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January 30, 2025

Received
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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 (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-230393 *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. This report covers the period of July 1, 2024, through December 31, 2024. Our next report will be submitted in July 2025.

I. PSCAA NOVs

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.

On September 4 and 6, 2024, PSCAA issued four NOVs to Tacoma LNG relating to flare diversion events and continuous emission monitor availability. Copies of the NOVs are attached in Appendix I.

II. PSE Responses to NOVs

The PSCAA NOVs relate to three flare diversion events that occurred in June and October 2023, an event involving a flare temperature below the minimum limit in June 2023, and unpermitted continuous emission monitor downtime that occurred in March and July 2023. On September 13, 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 worked diligently to identify and address the root causes of the incidents identified in the NOVs and take appropriate action to reduce the likelihood of recurrence.

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PSE takes these events very seriously and took immediate action to minimize any uncontrolled emissions and to reinstitute operations of its continuous emissions monitors. In all diversion instances, the flare controls implemented real time safety protocols to protect personnel and the facility. Corrective actions were identified and implemented within 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 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.

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 2024 contract period, the Operator 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 improvements to Tacoma LNG's flare or flare bypass designed to reduce the likelihood of future flare diversion events. Specifically, in December 2024, PSE installed a valve in the fuel gas line to the cold stream that automatically closes when the cold burner experiences a loss of flame. As a result, if the cold burner loses flame, gas incoming through the fuel gas line would cease to flow into the flare, eliminating the need to release incoming gas through the bypass to protect the safety of human health and equipment. Previously, the original valve on the fuel gas line required manual closing. PSE continues to assess potential repair, modifications, and/or improvements to the flare or flare bypass to reduce the likelihood of future flare diversion events.

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

Jeff Killip, Executive Director and Secretary
January 30, 2025

Sincerely,

Ron Roberts

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cc: Service List

Attachments:
Appendix I
Appendix II
Certificate of Service