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

Puget Sound Energy’s (i) 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

I. PRAYER FOR RELIEF

1. Pursuant to Washington Administrative Code (WAC) 480-07-375, Puget Sound Energy (“PSE”) hereby moves the Washington Utilities and Transportation Commission (the “Commission”) for an order approving the withdrawal of each of

(i) the draft Request for Proposal Regarding Demand Response Programs filed with this Commission in Docket UE-200413 on May 4, 2020, and amended on July 22, 2020 (the “Draft Demand Response RFP”), and

(ii) the draft Request for Proposal Regarding All Resources filed with the Commission in Docket UE-200414 on May 4, 2020, as amended on July 22, 2020 (the “Draft All-Source RFP”).

Additionally, in accordance with WAC 480-107-002(3) and WAC 480-07-370(b), PSE hereby petitions the Commission for a waiver of certain requirements related to requests for proposals (“RFPs”) contained in WAC Chapter 480-107.
2. PSE is an electric company and public service company in the State of Washington within the meaning of RCW 80.04.010 and is subject to the Commission’s jurisdiction with respect to its prices and terms of electric service to retail customers in Washington. PSE provides electric service to approximately 1.1 million retail customers in Washington.

3. PSE is engaged in the business of providing electric and gas service within the State of Washington as a public service company and is subject to the regulatory authority of the Commission as to its retail rates, service, facilities and practices.

4. PSE’s full name and mailing address for purposes of this proceeding are as follows:

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II. STATEMENT OF FACTS

5. PSE has a legal obligation to meet the requirements of the Energy Independence Act, Chapter 19.285 RCW and the Clean Energy Transformation Act (“CETA”), Chapter 19.405 RCW. The Energy Independence Act, also known as Washington state’s Renewable Portfolio Standards, requires PSE to acquire qualifying eligible renewable resources and/or renewable energy credits to meet 15 percent of its load. CETA sets statewide policy goals for the elimination of coal-fired resources by
December 31, 2025, 80 percent carbon-free generation and overall carbon-neutral electricity by 2030, and 100 percent carbon-free electricity by 2045.

6. The integrated resource planning analysis, which evaluates and establishes PSE’s capacity (physical reliability) and renewable energy (policy-driven) needs on a biennial basis, consistent with WAC 480-100-238, guides PSE’s electric resource acquisition process. PSE’s most recent Integrated Resource Plan (the “2017 IRP”) included a discussion of the electric planning standard and described the methodology for analyzing PSE’s resource needs.

7. In October 2019, the Washington Utilities and Transportation Commission Staff (“Staff”) filed a Petition for Exemption from WAC 480-100-238 pursuant to WAC 480-07-100 until December 31, 2020. In November 2019, the WUTC held an open meeting concerning the matter and subsequently issued an order exempting PSE (and other investor owned utilities in Washington) from WAC 480-100-238.

8. Pursuant to this Commission order, PSE filed an IRP Progress Report on November 15, 2019 (the “IRP Progress Report”). The IRP Progress Report included an updated assessment of PSE’s resource needs and showed a need for new resources to help meet PSE’s peak capacity need. Both the 2017 IRP and the IRP Progress Report can be found on PSE’s web site at the following link: [http://www.pse.com/irp](http://www.pse.com/irp).

9. On May 4, 2020, PSE filed with the Commission (i) a draft Request for Proposal Regarding All Resources (the “Draft All-Source RFP”) in Docket UE-200414 and (ii) a draft Request for Proposal Regarding Demand Response Programs (the “Draft Demand Response RFP”) in Docket UE-200413. Both the Draft All-Source RFP and Draft Demand Response RFP stated a modest need for 82 MW of new electric resources in 2024.
that is expected to increase to 753 MW in 2026. This forecast reflected PSE’s F2019 normal peak load forecast. It also included the impact of (i) the potential sale of PSE’s interests in Colstrip Unit 4, which is pending Commission approval; (ii) the removal of Colstrip Unit 3 from PSE’s portfolio after 2025; (iii) the expiration of the Centralia Power Purchase Agreement; and (iv) the addition of PSE’s draft 2018 All-Source RFP short list resources. Figure 1 below presents the capacity need forecast included in the RFP filing.

Figure 1. Capacity Need Forecast
10. Given the large need for new resources (753 MW) projected in 2026, PSE established a preferred glide path (shown in Table 1 below) to help ensure that PSE fulfills its reliability obligations to meet growing customer demand and to replace resources expiring or retiring from its portfolio.

**Table 1. Preferred Glide Path for Resource Additions from the Draft All-Source RFP and the Draft Demand Response RFP**

<table>
<thead>
<tr>
<th>Year needed</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource additions</td>
<td>200</td>
<td>200</td>
<td>353</td>
</tr>
<tr>
<td>Operating/Avaliable by</td>
<td>Dec. 31, 2023</td>
<td>Dec. 31, 2024</td>
<td>Dec. 31, 2025</td>
</tr>
</tbody>
</table>

In the Draft All-Source RFP, PSE indicated that it would consider any proposal consistent with requirements described in the Draft All-Source RFP for a resource or combination of resources that help meet all or part of the identified resource needs.

11. On May 11, 2020, the Commission issued a Notice of Opportunity to Provide Written Comments and Notice of Open Meeting (the “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 recessed open meeting on July 17, 2020. 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 rescheduled for July 30, 2020. The deadline for filing written comments remained unchanged. The Commission received a total of fourteen (14) written comments in Docket UE-200414.
12. On July 23, 2020, PSE filed a Petition for Waiver from Certain Request for Proposals Requirements, seeking additional time for the Commission to approve the Draft All-Source RFP in Docket UE-200414 and the Draft Demand Response RFP in Docket UE-200413. On July 30, 2020, the Commission issued Order 01 in Dockets UE-200413 and UE-200414, granting PSE’s Petition for Waiver from Certain Request for Proposals Requirement, dated July 23, 2020. In Order 01, the Commission indicated that it would consider both the Draft All-Source RFP and the Draft Demand Response RFP at the open meeting scheduled for August 13, 2020.

13. At or around the end of July 2020, PSE completed its process for updating its load forecast and developing the F2020 normal peak load forecast. Whereas the F2019 normal peak load forecast projected a substantial capacity need of 753 MW in 2026, the F2020 normal peak load forecast projects a more modest capacity need of 545 MW in 2026:

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1 In the Matter of the Petition of Puget Sound Energy for an Order Approving Proposed Request For Proposals, Dockets UE-200413 & UE-200414, Order 01 (Granting Petition For Exemption) (July 30, 2020).

2 Id. at ¶ 6.
14. 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 (Petition). PSE submitted 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 the previous load forecast indicated for either the Draft Demand Response RFP or the Draft All-Source RFP. PSE requested more time to consider this issue, and it therefore requested an extension of time to present its RFPs at the Commission’s open meeting dated September 10, 2020.
15. On August 13, 2020, the Commission issued Order 02 in Dockets UE-200413 and UE-200414, granting PSE’s Petition for Waiver of Certain Requirements Related to Requests for Proposals Contained in WAC 480-107 and Order 01, dated August 5, 2020. In Order 02, the Commission indicated that it would consider both the Draft All-Source RFP and the Draft Demand Response RFP at the open meeting scheduled for September 10, 2020, at which time the Commission will take action to approve or suspend them.

16. On August 26, PSE submitted an informational filing seeking comments from interested parties on the potential withdrawal of its Demand Response and All Source RFPs. PSE indicated it will consider all comments submitted to the All Source RFP mailbox (AllSourceRFPmailbox@pse.com) by Friday, September 4. PSE further indicated that it intends to make a final decision on September 8 about whether to pursue approval of the RFPs or file a motion to withdraw the RFPs. If the requests are withdrawn, PSE noted it intends to integrate targeted demand response into a separate Targeted Demand Side Management (“TDSM”) RFP in September of this year.

17. PSE received eight comments in response to its August 26 informational filing seeking stakeholder comment. The themes of the comments are briefly summarized here. One commenter indicated it was supportive of whatever action PSE takes, while also noting that pumped storage hydro projects can have longer lead times. Other commenters

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3 In the Matter of the Petition of Puget Sound Energy for an Order Approving Proposed Request For Proposals, Dockets UE-200413 & UE-200414, Order 02 (Granting Motion in Part, Denying Motion in Part, and Modifying Procedural Schedule) (Aug. 13, 2020).

4 Id. at ¶ 9.
encouraged PSE to approach demand response aggressively and recommended early action, with one commenter noting that demand response programs may require a period of up to five years to ramp up. Additionally, some commenters indicated that PSE should be mindful of its CETA targets and thus not delay acquiring renewable resources. Another commenter expressed that the RFP would be a useful price discovery mechanism for energy storage. Finally, one commenter noted that Production Tax Credits (PTCs) and Investment Tax Credits (ITCs) are set to expire soon and that PSE should take early action to secure capacity while those tax credits are still available.

18. PSE appreciates all of the comments received from stakeholders with respect to these RFPs and provides the following brief response to those comments here.

19. First, PSE acknowledges the unique nature of pumped storage hydro projects, both as to longer development lead times and useful life; however, PSE does not believe a one-year delay in RFPs will jeopardize projects with a useful life of 50 years or more. Secondly, PSE notes that demand response program ramp times and overall approaches can vary considerably, with some much shorter than five years. Third, PSE agrees that acquiring renewable resources to meet CETA is important. PSE anticipates that its 2021 RFP will target resources that meet both CETA-related renewable needs and capacity needs. Fourth, conducting an RFP well ahead of an established capacity need for the purpose of price discovery would be neither a prudent nor appropriate use of the RFP process for PSE or RFP participants. Finally, PSE notes the benefits of PTCs and ITCs; however, these benefits must be weighed against the carrying costs to ratepayers of bringing resources online in advance of actual need.
20. After careful consideration of stakeholder comments, as well as the impacts of the F2020 normal peak load forecast on the capacity need, PSE maintains it is in the public interest to withdraw both the Draft Demand Response RFP and the Draft All-Source RFP.

III. MOTION TO WITHDRAW REQUESTS FOR PROPOSALS

21. Under WAC 480-07-380(3)(a), a party must receive permission from the Commission to withdraw a filing. Pursuant to WAC 480-07-380(3)(b), the Commission will grant a party’s motion to withdraw a petition if doing so is in the public interest. In the past, the Commission has also found that it is in the public interest to withdraw tariff filings to allow parties to avoid unnecessary expense.

22. As demonstrated in Figure 2 above, the F2020 normal peak load forecast does not project a material capacity need for more than five years. Given the more modest need for new resources in 2026 (545 MW), PSE no longer believes that the preferred glide path identified in Table 1 above is necessary to ensure that PSE fulfills its reliability obligations to meet growing customer demand and to replace resources expiring or retiring from its portfolio.

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5 See In the Matter of the Application of Backcountry Travels LLC for a Certificate of Public Convenience and Necessity to Operate Vessels in Furnishing Passenger Ferry Service, Docket TS-180677, Order 02 at ¶ 10 (Jan. 10, 2019).

6 See WUTC v. SJM Water Servs., Inc. et al., Dockets UW-091034, et al., Order 04 at ¶ 6 (Apr. 6, 2010) (permitting withdrawal of proposed rate increase in public interest to avoid Commission and Staff incurring expenses); Re Cascade Natural Gas Corp., Docket UG-101656, Order 01 at ¶ 6 (Dec. 10, 2010) (permitting withdrawal in response to opposition in public interest to avoid incurring expense).
23. Although the updated peak capacity need is overall materially lower than
previously projected, there is one year that could present a modest need. As shown in
Table 2 below, it is possible that, in the fourth quarter of 2022, PSE could have a short-
term 77 MW capacity need if the pending Colstrip Unit 4 sale is approved by the
Commission and completed. PSE is well-prepared to manage this modest, temporary
need if it materializes through a short-term RFP or other short-term hedging solution, if
the sale were approved and completed.

| Table 2. Changes to the Interim Electric-Peak Capacity Need
| with the Updated F2020 Load Forecast |

- **Peak capacity need filed in May 2020 draft RFPs (F2019 load forecast):**
- **Peak capacity need updated in August 2020 (F2020 load forecast):**

24. Therefore, there is no need, at this time, for PSE to conduct requests for
proposals for the 2020-2025 period. Allowing PSE to withdraw the Draft Demand
Response RFP and the Draft All-Source RFP mitigates the time and expense associated
with the Commission and Staff reviewing the draft RFPs, bidders responding to any final
RFP, and PSE reviewing any responses to any final RFP when PSE does not have a
projected material capacity need for more than five years.
IV. REQUESTS FOR WAIVER OF CERTAIN REQUIREMENTS RELATED TO REQUESTS FOR PROPOSALS CONTAINED IN WAC CHAPTER 480-107.

25. WAC 480-107-002(3) permits the Commission to grant exceptions to the rules governing request for proposals, but only where such exceptions are “consistent with the public interest, the purposes underlying regulation, and applicable statutes.” Additionally, WAC 480-107-015(3)(a) provides that the requirement for requests for proposals do not apply when a utility’s integrated resource plan, prepared pursuant to WAC 480-100-238, demonstrates that the utility does not need additional capacity within three years.

A. Requests for Waiver of Requirement to File Request for Proposals for Supply-Side Resources

26. As demonstrated in Figure 2 above, the F2020 normal peak load forecast does not project a material capacity need for more than five years. Therefore, there is no need, at this time, for PSE to conduct a request for proposals of supply-side resources for the 2020-2025 period, and PSE’s request for a waiver of WAC 480-107-015(3)(b) with respect to the issuance of a request for proposals for supply-side resources is consistent with the public interest, the purposes underlying regulation, and applicable statutes.

27. For the reasons discussed above, PSE requests a waiver of 480-107-015(3)(b) with respect to the issuance of a request for proposals for supply-side resources.
B. Requests for Waiver of Requirement to File Request for Proposals for Demand Response Resources

28. As discussed above, WAC 480-107-002(3) permits the Commission to grant exceptions to the rules governing request for proposals where such exceptions are consistent with the public interest, the purposes underlying regulation, and applicable statutes. As previously stated, PSE does not currently project a material capacity need until 2026. PSE’s request for a waiver of WAC 480-107-015(3)(b) with respect to the issuance of a request for proposal for conservation resources is consistent with the public interest, the purposes underlying regulation, and applicable statutes.

29. Furthermore, PSE will continue to pursue demand response by integrating the targeted demand response contained in the Draft Demand Response RFP into a separate Targeted Demand Side Management (TDSM) RFP in September 2020. Currently, PSE is planning two non-wires (or pipes) alternative pilots with scoping in PSE’s 2020-2021 Biennial Conservation Plan for four additional pilots, if those pilots prove to be viable. The two pilots anticipated to start in 2020 are located on Bainbridge Island (electric demand response) and in Duvall (gas demand response). These pilots further PSE’s objective of developing demand response programs consistent with state policy and applicable statutes.

30. For the reasons discussed above, PSE requests a waiver of 480-107-015(3)(b) with respect to the issuance of a request for proposals for demand response resources.
V. CONCLUSION

31. As discussed above, PSE respectfully requests that the Commission grant PSE’s motion to withdraw the Draft Demand Response RFP filed in Docket UE-200413 and the Draft All-Source RFP filed in Docket UE-200414.

32. Additionally, PSE respectfully requests that the Commission grant PSE’s petition with respect to each of the following:

(i) waiver of 480-107-015(3)(b) with respect to the issuance of a request for proposals for supply-side resources because PSE does not project a capacity need until 2026;

(ii) waiver of WAC 480-107-015(3)(b) with respect to the issuance of a request for proposals for demand response resources because PSE does not project a capacity need until 2026.

Dated this 8th day of September 2020.

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