

Agenda Date: January 28, 2021
Item Number: A1

Docket: UE-210037
Company: Puget Sound Energy

Staff: Kyle Frankiewicz, Regulatory Analyst

Recommendation

Issue an order approving Puget Sound Energy's petition for approval of the company's recommended independent evaluator.

Background

On October 15, 2020, the commission issued Order 04 in Dockets UE-200413 and UE-200414. The order granted PSE's request to withdraw its 2020 RFPs and granted a waiver of the WAC requirement to issue an RFP, with two conditions: (1) that PSE work with commission staff (staff) and other stakeholders to address issues raised over the course of the two dockets, specifically identifying the proposal to use an independent evaluator (IE), and (2) that PSE file an all-source RFP and DR-focused RFP by April 1, 2021.

Pursuant to the order and in accordance with the draft rule language in the purchases of electricity rulemaking,¹ on November 17, 2020, PSE issued a notification inviting comments and expressions of interest regarding the company's intent to use an independent evaluator for its upcoming RFPs. PSE consulted with staff and other stakeholders in developing this solicitation. PSE's timeline for securing IE services included filing a request for approval in mid-January 2021.

Discussion

IE selection process

Staff has been involved with PSE's efforts to retain the services of an IE for the company's upcoming RFPs from the outset. Kathi Scanlan played a pivotal role, regularly coordinating with the company from before the draft RFPs were filed through to their eventual retraction. She navigated a rapidly changing landscape throughout the prolonged draft RFP consideration process, and connected the commission's handling of these RFP requirements with the rulemaking's then-proposed, now-finalized requirement that certain RFPs must include an IE. Thanks to her foresight, PSE's work prior to the rule's finalization resulted in an RFP process that is compliant with the finalized rule's requirements in WAC 480-107-023(2).

¹ Docket UE-190837. These rules were adopted on December 28, 2020, with the commission's issuance of General Order R-602.

PSE coordinated with staff throughout the IE solicitation process, which resulted in a robust selection of IE firms to consider and interview. Staff found no significant concerns with the utility's vetting and selection process, and sees no reason to object to the company's recommended selection of Bates & White. Staff notes that Bates & White has worked with other investor-owned utilities (IOUs) in the Pacific Northwest, such as PacifiCorp and Portland General Electric. Staff sees some benefit in securing the services of other IE firms for future RFPs to benefit from new perspectives, and to avoid the feedback loop of choosing one firm because that firm is the only one with experience in the region. However, Bates & White's experience with other IOUs in the region is a strong advantage for PSE's (and the commission's) first formal outing with an IE.

Timeline and public interest consideration

The commission concluded its purchases of electricity rulemaking on December 28, 2020. In its order, the commission set expectations for how the IE approval process should typically be handled: "The Commission expects that a utility will file a petition seeking such approval, and that the Commission will consider the petition at an open meeting. The Commission expects that its review and approval will take at least 30 days."²

In the future, staff expects that the 30-day review should be the norm. However, in this case, staff believes the public interest is better achieved in addressing PSE's petition faster than the commission's 30-day expectation. This will enable PSE to apply the IE's expertise to the drafting of the RFPs due on April 1. PSE's diligent inclusion of staff in the development and review of the IE selection process enables this faster response from staff and the commission. This approach has the additional benefit of allowing the IE to become more fully integrated into PSE's coordination and processing of the RFPs by being on board early in the process.

Stakeholder Comments

Staff reached out to a number of stakeholders, including Public Counsel, the Alliance of Western Energy Consumers (AWEC), and the Northwest and Intermountain Power Producers Coalition (NIPPC). NIPPC and AWEC both conveyed support for PSE's selection of Bates & White, and NWEC supported getting this process handled quickly.

Conclusion

Staff recommends that the commission issue an order approving Puget Sound Energy's petition for approval of the company's recommended independent evaluator.

² Docket UE-190837, General Order R-602 at ¶ 34.