

124 FERC ¶ 61,201
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

August 28, 2008

In Reply Refer To:
MGI Supply Ltd.
Docket No. RP08-444-000

John & Hengerer
1730 Rhode Island Avenue, N.W., Suite 600
Washington, DC 20036

Attention: Douglas F. John
Counsel for MGI Supply Ltd.

Reference: Petition for Clarification

Dear Mr. John:

1. On July 14, 2008, MGI Supply Ltd. (MGI) filed a petition for clarification to confirm the continued existence of a prior authorization for certain gas delivery arrangements that have been crafted to meet the foreign commercial objectives of the Mexican government, as represented by its government-owned companies providing gas and electric services. Due to an impending transaction involving one of the participants to these transactions, MGI requests that the Commission issue an order on the petition by September 1, 2008. As discussed below, the Commission grants MGI's requested clarification.

2. Public notice of MGI's filing was issued on July 17, 2008. Interventions and protests were due July 28, 2008. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2008)), all timely filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. TransAlta Energy Corporation and TransAlta Energy Marketing Corporation (TransAlta) and the Comisión Federal de Electricidad (CFE) filed comments in support of MGI's petition.

3. The gas delivery arrangements at issue involve the transportation of gas on El Paso Natural Gas Company's (El Paso) Samalayuca Lateral. The Samalayuca Lateral extends from El Paso's southern mainline in far west Texas to a point of interconnection at the international border with Mexico. The Mexican portion of the pipeline supplies the gas requirements to a power plant whose output is supplied to the CFE, Mexico's nationally-owned electric utility system. The Samalayuca Lateral was certificated by the Commission on June 11, 1997.¹ The order recognized that Gasoductos de Chihuahua (Gasoductos)² would be transporting the gas on behalf of the CFE to the power plant. The gas supplied to the power plant was owned by MGI. The Samalayuca Lateral was expanded to serve other power plants in Mexico.³ The expansion capacity was designed to transport gas to power plants for the benefit of the CFE. The gas would be transported by MGI and supplied by TransAlta, who was now operating the plants on behalf of the CFE. MGI's firm transportation agreements on El Paso expire on December 31, 2008.

4. MGI states that it was advised by TransAlta that it is close to consummating a transaction under the terms of which TransAlta's control of the power plant, including the associated contracts, would be transferred to a new owner. In order to facilitate TransAlta's proposed transaction, MGI requests clarification from the Commission that the various gas supply and transportation arrangements on behalf of the CFE were authorized by the Commission and that such authorization would include TransAlta's proposed transaction.

5. The Commission grants MGI's petition for clarification. The Commission finds that the various transactions described by MGI were authorized by the Commission in the certificate orders on the Samalayuca lateral and its expansion as noted above. The Commission finds that TransAlta's proposed transaction can be structured in accordance with the prior authorizations pursuant to the wishes of the CFE with respect to

¹ *El Paso Natural Gas Company*, 79 FERC ¶ 61,315 (1997).

² Gasoductos is a limited liability company formed by El Paso and Pemex-Gas y Petroquímica Básica, the Mexican national oil and gas company.

³ *El Paso Natural Gas Company*, 98 FERC ¶ 61,096 (2002).

commercial arrangements involving the production and sale of electricity in Mexico through a program approved by the relevant Mexican regulatory authority.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

cc: All Parties

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