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June 29, 2020

Mr. Christopher Lawrence
U.S. Department of Energy
Office of Electricity
OE-20
1000 Independence Avenue, S.W.
Washington, DC 20585

Re: CFE International LLC
Application for Authorization to Export Electricity to Mexico

Dear Mr. Lawrence:

Enclosed please find one (1) original and two (2) copies of the Application of CFE International LLC for Authorization to Export Electricity from the United States to Mexico (the "Application"). Also enclosed is evidence of submission of the \$500.00 filing fee required by 10 C.F.R. §205.309. A copy of the Application will be furnished to the Secretary of the Federal Energy Regulatory Commission.

Thank you for your assistance in this matter. Please do not hesitate to contact me with any questions regarding this filing.

Sincerely,



Sarah A. Tucker
Associate

SAT:

Enclosures

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

CFE International LLC) **Docket No. []**

**APPLICATION OF
CFE INTERNATIONAL 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.*, CFE International 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 CFE International LLC. Applicant is a Delaware limited liability company with its principal place of business in Houston, Texas. Applicant was formed for the purpose of engaging in the trading, purchase, sale, import, export, transportation and storage of natural gas, carbon and other fuels or commodities, including electricity, in the United States.

Applicant is a wholly-owned, direct subsidiary of the Comisión Federal de Electricidad (“CFE”), which is itself wholly owned by the Mexican Federal Government and provides the public service of transmission and distribution of electricity in Mexico. Additionally, CFE, through its subsidiaries, performs the generation and sale of electricity and related products, as well as import, export, transport, storage, purchase and sale of natural gas, coal and any other fuel, the

development and execution of engineering products, geological and geophysical activities, research, development and implementation of energy sources. CFE currently serves approximately 43.4 million customers in Mexico, including residential, commercial, industrial and agricultural customers, and state and central agencies.

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, Central and Southwest Power Pool regions and as a Category 2 Seller in the Southwest region pursuant to Part 35, Subpart H of the FERC’s regulations.¹

II. COMMUNICATIONS

Communications regarding this Application should be addressed to the following:

Mónica Martínez
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¹ See *CFE International LLC*, Docket No. ER18-1778-000, 164 FERC ¶ 61,187, at PP 1-2 (Sep. 17, 2018).

*Persons authorized to receive service of all documents in this proceeding.

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 directly or indirectly own, operate or control any electric generation facilities, electric transmission facilities, distribution facilities, or inputs to electric power

production, including intrastate natural gas transportation, intrastate natural gas storage or distribution facilities, physical coal supply sources, or ownership of or control over who may access transportation of coal supplies, nor is Applicant affiliated with any utility that has a franchised service territory in the United States. Applicant holds firm and interruptible transportation capacity on various interstate and intrastate natural gas facilities. Applicant has acquired this capacity through such facilities' tariffs or through a competitive, open season process.

CFE, which wholly owns Applicant, does not (a) directly or indirectly own or control any generation or transmission facilities in the United States, (b) engage in wholesale sales of electric energy, or any other FERC jurisdictional transactions in the United States, or (c) directly or indirectly own or control a franchised utility in the United States. In addition, CFE does not directly or indirectly own or control inputs to electric power production in the United States, including intrastate natural gas transportation, intrastate natural gas storage or distribution facilities, physical coal supply sources, or ownership of or control over who may access transportation of coal supplies. Through its subsidiaries, CFE owns generation, transmission, and distribution facilities within Mexico, and is engaged in both the generation of power and in the transmission, distribution, and sale of such power to wholesale and retail customers within Mexico. CFE owns or controls through long-term contract a total installed capacity of approximately 55.2 GW. CFE's generation, transmission and distribution facilities are located entirely within Mexico.

Applicant will purchase the electric power to be exported in the markets in which it participates, on a firm or interruptible basis, which may include 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), independent system operators, regional transmission organizations, and other public utilities. Any power purchased

by Applicant for export would be surplus to the needs of those entities selling power to Applicant.² 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.³ 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. While CFE holds Presidential Permits and ownership of certain international transmission lines identified in Attachment 1, Applicant is structurally separate from CFE. Any transactions between CFE and Applicant must be based upon proper transfer pricing principles and be conducted at arm's-length. 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

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

³ *Id.* at p. 2.

limits imposed by the Department on the international transmission 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.⁴ 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

⁴ 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).

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, 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	Verification

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,



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*Counsel for
CFE International LLC*

Date: June 29, 2020

Exhibit A
Agreements
(Not Applicable)

Exhibit B
Legal Opinion



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June 29, 2020

United States Department of Energy
Office of Electricity, Mail Code: OE-20
1000 Independence Avenue SW
Washington, DC 20585

Re: CFE International LLC - Application for Authorization to Export Electricity from the United States to Mexico

Dear Sir or Madam:

This opinion is submitted to the Department of Energy pursuant to 10 C.F.R. 205.303(b), in connection with the application of CFE International LLC (the "Company") for authorization to export electricity from the United States to Mexico (the "Application"). We are counsel to the Company, a limited liability company organized under the laws of the State of Delaware.

We have examined the Company's Certificate of Formation and Limited Liability Company Agreement and such other written statements of representatives of the Company as we have considered necessary as a basis for this letter. We have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures, the legal capacity of all persons and the conformity with the original documents of any copies thereof submitted to us for examination. As to facts relevant to the opinions expressed herein, we have relied without independent investigation or verification upon, and assumed the accuracy and completeness of, any written statements and representations of public officials and representatives of the Company.

Based upon the foregoing, we are of the opinion that:

- (1) the proposed export of electricity described in the Application is within the limited liability company powers of the Company; and
- (2) the Company has complied with Section 202(e) of the Federal Power Act and all other laws of any federal regulatory body, federal administrative agency or other federal governmental authority of the United States of America which in our experience are pertinent to the making of the Application and the cross-border export of electric power to Mexico; and
- (3) the Company has directed its officers to, and nothing has come to our attention that would lead us to conclude that the Company will not, comply with the laws of the states of Arizona,

California, New Mexico and Texas (being the states that are pertinent to the Application) pertinent to the cross-border export of electric power to Mexico.

Our opinions are premised upon there not being any facts or circumstances relevant to the opinions set forth herein not disclosed in the statements of public officials and certificates of appropriate representatives of the Company upon which we have relied, as noted above. The opinions expressed herein are expressed as of the date hereof, and we assume no obligation to advise you of changes in law, fact or other circumstances (or the effect thereof on the opinions expressed herein) that may come to our attention after such time.

Respectfully submitted,

Sidley Austin LLP

Exhibit C

Map

(Not Applicable)

Exhibit D
Designated Agent
(Not Applicable)

Exhibit E

Corporate Relationship or Existing Contract

(Not Applicable)

Exhibit F
Operating Conditions
(Not Applicable)

Exhibit G
Verification

VERIFICATION

I, Axel Rodriguez, Chief Operating Officer of CFE International LLC, hereby declare under penalty of perjury under the laws of the United States of America that I am duly authorized to verify the foregoing Application on behalf of CFE International LLC, and that to the best of my knowledge, information and belief, all of the statements contained in said Application are true and correct.

Executed on this 29 day of June, 2020.



Axel Rodriguez

Chief Operating Officer

CFE International LLC

Attachment 1

List of Existing International Electric Transmission Facilities

Present Owner	Location	Voltage	Presidential Permit No.⁵
AEP Texas Inc.	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
Nogales Transmission	Nogales, AZ	230 kV	PP-420
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

⁵ 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.

Tucker, Sarah A.

From: notification@pay.gov
Sent: Monday, June 29, 2020 7:13 PM
To: Tucker, Sarah A.
Subject: Pay.gov Payment Confirmation: DOE General Collections Form



An official email of the United States government



Your payment has been submitted to Pay.gov and the details are below. If you have any questions regarding this payment, please contact Carol Fuster at (301) 903-0534 or carol.fuster@hq.doe.gov.

Application Name: DOE General Collections Form
Pay.gov Tracking ID: 26PA3DQ1
Agency Tracking ID: 76011978037
Transaction Type: Sale
Transaction Date: 06/29/2020 07:12:42 PM EDT
Account Holder Name: Sarah Tucker
Transaction Amount: \$500.00
Card Type: Visa
Card Number: *****5281

Payment Type : Other
Bill Number:
PO Number :
WFO Number:

Other : DOE Office of Electricity - Filing fee in respect of CFE International LLC Application for Authorization to Export Electricity to Mexico
Comments: Filing fee in respect of CFE International LLC Application for Authorization to Export Electricity to Mexico; Attn: Christopher Lawrence, Christopher.Lawrence@hq.doe.gov

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