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US Department of Energy

December 16, 2019

Christopher Lawrence
U.S. Department of Energy, OE-20
Office of Electric Delivery and Energy Reliability
1000 Independence Avenue, S.W.
Washington, D.C. 2058

DEC 16 2019

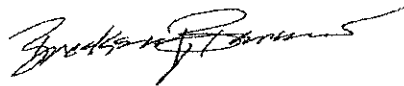
Electricity Delivery and Energy Reliability

**Re: Renewal Application of Frontera Marketing, LLC for
Authorization to Export Electricity from the United States to Mexico,
Docket No. EA-~~2019~~ 403**

Dear Mr. Lawrence,

Enclosed please find (i) an original and two copies of the above-referenced Renewal 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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Attorneys for Frontera Marketing, LLC

Enclosures

Partnership SMD L.P. and Blackstone Energy Family Investment Partnership NQ ESC L.P. is The Blackstone Group Inc. (“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-206² and Export Authorization EA-206-B.³ Frontera Generation is an indirect, wholly-owned subsidiary of Viva Alamo 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 operates as a power marketer in the Electric Reliability Council of Texas (“ERCOT”) region and makes 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 generating station (“Frontera Station”) to customers in Mexico.⁴ In Order No. EA-403, DOE

² See *Frontera Generation Limited Partnership*, Order No. PP-206 (July 12, 1999) (“Order No. PP-206”).

³ See *Frontera Generation L.P.*, Order No. EA-206-B (Jan. 6, 2005) (“Order No. EA-206-B”).

⁴ The Frontera Station previously was interconnected to both the ERCOT grid and the Mexico grid. However, in October 2016, the Frontera Station suspended operations with ERCOT and retired from the ERCOT grid. Frontera Generation remains registered with the Federal Energy Regulatory Commission as an Exempt Wholesale Generator. In the event that the Frontera Station were to interconnect to the ERCOT grid again in the future, Applicant would retain the ability to sell a portion of the Frontera Station’s output into ERCOT, if it chooses to do so. Currently, the transmission facilities authorized by Presidential Permit PP-206 remain

authorized Applicant to export the Frontera Station's output over the international transmission facilities authorized by Presidential Permit PP-206 and other international transmission facilities that DOE has identified as open-access lines.

Applicant does not own, operate or control any electric generation or transmission facilities. Applicant will comply with any applicable reliability standards promulgated by North American Electric Reliability Corporation, 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

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Attorneys for Frontera Marketing, LLC

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 has entered into an exclusive energy sales agreement with its affiliate, Frontera Generation, under which Applicant purchases 100% of the portion of the energy produced at the Frontera Station that is intended to be sold into Mexico. Under the

interconnected to the Frontera Station, and Applicant continues to sell the Frontera Station's output for the use of customers in Mexico.

energy sales agreement, Applicant takes title to the subject power and uses the Frontera Generation transmission facilities authorized in Presidential Permit PP-206 to export that power to the U.S.-Mexico border for sale to customers in Mexico. The facilities authorized by Order No. PP-206 consist of a double-circuit 230-kilovolt (“kV”) transmission line extending from the Rio Bravo Substation to the U.S. border with Mexico, where the line connects to similar facilities owned by Comisión Federal de Electricidad (“CFE”). Under the terms of the applicable Presidential Permit, Frontera Generation constructed the 230-kV line, which was electrified in November 2016 and replaced the previously-installed, single-circuit 138-kV line.

Applicant seeks authorization renewal to continue exporting energy using the facilities authorized by Presidential Permit PP-206. 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.⁵

DOE previously has assessed the impact of Applicant’s potential exports of electricity, from Frontera Generation and other entities, and has determined that the exports “would not

⁵ 16 U.S.C. § 824a(e); 10 C.F.R. § 205.302(g).

impair 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 meaning of [Federal Power Act] § 202(e).”⁶ Applicant submits that DOE’s previous finding is equally applicable now. Applicant continues to have 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. 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.⁷

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.

⁶ Order No. EA-403 at 9. Order No. EA-403 also contained certain conditions required by ERCOT to further ensure that exports from Frontera Generation would not compromise reliability in ERCOT or otherwise impair the sufficiency of supply in the United States. *Id.* at 8-9, 15 (Ordering Paragraphs L-N). These conditions were satisfied in 2015 and 2016, before the Frontera Station disconnected from the ERCOT grid in October 2016, and have no application to exports by Frontera Marketing going forward.

⁷ The Applicant’s proposed export of electric energy qualifies for DOE’s categorical exclusion for exports of electric energy under the National Environmental Policy of 1969, 42 U.S.C. § 4332(2) *et seq.* See Order No. EA-403 at 9 (citing 10 C.F.R. Part 1021, App. B to Subpart D § B4.2).

VI. VERIFICATION AND EXHIBITS

A verification executed by Applicant's authorized representative in accordance with 10 C.F.R. § 205.302(h) is enclosed with this Application. Pursuant to Section 205.303 of DOE's regulations, the following exhibits are attached hereto:

- Exhibit A Transmission Agreements – 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 Non-U.S. Applicant's Power of Attorney – Not Applicable
- Exhibit E Statement of Any Corporate Relationship or Existing Contract Which in Any Way Relates to the Control or Fixing of Rates for Electric Energy
- Exhibit F Operating Procedures Regarding Available Capacity and Energy – Not Applicable⁸

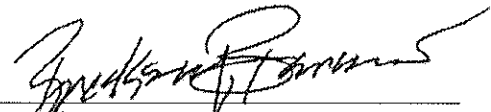
To the extent necessary, Applicant respectfully requests waiver of the requirement to provide exhibits that are not applicable to the Application, as noted.

⁸ Any export of electricity from sources interconnected with the U.S. electric grid will be transmitted pursuant to applicable procedures and/or market structures and coordinated with relevant parties as required by the reliability standards and market rules as defined by the North American Electric Reliability Corporation, the Texas Reliability Entity, and ERCOT.

VII. CONCLUSION

For the reasons contained herein, Applicant requests that DOE grant this Application and renew Applicant's authorization to export electric energy to Mexico.

Respectfully submitted,



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Attorneys for Frontera Marketing, LLC


December 16, 2019

VERIFICATION

I, Elizabeth Quirk-Hendry, being duly sworn, 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.


Elizabeth Quirk-Hendry
Vice President & Secretary
Frontera Marketing, LLC

Subscribed and sworn to before me this 11th day of December, 2019.



My Commission Expires October 30, 2020

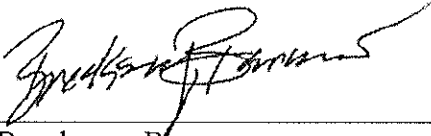
DINAH E EVANS
Notary Public, State of New Jersey
My Commission Expires
October 30, 2020

EXHIBIT B

OPINION OF LEGAL COUNSEL

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;
4. Frontera Marketing, LLC will comply with all pertinent Federal and State laws.



Brooksany Barrowes

Partner

KIRKLAND & ELLIS LLP

Date: December 16, 2019

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 Inc.	Laredo, TX	138 kV	PP-423
		230 kV	PP-423
	Brownsville, TX	138 kV	PP-425
69 kV		PP-425	
Comisión Federal de Electricidad	Eagle Pass, TX	138 kV	PP-424
	Falcon Dam, TX	138 kV	NA
	Redford, TX	7.2 kV	PP-51
El Paso Electric Company	Presidio, TX	13.8 kV	PP-03
	Ascarate, TX	115 kV	PP-48
Frontera Generation Limited Partnership	Mission, TX	230 kV	PP-206
Sharyland Utilities	McAllen, TX	138 kV	PP-285

EXHIBIT E

**STATEMENT OF ANY CORPORATE RELATIONSHIP
OR EXISTING CONTRACT WHICH IN ANY WAY
RELATES TO THE CONTROL OR FIXING OF
RATES FOR ELECTRIC ENERGY**

Applicant purchases output from the Frontera Station pursuant to a Power Purchase Agreement between Applicant and Frontera Generation L.P. Applicant also is party to a contract with its affiliate, Energía Buenavista, S. de R.L. de C.V. (“Energía Buenavista”), pursuant to which Energía Buenavista purchases energy from Applicant and imports that energy for sale in the Mexican market.