NW Energy Coalition
Comments on and Requests
Regarding PSE 2021 IRP Webinar #9:
Electric IRP Sensitivities, October 20, 2020

October 27, 2020

Elizabeth Hossner
Manager Resource Planning & Analysis
Puget Sound Energy

Dear Elizabeth:

NW Energy Coalition (NWEC) appreciates the opportunity to ask questions about and make suggestions regarding Puget Sound Energy's (PSE's) proposed portfolio scenarios and sensitivities to address in analysis in the Integrated Resource Planning (IRP) effort. Our comments focus on the proposed sensitivities in the excel file "Updated sensitivities list" presented during the October 20th webinar.

Currently, sensitivity 32, titled "Add 185 MW Colstrip Transmission," is the only sensitivity meant to analyze what would happen if PSE's proposed sale of 185 megawatts of its Colstrip Transmission System ownership to NorthWestern Energy/Talen Energy is not successful. The description notes, "Results from this sensitivity will show a portfolio optimized around the assumption that this transmission will be available." Given recent developments in the regulatory approval dockets in both Washington and Montana, which have made it more unlikely than likely that this sale will be approved as proposed (if at all), we encourage PSE to assume in all but one sensitivity going forward that the 185 MW of Colstrip transmission will be available. Restated, it would now be more appropriate to include a single sensitivity in which the sale takes place while all other sensitivities assume the sale does not take place.

Evidence of this change in circumstances include the strong recommendations against the sale from Utilities and Transportation Commission staff, the Public Counsel Unit, and nearly every other party in the Washington docket.[1] Because of the strength of these testimonies, the Montana Public Service Commission postponed public listening sessions on the sale "Following developments in Washington that could stall NorthWestern Energy's effort to buy a greater stake in Colstrip Unit 4...".[2] The Montana PSC specifically cited the UTC staff recommendation to deny the sale as part of the reason for its decision.

If the IRP continues to assume in almost all sensitivities that the Colstrip transmission sale will be approved, there is significant risk that those results (and thus almost the entire IRP) will include a substantial flaw that could have been prevented.

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[1] See UTC docket UE-200115

[2] See Oct. 23, 2020 Montana PSC press release, "PSC POSTPONES PUBLIC LISTENING SESSION ON COLSTRIP UNIT 4 ACQUISITION," found at: http://psc.mt.gov/Portals/125/Documents/news/pr/2020PR/20201022%20Postponed%20CU4%20Listening%20Session.pdf

We also have questions about sensitivity 20. We support having this sensitivity included in the analysis, but it is not clear from the information on the excel spreadsheet exactly how the sensitivity will be calculated. We would urge that sensitivity 20 apply the SCGHG as a variable cost for all emitting generators in all model runs as well as to all market purchases of unspecified or emitting resources for Washington customers. In addition, if the calculation of the forward price curve will be done separately from the portfolio analysis, then the SCGHG should also be applied to the new thermal resources included in that calculation.

More generally, it is also not clear in any of the scenarios or sensitivities how the IRP process addresses the possible sale of electricity to out-of-state customers. How does the IRP modeling treat market sales from resources it selects? Is there a limit placed on how much electricity can be sold to non-PSE customers from any generator? In a past IRP cycle, PSE staff had commented that new proposed peaker resources could be run more often than needed for Washington customers, intending the "excess" electricity be sold into the market in order to lower costs to customers. We can understand that market sales may occur, as market conditions dictate, from resources selected to meet Washington customer's needs, but would not understand an intentional overbuild of resources with the intent of producing market sales. The greenhouse gas emissions from such an overbuild would be counter to the intent of CETA. We would appreciate an explanation of what kind of costs and values will be applied in the modeling to proposed generators, such as the GHG adders required by other states, the number of hours new facilities would operate beyond the hours needed to serve Washington customers, the assumed prices of market sales, or other similar assumptions.

Thank you for your consideration.

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