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April 7, 2017

Filed via Web Portal

Mr. Steven V. King, Secretary and Executive Director
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, Washington 98504-7250

**Re: Docket Nos. UE-160918 and UG-160919
Petition for Exemption from WAC 480-100-238 and WAC 480-90-238
Integrated Resource Planning**

Dear Mr. King:

In this petition, Puget Sound Energy (“PSE”) respectfully requests that the Commission extend the date for filing of PSE’s 2017 Integrated Resource Plan (“IRP”) from July 14, 2017, to November 15, 2017.

Per WAC 480-100-008, WAC 480-90-008 and WAC 480-07-110, PSE requests an exemption of WAC 480-100-238(4) and WAC 480-90-238(4), which are the timing provisions of the electric and natural gas utility IRP rules, respectively. WAC 480-100-008 and WAC 480-90-008 provide that the Commission may grant an exemption from the provisions of any rule in WAC 480-100 and WAC 480-90 respectively, if consistent with the public interest, the purposes underlying the regulation, and applicable statutes.

PSE respectfully requests that the Commission allow PSE to retain the July 15 IRP filing schedule starting with its 2019 IRP, though PSE is open to working with WUTC Staff and Policy Staff on longer-term changes to the filing schedule during the next planning cycle, if it would be helpful for the Commission. The following petition describes why this request is in the public interest and how it is consistent with the underlying purposes of the Integrated Resource Planning rules.

PSE has discussed this request with Commission Staff and several other external stakeholders. The requested schedule update will not adversely affect the conservation target-setting process with PSE’s Conservation Resource Advisory Group (“CRAG”), which builds on information from the IRP.

Petition

Request Supports the Public Interest

PSE needs additional time to study the peak capacity value of Montana wind—an important issue in the 2017 IRP. When Colstrip Units 1 and 2 retire (no later than July of 2022), transmission will likely be available to import wind from Montana into the Pacific Northwest. The peak capacity contribution of Montana wind could be a primary driver for whether that resource will appear least cost in PSE’s 2017 IRP.

Renewable Northwest Project (“RNP”) has been helpful in providing some wind data for PSE staff to analyze, and PSE is grateful to RNP for providing this data. Although the data provided by RNP were better than the data PSE previously had, PSE realized this data is not sufficient for such an important analysis. PSE does not want to provide policy makers and market participants misleading signals on Montana wind based on insufficient data.

PSE has developed a proposal to obtain sufficient data on Montana wind, but the proposal will take more time to implement. PSE would hire DNV-GL, a consulting firm, to provide synthetic wind production data for several data points. Those will include data for (i) a Montana wind site, (ii) an off-shore wind site, (iii) a wind site in the Columbia River Gorge, and (iv) data for the Skookumchuck wind facility. The data from DNV-GL would simulate hourly wind generation data for 250 sets of simulations for each point. This data would allow PSE to analyze the peak capacity contribution of wind credibly. This analysis from DNV-GL would also provide a reasonable basis for the peak capacity value of wind from different locations, including Montana.

DNV-GL would also review PSE’s assumptions for wind and solar costs. During IRP Advisory Group meetings, several stakeholders have questioned the reasonableness of PSE’s resource cost assumptions. PSE’s forecast wind generation costs are higher than similar assumptions by other utilities, which suggests that PSE may be overstating the cost of renewable resources. DNV-GL would review PSE’s cost assumptions for wind resources. The Northwest Energy Coalition suggested that PSE also ask DNV-GL to review solar power cost assumptions, and PSE plans to include this suggestion in the scope of work with DNV-GL.

Providing PSE additional time to develop better data for analyzing renewable resources is in the public interest. There are no adverse consequences to providing PSE additional time.

PSE respectfully requests an order from the Commission in accordance with WAC 480-90-238(4) and 480-100-238(4), which state as follows:

(4) Timing. Unless otherwise ordered by the commission, each electric[natural gas] utility must submit a plan within two years after the date on which the previous plan was filed with the commission. Not later than twelve months prior to the due date of a plan, the utility must provide a work plan for informal commission review. The work plan must outline the content of the integrated resource plan to be developed by the utility and the method for assessing potential resources.

Attached, please find a draft order for the Commission’s consideration.

Consistent with the Underlying Purposes of the Integrated Resource Planning Rules

PSE’s request to extend the filing date is consistent with the underlying purposes of the following Integrated Resource Planning rules for electric and gas utilities:

WAC 480-100-238 Integrated resource planning. (1) Purpose. Each electric utility regulated by the commission has the responsibility to meet its system demand with a least cost mix of energy supply resources and conservation. In furtherance of that responsibility, each electric utility must develop an “integrated resource plan.”

WAC 480-90-238 Integrated resource planning. (1) Purpose. Each natural gas utility regulated by the commission has the responsibility to meet system demand with the least cost mix of natural gas supply and conservation. In furtherance of that responsibility, each natural gas utility must develop an “integrated resource plan.”

PSE could file an IRP by July 14, 2017, but such a filing would require an expedited process with respect to the development of data regarding renewable resources that would not adequately allow for input from DNV-GL referenced above. There is also additional information that WUTC Staff and Policy Staff felt would be helpful to include in the 2017 IRP. An extension will provide PSE with the time to incorporate those analyses in the filing, as well. Therefore, PSE believes this petition supports the underlying purposes of the Integrated Resource Planning rules in WAC 480-100-238 and 480-90-238.

Revised IRP Work Plan Filing

Included with this Petition is a draft work plan that establishes a public participation process to complete the IRP filing process, consistent with the following:

- 1. Meeting Schedule:** The revised Work Plan includes additional stakeholder meetings. PSE discussed potential meeting dates at an IRP Stakeholder meeting on March 16, 2017. The next meeting will be scheduled for May 22, 2017, and PSE is continuing to work with stakeholders to finalize dates of the other meetings. Dates for future IRP Advisory Group meetings will be set at that meeting.
- 2. File Conservation Potential Assessment:** PSE will file the detailed documents pertaining to the conservation potential assessment by July 1, 2017. This will help provide PSE’s Conservation Resource Advisory Group with information needed for the conservation target setting process that will be continuing throughout the Summer and Fall of 2017.
- 3. Distribution of Draft IRP:** PSE will distribute a complete draft IRP to external stakeholders on or before September 12, 2017. This draft document will not include holes or gaps in any of the underlying analysis.
- 4. Filing of Final IRP:** PSE will file the final IRP on or before November 15, 2017.

Clarifying Additional Information to Include in the 2017 IRP

During discussions with Commission Staff and other stakeholders regarding this requested extension, there were several suggestions that PSE will commit to include in the 2017 IRP, including the Action Plan section. Including the information for each of the bullets listed below will better inform the IRP process and therefore advance the public interest in the Commission granting PSE’s request in this petition. Those commitments include:

- *Updated Peak Capacity Contribution of Wind, Including Montana:* PSE will calculate the Effective Load Carrying Capability (ELCC) of Montana wind, offshore wind, and two additional wind locations in Washington State, from the data developed by DNV-GL.
- *Review of Wind and Solar Resource Costs:* PSE will adjust the cost of wind and solar resources based on a review of DNV-GL.

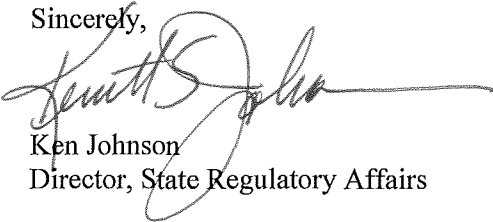
- *PSE Specific Green House Gas Marginal Abatement Costs:* The 2017 IRP will examine a number of actions to reduce carbon emissions in a way that will estimate the cost/ton of carbon abatement. This will include additional wind, solar, and conservation resources, in addition to reducing dispatch of gas plants and Colstrip as alternatives.
- *Requirements for Montana Wind to be a Qualifying Renewable Resource for RCW 19.285:* To qualify for RCW 19.285, Montana wind must be dynamically scheduled into the Pacific Northwest. PSE will formally request assistance from BPA to help clarify what information and studies will be required for that determination. A summary of these requirements will be included in the 2017 IRP.
- *Repowering Hopkins Ridge:* The 2017 IRP will include an analysis examining whether repowering Hopkins Ridge would be cost effective, assuming production tax credits would be available for such repowering.
- *Lower Discount Rate for Conservation:* PSE will include a sensitivity that examines whether changing the discount rate for conservation impacts cost effectiveness of conservation.
- *Resource Assumptions and Offshore Wind in Action Plan:* For the 2019 IRP, PSE will hire a firm to do a survey of resource costs and make recommendations for assumptions to use in the IRP. If reasonable, PSE will have the same consultants provide information for both fossil fuel plants and renewables. That study will include a detailed discussion of potential wind resources off the Washington coast, including areas that may be geographically limited for different reasons.
- *Resource Cost Sensitivities:* PSE will perform portfolio sensitivity analysis to examine whether different resource costs would impact the least-cost mix of resources. PSE will also perform tipping point analyses, to examine how close different resources are to each other, in terms of value to the portfolio. Furthermore, if Montana wind does not appear least cost, a tipping point analysis will be used to estimate how close it is from other resources to being cost effective. Information will be shown in relationship to the embedded cost of transmission in Montana—again, if Montana wind does not appear least cost in the base case scenario.
- *Additional Information on Local System Planning:* PSE's Chapter on System Planning, which includes transmission and distribution planning discussion will include an overview and explanation of the system planning process, including transmission that is not related to resources. This chapter will also identify geographic areas that may become capacity constrained in the future, to guide future planning analyses. Additionally, for transmission projects that may affect the topology of PSE's transmission system, the System Planning Chapter will include the following information:
 - List of transmission projects completed since the 2015 IRP;
 - Future planned transmission projects, brief description of the project, and references where interested parties can find additional information that may include needs, alternatives, etc., depending on the magnitude of the project.

Conclusion

PSE respectfully requests the Commission issue an Order (1) allowing an exemption of the IRP filing date provisions of WAC 480-100-238(4) and WAC 480-90-238(4), authorizing PSE to file its 2017 IRP on or before November 15, 2017, and (2) to retain the July 15 IRP filing schedule starting in 2019. This will facilitate a better informed and more transparent IRP process now and in the future. Such exemption would be in the public interest and consistent with the underlying purposes of the IRP rules.

Please contact Phillip Popoff at 425-462-3229 with any question or concerns about this filing or me with other questions or concerns at 425-456-2110.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Johnson", with a long horizontal line extending to the right.

Ken Johnson
Director, State Regulatory Affairs

Attachments:
Proposed Order
Work Plan

cc: David Nightingale
Brad Cebulko
Steve Johnson