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Jeff Killip
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

**Re: Supplemental Comments of Puget Sound Energy
Docket U-240281, Integrated System Plan Rulemaking**

Dear Director Killip,

Puget Sound Energy (PSE) submits the following supplemental comments regarding rule changes needed to conform the electric Purchase of Resources (PoR) rules in Chapter 480-107 of the Washington Administrative Code (WAC) to the new integrated system plan (ISP) process. PSE filed recommendations regarding this issue in its February 20, 2025 comments and briefly touched on this issue in its May 5, 2025 comments.¹ These supplemental comments clarify PSE's recommendations and expand on PSE's reasoning, particularly given that the rulemaking thus far has provided no opportunity to discuss this rule section with other interested parties. PSE's initial, informal discussions with other parties indicate that there may be broad interest in the targeted improvements to the PoR rules for large combination utilities along the lines of what PSE suggests here. These supplemental comments also respond to the April 21, 2025 Notice of Opportunity to File Written Comments (Notice) issued by the Washington Utilities and Transportation Commission (Commission) in this docket regarding Ch. 480-107 WAC.²

I. Recap

PSE's February 20, 2025 comments proposed three simple but important sets of changes to the PoR rules,³ all of which are necessary or appropriate under the new ISP paradigm:

- (1) Allow for flexibility in acquiring resources based on an approved ISP, to increase transparency, efficiency, and specificity of ISP specific actions;

¹ PSE also filed a request on May 5, 2025 for an amendment to the CR-101 for the ISP rulemaking. Among other things, PSE requested the CR-101 be updated to include the full Ch. 480-107 WAC and not just WAC 480-107-009.

² The Notice requests comment on a small draft edit adding "or Integrated System Plan" to WAC 480-107-009(3). Confusingly, the Notice does not propose any redlines to other sections of the PoR rules referring to electric IRPs.

³ See PSE's February 20, 2025 comments, pages 2-3 and attached redlines.

- (2) Allow the Commission to approve certain request for proposal (RFP) elements such as draft RFPs and the independent evaluator, as part of the ISP approval; and
- (3) Allow for approval of acquisitions above 100 megawatts (MW) or greater than five years following the filing of final executed agreements, while simultaneously exempting acquisitions under this threshold from the PoR rules.

The overarching purpose of these changes was, and continues to be, to enable PSE to meet the Clean Energy Transformation Act (CETA) standards in a timely manner and at the lowest reasonable cost, consistent with Staff's proposed ISP-rule purpose in draft WAC 480-95-010. The changes would also be consistent with the ISP statute's stated purpose of reducing regulatory barriers and increasing transparency.⁴ Finally, as discussed in more detail below in reviewing the Commission's concerns regarding specific actions in PSE's first CEIP, PSE believes these changes would result in an ISP that is more likely to be accepted by parties and the Commission as compliant with the ISP rules and in the public interest more generally.

PSE continues to recommend these same general changes be incorporated into the ISP rules. PSE's current proposal is shown in Attachment A to these comments, as redlines to the "specific actions" section of the rules from PSE's May 8, 2025 full rule recommendations. The following sections of these comments elaborate on the reasoning behind each recommendation, as shown in PSE's proposed WAC 480-95-060(3)(a), (b), and (c).⁵

II. Increasing Transparency, Efficiency, and Specificity of ISP Specific Actions – WAC 480-95-060(3)(a)

Currently, WAC 480-107-009(2) mandates that PSE *must* issue an all-source RFP following the completion of the electric IRP (now ISP) process, assuming there is a resource need over the next four years.⁶ As background, an "all-source" RFP is an RFP that, as the name implies, allows bids from all sources. While all-source RFPs have the theoretical benefit of allowing all resource types to compete to fill an overall resource deficit, in practice PSE has found it relatively difficult to compare bids of all types in a single RFP. Due to the need to compare bids of all types, all-source RFPs require the detailed electric modeling analysis from the IRP/ISP to be re-done to a significant extent, but without the transparency of the IRP/ISP. PSE has long recognized that this process results in more time-consuming analysis for utilities and a lack of clarity to bidders, without necessarily adding corresponding value.⁷ This inherently complex process makes it more difficult to acquire resources of the scale needed to meet CETA's 2030 and 2045 clean-energy requirements, particularly in the current environment

⁴ RCW 80.86.020(1).

⁵ PSE also proposes WAC 480-95-060(3)(d), to incorporate language from Staff's April 8, 2025 draft rules regarding long-term planning that is more appropriately included the rules for specific actions.

⁶ As shown in Staff's draft redlines attached to the Notice, Staff would only modify this language to require issuing an all-source RFP if an ISP demonstrates a resource need.

⁷ Docket UE-190837, PSE September 14, 2020 Comments, pages 2-4, and PSE June 29, 2020 Comments, page 2.

where clean energy resources are in high demand and PSE faces competition from utilities and other entities seeking similar acquisitions.

A. Proposed Change

Given the challenges described above, PSE's first proposed change to the PoR rules would replace the constraint of issuing an all-source RFP directly following an ISP with a more appropriate requirement to instead require PSE to issue an RFP or RFPs based on the approved ISP. For clarity and ease of reference, PSE shows its proposed language from WAC 480-95-060(3)(a) below.

Recommendation #1: Allowing Flexibility for Required RFPs to Increase Transparency, Efficiency, and Specificity of ISP Specific Actions
During the implementation period of an ISP, a large combination utility shall be exempt from portions of Ch. 480-107 WAC as follows: (a) For a large combination utility, the required RFP issued pursuant WAC 480-107-009 may be an all-source RFP, multiple-source RFP, targeted RFP, or combination of targeted RFPs. A large combination utility shall choose the type or types of required RFPs based on market conditions and their consistency with analysis underlying the approved ISP. A large combination utility shall issue the RFP or RFPs required under this section no later than 120 days after the commission issues an order approving an ISP.

Under this new requirement, within the required timing of a required RFP,⁸ PSE would then issue an RFP or RFPs based on market conditions and their consistency with the analysis underlying the approved ISP. For example, if it were clearly appropriate and in the public interest to issue a targeted RFP for a certain amount of distributed energy resources, PSE would then have the flexibility to do so without having to comply with the regulatory barrier from WAC 480-107-009(4) to reconcile the targeted DER RFP with an all-source RFP in a "combined analysis." Instead, a combined analysis comparing all resource types would have already occurred in the ISP.

PSE's proposed rule changes would also provide flexibility, if sensible, to segment RFPs for large-scale generation resources in an appropriate fashion. For example, if the approved ISP

⁸ The timing for the required all-source RFP is no later than 120 days after a utility files its final electric integrated resource plan (IRP), pursuant to WAC 480-107-017(1). In addition, after filing a required RFP, a utility must get Commission approval before issuance. This process takes two-and-a-half months, with 45 days allotted for interested persons to submit written comments under WAC 480-107-017(2), and another 30 days for the Commission to approve the RFP under WAC 480-107-017(3). Finally, under WAC 480-107-017(5), unless otherwise required a utility must then issue the RFP within 30 days of the Commission's order approving an RFP. Since PSE will no longer be filing an electric IRP and (unlike the electric IRP) the ISP will be approved, PSE's attached rules recommend modifying the timing requirement in WAC 480-107-017 to no later than 120 days after the Commission issues an order approves an ISP.

action plan showed a need to acquire a certain amount of peaking resources or build a solar facility in a specific location, PSE would then have the flexibility to issue targeted RFPs corresponding to these specific needs. Due to not having to compare resources of various types, utility-scale targeted RFPs are generally simpler to execute relative to all-source RFPs. All else equal, this simplicity results in a faster process with more transparent decision-making, both to bidders and interested parties.

B. Electric Resource Acquisitions and CETA-Required Specific Actions

In addition to facilitating compliance with CETA's 2030 and 2045 clean-energy targets, allowing PSE to issue targeted RFPs in place of an all-source RFP is consistent with the Commission's CEIP guidance. In reviewing PSE's first CEIP covering the 2022-2025 compliance period, the Commission found that PSE's proposed specific action to issue an all-source RFP, despite being required by WAC 480-107-009(2), was not enough to meet the administrative rules regarding specific actions in WAC 480-100-640(5)-(6).⁹ However, the Commission indicated that targeted RFPs, in contrast, may be sufficient, particularly when combined with other specific actions:

The Commission may, under another set of facts, find an RFP to be a "specific action" consistent with WAC 480-100-640. The content requirements for RFPs partially overlap with the content requirements for the "specific actions" in a CEIP.*[footnote omitted]* It is possible that a CEIP incorporating RFPs, as one action among others, could provide sufficient detail to allow for meaningful public participation and regulatory oversight. **This would be particularly true in the case of a Targeted RFP focused on specific resources.***[See Snyder, Exh. JES-1T at 13:14-22.]* These are not, however, the facts presented in this case.¹⁰ *[emphasis added]*

PSE agrees that targeted RFPs by their nature can be much more specific than all-source RFPs. As such, PSE's proposal allowing for more targeted RFPs following ISP approval provides a clearer pathway for PSE to provide the level of specificity that the Commission is seeking in a CEIP. For example, if the ISP approved a specific action to acquire a certain amount of a given resource type, possibly at a specific location, then PSE would more likely be able to provide some or all of the information currently required by WAC 480-100-640(5)—such as location, timing, and estimated cost. In contrast, if PSE is limited to issuing an all-source RFP that by definition will not have associated resource types and sizing until after the RFP is completed, providing the type of information the Commission is seeking becomes impossible.

⁹ Docket UE-210795, [Final Order 08](#) (June 6, 2023), pages 54-69. *See also* paragraphs 381-384 and 411-413.

¹⁰ *Id.*, paragraph 231.

III. Streamlining RFP Process Approvals within the ISP – WAC 480-95-060(3)(b)

To help PSE provide more specificity of actions, the review of PSE’s first CEIP also analyzed the structural problem concerning the delay in acquiring resources until after a plan is approved. Staff’s solution in that proceeding was simple: consolidate elements of the RFP approval process into the IRP.¹¹ In other words, to the extent PSE can gain more certainty regarding the resources it will acquire and processes used to acquire those resources, the more specific it can be in the CEIP/ISP.

PSE believes Staff’s proposal in the docket for PSE’s first CEIP is wholly consistent with PSE’s recommended changes in WAC 480-95-060(3)(b) as shown below, which would allow PSE to request approval of RFP processes as part of its ISP filing. Gaining approval of resource acquisition processes within the ISP would not only allow PSE to move faster and more efficiently after the ISP is approved, but also result in more specificity of actions in both PSE’s ISP filing and the approved action plan in the Commission’s ISP order.

Recommendation #2: Increasing Efficiency and Transparency by Streamlining RFP Process Approvals within the ISP
<p>During the implementation period of an ISP, a large combination utility shall be exempt from portions of Ch. 480-107 WAC as follows ...</p> <p>(b) To facilitate compliance with the Clean Energy Transformation Act, a large combination utility may request approval of RFP processes within the ISP. These processes may include the selection of the independent evaluator for the duration of the ISP period, standard RFP documentation, and other appropriate RFP elements. To avoid redundant requirements, approvals regarding RFP processes in the ISP shall result in exemptions from applicable rules in WAC 480-107-017 and 480-107-023.</p>

Without this change, the existing PoR rules in Ch. 480-107 WAC would continue to act as a regulatory barrier to complying with CETA. Specifically, WAC 480-107-017 requires PSE to file required RFPs no later than 120 days after the utility “files its final IRP” and then requires PSE to wait 75 days to gain Commission approval of the RFP, before proceeding with issuing the RFP to bidders. In addition, WAC 480-107-023 requires an extra step for PSE to gain approval of an independent evaluator if necessary. While well intentioned, requiring these processes be performed following the completion of the ISP hampers PSE’s ability to acquire resources at the pace and scale needed at this time. Instead, it would be more transparent and efficient to have appropriate RFP process approved in the ISP itself. Then, once the ISP proceeding ends and a final ISP Order is issued, PSE could proceed to acquire electric resources with minimal delay.

¹¹ Docket UE-210795, Exh. JES-1T at 27:4 (“a draft RFP could be filed with the draft IRP”).

IV. Threshold for Application of Rules & Approval of Acquisitions – WAC 480-95-060(3)(c)

PSE’s final recommended change, shown below and in the attached redlines, would exempt small or short-term acquisitions from the PoR rules. PSE’s proposed exemption threshold would be below 100 MW or a less than five years in aggregate, which would ensure the PoR rules are limited to instances of significant potential investment and do not interfere with short-term operations. For example, if PSE needed to issue an RFP to acquire electric energy or capacity in order to meet a short-term deficit, PSE could then do so without delay and not risk harming customer reliability, while facilitating PSE’s ability to serve its customers at the lowest reasonable cost. Cost recovery for smaller, exempt acquisitions would still be subject to the same prudence standards as any other costs PSE incurs.

Recommendation #3: Reducing Regulatory Barriers by Adding a Threshold for Application of PoR Rules & Allowing for Timely Approval of Acquisitions
<p>During the implementation period of an ISP, a large combination utility shall be exempt from portions of Ch. 480-107 WAC as follows ...</p> <p>(c) To ensure process requirements are limited to instances of significant potential investment and will not interfere in short-term operations, a large combination utility is exempt from Ch. 480-107 WAC for electric acquisitions below 100 megawatts or five years in aggregate, except for conservation and efficiency resources acquired pursuant to WAC 480-107-065(3). For resources acquired pursuant to Ch. 480-107 WAC exceeding this threshold, a large combination utility may request acquisition approval after filing final executed agreements pursuant to WAC 480-107-035. The commission must approve or reject any acquisitions requested for approval under this subsection within 60 days of the filing of a request.</p>

Similar size and length exemptions are used in other states with ambitious clean-energy goals, such as Oregon and Minnesota. For example, Oregon’s equivalent of Ch. 480-107 WAC only applies if “[t]he acquisition is of a resource or a contract for more than an aggregate of 80 megawatts and five years in length.”¹² Minnesota’s exemption is, by coincidence, identical to what PSE is proposing, with the same 100-MW and five-year threshold.¹³ PSE believes these exemptions, which have worked well in other states, would also be appropriate for Washington and are consistent with the IPS statute’s stated purpose to reduce regulatory barriers.¹⁴

¹² [OAR 860-089-0100](#): Applicability of Competitive Bidding Requirements.

¹³ See the Minnesota Public Utilities Commission’s [April 15, 2022 Order](#) approving Xcel Energy’s 2020-2034 electric IRP (Docket E002/RP-19-368), pages 17 and 33.

¹⁴ RCW 80.86.020(1).

Finally, in conjunction with this exemption, the language above would allow PSE to request approval of acquisitions after the filing of final executed contracts in the RFP process. Depending on the facts, it may be more appropriate, timely, and transparent to move the acquisition approval process to shortly after the acquisition has been completed, instead of waiting until a subsequent proceeding potentially years later.

Conclusion

PSE appreciates the opportunity to provide supplemental comments regarding its recommended changes related to the specific actions for electric resource acquisitions approved in an ISP. If incorporated into the ISP rules, PSE's recommendations would not only help PSE provide the level of detail the Commission seeks for specific actions in an ISP/CEIP, but also facilitate PSE's ability to comply with CETA's clean-energy requirements in RCW 19.405.040 and 19.405.050(1). If you have any questions about these comments, please contact Stephen Collins, Regulatory Affairs Initiatives Manager, at Stephen.Collins@pse.com. If you have any other questions, please contact me at Wendy.Gerlitz@pse.com.

Sincerely,

/s/ Wendy Gerlitz

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Attachment: Attachment A