

March 28, 2016

Dear Mayor Stokes and Councilmembers,

Last week, PSE once again rejected an application for “CEII Clearance” from a CENSE consultant seeking to review data proving the need for the Energize Eastside project.

What is “CEII Clearance” and why do we need it?

CENSE consultants Richard Lauckhart and Ken Nichols have both submitted applications to PSE to receive Critical Energy Infrastructure Information (CEII) clearance. The CEII application process was established by the Federal Energy Regulatory Commission (FERC) to prevent terrorists or other malcontents from pinpointing weak points in the energy grid and targeting vulnerabilities for the purpose of causing maximum havoc. **The process is not intended to prevent stakeholders from examining details of the electric grid in order to validate a utility’s plans and proposals.**

For Energize Eastside specifically, CEII clearance is needed to ensure that PSE performed the following analyses correctly:

- Were the correct transformer ratings used for a cold winter scenario?
- Was growth modeled in accordance with what PSE told WECC about future demand?
- Did PSE detect problems that their assumptions caused for the regional grid? If so, did they take actions to remedy the problems?

In order to properly vet PSE’s work, our experts need access to the underlying data to understand the load flow study PSE uses to justify Energize Eastside. However, PSE has rejected multiple applications for CEII clearance.

Background

Events have unfolded as described in the following timeline. Richard Lauckhart is a consultant working pro bono for CENSE. He served as VP of power planning for PSE, and worked for the company in various capacities for 22 years.

- *May 12, 2015:* Lauckhart submits a CEII application to FERC.
- *July 9, 2015:* FERC grants Lauckhart CEII clearance and provides WECC Base Cases containing critical information about the local and regional grid.
- *Summer, 2015:* PSE tells various councilmembers that CENSE should apply for CEII clearance so that the company can prove the need for Energize Eastside.
- *July 15, 2015:* Lauckhart requests CEII clearance from FERC to access PSE’s Base Cases.
- *Sept. 1, 2015:* FERC grants CEII clearance to view PSE’s Base Cases, determining that he is a legitimate requester with a need to review the information.

- **Sept. 2, 2015: Lauckhart submits a CEII application to PSE.**
- **Oct. 7, 2015: PSE rejects Lauckhart's application.** The letter from Jens Nedrud includes the following explanation:

*Our initial analysis is that **you do not have a legitimate need** because the need for the Energize Eastside project has been documented five times... [emphasis added]*
- **November 19, 2016:** PSE confirms that the company uses WECC Base Cases, so there is no point in sharing PSE's Base Cases. Lauckhart and his colleague Roger Schiffman run computer simulations using WECC Base Cases that raise questions about whether the regional grid can support the extreme scenario PSE uses to justify Energize Eastside.
- **Feb. 21, 2016:** Lauckhart submits a second, more detailed CEII application to PSE.
- **Mar. 6, 2016:** CENSE president Don Marsh submits a CEII application to PSE. PSE indicates they will respond by April 13.
- **Mar. 23, 2016: PSE rejects Lauckhart's second CEII application.**

CENSE response

In response to PSE's rejection of Lauckhart's second CEII application (see attached letter), CENSE asserts the following facts:

1. **Lauckhart is well qualified.** PSE's rejection letter says they must have "a statement of your qualifications to perform power system engineering and transmission planning." Is PSE unaware that Lauckhart worked for the company for 22 years and served as the VP of power planning?
2. **Lauckhart is not a security risk.** FERC has already determined that Lauckhart is "a legitimate requester with a need for the information." Furthermore, he has already been granted access to WECC Base Cases that contain all the information he needs about the local and regional grid. He only needs to determine how PSE modified these Base Cases for their own studies.
3. **Lauckhart is not alone.** PSE also rejected the CEII applications from another CENSE consultant, Ken Nichols of EQL Energy, and Jim Adcock, an electrical engineer and representative of the Northwest Energy Coalition who has served for many years on the committee that reviews PSE's Integrated Resource Plans.
4. **PSE's criteria for granting CEII are vague and possibly capricious.** In Lauckhart's rejection letter, PSE says, "we will consider, among other things, the February 18, 2016 Load Flow Modeling study you authored and your recent public comments about your study." PSE isn't clear how this will influence their decision to grant CEII clearance, or what "other things" they are using to make this determination. We believe these criteria are beyond the expectations FERC set forth in Order 890, which establishes the CEII process.
5. **PSE has not answered significant questions.** In the same rejection letter, PSE says, "the need for the Energize Eastside project has been documented five times." PSE implies that no further study is needed and all questions have been answered. However, these studies do not consider the impact on the regional grid of the extreme scenario PSE uses to justify Energize Eastside. In particular, we are concerned about eleven transmission lines that carry electricity from central Washington to the Puget Sound region. **Do they have sufficient capacity to meet the level of demand that PSE assumes will cause problems for the Eastside?**

The dismissive tenor and lack of substance in PSE's rejection letters to Mr. Lauckhart, coupled with the denial of CEII clearance for other qualified applicants, provide no assurance that further submissions by us will lead to a successful conclusion. Each cycle of application and rejection takes more than a month. PSE appears to be running out the clock until it is too late to question the need for the project.

We request an agenda item at a city council meeting before EIS Phase 2 scoping begins to allow CENSE to provide important technical and procedural comments about the project and the EIS process. We believe there are specific actions your council can take to ensure the project is adequately and transparently considered.

Sincerely,

A handwritten signature in cursive script that reads "Don Marsh". The signature is written in black ink and is positioned above the typed name and title.

Don Marsh, President
CENSE.org