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Subject: UE-160918 and UG-160919 - NWIGU Comments on PSE Integrated Resource Plan
Date: Thursday, February 22, 2018 10:51:31 AM
Attachments: [160918-160919-NWIGU-Cmt-IRP-02222018.pdf](#)

Dear Mr. King,

Attached in the above-referenced matter are comments regarding the final 2017 IRP signed by Edward Finklea on behalf of Northwest Industrial Gas Users. Please let me know if you have any questions.

Thank you,

Lauren Strauch

Legal Assistant to Tommy Brooks,
Thomas Grim, and Chad Stokes

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February 22, 2018

Mr. Steven King
Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, Washington 98504-7250

Re: Dockets UE-160918 and UG-160919, PSE Integrated Resource Plan

Dear Mr. King:

These comments are submitted on behalf of the Northwest Industrial Gas Users (NWIGU) and address the final 2017 integrated resource plans (IRP) submitted by Puget Sound Energy (PSE or Company). IRPs are submitted every two years and NWIGU participated in the IRP process conducted by the Company.

NWIGU is submitting comments on the limited issue of the reliance on the Tacoma LNG facility to meet peak winter firm demand starting in 2019. NWIGU was an active party in UG-151663, the Tacoma LNG proceeding, as well as a stakeholder in the earlier 2015 IRP proceeding. The Tacoma LNG facility is a unique resource that can help meet winter peak demand for firm natural gas service for the long term at a lower cost than any comparable resource. As we found in the UG-151663 proceeding, because the LNG peaking component is able to be paired with the LNG terminal facility, peak capacity can be supplied at a lower cost to PSE than if the Company participated in a Northwest Pipeline capacity expansion.

NWIGU, the Washington Utilities and Transportation Commission Staff, and Public Counsel participated in a very deep and thorough analysis of the economics of the Tacoma LNG facility strictly from the perspective of PSE's firm customers. The conclusion of that analysis was that so long as the combined LNG facility could be built on budget and the allocations agreed to in the proceeding are

honored in the future, the LNG peaking capacity was least cost when compared to capacity secured through an expansion of Northwest Pipeline.

A Northwest Pipeline expansion is the only comparable resource to building an LNG peaking facility for PSE securing long-term firm deliverability of natural gas at peak hours on a peak day. Short term capacity may be available on the release and secondary markets to meet peak demand for a year or two. Northwest Pipeline capacity into PSE's service territory, however, is fully contracted and shippers will eventually face the need for an expansion of Northwest Pipeline to meet growth in peak day demand. Those realities guided our analysis in the UG-151663 proceeding.

What may be misunderstood with the general public regarding the Tacoma LNG facility is that if the combined facility is not completed it will hasten the day when a major expansion of the Northwest Pipeline facilities will be necessary. To expand capacity on Northwest Pipeline, looping of existing facilities would be required, which involves installing a parallel pipeline within the existing corridor of the interstate pipeline. Such an expansion would be a major undertaking, would be very expensive, and would cause a different set of environmental impacts. It is highly unlikely that such an undertaking would be without controversy.

Thus, NWIGU supports continuing to show the Tacoma LNG facility as a resource that will be depended on to meet firm, peak day demand in PSE's IRP. The selection of this resource has been carefully vetted by this Commission. It should remain in the IRP as the next resource to meet growth in peak day natural gas demand requirements.

Sincerely,



Edward A. Finklea
Executive Director
Northwest Industrial Gas Users