

**Exh. JDW-17
UE-240004/UG-240005/UE-230810
Witness: John D. Wilson
REDACTED VERSION**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**DOCKETS UE-240004, UG-240005,
UE-230810 (*Consolidated*)**

EXHIBIT TO TESTIMONY OF

JOHN D. WILSON

**ON BEHALF OF STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

PSE's Response to Staff DR No. 133

August 6, 2024

CONFIDENTIAL PER PROTECTIVE ORDER – REDACTED VERSION

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-240004 & UG-240005
Puget Sound Energy
2024 General Rate Case**

WUTC STAFF DATA REQUEST NO. 133

“CONFIDENTIAL” Table of Contents

	“CONFIDENTIAL” Material
Data Request No. 133	Shaded information is designated as CONFIDENTIAL per Protective Order in Dockets UE-240004 and UG-240005 as marked in Puget Sound Energy’s Response to WUTC Staff Data Request No. 133 Attachment B.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-240004 & UG-240005
Puget Sound Energy
2024 General Rate Case**

WUTC STAFF DATA REQUEST NO. 133:

REQUESTED BY: John Wilson

Re: Power Costs

Please refer to Mueller Exh. BDM-20.

- a. Please provide workpapers supporting the 2025 and 2026 forecast costs.
- b. Regarding the EIM Power Costs, please provide a monthly summary of settlements, by CAISO charge code, for 2021 through May 2024.
- c. For each charge code provided in response to part (b), please identify where the equivalent cost (or revenue) is represented in Mueller Exh. BDM-3C and BDM-4C and supporting workpapers.
- d. If the equivalent cost (or revenue) is not specifically modeled, please explain how the forecast reasonably considers that cost (or revenue).

Response:

- a. Attached as Attachment A to Puget Sound Energy's ("PSE") Response to WUTC Staff Data Request No. 133 please find an Excel workbook with data and calculations supporting PSE's forecast of 2025 and 2026 expenses included in the Nineteenth Exhibit to the Prefiled Direct Testimony of Brennan D. Mueller, Exh. BDM-20.
- b. Attached as Attachment B to PSE's Response to WUTC Staff Data Request No. 133 please find an Excel workbook with PSE's Energy Imbalance Market ("EIM") settlements by charge code for the period January 2021 through May 2024.
- c. PSE's power cost forecast includes EIM benefits according to the methodology developed subsequent to the settlement agreement in PSE's 2020 power cost only rate case. That methodology does not attempt to forecast EIM costs and revenues by individual charge code as EIM charges do not provide a complete view of EIM benefits. For example, EIM charges might show that an entity paid the market in exchange for imported energy, but they would not show the value of that energy import or the costs that the entity avoided via that EIM transaction. PSE's methodology seeks to capture the full benefit of EIM participation by utilizing power cost results from model runs that reflect optimal resource dispatch

assuming the presence of a sub-hourly (EIM proxy) market. In order to determine the EIM benefit embedded in these power cost results PSE performs alternative model runs that assume a sub-hourly market is not available. The difference between forecasted power costs with the sub-hourly market and the alternative forecast without a sub-hourly market accounts for most of the EIM benefit in PSE's 2025 and 2026 power cost forecast. The estimated EIM benefit embedded in PSE's Aurora model results is \$35.9 million and \$28.1 million in 2025 and 2026, respectively. Please see Attachment I to PSE's response to Public Counsel Data Request No. 65 for workpapers supporting this estimate. These embedded EIM benefits reflect EIM payments and receipts associated with EIM charge codes 64600, 64700, 64740, 64750, 64770, 66200, 66780, 67740, 69850, 6045, 6046, 6478, and 6479.

Benefits associated with net payments received by PSE for export of low-greenhouse-gas-emitting resources to California via the EIM are not embedded in the Aurora model results described above. PSE includes an estimate of these benefits in its power cost forecast outside of the Aurora model as shown in Exh. BDM-13. This estimate, a \$2.6 million reduction to power costs in both 2025 and 2026, is based on historical actual greenhouse gas payments received by PSE minus the historical actual offsetting cost of any California emissions allowances PSE had to purchase for EIM exports to California. EIM charge code 491 reflects greenhouse gas payments received by PSE.

- d. EIM charge codes 7070, 7071, 7076, 7077, 7081, and 7087 are associated with the provision of flexible ramping capability to the EIM. Like the greenhouse gas benefits described above, flexible ramping payments and receipts are not reflected in the Aurora results using PSE's sub-hourly modeling methodology. Any net benefit associated with the provision of flexible ramping capability is incremental to modeled results and could be accounted for outside of the Aurora model. However, PSE's forecast of 2025 and 2026 power costs does not currently include or account for any EIM flexible ramping payments. For calendar years 2021 through 2023 PSE received a average net EIM flexible ramping payments of \$95 thousand per year.

EIM charge codes 1592, 1593, 4515, 4564, 7989, 7999, and 8526 are transaction fees, penalties for under or over-reported generation or demand volumes, and interest charges or payments associated with timing differences between when charges or credits are incurred and when they are ultimately settled. Like the flexible ramping charge codes described above, these are incremental to the EIM benefits PSE models but are not currently included or accounted for in PSE's power cost forecast. For calendar years 2021 through 2023, PSE paid average net EIM transaction fees, penalties, and interest of \$467 thousand per year.

Shaded information is designated as CONFIDENTIAL per Protective Order in Dockets UE-240004 and UG-240005 as marked in Puget Sound Energy's Response to WUTC Staff Data Request No. 133 Attachment B.

**ATTACHMENTS A and B to PSE's
Response to
WUTC Staff Data Request No. 133**