

Puget Sound Energy's Statement on Capacity Benefit Margin

Summary

As modified by Order 890, the Code of Federal Regulations, Title 18 (Conservation of Power and Water Resources), Section 37.6 (b) (3)(iii) requires a Transmission Provider to (A) reevaluate its Capacity Benefit Margin (CBM) needs at least every year, and (B) post its practices for reevaluating its CBM needs. This document is meant to fulfill those requirements.

Definition

Capacity Benefit Margin or *CBM* means the amount of Total Transfer Capability preserved by the Transmission Provider for load-serving entities, whose loads are located on that Transmission Provider's system, to enable access by the Load-Serving Entities (LSEs) to generation from interconnected systems to meet generation reliability requirements, or such definition as contained in Commission-approved Reliability Standards.

Annual Evaluation

Puget Sound Energy (PSE) evaluates its own CBM needs annually. CBM needs were reviewed September 2007 and again in September 2008.

PSE's Practice for Evaluating CBM Needs

To determine the need for CBM, PSE reviews its native load resource portfolio, its participation in the Northwest Power Pool Reserve Sharing Agreement, and the available transfer capacity to adjacent systems. The relative risk of the loss of an on-system resource and availability of transfer capability are factors in the review.

PSE's Need for CBM

Since most of PSE's native load resource (generation serving PSE's native load) is located remote to PSE's Balancing Authority area (i.e., off system resources) and there is available transfer capability for either reserves sharing imports or for other arrangements to respond to the loss of an on system resource, PSE does not require the reservation of CBM.

Other LSE Needs for CBM

In Order 890A, the Federal Energy Regulatory Commission stated: "82. The Commission clarifies in response to Duke that utilities do not need to make CBM available to LSEs on their system if the utilities do not reserve for themselves CBM or its equivalent. Comparability only requires transmission providers to make CBM available when they set aside for themselves transfer capability to meet generation reliability criteria."⁴³

For a LSE to be eligible for CBM it must have both load and generation on the PSE system. As of the date of this document, there are no LSEs on PSE's system eligible to request CBM.

Summary

1. PSE posts zero (0) CBM on all paths
2. It is PSE's practice to not reserve CBM
3. PSE will review this practice no less than annually or in light of subsequent FERC Orders and NERC Standards development concerning CBM.