

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.

for a Determination of Emissions
Compliance

DOCKET UE-121594

COMMISSION STAFF
IDENTIFICATION OF ISSUES FOR
RESOLUTION

1 In its Notice of Brief Adjudication (October 4, 2012) at 2, ¶ 8, the Commission permitted the parties to file documents for consideration at the brief adjudicative proceeding. To assist the Commission and the parties, Staff submits this issues list and a related discussion to frame the issues necessary to resolve the Petition.¹ Staff is investigating the issues and has sent to PSE informal data requests to further that investigation. Also, Staff is using expertise from the Department of Ecology, as contemplated by RCW 80.80.060(7).

I. BACKGROUND

2 On October 2, 2012, Puget Sound Energy, Inc. (PSE) filed a Petition for “an Emissions Performance Determination” (Petition). According to the Petition, PSE plans to acquire the Ferndale Generating Station from its current owner, Tenaska Washington partners, L.P. (Tenaska). Petition at 3, ¶ 5.

¹ Staff has filed a motion to dismiss the brief adjudicative proceeding because this matter is not appropriate for a brief adjudication. Should the Commission deny that motion, or should the Commission grant that motion and proceed to an adjudication, this submission will be useful to the Commission and the parties.

3 PSE is asking the Commission to issue an order finding that the Ferndale Generating
Station “complies with the greenhouse gas emissions performance standards in Chapter
80.80 RCW, Greenhouse Gas Emissions.” PSE Petition at 6, ¶ 13.

II. STATUTES AND RULES

4 The greenhouse gas (GHG) emissions performance standard in Chapter 80.80 RCW
is currently “one thousand one hundred pounds of greenhouse gases per megawatt-hour”.
RCW 80.80.040(1)(a).² This standard applies to “all baseload generation for which electric
utilities enter into long-term financial commitments after [July 1, 2008]”. “Baseload
generation” is defined as “electric generation from a power plant that is designed and
intended to provide electricity at an annualized plant capacity factor of at least sixty
percent.” RCW 80.80.010(4).

5 In short, the GHG emissions performance standard at issue here is relevant if PSE is
entering into a “long-term financial commitment” for “baseload generation”. If PSE is
doing so, then the facility must meet the GHG emissions performance standard identified in
RCW 80.80.040(1).

III. ISSUES LIST

6 The issues are:

- 7 1. Has PSE provided sufficient information for the Commission to find that PSE
is entering into a “long-term financial commitment” to acquire the Ferndale
Generating Station?
- 8 2. If so, has PSE provided sufficient information for the Commission to find
that the Ferndale Generating Station meets the definition of “baseload
generation”, i.e., is that facility “designed and intended to provide electricity
at an annualized plant capacity factor of at least sixty percent”?

² RCW 80.80.040(1) refers to the “lower of” this 1,000 pound/MWh standard and “the average available
greenhouse gas emissions output as determined under RCW 80.80.050. However, by its terms, RCW
80.80.050 will not be implemented until 2013.

- 9 3. Or, has PSE provided sufficient information for the commission to find that the Ferndale Generating Station meets the definition of “baseload cogeneration” in WAC 173-407-110, i.e., does the facility provide thermal energy to the Conoco-Phillips refinery or other user of heat energy adequate to be a FERC “qualified facility”?
- 10 4. If so, has PSE provided sufficient information for the Commission to find that the Ferndale Generating Station meets the current GHG emissions performance standard of one thousand one hundred pounds of greenhouse gases per megawatt-hour?

IV. DISCUSSION

11 In its Petition, PSE asserts the Ferndale Generating Station is “a baseload power plant”. Petition at 4, ¶ 7. However, the Petition does not fully support that characterization with facts and documentation tied to the statutory definition of “baseload generation”. Moreover, the Petition neither asserts nor provides facts to support a conclusion that PSE is entering into a “long-term financial commitment” to acquire the Ferndale Generating Station. The Petition does not include adequate detail showing how the Ferndale Generating Station meets the GHG emissions performance standard as a cogeneration facility (assuming the facility meets the definition of a cogeneration facility), in that details of the steam usage and any steam or boiler condensate returned to the Tenaska facility is not described in the materials submitted.

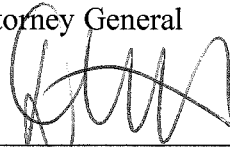
12 As of this writing, the Company has not provided data informally requested. We also note that the Department of Ecology rule which establishes a consultation rule to the UTC on the GHG compliance issue, allows the Department of Ecology up to 30 days after “receiving all necessary information from the commission” to complete the consultation process. WAC 173-407-310(3).

13

Consequently, the Petition fails to provide a sufficient factual basis for the Commission to issue the order the Petition requests. The hearing process is the opportunity for the Company to supply those necessary facts.

Respectfully submitted,

ROBERT M. MCKENNA
Attorney General



DONALD T. TROTTER
Assistant Attorney General
Counsel for Washington Utilities and
Transportation Commission Staff