



Puget Sound Energy
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August 9, 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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State Of WASH.
UTIL. AND TRANSP.
COMMISSION

**Re: Advice No. 2019-30
PSE’s Electric Tariff Filing – Filed Electronically**

Dear Mr. Johnson:

Pursuant to RCW 80.28.060 and WAC 480-80-101 and WAC 480-80-105(1)(c), please find enclosed for filing the following proposed revisions to the WN U-60, Tariff G for electric service of Puget Sound Energy (“PSE” or “Company”):

- 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)
- 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 (“Order”) of Docket U-161024, the purposes of this filing are to update tariff language in Schedule 91 and to propose a new tariff Schedule 92 for purchases from Qualifying Facilities of capacity over five megawatts. On June 12, 2019, in addition to the adoption of new rules and changes to existing rules pertaining to purchases of

electricity from Qualifying Facilities and independent power producers under Washington Administrative Code (“WAC”) Chapters 480-107 and 480-106, the Washington Utilities and Transportation Commission also ordered that “the utilities should refile their estimated avoided cost prices and revised tariffs within 60 days of the date of this Order.”

The new Chapter WAC 480-106, Electric Companies —Purchases of Electricity from Qualifying Facilities, includes the following sections:

- WAC 480-106-001 Purpose
- WAC 480-106-002 Application of Rules
- WAC 480-106-003 Exemptions from rules in chapter 480-106 WAC
- WAC 480-106-007 Definitions
- WAC 480-106-010 Obligations of qualifying facilities to the utility
- WAC 480-106-020 Obligations of the utility to qualifying facilities
- WAC 480-106-030 Tariff for purchases from qualifying facilities
- WAC 480-106-040 Schedules of estimated avoided costs
- WAC 480-106-050 Rates for purchases from qualifying facilities
- WAC 480-106-060 Rates for sales to qualifying facilities
- WAC 480-106-070 System emergencies
- WAC 480-106-080 Interconnection costs

These revisions to Schedule 91 and the contents, terms, and conditions in the new tariff Schedule 92 are consistent with Chapter WAC 480-106 and with WAC 480-80-102, Tariff Content. Specifically, these proposed changes meet the requirements outlined in WAC 480-106-030.

New Tariff Schedule 92

The proposed new Schedule 92 is applicable to purchases from Qualifying Facilities and independent power producers with generation capacity of greater than five megawatts. The new tariff schedule, based upon the relevant sections of Schedule 91 tariff language and the requirements of WAC Chapter 480-106, includes the following specific elements:

1. Contracting procedures per WAC 480-106-030(2).
2. Avoided cost rate methodology pursuant to WAC 480-106-050(5).
3. Considerations in establishing a Negotiated Agreement and the associated monthly rate per megawatt which PSE will pay for energy supplied in accordance with WAC 480-106-050(5).

Proposed Revisions to Schedule 91

Chapter WAC 480-106 sets forth specific requirements for purchases from Qualifying Facilities and independent power producers with generation capacity of five megawatts or less, including the calculation of the standard rates and the length of a contract. PSE has incorporated these requirements into the proposed Schedule 91 and revised the tariff language accordingly. The list below summarizes the key changes.

1. Revised schedule name to reflect the existing applicability of this schedule and to distinguish from Schedule 92.
2. Power Purchase Agreements that include the specific standard contract provisions outlined in WAC 480-106-030(4) for new and existing Qualifying Facilities that meet the standards established under RCW 80.80.040 and for Qualifying Facilities resources that do not meeting RCW 80.80.040 standards.
3. Standard fixed rates and terms based on the supply characteristics and the technologies of Qualifying Facilities per WAC 480-106-050(4)(a) (i), (ii), and (iii); WAC 480-106-050(4)(b) (i), and (ii); and WAC 480-106-060.
4. Incorporation of a Schedule of Estimated Avoided Cost as prescribed in WAC 480-106-040.

Incorporation of the Schedule of Estimated Avoided Cost

The Schedule of Estimated Avoided Cost for 2019-2039 has been incorporated into Schedules 91 per WAC 480-106-030(3). PSE had been filing the Schedule of Estimated Avoided Cost as a compliance filing under WAC 480-107-055 since 2006, prior to the repeal of this rule by General Order R-597. Consistent with RCW 19.280.070(2), this Schedule of Estimated Avoided Cost also contains an estimated capacity value for combined heat and power systems that are dispatchable by PSE.

The Schedule of Estimated Avoided Cost shows the levelized avoided cost pricing differentiated by characteristic of qualifying facilities and assumes the following suppositions:

1. Identification of avoided energy: The estimated avoided cost of energy for this filing on Original Sheet No. 91-H is based on PSE's current forecast of market prices for electricity in PSE's most current draft Integrated Resource Plan ("Draft 2019 IRP") as provided for in WAC 480-106-040(A). The Draft 2019 IRP is currently in development and will be filed on January 15, 2020. The projected Mid-Columbia spot power market average monthly and annual electricity prices used in the proposed Schedule of Estimated Avoided Cost is the "Base price" scenario of PSE's Draft 2019 IRP power price forecasts. This is the set of estimated avoided energy costs that would be the most informative for potential bidders.
2. Identification of avoided capacity and associated capacity cost and proxy for planned market purchases: the source of these components used in the determination of the Schedule of Estimated Avoided Cost is PSE's most recently acknowledged integrated resource plan filed pursuant to WAC 480-100-238, integrated resource planning, with corrections submitted to the Commission on January 12, 2018, ("2017 IRP"). The avoided capacity costs are discussed throughout the 2017 IRP and in detail in Section 4 of Appendix N: Electric Analysis to 2017 IRP. Avoided capacity costs shown in the tables on Original Sheet No. 91-I differentiate the costs by peak capacity contribution. The Effective Load Carrying Capability ("ELCC") for a baseload resource would be 100 % and for the non-baseload resources of wind and solar, the ELCC would be at 16% and 2%, respectively. The estimated capacity value for 2019-

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2022 is based on PSE's avoided capacity costs associated with firming up short-term market purchases during the time period before PSE's need to add capacity resources in 2023.

The tariff sheets described herein reflect an issue date of August 9, 2019, and an effective date of October 11, 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. In addition, per WAC 480-106-030(5), 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.

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

Jon Piliaris
Director, Regulatory Affairs
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cc: Lisa Gafken, Public Counsel
Sheree Carson, Perkins Coie

Attachments:
Electric Tariff Sheets, listed above
Advice-2019-30-PSE-WP-SCH-91.xlsx