



Puget Sound Energy
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December 23, 2016

Filed Via Email to UTC Records Center at: records@utc.wa.gov

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

Re: Docket No. UE-160785
PSE's Annual Energy and Emissions Intensity Metrics Report - Revised
WAC Required Report: WAC 480-109-300

Dear Mr. King,

Attached is Puget Sound Energy's ("PSE") Revised 2015 Annual Energy and Emissions Intensity Metrics Report ("Intensity Report"). PSE revised its Intensity Report to incorporate a breakdown of power that is taken from Centralia and differentiates Centralia generation and Centralia supply, which is power purchased by the owner of Centralia (TransAlta), and supplied to PSE. PSE's original Intensity Report, filed June 1, 2016, applied the same emissions factor for all power received by PSE from Centralia, regardless of whether it was generated or supplied. PSE's revised Intensity Report applies different emissions factors for power supplied versus generated from Centralia and more accurately reflects known sources of emissions.

PSE reports the difference between supplied and generated power each year from Centralia in its Annual Report of Energy Delivery to PSE from TransAlta-Centralia Transition Coal in docket UE-121373 ("Coal Transition Report"). PSE's sources of Centralia generation and supply in its updated Intensity Report are consistent with its Coal Transition Report. To reflect more accurate known emissions, PSE's revised its Intensity Report and applied different emissions factors to power generated and supplied from Centralia. For power generated from Centralia coal, PSE applied the assigned emissions factor of 2,407 pounds of carbon dioxide emissions per megawatt-hour ("lbs per CO₂/MWh", calculated). For power supplied by Centralia, PSE applied the WA Department of Commerce ("Commerce") 2015 system rate, which is 1,046 lbs per CO₂/MWh. PSE determined the Commerce system rate was reasonable because it provides consistency given the uncertainty of sources purchased by TransAlta from other Balancing Authority Areas.

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The result of PSE's revised Intensity Report shows that PSE emissions for 2015 are reduced by 350,967 tons, from 12,217,216 tons as first estimated to 11,866,249 tons. This reduction occurs because 515,781 MWh were originally assigned to Centralia coal at an emission rate of 2,407 lbs per CO₂/MWh but are now assigned the Commerce system power rate of 1,046 lbs per CO₂/MWh. The 515,781 MWh equals the total from "Other" sources and "Bookout" offsetting transactions that were identified by PSE's energy accounting team (i.e., energy deliveries made by Centralia but not from Centralia) and consistent with PSE Coal Transition Report. In PSE's original Intensity Report, it reported 1,651,177 MWh from Centralia coal, but in reality, the actual delivery from Centralia coal is 1,651,177 MWh – 515,781 MWh = 1,135,396 MWh.

The December 2014 "known sources" tab will not change in PSE's original Intensity Report because all power was generated by Centralia during that time. PSE plans to use this same methodology to differentiate Centralia generation and supply in its intensity reports for the duration of the Centralia coal transition contract.

Please contact Nate Hill at (425) 457-5524 or nate.hill@pse.com for additional information about this filing. If you have any other questions, please contact me at (425) 456-2110.

Sincerely,



Ken Johnson
Director, State Regulatory Affairs

Attachment

cc: Lisa Gafken, Public Counsel
Sheree Carson, Perkins Coie