



Control Number: 14406



Item Number: 433

Addendum StartPage: 0

PROJECT NO. 14406
SHELL ENERGY NORTH AMERICA (US), L.P.'S
REGISTRATION AS A POWER MARKETER

Shell Energy North America (US), L.P. ("Shell Energy") hereby registers with the Public Utility Commission of Texas as a Power Marketer pursuant to TEX. UTIL. CODE § 35.032 and PUC SUBST R. 25.105, and in support of this registration provides the following information:

1. Name and address of registrant:

Shell Energy North America (US), L.P.
909 Fannin Street, Plaza Level 1
Houston, Texas 77010

Communications should be addressed to:

Robert Reilley
Vice President, Regulatory Affairs
909 Fannin Street, Plaza Level 1
Houston, Texas 77010
(713) 767-5632
(713) 265-5632 (fax)
Robert.Reilley@shell.com

RECEIVED
2008 MAY 19 PM 2:41
FILING CLERK

Owners:

Shell Energy is a wholly owned subsidiary of Shell Oil Company, which is a wholly owned subsidiary of Royal Dutch Shell plc.

2. Affiliates:

The following affiliates own all or part of generation facilities that are capable of selling electricity at wholesale in Texas:

Brazos Wind, LP
Llano Estacado Wind, LP
Motiva Enterprises, LLC
Shell Chemical LP
Deer Park Refining LP

The following affiliates are PUC registered power marketers, but will cease operations on May 31, 2008:

Coral Power, L.L.C.
Coral Energy Management, LLC

3. Location of Facilities:

Shell Energy's offices are located at 909 Fannin Street, Plaza Level 1, Houston, Texas 77010.

Shell Energy does not own any generation facilities in Texas, but from time to time, enters into tolling agreements that give it temporary control of generation capacity.

4. Description of services:

Shell Energy will conduct wholesale marketing and trading of energy products and services, as well as other business necessary to facilitate these activities, in the ERCOT wholesale market. Shell Energy is also certified as a Retail Electric Provider.

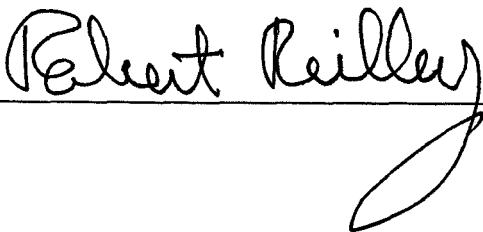
5. FERC registration information:

Shell Energy's petition to FERC for Market-Based Rate Authority and FERC's order authorizing Shell Energy to charge market-based rates are attached.

6. Affidavit by authorized person:

The affidavit of Robert Reilley, an authorized officer of Shell Energy, is attached.

Respectfully submitted,
SHELL ENERGY NORTH AMERICA (US), L.P.



May 15, 2008

AFFIDAVIT

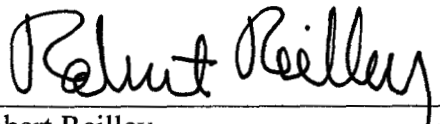
STATE OF TEXAS)
)
COUNTY OF HARRIS)

Before me, the undersigned authority, personally came and appeared Robert Reilley who, after being duly sworn, stated the following:

"My name is Robert Reilley. I am Vice President, Regulatory Affairs of Shell Energy North America (US), L.P. In such capacity, I am authorized to make this affidavit on behalf of Shell Energy North America (US), L.P.

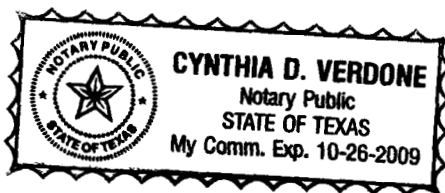
"I hereby represent that Shell Energy North America (US), L.P. is a power marketer as defined in Section 31.002(11) of the Texas Utilities Code. I have reviewed the information submitted in this registration and it is, to the best of my knowledge, true and correct."

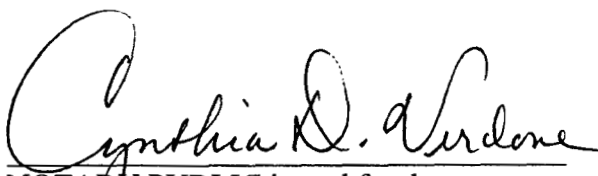
Further affiant sayeth not.



Robert Reilley

SWORN TO AND SUBSCRIBED before me, Notary Public, on this 15th day of May, 2008.





NOTARY PUBLIC in and for the
State of Texas

**Shell Energy's
Application to FERC
for Market-Based
Rate Authority**

March 11, 2008

**UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION**

Shell Energy North America (US), L.P.) Docket No. ER08- 656

**PETITION OF SHELL ENERGY NORTH AMERICA (US), L.P. FOR ORDER
ACCEPTING MARKET-BASED RATE TARIFF FOR FILING,
GRANTING WAIVERS AND BLANKET APPROVALS AND
REQUEST FOR EXPEDITED ACTION**

Shell Energy North America (US), L.P. (Seller), pursuant to section 205 of the Federal Power Act (FPA), 16 U.S.C. § 824d (2000), Rule 205 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (FERC or Commission), 18 C.F.R. § 385.205 (2007), and Subpart H of the Commission's regulations under the FPA, 18 C.F.R. §§ 35.36-35.42 (2007), hereby petitions the Commission for: (1) acceptance of Seller's Rate Schedule FERC No. 1; (2) waiver of certain Commission regulations under the FPA; and (3) the granting of certain blanket approvals.

Seller is the parent of Coral Power, L.L.C. (Coral Power) and Coral Energy Management, LLC (Coral EM), two power marketers authorized to sell electricity at market-based rates.¹ Seller plans to merge with certain of its subsidiaries, including Coral Power and Coral EM, on or about June 1, 2008. The contracts of Coral Power and Coral EM will transfer to Seller by operation of law.² The bulk of the contracts of Coral Power and Coral EM will be absorbed into Seller effective June 1, 2008, subject to Seller being granted its own market-based rate authorization. Therefore, Seller respectfully

¹ See Coral Power, L.L.C., Letter Order issued in Docket No. ER96-25-000 (Dec. 6, 1995) (granting market-based rate authorization); Coral Energy Management, LLC, Letter Order issued in Docket No. ER01-1363-000 (Apr. 17, 2001) and Coral Energy Management, LLC, Letter Order issued in Docket No. ER01-1363-001 (Aug. 10, 2001) (granting market-based rate authorization).

² Such transfer of contracts is not subject to section 203 of the FPA, 16 U.S.C. § 824b, pursuant to section 33.1(c)(11) of the Commission's regulations, which provide a blanket authorization for such activities.

requests that the Commission grant expedited treatment for this Petition and issue an order within 45 days from the date of this filing accepting Seller's tariff for filing effective April 25, 2008. Seller requests waiver of the Commission's prior notice requirement to the extent necessary to accommodate this request.

I. COMMUNICATIONS

Communications with regard to this filing should be addressed to:

Robert Reilley
Vice President, Regulatory Affairs
Shell Energy North America (US), L.P.
909 Fannin
Plaza Level 1
Houston, TX 77010
(713) 767-5632
(713) 265-5632 (fax)
robert.reilley@shell.com

Margaret A. Moore
Vincenzo Franco
Van Ness Feldman, P.C.
1050 Thomas Jefferson St., N.W.
Washington, D.C. 20007
(202) 298-1800
(202) 338-2416 (fax)
mam@vnf.com
vbf@vnf.com

II. DESCRIPTION OF SELLER AND AFFILIATES

Seller is a wholly-owned indirect subsidiary of Shell Oil Company (Shell Oil), which is a wholly-owned indirect subsidiary of Royal Dutch Shell, plc. Through various subsidiaries, Shell Oil is engaged in the exploration for, and development, production, purchase, transportation, and marketing of, crude oil and natural gas. In addition, affiliates of Shell Oil are engaged in the purchase, manufacture, transportation, and marketing of oil and chemical products. Affiliates of Shell Oil also are engaged in, among other things, wholesale gas and power marketing, power generation, energy management, and related services.³

³ In compliance with Order No. 697, a list of Sellers' energy affiliates is included in Attachment B hereto. Seller also includes a list of contracts pursuant to which Seller or its affiliates control generation with which Seller is not affiliated.

Neither Seller nor any of its affiliates owns or controls transmission facilities other than limited interconnection facilities connected to individual generating facilities or those consisting of distribution facilities running from the grid and serving particular production fields for oil and gas. In addition, neither Seller nor any of its affiliates owns or controls any inputs to electric power production, as defined in section 35.36 of the Commission's regulations,⁴ that could be used to prevent competitors from entering any relevant market.

As a wholesale power marketer, Seller will sell energy, capacity, and ancillary services. To the extent Seller will act as a wholesale power marketer, Seller will take title to power and will be a "public utility" subject to the Commission's jurisdiction.⁵ To the extent Seller will act as a broker of power, Seller will bring together buyers and sellers, but will not actually take title to power or sell power. Thus, Seller's brokering activities will not be subject to the Commission's jurisdiction.⁶

III. REQUEST FOR AUTHORIZATION TO SELL ENERGY, CAPACITY, AND ANCILLARY SERVICES AT MARKET-BASED RATES

A. Description of Seller's Rate Schedule

Seller requests authorization under its proposed Rate Schedule FERC No. 1 to sell energy, capacity, and ancillary services to any purchaser that is not an affiliated franchised public utility. Currently, Seller has no such affiliates.

⁴ 18 C.F.R. § 35.36 (2007) defines "inputs to electric power production" as "intrastate natural gas transportation, intrastate natural gas storage or distribution facilities; sites for generation capacity development; sources of coal supplies and equipment for the transportation of coal supplies such as barges and rail cars."

⁵ Citizens Power & Light Corp., 48 FERC ¶ 61,210 (1989).

⁶ Citizen Energy Corp., 35 FERC ¶ 61,198 (1986).

B. Satisfaction of Criteria for Market-Based Rate Authorization

The Commission permits sales of energy and capacity at market-based rates if the seller and its affiliates (i) lack horizontal market power in the relevant geographic market, *i.e.*, they do not have (or have adequately mitigated) market power in generation; and (ii) lack vertical market power in the relevant geographic market, *i.e.*, they do not have (or have adequately mitigated) market power in transmission and cannot erect barriers to entry to competing suppliers through the control of inputs to electric power production.⁷

Generally, the Commission has held that sellers operating in a Regional Transmission Organization (RTO) or Independent System Operator (ISO) may consider the geographic region under the control of the RTO/ISO as the default relevant geographic market for purposes of their horizontal market power analysis, whereas for non-RTO/ISO markets, the relevant geographic market is the balancing authority area in which the generator is located.⁸ Seller and its affiliates own or control generation⁹ in the following markets, which are the relevant jurisdictional geographic markets for purposes of Seller's market power analysis: Central and Southwest (CSWS), Bonneville Power Administration (BPAT), California Independent System Operator Corporation (CAISO), Entergy Services, Inc. (EES), Midwest Independent System Operator, Inc. (MISO), New York Independent System Operator, Inc. (NYISO), PacifiCorp-East (PACE), PJM Interconnection, L.L.C. (PJM), Public Service Company of Colorado (PSCO), Public

⁷ See Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities, Order No. 697, 119 FERC ¶ 61,295 (2007); see also Heartland Energy Services, Inc., 68 FERC ¶ 61,223 at pp. 62,060-63 (1994); Enron Power Enterprise Corp., 52 FERC ¶ 61,193 at p. 61,708 (1990); FirstEnergy Servs., Inc., 94 FERC ¶ 61,052 (2001).

⁸ Order No. 697 at PP 232, 235

⁹ Certain of the generating facilities included in Seller's market power analysis are not currently controlled by Seller or its affiliates, but will be before June 1, 2008.

Service Company of New Mexico (PNM), Puget Sound Energy (PSEI), Southern Company Services, Inc. (SOCO), Southwestern Public Service Company (SPS), Tucson Electric Power Company (TEP), and Western Farmers Electric Cooperative (WFEC).¹⁰

As indicated in the attached affidavit of Julie R. Solomon of CRA International, Inc., and as discussed below, neither Seller nor any of its affiliates has horizontal or vertical market power in any relevant market. Accordingly, Seller meets the Commission's criteria for authorization to sell electricity at market-based rates.

1. Seller Lacks Horizontal Market Power

The Commission reviews the market power of power marketers like Seller by assessing the market power of the marketer's affiliates that own generation and the generation that the power marketer and its affiliates may control through tolling agreements, energy management agreements, or other contractual arrangements.¹¹ In Order No. 697, the Commission retained two indicative screens for assessing generation market power in the relevant geographic markets: a pivotal supplier screen and a market share screen.¹² The pivotal supplier test compares the amount of uncommitted capacity owned or controlled by an applicant in the relevant market and the net uncommitted capacity in that market. If the applicant's total uncommitted capacity in the market is less than the difference between the total uncommitted capacity and the wholesale load, then

¹⁰ In addition, Seller's affiliates own or control generation in the market operated by the Electric Reliability Council of Texas (ERCOT), but such generation cannot be exported outside of ERCOT and therefore is not included in Seller's market power analysis. Seller's affiliates also control generation in the market operated by the Ontario Independent Electricity System Operator (IESO), which is directly interconnected to NYISO and MISO.

¹¹ See Order No. 697 at P 232 n.216; AEP Power Marketing, Inc., 107 FERC ¶ 61,018 at P 73, n.63 (2004).

¹² Order No. 697 at P 62.

the applicant passes the screen.¹³ The market share screen calculates the seller's share of uncommitted capacity in the relevant market during each of the four seasons. If a seller's share of uncommitted capacity in the relevant market is under 20% in each season, the seller passes the market share screen.¹⁴

Ms. Solomon applied the two indicative screens to the geographic markets in which Seller and its affiliates own or control generation. Ms. Solomon's analysis, attached hereto, shows that Seller and its affiliates pass both of the Commission's screens for market power in all of the relevant markets without any further analysis, except in the case of the CSWS market. In CSWS, the full rated generating capacity controlled by Seller or its affiliates slightly exceeds a 20% market share during the spring and summer periods; however, as explained by Ms. Solomon, transmission constraints significantly limit the amount of generation that can be delivered by those facilities into CSWS.¹⁵ When those constraints are taken into account, Sellers's market share falls well below the 20% threshold. Moreover, the generating facilities controlled by Seller or its affiliates that can deliver power to CSWS are dually-interconnected to CSWS and ERCOT. Based on physical deliverability constraints and market conditions, these generating facilities are almost always dispatched into ERCOT and very rarely dispatched into CSWS. For these reasons, Ms. Solomon concludes that it is not possible for Seller to exercise market power in the CSWS balancing authority. Accordingly, Seller lacks horizontal market power.

¹³ AEP Power Mktg., Inc., 107 FERC ¶ 61,018 at P 99.

¹⁴ Order No. 697 at PP 44, 89.

¹⁵ The constraints of these facilities were identified in AEP Power Marketing, Inc., et al.'s Updated Market Power Analysis, Docket Nos. ER96-2495-023, et al. (filed Nov. 19, 2004), which was accepted by the Commission in AEP Power Marketing, Inc., 109 FERC ¶ 61,276 (2004).

2. Seller Lacks Vertical Market Power

Neither Seller nor any of its affiliates owns, operates, or controls facilities in the United States for the transmission of electricity in interstate commerce other than limited equipment necessary to connect individual generating facilities to the transmission grid or those consisting of distribution facilities running from the grid and serving particular production fields for oil and gas. In addition, neither Seller nor any of its affiliates owns or controls any of the following inputs to electric power production: intrastate natural gas transportation, intrastate natural gas storage or distribution facilities; sites for generation capacity development; and sources of coal supplies and equipment for the transportation of coal supplies such as barges and rail cars.¹⁶ Neither Seller nor any of its affiliates has erected barriers to entry into any relevant market and will not erect barriers to entry into any relevant market. Therefore, neither Seller nor any of its affiliates has vertical market power.

3. There Is No Potential for Affiliate Abuse or Reciprocal Dealing

The Commission has traditionally indicated its concern that a franchised public utility and an affiliate may be able to transact in ways that transfer benefits from the captive customers of the franchised public utility to the affiliate and its shareholders. In Order No. 697, the Commission discontinued considering affiliate abuse as a separate “prong” of the market-based rate analysis and codified affiliate restrictions in the Commission’s regulations as a condition of obtaining and retaining market-based rate authority. Seller agrees to abide by the Commission’s codified affiliate restrictions as a condition of its market-based rate authority.

¹⁶ See 18 C.F.R. § 35.36 (2007).

C. Ancillary Services

Seller seeks authorization to sell certain ancillary services in the markets administered by the CAISO, ISO-New England, Inc. (ISO-NE), NYISO, PJM and MISO. The Commission requires a separate study of the ancillary services markets to support a market-based rate filing for ancillary services. With respect to sales of ancillary services in the markets operated by CAISO, ISO-NE, NYISO, and PJM, Seller relies, in the same manner as other sellers, on the studies submitted and accepted by the Commission in previous orders.¹⁷

In addition, Seller seeks authorization to sell ancillary services at market-based rates under requirements set forth in Avista Corp.,¹⁸ as modified by Order No. 697,¹⁹ in markets for which the Commission has not accepted a market power study and has not generally authorized the sale of ancillary services at market-based rates. Seller has included in its tariff the standard tariff provisions adopted in Order No. 697 for the proposed sales of ancillary services described above.

D. Reporting Requirements

Seller agrees to comply with the reporting requirements normally imposed on sellers that are permitted to sell power at market-based rates. In particular, Seller will file

¹⁷ For CAISO, see, e.g., AES Redondo Beach, L.L.C., 83 FERC 161,123 (1998), order on reh'g, 87 FERC ¶ 61,208 (1999), order on reh'g and clarification, 90 FERC ¶ 61,036 (2000). For ISO-NE, see, e.g., New England Power Pool, 85 FERC ¶ 61,379 (1998), reh'g denied, 95 FERC 61,074. For NYISO, see, e.g., Central Hudson Gas & Electric Corporation, 86 FERC ¶ 61,062 (1999), order on reh'g, 88 FERC ¶ 61,138 (1999). For PJM, see, e.g., Atlantic City Electric Company, 85 FERC ¶ 61,379 (1998), reh'g denied, 95 FERC 61,074 (2000).

¹⁸ 87 FERC ¶ 61,223 (1999), order on reh'g, 89 FERC ¶ 61,136 (1999).

¹⁹ See Order No. 697 at PP 1058-61.

Electric Quarterly Reports concerning its sales in conformance with the Commission's requirements.²⁰

Seller also agrees to comply with the Commission's market behavior rules codified at 18 C.F.R. § 35.41 (2007). Pursuant to 18 C.F.R. § 35.41(c), Seller notifies the Commission that Seller intends to report transactions to publishers of electricity or natural gas price indices. Seller will update the Commission within 15 days of any subsequent change to its transaction reporting status.

E. Category 1 Status

The Commission's regulations identify two categories of sellers. Section 35.36 of the Commission's regulations define Category 1 Sellers as "wholesale power marketers and wholesale power producers that own or control 500 MW or less of generation in aggregate per region; that do not own, operate or control transmission facilities other than limited equipment necessary to connect individual generating facilities to the transmission grid (or have been granted waiver of the requirements of Order No. 888, FERC Stats. & Regs. ¶ 31,036); that are not affiliated with anyone that owns, operates or controls transmission facilities in the same region as the seller's generation assets; that are not affiliated with a franchised public utility in the same region as the seller's generation assets; and that do not raise other vertical market power issues."²¹ Category 2 Sellers are all sellers that are not Category 1 Sellers.²² Category 2 Sellers are required to

²⁰ See 18 C.F.R. § 35.10(b) (2007); see also Revised Public Utility Filing Requirements, Order No. 2001, FERC Stats. & Regs., Regs. Preambles, ¶ 31,127 (2002), order on reh'g, Order No. 2001-A, 100 FERC ¶ 61,074 (2002), order on reconsideration and clarification, Order No. 2001-B, 100 FERC ¶ 61,342 (2002); see also Order No. 2001-C, 101 FERC ¶ 61,314 (2002); Order No. 2001-D, 102 FERC ¶ 61,334 (2003); Order No. 2001-E, 105 FERC ¶ 61,352 (2004).

²¹ 18 C.F.R. § 35.36 (2007).

²² Id.

submit updated market analyses every three years pursuant to the Regional Market Power Updated Schedule adopted in Order No. 697.²³ Because Seller meets the requirements for Category 1 Seller status for the Central and Northwest regions, as discussed in the attached analysis of Julie Solomon, Seller respectfully requests that the Commission designate Seller as a Category 1 Seller in the Central and Northwest regions and clarify that Seller is not required to submit any additional filing in accordance with Order No. 697's Regional Market Power Updated Schedule for the Central and Northwest regions for as long as it continues to meet the requirements for Category 1 Seller status in those regions.

For those markets in which Seller is a Category 2 Seller, Seller will file, to the extent required, an updated market power analysis pursuant to the regional schedule adopted in Order No. 697. In addition, pursuant to the requirements set forth in Section 35.42 of the Commission's regulations, Seller agrees to file timely notices of material changes in status that explain whether such changes reflect a departure from the characteristics relied upon by the Commission in originally granting Seller market-based rate authority.²⁴

IV. REQUEST FOR PRE-APPROVALS AND WAIVERS

Seller seeks the same pre-approvals and waivers of Commission rules and filing requirements previously granted to other sellers permitted to sell at market-based rates. This relief consists of:

- Waiver of Parts 41, 101, and 141 of the Commission's accounting and periodic reporting regulations;

²³ See 18 C.F.R. § 35.37 and Appendix D to Order No. 697.

²⁴ See 18 C.F.R. § 35.42 (2007).

- Waiver of Subparts B and C of Part 35 of the Commission's regulations, except as to sections 35.12(a), 35.13(b), 35.15, and 35.16;
- Blanket approval under Part 34 for all future issuances of securities and assumptions of liability.

V. REQUESTED EFFECTIVE DATE

Seller expects that all the contracts of Coral Power and Coral EM will vest by operation of law in Seller on the merger effective date of June 1, 2008. Accordingly, in order to prepare for Seller's merger with its subsidiaries and allow Seller to obtain certain permits and licenses necessary thereto, Seller respectfully requests that the Commission issue an order by April 25, 2008 accepting Seller's FERC Electric Tariff No. 1 for filing effective April 25, 2008. Seller requests waiver of the Commission's prior notice requirement to the extent necessary to accommodate this request.

VI. CONCLUSION

WHEREFORE, for the reasons stated above, Seller requests that its proposed Rate Schedule FERC No. 1 be accepted for filing, and that its requests for waivers and blanket approvals be granted.

Respectfully submitted,

Margaret A. Moore
 Vincenzo Franco
 Van Ness Feldman, P.C.
 1050 Thomas Jefferson St., N.W.
 Washington, D.C. 20007
 (202) 298-1800
 (202) 338-2416 (fax)

Attorneys for Shell Energy North America
 (US), L.P.

March 11, 2008

ATTACHMENT A

**SHELL ENERGY NORTH AMERICA (US), L.P.
RATE SCHEDULE FERC NO. 1**

-
1. Availability: Shell Energy North America (US), L.P. (Seller) makes electric energy and capacity available under this Rate Schedule to any purchaser for resale. Seller also makes available to any purchaser the ancillary services listed in this Paragraph 1:

RTO/ISO Specific

PJM: Seller offers regulation and frequency response service, energy imbalance service, and operating reserve service (which includes spinning, 10-minute, and 30-minute reserves) for sale into the market administered by PJM Interconnection, L.L.C. (PJM) and, where the PJM Open Access Transmission Tariff permits, the self-supply of these services to purchasers for a bilateral sale that is used to satisfy the ancillary services requirements of the PJM Office of Interconnection.

New York: Seller offers regulation and frequency response service, and operating reserve service (which include 10-minute non-synchronous, 30-minute operating reserves, 10-minute spinning reserves, and 10-minute non-spinning reserves) for sale to purchasers in the market administered by the New York Independent System Operator, Inc.

New England: Seller offers regulation and frequency response service (automatic generator control), operating reserve service (which includes 10-minute spinning reserve, 10-minute non-spinning reserve, and 30-minute operating reserve service) to purchasers within the markets administered by the ISO New England, Inc.

California: Seller offers regulation service, spinning reserve service, and non-spinning reserve service to the California Independent System Operator Corporation (CAISO) and to others that are self-supplying ancillary services to the CAISO.

Midwest ISO: Seller offers regulation and contingency reserves (which include spinning and supplemental reserves) for sale to purchasers in the market administered by the Midwest Independent Transmission System Operator, Inc.

Issued by: Robert Reilley
V.P. Regulatory Affairs

Effective: April 25, 2008

Issued on: March 11, 2008

Third Party Provider

Third-party ancillary services: Regulation Service, Energy Imbalance Service, Spinning Reserves, and Supplemental Reserves. Sales will not include the following: (1) sales to an RTO or an ISO, i.e., where that entity has no ability to self-supply ancillary services but instead depends on third parties; (2) sales to a traditional, franchised public utility affiliated with the third-party supplier, or sales where the underlying transmission service is on the system of the public utility affiliated with the third-party supplier; and (3) sales to a public utility that is purchasing ancillary services to satisfy its own open access transmission tariff requirements to offer ancillary services to its own customers.

2. Applicability: This Tariff is applicable to all sales of energy and capacity by Seller, which are (a) subject to the jurisdiction of the Commission, and (b) not made pursuant to another tariff on file with the Commission.
3. Rates: All sales shall be made at rates established by agreement between the purchaser and Seller.
4. Other Terms and Conditions: All other terms and conditions shall be established by agreement between the purchaser and Seller.

Issued by: Robert Reilley
V.P. Regulatory Affairs

Effective: April 25, 2008

Issued on: March 11, 2008

-
5. Compliance with Commission Regulations: Seller shall comply with the provisions of 18 C.F.R. Part 35, Subpart H, as applicable, and with any conditions the Commission imposes in its orders concerning Seller's market-based rate authority, including orders in which the Commission authorizes Seller to engage in affiliate sales under this Tariff or otherwise restricts or limits the Seller's market-based rate authority. Failure to comply with the applicable provisions of 18 C.F.R. Part 35, Subpart H, and with any orders of the Commission concerning Seller's market-based rate authority, will constitute a violation of this Tariff.
 6. Limitations and Exemptions Regarding Market-Based Rate Authority: The Commission granted Seller in Docket No. ER08-_____ the following waivers and blanket authorization: (i) waiver of Parts 41, 101 and 141 of the Commission's regulations; (ii) waiver of Subparts B and C of Part 35 of the Commission's regulations, except for Sections 35.12(a), 35.13(b), 35.15 and 35.16; and (iii) blanket approval as to Section 204 of the FPA and Part 34 of the Commission's regulations for all future issuances of securities and debt and assumptions of liabilities.
 7. Effective Date. This Tariff is effective on such date as set by the Commission.

Issued by: Robert Reilley
V.P. Regulatory Affairs

Effective: April 25, 2008

Issued on: March 11, 2008

ATTACHMENT B

**AFFILIATES OF SHELL ENERGY NORTH AMERICA (US), L.P.
WITH MARKET-BASED RATE AUTHORITY AND GENERATION ASSETS**

Affiliates with Market-Based Rate Authority and Generation Assets²⁵

Filing Entity and its Energy Affiliates	Docket # Where MBR Authority was Granted	Generation Name	Owned by	Controlled by	Date Control Transferred	Balancing Authority Area	Geographic Region	In-Service Date	Seasonal Summer / Winter Rating
Shell Energy North America (US), L.P.	Instant Application	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Coral Energy Management, LLC	ER01-1363	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Coral Power, L.L.C.	ER96-25	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Northern Iowa Windpower LLC	ER01-1570	Top of Iowa Windfarm	Northern Iowa Windpower LLC	Northern Iowa Windpower LLC	(NA)	ALTW	Central	Oct. 2001	80.1 MW
NedPower Mount Storm LLC	ER07-1306	NedPower Mount Storm	NedPower Mount Storm LLC	NedPower Mount Storm LLC	(NA)	PJM	Northeast	Oct. 2007	164 MW
Rock River I, LLC	ER01-2742	Rock River	Rock River I, LLC	Rock River I, LLC	(NA)	PACE	Northwest	Oct. 2001	50 MW

²⁵ This chart does not include affiliates operating solely within ERCOT. Affiliates' tolling and power purchase agreements are included on a separate chart.

Filing Entity and its Energy Affiliates	Docket # Where MBR Authority was Granted	Generation Name	Owned by	Controlled by	Date Control Transferred	Balancing Authority Area	Geographic Region	In-Service Date	Seasonal Summer / Winter Rating
Colorado Green Holdings, LLC	ER03-1326	Colorado Green	Colorado Green Holdings, LLC	Colorado Green Holdings, LLC	(NA)	PSC	Northwest	Dec. 2003	162 MW
March Point Cogeneration Company	(NA)	March Point 1 & 2	March Point Cogeneration Company	March Point Cogeneration Company	(NA)	PSEI	Northwest	Sept. 1991	140 MW
Motiva Enterprises LLC	ER06-763	Port Arthur Refinery	Motiva Enterprises LLC	Motiva Enterprises LLC	(NA)	EES	Southeast	Aug. 1988	81 MW / 93.6 MW
Shell Chemical LP	ER06-748	Geismar	Shell Chemical LP	Shell Chemical LP	(NA)	EES	Southeast	July 1985	75 MW / 80 MW
Baconton Power LLC	ER00-2398	Baconton	Baconton Power LLC	Coral Power, L.L.C. ²⁶	June 2000	SOCO	Southeast	June 2000	195.2MW
Shell Offshore Inc.	(NA)	Yellowhammer Gas Plant	Shell Offshore Inc.	Shell Offshore Inc.	(NA)	SOCO	Southeast	Mar. 1992	1.2 MW
Aera Energy LLC	(NA)	Coalinga	Aera Energy LLC	Aera Energy LLC	(NA)	CAISO	Southwest	June 1988	7 MW

²⁶ As noted herein, Baconton Power LLC is an affiliate of Shell Energy North America (US), L.P., and Coral Power, L.L.C.'s contract with Baconton Power LLC gives Coral Power, L.L.C. control of the output of the facility. This contract will be transferred to Shell Energy North America (US), L.P.

Filing Entity and its Energy Affiliates	Docket # Where MBR Authority was Granted	Generation Name	Owned by	Controlled by	Date Control Transferred	Balancing Authority Area	Geographic Region	In-Service Date	Seasonal Summer / Winter Rating
Aera Energy LLC	(NA)	Lost Hills	Aera Energy LLC	Aera Energy LLC	(NA)	CAISO	Southwest	Oct. 1985	9 MW
Aera Energy LLC	(NA)	San Ardo	Aera Energy LLC	Aera Energy LLC	(NA)	CAISO	Southwest	July 1989	0 MW
Aera Energy LLC	(NA)	South Belridge Section 11	Aera Energy LLC	Aera Energy LLC	(NA)	CAISO	Southwest	Sept. 1989	8.1 MW / 9 MW
Aera Energy LLC	(NA)	South Belridge Section 32	Aera Energy LLC	Aera Energy LLC	(NA)	CAISO	Southwest	Dec. 1985	57 MW / 63 MW
Cabazon Wind Partners, LLC	ER02-1695	Cabazon	Cabazon Wind Partners, LLC	Cabazon Wind Partners, LLC	(NA)	CAISO	Southwest	Oct. 2002	41 MW
Equilon Enterprises LLC	ER06-747	Martinez Refinery	Equilon Enterprises LLC	Equilon Enterprises LLC	(NA)	CAISO	Southwest	Nov. 1995	98.6 MW
Midway Sunset Cogeneration Company	ER06-736	Midway Sunset Cogeneration	Midway Sunset Cogeneration Company	Midway Sunset Cogeneration Company	(NA)	CAISO	Southwest	May 1989	240 MW

Filing Entity and its Energy Affiliates	Docket # Where MBR Authority was Granted	Generation Name	Owned by	Controlled by	Date Control Transferred	Balancing Authority Area	Geographic Region	In-Service Date	Seasonal Summer / Winter Rating
Whitewater Hill Wind Partners, LLC	ER02-2309	Whitewater Hill	Whitewater Hill Wind Partners, LLC	Whitewater Hill Wind Partners, LLC	(NA)	CAISO	Southwest	Oct. 2002	61.5 MW
Llano Estacado Wind, LP	ER02-73	Llano Estacado Wind Ranch	Llano Estacado Wind, LP	Llano Estacado Wind, LP	(NA)	SWPS	Southwest	Dec. 2001	80 MW

Affiliates' Tolling Agreements and Power Purchase Agreements

Filing Entity and its Energy Affiliates	Docket # Where MBR Authority was Granted	Generation Name	Owned by	Controlled by	Date Control Transferred	Balancing Authority Area	Geographic Region	In-Service Date	Seasonal Summer / Winter Rating
Coral Power, L.L.C.*	ER96-25	Airtricity Munnsville Wind Farm	Airtricity Munnsville Wind Farm, LLC	Coral Power, L.L.C.	Aug. 2007	NYISO	Northeast	Oct. 2007	35 MW
Coral Power, L.L.C.*	ER96-25	Black River Generation	Black River Generation, LLC	Coral Power, L.L.C.	June 2007	NYISO	Northeast	June 1989	55 MW / 56 MW
Coral Power, L.L.C.*	ER96-25	Glen Park Hydro	Northbrook New York, LLC	Coral Power, L.L.C.	Jan. 2006	NYISO	Northeast	Oct. 1999	30.1 MW / 41.7 MW
Coral Power, L.L.C.*	ER96-25	Lockport Energy Associates, L.P.	Lockport Energy Associates, L.P.	Coral Power, L.L.C.	Dec. 2007	NYISO	Northeast	July 1992	199.9 MW / 223.1 MW
Coral Power, L.L.C.*	ER96-25	Niagara Generating	American Ref-Fuel of Niagara	Coral Power, L.L.C.	Feb. 2008	NYISO	Northeast	Aug. 1980	50.2 MW / 49.5 MW
Coral Power, L.L.C.*	ER96-25	Rensselaer Cogeneration	Rensselaer Cogeneration, LLC	Coral Power, L.L.C.	July 2007	NYISO	Northeast	Nov. 1983	79 MW
Coral Power, L.L.C.*	ER96-25	James River Cogeneration	James River Cogeneration Company	Coral Power, L.L.C.	Jan. 2008	PJM	Northeast	Jan. 1998	85 MW

Filing Entity and its Energy Affiliates	Docket # Where MBR Authority was Granted	Generation Name	Owned by	Controlled by	Date Control Transferred	Balancing Authority Area	Geographic Region	In-Service Date	Seasonal Summer / Winter Rating
Coral Power, L.L.C.*	ER96-25	Tenaska Fluvanna	Tenaska Virginia Partners, L.P.	Coral Power, L.L.C.	May 2004	PJM	Northeast	Apr. 2004	904.1 MW
Coral Power, L.L.C.*	ER96-25	Rathdrum	Rathdrum Power, LLC	Coral Power, L.L.C.	June 2007	BPA	Northwest	Sept. 2001	265 MW / 278 MW
Coral Power, L.L.C.*	ER96-25	Tenaska Central Alabama	Tenaska Alabama II Partners, L.P.	Coral Power, L.L.C.	May 2003	SOCO	Southeast	May 2003	864 MW / 906.3 MW
Coral Energy Management, LLC*	ER01-1363	Indigo Energy Facility ²⁷	Indigo Generation LLC	Coral Energy Management, LLC	July 2001	CAISO	Southwest	July 2001	131.3 MW
Coral Energy Management, LLC*	ER01-1363	Larkspur Energy Facility	Larkspur Energy LLC	Coral Energy Management, LLC	July 2001	CAISO	Southwest	July 2001	94.1 MW
Coral Power, L.L.C.*	ER96-25	La Rosita 1	Energia Azteca X, S. de R.L. de C.V.	Coral Power, L.L.C.	July 2003	CAISO	Southwest	July 2003	250 MW

²⁷ Shell Oil was previously affiliated with InterGen N.V., which owned Indigo Energy Facility, Larkspur Energy Facility, and La Rosita 1 and La Rosita 2. Shell Oil is no longer affiliated with these entities. Shell Oil's affiliation with Indigo and Larkspur ended in 2004; its affiliation with La Rosita 1 and La Rosita 2 ended in 2005.

Filing Entity and its Energy Affiliates	Docket # Where MBR Authority was Granted	Generation Name	Owned by	Controlled by	Date Control Transferred	Balancing Authority Area	Geographic Region	In-Service Date	Seasonal Summer / Winter Rating
Coral Power, L.L.C.*	ER96-25	La Rosita 2	Energia de Baja California, S. de R.L. de C.V.	Coral Power, L.L.C.	Feb. 2005	CAISO	Southwest	July 2003	300 MW
Coral Power, L.L.C.*	ER96-25	Pyramid Unit 4	Tri-State Generation and Transmission Association, Inc.	Coral Power, L.L.C.	Anticipated April 2008	PNM	Southwest	Apr. 2003	40 MW / 42 MW
Coral Power, L.L.C.	ER96-25	Springerville 3	Tri-State Generation and Transmission Association, Inc.	Coral Power, L.L.C.	Anticipated April 2008	TEP	Southwest	July 2006	50 MW
Coral Power, L.L.C.*	ER96-25	Tenaska Gateway	Tenaska Gateway Partners, Ltd.	Coral Power, L.L.C.	July 2001	CSWS ²⁸	SPP	July 2001	858 MW / 929 MW
Coral Power, L.L.C.*	ER96-25	Tenaska Kiamichi	Kiowa Power Partners, LLC	Coral Power, L.L.C.	Apr. 2003	CSWS ²⁹	SPP	Apr. 2003	1178.4 MW / 1288 MW

²⁸ Also interconnected to ERCOT.

Filing Entity and its Energy Affiliates	Docket # Where MBR Authority was Granted	Generation Name	Owned by	Controlled by	Date Control Transferred	Balancing Authority Area	Geographic Region	In-Service Date	Seasonal Summer / Winter Rating
Coral Power, L.L.C.*	ER96-25	WFEC Anadarko	WFEC	Coral Power, L.L.C.	Jan. 2002	WFEC	SPP	Jan. 2002	40 MW

* Indicates contract to be transferred to Shell Energy North America (US), L.P.

²⁹ Also interconnected to ERCOT.

**Affiliates with Electric Transmission Assets
and/or Natural Gas Intrastate Pipelines and/or Gas Storage Facilities Assets**

Filing Entity and its Energy Affiliates	Asset Name and Use	Owned by	Controlled by	Date Control Transferred	Balancing Authority Area	Geographic Region	Size
(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)

**FERC Order Granting
Shell Energy
Market-Based
Rate Authority**

May 8, 2008

FEDERAL ENERGY REGULATORY COMMISSION
Washington, D.C. 20426

In Reply Refer To:
Shell Energy North America (U.S.), L.P.
Docket No. ER08-656-000

May 8, 2008

Ms. Margaret A. Moore, Esq.
Van Ness Feldman, P.C.
Attorney for Shell Energy North America (U.S.) L.P.
1050 Thomas Jefferson St., N.W.
Washington, D.C. 20007

Reference: Market-Based Rate Authorization

Dear Ms. Moore:

Pursuant to the authority delegated to the Director, Division of Tariffs and Market Development - West, under 18 C.F.R. § 375.307, your submittal filed in the referenced docket is accepted for filing,¹ effective April 25, 2008, as requested. Based on your representations, you meet the criteria for a Category 2 seller and are so designated.² As discussed below, we deny Shell's request for exemption from Category 2 Seller status and therefore Shell must file an updated market power analysis as scheduled for all regions.³

On March 11, 2008, you filed, on behalf of Shell Energy North America (U.S.), L.P. (Shell), an application for market-based rate authority with an accompanying rate

¹ Rate Schedule FERC No. 1, Original Sheet Nos. 1-3.

² *Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities*, Order No. 697, 72 Fed. Reg. 39,904 (July 20, 2007), FERC Stats. & Regs. ¶ 31,252, at P 848, *clarified*, 121 FERC ¶ 61,260 (2007). You must file an updated market power analysis in compliance with the regional reporting schedule adopted in Order No. 697. Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 882.

³ *Id.*

schedule. The proposed market-based rate schedule provides for the sale of energy, capacity, and ancillary services at market-based rates.⁴ Shell requests waivers commonly granted to similar market-based rate applicants and a determination that Shell is exempt from the requirements that apply to a Category 2 Seller in the Central and Northwest regions.

You state that Shell is a wholly-owned indirect subsidiary of Shell Oil Company (Shell Oil), which is a wholly-owned indirect subsidiary of Royal Dutch Shell, plc. You state that Shell and its affiliates own or control generation in the following balancing authority areas and markets: Central and Southwest (CSWS); Bonneville Power Administration (BPA); CAISO; Entergy Services, Inc. (Entergy); Midwest Independent Transmission System Operator (Midwest ISO); NYISO; PacifiCorp-East (PacifiCorp-E); PJM; Public Service of Colorado (PSCo); Public Service Company of New Mexico (PNM); Puget Sound Energy (Puget); Southern Company Services, Inc. (Southern); Southwestern Public Service Company (SPS); Tucson Electric Power Company (Tucson); and Western Farmers Electric Cooperative (WFEC). You state that neither Shell nor any of its affiliates owns or controls transmission facilities, and therefore does not have transmission market power. Further you affirmatively state that Shell has not erected barriers to entry and will not erect barriers to entry in the future.

Your filing was noticed on March 13, 2008, with comments, protests or interventions due on or before April 1, 2008. None was filed.

Market-Based Rate Authorization

You have prepared the pivotal supplier and wholesale market share screens for the following balancing authority areas and markets: BPA; CAISO; Entergy; Midwest-ISO; NYISO; PacifiCorp; PJM; PSCo; PNM; Puget; Southern; SPS; Tucson; WFEC and CSWS market consistent with the requirements of Order No. 697.⁵ Your generation market power screens have been reviewed, and you pass both the pivotal supplier and wholesale market share screens in those balancing authority areas and markets. Based on your representations, your submittal satisfies the Commission's requirements for market-based rates regarding horizontal market power.

⁴ Shell requests authorization to sell ancillary services in the markets administered by PJM Interconnection, L.L.C. (PJM), New York Independent System Operator, Inc. (NYISO), ISO New England Inc. (ISO-NE), and California Independent System Operator, Inc. (CAISO). Shell also requests authorization to engage in the sale of certain ancillary services to third party suppliers in other markets.

⁵ Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 62.

Based on your representations, your submittal also satisfies the Commission's requirements for market-based rates regarding vertical market power.

Shell's proposed market-based rate tariff includes provisions regarding sales of certain ancillary services in PJM, NYISO, ISO-NE, and CAISO, as well as to third party suppliers in other markets. Shell also proposes to offer ancillary services in Midwest ISO.

Although the Commission has approved the sale of ancillary services in the Midwest ISO,⁶ such ancillary service market is not yet in operation. At this time, Shell should not include in its market-based rate tariff the provision for the sale of ancillary services in the Midwest ISO. In Order No. 697, the Commission stated that it will post on its website, and update as appropriate, the standard language that a seller wishing to provide ancillary services must include in its market-based rate tariff.⁷ Therefore, please remove the provision for the sale of ancillary services in the Midwest ISO market from Shell's market-based rate tariff, without prejudice to Shell filing such a provision once the Commission posts on its website the standard provision for such sales.

In Order No. 697, the Commission established two categories of sellers.⁸ The Commission defined Category 1 sellers as wholesale power marketers and wholesale power producers that own or control 500 MW or less of generation in aggregate per region; that do not own, operate or control transmission facilities other than limited equipment necessary to connect individual generating facilities to the transmission grid (or have been granted waiver of the requirements of Order No. 888); that are not affiliated with anyone that owns, operates or controls transmission facilities in the same region as the seller's generation assets; that are not affiliated with a franchised public utility in the same region as the seller's generation assets; and that do not raise other vertical market power issues.⁹ Sellers that do not fall into Category 1 are designated as Category 2¹⁰ and are required to file an updated market power analysis for each region in

⁶ *Midwest Independent Transmission System Operator, Inc.*, 122 FERC ¶ 61,172 (reh'g pending) (2008).

⁷ Order No. 697, FERC Stats. & Regs., ¶ 31,252 at 918, 1100.
<http://www.ferc.gov/industries/electric/gen-info/mbr.asp>. Also See, *Niagara Mohawk Power Corporation*, 121 FERC ¶ 61,275 at P 27 (2007).

⁸ Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 848.

¹⁰ 18 C.F.R. § 35.36(a)(2)-(3) (2007).

which they and their affiliates own or control any generation.¹¹

Our review of your submittal indicates that Shell does not meet the criteria for a Category 1 seller because it and its affiliates own or control more than an aggregate of 500 MW in at least one region.¹² Thus, Shell meets the criteria for a Category 2 seller and is so designated. Shell must file an updated market power analysis in compliance with the regional reporting schedule adopted in Order No. 697.¹³

Your request for waiver of Subparts B and C of Part 35 of the Commission's regulations requiring the filing of cost-of-service information, except for sections 35.12(a), 35.13(b), 35.15 and 35.16 is granted. Your request for waiver of Part 41, Part 101, and Part 141 of the Commission's regulations concerning accounting and reporting requirements is granted.¹⁴ Notwithstanding the waiver of the accounting and reporting requirements here, Shell is expected to keep its accounting records in accordance with generally accepted accounting principles.

You request blanket authorization under Part 34 of the Commission's regulations for all future issuances of securities and assumptions of liability. A separate notice will be published in the Federal Register following this letter order establishing a period during which protests may be filed. Absent a request to be heard within the period set, you are authorized to issue securities and assume obligations or liabilities as guarantor, indorser, surety, or otherwise in respect of any security of another person; provided that such issue or assumption is for some lawful object within the corporate purposes of Shell, compatible with the public interest, and reasonably necessary or appropriate for such purposes.¹⁵

You must file electronically with the Commission Electric Quarterly Reports.¹⁶ You further must timely report to the Commission any change in status that would reflect

¹¹ Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 850.

¹² Shell and its affiliates control more than 500 MW in CAISO, Southern, PJM, and CSWS.

¹³ Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 882.

¹⁴ *Id.* P 984-986.

¹⁵ *Id.* P 999-1000.

¹⁶ *Id.* P 334, 855. See also *Revised Public Utility Filing Requirements*, Order No. 2001, 67 Fed. Reg. 31,043 (May 8, 2002), FERC Stats. & Regs. ¶ 31,127 (2002). The Electric Quarterly Report must be submitted to the Commission using the EQR Submission System Software, which may be downloaded from the Commission's website

a departure from the characteristics the Commission relied upon in granting market-based rate authority in accordance with Order No. 697.¹⁷

This action does not constitute approval of any service, rate, charge, classification, or any rule, regulation, or practice affecting such rate or service provided for in the filed documents; nor shall such action be deemed as recognition of any claimed contractual right or obligation affecting or relating to such service or rate; and such acceptance is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against any of the applicant(s).

This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713.

Questions regarding the above order should be directed to:

Federal Energy Regulatory Commission
Attn: Michelle Barnaby
Phone: (202) 502-8407
Office of Energy Market Regulation
888 First Street, N.E.
Washington, D.C. 20426

Sincerely,

Steve P. Rodgers, Director
Division of Tariffs and Market
Development - West

at <http://www.ferc.gov/docs-filing/eqr.asp>.

¹⁷ Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 1015-1017; 18 C.F.R. § 35.42(a)(1)-(2).