

July 30, 2024

Jeff Killip, Executive Director & Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

**Re: Puget Sound Energy's Biannual Report for Tacoma LNG Facility
Docket UG-230393**

Dear Executive Director Killip:

Puget Sound Energy, Inc. (PSE) submits the following Tacoma LNG Facility Biannual Report (Report) to the Washington Utilities and Transportation Commission (UTC) pursuant to the requirements of Final Order 07, Docket UG-2300393 *Rejecting Tariff Sheets; Authorizing and Requiring Compliance Filing*, issued on April 24, 2024 (the Order). As required in Paragraphs 124 and 308 of the Order, this Report addresses (1) Notices of Violations (NOVs) issued by the Puget Sound Clean Air Agency (PSCAA), (2) PSE's response to any NOVs, (3) any Incentive Payments made to or liquidated damages received from the Operator pursuant to the Operation and Maintenance (O&M) Agreement for Tacoma LNG (O&M Services Agreement), and (4) any repairs, modifications, or improvements made to the flare or flare bypass. With limited exception discussed below, this report covers the period from April 24, 2024, when the UTC issued the Order, through June 30, 2024. Our next report will be submitted in January 2025.

Tacoma LNG operates pursuant to an air permit issued by the PSCAA. PSE takes compliance with its permit seriously and endeavors to operate in a manner consistent with permit requirements. PSE understands that the UTC's concerns relate, in part, to concerns raised by the Puyallup Tribe of Indians and environmental stakeholders, which had previously appealed PSE's air permit. On July 10, 2024, the Supreme Court of Washington denied petitions for review of the permit that were filed by Advocates for a Cleaner Tacoma (ACT) and the Puyallup Tribe of Indians. Order, *Advocates for a Cleaner Tacoma, et. al. v Puget Sound Clean Air, et. al.*, No. 102893-8 (Wash. Jul 10, 2024). The Supreme Court's order leaves in place the decision by Division II of the Washington Court of Appeals affirming the permit and denying—with finality—challenges by ACT and the Tribe.

I. PSCAA NOVs

On May 14, 2024, PSCAA issued two NOVs to Tacoma LNG relating to flare diversion events. Copies of the NOVs are attached in Appendix I.

II. PSE Responses to NOVs

The PSCAA NOVs relate to two flare diversion events that occurred in December 2023 and one flare diversion event that occurred in March 2024. On July 12, 2024, PSE provided a response to the NOVs described above. A copy of PSE's response is attached in Appendix II. As described in its response, PSE is taking reasonable and appropriate steps to prevent air permit violations. PSE takes these events very seriously and took immediate action to minimize any uncontrolled emissions (which we estimated to have been approximately 0.01-0.2 pounds of VOC per event). The flare controls implemented real time safety protocols to protect the safety of personnel and the facility. Corrective actions were identified and implemented in a timely manner. At no time did these diversions or the emissions associated with them threaten Tacoma LNG's compliance with its permit limits or cause or contribute to air pollution in such a quantity as to create a threat to the public health or welfare. Beyond the operational steps described in PSE's NOV response, PSE is also carefully considering whether other changes can be made to prevent flare diversion events in the future.

III. Operator O&M Services Agreement Payments

During this reporting period, PSE did not make any Incentive Payments to the Operator, pursuant to the O&M Services Agreement. Incentive Payments are made when the Operator achieves a positive "score" from a performance-based formula that takes into account safety, environmental compliance, truck-loading performance, vaporization performance, and ship bunkering performance. In the 2023 Incentive Payment (covering the period from January-December 2023 and paid in February 2024), the Operator received a -1.0 environmental metric factor due to the number of NOVs received. This reduced the Operator's 2023 Incentive Payment by approximately \$22,000.

During this reporting period, the Operator did not pay any liquidated damages pursuant to the O&M Services Agreement. Liquidated damages are owed when the outcome of the formula described above is net negative. In the 2023 contract period, the Operator also did not pay liquidated damages, because non-environmental factors, which were positively scored, were also considered in the Incentive Payment calculation.

IV. Flare and Flare Bypass Work

During this reporting period, PSE performed the following repairs, modifications and/or improvements to Tacoma LNG's flare or flare bypass designed to reduce the likelihood of future flare diversion events:

- May 2024:
 - Implemented automatic closing and modulating of select valves leading to the warm flare header and the control system that, when activated, generate a message in the alarm banner. Once alerted, the operator monitors process conditions and relieves pressure if necessary. Interlocks were also added on valves serving streams flowing into the warm flare header.

Jeff Killip, Executive Director and Secretary

July 30, 2024

Page 3 of 3

- Made logic change to the flow controller nominal air ratio set point to track the live nominal air ratio whenever it is not in flow controller mode.
 - Added operational parameters that require disabling the burner trip function whenever the BTU analyzer fails.
 - Improvements made to stabilize flow in the warm flare header, which stabilized the heat input rate to the high burner.
 - Made tuning adjustments to controllers regulating waste gas flows to the warm flare header.
 - Added additional tags from critical controllers to the historian for better troubleshooting.
- June 2024: The following enhancements were made for improved flame monitoring:
 - Relocated UV mounts for two of the four UV sensors;
 - Added flame rods on both low burners; and
 - Added four additional flame relays, such that there are individual flame relays for all six flame sensors.

If you have questions about this report, please contact me at your earliest convenience.

Sincerely,



RON ROBERTS

Sr. Vice President, Energy Resources

PUGET SOUND ENERGY

425.456.2442 - Office

360.353.8099 - Cell

PO Box 97034

Bellevue, WA 98009-9734

Ron.Roberts@pse.com

cc: Service List

Attachments:

Appendix I

Appendix II

Certificate of Service