

May 25, 2018

Mr. Steven V. King  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
PO Box 47250  
Olympia WA, 98504-7250

RE: Comments to Docket UE-180271, PSE Draft Request for Proposals for All Generation Sources

Commissioners,

Thank you for the opportunity to provide comments on the Puget Sound Energy (PSE) 2018 Draft Request for Proposals for All Generation Sources. The Montana Environmental Information Center offers the following comments.

## **Section 2, Capacity Resources (Page 5)**

### The Draft RFP States

“PSE’s capacity needs are greatest in winter; therefore, resources will be evaluated based on an ability to fill winter deficits while minimizing summer surpluses.”

### Comment

The ability of a resource to minimize summer surplus would seem to be an inappropriate deciding factor when determining whether a resource provides winter capacity at least cost.

A resource may provide winter capacity at the lowest overall cost even when factoring in any summer surplus. For example, Resource A may have the ability to produce no summer surplus, however if Resource A costs ten times more than Resource B to provide winter capacity overall, even though Resource B may produce some summer surplus, then Resource A would not be the least cost choice. Put another way, the mere ability of Resource A to produce no summer surplus does not in itself make it a better resource or least cost resource, nor does Resource B’s inability to not produce any summer surplus inherently make it a worse resource or non-least cost.

## **Section 3, Evaluation Process (Page 8)**

### The Draft RFP States

“PSE will follow a structured evaluation process designed to screen and rank individual proposals based on an evaluation of costs, risks and benefits.”

### Comment

The RFP does not explain how proposals will be scored in order to create a ranking. It also does not describe how many points, if any, will be assigned to any of the criteria or

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preferences or whether any criteria or preference will be given more weight than any other and why.

This lack of transparency makes it difficult for bidders to design and submit projects that would best meet the utility's needs. It also does not improve trust in the RFP process and may result in fewer bids being received, making for fewer options being available for meeting need and a decreased chance of locating a least cost resource.

Without commenting on or giving approval to the specifics of its point system, Appendix H of the recently issued RFP by Portland General Electric provides an example of how a point system, in general, can be incorporated transparently into an RFP.<sup>1</sup>

### **Exhibit A, Public Benefits, Resource Location (Page A-7)**

#### The Draft RFP States

“Proposals that are not dependent upon constrained transmission or fuel transportation paths are preferred.”

#### Comment

“Constrained” is not defined, making this preference unclear. It is also not clear how much weight this preference would be given.

#### The Draft RFP States

“Proposed resources located within PSE's service territory are preferred.”

#### Comment

It is unclear how this preference would result in an increased chance of locating a least cost resource. It is also not clear how much weight this preference would be given.

Further, page 4 the RFP states, “PSE prefers proposals for resources located on PSE's system or those with secure long-term firm delivery to PSE's system.” However, the reference to long-term firm is removed in this instance in Exhibit A.

#### The Draft RFP States

“All else being equal, proposals are preferred that would not increase PSE's exposure to adverse impacts on its financial position”

#### Comment

The meaning of “exposure to adverse impacts on its financial position” is not clear. It is also not clear how much weight this preference would be given.

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<sup>1</sup> <https://www.portlandgeneralfp2018.com/wp-content/uploads/2018/05/Appendix-H-Scoring-Procedure.pdf>

Respectfully submitted by:

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