L. Greenberg
Head of Legal – North America

Appendix A

Mercuria Energy America, Inc. Beneficial Owners Organizational Chart

Mercuria Energy Group Holding Ltd.

(a B.V.I. company)

HANNOS INVESTMENT HOLDINGS LIMITED – 2 %
LINETSKIY FOUNDATION – 3,4784 %
JANKILEVITSCH TRUST – 7,1908 %
SMOLOKOWSKI FOUNDATION – 7,1908 %
CCPC (HONG KONG) LIMITED – 12 %
MERCURIA ENERGY GROUP TRUSTCO LTD – 13,405726 %
MERCURIA ESOP LIMITED – 20,334274 %
MDI OIL TRADING LIMITED – 34,4 %

Mercuria ESOP Limited & ESOP Participants **

20,1772 % [non-voting rights]

** no participant holds more
than 5% individually

79,8228 %
[100 % voting-rights]

Mercuria Energy Group Ltd.

(a Cyprus company)

100 %

Mercuria Holdings (Cyprus) Limited

(a Cyprus company)

100 %

Mercuria Energy Group Holding S.A.

(a Swiss company)

100 %

Mercuria Energy Company, LLC


(a DE limited liability company)

100 %

Mercuria Energy America, Inc.

(a DE corporation)

"This is the current shareholding and ownership structure of Mercuria Energy America, Inc."
January 19, 2018


Mark Greenberg
Secretary


MERCURIA

Appendix B

Verification

VERIFICATION

I, Cody Moore, being authorized to execute this Verification and having knowledge of the matters set forth in this Application of Mercuria Energy America, Inc. hereby verify that the content thereof are true and correct to the best of my knowledge and belief.

Cody Moore

Cody Moore
Director and President
Mercuria Energy America, Inc.

Charmin W. Duhe

Signature of Notary

Charmin W. Duhe

Notary Name (printed)

8-19-2018

My Commission Expires

