

State approves Puget Sound Energy's coal-transition contract with TransAlta

1/9/2013

Media Contact: (360) 664-1116 or media@utc.wa.gov

Docket Number: UE-121373

State approves Puget Sound Energy's coal-transition contract with TransAlta

Regulators impose contract compliance-monitoring requirements

OLYMPIA, Wash. – State regulators today approved a long-term “coal transition” power purchase agreement between Puget Sound Energy (PSE) and TransAlta Centralia Generation LLC (TransAlta) that sets the stage for closing the state’s remaining coal-fired electric generating plants by 2025.

The Washington Utilities and Transportation Commission (UTC) approved the agreement that allows PSE to purchase an average 346 MW of coal transition power from the Centralia coal plant, which will cease coal operations in one of its two generation facilities by 2020, and the other by 2025.

Gov. Chris Gregoire signed the Coal-Transition Energy Bill (Engrossed Second Substitute Senate Bill 5769) in 2011. This bill provides certain deferrals of greenhouse gas emissions performance standards to encourage the early closure of coal plants in Washington. The PSE/TransAlta contract is effective from Dec. 1, 2014, through Dec. 31, 2025.

The UTC order requires that PSE file an annual report regarding the contract, which includes detailed plant operation and power-source data from TransAlta to allow the UTC to ensure that the purposes of the Coal Transition Energy Bill are met and that the public interest is protected.

In approving the contract and imposing the reporting requirement, the commissioners said that approval of the contract “provides a transition for citizens living in the communities most directly affected by the closure, maintaining family-wage jobs and promoting economic development that will substitute for the loss of the plant, which remains an economic mainstay in Centralia and surrounding suburban and rural communities.... [T]he state has provided for the broader public interest to benefit from the assured closure of a significant source of air pollution on a definite schedule.”

Bellevue-based Puget Sound Energy serves more than 1 million electric customers and nearly 750,000 natural gas customers in parts of Snohomish, King, Pierce, Lewis, Thurston and Kittitas counties.

The UTC is the state agency that regulates private, investor-owned electric and natural gas utilities in Washington. It is the commission’s responsibility to ensure regulated companies provide safe and reliable service to customers at reasonable rates, while allowing them the opportunity to earn a fair profit.

###

Editor’s note: A copy of the commission’s order is available at <http://www.utc.wa.gov>.