

**EXH. PKW-6
DOCKET UE-20____
2020 PSE PCORC
WITNESS: PAUL K. WETHERBEE**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

Docket UE-20____

**FIFTH EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF**

PAUL K. WETHERBEE

ON BEHALF OF PUGET SOUND ENERGY

DECEMBER 9, 2020

Mid-C Transmission Contract Renewal



EMC Decisional

February 27, 2020

Brian Tyson
Senior Engineer

Recommendation

- **Renew 23 MW BPA Mid-C transmission contract for 5 year term**
- Overview:
 - Current contract ends 2/28/2021
 - Renewal rate starts at \$22.2/KW – Yr, PSE assumes a 3% annual escalation rate
 - Contract is renewed indefinitely
 - Provides a \$108k* present value benefit to the portfolio
 - Alternative resource is natural gas peaker
 - Mid-C transmission in excess of PSE’s Mid-C generation capacity relies on the market to supply the energy

*Based on contract ending 2/28/2021.



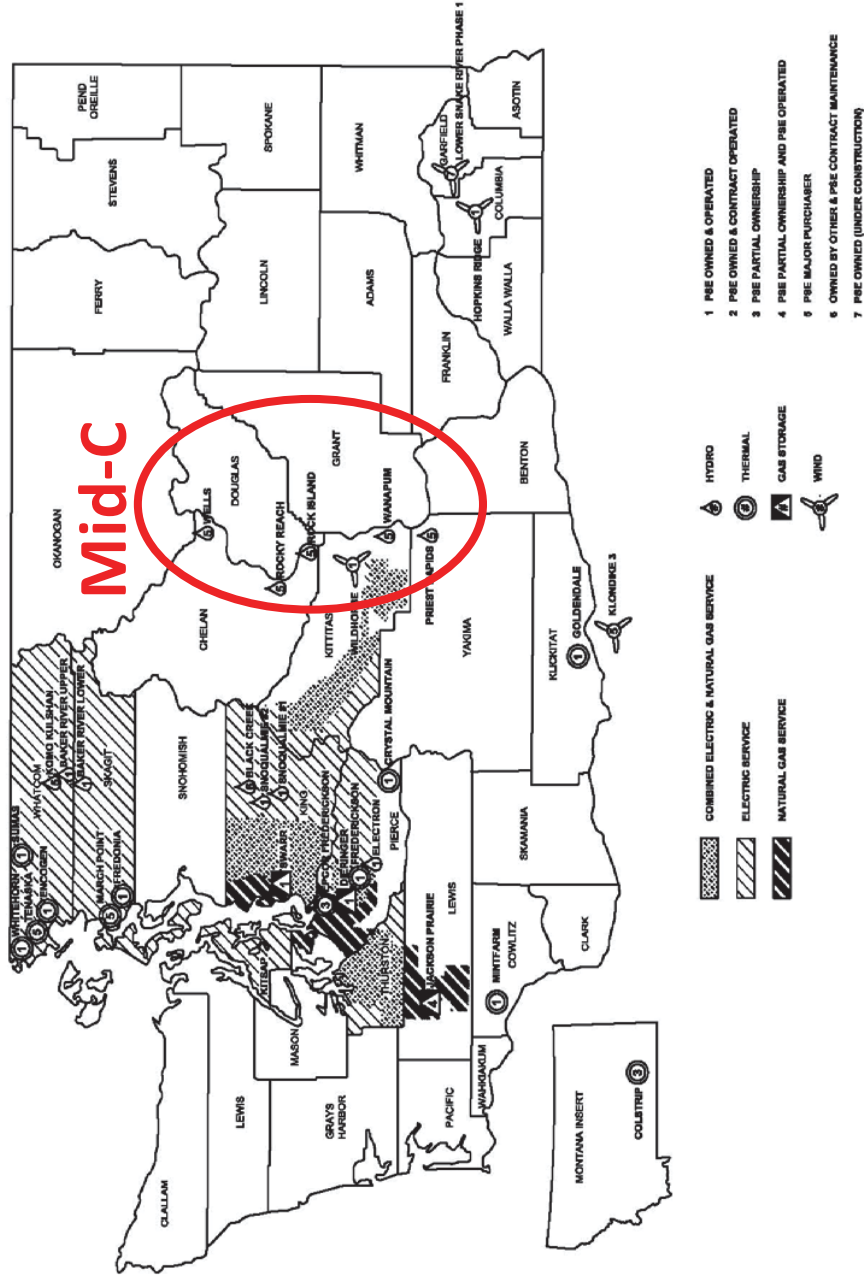
Background

- 2011 WUTC GRC Final Order: PSE is expected to provide for any renewal or acquisition of firm transmission “a full and detailed justification showing the prudence of this expense if the Company expects to continue to recover it in rates.”
- BPA transmission contracts are renewed at least one year prior to termination date to exercise the reservation priority rights thereby avoiding competition with other parties in the queue
- BPA transmission contracts are generally renewed for the minimum term of 5 years to retain renewal rights and allow flexibility to reevaluate transmission need

CONTRACT FOR RENEWAL:			
Project	Start	Term	MW
Vantage	3/1/2016	2/28/2021	23
TOTAL			23



Remote Resource Map - Mid-C Resources



Key Considerations

- Current information from BPA suggests PSE’s ability to obtain Mid-C transmission in the future is very limited and uncertain
 - If we forego the opportunity now; it might be difficult to get back the transmission capacity in the future
 - Analysis of BPA Long-Term Pending Queue indicates lack of future capacity on Cross Cascades North Flowgate
- Losing 23 MW of Mid-C Transmission would leave PSE short for Winter Peaking
- Maintaining Mid-C transmission is critical for meeting CETA standards
- Renewing the transmission is appreciable cheaper option to building an equivalent natural gas peaker plant
 - The portfolio benefit is approximately \$108k* as compared to the alternative of building an equivalent peaker plant

*Based on contract ending 2/28/2021.



Recommendation

**Renew 23 MW BPA Mid-C transmission contract for 5 year
term**



Appendix



BPA Long Term Queue Analysis

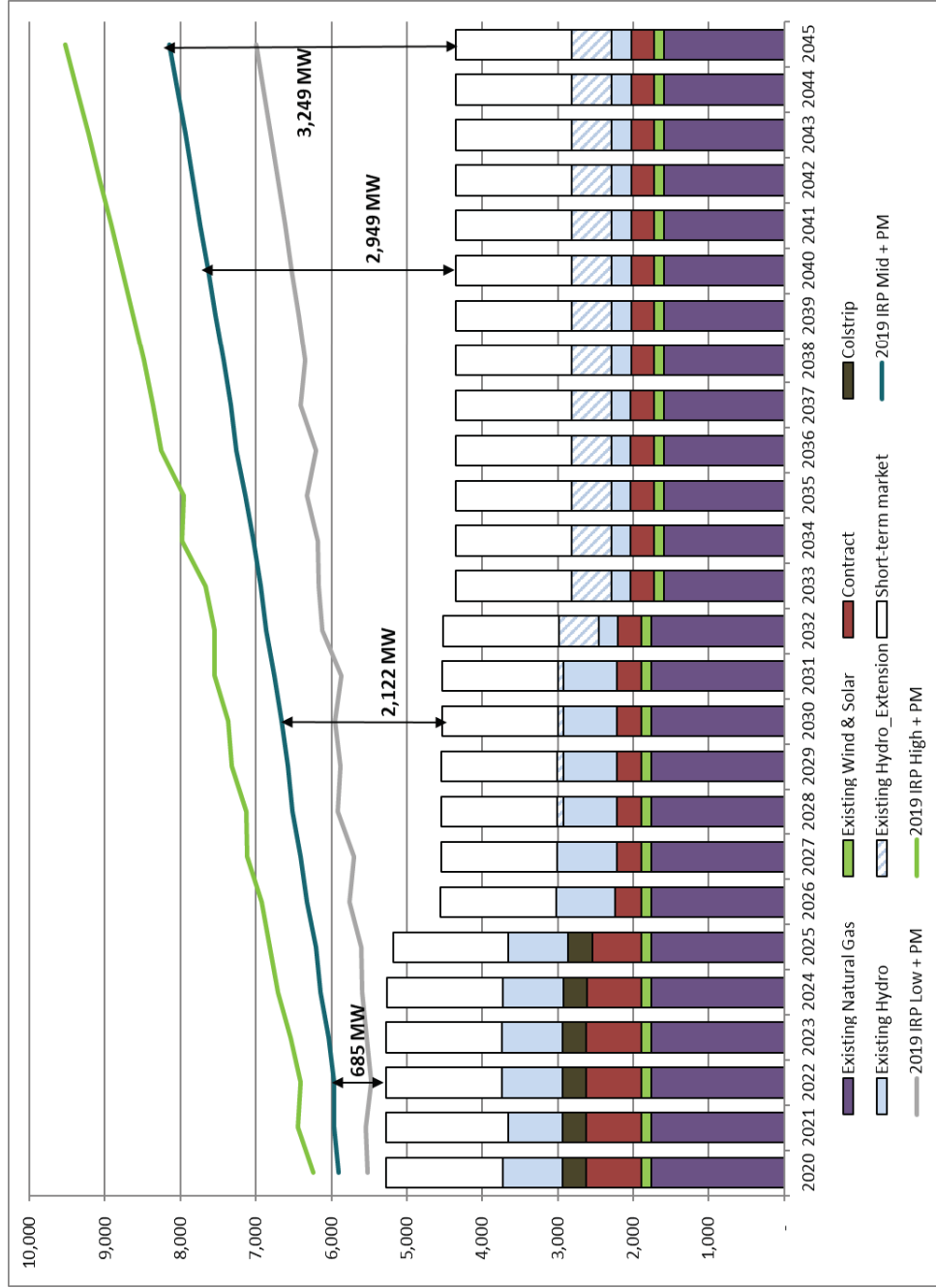
- Pending queue data was pulled on February 20, 2020 and is publicly available on bpa.gov/transmission
- Queue analysis indicates that if PSE does not purchase, next requesters in the queue could reserve capacity into perpetuity
- Should PSE place new request in queue, it would enter the bottom of the queue, behind all other requests
- Upcoming BPA transmission model changes and no-build policy could affect PSE’s ability to purchase long-term transmission in future

Future Outlook of North Cascades North Flowgate

	2021	2022	2023	2024	2025	2026	2027	2028	2029
Remaining ATC (MW)	552	483	584	523	523	532	575	584	593
Less Pending Queued Requests (MW)	(331)	(822)	(1134)	(1256)	(1256)	(1260)	(1260)	(1251)	(1242)

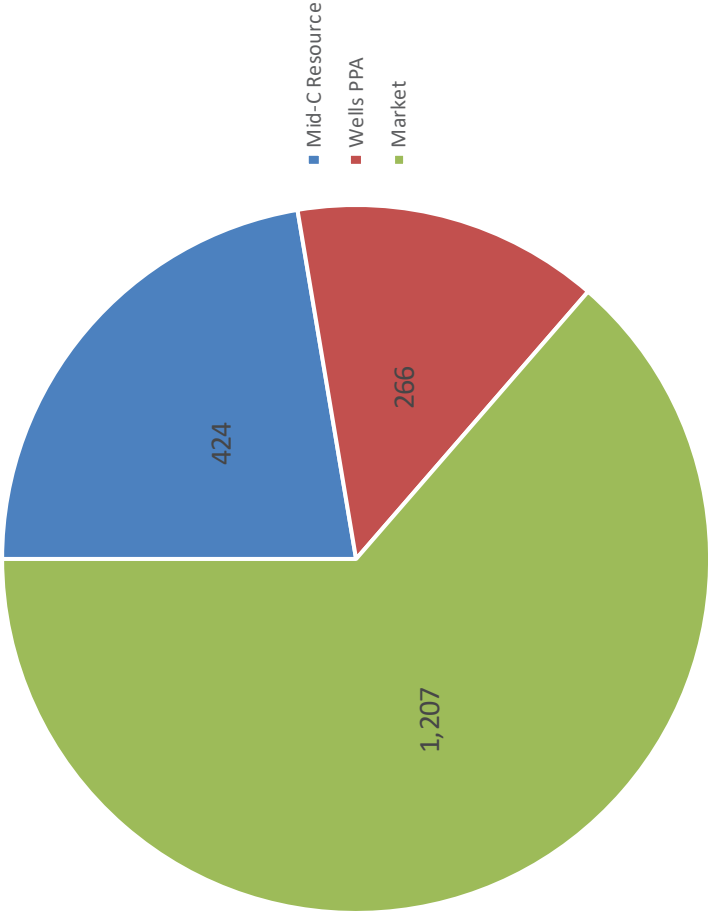


Electric Peak Capacity Need (2019)



Breakdown Mid-C Transmission

Total Capacity 2,031 MW



Portfolio Benefit

	With Social Cost of Carbon (Planning)	No Social Cost of Carbon (Customer Cost)
No Renewal	\$11,646,702	\$7,821,357
With Renewal	\$11,436,969	\$7,713,441
	\$209,733	\$107,916

