

**EXH. PKW-6C  
DOCKETS UE-22 \_\_\_/UG-22 \_\_\_  
2022 PSE GENERAL RATE CASE  
WITNESS: PAUL K. WETHERBEE**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY,**

**Respondent.**

**Docket UE-22 \_\_\_  
Docket UG-22 \_\_\_**

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

**PAUL K. WETHERBEE**

**ON BEHALF OF PUGET SOUND ENERGY**

**REDACTED VERSION**

**JANUARY 31, 2022**

Shaded Information is Designated as CONFIDENTIAL per WAC 480-07-160

**MEMORANDUM**

TO: Paul Wetherbee

FROM: [REDACTED]

CC:

DATE: December 1, 2021

**Subject:** PSE's Bid on the Powerex multi-year summer season RFP**Summary**

On November 30, 2021, PSE submitted a bid for [REDACTED]. The maximum volume [REDACTED]. We included both a [REDACTED] structure at [REDACTED] for consideration. We also indicated that PSE would like an opportunity to negotiate [REDACTED]. Notice of an award on our bid is scheduled for December 2, 2021.

**Background**

The Western grid has changed with a reduction of baseload generation capacity. The summer of 2020 had rolling blackouts in California with multiple PNW Balancing Authorities declaring energy emergency alerts. In June 2021, PSE experienced the hottest summer day on record at 105 degrees, with a peak hourly load of 4,036 MW, which was 1,290 MW above normal. Although PSE avoided any energy disruptions, Energy Supply Merchant (ESM), implemented an action plan to participate in the Powerex RFP in order to meet short-term reliability requirements as a bridge to the longer-term planning and acquisition time horizon.

**Product Description**

The Powerex RFP product offering included a number of key characteristics that meet PSE's needs.

- **Firm, identifiable capacity:** The firm energy is intended to be used for resource adequacy purposes. Energy will be sourced from the BC Hydro system and supported by physical capacity that will not be sold to other customers
- **100% Carbon-Free Energy:** The surplus clean energy is beyond what is needed for BC Hydro's system demand.
- **Reliable Transmission:** Powerex is delivering the energy using a portfolio of firm and conditional firm transmission rights.
- **Delivery Months and Hours:** Powerex offered a June through September summer contract with a heavy load profile (7X16) that matches PSE's critical hour profile.

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- **Term Length:** PSE bid on up to a [REDACTED] contract which bridges the gap to our longer-term procurement process.

**Pricing Structure**

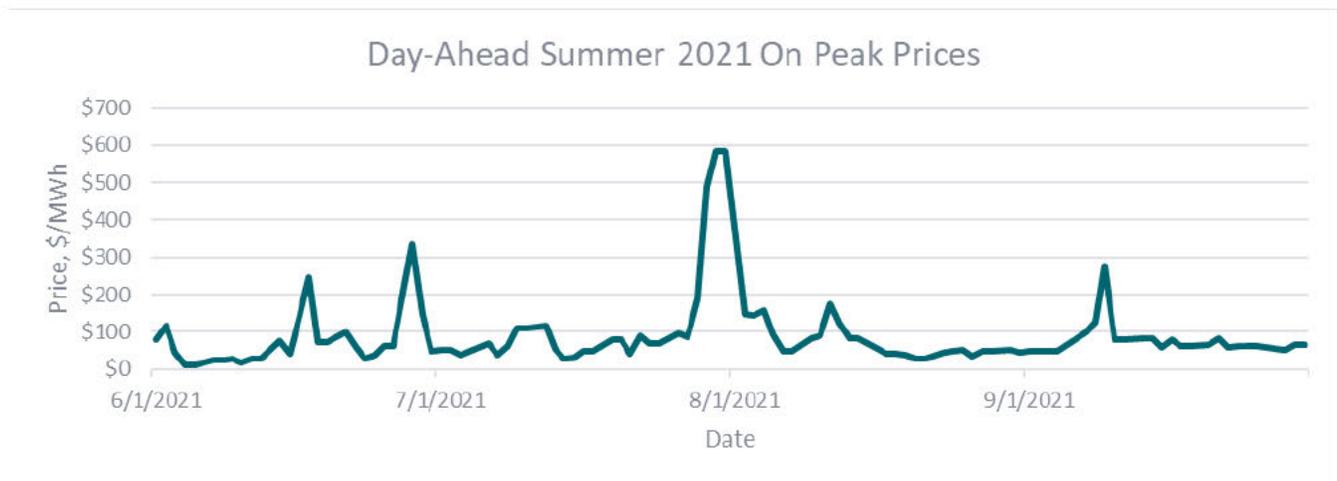
[REDACTED]

[REDACTED] During summer 2021, PSE had significant exposure to the market, as indicated in the table below.

**Table 1. PSE Average On-Peak Market Purchases by Percentile, in aMW**

[REDACTED TABLE CONTENT]

Day-Ahead spot prices were volatile in summer 2021. Below is a graph of historical summer 2021 day-ahead spot pricing showing multiple events of scarcity pricing.



**Figure 1. Day-Ahead Summer 2021 On Peak Prices**

The bid included multiple components [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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**Next Steps**

Powerex will notify the short-listed bidders by December 2, 2021. PSE is on track for an expedited execution process to be completed by the end of day on December 2, 2021.