

**EXH. PKW-8
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 ___**

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

PAUL K. WETHERBEE

ON BEHALF OF PUGET SOUND ENERGY

JUNE 20, 2019

BPA 600MW Transmission Contract for PG&E Exchange

Informational



Tom Flynn
Manager, Energy Delivery

May 24, 2018

Recommendation

- **Renew 600 MW BPA transmission contract for five year term for PG&E Exchange Agreement**
- **Overview:**
 - Current contracts end 7/31/2019
 - Renewal rate starts at \$21.52kW-Yr, with a PSE assumption of 3% annual escalation rate
 - Contract serves PSE's obligation of Capacity and Energy Exchange Agreement with PG&E
 - Can also be used to redirect for EIM



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.*”
- Transmission contract prudence is determined with qualitative and quantitative analysis consistent with IRP and RFP processes
- 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
To JohnDay	8/1/2019	7/31/2024	300
From JohnDay	8/1/2019	7/31/2024	300
TOTAL			600



Key Considerations

- BPA Transmission contract is bi-directional from PSE to JohnDay
- Each direction has 300 MW capacity
- BPA Transmission contract from PSE to JohnDay is used from June – September every year to deliver energy to PG&E at JohnDay
- BPA Transmission contract from JohnDay to PSE is used from November – February every year to receive energy from PG&E at JohnDay
- In months when it is not used for the PG&E Exchange, the transmission is either redirected or resold



Key Considerations for Renewal

- Contracts serve PSE's obligation of Capacity and Energy Transfer Agreement with PG&E
 - To terminate this agreement, PSE will need to give 5 year notice
- Contracts are a direct connection to JohnDay, where PSE can access COI transmission system to connect directly with California
- One of the contracts is the only contract in PSE's BPA transmission portfolio which is feasible to redirect to PACW for EIM transfers
- BPA Long Term Queue Analysis shows new requests to and from Johnday affect those flowgates which have no ATC



Next Steps/Decision

- Current recommendation is to renew the 600 MW BPA transmission contract beginning August 2019, for an annual cost of \$12.9M (Annual cost is not an incremental cost)
- With EMC approval, the 600 MW BPA transmission contract will be renewed for a five year term



Appendix



BPA Long term Queue Analysis

- Pending queue data was pulled on May 1, 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 Affected BPA flowgate

Flowgate	2019	2020	2021	2022	2023	2024	2025	2026
South of Allston	0	0	0	0	0	0	0	0
Raver to Paul	0	0	0	0	0	0	0	0
North of JohnDay	244	206	162	125	76	4	0	0
West of Cascades North	495	403	310	216	121	26	0	0

