

DOCKET NO. 46293

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

This Order addresses the application of Monarch Wind, LLC for approval of the issuance of Class B passive equity interests to JPM Capital Corporation (JPMCC) and EFS Renewables Holdings, LLC (collectively, investors). Commission Staff recommended approval of the application. The application is approved.

The Commission adopts the following findings of fact and conclusions of law:

I. Findings of Fact

Procedural History, Description, and Background

1. On August 17, 2016, under §§ 39.154 and 39.158 of the Public Utility Regulatory Act,¹ Monarch filed the application for approval of the issuance of Class B interests in Monarch to the investors (the sale hereinafter referred to as the transaction).
2. NextEra Energy Resources, LLC indirectly owns 100 percent of the equity interests in Monarch, which in turn owns a portfolio of wind generation assets, which portfolio includes indirect ownership of Javelina Wind Energy II, LLC (the project company). The project company owns, operates, and maintains a wind generation facility located in Webb County that has a nameplate capacity of 200.0 MW and is interconnected into the Electric Reliability Council of Texas, Inc. (ERCOT).
3. Through the transaction, Monarch intends to issue passive Class B interests in Monarch to the investors, while the equity interests indirectly held by NextEra Energy Resources will be Class A managing interests. As passive equity interest holders, the investors will have

¹ Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-58.303 (West 2016), §§ 59.001-66.017 (West 2007 & Supp. 2016) (PURA).

- no management or control over Monarch, the project company, or the sale of electricity by the project company.
4. NextEra Energy Resources directly or indirectly owns or controls generation facilities in ERCOT totaling approximately 280.98 MW.
 5. 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. EFS currently owns or will own, either directly or indirectly through affiliates or subsidiaries, passive equity interests in installed generation capacity in ERCOT totaling approximately 170.2 MW.
 6. In addition, certain affiliates of Monarch, as well as the investors and their affiliates, also own interests in generation assets in adjacent power regions. For simplicity and for purposes of this application, Monarch has assumed that the combined installed generation capacity in the 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. Following the close of the proposed transaction, the combined generation capacity ownership of Monarch, including its affiliates and upstream ownership, as well as that of the investors and their affiliates or subsidiaries, located in or capable of delivery to ERCOT will total 1,412.77 MW. Based upon the total installed capacity in ERCOT of 90,765 MW,² Monarch's and investors' combined percentage share of installed generation capacity in or capable of delivery to ERCOT as a result of the transaction will be 1.56 percent.
 8. The percentage share of installed generation capacity in the ERCOT power region following the close of the transaction will be below the 20 percent threshold set by PURA § 39.154.
 9. On October 4, 2016, Commission Staff filed its final recommendation that the application be approved.
 10. Commission Staff determined that the combined percentage of installed generation capacity of Monarch, including its affiliates and upstream ownership, and that of the

² Project No. 39870, *Estimate of Installed Generation Capacity in ERCOT*, (Feb. 17, 2016).

investors, is in accordance with PURA § 39.154. Commission Staff determined that the calculated combined percentage share of the installed capacity of Monarch after the close of the transaction will not exceed the 20 percent threshold set by PURA § 39.154.

11. Reasonable evaluations of the installed generation capacity located in or capable of delivery electricity to ERCOT show that the total electricity directly or indirectly owned and offered for sale in ERCOT by Monarch following the close of the transaction is below the 20 percent limitation of PURA § 39.154, consistent with the calculations under 16 Texas Administrative Code §§ 25.91 and 25.401 (TAC).
12. Monarch and the investors propose to close the transaction upon receipt of all required approvals.
13. On October 14, 2016, Monarch filed a Joint Proposed Order and Request to Admit Evidence.
14. On October 19, 2016, Order No. 3 was issued, admitting evidence into the record of this proceeding.

Notice

15. On August 17, 2016, contemporaneously with the filing of the application, Monarch provided notice of the application to the investors.
16. On September 2, 2016, notice of the application was published in the *Texas Register*.
17. No protests, motions to intervene, or requests for hearing were filed in this docket.

II. Conclusions of Law

1. The Commission has jurisdiction over the proposed transaction under PURA §§ 39.154 and 39.158.
2. Notice of the application was provided in compliance with 16 TAC §§ 22.54(a) and 22.55.
3. PURA § 39.158 provides that the Commission shall approve the transaction unless it finds that the proposed transaction results in a violation of PURA § 39.154.
4. PURA § 39.154 provides that a power generation company may not own and control more than 20 percent of the installed generation capacity located in or capable of delivering

electricity to a power region. The relevant power region for purposes of this analysis is ERCOT.

5. Monarch has met the requirements for approval of the transaction, having demonstrated that the proposed transaction will not result in the combined ownership and control of more than 20 percent of the installed capacity located in or capable of delivering to ERCOT, consistent with PURA § 39.154.
6. This application does not constitute a major rate proceeding as defined in 16 TAC § 22.2(27).
7. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders:

1. The application is approved.
2. All other motions, requests for entry of specific findings of fact and conclusions of law, and any other request for general or specific relief, if not expressly granted herein, are denied.

Signed at Austin, Texas the _____ day of November 2016.

PUBLIC UTILITY COMMISSION OF TEXAS

DONNA L. NELSON, CHAIRMAN

KENNETH W. ANDERSON, JR., COMMISSIONER

BRANDY MARTY MARQUEZ, COMMISSIONER