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November 22, 2019

Filed Via Web Portal

Mr. Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

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UTIL. AND TRANSP.
COMMISSION

**Re: UE-190665 (Advice No. 2019-30)
PSE's Electric Tariff Filing – Do Not Redocket**

Dear Mr. Johnson:

Puget Sound Energy (“PSE”) submits in connection with Docket UE-190665 (PSE’s Advice No. 2019-30) the following tariff sheets to replace the tariff sheets that accompanied PSE’s November 14, 2019 substitute filing. This filing includes the following portion of the PSE’s WN U-60 tariff for electric service.

27th Revision of Sheet No. 91, Schedule 91 Purchases from Qualifying Facilities of Five Megawatts or Less
14th Revision of Sheet No. 91-A, Schedule 91 Purchases from Qualifying Facilities of Five Megawatts or Less (Continued)
5th Revision of Sheet No. 91-B, Schedule 91 Purchases from Qualifying Facilities of Five Megawatts or Less (Continued)
3rd Revision of Sheet No. 91-C, Schedule 91 Purchases from Qualifying Facilities of Five Megawatts or Less (Continued)
1st Revision of Sheet No. 91-D, Schedule 91 Purchases from Qualifying Facilities of Five Megawatts or Less (Continued)
1st Revision of Sheet No. 91-E, Schedule 91 Purchases from Qualifying Facilities of Five Megawatts or Less (Continued)
Original Sheet No. 91-F, Schedule 91 Purchases from Qualifying Facilities of Five Megawatts or Less (Continued)
Original Sheet No. 91-G, Schedule 91 Purchases from Qualifying Facilities of Five Megawatts or Less (Continued)
Original Sheet No. 91-H, Schedule 91 Purchases from Qualifying Facilities of Five Megawatts or Less (Continued)
Original Sheet No. 91-I, Schedule 91 Purchases from Qualifying Facilities of Five Megawatts or Less (Continued)
Original Sheet No. 91-J, Schedule 91 Purchases from Qualifying Facilities of Five Megawatts or Less (Continued)
Original Sheet No. 91-K, Schedule 91 Purchases from Qualifying Facilities of Five Megawatts or Less (Continued)
Attachment “A” to Schedule 91 Purchases from Qualifying Facilities of Five Megawatts or Less – Existing QF
Attachment “B” to Schedule 91 Purchases from Qualifying Facilities of Five Megawatts or Less – New QF
Attachment “C” to Schedule 91 Purchases from Qualifying Facilities of Five Megawatts or Less –
Non-RCW 80.80.040-Compliant QF

Original Sheet No. 92, Schedule 92 Purchases from Qualifying Facilities of Greater than Five Megawatts
Original Sheet No. 92-A, Schedule 92 Purchases from Qualifying Facilities of Greater than Five Megawatts (Continued)
Original Sheet No. 92-B, Schedule 92 Purchases from Qualifying Facilities of Greater than Five Megawatts (Continued)
Original Sheet No. 92-C, Schedule 92 Purchases from Qualifying Facilities of Greater than Five Megawatts (Continued)
Original Sheet No. 92-D, Schedule 92 Purchases from Qualifying Facilities of Greater than Five Megawatts (Continued)
Original Sheet No. 92-E, Schedule 92 Purchases from Qualifying Facilities of Greater than Five Megawatts (Continued)
Original Sheet No. 92-F, Schedule 92 Purchases from Qualifying Facilities of Greater than Five Megawatts (Continued)

In compliance with General Order R-597 of Docket U-161024, PSE submits this filing to update tariff language in Schedule 91 and to propose a new tariff Schedule 92 for purchases from

Qualifying Facilities (“QF”) of capacity over five megawatts. These proposed tariff sheets set forth PSE’s implementation of the new Chapter WAC 480-106, Electric Companies —Purchases of Electricity from Qualifying Facilities.

These substitute tariff sheets reflect the results of stakeholder review and the discussions between PSE and stakeholders: the Commission Staff (“Staff”), the Northwest and Intermountain Power Producers Coalition (“NIPPC”), and the Renewable Energy Coalition (“REC”); since PSE’s initial filing on August 9, 2019. Specifically, the changes proposed in this filing address all Staff’s concerns regarding PSE’s current implementation of WAC 480-106 and most of the issues raised by NIPPC and REC as noted in their comments filed with the Commission on November 15, 2019.

The following list highlights some of the proposed revisions based upon the stakeholder review:

- Expanding of Schedule 91 availability for the purchase of QF’s Net Output that is delivered to either PSE’s distribution system or PSE’s transmission system;
- Additional section in Schedule 91 about the contracting procedures for perspective Schedule 91 QFs;
- Schedule 91 avoided capacity value calculation for years 2019 through 2022 taking into consideration the projected fixed costs of a simple-cycle combustion turbine as identified in the integrated resource plan as the avoided capacity cost of the market purchases per WAC 480-106-040(b)(ii);
- Schedule 91 avoided capacity value calculation based upon the total hours in a year for which the resource type is projected to operate; and
- Placeholder in Schedule 92 for PSE’s forthcoming petition filing of the large QF avoided cost rate methodology for consideration and approval by the Commission, consistent with WAC 480-106-050(5).

PSE is aware of that NIPPC and REC would like to have other contracting options included in Schedule 91. However, because several existing small qualifying facilities are interested in signing a new Schedule 91 standard power purchase agreement (“PPA”) when their current PPAs expire at the end of this calendar year, PSE is hoping that the proposed Schedule 91 and associated standard PPAs can be reviewed and approved before the end of the year.

Nevertheless, PSE is committed to work with NIPPC, REC, and the Staff in 2020 on the new Net Output purchase offering design. Potentially, any small QFs with demonstrated unique contracting terms and conditions that are outside of the standard purchase offering outlined in the proposed Schedule 91 may be considered under WAC 480-106-002, Application of Rules, subsection (2):

“(2) Nothing in this chapter prohibits a utility or a qualifying facility from agreeing to voluntary contracts with rates, terms, or conditions that differ from the provisions in this chapter.”

As provided for in WAC 480-106-040(A), the estimated avoided cost of energy for this filing is based on PSE's most current forecast of market prices for electricity in PSE's 2019 Integrated

Resource Plan (“IRP”) Progress Report¹, which is the key input to Schedule 91 standard fixed rates and the Schedules of Estimated Avoided Costs. In responding to the specific comments of NIPPC and REC in their letter to the Commission on November 14, 2019, about PSE’s avoided energy cost approach and energy pricing changes between the forecasts in PSE’s 2017 Integrated Resource Plan (“IRP”)² and 2019 IRP Progress Report. Attached to this letter as Exhibit A is a document outlining the key assumptions of PSE avoided energy costs. Exhibits B³ and C⁴ of this letter provide an overview and updates to PSE’s electric power price forecast and pertaining to PSE’s 2019 IRP Progress Report. In the filing of the Schedule 92 large QF avoided cost rate methodology petition that PSE is committed to make on or before December 31, 2019, PSE will address these specific comments of NIPPC and REC again in that future filing.

The tariff sheets described herein reflect an issue date of August 9, 2019, and an effective date of December 7, 2019. Notice and posting of proposed tariff changes, as required by law and the Commission’s rules and regulations, is being completed through web, telephone and mail access in accordance with WAC 480-100-193. The tariff changes proposed in the filing do not increase recurring charges nor restrict access to the optional services under Schedules 91 and 92.

PSE will also post at its web site the information on how to obtain draft and executable contracts and the nonbinding term sheets with limited contract provisions for qualifying facilities with capacities of greater than five megawatts per WAC 480-106-030. Attached as Exhibit A to this filing is a copy of the most current draft of the nonbinding information and term sheets.

¹ PSE filed the 2019 IRP Progress Report with the Commission on November 9, 2019:
https://oohpseirp.blob.core.windows.net/media/Default/Action_Items/UE-180607-UG-180608-2021-IRP-Progress-Report_11-15-19.pdf

² PSE’s 2017 IRP was knowledge by the Commission on May 7, 2018:
https://www.utc.wa.gov/_layouts/15/CasesPublicWebsite/GetDocument.ashx?docID=1744&year=2016&docketNumber=160918

³ PSE’ IRP stakeholder meeting on October 11, 2018, where PSE presented the modeling scenarios including carbon prices, gas prices, power prices, portfolio sensitivities, and gas resource alternatives:
<https://www.pse.com/-/media/PDFs/001-Energy-Supply/001-Resource-Planning/02-IRP-10-11-18-TAG-Meeting-2-Slide-Deck-10-11-18-FINAL.pdf>

⁴ PSE’ IRP stakeholder meeting on September 19, 2019, where PSE presented updates to the modeling scenarios and overview of electric and gas portfolio model, scenario power prices, and flexibility analysis results :
https://oohpseirp.blob.core.windows.net/media/Default/19_Sept_TAG_8/02_IRP_TAG_Meeting_8_Slide_Deck_FINAL.pdf

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Please contact Mei Cass at (425) 462-3800 or Eric Englert at (425) 456-2312 for additional information about this filing. If you have any other questions please contact me at (425) 456-2142.

Sincerely,

/s/ Jon Piliaris

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Attachments:

- Electric Tariff Sheets, listed above
- Attachment A – Distribution System
- Attachment B – Transmission System
- Exhibit A – Key Analytical Assumptions
- Exhibit B – IRP 10-11-18 TAG Meeting Presentation
- Exhibit C – IRP 09-19-19 TAG Meeting Presentation
- Exhibit D – DRAFT Schedule 92 Non-Binding QF PPA Term Sheets