

Inverenergy Comments on Puget Sound Energy (PSE) 2021 Integrated Resource Plan (IRP) Webinar #13 Comments Submitted March 17, 2021

General Comments

Inverenergy's comments on previous webinars have expressed ongoing concerns that PSE is not providing timely, unambiguous, and detailed information about its assumptions, analyses, and results for the 2021 IRP. These concerns were further reinforced during Webinar #13. Unfortunately, PSE has continued to be unwilling or unable to share meaningful information on a timely basis or constructively respond to stakeholder questions and comments.

PSE is required to file a completed IRP with the Washington Utilities and Transportation Commission by April 1, 2021. The IRP must comply with the Commission's IRP rules. At this late stage in the 2021 IRP process, it appears highly unlikely that PSE's IRP will satisfy Commission requirements for analysis or for stakeholder involvement.

Specific Comments on Webinar #13

Market Risk Assessment

During Webinar #13, PSE presented major, last-minute changes to its need for new electric capacity. The changes involve switching to a fundamentally different market risk assessment methodology that would significantly decrease PSE's reliance on market purchases from 1,500 megawatts to 500 megawatts.

In PSE's last several IRP processes, Inverenergy has consistently emphasized that PSE under-estimated the risks associated with PSE's excessive reliance on short-term market purchases of electricity to serve firm retail customer needs. Inverenergy agrees that PSE's market reliance should be significantly reduced from the current level of 1,500 megawatts.

However, the late change in PSE's methodology has prevented stakeholders from assessing whether PSE's methodology is reasonable. PSE has not adequately demonstrated that it can prudently wait until 2027 to reach a level of 500 megawatts of market reliance by making reductions of 200 megawatts per year.

Further, during Webinar #13, PSE did not present any information about how the resulting 1,000 MW increase in its need for new capacity will affect its preferred resource strategy. Instead, PSE stated that the impacts on its resource strategy will be included in the final IRP. This blocks meaningful review and comment by stakeholders and is simply unacceptable.

Electric Stochastic Analysis

During Webinar #13, PSE presented information on its methodology and assumptions for electric stochastic analysis. While the purpose of stochastic analysis is to incorporate the effects of short-term variability in key inputs such as natural gas prices, hydroelectric electric conditions and electric loads, PSE's analysis does not adequately reflect the impacts of the stochastic variables. This is due to

oversimplification of how the stochastic variables are input and used in PSE's model. As a result, the model's outputs do not accurately reflect the impacts of stochastic variabilities.

For example, in PSE's presentation Slide 25 (Electric price charts), deviations in wholesale electricity prices from average are shown as persisting throughout the entire resource planning period, rather than deviating from year to year as actually occurs. In other words, PSE's analysis treats variabilities more as scenarios than as stochastics. As a result, the analysis under-represents the impacts of stochastic variability and introduces hidden, systemic bias in PSE's evaluation of alternate resource strategies.

Further, during Webinar #13, PSE did not present any results for its electric stochastic analysis. Instead, PSE stated that the results will be included in its 2021 IRP filing on April 1, 2021. This is another example of how PSE is not providing timely information for review and comment by stakeholders.