



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

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04/27/21 08:49

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April 26, 2021

Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission
P. O. Box 47250
Olympia, Washington 98504-7250

RE: UE-121373 - *In the Matter of the Petition of PUGET SOUND ENERGY, For Approval of a Power Purchase Agreement for Acquisition of Coal Transition Power, as Defined in RCW 80.80.010, and the Recovery of Related Acquisition Costs.*

Dear Mr. Johnson:

On March 9, 2021, Puget Sound Energy (PSE or company) filed its annual compliance report for the year 2020. In Order 03 (Order 03) of the above referenced docket, the Commission required PSE to monitor, and report annually, TransAlta's production levels at the Centralia Coal Transition Facility (CCTF). The report also includes the source of replacement power, amount of contributions by TransAlta to the community and total plant headcount. This is PSE's seventh annual compliance report since the company began taking deliveries of power from TransAlta in December of 2014 under the Coal Transition Power Purchase Agreement (PPA).

This memorandum provides Staff's assessment of PSE's compliance with the reporting requirements of Order 03, and identifies issues that Staff believes are of interest to the Commissioners.

DISCUSSION

On December 31, 2020, Centralia Unit 1 ceased operations and retired. Centralia's Unit 2 retirement will occur as planned, December 31, 2025. Staff examined Southwest Clean Air Agency's Title V Compliance Certification Review: Calendar Year 2020 and found no violations or issues related with plant emissions.

RECOMMENDATION

For 2020, PSE has complied fully with the reporting requirements contained in Order 3. Unless otherwise directed by the Commission, Staff will continue to monitor the Coal Transition PPA commensurate with the requirements contained in Order 03.

Sincerely,

David C. Gomez
Assistant Power Supply Manager, Energy Regulation

APPENDIX A; ANNUAL REPORTING REQUIREMENTS

CCTF’s 2020 Generation and Resupply Power

In 2020, the CCTF’s capacity factor came down to levels more consistent with its historical operation. On December 31, 2020, Unit 1 retired so plant capacity factors will likely change from the averages associated with both units in operation.

CCTF Capacity Factor							
2013	2014	2015	2016	2017	2018	2019	2020
57.2%	56.9%	42.8%	39.0%	46.6%	45.7%	70.0%	47.14

When the CCTF is not generating power, TransAlta satisfies delivery obligations under the PPA using other sources of power, referred to as “resupply power.” Figure 1 below compares the CCTF’s total generation with the amount and source of power provided by TransAlta to meet its contractual obligation under the terms of the PPA.

Staff analyzed the sources of replacement power provided by PSE and TransAlta. Hydro continues to be, by far, the largest source comprising over 95 percent of the replacement power in 2020. Natural gas was second, providing 4 percent. Wind contributed 1 percent. Resupply as a percentage of total power delivered under the PPA was 23 percent. Previous year’s resupply power percentages are provided below:

- 2019 – 14 percent
- 2018 – 25 percent
- 2017 – 38 percent

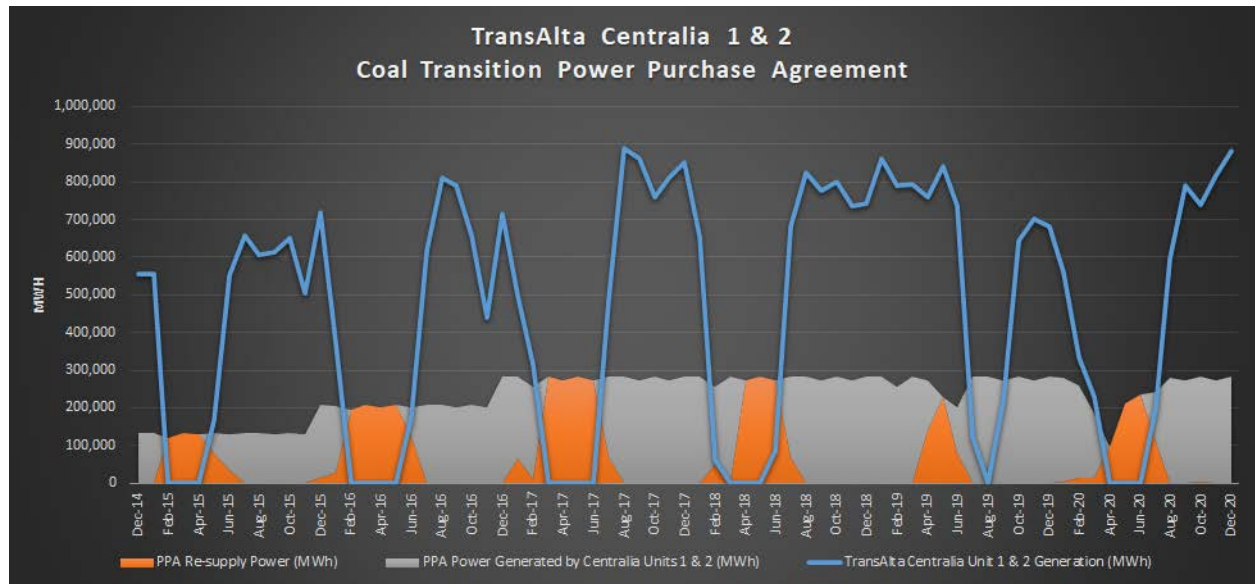


Figure 1 TransAlta Centralia Generation

Contributions of Financial Assistance

PSE is required to report on TransAlta’s “contributions of financial assistance” made pursuant to Section 3 of the Memorandum of Agreement (MOA) between TransAlta and the State of Washington. Under the MOA, each year, three payments are made which sum to \$4,583,333.¹ PSE reports that TransAlta has made all of the payments required under the MOA for 2020.

FTEs Employed at the CCTF

¹ The three separate annual payments are: \$833,333 to the Weatherization Fund; \$1,666,667 to the Economic and Community Development Fund; and \$2,083,333 to the Energy Technology Fund. Payments under the MOA began in 2012 and are scheduled until 2023.

TransAlta also reports annually the average number of full-time equivalent employees (FTEs) employed at the CCTF. For 2020, the number of FTEs employed at the CCTF is 182. Headcount at the CCTF was reduced by 6 FTEs from the amount reported in 2019.

Month	TransAlta Centralia Unit 1 & 2 Generation (MWh)	a PPA Re-supply Power (MWh)	b PPA Power Generated by Centralia Units 1 & 2 (MWh)	c=a+b Total Power Deliveries to PSE by TransAlta (MWh)	d PPA Price (\$/MWh) w/equity adder	e=c*d PPA Price (\$/MWh) w/o equity adder	Total Contract Deliveries @ PPA prices		f MidC Spot Market Price (\$/MWh)	g=(a*(d-f)) Resupply Power @ Difference of PPA & MidC Spot Price (\$/MWh)
Dec-14	554,742	0	133,020	133,020	\$47.66	\$46.17	\$6,339,733	\$6,141,533	\$28.12	\$0
Jan-15	554,454	0	133,920	133,920	\$47.66	\$46.17	\$6,382,627	\$6,183,086	\$21.39	\$0
Feb-15	68	120,959	0	120,959	\$47.66	\$46.17	\$5,764,906	\$5,584,677	\$13.26	\$4,161,191
Mar-15	0	133,739	0	133,739	\$47.66	\$46.17	\$6,374,001	\$6,174,730	\$16.72	\$4,137,315
Apr-15	0	129,560	0	129,560	\$47.66	\$46.17	\$6,174,830	\$5,981,785	\$13.06	\$4,482,448
May-15	166,959	79,927	53,971	133,898	\$47.66	\$46.17	\$6,381,579	\$6,182,071	\$26.03	\$1,728,627
Jun-15	550,606	35,975	93,600	129,575	\$47.66	\$46.17	\$6,175,545	\$5,982,478	\$31.71	\$573,892
Jul-15	657,969	0	133,920	133,920	\$47.66	\$46.17	\$6,382,627	\$6,183,086	\$30.80	\$0
Aug-15	605,176	0	133,920	133,920	\$47.66	\$46.17	\$6,382,627	\$6,183,086	\$27.53	\$0
Sep-15	612,886	0	129,600	129,600	\$47.66	\$46.17	\$6,176,736	\$5,983,632	\$27.49	\$0
Oct-15	650,671	0	133,920	133,920	\$47.66	\$46.17	\$6,382,627	\$6,183,086	\$22.75	\$0
Nov-15	505,152	0	129,780	129,780	\$47.66	\$46.17	\$6,185,315	\$5,991,943	\$19.50	\$0
Dec-15	719,736	15,329	192,991	208,320	\$48.81	\$47.32	\$10,168,985	\$9,858,588	\$19.82	\$444,415
Jan-16	372,134	26,369	179,746	206,115	\$48.81	\$47.32	\$10,061,349	\$9,754,238	\$22.96	\$681,751
Feb-16	0	194,879	0	194,879	\$48.81	\$47.32	\$9,512,872	\$9,222,503	\$17.08	\$6,184,339
Mar-16	0	207,665	0	207,665	\$48.81	\$47.32	\$10,137,011	\$9,827,590	\$13.25	\$7,385,450
Apr-16	0	201,600	0	201,600	\$48.81	\$47.32	\$9,840,953	\$9,540,569	\$12.53	\$7,314,935
May-16	0	208,303	0	208,303	\$48.81	\$47.32	\$10,168,153	\$9,857,783	\$14.66	\$7,114,433
Jun-16	178,020	121,926	79,674	201,600	\$48.81	\$47.32	\$9,840,953	\$9,540,569	\$22.12	\$3,254,723
Jul-16	616,784	1,400	206,920	208,320	\$48.81	\$47.32	\$10,168,985	\$9,858,588	\$30.44	\$25,724
Aug-16	811,096	0	208,320	208,320	\$48.81	\$47.32	\$10,168,985	\$9,858,588	\$35.49	\$0
Sep-16	789,020	0	201,600	201,600	\$48.81	\$47.32	\$9,840,953	\$9,540,569	\$28.39	\$0
Oct-16	655,933	0	208,320	208,320	\$48.81	\$47.32	\$10,168,099	\$9,857,702	\$23.16	\$0
Nov-16	440,097		201,880	201,880	\$48.81	\$47.32	\$9,853,763	\$9,552,962	\$19.28	\$0
Dec-16	713,751	375	282,345	282,720	\$50.00	\$48.51	\$14,136,000	\$13,714,747	\$34.25	\$5,906
Jan-17	498,913	65,879	216,841	282,720	\$50.00	\$48.51	\$14,136,000	\$13,714,747	\$25.33	\$1,625,235
Feb-17	313,578	9,846	245,511	255,357	\$50.00	\$48.51	\$12,767,850	\$12,387,368	\$17.69	\$318,124
Mar-17	0	281,790	0	281,790	\$50.00	\$48.51	\$14,089,500	\$13,669,633	\$8.62	\$11,660,470
Apr-17	0	273,600	0	273,600	\$50.00	\$48.51	\$13,680,000	\$13,272,336	\$5.62	\$12,142,368
May-17	0	282,720	0	282,720	\$50.00	\$48.51	\$14,136,000	\$13,714,747	\$3.01	\$13,285,013
Jun-17	0	273,600	0	273,600	\$50.00	\$48.51	\$13,680,000	\$13,272,336	\$1.81	\$13,184,784
Jul-17	486,973	68,639	214,265	282,904	\$50.00	\$48.51	\$14,145,200	\$13,723,673	\$22.54	\$1,884,827
Aug-17	888,159	0	282,305	282,305	\$50.00	\$48.51	\$14,115,250	\$13,694,616	\$23.76	\$0
Sep-17	860,708	0	273,600	273,600	\$50.00	\$48.51	\$13,680,000	\$13,272,336	\$30.25	\$0
Oct-17	760,189	294	282,216	282,510	\$50.00	\$48.51	\$14,125,500	\$13,704,560	\$24.38	\$7,532
Nov-17	812,144	0	273,684	273,684	\$50.00	\$48.51	\$13,684,200	\$13,276,411	\$22.57	\$0
Dec-17	851,050	0	282,720	282,720	\$51.21	\$49.72	\$14,478,091	\$14,056,838	\$22.57	\$0
Jan-18	654,698	0	282,720	282,720	\$51.21	\$49.72	\$14,478,091	\$14,056,838	\$21.58	\$0
Feb-18	63,155	48,575	206,785	255,360	\$51.21	\$49.72	\$13,076,986	\$12,696,499	\$16.33	\$1,694,296
Mar-18	0	0	282,340	282,340	\$51.21	\$49.72	\$14,458,631	\$14,037,945	\$17.60	\$0
Apr-18	0	273,600	0	273,600	\$51.21	\$49.72	\$14,011,056	\$13,603,392	\$15.04	\$9,896,112
May-18	0	282,720	0	282,720	\$51.21	\$49.72	\$14,478,091	\$14,056,838	\$9.85	\$11,693,299
Jun-18	84,252	273,600	0	273,600	\$51.21	\$49.72	\$14,011,056	\$13,603,392	\$12.43	\$10,610,208
Jul-18	681,421	68,639	214,265	282,904	\$51.21	\$49.72	\$14,487,514	\$14,065,987	\$37.29	\$955,455
Aug-18	825,129	0	282,305	282,305	\$51.21	\$49.72	\$14,456,839	\$14,036,205	\$44.46	\$0
Sep-18	778,360	0	273,600	273,600	\$51.21	\$49.72	\$14,011,056	\$13,603,392	\$26.07	\$0
Oct-18	801,921	294	282,216	282,510	\$51.21	\$49.72	\$14,467,337	\$14,046,397	\$39.40	\$3,472
Nov-18	734,403	0	273,684	273,684	\$51.21	\$49.72	\$14,015,358	\$13,607,568	\$45.50	\$0
Dec-18	744,044	0	282,720	282,720	\$52.45	\$50.96	\$14,828,664	\$14,407,411	\$45.56	\$0
Jan-19	863,283	0	282,650	282,650	\$52.45	\$50.96	\$14,824,993	\$14,403,844	\$34.68	\$0
Feb-19	790,743	0	255,360	255,360	\$52.45	\$50.96	\$13,393,632	\$13,013,146	\$34.38	\$0
Mar-19	793,543	0	281,968	281,968	\$52.45	\$50.96	\$14,789,222	\$14,369,089	\$35.60	\$0
Apr-19	759,844	138,536	134,664	273,200	\$52.45	\$50.96	\$14,329,340	\$13,922,272	\$29.69	\$3,153,772
May-19	841,088	229,516	0	229,516	\$52.45	\$50.96	\$12,038,114	\$11,696,135	\$28.93	\$5,398,216
Jun-19	735,897	78,992	122,226	201,218	\$52.45	\$50.96	\$10,553,884	\$10,254,069	\$27.95	\$1,935,304
Jul-19	124,493	0	282,720	282,720	\$52.45	\$50.96	\$14,828,664	\$14,407,411	\$19.09	\$0
Aug-19	0	0	282,067	282,067	\$52.45	\$50.96	\$14,794,414	\$14,374,134	\$11.73	\$0
Sep-19	219,669	0	273,244	273,244	\$52.45	\$50.96	\$14,331,648	\$13,924,514	\$16.43	\$0
Oct-19	643,217	0	282,673	282,673	\$52.45	\$50.96	\$14,826,199	\$14,405,016	\$43.87	\$0
Nov-19	701,653	0	273,980	273,980	\$52.45	\$50.96	\$14,370,251	\$13,962,021	\$81.61	\$0
Dec-19	681,477	0	282,720	282,720	\$53.73	\$52.24	\$15,190,546	\$14,769,293	\$33.61	\$0
Jan-20	559,116	2,432	278,201	280,633	\$53.73	\$52.24	\$15,078,411	\$14,660,268	\$23.11	\$74,457
Feb-20	334,688	12,807	246,774	259,581	\$53.73	\$52.24	\$13,947,287	\$13,560,511	\$17.00	\$470,358
Mar-20	227,960	14,086	168,820	182,906	\$53.73	\$52.24	\$9,827,539	\$9,555,009	\$21.99	\$447,147
Apr-20	0	94,128	0	94,128	\$53.73	\$52.24	\$5,057,497	\$4,917,247	\$17.40	\$3,419,472
May-20	0	212,400	0	212,400	\$53.73	\$52.24	\$11,412,252	\$11,095,776	\$10.47	\$9,188,583
Jun-20	0	234,165	0	234,165	\$53.73	\$52.24	\$12,581,685	\$12,232,780	\$5.32	\$11,336,995
Jul-20	200,043	107,926	134,040	241,966	\$53.73	\$52.24	\$13,000,833	\$12,640,304	\$13.39	\$4,353,784
Aug-20	597,418	0	280,864	280,864	\$53.73	\$52.24	\$15,090,823	\$14,672,335	\$29.31	\$0
Sep-20	790,788	280	273,191	273,471	\$53.73	\$52.24	\$14,693,597	\$14,286,125	\$32.09	\$6,060
Oct-20	740,120	2,672	279,938	282,610	\$53.73	\$52.24	\$15,184,635	\$14,763,546	\$31.13	\$60,396
Nov-20	817,951	0	273,829	273,829	\$53.73	\$52.24	\$14,712,832	\$14,304,827	\$25.41	\$0
Dec-20	880,953	0	282,591	282,591	\$56.32	\$54.83	\$15,915,525	\$15,494,465	\$28.78	\$0

Table 1; 2014 – 2018 Coal Transition PPA Results