

Control Number 46293



Item Number 1

Addendum StartPage 0

DOCKET NO. **46293**

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PUBLIC UTILITY COMMISSION
REGULATORY DIVISION

**APPLICATION OF MONARCH WIND,
LLC PURSUANT TO SECTION 39.158
OF THE PUBLIC UTILITY
REGULATORY ACT** §
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**BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS**

**APPLICATION OF MONARCH WIND, LLC
PURSUANT TO SECTION 39.158 OF THE PUBLIC UTILITY REGULATORY ACT**

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ATTACHMENTS:

- Exhibit A – Installed Capacity Located in, or Capable of Delivery Into, ERCOT of Applicant and Investors
- Exhibit B – Proposed Notice
- Exhibit C – Affidavit and Certificates

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DOCKET NO. **46293**

APPLICATION OF MONARCH WIND, § BEFORE THE
LLC PURSUANT TO SECTION 39.158 § PUBLIC UTILITY COMMISSION
OF THE PUBLIC UTILITY § OF TEXAS
REGULATORY ACT §

**APPLICATION OF MONARCH WIND, LLC
PURSUANT TO SECTION 39.158 OF THE PUBLIC UTILITY REGULATORY ACT**

TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:

Pursuant to Section 39.158 of the Public Utility Regulatory Act (“PURA”),¹ Monarch Wind, LLC (“Monarch” or “Applicant”) submits this Application for approval of a transaction in which it will issue passive Class B interests to JPM Capital Corporation (“JPMCC”) and EFS Renewables Holdings, LLC (“EFS”) (collectively, the “Investors”) (the “Transaction”). The Transaction is expected to close as soon as possible following Commission approval, but on or before December 20, 2016, and therefore, this Application is timely filed.² In support of this Application, Applicant respectfully shows as follows:

I. INTRODUCTION

Monarch owns a portfolio of wind generation assets, which portfolio includes indirect ownership of Javelina Wind Energy II, LLC (the “Project Company”), which is developing an approximately 200.0 MW wind generation project that will be located in Webb County, Texas and interconnected into the Electric Reliability Council of Texas, Inc. (“ERCOT”) (the “Project”).³ NextEra Energy Resources, LLC (“NextEra Energy Resources”) indirectly owns 100 percent of the equity interests in Monarch. NextEra Energy Resources also indirectly owns equity interests in other generation facilities located in ERCOT. NextEra Energy Resources’ indirect equity interests in generation capacity in ERCOT total approximately 280.98 MW

¹ TEX. UTIL. CODE ANN. §§ 11.001-66.016 (“PURA”).

² PURA § 39.158(a) (requiring that an application be filed 120 days before the proposed closing date).

³ Monarch expects the Project to achieve commercial operation on or about November 11, 2016.

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Through the Transaction, Monarch intends to issue passive Class B interests to each of the Investors, while the equity interests indirectly held by NextEra Energy Resources will be the Class A managing interests. Collectively, the Investors and their respective affiliates also own passive equity interests directly or indirectly in other generation facilities in ERCOT totaling approximately 311.79 MW. As passive equity interest holders, the Investors will have no management or control over Monarch, the Project Company, or the sale of electricity by the Project Company.⁴ Commission approval of the Transaction is a condition precedent to the sale of the Class B interests to the Investors, which sale is expected to occur on or before December 20, 2016.

After reviewing the relevant ownership interests of Applicant, Investors, and their respective affiliates, Applicant concludes that as of the date of this filing, the total combined direct and indirect generation ownership of Applicant, Investors, and their respective affiliates (assuming, without conceding, that the Investors are affiliated with certain companies, including Applicant, involved in electric generation in which investors or their affiliates hold passive equity interests) exceeds the one percent threshold stated in PURA § 39.158. Therefore, in order to ensure that the parties remain in compliance with the provisions of PURA and the Commission's regulations, Applicant submits this Application for approval of the Transaction.⁵

Moreover, after giving effect to the Transaction, the combined ownership of Applicant and its affiliates and upstream owners together with Investors and their respective affiliates will not exceed 20 percent of the installed capacity in ERCOT. Thus, the Transaction will not result

⁴ The Class B investors do have a right to participate in certain major decisions that require consent by a majority interest of the Class B interests.

⁵ Applicant is uncertain whether Commission approval of this Transaction under PURA § 39.158 is even required because the Investors would be passive investors and would not have the right to control, manage, or direct the operations of the Applicant or the Project. However, in an abundance of caution, Applicant is requesting Commission approval because the Transaction will result in Applicant, Investors, and their respective affiliates holding equity interests and passive interests that will exceed one percent of the installed generation capacity located in, or capable of delivering electricity for sale to, ERCOT.

in a violation of the installed capacity share limitations of PURA § 39.154, which prohibit a power generation company (“PGC”) from owning or controlling more than 20 percent of the installed generation capacity located in, or capable of delivering electricity to, a power region. Therefore, Applicant respectfully requests that the Commission approve this Application pursuant to PURA § 39.158 in accordance with the procedural schedule proposed below, which requests a final decision at the Open Meeting currently scheduled for November 10, 2016.⁶

II. STATEMENT OF JURISDICTION

The Commission has jurisdiction over this Application pursuant to PURA §§ 39.158 and 39.154. Section 39.158 requires that owners of electric generation facilities that offer electricity for sale in this state obtain the approval of the Commission before closing any merger, consolidation, or affiliation if the electricity offered in this state by the merged, consolidated, or affiliated company will exceed one percent of the total electricity offered for sale in the applicable power region. Commission approval shall be requested at least 120 days before the date of the proposed closing. PURA § 39.158 provides further that the Commission shall approve the transaction unless the Commission finds that the transaction results in a violation of PURA § 39.154. Section 39.154 prohibits a PGC and any affiliate within the power region, beginning on the date of the introduction of customer choice, from owning or controlling more than 20 percent of the installed capacity located in, or capable of delivering electricity to, the power region.

As noted above and as shown in detail in Exhibit A to this Application, Applicant has determined that the combined ownership interests of itself, its affiliates, Investors, and their respective affiliates, exceed one percent of the total electricity offered for sale in ERCOT.

⁶ If a final order in this proceeding is not considered at the November 10, 2016 Open Meeting, the Applicant requests that a final decision be made at the December 1, 2016 Open Meeting in order to have a final decision within 120 days of filing this Application.

assuming that ownership of a passive equity interest in a PGC is deemed to create an ‘affiliation’ between the passive equity interest holder and the PGC. Even with that assumption, because the combined ownership interests will not exceed 20 percent of the installed generation capacity located in, or capable of delivering electricity to, the ERCOT power region, the Commission must approve this Application.

III. STATEMENT OF FACTS

As described above, Monarch indirectly owns 100 percent of the Project Company, which owns and will operate and maintain the Project, which will have a nameplate capacity of approximately 200.0 MW. The ultimate parent of Monarch is NextEra Energy Resources, which, directly or indirectly owns or controls generation facilities in ERCOT totaling approximately 280.98 MW, as shown in Exhibit A. Through the Transaction, Monarch intends to issue passive Class B interests to each of the Investors. Exhibit A also shows that (1) JPMCC currently owns, either directly or indirectly through affiliates or subsidiaries, passive equity interests in installed generation capacity in ERCOT totaling approximately 141.59 MW, and (2) EFS currently owns, either directly or indirectly through affiliates or subsidiaries, passive equity interests in installed generation capacity in ERCOT totaling approximately 170.2 MW.

Certain affiliates of Applicant, as well as Investors and their affiliates, also own interests in generation assets in adjacent power regions. However, for simplicity and for purposes of this Application only, Applicant has assumed that the combined installed generation capacity owned by Applicant, the Investors, and their respective affiliates in adjacent power regions that is

capable of being delivered into ERCOT via the DC Ties is equal to the maximum capacity of the DC Ties, which totals 820.0 MW ⁷

Exhibit A to this Application contains a list of the electric generation facilities and capacity amounts for facilities directly or indirectly owned or controlled by Applicant and the Investors, as well as calculations illustrating that the effect of the Transaction will result in a combined ownership of greater than one percent but less than 20 percent of the installed capacity in ERCOT. As shown in Exhibit A, the Applicant's and Investors' combined percentage share of installed generation capacity in or capable of delivery to ERCOT as a result of the Transaction is 1.56 percent.

IV PARTIES

Applicant's authorized representatives for filing and service of all pleadings and other documents in this proceeding are:

Tracy C. Davis
Senior Attorney
NextEra Energy Resources, LLC
5920 W. William Cannon Dr. Building 2
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512.236.3141 (phone)
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⁷ See *Estimate of Installed Generation Capacity in ERCOT*, Project No. 39870, Staff Spreadsheet (Feb. 17, 2016). Based on the calculations made by Commission Staff, Applicant has excluded from its calculation of import transfer capabilities those DC Ties between ERCOT and Comisión Federal de Electricidad (Mexico).

V PROCEDURES

A. Notice

Consistent with prior applications filed under PURA § 39.158, notice should be published in the *Texas Register*. A copy of the proposed public notice regarding this Application for publication in the *Texas Register* is attached as Exhibit B to this Application. The only persons affected by this Application are Applicant and the Investors. Applicant is providing a copy of this Application to the Investors contemporaneously with this filing.

B. Procedural Schedule

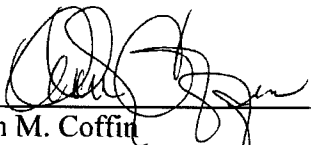
Because this Application demonstrates that the Transaction meets the standard for approval under PURA § 39.158 and because the closing of the Transaction is contingent upon Commission approval, Applicant respectfully requests that its Application be processed in accordance with the procedural schedule set forth below:

Staff Recommendation on Sufficiency of Application and Notice	August 31, 2016
Deadline for Intervention, Intervenor Comments, and Intervenor Requests for a Hearing	September 14, 2016
Deadline for Staff Recommendation or Request for a Hearing	September 23, 2016
Deadline for Applicant's Response to Intervenors and Staff Recommendation and to Request a Hearing	September 30, 2016
If no Hearing is Requested, Deadline for Joint Proposed Order, including Findings of Fact, Conclusions of Law, and Ordering Paragraphs	October 7, 2016
Deadline for Proposed Order	October 21, 2016
Decision by Commission	November 10, 2016

VI. PRAYER

For the reasons set forth in this Application, including the Exhibits, Applicant respectfully requests that the Commission enter an order approving the Transaction pursuant to PURA §§ 39.158 and 39.154.

Respectfully submitted,

By: 
Ann M. Coffin
State Bar No. 00787941
Parsley Coffin Renner LLP
98 San Jacinto Blvd. Suite 1450
Austin, Texas 78701
512.879.0900 (phone)
512.879.0912 (fax)

**ATTORNEY FOR MONARCH
WIND, LLC**

CERTIFICATE OF SERVICE

I certify that on August 17, 2016 a true copy of Monarch Wind, LLC's Application was served by first class mail on:

Yale C. Henderson
Managing Director
JPM Capital Corporation
10 South Dearborn St. 12th Floor
Chicago, IL 60603

Walter S. Smith
Vice President
EFS Renewable Holdings, LLC
800 Long Ridge Road
Stamford, CT 06927

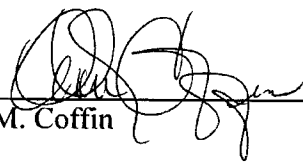

Ann M. Coffin

EXHIBIT A

INSTALLED CAPACITY LOCATED IN, OR CAPABLE OF DELIVERY INTO, ERCOT OF APPLICANT AND INVESTORS

1. Total installed capacity located in ERCOT of Applicant and its affiliates

<u>Name of Generating Facility (Wind Generation)</u>	<u>Ownership Share (%)</u>	<u>ERCOT Capacity Factor¹</u>	<u>Share of Capacity (MW)</u>
Blue Summit Wind 5	51.76%	12.0%	0.56
Blue Summit Wind 6	51.76%	12.0%	7.85
Callahan Wind	100.0%	12.0%	13.68
Capricorn Ridge Wind 1	54.49%	12.0%	14.03
Capricorn Ridge Wind 2	54.49%	12.0%	9.78
Capricorn Ridge Wind 3	54.49%	12.0%	12.16
Capricorn Ridge Wind 4	54.49%	12.0%	7.36
Horse Hollow Wind 1 ²	100.0%	12.0%	25.56
Horse Hollow Wind 2 ²	100.0%	12.0%	22.08
Horse Hollow Wind 3 ²	100.0%	12.0%	26.82
Horse Hollow Wind 4 ²	100.0%	12.0%	13.80
Indian Mesa Wind	100.0%	12.0%	9.90
Javelina Wind	48.0%	12.0%	14.38
Javelina Wind 2 ³	100.0%	12.0%	24.0
King Mountain Wind (NE)	100.0%	12.0%	9.52
King Mountain Wind (NW)	100.0%	12.0%	9.52
King Mountain Wind (SE)	100.0%	12.0%	4.84
King Mountain Wind (SW)	100.0%	12.0%	9.52
Pecos Wind 1 (Woodward)	100.0%	12.0%	9.90
Pecos Wind 2 (Woodward)	100.0%	12.0%	9.26
Red Canyon Wind	100.0%	12.0%	10.08
West Texas Wind ⁴	100.0%	12.0%	9.41
Wolf Ridge Wind	51.76%	12.0%	6.99
TOTAL ERCOT Generation Capacity			280.98

¹ As noted in the Memorandum from Werner Roth filed with the 2016 Project No. 39870 Staff Spreadsheet, wind generation capacity is calculated by applying a 12 percent capacity factor to the nameplate capacity of non-coastal wind generation and a 55 percent capacity factor to coastal wind generation.

² The generation capacity amounts for each of the Horse Hollow Wind projects have been updated from the Project No. 39870 Staff Spreadsheet to reflect the current generation capacity at these facilities.

³ Applicant expects the Javelina Wind 2 facility to achieve commercial operation on or about November 11, 2016.

⁴ The generation capacity amount for West Texas Wind has been updated to reflect the current generation capacity at this facility.

2. Total⁵ installed capacity located in ERCOT of JPM Capital Corporation (“JPMCC”) and its affiliates

<u>Name of Generating Facility</u>	<u>Ownership Share (%)</u>	<u>ERCOT Capacity Factor</u>	<u>Share of Capacity (MW)</u>
Anacacho	46.48%	12.0%	5.57
Blue Summit Wind 5	48.24%	12.0%	0.52
Blue Summit Wind 6	48.24%	12.0%	7.32
Buffalo Gap Wind Farm 1	6.12%	12.0%	0.89
Buffalo Gap Wind Farm 2	4.63%	12.0%	1.29
Buffalo Gap Wind Farm 3	3.60%	12.0%	0.73
Capricorn Ridge Wind 1	15.17%	12.0%	3.90
Capricorn Ridge Wind 2	15.17%	12.0%	2.72
Capricorn Ridge Wind 3	15.17%	12.0%	3.39
Capricorn Ridge Wind 4	15.17%	12.0%	2.05
Elbow Creek	26.03%	12.0%	3.81
Goat Wind	26.03%	12.0%	2.50
Goldthwaite	25.32%	12.0%	4.29
Grandview	24.60%	12.0%	6.23
Green Pastures II	30.08%	12.0%	5.41
Javelina Wind	26.00%	12.0%	7.79
Longhorn Wind	23.55%	12.0%	5.65
Magic Valley	17.47%	55.0%	19.53
Mesquite	10.26%	12.0%	2.46
Miami I	16.84%	12.0%	5.83
Panhandle II	23.88%	12.0%	5.21
Panther Creek I & II	38.38%	12.0%	11.88
Sand Bluff	11.80%	12.0%	1.27
Scurry County	5.72%	12.0%	0.90
Scurry County II	5.72%	12.0%	0.82
Senate	19.68%	12.0%	3.54
Spinning Spur 3	23.55%	12.0%	5.48
Sweetwater II	9.21%	12.0%	1.01
Sweetwater III	7.12%	12.0%	1.15
Turkey Track	17.03%	12.0%	3.46
Whirlwind Energy	57.06%	12.0%	4.09
Windthorst II	56.35%	12.0%	4.35
Wolf Ridge Wind	48.24%	12.0%	6.51
TOTAL ERCOT Generation Capacity			141.59

⁵ The total installed capacity for JPMCC does not include projects for which an investment is reasonably likely but not certain within the next twelve (12) month period. Such projects for which an investment is reasonably likely to occur have a capacity of approximately 9.1 MW (adjusted for JPMCC’s share of capacity) in ERCOT.

3. Total installed capacity located in ERCOT of EFS Renewables Holdings, LLC and its affiliates

<u>Name of Generating Facility</u>	<u>Ownership Share (%)</u>	<u>ERCOT Capacity Factor</u>	<u>Share of Capacity (MW)</u>
Champion Wind Farm	51%	12.0%	7.7
Forest Creek Wind Farm	38%	12.0%	5.7
Sweetwater 4 and 5	30%	12.0%	7.6
Post Oak Wind II	25%	12.0%	3.0
McAdoo Wind Energy Center	92%	12.0%	16.6
Capricorn Ridge Wind	30%	12.0%	23.9
Hackberry Wind Farm	75%	12.0%	14.6
Roscoe Wind Farm	20%	12.0%	5.0
Stanton Wind Energy Center	85%	12.0%	12.7
Snyder Wind Farm	65%	12.0%	4.9
Goldthwaite Wind Energy Center	25%	12.0%	4.6
Panhandle Wind Farm	21%	12.0%	5.4
Spinning Spur II	31%	12.0%	6.0
Stephen's Ranch	36%	12.0%	9.1
Miami Wind Energy Center	21%	12.0%	7.4
Horizon Wind	24%	12.0%	5.8
Briscoe	28%	12.0%	5.0
Rattlesnake Wind Energy Center	26%	12.0%	6.5
Gunsight Mountain	56%	12.0%	8.1
Falvez ⁶	54%	12.0%	10.6
TOTAL ERCOT Generation Capacity			170.2

⁶ The Falvez facility is expected to achieve commercial operation on or before December 31, 2016.

4. Detailed Calculations Illustrating the Effect of the Transaction

Calculations

Combined Total of Applicant and Investors in ERCOT	592.77 MW
Total Installed Generation Capacity Capable of Delivering Electricity to ERCOT	820.0 MW ⁷
ERCOT Generation Capacity owned by Applicant and Investors plus Total Installed Generation Capacity Capable of Delivering Electricity to ERCOT	1412.77 MW
Total Installed Generation Capacity Located in or Capable of Delivering Electricity to ERCOT	90,765.0 MW ⁸
Combined Percentage Share of Installed Generation Capacity in or Delivering Electricity to ERCOT:	1.56%

⁷ Project No. 39870 Staff Spreadsheet.

⁸ *Id.*

**PUBLIC UTILITY COMMISSION OF TEXAS
NOTICE OF APPLICATION UNDER PUBLIC UTILITY REGULATORY ACT
SECTION 39.158**

Notice is given to the public of an application filed with the Public Utility Commission of Texas (“Commission”) on August 17, 2016, pursuant to the Public Utility Regulatory Act, Section 39.158, TEX. UTIL. CODE ANN. (West 2008 & Supp. 2015) (“PURA”).

Docket Style and Number: Application of Monarch Wind Holdings, LLC Pursuant to Section 39.158 of the Public Utility Regulatory Act, Docket No. _____.

The Application: Monarch Wind Holdings, LLC (“Applicant”) has filed an application for approval of a transaction in which it will issue passive Class B interests to JPM Capital Corporation (“JPMCC”) and EFS Renewables Holdings, LLC (“EFS”) (collectively, the ‘Investors’) (the ‘Proposed Transaction’). The total combined direct and indirect generation ownership of Applicant and its affiliates and upstream owners and Investors and their respective affiliates is a combined capacity of approximately 592.77 MW. After giving effect to the Proposed Transaction, Applicant asserts that the combined ownership of its affiliates and upstream owners together with Investors and their respective affiliates will not exceed 20 percent of the installed capacity in ERCOT.

Persons who wish to intervene in the proceeding or comment upon action sought should contact the Public Utility Commission of Texas as soon as possible because an intervention deadline will be imposed. A comment or request to intervene should be mailed to P.O. Box 13326, Austin, Texas 78711-3326. Further information may also be obtained by calling the Commission’s Office of Customer Protection at (512) 936-7120 or (888) 782-8477. Hearing and speech-impaired individuals with text telephones (“TTY”) may contact the Commission through Relay Texas by dialing 7-1-1. All correspondence should refer to Docket Number _____.

STATE OF FLORIDA §
 §
COUNTY OF PALM BEACH §

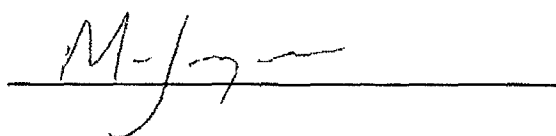
AFFIDAVIT OF MARK TOURANGEAU

BEFORE ME, the undersigned authority, on this day personally appeared Mark Tourangeau who having been placed under oath by me did depose as follows:

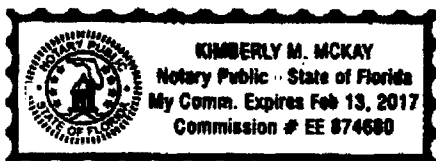
1. My name is Mark Tourangeau. I am over the age of eighteen (18) and fully competent to make this affidavit. I am a Vice President, Business Management for NextEra Energy Resources, LLC. My business address is 700 Universe Boulevard, Juno Beach, Florida 33408.


2. I have personal knowledge of the factual representations relating to Monarch Wind Holdings, LLC and NextEra Energy Resources, LLC in the application of Monarch Wind Holdings, LLC pursuant to PURA § 39.158, including the attachments to the Application. Those factual representations and calculations are true and correct to the best of my knowledge.

Further affiant sayeth not.



SUBSCRIBED AND SWORN TO BEFORE ME by the said Mark Tourangeau on this 11th day of August 2016.




Notary Public in and for the State of Florida

My commission expires: 2-13-17


DOCKET NO. _____

APPLICATION OF MONARCH WIND,	§	BEFORE THE
LLC PURSUANT TO SECTION 39.158	§	PUBLIC UTILITY COMMISSION
OF THE PUBLIC UTILITY	§	OF TEXAS
REGULATORY ACT	§	

CERTIFICATE OF JPM CAPITAL CORPORATION

My name is Yale C. Henderson. My title is Managing Director of JPM Capital Corporation. My business address is 10 South Dearborn St. 12th Floor, Chicago, IL 60603. All statements made herein are based upon personal knowledge gained in the course of my employment, and I am authorized to provide this certificate on behalf of JPM Capital Corporation for use in the above-referenced proceeding.

I am familiar with the factual statements relating to JPM Capital Corporation contained in the foregoing Application of Monarch Wind, LLC, pursuant to Section 39.158 of the Public Utility Regulatory Act. To the best of my information, knowledge and belief, the factual statements contained therein with respect to JPM Capital Corporation are true and correct.


Name: Yale C. Henderson
Title: Managing Director
JPM Capital Corporation

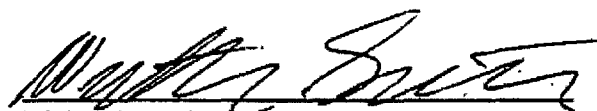
DOCKET NO. _____

APPLICATION OF MONARCH WIND, LLC PURSUANT TO SECTION 39.158 OF THE PUBLIC UTILITY REGULATORY ACT	§ § § §	BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS
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CERTIFICATE OF EFS RENEWABLE HOLDINGS, LLC

My name is Walter S. Smith. My title is Vice President of EFS Renewable Holdings, LLC. My business address is 800 Long Ridge Road, Stamford, CT 06927. All statements made herein are based upon personal knowledge gained in the course of my employment, and I am authorized to provide this certificate on behalf of EFS Renewable Holdings, LLC for use in the above-referenced proceeding.

I am familiar with the factual statements relating to EFS Renewable Holdings, LLC contained in the foregoing Application of Monarch Wind, LLC, pursuant to Section 39.158 of the Public Utility Regulatory Act. To the best of my information, knowledge and belief, the factual statements contained therein with respect to EFS Renewable Holdings, LLC are true and correct.



Walter S. Smith
Vice President
EFS Renewable Holdings, LLC