

July 6, 2020

To: Puget Sound Energy

From: Fred Heutte, Senior Policy Associate
Joni Bosh, Senior Policy Associate
on behalf of NW Energy Coalition

Re: Draft 2020 RFP for Demand Response Programs

The NW Energy Coalition (NWECC) appreciates the opportunity to provide the following comments on the Puget Sound Energy (PSE) draft 2020 RFP for Demand Response Programs.

1. PSE has issued previous Demand Response RFPs but has not acquired any resources as a result. It would be helpful for PSE to describe how the provisions of the current RFP have been modified to take into account the learning that has occurred from the previous RFPs.
2. The draft RFP (p. 4) states that PSE is seeking bids for systemwide electric demand response as well as smaller, geographically targeted electric and natural gas demand response. NWECC is very supportive of initiating natural gas system demand response, but suggests that PSE provide additional detail on the scope of its interest and whether the bid conditions such as time of day, advance call requirements and total call hours per year pertain to both electric gas DR.
3. NWECC observes that the requirement in section 7.6.1 that a bidder have at least 5 years of experience in providing demand response resources may exclude a significant number of potential bidders. While we would not oppose a preference for bidders with significant previous experience, we recommend that PSE provide more flexibility for this requirement.
4. Will bidders be able to propose projects that aggregate demand response from electric water heaters, including those mandated to have CTA-2045 interface availability as of January 1, 2022?
5. NWECC does not understand the statement (p. 38) and Table 2 (p. 40) referring to avoided capacity costs. The text states, "Table 2: 2019-2039 incorporates the avoided capacity costs as estimated in the Company's 2017 Integrated Resource Plan ("IRP") by resource type with the January 12, 2018 correction filed with WUTC under Dockets UE-160918 and UG-160919. The 2017 IRP was acknowledged by WUTC on July 8, 2019. Pursuant to WAC 480-106-040 (b) (ii), the 2017 IRP results for 2019-2022 is replaced with the "projected fixed costs of a simplecycle combustion turbine."

Our review of the January 12, 2018 filing indicates that PSE made two corrections, one to typographical errors for generic renewable resource cost assumptions, and the other for a correction to the indicative avoided capacity resource costs for resources delivered to PSE.

However, the values in the January 2018 filing do not correspond to Table 2 on p. 40 of the draft RFP.

6. NWECC suggests that the Demand Response RFP explicitly provide for behavioral demand response bids. The value of such delivery strategies has been well documented elsewhere.
7. NWECC also recommends that bid evaluation criteria include the value provided to the DR portfolio of direct customer engagement.
8. While the RFP details the criteria to be used for bid evaluation, it is important to specify how the criteria will be weighted qualitatively and quantitatively.
9. While we recognize that RFP guidance from the UTC is currently under review, the RFP should at least prospectively state an approximate date for contract execution.

Thank you for your consideration of these comments.

/s/

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