



US Department of Energy

JUN 13 2014

Electricity Delivery and
Energy Reliability

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June 12, 2014

Mr. Michael Rodrigue
Office of Electricity Delivery and Energy Reliability
OE-20, Room 8G-024
United States Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585-0350

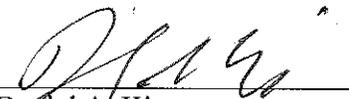
Re: Application of Energia Sierra Juarez U.S., LLC for Authority to Transmit Electric Energy to Mexico

Dear Mr. Rodrigue:

Enclosed are an original and two conformed copies of the application of Energia Sierra Juarez U.S., LLC for Authority to Transmit Electric Energy to Mexico, pursuant to 10 C.F. R. § 205.300 of Department of Energy's regulations.

One additional copy is of the application is being provided to be date-stamped and returned in the postage pre-paid envelope. Also enclosed is a check in the amount of \$500 payable to the Treasurer of the United States as required by 10 C.F.R § 205.309.

Respectfully submitted,


Daniel A. King

On behalf of Energia Sierra Juarez U.S., LLC

US Department of Energy

JUN 13 2014 UNITED STATES OF AMERICA
BEFORE THE

DEPARTMENT OF ENERGY
OFFICE OF ELECTRICITY DELIVERY AND ENERGY RELIABILITY
Electricity Delivery and Energy Reliability

ENERGIA SIERRA JUAREZ U.S., LLC)

Docket No. EA-402

APPLICATION OF ENERGIA SIERRA JUAREZ U.S., LLC
FOR AUTHORIZATION TO TRANSMIT ELECTRICITY TO MEXICO

Energia Sierra Juarez U.S., LLC (“Applicant”) hereby files this application pursuant to 10 C.F.R. § 205.300 for authority to transmit electric energy from the United States to Mexico.

I. DESCRIPTION OF APPLICANT AND BACKGROUND FOR REQUEST

Applicant is a power marketer that will sell power from a nominally-rated 156 MW wind generation facility (the “ESJ Facility”) under development in northern Mexico by its corporate parent, Energia Sierra Juárez, S. de R.L. de C.V. (“ESJ Mexico”). The ESJ Facility will be interconnected to the United States electric grid via a 230 kV radial generator-tie line (“ESJ Gen-Tie”) owned and operated by Applicant’s wholly-owned subsidiary, Energia Sierra Juarez U.S. Transmission, LLC (“ESJ Transmission”). ESJ Transmission has been issued Presidential Permit PP-334 dated August 31, 2012 by the Department of Energy’s (“Department”) Office of Electricity Delivery and Energy Reliability for the construction, operation, maintenance and connection of the ESJ Gen-Tie, which is currently under construction.

As further discussed below, Applicant’s request for authority to transmit electric energy from the United States to Mexico is limited to the delivery of *de minimis* station power to the ESJ Facility over the ESJ Gen-Tie. Applicant anticipates that the maximum amount of electric energy exported for this purpose will not exceed an instantaneous transmission rate of 6 MW. Applicant’s request herein does not seek authority to export electric energy to Mexico on facilities other than the ESJ Gen-Tie.

Applicant, ESJ Transmission and ESJ Mexico are wholly-owned subsidiaries of Infraestructura Energética Nova S.A.B. de C.V. (“Sempra Mexico”), which in turn is a subsidiary controlled by Sempra Energy, a public utility holding company based in San Diego, California. Sempra Energy provides, through various subsidiaries and affiliates, a wide spectrum of electric, natural gas, and energy-related products and services to a diverse range of customers.¹

Applicant will sell energy, capacity and/or ancillary services into the CAISO balancing authority area (“BAA”) from the ESJ Facility, which is currently under construction. Upon completion, the first phase of the ESJ Facility will be capable of producing approximately 156 MW, the entirety of which will be sold by Applicant to SDG&E pursuant to a long-term, power purchase agreement (“PPA”).²

Applicant has received blanket authority from FERC to sell energy, capacity and/or ancillary services at market-based rates (“Market-Based Rate Tariff”),³ and is not a franchised public utility with captive retail customers. The ESJ Facility will be directly connected via the ESJ Gen-Tie to the East County (“ECO”) Substation, which is within the CAISO BAA. Generator

¹ Sempra Energy also wholly owns San Diego Gas & Electric Co. (“SDG&E”), a franchise public utility that owns transmission facilities and is a Participating Transmission Owner (“PTO”) in the market operated by the California Independent System Operator Corp. (“CAISO”), which has an open access transmission tariff (“OATT”) on file with the Federal Energy Regulatory Commission (“FERC”). Subject to pending management and regulatory approvals, a fifty percent interest in ESJ Mexico will be acquired by a subsidiary of InterGen N.V., as described in more detail in the application filed at FERC pursuant to section 203 of the Federal Power Act on April 22, 2014 and approved on May 29, 2014 in FERC Docket No. EC14-80-000.

² California’s renewable portfolio supply (“RPS”) program was established in 2002 with initial requirements that retail sellers of energy, such as SDG&E, increase their total procurement of energy from renewable resources equivalent to twenty percent (20%) of their retail sales by the year 2017. Senate Bill 1078, Stats 2001- 2002 ch. 516 (Cal. 2002). Amendments to the RPS statute enacted in 2006 accelerated this compliance timeline, with the stated objective of retail sellers meeting “a target of generating 20 percent of total retail sales of electricity in California from eligible renewable energy resources by December 31, 2010.” Cal. Pub. Util. Code § 399.11(a). A further goal of reaching 33% renewable energy by 2020, first established pursuant to Executive Orders, is now the law in California. See generally California Executive Order S-14-08 (November 17, 2008) and California Executive Order S-21-09 (September 15, 2009). The 33% by 2020 requirement was codified by California Senate Bill (“SB”) 2 X1, which was signed by Governor Brown on April 12, 2011. On July 12, 2012, FERC issued an order in Docket No. ER12-1517-000 approving the PPA pursuant to section 205 of the Federal Power Act as an affiliate transaction, as required by sections 35.39(b) and 35.44(a) of FERC’s regulations.

³ *Energia Sierra Juarez U.S., LLC*, Docket No. ER12-1470-000 (Letter Order issued June 7, 2012).

interconnection service for the ESJ Facility is provided under the CAISO OATT, pursuant to a CAISO pro forma large generator interconnection agreement (“LGIA”).

Due to the cross-border nature of the ESJ wind project, with portions of the ESJ interconnection facilities located both in the United States as well as in Mexico, certain tax, permitting and other considerations dictated that the ownership of the ESJ wind project be bifurcated between U.S. and Mexican entities. Applicant’s corporate parent, ESJ Mexico, is developing the ESJ Facility, to be situated south of the U.S.-Mexico border near the town of La Rumorosa, Baja California Norte, Mexico. The generator interconnection facilities located in Mexico will consist of a collector substation located approximately two miles south of the U.S.-Mexico border, and associated interconnection facilities consisting primarily of a 230 kV radial generator-tie line extending approximately two miles northward from the collector substation to the U.S.-Mexico border.

At the point where the 230kV generation tie-line crosses the U.S.-Mexico border, ownership of the generation tie-line will change to ESJ Transmission. Pursuant to the ESJ Presidential Permit PP-334, ESJ Transmission will own the ESJ Gen-Tie starting from the point at which the ESJ Gen-Tie crosses the U.S.-Mexico border then extending for a distance of less than one mile to the point at which the ESJ Gen-Tie connects to the CAISO-controlled grid at the ECO Substation, which is currently under construction.⁴ Applicant will utilize the ESJ Gen-Tie owned by ESJ Transmission to deliver the output of the ESJ Facility to SDG&E at the ECO Substation, which is the PPA delivery point.

The ESJ Facility will have electrical machinery and ancillary equipment necessary for its operation that requires a small amount of electrical power twenty-four hours a day. When the ESJ

⁴ The ECO Substation will be located on the 500 kV Southwest Powerlink and will be part of SDG&E’s PTO facilities operated by the CAISO.

Facility is in operation, which will be the vast majority of the hours during the year, this station power will be self-provided by the on-site wind generation at the facility. However, on the occasions when the ESJ Facility is not operating, the station use power will be fed back to the ESJ Facility from the CAISO BAA via the ECO Substation using the ESJ Gen-Tie constructed for delivery of the ESJ Facility's output, hence the need for the limited export authority requested by Applicant.

Because Applicant's request is limited to use of the ESJ Gen-Tie owned by ESJ Transmission, Applicant's wholly-owned subsidiary, Applicant requests that the term of the authorization granted pursuant to this application extend for a period commensurate with Presidential Permit PP-334 issued for the ESJ Gen-Tie. The grant of an export authority to Applicant for the requested term is consistent with a previous electricity export authorization issued by the Department under materially identical circumstances. In EA-235-A, the Department granted export authorization to Sempra Generation associated with the station power requirements of its affiliated Termoelectrica de Mexicali combined cycle plant, which is located in Baja California near Mexicali, but which is electrically connected to the CAISO-controlled grid at the Imperial Valley Substation via a generator tie line owned by Sempra Generation's affiliate, Termoelectrica U.S., LLC, the holder of Presidential Permit PP-235. The export authorization in EA-235-A was for a term not to extend beyond the date of termination of the associated Presidential Permit PP-235. Accordingly, Applicant requests consistent treatment of this request, whereby its export authorization would be valid for a period not to extend beyond the date of termination of the associated Presidential Permit PP-334 for the ESJ Gen-Tie.⁵

⁵ Applicant's request for authorization under this application qualifies for a categorical exclusion under the Department's regulations implementing the National Environmental Policy Act of 1969 ("NEPA"), inasmuch as Applicant's request for export authority is limited to the use of the ESJ Gen-Tie, for which a Presidential Permit has been issued. The Department has previously assessed the impact that the issuance of Presidential Permit PP-334 for the ESJ Gen-Tie would have on the environment pursuant to NEPA. This assessment is documented in the

II. INFORMATION REQUIRED PURSUANT TO 10 C.F.R SECTION § 205.302

a. Exact legal name of Applicant:

Energia Sierra Juarez U.S., LLC

b. Exact legal name of all partners:

None. The upstream corporate ownership of Applicant is described in Part I of this application.

c. Name, title, post office address, and telephone number of the person to whom correspondence in regard to the application shall be addressed:

Daniel A. King
Director – Regulatory & Compliance
Sempra U.S. Gas & Power, LLC
101 Ash Street HQ15C
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and

Thomas E. Jennings
Project Manager
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San Diego, CA 92101-3017
(619) 696-2947
TJennings@IENova.com.mx

d. State of territory under the laws of which the Applicant is organized or incorporated, or authorized to operate. If the Applicant is authorized to operate in more than one state, all pertinent facts shall be included:

Applicant is a Delaware limited liability company, organized on June 11, 2007, and authorized to operate in the State of California.

- e. Name and address of any known Federal, State, or local government agency which may have any jurisdiction over the action to be taken in the application and a brief description of that authority:**

Pursuant to section 202(e) of the Federal Power Act, the Department's Office of Electricity Delivery and Energy Reliability is the sole agency with jurisdiction over the proposed export of electric energy to Mexico. No other known Federal, State or local government entity or agency has jurisdiction over the proposed exports described in this application.

- f. Description of the transmission facilities through which the electric energy will be delivered to the foreign country, including the name of the owners and the location of any remote facilities:**

As described in more detail in Part I of this request, Applicant seeks authorization to export electric energy to Mexico solely over the ESJ Gen-Tie, an authorized international electric transmission facility pursuant to Presidential Permit PP-334, owned and operated by Applicant's wholly-owned subsidiary, ESJ Transmission. Applicant does not seek authorization for exports to Mexico over any other international electric transmission facilities.

- g. Technical discussion of the proposed electricity export's reliability, fuel use and system stability impact on the Applicant's present and prospective electric power supply system. Applicant must explain why the proposed electricity export will not impair the sufficiency of the electric supply on its system and why the export will not impede or tend to impede the regional coordination of electric utility planning or operation:**

As discussed in Part I, Applicant's request for authorization to export electric energy to Mexico is solely related to the station use requirements of the ESJ Facility, which will be operational during the vast majority of the hours during the year, when the ESJ Facility will self-supply the power for its station use. Only when the ESJ Facility is not operational will exports be required in order to meet the *de minimis* station use requirements of the facility. Based on this usage, Applicant anticipates that the exports associated with this application will not exceed an instantaneous transmission rate of 6 MW, and Applicant's request is limited to that amount.

Applicant submits that the *de minimis* export authorization being requested would clearly not impair the sufficiency of electric supply, nor would it impede or tend to impede regional coordination of electric utility planning or operation. In previous orders, the Department has endorsed a flexible approach for evaluating reliability issues associated with proposed export transactions. The Department has relied on the existing technical analyses available for international transmission facilities when considering applications from power marketers and other similar entities seeking to use those facilities. Applicant requests that the Department apply this standard to the instant application, where the authorization sought by Applicant is limited to exports on the ESJ Gen-Tie, for which the Department has issued Presidential Permit PP-334, and in so doing the Department reached the conclusion that the first 400 MW phase of the ESJ wind project would not adversely impact the reliability of the U.S. electric power supply system. Beyond the limited and discrete ESJ Gen-Tie facilities described herein, no other cross-border transmission facilities are implicated in Applicant's request.

As noted in Part I of this request, the Department has previously issued electricity export authorizations under materially identical circumstances. In EA-235-A, the Department granted export authorization associated with the 12 MW station power requirements of the Termoelectrica de Mexicali combined cycle plant, which is located in Baja California near Mexicali, but which is electrically connected to the CAISO-controlled grid at the Imperial Valley Substation. As in EA-235-A, the electric power that Applicant plans to export will be surplus energy obtained in wholesale markets, and any such export transactions will be completed using CAISO's procedures and/or market structures, as coordinated with all relevant parties as required pursuant to the LGIA, applicable market rules implemented by the CAISO, and reliability standards implemented by the North American Electric Reliability Corporation ("NERC") and the Western Electric Reliability

Council ("WECC").⁶ Therefore, Applicant's export transactions will not adversely impact native load customers or other market participants, and will not compromise transmission system security or reliability. Under these circumstances, the *de minimis* exports proposed herein will not impair the sufficiency of power in the United States, nor will the transactions impede the coordinated use of transmission facilities.

- h. The original application shall be signed and verified under oath by an officer of the application having knowledge of the matters set forth therein:**

The verification is included in Attachment A to the application.

III. EXHIBITS REQUIRED BY 10 C.F.R. § 205.303

In compliance with 10 C.F.R. § 205.303, the following Exhibits are attached to this application:

- a. Exhibit A. A copy of the agreement or proposed agreement under which the electricity is to be transmitted including a listing of the terms and conditions. If this agreement contains proprietary information that should not be released to the general public, the applicant must identify such data and include a statement explaining why proprietary treatment is appropriate.**

A copy of the Facilities Agreement between Applicant and ESJ Transmission is attached as Exhibit A.

- b. Exhibit B. A showing, including a signed opinion of counsel that the proposed export of electricity is within the corporate power of the applicant, and that the applicant has complied or will comply with all pertinent Federal and State Laws.**

Please see opinion of counsel attached hereto as Exhibit B.

- c. Exhibit C. A general map showing the applicant's overall electric system and a detailed map highlighting the location of the facilities or the proposed facilities to be used for the generation and transmission of the electric energy to be exported. The detailed map shall identify the location of the proposed border crossing point(s) or power transfer point(s) by Presidential Permit number whenever possible.**

⁶ Applicant notes that the ESJ Facility will be a registered Generator Owner/Generator Operator, and Applicant will register as a Purchasing-Selling Entity, pursuant to the requirements of NERC, and will therefore be subject to the oversight of the WECC regional reliability organization. As such, Applicant and the ESJ Facility will be required to abide by the NERC and WECC requirements in connection with their operations and transactions, which serves to further ensure that reliability of the bulk electric system is maintained.

Applicant seeks authorization to export electric energy to Mexico solely over the ESJ Gen-Tie, an authorized international electric transmission facility pursuant to Presidential Permit PP-334, owned and operated by Applicant's wholly-owned subsidiary, ESJ Transmission. The ESJ Gen-Tie is a limited and discrete radial facility that does not comprise an integrated transmission system. Additional information regarding the ESJ Gen-Tie is provided in the submittals of ESJ Transmission in the Department's PP-334 proceeding, which resulted in the issuance of the Presidential Permit to ESJ Transmission. Applicant does not seek authorization for exports to Mexico over any other international electric transmission facilities.

- d. Exhibit D. If an applicant resides or has its principal office outside the United States, such an applicant shall designate, by irrevocable power of attorney, an agent residing within the United States. A verified copy of such power of attorney shall be furnished with the application.**

Not applicable.

- e. Exhibit E. A statement of any corporate relationship or existing contract between the applicant and any other person, corporation, or foreign government, which in any way relates to the control or fixing of rates for the purchase, sale or transmission of electric energy.**

Applicant's Market-Based Rate Tariff, providing authority to sell energy, capacity and ancillary services at market-based rates, is described in Part I of this application, as is Applicant's PPA with SDG&E.

- f. Exhibit F. An explanation of the methodology (Operating Procedures) to inform neighboring electric utilities in the United States of the available capacity and energy which may be in excess of the applicant's requirements before the delivering of such capacity to the foreign purchaser. Approved firm export, diversity exchange and emergency exports are exempted from this requirement. Those materials required by this section which have been filed previously with the ERA may be incorporated by reference.**

Not applicable. Applicant is a power marketer, and is not a franchised public utility with captive retail customers. Applicant's request for authority to transmit electric energy from the United States to Mexico is limited to the delivery of intermittent and *de minimis* station power to

the ESJ Facility over the ESJ Gen-Tie. The ESJ Gen-Tie is a limited and discrete radial transmission facility that does not form part of an integrated transmission grid. Applicant's request is limited to an instantaneous transmission rate of 6 MW. Applicant's request herein does not seek authority to export electric energy to Mexico on facilities other than the ESJ Gen-Tie. Electric power that Applicant plans to export will be surplus energy obtained in wholesale markets within CAISO, and any such export transactions will be completed using CAISO's procedures and/or market structures, and coordinated with all relevant parties as required pursuant to the LGIA, applicable market rules implemented by the CAISO, and reliability standards implemented by NERC and WECC.

IV. CONCLUSION

In consideration of the foregoing, Applicant respectfully requests approval of this application for authorization to export electrical energy to Mexico in an amount not to exceed an instantaneous transmission rate of 6 MW over the ESJ Gen-Tie, for a period not to extend beyond the date of termination of the associated Presidential Permit PP-334 issued to ESJ Transmission for the ESJ Gen-Tie.

Respectfully submitted,


Daniel A. King

On behalf of Energia Sierra Juarez U.S., LLC

June 12, 2014

EXHIBIT A – FACILITIES AGREEMENT

FACILITIES AGREEMENT

by and between

ENERGIA SIERRA JUAREZ U.S. TRANSMISSION, LLC

and

ENERGIA SIERRA JUAREZ U.S., LLC

March 26, 2014

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Exhibit A: Form of Shared Facilities and Common Ownership Agreement

FACILITIES AGREEMENT

THIS FACILITIES AGREEMENT (this "Agreement") is made and entered into as of March 26, 2014 (the "Effective Date"), by and between ENERGIA SIERRA JUAREZ U.S. TRANSMISSION, LLC, a Delaware limited liability company (the "Transmission Company") and ENERGIA SIERRA JUAREZ U.S., LLC, a Delaware limited liability company (the "Member"); each also a "Party" and collectively, the "Parties".

RECITALS

A. Effective as of the Effective Date, the Member owns 100% of the issued and outstanding membership interests in the Transmission Company.

B. Energía Sierra Juarez, S. de R.L. de C.V., a Mexican *sociedad de responsabilidad limitada de capital variable* ("ESJ MX") and certain of its Affiliates are developing that certain wind power project named "Energía Sierra Juarez" (the "Project"), located along the easterly ridge lines of the Sierra de Juarez mountains near the Baja California, Mexico town of La Rumorosa, including the portion of the Gen-Tie Line that is located in Mexico. The Project is expected to have an initial nameplate capacity of approximately 155.1 MW.

C. The Member has entered into that certain Cross-Border Power Purchase Agreement, dated as of even date herewith (as amended, modified, or supplemented from time to time, the "Cross-Border PPA") by and between the Member as buyer and ESJ MX as seller, pursuant to which the Member will purchase electric energy, capacity attributes, green attributes and other ancillary products, services or attributes generated by or associated with the Project at the United States-Mexico border. The Member has also entered into that certain Power Purchase Agreement dated as of April 6, 2011, as amended by that certain First Amendment to Power Purchase Agreement dated as of September 14, 2011, that certain Second Amendment to Power Purchase Agreement dated as of November 30, 2011, that certain Third Amendment to Power Purchase Agreement dated as of April 6, 2012, that certain Fourth Amendment to Power Purchase Agreement dated as of July 31, 2012, that certain Fifth Amendment to Power Purchase Agreement dated as of October 11, 2012 and that certain Sixth Amendment to Power Purchase Agreement dated as of February 12, 2013 (as further amended, modified, or supplemented from time to time, the "SDG&E PPA") by and between Power Purchaser as buyer and the Member as seller, pursuant to which the Member will sell such electric energy, capacity attributes, green attributes and other ancillary products, services or attributes to Power Purchaser at the East County Substation.

D. The Transmission Company is in the process of constructing the portion of the Gen-Tie Line and related facilities that are located in the United States, which the Member desires to use to transmit electricity to Power Purchaser from the Project.

E. The Transmission Company has agreed to permit the Member to use such facilities to transmit electricity to Power Purchaser from the Project, and the Transmission Company has agreed to undertake certain obligations in connection therewith, pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the agreements and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE I DEFINITIONS

1.1 Certain Definitions. Capitalized words and phrases used herein shall have the following meanings, or the meanings given in the Sections of this Agreement in which they are defined, unless the text expressly or by necessary implication requires otherwise.

(a) "Affiliate" means, when used with reference to a specified Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with the specified Person.

(b) "Agreement" has the meaning given in the preamble to this Agreement.

(c) "Construction Contract" means the Engineering, Procurement and Construction Agreement, dated on or about March 24, 2014, by and between Transmission Company and ANEMO Energy, S. de R.L. de C.V., and any other contract for the engineering, procurement and construction of the Physical Facilities.

(d) "Control", "Controlled by", and "under common Control with", with respect to any Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or member or partnership interests, by contract or otherwise.

(e) "Cross-Border PPA" has the meaning given in the recitals to this Agreement.

(f) "Default Rate" means a rate per annum equal to the lesser of (i) a varying rate per annum equal to the sum of (A) the prime rate as published in *The Wall Street Journal*, with adjustments in that varying rate to be made on the same date as any change in that rate is so published, plus (B) two percent (2%) per annum, and (ii) the maximum rate permitted by Law.

(g) "East County Substation" means the "East County Substation" owned by SDG&E.

(h) "Effective Date" has the meaning given in the preamble to this Agreement.

(i) "Environmental Laws" means, collectively, any and all Laws pertaining to pollution or protection of health, safety or environment, including Laws (both statutory and common law) relating to actual or threatened emissions, discharges, or releases of pollutants, raw materials, products, contaminants, or hazardous or toxic materials or wastes into ambient air, surface water, groundwater, or land, or otherwise relating to the

manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, or hazardous or toxic materials or wastes, and including all Environmental Permits and agreements and duties issued under or imposed by such Laws

(j) “Environmental Permits” means, collectively, all licenses, permits and other authorizations or registrations required under any and all Laws pertaining to pollution or protection of health, safety or environment, including Laws (both statutory and common law) relating to actual or threatened emissions, discharges, or releases of pollutants, raw materials, products, contaminants, or hazardous or toxic materials or wastes into ambient air, surface water, groundwater, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, or hazardous or toxic materials or wastes.

(k) “ESJ MX” has the meaning given in the recitals to this Agreement.

(l) “Event of Default” has the meaning given in Section 2.14.

(m) “Expenses” means all expenses incurred by or on behalf of Transmission Company in connection with the ownership, or operation and maintenance of the Facilities, including without limitation:

(i) All fees and expenses or other amounts payable under the O&M Agreement, the other Service Contracts and the other Project Agreements.

(ii) Operating period insurance, including under any blanket policy purchased by or behalf of the Transmission Company.

(iii) Property and other taxes assessed or allocated to the Facilities.

(iv) The costs of Licenses and Permits and, including without limitation, any fees charged by the FERC or other governmental entity.

(n) “Facilities” means, collectively, the Physical Facilities, the Licenses and Permits, and the Real Property Documents.

(o) “FERC” means the Federal Energy Regulatory Commission or any successor agency.

(p) “Financing Entity” means any and all lenders providing senior or subordinated construction, interim or long-term debt financing or refinancing for the purchase, installation or operation of the Project or a portion thereof located in the United States.

(q) “Force Majeure” means acts of God or any other casualty or occurrence, condition, event or circumstance of any kind or nature not reasonably within the excused Party’s control and which could not have been avoided by reasonable measures, including strikes, slow downs or labor difficulties (other than any such action by or in

relation to any person providing services under a Service Contract), fires, flood, earthquakes, explosions or other hazards, acts of public enemies, riots, civil commotions, or insurrection. Force Majeure expressly does not include any delay in performing or failure of performance of any contractual provision by a Party (except to the extent caused by a Force Majeure event); or economic hardship

(r) “Gen-Tie Line” means the 230 kV generation-tie power line, Support Structures and associated fixtures, equipment and facilities owned, operated and maintained in the United States by the Transmission Company and in Mexico by ESJ MX or its successor in interest.

(s) “Interconnection Agreement” means that certain Standard Large Generator Interconnection Agreement (LGIA) dated as of October 26, 2011, by and among the Transmission Company, ESJ MX, SDG&E and California Independent System Operator Corporation relating to the ESJ Wind Project (Queue No. 159A), as amended, modified or supplemented from time to time.

(t) “Laws” means all applicable laws, statutes, ordinances, rules, regulations, decrees, orders, permits, requirements, judgments, decisions and injunctions issued by any governmental authority, including laws relating to health, safety and the environment.

(u) “Licenses and Permits” means, collectively, the governmental licenses, permits, approvals and authorizations, whether federal, state or local, or domestic or foreign, including Environmental Permits, relating to the Physical Facilities.

(v) “Member” has the meaning given in the preamble to this Agreement.

(w) “MW” means a megawatt or megawatts, as the context may require.

(x) “O&M Agreement” means any operations and maintenance agreement entered into between the Operator, or any other operator, and the Transmission Company.

(y) “Operator” means Servicios ESJ, S. de R.L. de C.V., and also means any other Person that may engaged by the Transmission Company under any O&M Agreement to operate and/or maintain the Physical Facilities from time to time.

(z) “Party” and “Parties” have the meanings given in the preamble to this Agreement.

(aa) “Permitted Liens” means, with respect to the Transmission Company, liens and other encumbrances (i) for inchoate mechanics' and materialmen's liens for construction in progress and workmen's, repairmen's, warehousemen's and carriers' liens arising in the ordinary course of business, (ii) for taxes not yet payable or being contested in good faith by appropriate proceedings provided that applicable law permits the non-payment of such taxes during such contest and such potential tax liabilities are fully covered by adequate reserves in accordance with GAAP, (iii) incurred in the ordinary course of business in connection with worker's compensation, unemployment insurance,

social security and other employment-related governmental rules and that do not (and could not reasonably be expected to) in the aggregate materially impair the financial condition of the Transmission Company or the use or disposition of the Facilities, (iv) arising out of judgments or awards so long as an appeal or proceeding for review is being prosecuted in good faith and the payment of which (A) is fully covered by adequate reserves in accordance with GAAP, bonds or other security acceptable to the Transmission Company or (B) is fully covered by insurance, and (v) deposits or pledges to secure mandatory statutory obligations or performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases, in each case in the ordinary course of its business.

(bb) "Person" means any individual or entity, and the heirs, personal representatives, successors and assigns of such individual or entity where the context so permits.

(cc) "Physical Facilities" means the Gen-Tie Line and those Gen-Tie Support Structures and the fixtures, equipment and facilities which are owned by the Transmission Company.

(dd) "Power Purchaser" means SDG&E, or any other entity purchasing electricity generated by a Project from Member.

(ee) "Project" has the meaning given in the recitals to this Agreement.

(ff) "Project Agreements" means, collectively, the Service Contracts, the Construction Contract and all other agreements entered into by or on behalf of the Transmission Company relating to the ownership and/or operation of the Physical Facilities.

(gg) "Project Controlled Assets" means any of the assets comprising the Project (including the Project's transformer), the corresponding Project Lands and agreements and contractual arrangements related to the Project, including the Cross-Border PPA, the Interconnection Agreement and the SDG&E PPA. For the avoidance of doubt, the Project Controlled Assets shall exclude the Facilities.

(hh) "Project Lands" means the lands on which the Project is located.

(ii) "Prudent Industry Practice" means those practices, methods, equipment, specifications, and standards of manufacture, care, skill, safety, performance, dependability, efficiency, economy and diligence, as the same may change from time to time, as are commonly used and generally recognized in respect of the design, development, construction, maintenance, financing and operation of energy transmission facilities of comparable type and complexity and having geographical attributes similar to the transmission assets at issue, that, in the exercise of reasonable judgment and in light of the facts known at the time the decision was made, are considered prudent practice and would be intended to accomplish the result intended at a reasonable cost and consistent with applicable Laws, reliability, safety and expedition. "Prudent Industry Practice" does not necessarily mean the best practice, method, or standard of care, skill, safety and

diligence in all cases, but is instead intended to encompass a range of acceptable practices, methods, and standards.

(jj) "Real Property" means the lands in the State of California on which the Physical Facilities are located, and any other real property to which the Transmission Company has rights pursuant to the Real Property Documents.

(kk) "Real Property Documents" means, collectively, all deeds, easements, option agreements, leases, subordination agreements and other real property agreements, in each case entered into by the Transmission Company, which create or evidence any real property interests relating to or underlying the Physical Facilities.

(ll) "SDG&E" means San Diego Gas & Electric Transmission Company, a California corporation.

(mm) "SDG&E PPA" has the meaning given in the recitals to this Agreement.

(nn) "Service Contracts" means, collectively, any operations and maintenance agreement, project administration agreement and/or construction management agreement entered into by the Transmission Company.

(oo) "Shared Facilities and Common Ownership Agreement" means an agreement substantially in the form of Exhibit A hereto.

(a) "Support Structures" means the set of three tubular steel poles and their foundations to which the Gen-Tie Line is affixed.

(b) "Transfer" means, with respect to any asset, the sale, assignment, transfer, pledge, encumbrance, transfer, pledge, or other disposition of, either voluntarily, by operation of law or otherwise, or such asset.

(c) "Transmission Company" has the meaning given in the preamble to this Agreement.

ARTICLE II FACILITIES AGREEMENTS

2.1 Use of Facilities. Unless otherwise required by Law, the Physical Facilities shall be held and used to permit the transmission of electricity generated by the Project from the United States-Mexico border to the East County Substation in accordance with Section 2.3. Notwithstanding the foregoing, the Physical Facilities may also be used to permit the transmission of electricity to the East County Substation from generating projects owned in whole or part by an Affiliate of Infraestructura Energetica Nova, S.A.B. de C.V. or Sempra Energy, and to deliver electricity from a provider of back-up, backfeed or maintenance power to the same, subject to prior satisfaction or waiver by Member of the following conditions: (a) in the case of the first such project, the owner of such other project, Transmission Company and Member shall have executed and delivered a Shared Facilities and Common Ownership Agreement, (b) in the case of projects following the first such project, the owner of such other

project shall have executed and delivered a joinder to such executed Shared Facilities and Common Ownership Agreement binding itself to the terms and conditions thereof as if originally party thereto, and (c) each condition set forth in Section 5.3 of the Shared Facilities and Common Ownership Agreement has been satisfied (including payment by the owner of such other project of all amounts required thereby), and each such condition is hereby incorporated herein by reference.

2.2 Design/Capacity of Physical Facilities.

(a) The Transmission Company shall design the Physical Facilities to permit acceptance of electric power from the portion of the Gen-Tie Line located in Mexico. The Transmission Company shall design the Gen-Tie Line to be able to transmit at least 1200 MW (double circuit) or 2400 MW (single circuit) from the United States-Mexico border to the East County Substation. The Transmission Company shall design the Physical Facilities installed at the East County Substation to be able to interconnect the Gen-Tie Line into the East County Substation.

(b) The Transmission Company shall upon written request therefor provide the Member with copies of the designs, plans and specifications for the Physical Facilities for the Member's review and comment, but the Transmission Company retains the right to make all final design decisions with respect to such designs, plans and specifications in its sole discretion, in each case consistent with Prudent Industry Practice and the terms and conditions of this Agreement.

2.3 Right to Transmit Electricity. The Physical Facilities shall be connected to the Project at the United States-Mexico border via the portion of the Gen-Tie Line located in Mexico, in accordance with the provisions of the Construction Contract. The Member shall have the right to utilize the Physical Facilities to deliver or receive electrical energy from the Project at the United States-Mexico border to the East County Substation in accordance with the terms of this Agreement. Other than the obligation to pay expenses pursuant to Section 2.4, there shall be no charge to the Member to transmit electricity using the Facilities.

2.4 Expenses. As consideration for its rights hereunder, the Member shall pay all Expenses incurred by the Transmission Company. All amounts owed by the Member shall be due and payable within thirty (30) days of receipt of invoices from the Transmission Company documenting such amounts. All amounts not paid when due shall bear interest at the Default Rate. For the avoidance of doubt, the Member shall be responsible for all line losses.

2.5 Indemnity. The Member shall indemnify, defend and hold harmless the Transmission Company from and against any and all losses, damages, liabilities, claims, judgments, liens, penalties, costs and expenses, including, without limitation, reasonable attorneys' and consultants' fees, which may be imposed upon or incurred by the Transmission Company or asserted against the Transmission Company by any third person or entity in connection with the this Agreement, the use of the Physical Facilities, the construction or operation and maintenance of the Facilities, the Interconnection Agreement or the Project.

2.6 Environmental Compliance. The Member shall, and shall cause its Affiliates to, with respect to the Facilities and the Project Controlled Assets, comply with all Environmental Laws in all material respects and be responsible for all investigations, studies, clean up, corrective action or response or remedial action required by any governmental authority now or hereafter authorized to regulate environmental or other matters or by any consent decree or court or administrative order now or hereafter applicable to the Member's use, operation or ownership of the Facilities or the Project Controlled Assets.

2.7 No Waste or Nuisance; Maintenance; No Interference. The Member shall not use or permit the use of the Facilities in any manner that would create waste or nuisance, or that would increase the rate, or jeopardize the issuance or maintenance, of any insurance policy relating to the Facilities, nor otherwise conduct or cause to be conducted operations on the Real Property which would have similar effects on, or otherwise damage or interfere with, the Facilities.

2.8 Liens; Sales. The Member shall not cause or permit any lien or encumbrance to be levied against or attached to the Facilities, except for Permitted Liens.

2.9 Operation and Management. The Transmission Company shall cause the Facilities to be operated and maintained in accordance with Prudent Industry Practice (which includes repair and replacement of the Physical Facilities and maintenance of access ways), and may engage one or more persons or contractors to do the same.

2.10 Events of Default; Default. If a Party shall fail to perform its obligations hereunder in any material respect, then such failure shall not constitute a default hereunder unless such Party shall have failed to cure such default within (a) five (5) days after receipt of written notice of a payment default, (b) the period of time for cure provided in the Interconnection Agreement with respect to a default in performance of the Interconnection Agreement, or (c) thirty (30) days after such Party has received written notice of any other default from the non-defaulting Party; provided, however, that if the nature of the defaulted obligation or obligations described in this clause (c) is such that more than thirty (30) days are required, in the exercise of commercially reasonable diligence, for performance of such obligation(s), then such Party shall not be in default if it commences such performance within such thirty (30) day period and thereafter continuously pursues the same to completion with commercially reasonable diligence, such extended period not to exceed ninety (90) days, including the initial cure period. Failure to comply with the cure periods set forth above shall result in an "Event of Default".

2.11 Remedies. In addition to all other remedies permitted by Law or under this Agreement (all of which shall be cumulative), following an Event of Default, the non-defaulting Party and its lenders or other interest holders shall be entitled following an Event of Default to perform the obligations of the defaulting Party, and the defaulting Party shall reimburse the performing Party for any expenses which it incurred in rendering the performance, plus interest at the Default Rate.

2.12 Equitable Relief. The Parties agree that damages may be an inadequate remedy for a breach by the Transmission Company or the Member of its respective obligations

under this Agreement, and that each Party shall be entitled to seek injunctive and other equitable relief, including specific performance, against the other Party to prevent or eliminate such default.

2.13 Effect of Force Majeure. If, because of an event of Force Majeure, either Party is unable to carry out its obligations under this Agreement (excluding obligations to pay money), and if such Party promptly gives the other Party written notice of such Force Majeure in detail, specifying the nature, extent and expected duration of such Force Majeure, the obligations and liabilities of the Party giving such notice and the corresponding obligations and liabilities of the other Party shall be temporarily suspended to the extent made necessary by and during the continuance of such Force Majeure. Any disabling effects of such Force Majeure shall be eliminated as soon as and to the extent reasonably practicable by the Party claiming Force Majeure.

ARTICLE III TRANSFERABILITY

3.1 General Restriction. No Party may Transfer its interest in this Agreement without the consent of the other Party; provided, however, no consent of the Transmission Company shall be required in connection with the Transfer of this Agreement by the Member when made together with a Transfer of all or substantially all of the Project Controlled Assets owned by the Member; provided that the new owner shall be assigned and shall assume the Member's interest in this Agreement to the extent of the interest transferred as a condition to the assignment, in whole or in part according to whether the Transfer was total or partial. The Member may collaterally assign its interest in this Agreement to a Financing Entity or the Power Purchaser, provided that the Project Controlled Assets owned by the Member are collaterally assigned concurrently therewith. In addition, in connection with the financing of the Project, the Transmission Company shall upon the reasonable request of the Member provide customary estoppels and consents in favor of a Financing Entity or the Power Purchaser, including rights of step-in with respect to the Member's obligations under this Agreement and rights to concurrent notice of default.

ARTICLE IV MISCELLANEOUS PROVISIONS

4.1 Amendments; Additional Users. Except as specifically provided herein, this Agreement shall not be amended except by the written agreement of the Parties.

4.2 Term. This Agreement shall be in effect until the earlier of (a) the date that the Facilities are no longer in existence, (b) the date that Member delivers notice to Transmission Company that it is terminating this Agreement due to the fact that the Facilities are no longer required to transmit energy from its Project to the East County Substation and (c) the date that any Shared Facilities and Common Ownership Agreement is executed in accordance with Section 2.1.

4.3 Notices. Any notice, demand, or communication required or permitted to be given by any provision of this Agreement shall be deemed to have been sufficiently given or

served for all purposes if delivered personally or by telecopy to the party or to an executive officer of the party to whom the same is directed or, if sent by registered or certified mail, postage and charges prepaid, addressed to such address as the Parties shall advise one another from time to time in writing.

4.4 Choice of Law. This Agreement shall in all respects be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to its choice of law provisions.

4.5 Entire Agreement. This Agreement sets forth the complete understanding of the Parties hereto with respect to the subject matter hereof and supersedes all prior discussions, agreements, and undertakings relating to the subject matter hereof.

4.6 Interpretation. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural; and the plural shall include the singular. Titles of articles and sections in this Agreement are for convenience only and neither limit nor amplify the provisions of this Agreement. All references in this Agreement to articles, sections, subsections or paragraphs shall refer to articles, sections, subsections and paragraphs of this Agreement, unless specific reference is made to the articles, sections or other subdivisions of another document or instrument. The word "including" shall mean "including without limitation". This Agreement shall not be interpreted in favor of either Party by virtue of said Party not having prepared this Agreement. The unenforceability, invalidity, or illegality of any provision of this Agreement shall not affect or impair the continuing enforceability or validity of any other part, all of which shall survive and be valid and enforceable.

4.7 Waiver. No consent or waiver, express or implied by either Party hereto, to or of any breach or default by the other in the performance by the other of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other Party of the same or any other obligations of such Party hereunder. Failure on the part of either Party hereto to complain of any act or failure to act of the other Party, or to declare such other Party in default, irrespective of how long such failure continues, shall not constitute a waiver of such Party of its rights hereunder.

4.8 No Third Party Beneficiaries. This Agreement and the terms and provisions hereof are solely and exclusively for the benefit of the Parties hereto. No third party may rely on any of the provisions herein contained or lay claim to any of the rights of the Parties hereto.

4.9 Counterparts; Facsimile Signatures. This Agreement may be executed in counterparts each of which when so executed and delivered shall be deemed to be an original and all of which together shall constitute one instrument. Facsimile signatures shall be binding upon the Parties hereto with the same force and effect as original signatures.

4.10 Further Assurances. Upon the reasonable request of either Party at any time after the Effective Date, the other Party shall forthwith execute and deliver such further instruments of assignment, transfer, conveyance, endorsement, direction or authorization and other documents as the requesting Party or its or their counsel may reasonably request in order to

effectuate the purposes of this Agreement. Each Party agrees to cooperate fully with the other Party in assisting it to comply with the terms of this Agreement, including, but not limited to, assistance in obtaining consents, waivers, authorizations, orders and/or approvals of third parties. Notwithstanding the foregoing, no Party shall be required to make any substantial payment or incur any material economic burden pursuant to this Section 4.10, except for a payment otherwise required of it. Each Party agrees to cooperate with the reasonable requests of any Financing Entity in conjunction with the financing of the Facilities and the Project.

4.11 FERC Acceptance The Parties acknowledge and agree that (a) this Agreement will be publicly available through its filing with FERC for acceptance under Section 205 of the Federal Power Act; and (b) any subsequent amendments to this Agreement must be accepted by FERC, and the effectiveness of such amendments will be contingent on such FERC acceptance. Subject to the terms and conditions set forth herein, the Parties agree to execute and deliver all documents reasonably necessary for this Agreement to comply with FERC requirements. The Parties agree to seek appropriate waivers from FERC associated with any OATT, OASIS, Standards of Conduct, or other regulatory requirements that may otherwise apply to the Facilities and for which FERC customarily grants waivers.

4.12 OATT Filing. In the event that Transmission Company is required by FERC to provide the services of this Agreement pursuant to an open access transmission tariff (OATT) or its counterparty, Transmission Company shall file an OATT that preserves, to the maximum extent possible, the terms of this Agreement and the priority of the Member to the available capacity of the Gen-Tie Line.

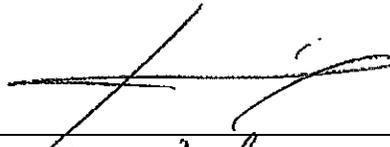
[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

**ENERGIA SIERRA JUAREZ U.S.
TRANSMISSION, LLC**

**By: Energia Sierra Juarez U.S. , LLC, its Sole
Member**

**By: Energía Sierra Juárez, S. de R.L. de C.V., its
Sole Member**

By: 
Name: Arturo Infanzón
Title: COO

**ENERGIA SIERRA JUAREZ U.S. , LLC
By: Energía Sierra Juárez, S. de R.L. de C.V.,
its Sole Member**

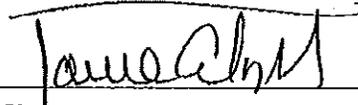
By: 
Name: TANIA ORTIZ LUNA
Title: ATTORNEY IN CHARGE

EXHIBIT B – LEGAL OPINION

LEGAL OPINION

The following opinion is given in support of the foregoing application of Energia Sierra Juarez U.S., LLC for Authorization to Transmit Electric Energy to Mexico.

- 1) I am an attorney at law, authorized to practice law in the State of California.
- 2) I am counsel to Energia Sierra Juarez U.S., LLC, a duly incorporated and validly existing limited liability company, which is in good standing under the laws of the State of Delaware.
- 3) Energia Sierra Juarez U.S., LLC has the corporate capacity to act in the manner described in the application.
- 4) To the best of my knowledge and belief, Energia Sierra Juarez U.S., LLC has complied with or is in the process of complying with all Federal and State laws regarding the matters contemplated in the application.



Kimberly A. McDonnell

Chief Counsel

Sempra International

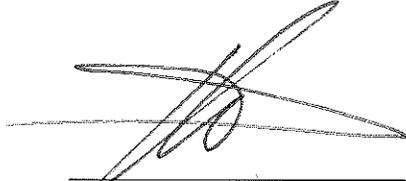
101 Ash St., HQ17

San Diego CA 92101-3017

Attachment A

VERIFICATION

The undersigned, being duly sworn, deposes and says that: he is a Vice President of Energia Sierra Juarez U.S., LLC ("ESJ US"), and has the authority to verify the foregoing application on behalf of ESJ US; he has read said application; and to the best of his knowledge, information, and belief, all of the statements contained therein with respect to ESJ US are true and correct.



Alberto Abreu

State of California)
)
County of San Diego)

SUBSCRIBED AND SWORN to before me on this 12th day of June, 2014 by Albert Abreu, proved to me on the basis of satisfactory evidence to be the person who appeared before me.



Notary Public
My commission expires: 5/8/2018

