UNITED STATES DEPARTMENT OF ENERGY

Office of Fossil Energy
Washington, D.C.

FE Docket No. EA-206-A

TECO EnergySources, Inc.

Order Authorizing Electricity Exports to Mexico

Order No. EA-206-A

August 6, 2002

TECO ENERGYSOURCES, INC.

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I. BACKGROUND

Exports of electricity from the United States to a foreign country are regulated and require authorization under section 202(e) of the Federal Power Act (FPA) (16 U.S.C. §824a(e)).

On July 12, 1999, the Office of Fossil Energy (FE) of the Department of Energy (DOE) issued Presidential Permit PP-206 authorizing Frontera Generation Limited Partnership (Frontera) to construct, operate, maintain, and connect 230,000-volt electric transmission facilities extending from its powerplant in Mission, Texas, across the U.S. border with Mexico, and connecting to similar facilities owned by Comision Federal de Electricidad (CFE), the national electric utility of Mexico. In a related proceeding, on July 20, 1999, in Docket EA-206, FE authorized Frontera to transmit electric energy from the United States to Mexico using the electric transmission facilities authorized in PP-206.

At that time, Frontera and its general partner, CSW Frontera GP II, were wholly-owned subsidiaries of CSW Energy, Inc., a Texas corporation involved in the non-regulated generation and sale of electric power. On March 15, 2001, the partnership interests of Frontera were transferred from CSW Frontera GP II, Inc. and CSW Frontera LP II, Inc. to TPS Tejas GP, LLC and TPS Tejas LP, LLC; these entities are in turn each wholly-owned subsidiaries of TPS Tejas Holdings, Inc., a Florida corporation which itself is a wholly owned subsidiary of TECO Power Services Corporation (TPS). One of TPS's wholly-owned subsidiaries is TECO EnergySources, Inc, (TES).

On May 21, 2002, Frontera and TES jointly applied to DOE to have Frontera's authority to export electric energy transferred from Frontera to TES. The applicants made this request because they contemplate retail sales of electric energy to one or more entities in Mexico. Frontera may not engage in retail sales because of its status as an Exempt Wholesale Generator. The requested transfer of authorization is to enable TES to export electricity to Mexico using the transmission facilities that were authorized by Presidential Permit PP-206.

Notice of the joint application was placed in the *Federal Register* on June 24, 2002, (67 FR 42550) requesting that comments, protests, and petitions to intervene be submitted to the DOE by July 9, 2002. None were received.

II. FINDING

DOE has assessed the impact that the proposed export would have on the reliability of the U.S. electric power supply system. DOE has determined that the export of electric energy to Mexico as requested by TES would not 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 jurisdiction of DOE. An analysis in support of this finding was previously prepared and is a part of the record in FE Dockets PP-206 and EA-206.

DOE has also determined that the export of electric energy by TES clearly would not constitute a major Federal action which could significantly affect the quality of the human environment within the meaning of the National Environmental Policy Act of 1969. DOE documented the rationale supporting this finding in a Finding of No Significant Impact, dated July 9, 1999.

III. ORDER

Based on the above, it is hereby ordered that TES is authorized to export electric energy to Mexico under the following terms and conditions:

(A) Exports made by TES pursuant to this Order shall be transmitted from the United States to Mexico only over the international electric transmission facilities authorized by Presidential Permit PP-206. TES may export electric energy over either the 138-kV or the 230-kV facilities authorized by that permit. However, under no circumstances may TES export electric energy using a combination of these facilities simultaneously. Exports authorized herein shall be limited to a maximum rate of transmission of:

(1) 200 MVA (180 MW at a 90 percent power factor) when using the 138-kV facilities, and

(2) 600 MVA (540 MW at a 90 percent power factor) when using the 230-kV facilities.

(B) The electric energy TES is authorized to export to Mexico pursuant to this Order shall be supplied solely from the Frontera Generating Station located in Hidalgo County, Texas.

(C) In scheduling the delivery of electricity exports to Mexico, TES shall comply with all reliability criteria, standards, and guides of the North American Electric Reliability Council, the Electric Reliability Council of Texas, or independent system operators, as appropriate on such terms as expressed therein, and as such criteria, standards, and guides may be amended from time to time.

(D) TES shall conduct all operations pursuant to the authorization hereby granted in accordance with the provisions of the Federal Power Act and pertinent rules, regulations, and orders adopted or issued thereunder.

(E) This authorization shall be without prejudice to the authority of any State regulatory commission for the exercise of any lawful authority vested in such State or State regulatory commission.

(F) The authorization herein granted may be modified from time to time or terminated by further order of the DOE, but in no event shall such authorization extend beyond the date of termination of Presidential Permit PP-206.

(G) TES shall make and preserve full and complete records with respect to the electric energy exported to Mexico. TES shall furnish annual reports to the DOE by February 15 of each year, detailing for each month of the previous calendar year: (1) the gross amount of electricity delivered, in kilowatt-hours; (2) the consideration received for such energy; and (3) the maximum hourly rate of transmission, in kilowatts. Annual reports must be filed regardless of current activity and whether or not deliveries of electric energy have been made. If no transactions have been made, a one-sentence report indicating "no activity" is sufficient.

Reports shall be submitted to the U.S. Department of Energy, Office of Fossil Energy, FE-27, 1000 Independence Avenue, SW, Washington, D.C. 20585-0305. Properly identified quarterly reports will also be accepted via facsimile at (202) 287-5736 to meet time requirements, but original copies should still be filed at the above address.

(H) In accordance with 10 C.F.R. §205.305, this authorization is not transferable or assignable, except in the event of the involuntary transfer of this authority by operation of law. Provided written notice of the involuntary transfer is given DOE within 30 days, this authorization shall continue in effect temporarily. This continuance also is contingent on the filing of an application for permanent authorization within 60 days of the involuntary transfer; the authorization shall then remain effective until a decision is made on the new application. In the event of a proposed voluntary transfer of this authority to export electricity, the transferee and the transfer or shall file jointly an application for a new export authorization, together with a statement of reasons for the transfer.

(I) Exports authorized herein shall be reduced or suspended, as appropriate, whenever a continuation of those exports would impair or tend to impair the reliability of the U.S. electric power supply system.

(J) The electricity export authorization issued to Frontera in Order EA-206 is hereby rescinded.

Issued in Washington, D.C., on August 6, 2002.

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Office of Coal & Power Import/Export
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