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**RE: Comments of Swan Lake and Goldendale
Puget Sound Energy – Effective Load Carrying Capability Estimates and
Use in the Company’s All-Source Request for Proposals
UTC Docket UE-210220**

The companies working to develop the Swan Lake and Goldendale pumped hydro storage projects (“Swan Lake and Goldendale”) appreciate Puget Sound Energy’s (“PSE”) and the Washington Utilities and Transportation Commission (“Commission”) staff’s work that went into both preparing the final, All-Source Request for Proposals (“RFP”) and addressing stakeholder concerns regarding Effective Load Carrying Capability (“ELCC”) modeling in PSE’s most recent Integrated Resource Plan (“IRP”) and RFP.

In response to concerns raised by stakeholders regarding PSE’s ELCC methodology in PSE’s IRP proceeding, the Commission issued a notice, on August 31, 2021 indicating it would accept comments on PSE’s ELCC estimates and their use in ranking and bid evaluation for PSE’s RFP. This notice was subsequently supplemented to extend the deadline for submitting comments.¹ In response to the Commission’s supplemental notice, Swan Lake and Goldendale are filing these comments.

I. Engagement to Date

Swan Lake and Goldendale have engaged consistently in both PSE’s IRP and RFP proceedings, including filing formal comments on the draft IRP on February 5, 2021, and again on May 6, 2021. Swan Lake and Goldendale have also engaged in PSE’s RFP process, submitting formal comments on May 14, 2021, bidding into the RFP, and co-authoring a memo on July 14, 2021, with the Northwest Energy Coalition (“NWEC”) and Renewable Northwest (“RNW”). Throughout this engagement, Swan Lake and Goldendale have been encouraged by the active outreach on behalf of the PSE IRP and RFP teams.

Throughout Swan Lake and Goldendale’s regular engagement in PSE’s IRP and RFP proceedings, Swan Lake and Goldendale raised concerns with: (1) PSE’s assigned ELCC value to pumped storage; (2) PSE’s high net levelized cost attributed to storage resources, particularly pumped storage; (3) PSE limiting pumped storage’s operational range to 70% of these resources’ potential

¹ Notice Extending Deadline to File Written Comments Related to Puget Sound Energy’s Effective Load Carrying Capability Estimates and Use in the Company’s All-Source Request for Proposals, Docket UE-210220, Sept. 23, 2021, available at: <https://apiproxy.utc.wa.gov/cases/GetDocument?docID=124&year=2021&docketNumber=210220>.

capacity; (4) assumptions used by PSE to demonstrate and meet its capacity need; and (5) the impact of any modeling adjustments on the RFP timeline and how said modeling updates may (or may not) impact the RFP resource selection.

Of particular relevance to PSE's ELCC calculations, Swan Lake and Goldendale have previously expressed concerns regarding: (1) PSE's assumptions around the ability of pumped storage resources to charge, leading to an unreasonably low ELCC value; (2) PSE's flawed view around the availability of Mid-C energy, which is being artificially limited by the GENESYS model assumptions, thereby making energy unavailable for charging of storage resources like pumped storage; and (3) PSE's reliance on outdated weather information and a temperature profile that is not adjusted for the dramatic shifts occurring in recent decades due to climate change.²

While Swan Lake and Goldendale have appreciated PSE's engagement on these important ELCC issues, unfortunately, many of these concerns remain unresolved in this proceeding. Furthermore, some of these same issues are raised by PSE's own expert in its report, as further detailed below.

II. PSE's August 19, 2021 Response Letter

In coordination with the NWEA and RNW, Swan Lake and Goldendale submitted a formal letter to PSE that discussed several issues, including: (1) ELCC valuation for storage; (2) PSE's ability to include climate change considerations in the RFP; (3) PSE's Resource Adequacy Modeling ("RAM"); and (4) the overall timing of the ELCC process. The letter was submitted to PSE leadership and the WUTC on July 14, 2021.

PSE responded to this letter on August 19, 2021 (the "Reply Letter"), and Swan Lake and Goldendale were encouraged and appreciative of PSE's thoughtful reply. The letter from Josh Jacobs, Vice President of Clean Energy Strategy highlighted PSE's adjusted approach to its RAM specific to storage resources that are outside of PSE's network. Swan Lake and Goldendale greatly appreciate PSE's willingness to entertain changes to its RAM.

In the Reply Letter, PSE indicated that:

There could be simulations in the RAM where the region has adequate supply (meaning the 1500 MW of transmission to short-term market imports are full), but PSE's system is short during some hours. Remotely-located energy storage systems could be charged during those hours, even though PSE's system is short. Hours when there are shortages in the region would impair the ability to charge these remote storage resources, not shortages on PSE's system. These are issues PSE will be exploring further in our analysis at the upcoming Resource Adequacy ("RA") workshop on August 31. Additionally, the RA workshop will include analysis performed by a third-party consultant that was hired by PSE working through PSE's Independent Evaluator.

² E.g., *Comments of Swan Lake and Goldendale on PSE's Final IRP*, Docket UE-200304 (filed May 6, 2021), available at: <https://apiproxy.utc.wa.gov/cases/GetDocument?docID=1953&year=2020&docketNumber=200304>.

Given the above statements and commitments by PSE in its Reply Letter, Swan Lake and Goldendale respectfully request an update on when parties in this proceeding should see simulation updates for remotely-located storage resources. Similarly, Swan Lake and Goldendale request further information from PSE and the Commission on how these ELCC updates will be used in evaluating the 2021 RFP bids. As with the E3 ELCC modeling recommendations (discussed in further detail below), Swan Lake and Goldendale would like some clarity on whether these new simulations will create a window for RFP respondents to amend pieces of their already-submitted proposals. Swan Lake and Goldendale strongly support allowing RFP respondents to update their proposals based on this more accurate information.

If RFP respondents are able to amend pieces of proposals, Swan Lake and Goldendale request further information from PSE and/or the Commission on whether this amendment opportunity would follow the same timeline as the Customer Benefit Plan/Clean Energy Implementation Plan revision window, or if it would come later, in Phase II of the RFP process. In either case, Swan Lake and Goldendale urge PSE and the Commission to allow RFP respondents an ability to revise and update their proposals to reflect the most accurate and current modeling results and information. Absent providing this opportunity, the significant effort undertaken by PSE, stakeholders, E3, and others to assess the accuracy of PSE's modeling efforts would largely be academic in nature, yielding no tangible impact on whether PSE is acquiring the set of resources that are the least cost and in the best interests of PSE's customers.

III. Swan Lake and Goldendale's ELCC Comments

While Swan Lake and Goldendale have appreciated the time PSE has spent on engaging stakeholders on the specific issue of its ELCC modeling, Swan Lake and Goldendale believe significant improvements to PSE's ELCC modeling continue to be warranted.

Swan Lake and Goldendale actively participated in the ELCC workshop, held August 31, 2021, and have also been actively engaged in reviewing the materials that highlight some of the work done by E3 on PSE's ELCC modeling. However, despite the work that has been done to assess the accuracy of PSE's ELCC modeling, Swan Lake and Goldendale have continued concerns regarding the timing and impact of E3's recently-released report on PSE's ongoing RFP process.

In E3's report, E3 recommends that PSE "conduct an additional GENESYS model run assuming regional capacity additions such that the region meets a 5% LOLP standard before recalculating ELCC."³ Swan Lake and Goldendale strongly support this recommendation and request that PSE run the additional GENESYS studies recommended by E3, including publishing the updated ELCC results, before Phase II of the RFP. In addition to publishing these updated studies and ELCC values before Phase II of the RFP, Swan Lake and Goldendale request that PSE provide an explanation and justification for using (or not using) the re-calculated ELCC results in Phase II of the RFP.

³ *Review of Puget Sound Energy Effective Load Carrying Capability Methodology* at § 1.3, Energy+Environmental Economics, October 2021, available at: https://www.pse.com/-/media/PDFs/001-Energy-Supply/003-Acquiring-Energy/PSE--ELCC-StudySept-202110072021FINAL.pdf?sc_lang=en&hash=AB72B5C439BDF50E3B931DCC4A11D40B.

In addition to requesting that PSE re-run its GENESYS model in accordance with the recommendations of its own consultant, Swan Lake and Goldendale also have remaining concerns about how any updated ELCC values and model runs will impact the RFP process. Namely, it is unclear if respondents to the RFP (like Swan Lake and Goldendale) will be able to re-submit or edit pieces of their proposals that may be impacted by any adjustment to PSE's modeling. Given the potential for these modeling adjustments to significantly impact the ELCC values of storage resources, Swan Lake and Goldendale strongly support allowing a re-opening of bids to adjust pricing and assumptions as a result of more accurate ELCC modeling results.

Finally, Swan Lake and Goldendale are also signatories to comments being submitted in this proceeding jointly with NWECA and RNW.⁴ Without repeating those comments here, Swan Lake and Goldendale would just note that those comments identify several additional, outstanding concerns with respect to PSE's ELCC modeling. In particular, those comments note that several of the issues previously raised by Swan Lake and Goldendale regarding PSE's ELCC modeling remain outstanding concerns in this proceeding, and many of these same concerns were identified in E3's report. For example, E3 shares Swan Lake and Goldendale's concerns regarding: (1) inability of storage resources to properly charge using market energy; (2) PSE's flawed assumptions regarding Mid-C market capacity availability; and (3) PSE's reliance on outdated temperature and weather datasets that are not adjusted for more recent climate change events, which results in skewed loss of load events and inaccurate ELCC values.

IV. Conclusion

Swan Lake and Goldendale appreciate PSE's and Commission staff's efforts to assess the accuracy of PSE's ELCC methodology, and PSE's willingness to consider modeling changes and updates to its ELCC calculations. While Swan Lake and Goldendale continue to have concerns with aspects of PSE's ELCC modeling, as a starting point, Swan Lake and Goldendale request that: (1) PSE implement the recommendations of its consultant, E3, and conduct an additional GENESYS model run assuming regional capacity additions such that the region meets a 5% LOLP standard before recalculating ELCC; and (2) recalculate ELCC values for off-system storage resources in accordance with PSE's commitment in its Reply Letter.

Additionally, Swan Lake and Goldendale would like to better understand the impact on timing of the RFP Phase I/II evaluations, once PSE performs these modeling updates and recalculations. Swan Lake and Goldendale believe PSE and the Commission should develop a process, to be created with input from stakeholders, whereby RFP respondents could update their responses to reflect any updates to ELCC values as a result of the modeling re-runs requested above. It is imperative that RFP respondents be given an opportunity to update their bids because, without an opportunity to incorporate the updated ELCC results and assumptions, the extensive efforts of the various stakeholders in this proceeding will have no impact on the resources PSE intends to acquire in its RFP. Such a result would be illogical and would allow PSE to proceed with acquiring a set of resources that were bid into an RFP that relies on flawed assumptions and inaccurate modeling.

⁴ These comments were signed by Rye Development LLC, on behalf of Swan Lake and Goldendale.

This result would be detrimental to PSE's customers and obfuscate the Commission's oversight function.

Sincerely,

/s/ Michael Rooney _____

Michael Rooney
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