Bedwell, Heidi

From: Bedwell, Heidi
Sent: Wednesday, October 10, 2018 11:21 AM
To: bradley.strauch@pse.com
Subject: Additional Comment Response needed
Attachments: Response to COB revision letter 2.pdf; Response to COB revision letter.pdf; PSE's response to Bellevue questions is inadequate; South Bellevue Segment Energize Eastside - Response to Technical Review Letter, Part 1 (September 21, 2018)

Hi Brad,
This message pertains to your letter dated September 21, 2018 sent in response to the city's request for additional information about your peak loads. On June 8, 2018 PSE sent letters to several Cities on the eastside stating that their peak customer demand projections, which were the basis for determining the need for the Energize Eastside project, had been exceeded in the summer of 2017. In your response to City of Bellevue requests for data showing this growth you indicated that the kind of information requested could not be provided. As we discussed on October 9, 2018, there are some details that would help us better understand the letter and the circumstances that led to the 2017 peak demand.

1. Please indicate which load forecast scenario the June 8 letter refers to when it says "peak demand increased faster than modeled and our actual 2017 summer peak demand exceeded our load forecast for summer 2018". We presume this refers to load forecasts in the 2015 Supplemental Eastside Needs Assessment Report. If this is correct, please indicate which threshold was exceeded.
2. Please provide information on what contributed to this peak load, including high temperatures, duration of the heat wave, and other conditions that led to higher than expected demand. To the extent that it can be determined, please provide information on where the higher than expected demand occurred.

I have also attached four comment letters pertaining to the topic as well. Please provide an applicable response to the comments as part of your communication back to the city.
Thank you.
-Heidi

Heidi M. Bedwell
Environmental Planning Manager, Land Use Division
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Bedwell, Heidi

From: Don Marsh <don.m.marsh@hotmail.com>
Sent: Monday, October 08, 2018 7:20 AM
To: Bedwell, Heidi
Cc: Council; Miyake, Brad
Subject: PSE's response to Bellevue questions is inadequate
Attachments: Response to PSE answers on Energize Eastside.pdf

Dear Ms. Bedwell,

Please see the attached letter regarding PSE's response to Bellevue's questions about the Energize Eastside project. The company must provide actual data to justify the need and schedule of the project.

Sincerely,
Don Marsh

October 8, 2018

Heidi Bedwell
Environmental Planning Manager City of Bellevue
450 110th Avenue NE
Bellevue, WA 98004

RE: PSE's response to City's questions about the South Bellevue Segment Energize Eastside

Dear Ms. Bedwell,

We have reviewed PSE's response to Bellevue's questions about Energize Eastside, dated September 21, 2018.[1] PSE's carefully worded evasions and notable lack of quantitative data do not meet the burden of proof required by Bellevue LUC 20.20.255D.2.c.i ("…whether the electrical utility facility location is a consequence of *needs or demands from customers located within the district or area*.")

There is ample evidence to question PSE's claim that the Eastside electric grid is on the verge of collapse. PSE recently stated that their current peak load forecasts have fallen by 4.9%.[2] Although PSE has not provided a peak load forecast specifically for Bellevue, the greater Eastside accounts for approximately 14% of PSE's total load. It is possible that falling demand in Bellevue and the Eastside is contributing to the overall reduction in peak loads.

In 2015, Bellevue hired an independent analyst to examine the need for Energize Eastside. The analyst cited PSE's assumption that large projects in downtown Bellevue would add 42 MW to peak loads on the Eastside by 2018.[3] PSE provides no evidence that this increase has occurred. Using data provided by PSE, Bellevue's Environment Stewardship website observes, "Conservation combined with increased population growth have tended to keep total community use fairly flat since 2011."

PSE's letter states:

> *PSE does not track Eastside actual load data in real time as part of its regular operations. PSE does track the system peak. The 2017 system summer peak exceeded PSE's forecasted 2018 summer normalized system peak used in the Eastside studies.*[4]

Our industry experts, who collectively represent decades of relevant experience, believe this is a disingenuous answer. PSE, like all other major utilities, has an extensive Supervisory Control and Data Acquisition system designed to monitor generating stations, transmission lines, and

[1] South Bellevue Segment Energize Eastside – Response to Technical Review Letter, Part 1 (https://development.bellevuewa.gov/UserFiles/Servers/Server_4779004/File/pdf/Development%20Services/EnergizeEastside/PSE-EE-Response-Techncial-Review-Letter-Part1.pdf)
[2] 2019 IRPAG Meeting #2, PSE, August 20, 2018, page 20.
[3] Independent Technical Analysis of Energize Eastside for the City of Bellevue, WA, April 28, 2015, Version 1.3, page
[4] Op Cit., page 1.

substations. This is commonly known as SCADA.

As of 2015, PSE had installed 24 SCADA monitoring and control units in Bellevue's Central Business District.[5] At that time, PSE planned to install 42 more units. PSE recently released a report which includes detailed data on two of their substations – including individual forecasts out to 2027.[6] Clearly, if the data were truly unavailable, it would be impossible to prepare hour-by-hour demand forecasts for specific substations during the next decade.

The industry as a whole has reported low or negative growth in peak loads for the past decade. Changes in technology have reduced the need for new generation and transmission. For example, Seattle City Light, the publicly owned utility adjacent to Puget Sound Energy, has recently published a new load forecast that predicts peak load reductions for the next twenty years: [7]

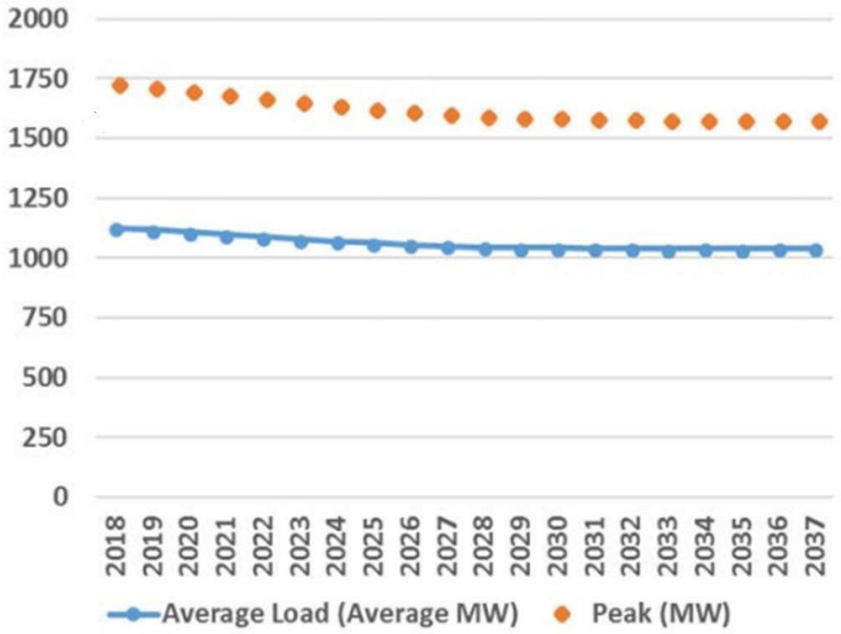
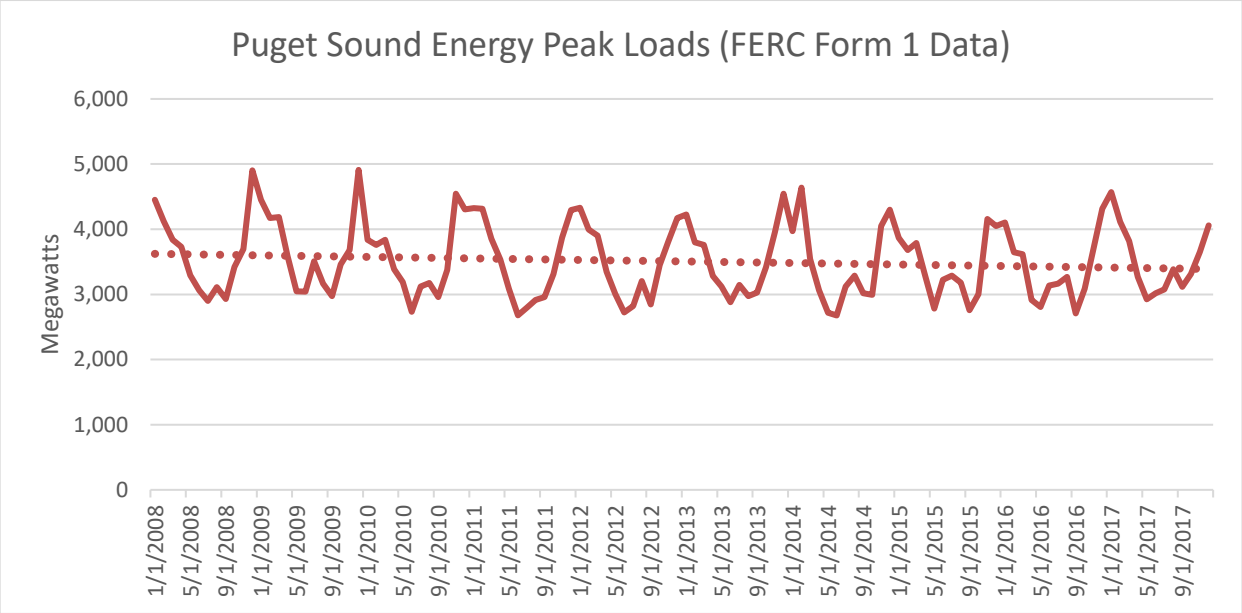


Figure 1. City Light's normal peak and retail load forecast

Seattle has the same weather as the Eastside. Rates of population and economic growth are similar on both sides of Lake Washington (housing construction is actually higher in Seattle). Both utilities have access to the same technology for electrical efficiency. Customers of both utilities have a similar interest in reducing energy consumption to minimize harm to the environment. However, PSE and Seattle City Light have very different incentives. Seattle City Light is owned by its consumers and pursues overall cost reductions. Investor owned utilities must continue to invest in infrastructure projects to increase profits.

[5] Puget Sound Energy 2015 Service Quality and Electric Service Reliability Report, March 29, 2016, page 51.
[6] Eastside System Energy Storage Alternatives Assessment Report Update – September 2018, Mark Higgins and Stephen Sproul, Stratgen Consulting, September 2018, pages 39 and 41.
[7] 2018 PROGRESS REPORT, Seattle City Light, September 24, 2018, page 10.

While Puget Sound Energy has restricted the amount of information it has provided to Bellevue and neighboring municipalities, it is required to supply detailed information to state and federal authorities. Almost all of this information is public, although it is not always sufficiently disaggregated to the municipal level. For example, PSE's peak loads have declined over the past decade: [8]



The dotted line shows a gradual decrease in peak demand over the past decade.

CENSE has repeatedly asked PSE to supply summer and winter demand peaks for each substation in the Eastside area. This data is necessary to evaluate the overall need for the project, and to determine whether a smaller, more targeted solution could address any growth hot spots, potentially saving hundreds of millions of dollars for ratepayers.

PSE refused our most recent request:

> *This request is very similar to the request you made in March 6, 2016 for individual substation load data for a six-year time period. In PSE's response to you dated May 13, 2016, we stated, "Historical loading on individual substations is confidential in order to protect customer sensitive information so this request is denied." Unfortunately, the passage of time has not altered PSE's position that such information compromises the confidential nature of customer sensitive information, so this request is again denied.*[9]

[8] Capacity loads reported by PSE to the Federal Energy Regulatory Commission on Form 1 page 401b for the years 2008 through 2017.

[9] Letter to Don Marsh via Express Mail, September 19, 2018

PSE has claimed that release of such data would compromise customer sensitive information. The claim of customer confidentiality is difficult to understand, because each substation serves thousands of customers. Is it possible to identify the consumption of one customer using 10 or 20 data points spanning the highest summer and winter usage over a decade? Not only is this improbable, the standard solution in such cases is to mask the data or to execute a protective order.

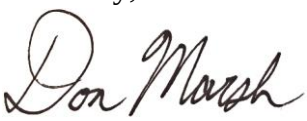
The WUTC has criticized PSE's lack of documentation on this issue and other issues raised by stakeholders in the 2017 Integrated Resource Plan:

> *The Plan does not include a narrative regarding:*
>
> - *The effect of the power flows due to entitlement returns on the need for the Energize Eastside Project.*
> - *The reason for, and effect on the need for the Energize Eastside Project, of modeling zero output from five of PSE's Westside thermal generation facilities.*
> - *PSE's choice not to provide modeling data to stakeholders with Critical Energy Infrastructure Information clearance from FERC.*
> - *Resolution of the effect of lower load assumptions on the need for Energize Eastside Project.*[10,11]

If PSE doesn't provide actual data to answer these questions, Bellevue and other Eastside cities cannot be sure that an electrical reliability problem truly exists and, if one does, whether this project would provide cost-effective relief. The cities and their citizens will not be able to participate in public hearings in a well-informed manner. Suspicion will linger that PSE pursued this project to benefit its bottom line, rather than improving the reliability of Eastside electricity.

Please represent our mutual interests and demand clear answers from PSE.

Sincerely,



Don Marsh

[10] Acknowledgment Letter Attachment Puget Sound Energy's 2017 Electric and Natural Gas Integrated Resource Plan in Dockets UE-160918 and UG-160919, May 7, 2018, page 10.

[11] Critical Energy Infrastructure Information clearance from FERC is routinely provided in cases such as this. My clearance was approved by FERC on April 8, 2016.

Bedwell, Heidi

From: Rick Aramburu <rick@aramburu-eustis.com>
Sent: Thursday, October 04, 2018 12:56 PM
To: Bedwell, Heidi
Subject: South Bellevue Segment Energize Eastside - Response to Technical Review Letter, Part 1 (September 21, 2018)

Heidi:

We received notice earlier this week that PSE has provided responses to your August 14, 2018 letter requesting additional information. That letter, signed by Brad Strauch, Senior Planner, is dated September 21, 2018, some five week after your request.

In your August 14 letter you asked PSE to provide specific information regarding peak demand (expressed in terms of hourly demand), data on causes of higher demand in 2017, flows across the Northern Intertie, output of PSE's northern power plants and higher rate of grown during the winter 2017. Essentially, PSE, in its September 21 letter, has refused to answer any of these questions and has refused to provide any actual data as requested by the City. The City questions in its August 14 letter were reasonable in evaluating whether the proposal meets the standards of city codes, especially the fundamentals of LUC 20.20.255. PSE's imperious attitude in brushing off the City requests should not be tolerated.

The City should not proceed to consider the PSE application until these questions are fully and completely answered. This is PSE's application and it has the burden to prove consistency with Bellevue code provisions. It cannot hide from public view essential information and data regarding its operations, which are at the heart of need and reliability criteria in the code.

Thank you for your attention to this important issue.

Rick

J. Richard Aramburu

ARAMBURU & EUSTIS, LLP

720 Third Avenue

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August 28, 2018

Heidi M. Bedwell
Environmental Planning Manager
City of Bellevue
Post Office Box 90012
Bellevue, Washington 98009 9012

Re: Conditional Use (File# 17-120556-LB)
Critical Areas Land Use Permit (File #17-120557-LO).
South Bellevue Segment Energize Eastside

Dear Ms. Bedwell,

On behalf of CENSE, I sent two questions regarding PSE's "Energize Eastside" project in my letter dated August 24, 2018. CENSE has three more questions we would like the City of Bellevue to ask PSE:

1. The City asked PSE for hourly records of Eastside demand for the summer of 2017. However, the applicant is required by LUC 20.20.255 to provide the following:

   b. Describe how the proposed electrical utility facility provides reliability to customers served;

   c. Describe components of the proposed electrical utility facility that relate to system reliability;

   Information describing both summer and winter peaks is critical to assessing whether customer and system reliability is improved by the project. The FEIS at page 1-3 states the need for proposal is the "risk of power outages that typically occur in cold or hot weather as early as the summer of 2018." **Accordingly, PSE must provide hourly records for summer and winter peaks for 2008-2017 so decision makers can assess demand trends during the past decade.**

   The FEIS at page 1-5 says that there is "potential for *load* shedding (forced power outages) by summer of 2018." Data for peak loads during the summer of 2018 should be provided since the peak warm period for the summer of 2018 has now passed. Since the replacement of the Lakeside substation is also part of the project, **PSE should specify the power flowing through the Lakeside substation for the periods in question.** (This expands the request in our first letter.)

2. BPA publishes records of electricity transferred between the U.S. and British Columbia over the Northern Intertie. These records show that large transfers happen occasionally. For example, on January 1, 2018, British Columbia transferred 2,244 MW to the U.S. On January 24, 2018, the U.S. transferred 1,974 MW to B.C. Under the code provisions above, **PSE is obligated to describe how much of this electricity passed through the Talbot Hill, Lakeside and Sammamish transformers in each case (north and south transfers).**

3. In the 2013 Eastside Needs Assessment, PSE/Quanta assumed that most local generation plants would be offline during an N-1-1 outage emergency. PSE has since admitted that this situation is unlikely to occur. Apparently, PSE ran a second load flow study with normal levels of local generation. PSE must describe details of this second study. **Exactly how much were loads on the**

Talbot Hill and Sammamish transformers reduced when electricity from local generators was available?

We believe that clear answers to these questions are required by LUC 20.20.225 to describe the need for Energize Eastside and the feasibility of alternatives that combine modern technologies such as demand response, electrical efficiency, distributed generation, and energy storage.

Sincerely,

Don Marsh

(sent via email)

August 24, 2018

Heidi M. Bedwell
Environmental Planning Manager
City of Bellevue
Post Office Box 90012
Bellevue, Washington 98009 9012

Re: Conditional Use (File# 17-120556-LB)
Critical Areas Land Use Permit (File #17-120557-LO).
South Bellevue Segment Energize Eastside

Dear Ms. Bedwell,

CENSE appreciates the revision letter dated August 14, 2018 from the City of Bellevue to Puget Sound Energy regarding the company's proposed "Energize Eastside" transmission project. We are especially interested in PSE's answers to questions about the load forecast.

We request the City to ask two additional questions that would further clarify the need for the project:

1. **What were *actual* summer and winter peak demand levels for the Eastside for 2008-2017?** Since peak demand is highly correlated to temperature, this 10-year date range will help us understand the growth trend, the influence of weather, and the relative magnitude of summer and winter peaks.

2. PSE assumes regional transfers of 1,500 MW in winter and 2,850 MW in summer. **What portion of these transfers are firm commitments by PSE or BPA that cannot be curtailed during an N-1-1 outage emergency affecting the Eastside?**

Thank you for your efforts on behalf of residents and businesses in Bellevue and ratepayers throughout PSE's territory who want to be sure their funds are being invested in prudent and cost-effective infrastructure projects.

Sincerely,

Don Marsh

(sent via email)