

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PUGET SOUND ENERGY

Petitioner,

For an Order Approving Proposed
Request for Proposals

DOCKETS UE-200413 and UE-200414

ORDER 04

GRANTING MOTION FOR
WITHDRAWAL; EXTENDING
EXEMPTIONS

BACKGROUND

- 1 On May 4, 2020, Puget Sound Energy (PSE or Company) filed with the Washington Utilities and Transportation Commission (Commission) a draft Request for Proposal (RFP) Regarding All Resources in Docket UE-200414, and a draft RFP Regarding Demand Response Programs in Docket UE-200413.
- 2 On May 11, 2020, the Commission issued a Notice of Opportunity to Provide Written Comments and Notice of Open Meeting (Notice). The Notice required interested persons to file written comments by July 6, 2020, and afforded stakeholders an opportunity to provide oral comments at the July 17, 2020, recessed open meeting.
- 3 On June 30, 2020, the Commission issued a Notice of Change to Scheduled Open Meeting, indicating that the recessed open meeting set for July 17, 2020, was changed to July 30, 2020. The deadline for written comments remained unchanged.
- 4 The Commission received a total of 14 written comments in Dockets UE-200413 and UE-200414. Based on those comments and discussions with Commission staff (Staff), PSE submitted revised draft RFPs on July 22, 2020.
- 5 On July 23, 2020, PSE filed a Petition for Waiver from Certain Request for Proposals Requirement, seeking additional time for the Commission to approve its RFPs in both dockets.
- 6 On July 31, 2020, the Commission issued Order 01 in Dockets UE-200413 and UE-200414, granting PSE's July 23, 2020, Petition. In Order 01, the Commission indicated that it would consider the Draft All-Source and Demand Response RFPs at its August 13, 2020, open meeting.

- 7 On August 5, 2020, PSE filed a Petition for Waiver of Certain Requirements Related to Requests for Proposals Contained in WAC 480-107 and Order 01. PSE submits that it has recently developed an updated load forecast that reflects the effects of the COVID-19 pandemic. This forecast indicates a significantly lower peak capacity need than did the forecast in the Draft All-Source RFP and the Draft Demand Response RFP. PSE requested more time to consider this issue.
- 8 On August 13, 2020, the Commission granted PSE's August 5, 2020, Petition in Order 02. The Commission indicated that it would consider PSE's draft RFPs at its September 10, 2020, open meeting, at which time the Commission would take action to approve or suspend them.
- 9 On August 26, 2020, PSE filed an Informational Filing Seeking Comments from Interested Parties on the Potential Withdrawal of its Draft Demand Response and All-Source RFPs. PSE explained that its updated load forecast projects no material capacity need for more than five years and that it may be in the public interest for PSE to withdraw its Draft RFPs.
- 10 On September 3, 2020, PSE filed a Third Petition for Waiver of Certain Requirements Related to Requests for Proposals Contained in WAC 480-107 and Orders 01 and 02, requesting a two-week extension for the Commission to consider the Company's draft RFPs.
- 11 On September 8, 2020, PSE filed its Motion for Withdrawal of Draft Requests for Proposals and Petition for Waiver of Certain Requirements Related to Requests for Proposals Contained in WAC 480-107 (Motion for Withdrawal). PSE requests permission to withdraw its Draft All-Source and Demand Response RFPs. PSE accordingly requests an exemption from WAC 480-107-015(3)(b) with respect to the issuance of a request for proposals for supply-side and demand response resources.
- 12 At the Commission's September 10, 2020, regularly scheduled open meeting, Company representatives answered questions about the RFPs and parties presented oral comments. The Commission granted PSE's September 3, 2020, Petition in Order 03.
- 13 In early October 2020, Staff reached out to the Company's acquisitions and market solutions group regarding PSE's plans for outreach to bidders, stakeholders, and specific timing regarding RFPs related to the Clean Energy Transformation Act (CETA) and is awaiting additional information from the Company .
- 14 Staff reviewed both the Motion for Withdrawal and the Petition for rule waiver and generally supports it subject to the conditions that PSE: (1) work collaboratively with

Staff and other stakeholders through the first quarter of 2021 to address comments submitted in these dockets, particularly the proposal to use an independent evaluator, and revise both RFPs, as appropriate, and (2) submit for approval proposed all-source and demand response RFPs and accompanying documentation no later than April 1, 2021. Staff's evaluation is set out in detail, below.

- 15 **Timing considerations.** The Integrated Resource Plan (IRP) and Clean Energy Action Plan (CEAP) are due April 1, 2021.¹ In order to determine the lowest reasonable costs that will inform other CETA requirements, Staff proposes to align the RFP timing with the IRP and Clean Energy Action Plan (CEAP).² In order to transition and transform the state's energy supply, modernize the electricity system, and ensure the benefits of this transition are broadly shared throughout the state, the Commission may periodically adjust or expedite timelines so that a utility can achieve CETA objectives through its Clean Energy Implementation Plan (CEIP).³ Thus, because RFPs and the CETA planning processes are inextricably linked, Staff believes that RFP timing also matters.
- 16 **RFP trigger.** The IRP and CEAP are the first steps in utility resource planning. They describe a mix of generating resources, conservation and efficiency resources, methods, technologies, and other resources that will reliably meet current and projected deficits at the lowest reasonable cost to the utility and its ratepayers. An electric utility RFP can be triggered by an identification of resource need in the IRP.⁴
- 17 Staff agrees with PSE that its revised and updated load forecast due to COVID-19 impacts changes the Company's resource need, including timing. However, the Company's Motion for Withdrawal characterizes this update as an effective elimination of its need until 2026.⁵ Staff disagrees. As a result of CETA, Staff believes that PSE has

¹ See Dockets UE-180607 and UG-180608; Order 02, at p.6 (Nov. 7, 2019); for the CEAP, see also RCW 19.280.030(1)(l).

² CETA requirements include equity, security, and reliability provision. RCW 19.405

³ RCW 19.405.060(1)(c).

⁴ See Chapter 480-107 WAC, see also Docket UE-190837, Purchases of Electricity Rulemaking, second draft rules (August 31, 2020).

⁵ Dockets UE-200413 and UE-200414; Puget Sound Energy's *Motion for Withdrawal of Draft Requests for Proposals and (ii) Petition for Waiver of Certain Requirements Related to Requests for Proposals Contained in WAC 480-107*, p.7 (Sept. 8, 2020).

material need related to cost-effective conservation and demand response as well as market resources, identified year-over-year.⁶

- 18 Staff supports granting PSE's Motion for Withdrawal of both draft RFPs and a waiver of 480-107-015(3)(b) until March 31, 2021. Staff views an approximate six-month delay for CETA-related RFPs acceptable in the present circumstances. Staff is not comfortable with PSE waiting for summer 2021 or beyond to issue new system-wide demand response and all source RFPs. Staff believes it is crucial to act quickly once all the relevant information is available to achieve CETA directives, particularly considering CEIP and interim target requirements.
- 19 **RFP benefit to ratepayers:** Staff believes that RFP data is needed by summer 2021 for use in the CEIP and recommends PSE submit an all generation source and system-wide demand response RFP by April 1, 2021, for approval. The final draft of PSE's first CEIP, due Fall 2021, must present specific actions, including the estimated cost of each action and remaining resource need. The Company must explain how it intends to achieve CETA directives,⁷ which Staff believes requires in-hand data regarding potential market solutions and costs to properly consider an alternative solutions analysis.
- 20 Staff also identifies the potential opportunity cost of not pursuing RFPs in the near-term, specifically price discovery related to longer lead time projects or programs like pumped storage or demand response. Staff reiterates its concerns that PSE's targeted demand response strategy described in the Motion for Withdrawal (as pilots) will fail to deliver adequate, timely, and scaled program-level demand response due to its long history of pilots.⁸ Staff is concerned that the strategy described in the Motion to Withdrawal will not meet the CETA demand response specific target requirements because it looks similar to previous pilots. Finally, Staff believes there are unanswered questions regarding the timing related to investment and production tax credits and consideration of renewable

⁶ In the years 2011 through 2020, PSE issued approximately 15+ conservation and energy efficiency and *targeted* demand response RFPs, excluding evaluation and marketing. Staff data request (Sept. 23, 2020).

⁷ This includes equity provisions outlined in RCW 19.405.040(8).

⁸ For example, PSE began testing demand response in 2008 with a C&I demand response pilot, which ran from 2008 – 2010; PSE's Bainbridge Island residential demand response pilot ran from 2009 to 2011, and the BPA demand response pilot ran from 2015 to 2018, where PSE was one of many regional participants.

energy or capacity solutions. Combined, these timing concerns point to issuing RFPs sooner rather than later.

- 21 Staff notes that PSE is the only utility that has not issued a CETA-related RFP in 2020. Avista Corporation voluntarily issued a renewables RFP on June 26, 2020. PacifiCorp issued an all-source RFP on July 31, 2020. Currently, Staff recommends the Company align its system-wide demand response and all generation source RFPs with the 2021 IRP. This timeline adjustment will ensure PSE properly identifies all competitive RFP solutions for its resource need, including fresh resource cost data for consideration in the CEIP.

DISCUSSION

- 22 We grant PSE's Motion for Withdrawal and extend the exemption from WAC 480-107-015(3)(b) until March 31, 2021, subject to the conditions recommended by Staff.
- 23 WAC 480-07-110 provides that the Commission "may grant an exemption from, or modify the application of, any of its rules in individual circumstances if the exemption or modification is consistent with the public interest, the purposes underlying regulation, and applicable statutes." WAC 480-107-002 similarly provides that no exception from the provisions of WAC 480-107 is permitted without prior written authorization from the Commission.
- 24 The Petition here concerns the Commission's deadline for approving or suspending a utility's RFP. Pursuant to WAC 480-107-015(3)(b), interested persons have 60 days from the RFP filing date to submit comments. The Commission will then approve or suspend a utility's RFP within 30 days after the close of the comment period. In Order 01 in these Dockets, the Commission granted PSE an exemption from this requirement and held that the Commission would consider PSE's Draft All-Source and Demand Response RFPs at the August 13, 2020, open meeting. In Order 02, the Commission granted PSE a second exemption from these requirements and held that the Commission would consider PSE's Draft RFPs at the September 10, 2020, open meeting.
- 25 On September 10, 2020, in Order 03, the Commission granted another exemption from WAC 480-107-015(3)(b), Order 01, and Order 02 due to the results of an updated load forecast reflecting the effects of the COVID-19 pandemic and showing significantly lower peak demand than that indicated in the Draft RFPs. The Commission moved consideration of PSE's Draft RFPs and PSE's Motion for Withdrawal of its Draft RFPs to the October 15, 2020, open meeting to allow the parties enough time to adequately consider this new data.

26 We agree with Staff that the additional delay will provide greater clarity and certainty
regarding current and prospective resource needs for the Company, stakeholders, and
prospective bidders, because it will allow for review of PSE's 2021 IRP analyses.

27 Accordingly, we find that the Company's Motion for Withdrawal and requested
exemption is consistent with the public interest, the purposes underlying regulation, and
applicable statutes, and conclude that it should be granted with the following conditions:

1. PSE will work collaboratively with Staff and other stakeholders in the first quarter
of 2021 to address comments submitted in these dockets, particularly the proposal
to use an independent evaluator, and revise the RFPs as appropriate.
2. PSE must submit for approval, in new dockets, proposed all-source and system
wide electric demand response program delivery RFPs and accompanying
documentation no later than April 1, 2021.

FINDINGS AND CONCLUSIONS

28 (1) The Commission is an agency of the State of Washington vested by statute with
the authority to regulate the rates, rules, regulations, practices, accounts,
securities, transfers of property and affiliated interests of public service
companies, including electric companies.

29 (2) PSE is an electric company and a public service company subject to Commission
jurisdiction.

30 (3) WAC 480-107-015 requires companies to file proposed RFPs for capacity
resource needs identified in their integrated resource plans.

31 (4) WAC 480-107-015(3)(b) states that the Commission will approve or suspend a
utility's RFP within 30 day after the close of the comment period.

32 (5) Under WAC 480-07-110(1), the Commission may grant an exemption from the
provisions of any rule in Chapter 480-70 WAC if doing so consistent with the
public interest, the purposes underlying regulation, and applicable statutes.

33 (6) On July 31, 2020, the Commission issued Order 01 and granted PSE an
exemption from this requirement and held that the Commission would consider
PSEs Draft All-Source and Demand Response RFPs at the August 13, 2020, open
meeting.

- 34 (7) On August 13, 2020, the Commission issued Order 02 and again granted PSE an exemption from WAC 480-107-015(3)(b), holding that the Commission would consider PSE's Draft All-Source and Demand Response RFPs at the September 10, 2020, open meeting.
- 35 (8) On September 3, 2020, PSE filed a third petition for exemption from WAC 480-107-015(3)(b) to allow more time for the Company to consider withdrawing its Draft RFPs in light of an updated load forecast and to allow more time for Commission consideration.
- 36 (9) On September 8, 2020, PSE filed its Motion for Withdrawal, requesting permission to withdraw its Draft All-Source and Demand Response RFPs.
- 37 (10) On September 10, 2020, the Commission issued Order 03 again granted PSE an exemption from WAC 480-107-015(3)(b), holding that the Commission would consider PSE's Motion for Withdrawal at the October 15, 2020, open meeting.
- 38 (11) This matter came before the Commission at its regularly scheduled meeting on October 15, 2020.
- 39 (12) After reviewing PSE's Motion for Withdrawal and giving due consideration to all relevant matters and for good cause shown, the Commission finds that PSE's requested Motion for Withdrawal and exemption is in the public interest, consistent with the purposes underlying the regulation and applicable statutes, and that it should be granted subject to the conditions recommended by Staff.

ORDER

THE COMMISSION ORDERS:

- 40 (1) Puget Sound Energy's Motion for Withdrawal of its proposed RFPs in Dockets UE- 200413 and UE-200414 is granted, subject to the conditions as set forth in paragraph 27 of this Order.
- 41 (2) Puget Sound Energy must submit the RFPs no later than April 1, 2021.
- 42 (3) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it.
- 43 (4) The Commission retains jurisdiction over the subject matter and Puget Sound Energy to effectuate the provisions of this Order.

Dated at Lacey, Washington, and effective October 15, 2020.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

JAY BALASBAS, Commissioner