

Filed via WUTC Electronic Webportal

October 10, 2011

Mr. David W. Danner
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Subject: Docket No. UE-111405: Puget Sound Energy's Draft Request for Proposals from All Generation Sources (RFP) – Supplement to Comments of TransAlta Corporation

Dear Mr. Danner:

TransAlta Corporation ("TransAlta") offers the following supplemental information to clarify our earlier comments offered in this docket on Puget Sound Energy's ("PSE's") August 2011 Draft Request for Proposals from All Generation Sources ("RFP").

We are asking the Commission to approve PSE's RFP filing, with conditions. TransAlta believes the Commission has broad authority to condition its approval, and has indeed used this authority to impose specific RFP conditions in the past.

- The bidding rules recognize that the Commission may condition its approval: they expressly preserve the Commission's "authority to impose additional or different requirements on any utility in appropriate circumstances, consistent with the requirements of law." WAC 480-107-004(2).
- The Commission has previously exercised its authority to condition its approval of an RFP without having suspended the RFP. *See, e.g., In the Matter of Puget Sound Energy, Inc.'s Request for Proposals Filing of August 25, 2003*, Docket No. UE-031353, Order No. 01 (conditionally approving PSE's RFP for Wind Power Resources; the Commission did not suspend the filing prior to issuing conditional approval).
- Similarly, the Commission granted Avista an exemption from the rule requiring the filing of an RFP conditioned upon the company monitoring the market for advantageous energy purchases, investigating the market for renewable resources, and informing Commission Staff of its findings. *In the matter of the Petition of Avista*

Mr. David Danner
October 10, 2011



www.transalta.com

Corporation, UE-051676, Order 01 (Feb. 8, 2006). Conditions were imposed without any adjudicative process.

- Likewise, the Commission imposed conditions on its approval of PacifiCorp's second request for an extension to the deadline for filing its RFP. *In the Matter of the Petition of PACIFICORP POWER AND LIGHT COMPANY, Petitioner, Seeking Temporary Exemption from the Provisions of WAC 480-100-238(4) Relating to Integrated Resource Planning*, UE-070117, Order 02 (Feb. 28, 2007). Conditions were imposed without any adjudicative process.

The Commission's conditions should stand for the general principle that PSE's RFP needs to meet the full requirements of the bidding rules. We believe that including either the wording in our September 30th comments or the following text would establish this principle:

1. PSE's evaluation shall recognize the public benefits legislatively established to be associated with the resource preferences of the State, in a manner that quantitatively assigns values to those benefits based on the value that PSE's ratepayers can be reasonably estimated to receive.
2. PSE's analysis shall incorporate risk not as a tie breaker but as an independent factor, with attention to its implications for customers and the company.
3. PSE's portfolio analysis shall consider the impact of a resource on PSE's full asset and cost portfolio, including impacts on PSE's existing and future needs for transmission resources and gas transportation and storage resources as well as impacts on the need for generation resources.

Thank you very much for your continued consideration of TransAlta's views. Please direct any questions about these comments to Brenda Marshall at (360) 742-3113.

Very truly yours,

TRANSALTA CORPORATION

By 

Paul Taylor

President, TransAlta USA

Cc: Sheri Maynard, PSE (sheri.maynard@pse.com)
David Nightingale, Commission Staff (dnightin@utc.wa.gov)

SE-61559 v3