

**EXH. BDM-50HC
DOCKETS UE-240004/UG-240005 et al.
2024 PSE GENERAL RATE CASE
WITNESS: BRENNAN D. MUELLER**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**Docket UE-240004
Docket UG-240005
(consolidated)**

In the Matter of the Petition of

PUGET SOUND ENERGY

**For an Accounting Order Authorizing
deferred accounting treatment of
purchased power agreement expenses
pursuant to RCW 80.28.410**

**Docket UE 230810
(consolidated)**

**TWENTY-SEVENTH EXHIBIT (HIGHLY CONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF**

BRENNAN D. MUELLER

ON BEHALF OF PUGET SOUND ENERGY

**SHADED INFORMATION IS DESIGNATED AS
CONFIDENTIAL PER PROTECTIVE ORDER IN DOCKETS
UE-240004/UG-240005 ET AL.**

SEPTEMBER 18, 2024

**CONFIDENTIAL PER WAC 48
REDACTED VERSION**

2026 Douglas County PUD Seven-Year Slice EMC Decisional

Tricia Fischer and Zacarias Yanez

Manager, Power Origination and Originator, Energy Supply

June 2024



Recommendation: Approve execution of a seven-year power sales agreement with Douglas County PUD (“DCPUD”)

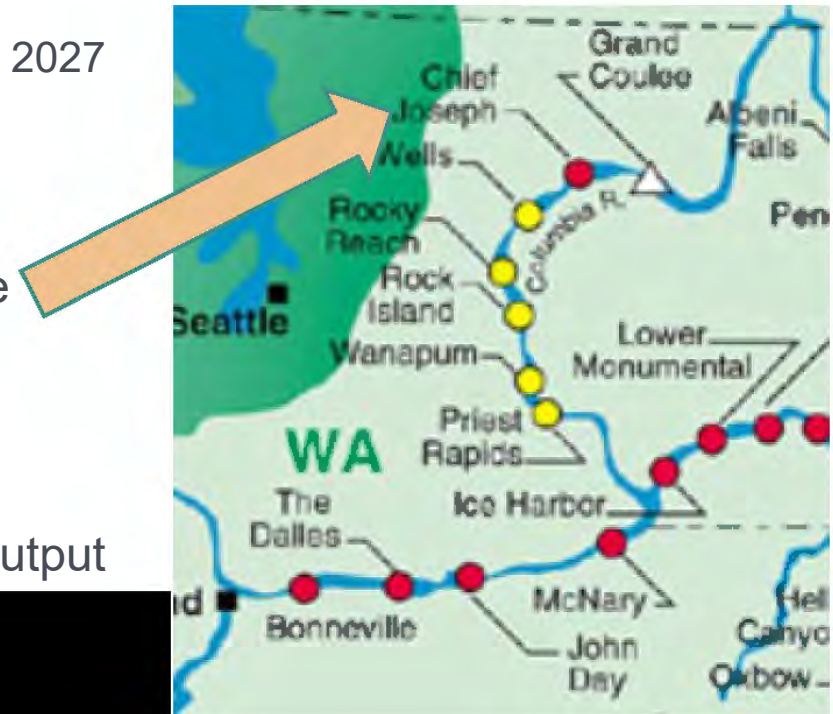
Term	[REDACTED]
Product	
Delivery Point	
Price	

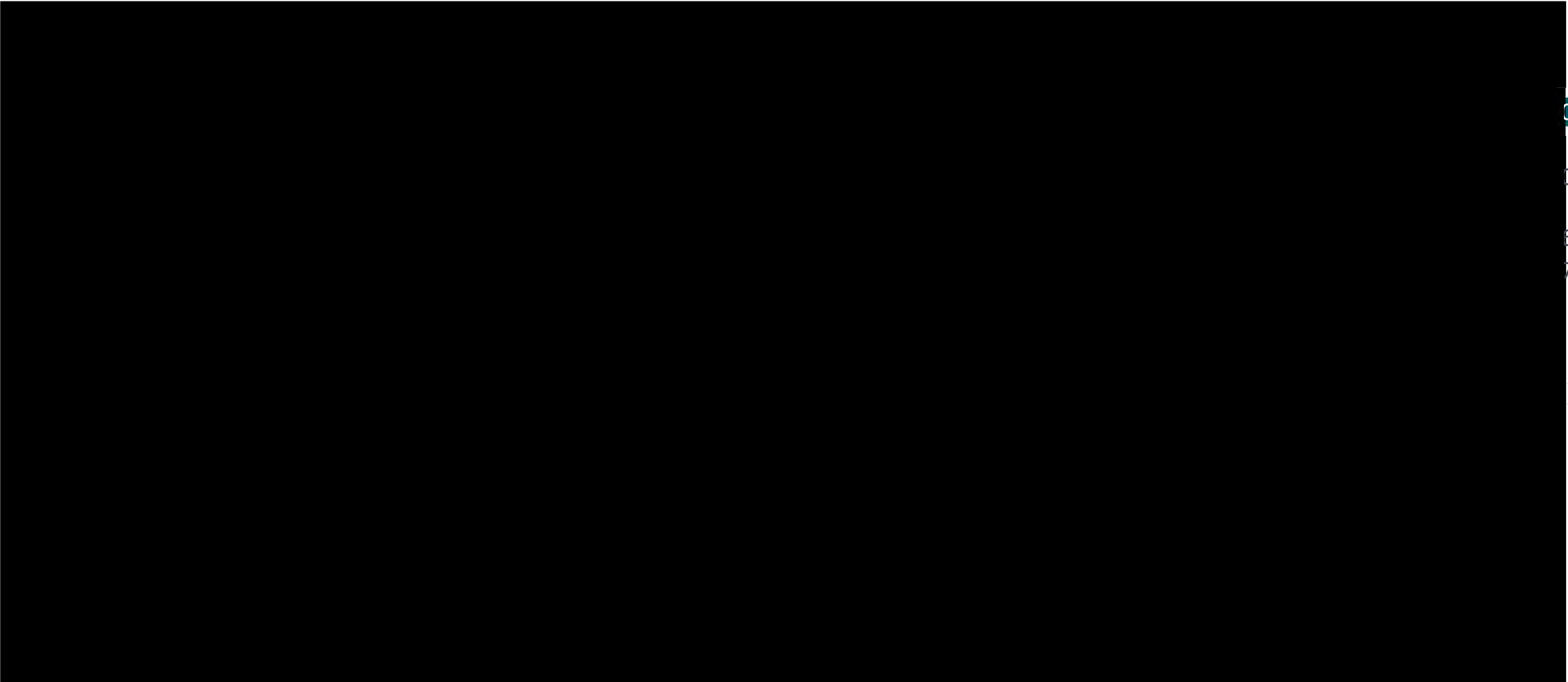
Year	Share	Energy (MWh)	Total \$/MWh	Total \$/Year
[REDACTED]				

REDACTED VERSION

PSE has a long history with DCPUD and the Wells project

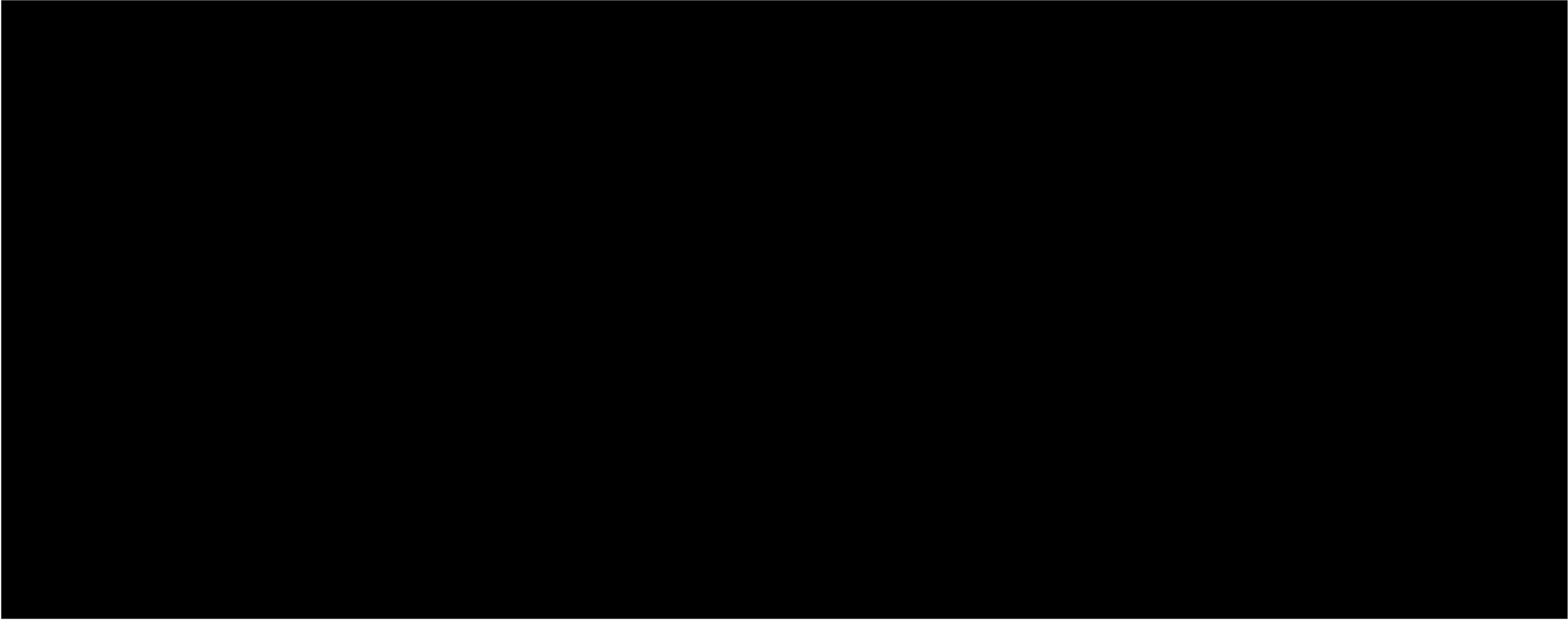
- DCPUD began operations at Wells in 1967
 - Ten-unit 774 MW nameplate (840 MW peak) project
 - Currently undergoing turbine upgrade, scheduled to be completed in 2027
 - License expires in 2052
- Wells is located about 30 miles downstream of Chief Joseph on the Columbia river
 - First of the of the “Mid-C” hydro projects
- PSE contracts with DCPUD and Colville tribe for shares of Wells Output
 - [REDACTED]
 - [REDACTED]





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REDACTED VERSION

Wells slice provides

[REDACTED]

Benefits:

- [REDACTED]

- Reduces market reliance
- Great River project improving the optimization of all Mid-C resources
 - Wells is first project in the chain and adds significant value to down stream resources

[REDACTED]

Recommendation: Approve execution of a seven-year power sales agreement with Douglas County PUD (“DCPUD”)

Term	[REDACTED]				
Product	[REDACTED]				
Delivery Point	[REDACTED]				
Price	[REDACTED]				

Year	Share	Energy (MWh)		Total \$/MWh	Total \$/Year
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[REDACTED]					
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Appendix



Equity and Customer Benefits

CETA requires that electric utilities

“ensure that all customers are benefiting from the transition to clean energy: Through the equitable distribution of energy and non-energy benefits and reduction of burdens to vulnerable populations and highly impacted communities; long-term and short-term public health and environmental benefits and reduction of costs and risks; and energy security and resiliency”

(RCW 19.405.040(8)).

Wells PSA addresses three CETA Customer Benefit Indicator categories:

Energy Security and Resiliency

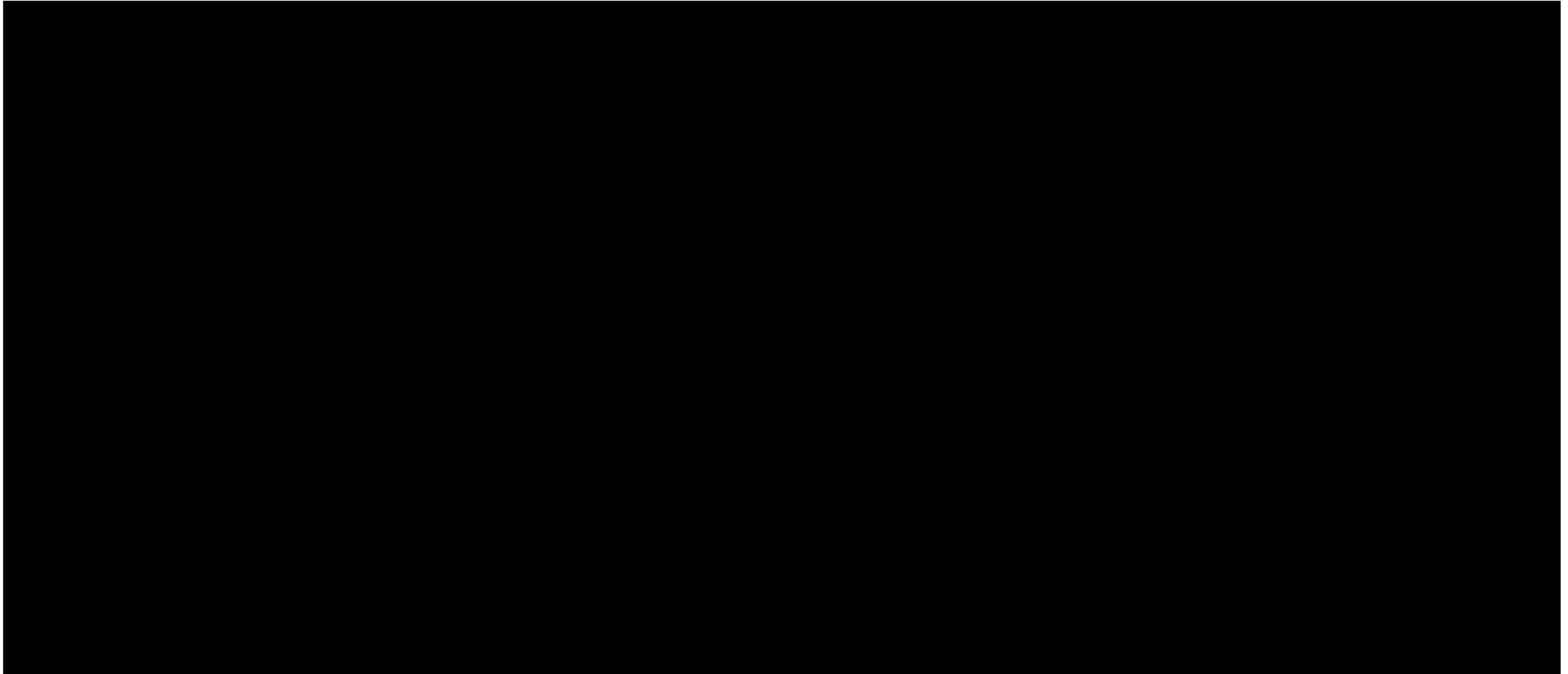
- [REDACTED]
- [REDACTED]
- [REDACTED]

Energy and Non-Energy Benefits

- The Wells Project has been central to DCPUD since 1967; the Wells PSA helps ensure that the facilities will continue to benefit DCPUD and PSE customers and communities

Environment and Public Health Benefits

- Hydropower can benefit the environment and public health by reducing the generation of greenhouse gases





REDACTED VERSION



REDACTED VERSION

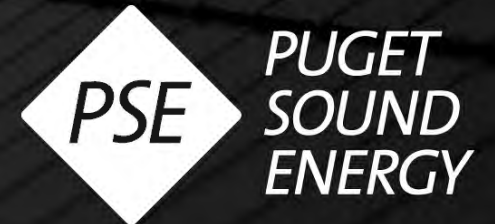
2025-2026 Short-Term Capacity/Firm Energy RFP (Alternate Recommendation) EMC Decisional

Tricia Fischer and Zacarias Yanez

Manager, Power Origination and Originator, Energy Supply

February 29, 2024

REDACTED VERSION



Updated Recommendation:

	Powerex Fixed Price Block + Capacity Call
Products	
Term	
Quantity	

REDACTED VERSION

2025-2026 Short-Term Capacity/Firm Energy RFP

EMC Decisional

Tricia Fischer and Zacarias Yanez

Manager, Power Origination and Originator, Energy Supply

February 29, 2024

REDACTED VERSION



**PUGET
SOUND
ENERGY**

Energy Supply requests authority to finalize and execute contracts in response to the 2025-2026 Short-Term RFP*

REDACTED VERSION

*WAC 480-107-009 provides for Voluntary RFPs, requirements are summarized in the appendix

**Generation is based on 30-year monthly median generation study

In Dec 2023, the EMC authorized Energy Supply to issue a short-term RFP¹ to meet 2025 and 2026 resource needs.

- 2023 Energy Progress Report adjusted capacity need²:
 - 916 MW in 2025 and 1716 MW in 2026
- PSE is also forecasting a deficit of CETA resources:

- [REDACTED]

• Products Requested:

Category	Description
Products	[REDACTED VERSION]
Quantity	
Term	
Point of Delivery (POD)	

Note 1 - WAC 480-107-009 provides for Voluntary RFPs, requirements are summarized in the appendix
Note 2 - Reflects the 2023 Energy Progress Report as presented to the EMC on 2/29/2024
Note 3 - As forecasted and presented to the EMC on 2/29/2024

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[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

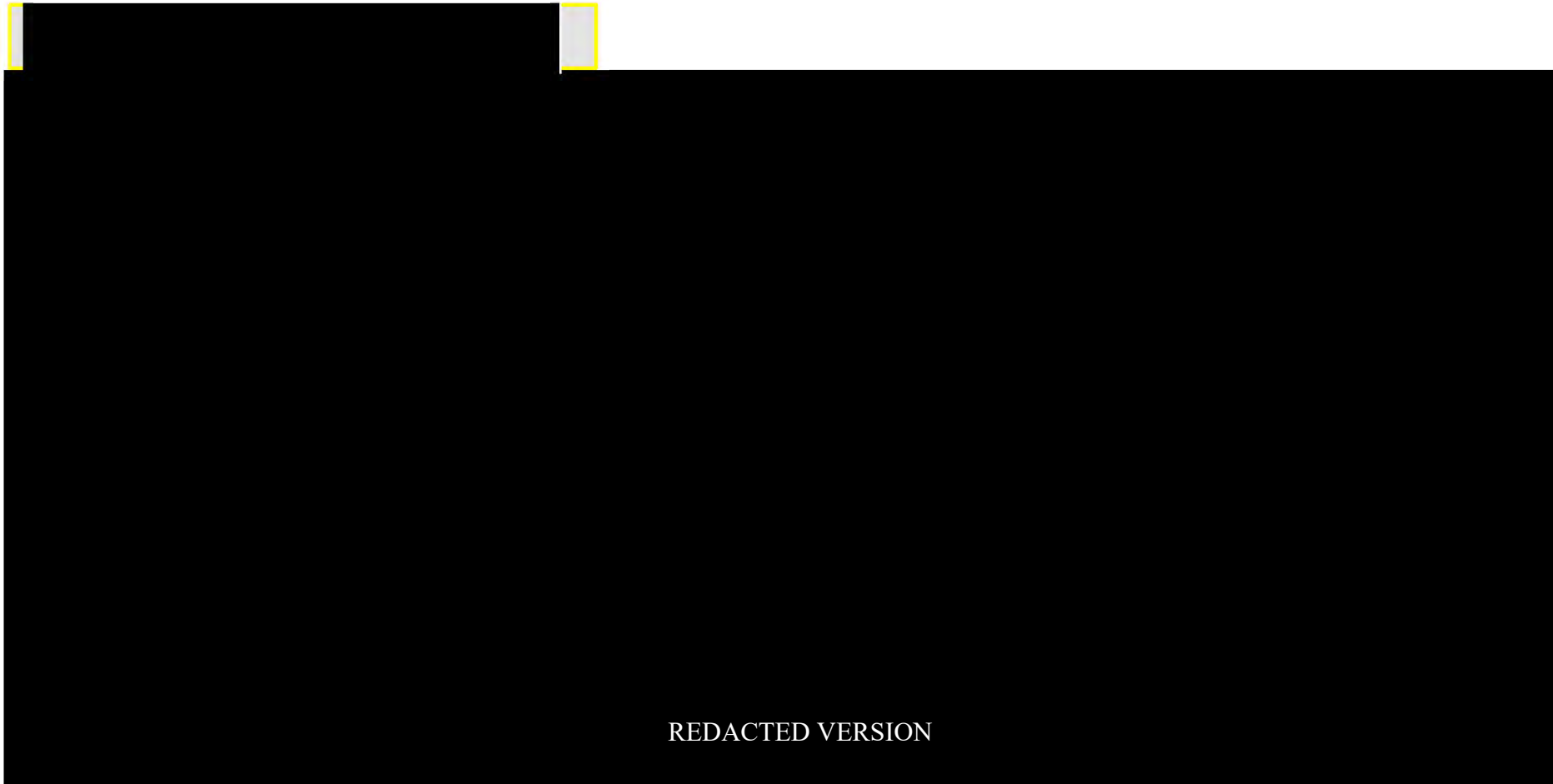
REDACTED VERSION

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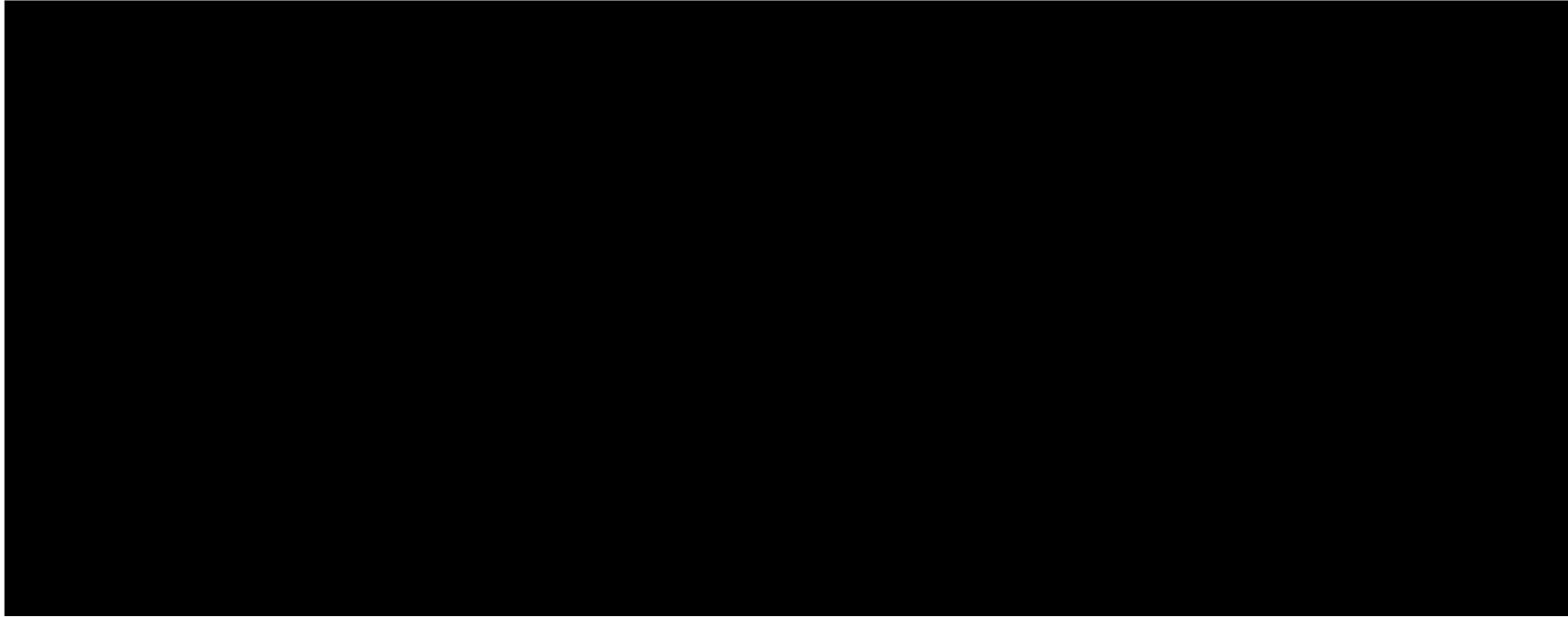
[REDACTED]

[REDACTED]

[REDACTED]



REDACTED VERSION

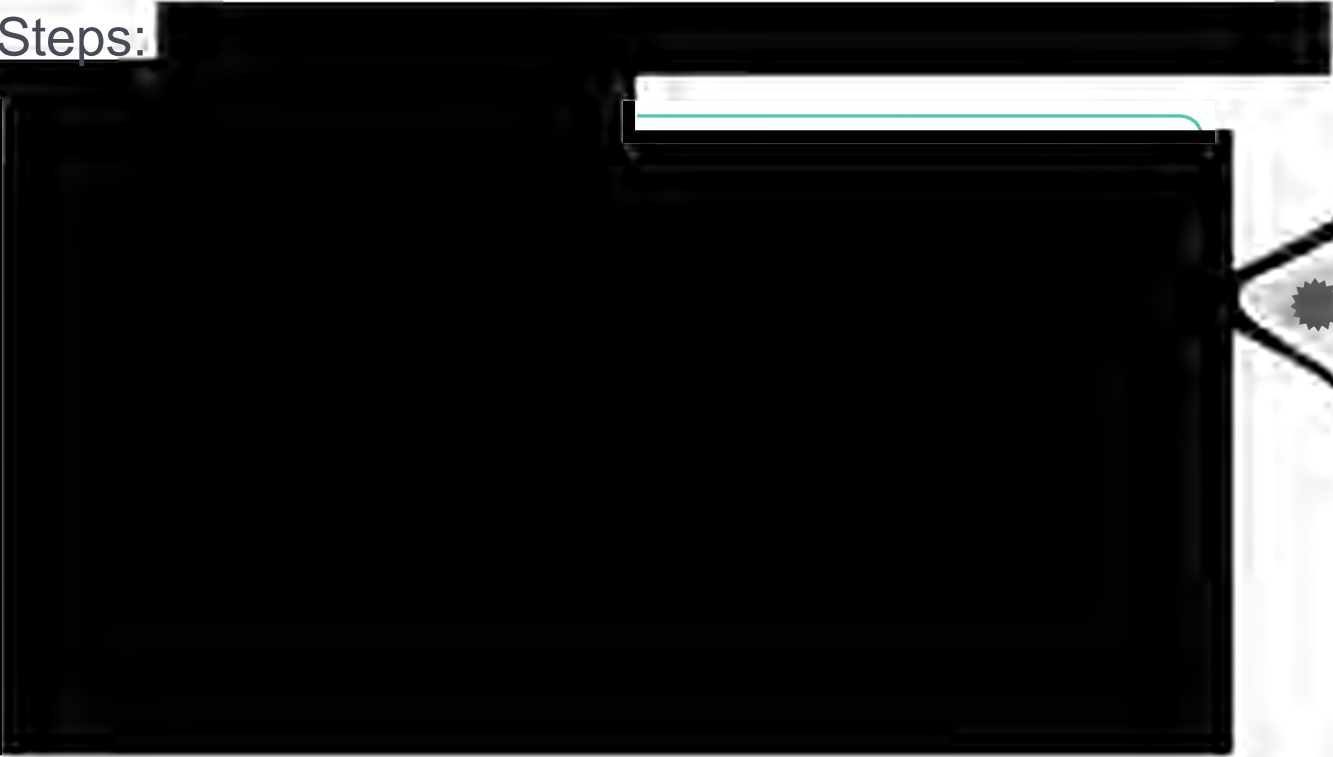
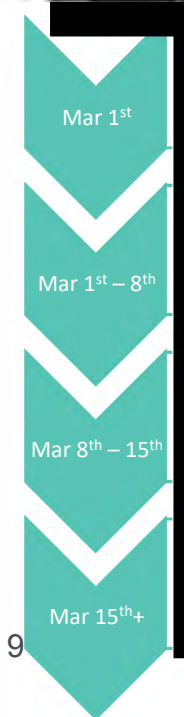


Shaded Information is Designated
HIGHLY CONFIDENTIAL per Protective Order in
Dockets UE-240004 & UG-240005

Exh. BDM-50HC
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REDACTED VERSION

Next Steps:



REDACTED VERSION



Appendix

- WAC 480-107-009 does not require off-cycle voluntary RFPs to be approved by the commission.

(3) Voluntary RFP. Whenever a utility chooses to issue an RFP to meet resource needs outside of the timing of its required RFP, it may issue an all-source RFP or a targeted RFP. Voluntary RFPs are not subject to commission approval.

- The following summary of requirements apply to all RFPs per WAC 480-107-015:

Encouraged to consult with commission staff and stakeholder

Ensure adequate communication:

- Place on Company Website
- Make best efforts to inform industry and potential bidders including underrepresented bidders
- Make appropriate ADA accommodations

Make accommodation for Demand Response

- PSE is seeking short term firm energy and capacity resources
- DR resources will not be excluded if they otherwise meet requirements
- Timing may make DR participation unfeasible

Rules around making information available to employees and rules on subsidiary and affiliate participation



REDACTED VERSION

REDACTED VERSION

Standard market products expected to result in an equity neutral RFP process

- This Short-term RFP complements other long-term (All Source and DER) RFP efforts
 - Does not replace CEIP or All Source resources
 - Provides for bridge contracts while long-term resources are secured
- PSE is requesting standard market products at a fixed price to meet the known resource adequacy and CETA needs
 - Bids will support the Energy Security and Risk Reduction Customer Benefit Indicator (“CBIs”)
 - Specified Source, CETA eligible bids, also support the Environment CBI
- May reduce economic impacts by comparing multiple offers at once
- Respondents are given an opportunity to document additional equity benefits, such as benefiting an underserved population
- Any quantifiable equity benefits will be used as tie breakers for qualifying bids

2025-2026 Short-Term Capacity/Firm Energy RFP EMC Decisional

Tricia Fischer and Zacarias Yanez

Manager, Power Origination and Originator, Energy Supply

November 30, 2023



**PUGET
SOUND
ENERGY**

Recommendation: Issue a Request for Proposal (RFP) to address short-term capacity and CETA needs



Category	Description
Products	<div style="background-color: black; color: white; text-align: center; padding: 20px;"> <p>REDACTED VERSION</p> </div>
Quantity	
Term	
Point of Delivery (POD) 2	

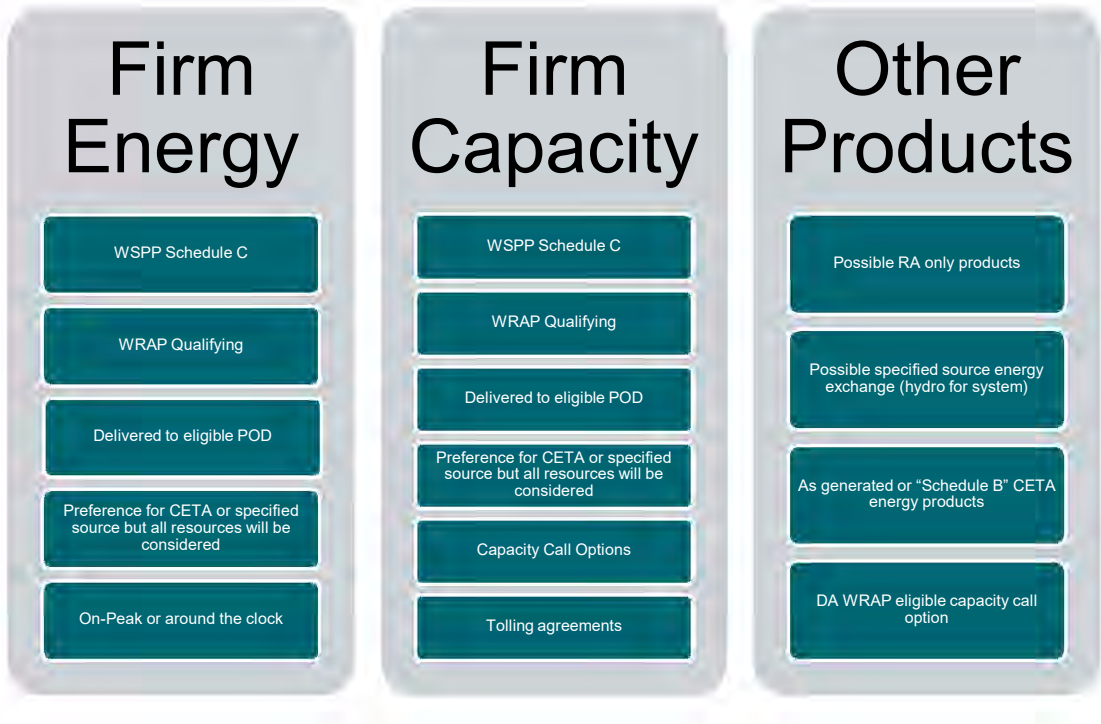
*WAC 480-107-009 provides for Voluntary RFPs, requirements are summarized in the appendix



REDACTED VERSION

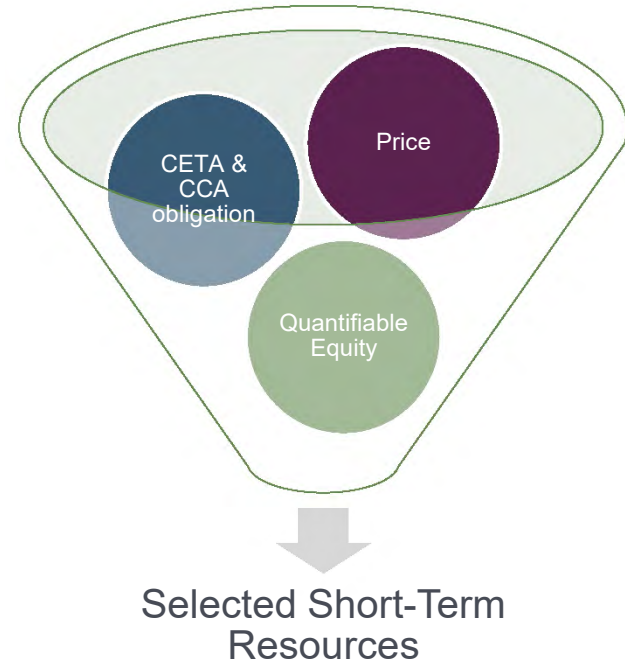
REDACTED VERSION

PSE is requesting standard market products to streamline evaluation and execution, will remain open to non-standard products



PSE will select products with the lowest cost that reduce open RA and CETA positions, and expects responses will be “equity neutral”

- **Price** – Open RA position will be marked to market and bids will be compared by their relative impact to the position
- **CETA & CCA** – Open position will include CCA associated with unspecified purchases, bids that include CETA or CCA will reflect these benefits
- **Equity** - Standard market products may not provide quantifiable equity benefits, engage Energy Equity team and use as tiebreaker





REDACTED VERSION

Recommendation: Issue a Request for Proposal (RFP) to address short-term capacity and CETA needs

- PSE faces a Resource Adequacy (RA) need and a need for Clean Energy Transformation Act (“CETA”) resources in 2025 and 2026. Energy Supply Merchant (ESM) recommends issuing a voluntary short-term RFP* for firm energy and capacity products to supplement PSE’s ongoing bilateral discussions.

Category	Description
Products	<ul style="list-style-type: none"> • Firm Energy - Schedule C, WRAP eligible (preference for CETA sources) • Firm Capacity - Schedule C, WRAP eligible (preference for CETA sources) • Other Capacity or Energy products that will meet WRAP or CETA needs <ul style="list-style-type: none"> • WRAP eligible DA call options
Quantity	<ul style="list-style-type: none"> • 25 MW blocks (ability to acquire up to full capacity and CETA needs)
Term	<ul style="list-style-type: none"> • Calendar year 2025 and 2026 • Open to monthly, quarterly, and full calendar year products
Point of Delivery (POD)	<ul style="list-style-type: none"> • Mid-C • PSE’s system • Other mutually agreeable POD

*WAC 480-107-009 provides for Voluntary RFPs, requirements are summarized in the appendix

Appendix

Purchase of Energy Requirements

- WAC 480-107-009 does not require off-cycle voluntary RFPs to be approved by the commission.

(3) Voluntary RFP. Whenever a utility chooses to issue an RFP to meet resource needs outside of the timing of its required RFP, it may issue an all-source RFP or a targeted RFP. Voluntary RFPs are not subject to commission approval.

- The following summary of requirements apply to all RFPs per WAC 480-107-015:

Encouraged to consult with commission staff and stakeholder

Ensure adequate communication:

- Place on Company Website
- Make best efforts to inform industry and potential bidders including underrepresented bidders
- Make appropriate ADA accommodations

Make accommodation for Demand Response

- PSE is seeking short term firm energy and capacity resources
- DR resources will not be excluded if they otherwise meet requirements
- Timing may make DR participation unfeasible

Rules around making information available to employees and rules on subsidiary and affiliate participation

Standard market products expected to result in an equity neutral RFP process

- This Short-term RFP complements other long-term (All Source and DER) RFP efforts
 - Does not replace CEIP or All Source resources
 - Provides for bridge contracts while long-term resources are secured
- PSE is requesting standard market products at a fixed price to meet the known resource adequacy and CETA needs
 - Bids will support the Energy Security and Risk Reduction Customer Benefit Indicator (“CBIs”)
 - Specified Source, CETA eligible bids, also support the Environment CBI
- May reduce economic impacts by comparing multiple offers at once
- Respondents are given an opportunity to document additional equity benefits, such as benefiting an underserved population
- Any quantifiable equity benefits will be used as tie breakers for qualifying bids

Eugene Water & Electric Board Meaningful Priority Purchase EMC Decisional

Tricia Fischer and Zacarias Yanez

Manager, Power Origination and Originator, Energy Supply

March XX, 2024



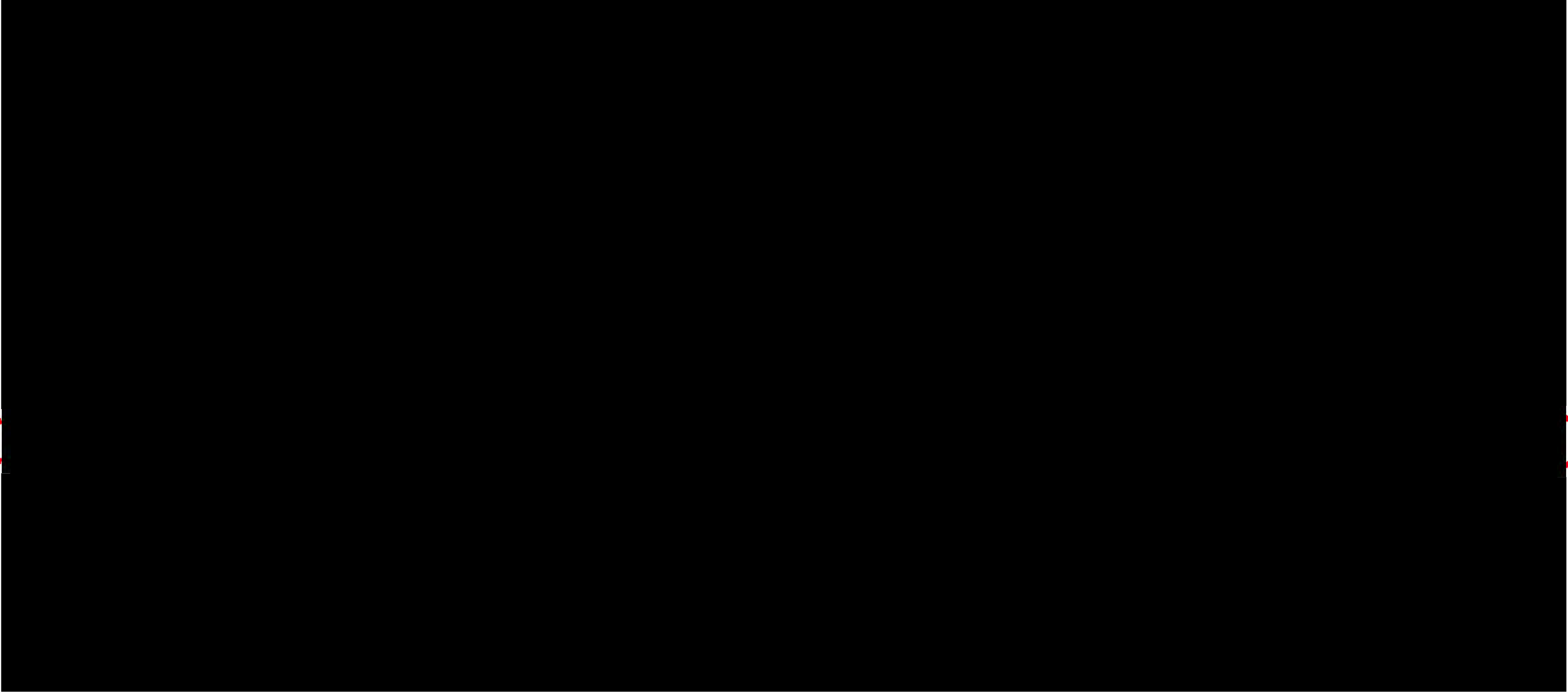
Recommendation:

[REDACTED]

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REDACTED VERSION





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[REDACTED]

Benefits

- [REDACTED]
- Reduce market reliance

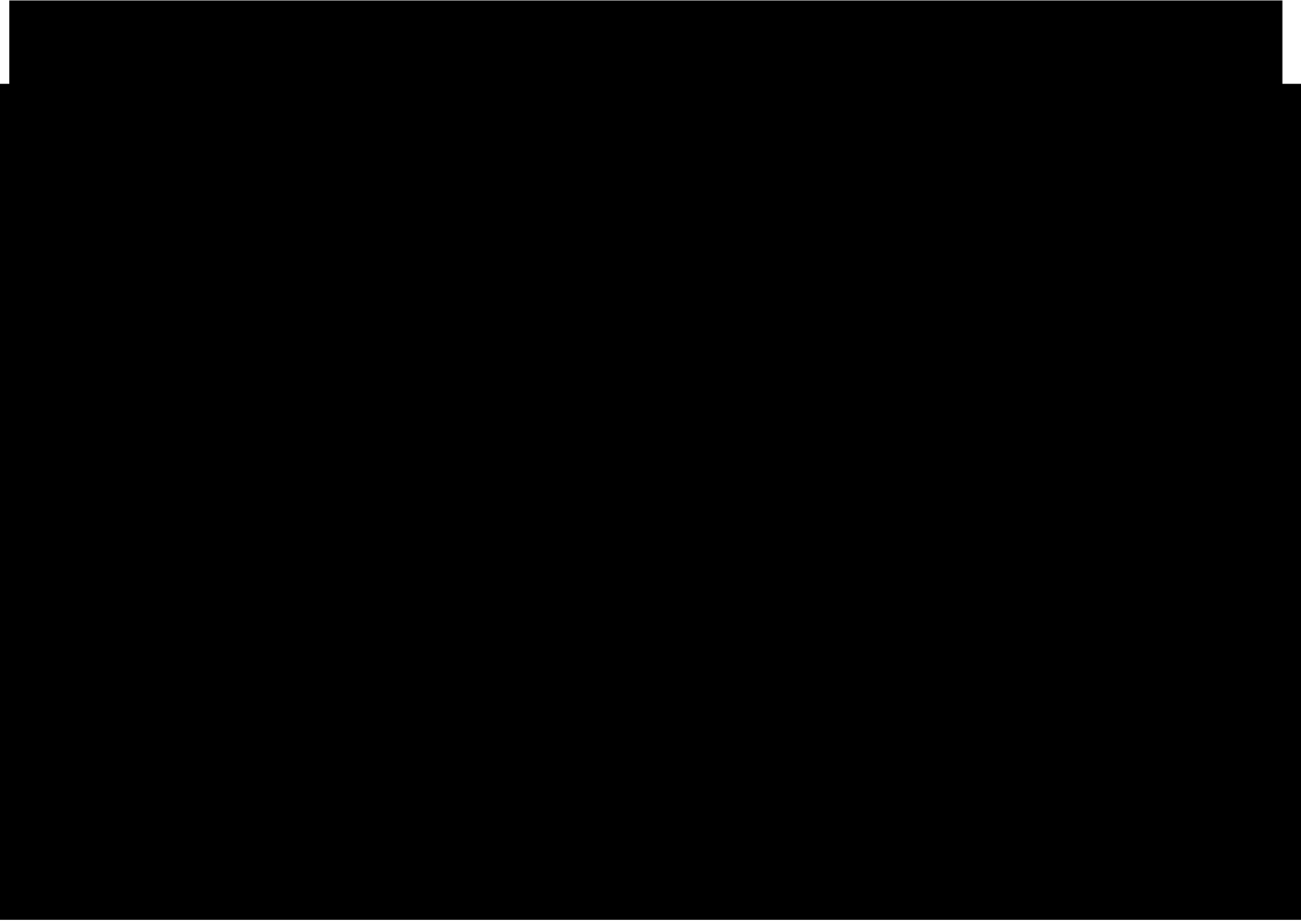
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Next Steps



REDACTED VERSION

Recommendation:



REDACTED VERSION

Appendix



REDACTED VERSION

2025 Grant Annual Auction

EMC Decisional

Tricia Fischer and Zacarias Yanez

Manager, Power Origination and Originator, Energy Supply

April 25, 2024



Recommendation:

[REDACTED]

[REDACTED]

[REDACTED]

REDACTED VERSION

Grant Annual Auction represents



REDACTED VERSION



REDACTED VERSION



REDACTED VERSION



REDACTED VERSION

[REDACTED]

Benefits

[REDACTED]

- Reduce market reliance

[REDACTED]



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Recommendation:

[REDACTED]

[REDACTED]

[REDACTED]

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| [REDACTED]

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2025 Grant Annual Auction Updated Bid Strategy

EMC Decisional

Tricia Fischer and Zacarias Yanez

Manager, Power Origination and Originator, Energy Supply

May 10, 2024



Recommendation:

[REDACTED]

[REDACTED]

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- | [REDACTED]
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Recommendation:

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