

12/03/20 14:46

State Of WASH.
UTIL. AND TRANSP.
COMMISSION

December 3, 2020

Mark Johnson
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98504-7250

RE: Comments of Renewable Northwest, Docket UE-190837

Utilities and Transportation Commission's November 3, 2020, Notice of Opportunity to File Written Comments in the Matter of Amending, Adopting, and Repealing WAC 480-107, Relating to Purchases of Electricity.

Renewable Northwest thanks the Washington Utilities and Transportation Commission ("the UTC" or "the Commission") for this opportunity to comment in response to the Commission's November 3, 2020, Notice of Opportunity to File Written Comments ("Notice") in the Matter of Amending chapter WAC 480-107, Purchases of Electricity ("Rulemaking").

This rulemaking has been a significant effort across multiple years and dockets, and Renewable Northwest continues to appreciate the care and attention that the Commission has paid not only to stakeholder comments but also to aligning the rules with *other* pending rules to implement the Clean Energy Transformation Act ("CETA"). In particular, we support the following elements of the Draft Rules as thoughtful and workable responses to earlier rounds of comments (in a few cases, however, we recommend very minor changes in the comments below this list):

- **Request for Proposals ("RFP") trigger:** Throughout the rulemaking process, the Commission has considered different RFP triggers including procedural steps (Integrated Resource Plan or IRP, IRP update, Clean Energy Implementation Plan or CEIP) and different need thresholds. Renewable Northwest has engaged with these different proposals and at this point in the process supports the Commission's proposal to require an all-source RFP where a utility's "IRP demonstrates that the utility has a resource need within four years," with the definition of "resource need" tied to the Commission's pending IRP rules.¹ This proposal is likely to align well with the rules from other states that apply to Washington's multi-jurisdictional utilities while ensuring resource-neutral procurements for a broad suite of needs.

¹ See Draft WAC 480-107-007 and 480-107-009(2).

- **Timing:** Again throughout the rulemaking process, the Commission has considered a wide range of timing options for RFPs triggered by a demonstrated resource need. Renewable Northwest has stressed the need for timelines that will allow for robust stakeholder engagement and align well with other jurisdictions’ procurement rules. We appreciate the Draft Rules’ settling on a 120-day deadline for issuing an RFP after the filing of a final IRP that demonstrates a resource need, with a 45-day comment period followed by a 75-day window for Commission action, and we support this proposed timeline.²
- **Stakeholder engagement:** Similarly, past iterations of the Draft Rules have provided a range of different opportunities for stakeholder engagement with procurement processes. We appreciate the Draft Rules’ attention to stakeholder outreach in Draft WAC 480-107-015, the establishment of a 45-day comment period as noted above, the informational filing requirements of Draft WAC 480-107-020, the stakeholder consultation required before independent evaluator (“IE”) selection in Draft WAC 480-107-023(2), and the opportunity for stakeholder comment on the required IE report in Draft WAC 480-107-023(7). Taken together, these elements of the rules should provide robust opportunities for stakeholders to engage with and inform utility solicitation processes.
- **Independent evaluator:** IE requirements have been an area of considerable focus for both the Commission and stakeholders during this rulemaking. Renewable Northwest has consistently supported requiring an IE in major solicitations and those in which the utility has a potential profit interest. We appreciate the Draft Rules’ establishment of an IE requirement for solicitations that include the possibility of utility ownership, including RFPs accepting build-transfer bids, as well as those in which repowering is contemplated. We also appreciate the rules’ thorough discussion of the role of an IE in utility RFPs and support Draft WAC 480-107-023 as proposed. Altogether, these IE provisions will support stronger bidder and stakeholder confidence in procurement processes as utilities pursue the resources necessary to meet their clean-energy obligations. That said, we do offer one additional suggestion regarding the IE provisions below.
- **Contents of RFP:** Renewable Northwest appreciates the detailed requirements for the contents of utility RFPs, and in particular the additive language regarding “a sample evaluation rubric that qualifies, where possible, the weight the utility will give each criterion during the bid ranking procedure, *and* provides a detailed explanation of the aspects of each criterion that would result in the bid receiving higher priority” in Draft WAC 480-107-025(4) (emphasis added). Overall, Draft WAC 480-107-025 would add objectivity to the RFP process and again increase bidder confidence, ultimately

² See Draft WAC 480-107-017.

increasing the likelihood that competitive solicitations will result in least-cost, least-risk resources that facilitate Washington's clean energy transition.

- **Bid scoring & project ranking:** Similarly, Renewable Northwest appreciates the clarity and objectivity of Draft WAC 480-107-035 and appreciates the effort the Commission and staff have put into developing the thoughtful and comprehensive changes reflected in the Draft Rules.

As to changes, we offer the following recommendations:

WAC 480-107-XXX -- Applicability of Rule Sections

The clean version of Draft WAC 480-107-XXX includes a typographical error in the heading and is mistakenly designated "WAC 480-107-001." The redline version and past versions of the rule language designate this section as WAC 480-107-011.

WAC 480-107-015 -- Solicitation Process for Any RFP

Draft WAC 480-107-015 includes a provision in subsection (1) that "[t]he commission strongly encourages a utility to consult with commission staff and other interested stakeholders during the development of an RFP and the associated evaluation rubric." We encourage the Commission to consider *requiring* rather than strongly encouraging this consultation.

WAC 480-107-023 -- Independent Evaluator for Repowering and Bids from a Utility or Its Subsidiary or Affiliated

Throughout this rulemaking, Renewable Northwest has generally supported requiring an IE for any solicitation above 50 MW. Previous versions of the Draft Rules have included an IE requirement for large solicitations -- including use of a 50 MW threshold -- and at one point 480-107-023 was captioned "Independent evaluator for large resource need or utility or affiliate bid." Our June 29, 2020 comments explained why we have supported this requirement, noting that "[t]hird-party oversight by an [IE] is important to ensure competitive procurement and improve market confidence" and citing an expert report for the proposition "that there may be a correlation between use of an IE and robust participation in the bidding process." For the same reasons we have discussed before, we recommend both maintaining the existing IE requirement and adding a requirement that utilities engage IEs for RFPs seeking to meet resource needs greater than 50 MW.

WAC 480-107-145 -- Filings-Investigations

Draft WAC 480-107-145(2)(a) appears to contain two typographical errors: first, "(a)" appears twice to open the paragraph in the clean version only; and second, the internal cross-reference to WAC 480-107-035(5) appears to be an error in both the clean and

redline version of the Draft Rules and WAC 480-107-035(6) appears to be the correct internal cross-reference.

Notwithstanding these minor recommended changes, Renewable Northwest commends the Commission and Commission Staff for developing rules that will facilitate robust procurement processes for modern clean-energy resources as Washington’s investor-owned utilities (“IOUs”) take the steps necessary to transform their systems, eliminate greenhouse gas emissions, and comply with CETA.

Respectfully submitted this 3rd day of December, 2020,

/s/ Katie Ware

Katie Ware
Washington Policy Manager
Renewable Northwest
katie@renewablenw.org

/s/ Max Greene

Max Greene
Regulatory & Policy Director
Renewable Northwest
max@renewablenw.org