

May 10, 2021

Jason Kuzma

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VIA WEB PORTAL

Mr. Mark L. Johnson
Executive Director and Secretary
Washington Utilities and Transportation Commission
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Re: UE-210220: Proposed updates to Draft 2021 All -Source Request for Proposals for Renewable and Peak Capacity Resources

Dear Mr. Johnson:

On April 1, 2021, Puget Sound Energy (“PSE”) filed its draft 2021 All-Source Request for Proposals for Renewable and Peak Capacity Resources (the “Draft 2021 All-Source RFP”) for approval by the Commission in Docket UE-210220. Attached as Attachment A to this letter is an updated Draft 2021 All-Source RFP (the “Updated Draft 2021 All-Source RFP”) that reflects updates to PSE’s capacity and renewable resource needs. Attached as Attachment B to this letter is a comparison of the Updated Draft 2021 All-Source RFP with the Draft 2021 All-Source RFP that shows the changes made. PSE is providing this update so that stakeholders preparing comments on the Draft 2021 All-Source RFP are aware of these updates and may take them into consideration as they prepare comments due on or before May 17, 2021. Proposed changes to the Draft 2021 All-Source RFP as filed on April 1, 2021, are reflected in redlines in the Updated Draft 2021 All-Source RFP.

PSE has executed the following two power purchase agreements since the filing of the Draft 2021 All-Source RFP:

- (i) PSE executed a five-year agreement (for the term 2022-2026) with the Public Utility District No. 1 of Chelan County, Washington, for a 5 percent “slice” of the Rocky Reach and Rock Island Hydroelectric Projects; and
- (ii) PSE extended the term of an existing agreement for three years (2021-2024) with the Public Utility District No. 1 of Douglas County, Washington, on behalf of the Confederated Tribes of the Colville Reservation for a 5.5 percent share of the Wells Hydroelectric Project.

These two new power purchase agreements change PSE’s identified capacity need and PSE’s renewable energy need to comply with the Clean Energy Transformation Act (“CETA”). The renewable need by 2026 to comply with CETA changed from 1,942 GWh (as reflected in the Draft 2021 All-Source RFP) to 1,669 GWh (as reflected in these updates). Table 1 below reflects the updated renewable needs by year.

Table 1. CETA Need by Year

CETA Need in GWhs	2022	2023	2024	2025	2026
CETA qualifying resources	7,398	9,045	9,087	8,963	9,016
2021 IRP Draft CETA Energy Target - Mid with Conservation	7,398	8,345	9,297	10,059	10,958
CETA Need/(Surplus)	0	(699)	210	1,096	1,942
Net Hydro CETA energy additions	(499)	(499)	(442)	(275)	(273)
Adjusted CETA Need/(Surplus)	(499)	(1,198)	(232)	821	1,669
Need Assuming 36% Capacity Factor (WA Wind) (MW)				260	529
Need Assuming 24% Capacity Factor (East WA Solar) (MW)				391	794

Table 2 below reflects the updated cumulative capacity need by year.

Table 2. Cumulative Capacity Need by Year

Need/(Surplus) and Additions in MW	2022	2023	2024	2025	2026	2027
2021 Draft IRP Need/(Surplus)	(230)	(350)	(306)	(257)	369	527
Reduced Market Reliance Need		185	372	574	776	979
Total Resource Need/(Surplus)	(230)	(165)	66	317	1,145	1,506
Net Hydro Capacity Additions	(101)	(106)	(71)	(71)	(71)	
Adjusted Total Resource Need/(Surplus)	(331)	(271)	(5)	246	1,074	1,506
Estimated Glide Path of Incremental Resource additions		300	300	300	300	306

Since PSE filed the Draft 2021 All-Source RFP on April 1, 2021, PSE has been working on proposed revisions to a few areas of the Draft 2021 All-Source RFP, which are summarized in Schedule 1 to this letter for reference. PSE anticipates it may file a second set of redlines after the close of the comment period that may include changes to incorporate feedback received from stakeholders during the comment period in addition to the changes provided in the Updated Draft 2021 All-Source RFP.

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If you have any questions about the information contained in this filing, please contact Sheri Maynard, Commercial Development Manager, at 425-462-3114. If you have any other questions, please contact me at (425) 635-1416 (office), (206) 499-2438 (mobile), or jkuzma@perkinscoie.com.

Sincerely,



Jason Kuzma

Attachments

SCHEDULE 1

Summary of Changes to the Draft 2021 All-Source RFP

PSE has made the following changes to the Draft 2021 All-Source RFP since filing the draft on April 1, 2021.

Document Section	Summary of Change	Page #(s)
RFP, Section 1	The Clean Energy Transformation Act (CETA) Need by 2026 reduced by 273 GWh (from 1,942 GWh to 1,669 GWh) to reflect an update due to recently executed hydro contracts.	3
RFP, Section 1	“DR and DER RFP” changed to “DER RFP” to maintain consistency throughout the document.	3
RFP, Section 1, Figure 1	The CETA Need by 2026 reduced by 273 GWh (from 1,942 GWh to 1,669 GWh) to reflect an update due to recently executed hydro contracts.	6
RFP, Section 1, Table 1	The CETA Need by 2026 reduced by 273 GWh (from 1,942 GWh to 1,669 GWh) to reflect an update due to recently executed hydro contracts.	6
RFP, Section 1	The CETA Need by 2026 reduced by 273 GWh (from 1,942 GWh to 1,669 GWh) to reflect an update due to recently executed hydro contracts.	6
RFP, Section 1	Language added to the capacity need forecast assumptions to include the addition of intermediate-term hydro contracts.	7
RFP, Section 1, Figure 2	The Capacity Need between 2022 and 2026 adjusted to reflect recently executed hydro contracts.	8
RFP, Section 1, Table 2	The Total Resource Need between 2022 and 2026 adjusted to reflect recently executed hydro contracts.	8
RFP, Section 1	Language added stating that the resource need sought in the All-Source RFP may be adjusted to account for the Demand Response and Distributed Energy resources that will be sought through the targeted DER RFP in November 2021.	4
RFP, Section 1, Table 1	Footnote added at the bottom of the table noting that CETA need sought in the All-Source RFP may be adjusted to account for the resources that will be sought through the targeted DER RFP.	6

Document Section	Summary of Change	Page #(s)
RFP, Section 1, Table 2	Footnote added at the bottom of the table noting that capacity need sought in the All-Source RFP may be adjusted to account for the resources that will be sought through the targeted DER RFP.	8
RFP, Section 3	Language added providing context and definition to the meaning of “lowest reasonable cost” and the inclusion of customer benefit and equity considerations.	24-25
RFP, Section 3	Language added stating that PSE may incorporate CBIs in its Phase 2 evaluation process, anticipated to follow the approach of the forthcoming Clean Energy Implementation Plan (“CEIP”) and as prioritized by the ongoing public participation and advisory group process with stakeholders.	25
RFP, Section 3	Language added addressing how PSE incorporates the social cost of greenhouse gases (SCGHG) in its quantitative modelling.	26
RFP, Section 6	Clarifications made to example calculations of the Success Fee	42
Exhibit A	Language added addressing how PSE incorporates the social cost of greenhouse gases (SCGHG) in its quantitative modelling.	A-3
Exhibit A	Language added stating that PSE may incorporate CBIs in its Phase 2 evaluation process, anticipated to follow the approach of the forthcoming Clean Energy Implementation Plan (“CEIP”) and as prioritized by the ongoing public participation and advisory group process with stakeholders.	A-3
Exhibit A	Addition of words “Project Viability”, to be consistent with the scoring in the qualitative rubric subcategory of “IT Security and Data Privacy (DR and Aggregated DER only)”	A-5
Exhibit A	Clarifying language added to the “IT Security and Data Privacy – DR and Aggregated DER only)” category of the qualitative rubric category to match corresponding modifications to Exhibit B, Tab 3d. DR_DER_System, described above	A-6

Document Section	Summary of Change	Page #(s)
Exhibit A	Modifications to the wording of the criteria descriptions and point totals in the Energy Delivery category of the qualitative rubric to improve clarity and completeness. A bonus point has been added for proposals on PSE’s system with executed NRIS Interconnection Agreement or executed NITS Agreement, reflecting preference stated in the Main RPF Document for full deliverability to PSE’s system, including a preference to bidders with network integration transmission service.	A-7
Exhibit A	Deletion of the words “firm, conditional firm, non-firm transmission,” as PSE in this RFP will only consider resources that provide firm delivery to PSE’s system or to a delivery point identified in the RFP, Section 2, Table 4.	A-9
Exhibit A	Replacement of the word “metrics” with “categories”	A-10
Exhibit A	Language added stating that PSE may incorporate CBIs in its Phase 2 evaluation process, anticipated to follow the approach of the forthcoming Clean Energy Implementation Plan (“CEIP”) and as prioritized by the ongoing public participation and advisory group process with stakeholders.	A-10
Exhibit B	Minor clarifying changes, including: <ul style="list-style-type: none"> • adjusted description in “Additional minimum qualifying criteria for ownership proposals” section to clarify requirements, and • revised ownership transfer timing question to clarify response options. 	Tab 1. Proposal Content Checklist
Exhibit B	Addition of fields to capture whether the bidder is a women-, minority-, disabled-, or veteran-owned business to address bidder diversity reporting requirements in WAC 480-107-145(f).	Tab 2a. Commercial Details
Exhibit B	Addition of six fields: <ul style="list-style-type: none"> • added simple structure field (own, offtake agreement or both) to support compliance reporting requirements, • added two questions to facilitate PSE’s data validation/automation effort, • added commercial operation date (“COD”), and • added “%” to two fields to clarify requested units. 	Tab 2b. Offer Details
Exhibit B	Minor clarifying changes, including:	Tab 3. Facility

Document Section	Summary of Change	Page #(s)
	<ul style="list-style-type: none"> • added text in “Resource information summary” section to clarify hybrid resources requirements, • clarified response formatting for latitude and longitude, and • added “%” after first question in “Site Control” section to clarify requested units. 	
Exhibit B	<p>Small clarifying changes, including:</p> <ul style="list-style-type: none"> • deleted number of resources field (captured elsewhere via formatting changes), • reformatted questions in “Variable Energy Resources” section to facilitate data validation/automation effort, • clarified technology manufacturer fields throughout tab to allow for multiple manufacturers, • added references to Tab 4 and instructions for providing 8760 data in energy output sections throughout tab, • clarified turbine field in “Wind turbine” technology section to allow for multiple models, • added clarification that O&M costs will be assumed to be included in the offer price, • added description to “Estimated annual unit availability” field to clarify units requested, and • added description to “Ownership Options” section to clarify instructions for providing additional required information. 	Tab 3a. Variable Energy
Exhibit B	<p>Minor clarifying changes, including:</p> <ul style="list-style-type: none"> • added question to confirm whether resource is a flexible capacity resource to support data validation/automation effort, • added clarification that O&M costs will be assumed to be included in the offer price, and • added question to align Exhibit B requirement for flexible capacity resources related to providing a fuel supply plan to align with Minimum Requirements described in All-Source RFP Section 4. 	Tab 3b. Flexible Capacity

Document Section	Summary of Change	Page #(s)
Exhibit B	Minor clarifying changes, including: <ul style="list-style-type: none"> • added question to confirm whether resource is an energy storage resource to support data validation/automation effort, • adjusted formatting to support data validation/automation effort, • removed “State of charge units” field (not needed), • added “MWh” after last two questions in “Capacity” section to clarify requested units, • added clarification that O&M costs will be assumed to be included in the offer price, and • added statement to clarify additional requirements for ownership offers. 	Tab 3c. Energy Storage
Exhibit B	Small changes to align qualitative scoring rubric with Exhibit B, and to clarify requirements: <ul style="list-style-type: none"> • reformatting to support data validation and automation efforts, • added five questions for Demand Response (DR) and Distributed Energy Resource (DER) proposals, intended to inform more completely the “IT Security and Data Privacy (DR and Aggregated DER only)” evaluation category of the qualitative evaluation rubric, and • added references to Tab 4 and instructions for providing 8760 data in energy output sections throughout tab. 	Tab 3d. DR_DER_System
Exhibit B	Addition of field to identify whether bidder has used the “Energy Profile” in Tab 4 to support the data validation/automation effort.	Tab 4. Energy Output (8760)
Exhibit B	Minor clarifying changes, including: <ul style="list-style-type: none"> • added question to identify whether proposed resource is a DR or DER proposal to support the data validation/ automation effort, and • revised language in transmission details table in “Transmission Service” section. 	Tab 5. Interconnect and Transmission
Exhibit B	Added clarifying detail associated with the labor plan, including references to RCW 82.02.962 and 82.12.962, and a field to indicate whether a plan is attached.	Tab 6. Development Details