



Puget Sound Energy
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PSE.com

UG-210978

Filed via Web Portal

December 29, 2021

Ms. Amanda Maxwell, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

Received
Records Management
12/29/21 13:08
State Of WASH.
UTIL. AND TRANSP.
COMMISSION

**Re: Affiliated Interest Filing Pursuant to WAC 480-90-245 and RCW 80.16
RNG Attribute Sales Agreement**

Dear Ms. Maxwell:

Pursuant to WAC 480-90-245 and RCW 80.16.020, Puget Sound Energy (“PSE”) hereby tenders for filing an executed copy of the:

- RNG Attribute Sales Agreement between Puget Sound Energy, Inc. and Puget LNG, LLC.

The RNG Attribute Sales Agreement (“Agreement”), between PSE and Puget LNG, LLC (“PLNG”), is a companion agreement to the North American Energy Standards Board Base Contract for Sale and Purchase of Natural Gas (“NAESB Base Agreement”), and the Transaction Confirmation entitled the Gas Supply Services Agreement (“GSSA”), both filed February 18, 2021 in Docket UE-210111. This Agreement is a transaction confirmation for the RNG Attributes sold by PSE to PLNG and is supplemental to the physical natural gas sold by PSE to PLNG under the GSSA.

The Agreement allows for the sale of RNG Attributes to serve the specific needs of certain of PLNG’s qualified transportation fuel customers, in conformance with federal and/or state environmental programs. The primary monetary benefits of the RNG attribute sales will flow to PSE’s gas customers through the PGA mechanism.

Pursuant to paragraph 3.1 of the Agreement, the effective date of the Agreement “shall be the later of (a) January 1, 2022 or (b) the first day of the month during which actual LNG production commences at the Tacoma LNG facility; provided however that commissioning and start-up testing does not constitute actual LNG production.” The effect of this language and the current readiness of the Tacoma LNG facility is that both the GSSA and the Agreement will become effective January 1 (or February 1), 2022.

This agreement is consistent with the public interest cited in Order 10 of Docket UG-151663. In that Order the Commission stated, in paragraph 21, that “the Tacoma LNG Facility will promote

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the public interest as recognized by the legislature in RCW 80.28.280". Furthermore, in paragraph 115, the Commission recognized "that the potential benefits of an LNG project that could serve PSE's core customers' peaking needs and promote the Legislature's stated finding in RCW 80.28.280 that the development of liquefied natural gas vessel refueling facilities is in the public interest". The Commission also made a finding of fact that "the record supports a finding that the Settlement Stipulation is in the public interest.

Furthermore, in Docket UG-190011, in Order 01, the Commission made a finding that PSE has provided sufficient evidence to establish that the Affiliated Interest Agreement filed in that docket is reasonable and consistent with the public interest. The Commission also concluded that instituting an investigation is unwarranted and it would not commence an adjudication. The Agreement allows the Tacoma LNG Facility to further carry out the public interest that the Commission has already recognized, determined and approved.

The Agreement provides a reasonable construct to govern the RNG attribute sale arrangement with an affiliated interest. Pursuant to RCW 80.16.020, the agreement provides the construct for PSE to maintain compliance with the Puget Sound Clean Air Agency air permit with PSE supplying natural gas originating in British Columbia to PLNG at the Tacoma LNG facility. PSE is allowed to attach RNG Attributes to such natural gas supply. PSE has determined that it has sufficient supplies of RNG to facilitate the sale of RNG attributes to PLNG.

PSE has designated certain portions of the Agreement as Confidential under RCW 80.04.095 and in accordance with WAC 480-07-160(2)(b). The information labeled as Confidential in the Agreement includes commercially sensitive data and confidential information related to charges and certain elements of pricing, which could expose PSE to competitive injury if disclosure is unrestricted.

If you have any questions about the information contained in this filing, please contact Chris Schaefer at 425-456-2932 or chris.schaefer@pse.com. If you have any other questions, please contact me at (425) 456-2105.

Sincerely,

/s/ Susan Free

Susan E. Free

Director, Revenue Requirements & Regulatory Compliance

Puget Sound Energy

PO Box 97034, EST-07W

Bellevue, WA 98009-9734

425-456-2105 / susan.free@pse.com

cc: Lisa Gafken, Public Counsel
Dave Gomez, Commission Staff

Attachments: RNG Attribute Sales Agreement, Confidential Version
RNG Attribute Sales Agreement, Redacted Version