

# 2022 DER RFP SUMMARY REPORT

*Prepared pursuant to WAC 480-107-145(2)*

April 12, 2024

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**SECTION 1. BACKGROUND AND PUBLIC DISCLOSURE REQUIREMENT**

Puget Sound Energy (“PSE”) issued a Distributed Energy Resources Request for Proposals (the “2022 DER RFP”) on February 7, 2022. Consistent with the requirements of Washington Administrative Code (“WAC”) 480-107-145(2), PSE is posting this final summary report to PSE’s public RFP website ([www.pse.com/rfp](http://www.pse.com/rfp)) and filing the report with the Washington Utilities and Transportation Commission (“Commission”). Additional information about the 2022 DER RFP can be found on PSE’s RFP website.

## 1. Background and public disclosure requirement

PSE issued the 2022 DER RFP to bidders on February 7, 2022 to meet capacity and clean energy resource needs established in the 2021 Integrated Resource Plan (“IRP”) and 2021 Clean Energy Implementation Plan (“CEIP”). Bids were due on March 21, 2022. The evaluation process proceeded into August of 2022 when bidders were notified of shortlist selection, and contract negotiations with shortlisted bids began shortly after. The final contract was executed in September of 2023. PSE filed a final report in Docket UE-210878, pursuant to WAC 480-107-023 (5)(g), on behalf of the Independent Evaluator (“IE”) Bates White on January 5, 2024.

On December 28, 2020, the Commission issued General Order R-602 in Docket UE-190837, which amended WAC Chapter 480-107. The Commission referred to the amended rules as the “Purchases of Resources” rules, which took effect on December 28, 2020. The new Purchases of Resources rules require an electrical company to post a summary of the proposals received in a RFP within 90 days after the conclusion of any RFP process:

*The utility must file with the commission within ninety days of the conclusion of any RFP process, a summary report of responses including, at a minimum:*

*(a) Specific reasons for rejecting any bid under WAC 480-107-035(6);*

*(b) The number of bids received, categorized by technology type;*

*(c) The size of the bids received, categorized by technology type;*

*(d) The median and average bid price, categorized by technology type and sufficiently general to limit the need for confidential designation whenever possible;*

*(e) The number of bids received by location, including locations designated as highly impacted communities;*

*(f) The number of bids received and accepted by bidder type, including women-, minority-, disabled-, or veteran-owned businesses;*

*(g) The number of bids received, categorized by ownership structures; and*

*(h) The number of bids complying with the labor standards identified in RCW 82.08.962 and 82.12.962.<sup>1</sup>*

This report summarizes the joint effort between PSE and the IE in evaluating and selecting proposals, as well as the details of the proposals and their individual bidders. Appendix A provides

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<sup>1</sup> See WAC 480-107-145(2).

## SECTION 1. BACKGROUND AND PUBLIC DISCLOSURE REQUIREMENT

a summary of each individual proposal received in response to the 2022 DER RFP and includes the criteria set forth in WAC 480-107-145(2).

## 2. Proposals received

As detailed in the April 19, 2022 Proposals Summary Report submitted in Docket UE-210878, PSE received a total of 29 offers from 15 unique bidders. The offers were for Category A Turnkey Resources (“Category A”) and Category B Vendor Service Components (“Category B”), which represent a program service found in a turnkey resource. The Category A proposals amounted to 164 MW of Demand Response (“DR”) and Battery Energy Storage Systems (“BESS”) programs. The Category B proposals were for program design, customer outreach and enrollment, equipment installation and program administration. Table 1 summarizes the overall resource mix and total offered capacity of the proposed resources for the 2022 DER RFP.

Some of the 2022 DER RFP proposals included multiple offer options, in which one or more of the terms or features varied. For the purposes of the 2022 DER RFP, a proposal is defined as a bid for the same resource type and can contain several offer options. An offer is defined as an option within a single proposal for the same resource type. Offers may vary options such as capacity (MW), term, start or end dates, pricing structure, or other proposal elements.

**Table 1. 2022 DER RFP proposals by resource and capacity**

Category A (Turnkey Resources)			
Resource	Type	# of Unique Bidders	2025 Winter Capacity (MW)
Demand Response	Behavioral	1	4.00
	Bundled <sup>1</sup>	4	107.10
	HVAC/Waterheater	2	50.00
BESS	Residential	1	1.00
	C&I	1	2.00
Total <sup>2</sup>		9	164.10
Category B (Vendor Service Components)			
Resource	Vendor Service	# of Unique Bidders	# of Proposals
BESS	Equipment Installation	1	1
Solar	Equipment Installation		1
DR	Program Design	2	2
	Customer Enrollment		2
	Program Administration		2
	Equipment Installation		1
	Other		1

**SECTION 1. BACKGROUND AND PUBLIC DISCLOSURE REQUIREMENT**

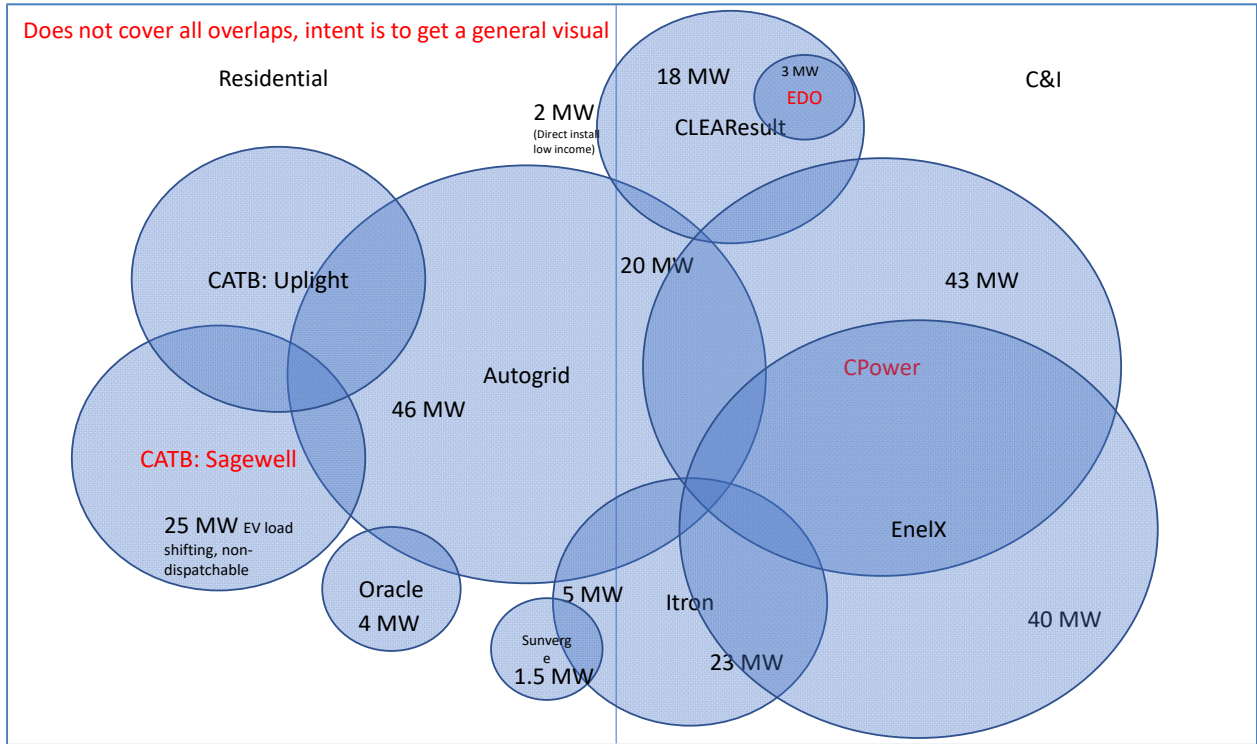
	Equipment O&M	0	0
Unspecified	Customer Enrollment	1	1
	Unspecified	2	2
Total		6	13
1. Combination of various technologies such as: HVAC, Waterheater, BESS, EV, Lighting, BAS, Behavioral, etc...			
2. DR total capacity consists of overlapping programs between unique bidders			
3. None of the projects were sited in specific locations			

As shown in Table 1, the majority of proposals for the 2022 DER RFP, for both Category A and B proposals, was for DR programs, with three proposals for BESS and one Category B proposal for solar.<sup>2</sup> None of the projects were sited in specific locations. All projects represented technologies that could be dispatched across the entire service territory, inclusive of Highly Impacted Communities. Of the Category A DR proposals, the total 2025 Winter Capacity is 161 MW, slightly higher than the 154 MW bidders offered in the 2018 RFP. However, the 161 MWs was composed of various overlapping proposals as demonstrated in Figure 1 below. Of the Category A BESS proposals, a total of 3 MWs was received for the 2022 DER RFP. No Category A solar proposal was provided; only a Category B equipment installation proposal was bid into the 2022 DER RFP. The potential capacity of Category B proposals is not listed for the 2022 DER RFP since those proposals only represented vendor services and did not capture a tangible developed project.

**Figure 1. PSE customer overlap estimate**

<sup>2</sup> The total capacity shown in Table 1 represents the aggregate total offered capacity by resource type, based on the base offer of each proposal. For a more granular view of the capacity options offered, see Appendix A, which includes the offer capacity associated with each offer option.

SECTION 1. BACKGROUND AND PUBLIC DISCLOSURE REQUIREMENT



Regarding project ownership, all the demand response and BESS bids were based around capacity agreements. Table 2 provides the breakout of agreement structures between all Category A proposals. Category B proposals were all based around scope of work agreements since they were not providing a tangible project and only vendor services. None of the bidders were women-, minority-, disabled-, or veteran-owned businesses.

**Table 2. 2022 DER RFP proposals by resource and agreement structure**

Category A					
Resource	Type	# of Offers	2025 Winter Capacity (MW)	Offer Structure	Status
BESS	Residential	8	1.00	Capacity Agreement or Asset Purchase	Development
	C&I	1	2.00	Capacity Agreement or Asset Purchase	Development
Demand Response	Behavioral	1	4.00	Capacity Agreement	Development
	Bundled <sup>1</sup>	4	107.10	Capacity Agreement	Development
	HVAC/Waterheater	2	50.00	Capacity Agreement	Development
Total <sup>2</sup>		16	164.10		

1. None of the bidders were women-, minority-, disabled-, or veteran-owned businesses

**SECTION 1. BACKGROUND AND PUBLIC DISCLOSURE REQUIREMENT**

Of all the unique bidders three, with eleven offers total, were committing to adhering to RCW 82.08.962 and 82.12.962. Twelve unique bidders, with eighteen offers total, stated that RCW 82.08.962 and 82.12.962 were not applicable. Bidders who listed RCW 82.08.962 and 82.12.962 as not applicable, stated that their proposals did not require physical installation of electricity generating devices or any devices, were SaaS platforms, were utilizing only in-house resources, were only for vendor services such as marketing and customer outreach, or were incomplete proposals that were later rejected.

The average and median prices of each resource initially bid into the RFP is broken out in Table 3. This pricing data only takes into account Category A bids, which are more readily comparable than the vendor service prices of Category B bids.

**Table 3. 2022 DER RFP resource pricing**

Resource	Measurement	Price
Demand Response	Average	\$74/kW-year
	Median	\$105/kW-year
BESS	Average	\$293/kW-year
	Median	\$293/kW-year
1. DR capacity values used in averages are based off of max winter MW amounts		
2. Only 5-year bid details were used, not the optional 10-year bids		

**SECTION 3. INTRODUCTION TO THE RFP PROPOSAL SUMMARY (APPENDIX A)****3. Evaluation process**

PSE based its evaluation of resources submitted in response to the 2022 DER RFP on a combined quantitative and qualitative assessment of all proposals that met the minimum requirements of the solicitation. Taken together, the quantitative and qualitative evaluation criteria assessed the feasibility of proposals and measured each proposal's ability to satisfy compatibility with resource need, cost minimization, contribution to CETA customer benefit and equity provisions, risk management, and strategic and financial considerations.

PSE divided its evaluation process into three phases:

1. A screening phase (Phase 1)
2. The Value Fit program building and portfolio design phase (Phase 2)
3. A concurrent evaluation with the 2021 All-Source RFP shortlist in Docket UE-210220 (Phase 3)

In Phase 1, PSE evaluated proposals based on qualitative and quantitative metrics and placed proposals into two categories; Category A or Category B:

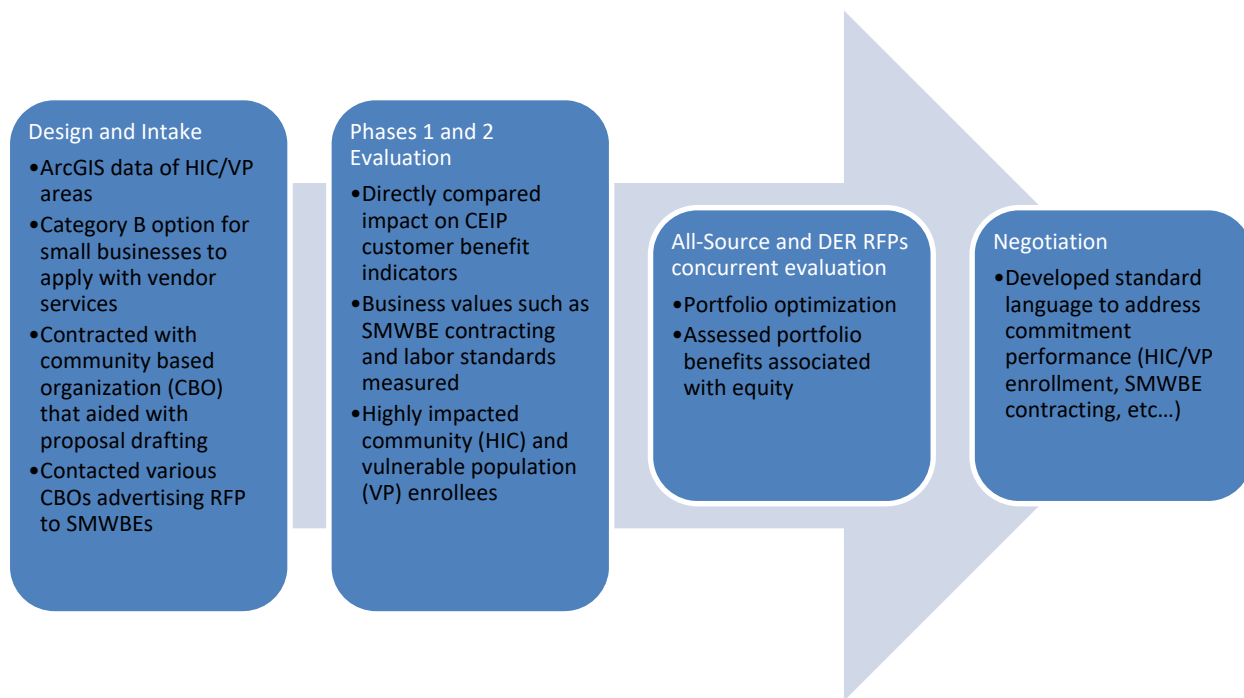
- Category A represented turnkey resources, which were complete resources ready for deployment.
- Category B represented vendor services that would be a component of a turnkey resource, such as providing customer enrollment, equipment installation, and other programs activities.

The Category B option was developed to promote small business participation, since it was assumed a full turnkey project could not be provided by most small businesses. PSE included equity practices throughout the entire process from RFP design to contract negotiations. See Figure 2 below summarizing equity inclusion throughout the entire RFP process.



## SECTION 3. INTRODUCTION TO THE RFP PROPOSAL SUMMARY (APPENDIX A)

Figure 2. Inclusion of equity elements



PSE used the DER Benefit Cost Analysis tool developed for the 2021 CEIP to model the costs and benefits of each proposal. PSE then ranked proposals based on their combined score, which was a combination of qualitative and quantitative attributes. PSE decided to move all qualified projects forward from Phase 1 to Phase 2.

For Phase 2, Category B proposals were combined and PSE resources to make Value Fit Programs. These Value Fit Programs represented turnkey resources and were then evaluated similarly to Category A proposals. Only two Value Fit Programs were generated due to the complexity of combining various vendor services to create a complete turnkey proposal. Details on each bid's acceptance or rejection is provided in Appendix A. The cost effectiveness of all proposals was then evaluated based on the Societal Cost Test ("SCT"). The SCT used in the DER RFP mirrors that used in PSE's 2021 Clean Energy Implementation Plan<sup>3</sup>, with minor updates to fully align the SCT with the most recent iteration of the Jurisdictional Cost Test outlined in Docket UE-210804.

For Phase 3, PSE concurrently evaluated the selected proposals of the DER RFP with those of the All Source RFP in AURORA. None of the DR proposals modeled concurrently with the All Source offers were rejected. The entire shortlist of DR proposals complemented the All Source shortlist for a holistic portfolio of transmission and distribution scale projects. Table 4 summarizes the executed contract details from the DR shortlisted proposals.

<sup>3</sup> See Puget Sound Energy, 2021 Clean Energy Implementation Plan, Appendix D: DER Suite Selection and Evaluation,

## SECTION 3. INTRODUCTION TO THE RFP PROPOSAL SUMMARY (APPENDIX A)

Table 4. Demand Response Agreement selections

Counterparty	Description	Winter 2025 MWs	Contract timeline
<b>Oracle</b>	Behavioral DR	12	March 2023 to April 2028
<b>AutoGrid</b>	Automated DR, Behavioral DR and Business DR	46	July 2023 to April 2029
<b>Enel X</b>	Business DR	30	September 2023 to May 2029

#### 4. Introduction to the RFP Proposal Summary (Appendix A)

The information in Appendix A provides a summary of each offer associated with the proposals received. Each offer associated with a proposal shares a common identifying number in the proposal ID column, but has a distinguishing offer suffix in the offer column.

## SECTION 4. GLOSSARY

## 5. Glossary

BESS	Battery energy storage system
Commission	Washington Utilities and Transportation Commission (see also “WUTC”)
DER	Distributed energy resources
DR	Demand response
IRP	Integrated Resource Plan
MW	Megawatts
PSE	Puget Sound Energy
PV	Photovoltaic
RECs	Renewable energy credits
RFP	Request for proposals
WAC	Washington Administrative Code
WUTC	Washington Utilities and Transportation Commission (see also the “Commission”)