PUGET SOUND ENERGY

colstripFACTS

Frequently Asked Questions

In the near term, the single most powerful factor determining the fate of Colstrip are market conditions including low cost & abundant natural gas-fired electricity and increasing renewable energy sources which are making it increasingly difficult for Colstrip to compete.

Beyond that, there are several policy, regulatory, and legal actions at the state and federal level that create an uncertain path forward such as EPA Regional Haze Requirements, the Clean Power Plan implementation and potential legislation in Washington and Oregon to end coal power from Colstrip within 20 years.

PSE recognizes this entire process is one that is of great interest to both our customers in Washington and our partners in Montana.

We will continue to provide updated information in good faith and will continue to be in the community for years to come as Colstrip Units 3 & 4 continue to be a productive part of Montana's energy portfolio. Find answers to FAQs below and learn more about the current global energy market factors effecting Colstrip here. >>>

Q1) Who owns Colstrip's power generating facility?

A1)
- Puget Sound Energy owns 25% interest in both units 3 & 4.
- Portland General Electric has a 20% interest in both units 3 & 4.
- Talen Energy owns 30% interest (222 MW) in unit 3 and has no ownership interest in unit 4. Talen is also the operator of all four plants.
- PacifiCorp owns a 10% interest in units 3 & 4.
- NorthWestern Energy a 30% interest (222 MW) in Colstrip 4.

Read Colstrip overview

Q2) Who built the Colstrip power generating facility?

A2) In January 1970, Montana Power Company entered into contract for engineering, procurement and construction of a coal fired generating project in Colstrip. In July of 1971, Puget Sound Power and Light entered into an agreement to join the contract to construct, operate and maintain the coal fired generating project at a 50% level. Puget simultaneously entered into an operation and maintenance agreement for Units 1&2. Montana Power Company was named operator at that time. Since then, Montana Power Company sold its interest in Colstrip to Pennsylvania Power and Light (PPL). PPL sold its interest to Talen Montana which was acquired by Riverstone Holdings in 2016. Puget Sound Energy has been consistently involved as an owner of the Colstrip power generating facilities from day one. Read an overview here.

Click for Colstrip Timeline

Q3) How much power does Colstrip produce and how old are the units?

A3) Colstrip units 3 & 4 produce 740 MW each/1480 MW total. They came online 1986 (~30 years). Learn More

Q4) What has PSE contributed to the Colstrip community and the state of Montana?

A4) PSE has been a partner in Montana's energy economy since Colstrip's power generating units were first built. PSE has purchased millions of tons of Montana coal, which has resulted in hundreds of millions in contributions to the Montana Coal Trust Fund for the benefit of all Montanans. PSE has also contributed $308.6 million in property taxes to the state of Montana in the last 30 years alone. Learn more here

Q5) Did legislation enacted in 2016 in Washington State create a fund to pay for Colstrip costs?

A5) No. The Washington State Colstrip bill (SB 6248) does not create a fund to pay for Colstrip decommissioning and remediation costs. The bill does not constitute pre-approval for expenses related to Colstrip decommissioning and remediation.

Q6) What does the 2016 Washington State Colstrip bill do?

A6) The Washington State Colstrip bill provides the Washington Utilities and Transportation Commission (UTC) a way to use existing federal tax benefits and grant dollars collected on behalf of PSE customers to pay for future Colstrip 1 & 2 decommissioning and remediation expenses, but only after the UTC deems those expenses just and reasonable (prudent).

Q7) What is the total amount of tax credits the legislation will allow PSE to use for decommissioning and remediation costs associated with Colstrip 1 & 2?

A7) As a regulated utility, PSE would only be able to use as many monetized credits as are necessary to prudently decommission and remediate Units 1 and 2. The costs and monetized credit amount necessary to cover those costs of prudent decommissioning and remediation efforts will be adjudicated by the UTC in future proceedings.
Q8) Since Colstrip is owned by out-of-state companies, how can Montanans learn more about their intentions?
A8) All owners of Colstrip, with the exception of Talen which is a merchant generator, are subject to rigorous and transparent reporting requirements through respective regulatory agencies. Puget Sound Energy has been in Colstrip since the 1970s and has a strong track record of providing updated information to stakeholders in good faith. PSE regularly files general rate cases with the Washington Utilities and Transportation Commission. General rate case filings are available to the public for review and comments online. Read WUTC Reports here

Q9) What is the future of Colstrip's power generating facility?

A9) It's important to keep in mind there are no plans to retire Colstrip Units 3 & 4. When you hear about Colstrip's power plants being retired, only Units 1 & 2 have been retired as a result of a 2016 settlement stemming from a lawsuit filed by the Sierra Club and Montana Environmental Information Center (MEIC). An important part of the settlement that affects the longer term future of Units 3 & 4 is that the Sierra Club agreed to dismiss all of the Clean Air Act allegations against the Colstrip Generating Station.

Units 1 & 2 had been approaching the end of their useful life and had become less economic as the price of natural gas has dropped and remained low. In January 2020, Talen Montana announced Units 1 & 2 were retired. Colstrip Units 3 & 4, which are younger units, produce the most energy, support the most jobs, are cleaner, more efficient, and will continue to operate for years to come. Taxes paid to Montana on Units 3 & 4 are more than triple the amount paid to Montana on Units 1 & 2. Property taxes will continue to be paid on Units 1 & 2 until they are fully decommissioned, a process that could take years beyond the announced retirement date.
Q10) Talen Montana, the operator of Colstrip, announced it had retired Units 1 & 2 in January 2020. Prior to retirement, PSE received 307 MW of power generation from those facilities. What are PSE's plans to replace that power?
A10) In the near-term, PSE's trade floor, which is responsible for our near term energy supply (within 3 years), will make short term procurement decisions to fulfill our customers' needs. PSE is also in the midst of evaluating responses to an all-source request for proposal (RFP) to acquire new energy to meet long-term demands, including replacement of Colstrip Units 1 & 2. A public announcement will be made after all contracts are signed. Additional information can be viewed here: More Information on PSE's RFP

Q10) How does the retirement of Units 1 & 2 affect PSE's interest on the Colstrip Transmission System?

A10) The Colstrip Transmission System (CTS) will remain an important element of PSE's transmission network. Transmission capacity exists today and additional capacity may be available and requested consistent with the applicable Federal Energy Regulatory Commission (FERC) rules and transmission agreements like the CTS Agreement and the Montana Intertie Agreement. More information here: Colstrip Transmission System

Q11) Will Units 1 & 2 be properly decommissioned and cleaned up?

A11) Yes. In 2016, Washington Legislature passed SB 6248. The law enabled PSE to responsibly plan for the future to properly decommission and cleanup Units 1 & 2 when they are retired by 2022. In fact, the legislation ensures Montana taxpayers will not have to worry about paying for PSE's portion of decommissioning and cleanup costs for Units 1 & 2.

Q12) How will Montana's industrial power users be impacted by the eventual retirement of Colstrip Units 1 & 2?

A12) Montana's industrial customers currently purchase about 220 MW of Colstrip power from Talen Energy each year. PSE does not have a role in how Montana's industrial customers secure power. It is possible Montana's industrial customers are already looking at opportunities to secure power on the larger western power market, given the retirement of Units 1 & 2 in early 2020. Additionally, the Southeastern Montana Development Corporation and the National Association of Counties will be studying the future of Colstrip and looking at economic diversification opportunities that might help identify additional options for Montana's industrial power users.

Q13) Did PSE pay for a community fund in Washington State?

A13) No. PSE has never provided financial assistance to Centralia.

- The Centralia Power Plant is a 1,340 MW coal-fired electric generating facility in Centralia, WA, which utilizes two coal-fired generating boilers.
- The Centralia Power Plant is owned by TransAlta, an independent power producer.
- In 2011, the State of Washington and TransAlta entered into a Memorandum of Agreement (MOA) that embodies the terms and conditions for applying the provisions of the WA greenhouse gas emissions performance standard to the plant by 2025.

- The MOA represented a grand compromise of sorts between many stakeholders that included TransAlta, the State of Washington, environmentalists, and labor.
- It is critical to note that PSE was not a party to the MOA between the state and TransAlta, nor did PSE ever agree to provide financial assistance to Centralia.
- PSE's only involvement in the transaction was to enter into a long-term power contract with TransAlta to purchase power from the Centralia Power Plant.

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