

September 30, 2011

BY EMAIL (to records@utc.wa.gov)

Mr. David Danner
Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
1300 South Evergreen Park Drive SW
Olympia, WA 98504-7250

Re: Docket No. UE-111405
Puget Sound Energy, Request for Proposals for All Generation Sources
Comments of Renewable Northwest Project and the NW Energy Coalition

Dear Mr. Danner:

Renewable Northwest Project and the NW Energy Coalition appreciate the opportunity to comment on Puget Sound Energy's (PSE) Request for Proposals for All Generation Sources (RFP) because the bids selected will affect the regional development of renewable energy. The RFP's extensive criteria allow for consideration of diverse generating technologies, including renewable energy and "coal transition power."¹ However, we believe that PSE could improve the draft RFP by 1) ranking project preference criteria, 2) encouraging renewable resources with winter capacity, and 3) stressing preference for flexible capacity resources.

PSE should disclose the relative rank of listed preference criteria.

Exhibit A to the RFP identifies 58 preference criteria.² Explicitly ranking those criteria would enable bidders and stakeholders to better understand PSE's needs. We recognize that a purely quantitative scoring methodology may be inappropriate given the quantitative and qualitative mix of preference criteria. However, it is certainly feasible and quite useful for the Company to identify the resource characteristics it considers most valuable versus those that are moderately valuable. This distinction would allow bidders to craft the most competitive bids, and allow stakeholders and the Commission to better understand PSE's preference criteria. The RFP process requests transparency and disclosure on the part of its bidders; the

¹ In Docket No. UE-100961 (regarding PSE's 2011 integrated resources plan), we raised an interest in ensuring that PSE's RFP is structured appropriately to enable full evaluation of opportunities for "coal transition power" contracts as allowed within the State's recently amended emissions performance standard.

² Puget Sound Energy 2011 All Source RFP, Exhibit A, available at http://www.pse.com/aboutpse/EnergySupply/Documents/RFP_ExA.pdf.

Company should deliver the same level of transparency in its final RFP by elaborating on how proposed projects will be ranked and scored.

Renewable resources can satisfy winter capacity, energy, and renewable portfolio standard (RPS) needs.

Although all generating technologies, including renewable technologies, receive support from some preference criteria, most criteria reflect a preference for gas peaking plants within or near PSE's service territory. While recognizing that PSE's 2011 IRP action plan recommends gas peaking plants for winter capacity, we believe that the draft RFP can and should be broader than the IRP in its search for resources. Cost-competitive resources such as west-side wind resources or new biomass facilities within PSE's service territory can contribute to PSE's winter capacity need and its RPS compliance. The RFP process should encourage exploration of resources with the most system benefits.

The RFP should stress preference for flexible capacity resources.

The importance of flexible dispatchable resources has grown with the development of variable generation and will play an increasingly important role in the next era of renewable generation. Yet Criteria 1.5 and 1.6 (Exhibit A) do not sufficiently stress PSE's future need for flexible generation. While clearly it is important that PSE's resources have a beneficial "impact on system reserves, load following, and integration costs,"³ we believe the Company should also request low minimum generating levels, high efficiencies at partial loads, fast start-up times, and responsive ramp rates. Gas turbine technology has advanced considerably to satisfy these needs and it is sensible for PSE to invest in flexible technologies to meet a growing regional need for variable generator balancing.

Thank you again for the opportunity to comment on PSE's draft RFP.

Sincerely,

Jimmy Lindsay, Power Systems Analyst, Renewable Northwest Project
Danielle Dixon, Senior Policy Associate, NW Energy Coalition

³ *Id.* Page A-2