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February 3, 2015

PUBLIC VERSION

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Christopher Lawrence
U.S. Department of Energy, OE-20
Office of Electric Delivery and Energy Reliability
1000 Independence Avenue, SW
Washington, DC 20585

**Re: Informational Filing; Frontera Marketing, LLC, Docket No. EA-403;
Frontera Generation Limited Partnership, Docket No. EA206-B**

Dear Mr. Lawrence:

On September 12, 2014, Frontera Marketing, LLC (“Applicant” or “Frontera Marketing”) filed with the Department of Energy (“DOE”) in Docket No. EA-403 an application under Section 202(e) of the Federal Power Act for authorization to transmit electric energy from the United States to Mexico (the “Application”). Frontera Marketing hereby submits this letter to inform the DOE of recent developments and additional information relevant to the Application, including changes to the regulations governing the Mexican electric industry.

In the Application, Frontera Marketing requested authorization to export the output of its affiliate, Frontera Generation Limited Partnership (“Frontera Generation,” or, in reference to the generating facility itself, the “Frontera Facility”), using the transmission line owned and operated by Frontera Generation pursuant to Presidential Permit PP-206.¹ Frontera Marketing also requested authorization to export electric energy as a marketer using open access lines that connect the electric grid operated by the Electric Reliability Council of Texas (“ERCOT”) and the electric grid in Mexico.

Since submitting the Application, Frontera Marketing has been working with ERCOT, which is the independent system operator for 90% of Texas’s electric load (an installed capacity of over 70,000 megawatts) and the NERC-approved Reliability Coordinator, Balancing Authority and Transmission Operator for the ERCOT Interconnection, to ensure that export of the Frontera Facility’s output will not compromise the reliability of the ERCOT grid or otherwise impair the sufficiency of supply in ERCOT.

¹ See *Frontera Generation Limited Partnership*, Order No. PP-206 (July 12, 1999).

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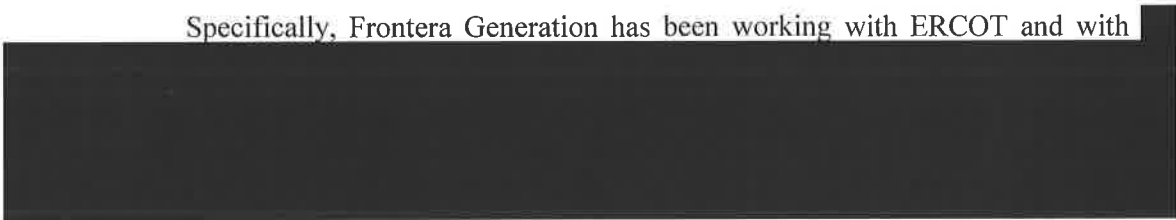
On October 29, 2014, Frontera Marketing and ERCOT submitted jointly an informational filing (“Informational Filing”)² informing the DOE that ERCOT had studied the reliability implications of Frontera Generation’s intent to export the output of the Frontera Facility. The Informational Filing also informed DOE that Frontera Generation and ERCOT had reached agreement on the following conditions:

- For 2015, and until additional transmission lines become operational in the relevant sub-region in late 2016, two-thirds of the Frontera Facility’s output would remain in ERCOT;³
- Frontera Generation will undertake measures to respond to specified Emergency conditions in ERCOT by returning any exporting output of the Frontera Facility to the ERCOT market on an expedited basis; and
- Frontera Generation will shorten its switching operations so that within 90 minutes it will be delivering energy to ERCOT from the unit that previously had been delivering to Mexico.

Importantly, the Informational Filing also informed DOE that “ERCOT is satisfied that the conditions agreed to by Frontera Generation will adequately address any potential concerns regarding Valley region transmission stability and sufficiency of electric supply.”⁴

Since submitting the Informational Filing, Frontera Generation has invested significant capital to prepare the Frontera Facility to meet the commitments described in the Informational Filing with regard to improved switching time. These developments support the Applicant’s ability to meet the commitments made to ERCOT and described in the Informational Filing.

Specifically, Frontera Generation has been working with ERCOT and with



² The Informational Filing was also submitted in Docket No. EA-206-B, which is the Export Authorization issued to Frontera Generation in connection with the output of the Frontera Facility.

³ Specifically, pursuant to the agreement described in the Informational Filing, only one of the gas turbines (approximately 170 MW, subject to ambient operating conditions) will serve Mexico, while the rest of the Frontera Facility (approximately 354 MW, subject to ambient operating conditions) will remain dedicated to serving ERCOT until the planned 345 kV transmission lines under construction in the Lower Rio Grande Valley region are energized in 2016, or through November 30, 2016 (whichever occurs earlier).

⁴ See Informational Filing at 4.

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[REDACTED]

In another recent development, on December 24, 2014, the Comisión Reguladora de Energía (“CRE”) of Mexico promulgated regulations applicable to plants located outside of Mexico that are connected to the national electricity system in Mexico and seek to import power into Mexico. Among other things, the new regulations provide

[REDACTED]

Energía Buenavista—a Mexican affiliate of Frontera Marketing, submitted an application to CRE for an import permit on January 7, 2015, the first day that such applications could be submitted, which CRE confirmed on January 21, 2015 as being in compliance with the import regulations.

[REDACTED]

In light of these recent developments, Frontera Marketing informs DOE of the following:

- [REDACTED]

⁵ [REDACTED]

⁶ [REDACTED]


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- When ERCOT declares an Emergency that calls for generation from the Frontera Facility to return to the ERCOT market, Frontera Generation commits that it will immediately commence switching procedures.
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- ERCOT has already incorporated, and Frontera Marketing understands that ERCOT will continue to incorporate, the proposed exports from the Frontera Facility into its reliability assessments and future planning documents to ensure that ERCOT's reliability determination is maintained.⁷ Frontera Generation will continue to submit timely and accurate information to ERCOT and to cooperate with ERCOT to ensure that ERCOT is able to carry out this responsibility with respect to the Frontera Facility.

With the filing of this supplemental information for the record, Frontera Marketing requests that DOE issue the requested export authorization in Docket No. EA-403.

Please do not hesitate to contact the undersigned with any questions regarding this matter.

⁷ See, for example, "Report on Capacity, Demand, and Reserves in the ERCOT Region, 2015-2024" (Dec. 1, 2014), available on ERCOT's website at <http://www.ercot.com/gridinfo/resource>.

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Respectfully submitted,



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Attachment

Attachment

[Redacted]