

Citizens for Sane Eastside Energy (CSEE)

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August 14, 2017

To: The Washington Utilities and Transportation Commission

Docket UE-160918

[submitted by email to records@utc.wa.gov](mailto:records@utc.wa.gov)

Re: Alternatives for PSE's IRP that address both PSE's resource adequacy needs
as well as possible PSE local transmission needs

Dear Honorable Commissioners:

Citizens for Sane Eastside Energy (CSEE) is an Eastside citizens action group that supports the analyses and conclusions of the two attached CENSE documents that are relevant to PSE's Integrated Resource Plan ("IRP") currently under scrutiny by the WUTC.¹

It is clear from the current analysis of the PSE IRP that PSE is very short on having sufficient resources to meet its Total System Peak need. PSE places too much unjustifiable reliance on the availability of spot market purchases to meet this need. **We consider this a risky strategy** from a number of standpoints:

1. Many state regulators of investor-owned utilities do not allow utility IRPs to rely on spot market (i.e. non-firm) purchases to demonstrate they are Resource Adequate in the first 1-3 years of the forecast period. The regulators see the need to ensure there is sufficient Firm supply so that if for some reason there is no spot market power (or it becomes prohibitively expensive) the reliability of supply to customers is not at risk. The WUTC should consider adopting this policy. Placing vague hopes on uncertain future market supply does not equate to a resource "plan."²
2. There are particularly important risks in relying on spot market purchases for winter peak needs in the Pacific Northwest because, as the Northwest Regional Power Council has observed, the Pacific Northwest is short on capacity. Who knows if there will be any spot market power available to PSE during a winter peak event?

¹ "Alternatives to Energize Eastside, Response to Draft EIS," by EQL Energy, LLC, dated February 15, 2016; and "Links for energy storage," Don Marsh email of 7/25/17 to Bellevue City Council.

² "Since the future is uncertain, the procurement plan that really has the lowest cost cannot be known until after the fact. Spot market prices might end up costing less than a contracted-for price, *but relying on such a volatile supply source for power would expose ratepayers, creditors, and shareholders to very considerable, before-the-fact risk. Thus, a power procurement program that mitigates much of the spot market risk is generally preferable even if it can ultimately lead (in some scenarios) to higher realized cost.*" "Resource Planning and Procurement In Evolving Electricity Markets," p. 20, The Brattle Group, <http://www.eei.org/whatwedo/PublicPolicyAdvocacy/StateRegulation/Documents/ResourcePlanningProcurement.pdf>. (emphasis added)

3. There are notorious limitations on constrained paths in the WECC that would very likely come into play if one were to try to move large amounts of spot market power to the Puget Sound Area under a winter peak event. The most significant constraint is described in the WECC Path Rating catalog as the “West of Cascades – North” path, also known as “Path 3.” Path 3's limited ability to move power means that even if the spot market might meet an energy shortfall in a peak event, there is still the risk that not enough of that power could get to where it is needed.

CSEE and CENSE advocate alternatives to relying on unduly large amounts of spot market purchases to meet these needs. These alternatives include:

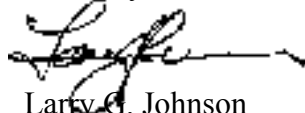
1. The attached DSM plan developed by EQLEnergy to expand on PSE’s current DSM programs.
2. Utilizing large battery installations such as responsible utilities are using to help meet their system peak needs, as referenced in the second attached document.

The CSEE/CENSE-advocated DSM and battery plans would not only help PSE better meet its system winter peak needs, they could also be utilized in any area where PSE may be concerned about transmission adequacy on its system.

PSE has created significant concerns about its ability to meet its transmission needs on the Eastside. PSE’s filling a huge gap in its IRP with an iffy future spot market means overreliance on a “re-source” that may not be there. The PSE IRP should include the DSM program presented by EQL Energy/CENSE. It should also include a state-of-the-art battery plan to meet their peak load needs to avoid black-outs.

The appropriate PSE IRP Action Plans can also benefit areas of the PSE service territory where PSE may have concerns about transmission lines or transmission-constrained areas. Such Action Plans would eliminate any concern about reliability in the Eastside and any perceived need to build Energize Eastside.

Sincerely,



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cc: IRP Advisory Group members