

August 14, 2016

Mr. Steven King  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive SW  
Olympia, WA 98504-7250

**RE: UE 160808** Puget Sound Energy: Draft Request for Proposals for Technology and Implementation Services In Support of Puget Sound Energy's Direct Load Control and Demand Resource Programs Pursuant to WAC 480-107-015.

Mr. King:

The NW Energy Coalition (Coalition) is pleased to have this opportunity to comment on the two draft Request for Proposals (RFP) submitted by Puget Sound Energy (PSE) soliciting supply technology and implementation services for a residential and small/medium commercial Direct Load Control (DLC) program and for a large commercial and industrial Demand Response (DR) program.

The Coalition has encouraged PSE to move aggressively forward to acquire demand response (DR) resources, which PSE's 2015 Integrated Resource Plan (2015 IRP) identified as a key component to meeting projected needs until at least 2021. We commend PSE for expanding beyond the pilot projects PSE has tested in the past to embrace a relatively new resource area to PSE and initiating the process to acquire 121 MWs of demand response from various bidders to reduce winter peak load.

The RFP's appear detailed, but may limit vendors and service providers by being very prescriptive. The information provided is generally concise and useful. We have only a few suggestions to offer for consideration before approving the draft RFPs.

- The DLC RFP limits customer participation to residential customers and commercial customers whose maximum demand is estimated to be less than 150 kW (page 6, DLC RFP), while the DC RFP is limited to customers with more than 150 kW of maximum demand (page 5, DC RFP).
  - It may be premature to decide what amount of savings will come from which customer category (70 MW of load curtailment from the DLC RFP and 51 MW from the DC RFP), particularly if the savings will be applied to system wide peak load, rather than to a customer subset.
  - It seems the kind of savings and when those savings are available would be more to the point than the customer source of the savings, since both RFPs have the same primary objective of achieving dispatchable load reduction capacity and the same secondary objectives for summer load curtailment, rapid load curtailment, shifting consumption from high priced to low priced periods and greater integration of demand response with grid monitoring.

- Two RFPs may be more complicated than necessary, since the notable difference between the two seems to lie in the requirement for certain technologies for the DLC approach (page 15, 3.2 of both RFPs – see below).
- If the process moves ahead with two RFPs, a small clarification may be necessary. PSE intends to allow commercial customer in Schedules 25 to participate in both programs. It is not explicitly clear in either RFP how many of the customers in Schedule 25 would be eligible for each respective program, as that Schedule includes customers with peak demands between 50 kW to 350kW.
  - If Tables 1 and 2 (page 7 of the DLC RFP) include all the customers in Schedule 25, it may help bidders to know how many of those customers have demands less than 150 kW. The same clarification applies to Table 2 in the DC RFP on page 9.
  - If that adjustment has already been calculated into the numbers shown in those two tables, then that adjustment should be noted in some way.
- The Coalition supports a wide-ranging RFP that does not limit the kinds of technology or demand side resources that may be submitted in an RFP response. An RFP provides an opportunity to learn what is available in the demand response sector. The DLC RFP requirement that bidders must include electric furnaces, heat pumps for electric heating, and electric water heaters (page 20, C.2.) and relevant thermostats (page 21 D) in *every* response may inadvertently exclude some who may be able to provide substantial amounts of kW savings, but with other technologies.
- If the need for DR is more critical in some distribution areas of PSE's system than others, then that information should be added, which might help focus some bidder's efforts; some responses might prove effective in deferring costs related to distribution or service upgrades or expansions in stressed distribution areas. And efforts to reduce system constraints should coordinate with targeted energy efficiency measures. For example, BPA is experimenting with this approach in the South of Alston area in Oregon, where BPA recently transferred \$1 million to energy efficiency programs to address locational constraints.

We support PSE's efforts and look forward to learning more about the responses submitted in response to this proposal.

Cordially,  
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