

DOCKETED

Docket Number:	82-AFC-02C
Project Title:	Kern River Cogeneration Application for Certification Compliance
TN #:	202271
Document Title:	Kern River Cogeneration - Change in Ownership
Description:	Kern River Cogeneration - Change in Ownership Letter
Filer:	Mary Dyas
Organization:	Kern River Cogeneration Company
Submitter Role:	Commission Staff
Submission Date:	4/30/2014 10:31:06 AM
Docketed Date:	4/30/2014



Kelly S. Lucas, Executive Director

VIA ELECTRONIC MAIL

March 21, 2014

KR-10677

Mary Dyas
Compliance Project Manager
Kern River Cogeneration Company (82-AFC-2C)
California Energy Commission
Siting, Transmission & Environmental Protection (STEP) Division
1516 Ninth Street
Sacramento, CA 95814-5512

**Re: Notification of Upstream Transfers of Ownership: Kern River
Cogeneration Company (82-AFC-2C)**

Dear Ms. Dyas:

Kern River Cogeneration Company, the holder of the Commission's certification for the Kern River Cogeneration Project (the "Project"), is writing to notify you of certain upstream transfers of ownership. None of these upstream transfers of ownership affect the Commission's certificate holder, Kern River Cogeneration Company.

On February 7, 2014, Edison Mission Energy ("EME") sent the Commission's Compliance Office Manager a letter Notification of Upstream Transfer of Ownership (the "EME Notification," attached hereto). Upon closing of the transaction described in the EME Notification, NRG Energy Holdings Inc. ("NRG") will acquire all of the equity ownership of Southern Sierra Energy Company ("SSEC"), a California corporation which holds a 50% partnership interest in Kern River Cogeneration Company. Chevron Power Holdings Inc. ("CPHI") has entered into an agreement with NRG pursuant to which SSEC will transfer its 50% partnership interest in Kern River Cogeneration Company to CPHI (the "CPHI-NRG Transaction"). Upon closing of the CPHI-NRG Transaction, CPHI and Chevron Kern River Company (which currently holds a 50% interest in Kern River Cogeneration Company) will each hold 50% partnership interests in the certificate holder, Kern River Cogeneration Company. (See the attached ownership chart.)

Mary Dyas
March 21, 2014
Page 2

These upstream ownership transfers will not affect Kern River Cogeneration Company's ownership of the Project, and thus a change of ownership petition pursuant to Section 1769 of the Commission's Regulations (Title 20 of the California Code of Regulations) is not required.

While no formal change of ownership is required, we nevertheless believe it is good practice to reassure the Commission that Kern River Cogeneration Company understands its continuing obligations as the holder of the Commission's certification. Accordingly, consistent with such good practice and with the substantive requirements of Section 1769(b) of the Commission's Regulations, we affirm that there will be no operational changes to the Project. Kern River Cogeneration Company remains responsible for compliance with the Commission's conditions of certification for the Project. As the owner and operator of the Project, Kern River Cogeneration Company understands the conditions of certification and agrees to continue to comply with them.

As an officer of Kern River Cogeneration Company, I hereby attest under penalty of perjury under the laws of the State of California that the contents of this letter are truthful and accurate to the best of my knowledge and belief.

Sincerely,

A handwritten signature in black ink that reads "Kelly S. Lucas". The signature is written in a cursive, flowing style.

Kelly S. Lucas
Executive Director
Kern River Cogeneration Company

Attachment



VIA ELECTRONIC MAIL

February 7, 2014

Chris Marxen
Compliance Office Manager
California Energy Commission
Siting, Transmission, and Environmental Protection Division
Compliance Office
1516 Ninth Street, MS-15
Sacramento, CA 95814-5512

Re: Notification of Upstream Transfer of Ownership

Mr. Marxen:

Edison Mission Energy ("EME") hereby notifies the California Energy Commission ("Commission") that it has entered into an agreement with NRG Energy, Inc. ("NRG") and NRG Energy Holdings Inc. ("NRG Holdings") pursuant to which NRG Holdings will acquire substantially all of EME's assets, including its direct and indirect interests in various Commission-licensed facilities, subject to the satisfaction of certain conditions.¹ Among the assets to be transferred to NRG are the ownership interests listed on Exhibit A to this letter. Upon closing, NRG Holdings will acquire all of EME's indirect interests in these facilities. The transaction is anticipated to close on March 6, 2014. The project owner entities responsible for compliance with licenses issued by the Commission will not change as a result of this transaction.

Please do not hesitate to contact me at (312) 583-6117 or dmcdevitt@edisonmission.com if you have any questions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'D. McDevitt', written over the text 'Respectfully submitted,'.

Daniel D. McDevitt
Senior Vice President and General Counsel
Edison Mission Energy

cc Kevin Bell, Kevin.W.Bell@energy.ca.gov
Mary Dyas (09-AFC-1C, 82-AFC-2C, 84-AFC-6C), Mary.Dyas@energy.ca.gov
Camille Remy Obad (05-AFC-02C), camille.remy-obad@energy.ca.gov
Christina Snow (85-AFC-3C), Christina.Snow@energy.ca.gov
Eric Veerkamp (98-AFC-4C), Eric.Veerkamp@energy.ca.gov

¹ Following the close of the transaction, NRG may transfer all or a portion of the assets it is purchasing through the transaction to its publicly-traded affiliate, NRG Yield, Inc. ("NRG Yield"). NRG Yield was formed to own a diversified portfolio of contracted renewable and conventional generation and thermal infrastructure assets in the United States. NRG owns 65.5 percent of the voting interests in NRG Yield. The outstanding shares of NRG Yield not held by NRG are publicly traded.

Attachment A

EME's Interests in CEC Licensed Facilities

Facility	Owner	Location
Kern River Cogeneration	Kern River Cogeneration Company ¹	Oildale, California
Midway-Sunset Cogeneration	Midway-Sunset Cogeneration Company ²	Fellows, California
Sunrise Power	Sunrise Power Company ³	Fellows, California
Sycamore Cogeneration	Sycamore Cogeneration Company ⁴	Oildale, California
Watson Cogeneration	Watson Cogeneration Company ⁵	Carson, California
Walnut Creek Energy Park	Walnut Creek Energy, LLC ⁶	City of Industry, California

¹ The voting interests in Kern River are indirectly owned by: (1) EME (50 percent); and (2) Chevron Corporation (50 percent).

² The voting interests in Midway-Sunset are indirectly owned by: (1) EME (50 percent); and (2) Shell Oil Corporation and ExxonMobil Corporation (together, 50 percent).

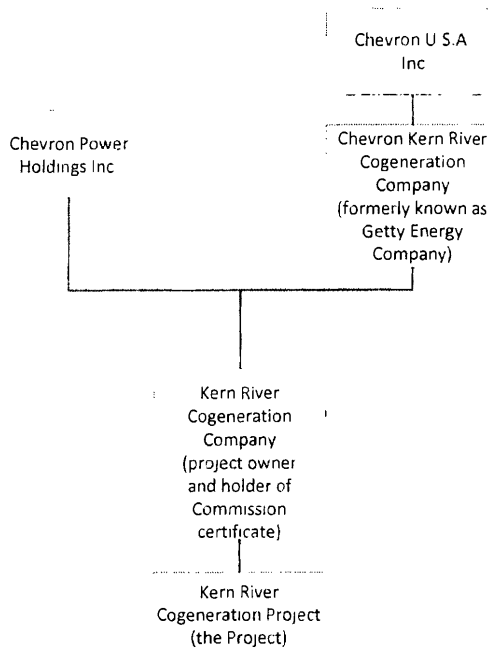
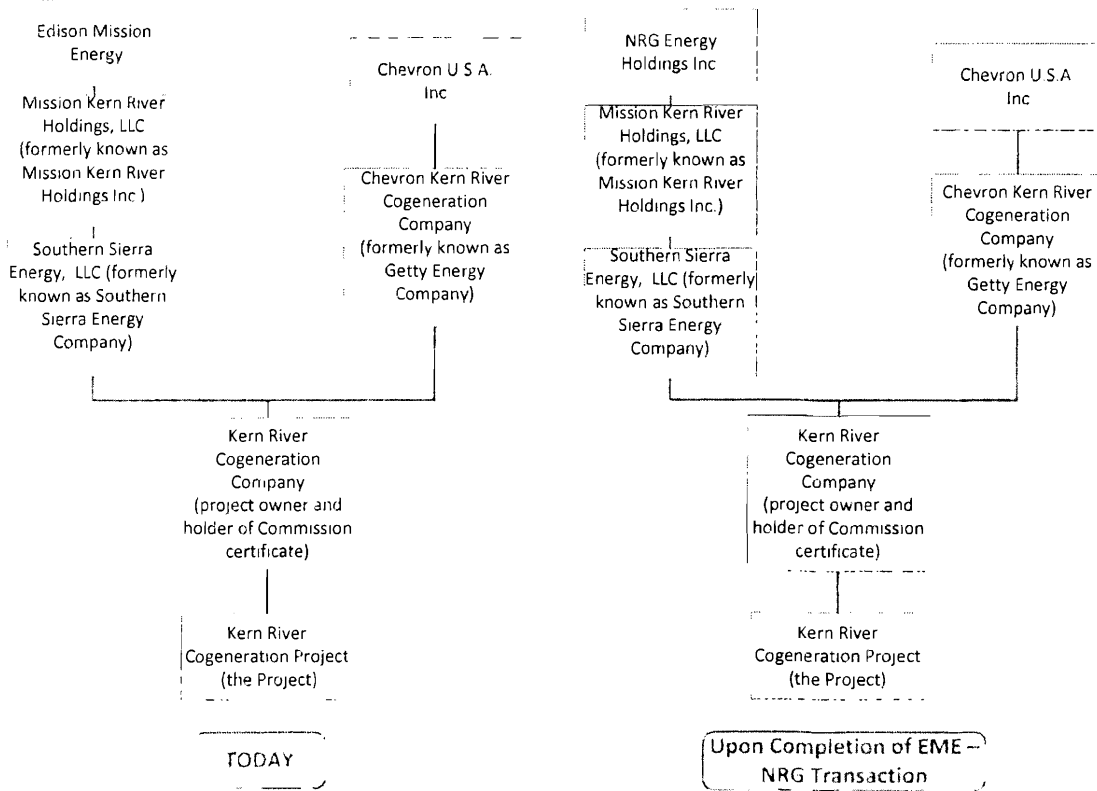
³ The voting interests in Sunrise Power are indirectly owned by: (1) EME (50 percent); and (2) Chevron Corporation (50 percent).

⁴ The voting interests in Sycamore are indirectly owned by: (1) EME (50 percent); and (2) Chevron Corporation (50 percent).

⁵ The voting interests in Watson are indirectly owned by: (1) EME (49 percent); and (2) Tesoro Corporation (51 percent).

⁶ The voting interests in Walnut Creek are indirectly owned by EME (100 percent).

Exhibit



Upon Completion of
CPHI – NRG Transaction