

**EXH. PKW-7
DOCKETS UE-19 ___/UG-19 ___
2019 PSE GENERAL RATE CASE
WITNESS: PAUL K. WETHERBEE**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**Docket UE-19 ___
Docket UG-19 ___**

**SIXTH EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF**

PAUL K. WETHERBEE

ON BEHALF OF PUGET SOUND ENERGY

JUNE 20, 2019

663 MW Colstrip BPA Transmission Renewal

Decisional



Tom Flynn
Manager, Energy Delivery

Brian Tyson
Sr. Engineer, Energy Delivery

February 15, 2018

Recommendation

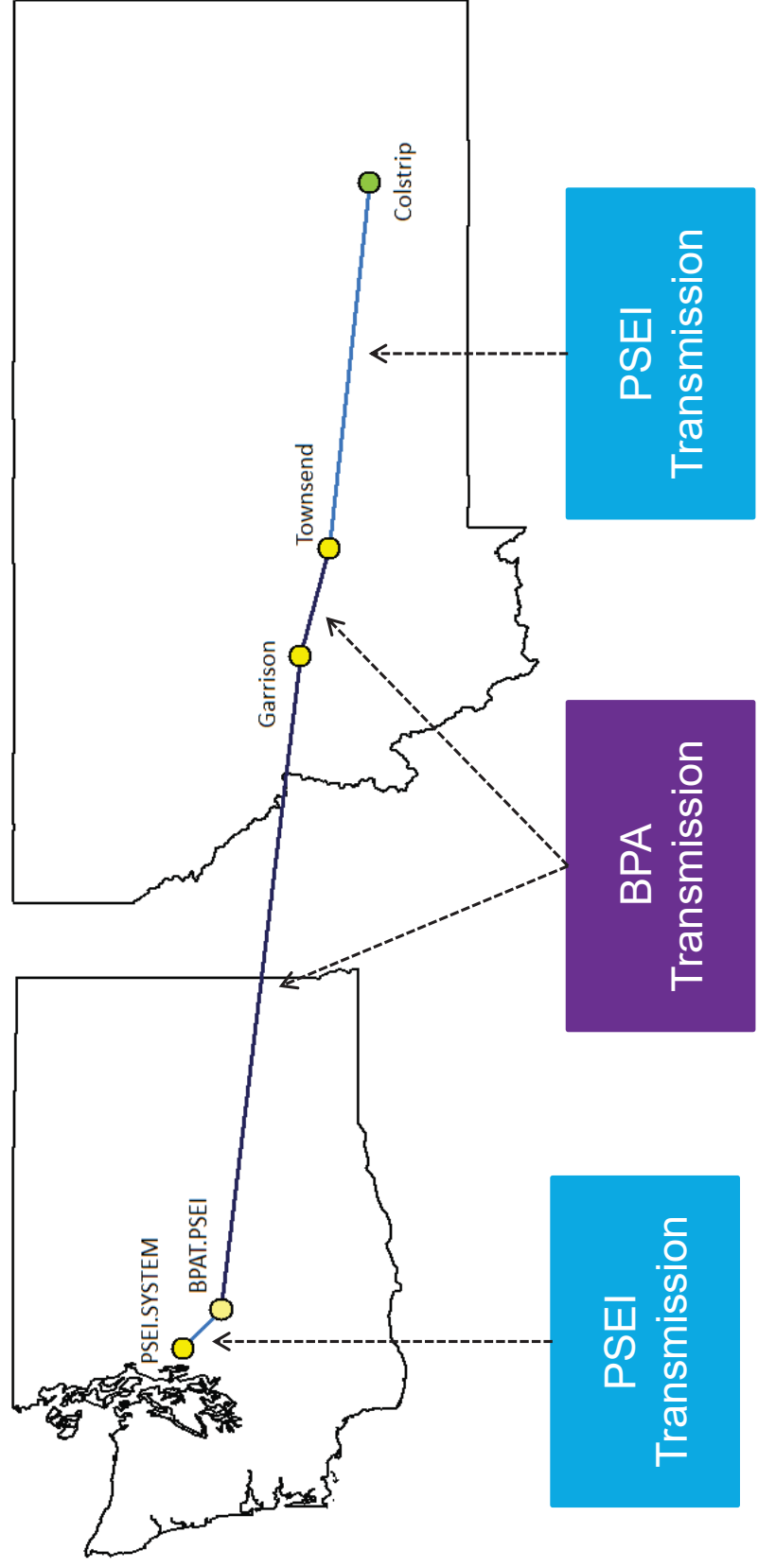
Renew 663 MW of Colstrip BPA transmission contracts for a 5 year term

Overview:

- Current contracts end 7/31/2019
- Renewal Rate starts at \$21.52kW - yr, with a PSE assumption of 3% annual escalation rate.
- Contracts are renewed indefinitely
- This is a Colstrip resource-specific transmission contract
- Renewing the contract will allow PSE the flexibility to submit redirect requests in 2018 or later if needed



Transmission Path Map



The renewal is for the BPA transmission from Garrison to BPAT.PSEI



Key Considerations for Renewal

- Renewing the 663 MW in transmission provides the pathway from Colstrip to PSE's system
- Analysis of BPA Long-Term Pending Queue indicates lack of future capacity on Cross Cascades Flowgate
 - Renewing these contracts is the best alternative to retain transmission needed for Colstrip through 2024
- The contract renewal dates will be 7/31/2024, two years after 2022 closure of Colstrip Units 1&2
- 300 MW of transmission will be under utilized after 2022
 - One option after 2022 is to redirect 300 MW transmission
 - BPA does not allow a redirect date that occurs after contract expiration (currently 2019)
 - Contract renewals allow PSE to be ready to proactively submit redirect requests if needed

Timing Considerations of Redirect Requests

ALTERNATIVES	BENEFITS	RISKS
Request Redirect in May 2018	<ul style="list-style-type: none"> Guaranteed redirect request in 2018 Cluster Study, if needed 	<ul style="list-style-type: none"> Location of redirect is unknown Increased uncertainty surrounding Colstrip and MT renewable resources in RFP
Request Redirect after August 2018	<ul style="list-style-type: none"> Location of redirect is more likely to be known Decreased uncertainty surrounding Colstrip 	<ul style="list-style-type: none"> Uncertainty in future BPA Cluster Study, if needed



Key Considerations for Contract Extension Beyond 2022*

Uses of 300 MW BPA Transmission after 2022 include:

- Transmission for Montana renewables that are cost competitive in PSE's 2018 RFP
- Redirect to MidC for Winter Peaking needs
- Redirect transmission to a new renewable resource

Impact on PSE's Transmission Portfolio

- This transmission is highly sought after based on BPA queue
- **If PSE does not renew for full 5-year term or redirects transmission, PSE must re-enter BPA queue for future use**

Policy Considerations

- Ongoing Colstrip Technical Workshops
- Uncertainty in Carbon Tax Legislation
- Uncertainty with PSEI's portion of Colstrip Transmission

Timing of Colstrip Units 3&4 Closure



**There is no incremental cost for redirecting transmission*

February 15, 2018 EMC Decisional: Colstrip BPA Transmission Contract Renewal | 6

Recommendation

EMC approve the renewal of 663 MW of Colstrip BPA Transmission



Appendix



Background

- 2011 WUTC GRC Final Order: PSE is expected to provide for any renewal or acquisition of firm transmission “a full and detailed justification showing the prudence of this expense if the Company expects to continue to recover it in rates.”
- **BPA transmission contracts are renewed at least one year prior to termination date to exercise the reservation priority rights thereby avoiding competition with other parties in the queue**
- BPA transmission contracts are generally renewed for the minimum term of 5 years to retain renewal rights and allow flexibility to reevaluate transmission need

CONTRACT FOR RENEWAL:			
Project	Start	Term	MW
Colstrip	8/1/2014	7/31/2019	663
TOTAL			663



BPA Long term Queue Analysis

- Pending queue data was pulled on January 11, 2018 and is publically available on bpa.gov/transmission
- Queue analysis indicates that if PSE does not renew, next requesters in the queue could reserve capacity into perpetuity
- Should PSE place new request in queue, it would enter the bottom of the queue, behind all other requests
- Upcoming BPA transmission model changes and no-build policy could affect PSE’s ability to purchase long-term transmission in future

Future Outlook of North Cascades North Flowgate

	2019	2020	2021	2022	2023	2024	2025	2026	2027
Remaining ATC (MW)	455	363	270	176	81	0	0	0	0
Less Pending Queued Requests (MW)	182	2	(158)	(243)	(189)	(466)	(466)	(513)	(523)

