

PSE Letter to EFSEC



PUGET SOUND ENERGY

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Puget Sound Energy
P.O. Box 97034
Bellevue, WA 98009-9734
PSE.com

April 18, 2014

Via Electronic Mail and U.S. First Class Mail

Mr. Stephen Posner
EFSEC Manager
Energy Facility Site Evaluation Council
P.O. Box 43172
Olympia, WA 98504-3172
sposner@utc.wa.gov

RE: Tacoma LNG Facility

Dear Mr. Posner:

Puget Sound Energy, Inc. submits this letter seeking to advise you of the Tacoma LNG Facility, a liquefied natural gas conversion and fueling project the company plans to develop in the Port of Tacoma ("project" or "facility" herein). Based on the information and analysis set forth below, PSE does not believe that the facility meets the jurisdictional requirements for siting by the Washington Energy Facility Site Evaluation Council ("EFSEC"). By this letter, I respectfully ask that you review the information contained below and formalize, in writing, whether EFSEC concurs with our analysis. Should you require additional information before making such a determination, please contact me at larry.tornberg@pse.com or by phone, 425-456-2691.

The Tacoma LNG Facility is not an import-export facility, nor is it an expansion of an existing facility. Instead, Tacoma LNG will be developed on a restored brownfield to process and deliver liquefied natural gas for use as a cleaner-burning fuel for marine vessels and land-based vehicles, and for utility peak shaving. The project is comprised of two main elements - the natural gas delivery system, and the LNG facility itself.

Gas Delivery: The liquefaction facility would receive natural gas from PSE's existing natural gas pipeline distribution system. An existing distribution pipeline would be uprated. Two new segments would be added to the network to serve the facility - an approximately 1-mile distribution pipeline in unincorporated Pierce County that will connect two existing distribution lines, and an approximately 4-mile distribution pipeline that will extend from the City of Fife into Tacoma to reach the liquefaction facility. See **Attachment A**. The two new distribution pipeline segments total slightly less than five miles. No transmission pipeline is involved in this project.

LNG Facility: An LNG liquefaction plant would be constructed on an approximately 35-acre site leased from the Port of Tacoma on the Blair-Hylebos Peninsula. See **Attachment B**. The

liquefaction system will produce approximately 250,000 gallons of liquefied natural gas per day. Process systems will enable conversion of natural gas to LNG and conversion of LNG back into natural gas for peak shaving purposes, enabling reinjection into the PSE distribution system during times of high demand. A single LNG storage tank, inclusive of full-containment inner and outer tanks with interstitial insulation, with capacity of up to 10 million gallons will be located on the site.

EFSEC has jurisdiction over new construction of “energy facilities”, and the reconstruction or enlargement of existing energy facilities that meet certain new capacity dimensions. See RCW 80.50.060(1). Pursuant to RCW 80.50.020(11), an “energy facility” means an energy plant or a transmission facility.

Energy Plant is defined in 80.50.020(12)(a) through (f). These various definitions distinguish between fuel products, expressly setting different criteria for establishing jurisdiction over facilities handling LNG, crude petroleum, uranium, biofuels, liquefied petroleum gas (LP or propane) and natural gas. Each fuel is distinct in chemical and organic composition. The Legislature’s specific and correct use of each fuel term, with different jurisdictional parameters, demonstrates that the various fuel types are not interchangeable for purposes of establishing siting authority under RCW 80.50.020(a) through (f).

- 80.50.020(12)(a) and (b) apply to nuclear or non-nuclear thermal generation.¹
- 80.50.020(12)(c) applies to facilities with the capacity to receive LNG that is the equivalent more than 100 million standard cubic feet of natural gas per day that has been transported over marine waters.
- 80.50.020(12)(d) applies to facilities with capacity to receive an average per day of more than 50,000 barrels of crude petroleum or liquefied petroleum gas (propane) transported over marine waters or new crude/LP gas storage.²
- 80.50.020(12)(e) addresses underground natural gas storage siting.³
- 80.50.020(12)(f) applies to petroleum or biofuel facilities capable of refining more than 25,000 barrels per daily.⁴

The Tacoma LNG Facility will not receive any cubic feet of LNG regardless of means of transport. It is a processing, fueling and reinjection project only. Natural gas will be delivered to the site through PSE’s existing distribution system and either consumed as a fuel or regasified and placed back into the distribution system. No LNG will be imported or exported as a result of the project, and no facilities will be either built or expanded to support the arrival and departure

¹ Tacoma LNG is not a thermal or nuclear-powered energy generation plant.

² Tacoma LNG will receive no barrels of crude petroleum or liquefied petroleum regardless of means of transport, nor will it provide any crude petroleum or liquid petroleum gas (propane) storage.

³ Tacoma LNG will not include any underground gas storage.

⁴ No petroleum or biofuels will be refined at the facility.

Mr. Stephen Posner
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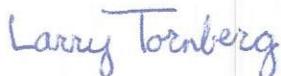
of LNG carriers. The Tacoma LNG Facility is not a facility over which the Legislature has established EFSEC siting authority as an energy plant.

Transmission Facility is defined in RCW 80.50.020(21)(a) and (b). Crude and refined petroleum pipelines or liquid petroleum transmission pipelines greater than 15 miles are subject to siting by EFSEC under RCW 80.50.020(21)(a). The Tacoma LNG Facility does not involve any crude, refined or liquid petroleum pipelines, regardless of length or nature as either transmission or distribution. RCW 80.50.020(21)(b) applies only to natural gas transmission pipelines greater than 15 miles in length. The Tacoma LNG includes no natural gas transmission pipelines at all, regardless of length. The only natural gas pipelines to be built to serve the facility are distribution lines that total a combined 5 miles. The Tacoma LNG Facility does meet either definition of an EFSEC-jurisdictional transmission facility.

Puget Sound Energy understands and appreciates the important role that EFSEC plays in the siting of certain energy and transmission infrastructure in the State of Washington. Should the Tacoma LNG Facility ever change in scope such that its features or dimensions approximate those described in RCW 80.50.020(12) or (21), EFSEC would be consulted to revisit the analysis and conclusions above.

Based on the foregoing, I ask that you kindly advise, in writing, if PSE has correctly analyzed the jurisdictional statutes that lead us to the conclusion that siting of the Tacoma LNG Facility is not subject to the siting jurisdiction of EFSEC.

Best regards,



Larry Tornberg

Enclosures

cc: Clay Riding
Erin L. Anderson