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December 22, 2022

By Web Portal

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 Washington Utilities and Transportation Commission
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Re: Informational Filing of Puget Sound Energy’s 2023 Voluntary Targeted Distributed Solar and Storage Request for Proposals

Dear Ms. Maxwell:

Puget Sound Energy (“PSE”) hereby submits to the Washington Utilities and Transportation Commission (the “Commission”) the enclosed 2023 Distributed Solar and Storage Request for Proposals (the “2023 DSS RFP”). The 2023 DSS RFP is a “targeted” and “voluntary” request for proposals, as defined in Washington Administrative Code (“WAC”) 480-107-109(3). Accordingly, pursuant to WAC 480-107-021(1), PSE is submitting the 2023 DSS RFP to the Commission for informational purposes only.

I. Resource Need

PSE’s integrated resource planning analysis, which evaluates and establishes PSE’s capacity (physical reliability) and renewable energy (policy driven) needs, guides the electric resource acquisition process. PSE filed the 2021 Integrated Resource Plan (the “2021 IRP”), the most recent planning analysis,¹ with the Commission on April 1, 2021. The 2021 IRP includes a discussion of the electric planning standard and describes the methodology for analyzing PSE’s resource needs.²

The 2021 IRP demonstrated a need for additional resources to help meet PSE’s peak capacity needs and comply with Washington State’s Clean Energy Transformation Act (“CETA”). In light of these needs, on June 30, 2021, PSE issued its 2021 All-Source Request for Proposals (the “2021 All-Source RFP”). The 2021 All-Source RFP solicited bids for resources to meet all or part of PSE’s capacity and/or CETA needs at the lowest

¹ Please note that PSE will file an updated Electric IRP progress report no later than March 31, 2023, and any applicable inputs derived from the progress report could be utilized for the 2023 DSS RFP evaluation prior to filing the final Electric IRP progress report.

² The 2021 IRP can be found on PSE’s website at the following link: <http://www.pse.com/irp>. See also Docket Nos. UE-200304 (electric) and UG-200305 (natural gas).

reasonable cost to customers. Responses to the 2021 All-Source RFP were due to PSE on September 1, 2021.

Consistent with WAC 480-107-035(5), PSE posted a proposal summary report on October 1, 2021 to its public RFP website (www.pse.com/rfp). PSE also submitted the proposal summary report in Docket UE-210220 as an informational filing.³ Although PSE received 95 proposals for approximately 21 gigawatts of new resources, PSE did not receive any demand response or distributed energy resource proposals in response to the 2021 All-Source RFP.

The 2021 IRP, however, identified distributed energy resources as a growing part of PSE’s electricity resource portfolio to achieve targets at the lowest reasonable cost, per CETA requirements. Similarly, PSE’s 2021 Clean Energy Implementation Plan (the “2021 CEIP”), which PSE filed with the Commission on December 17, 2021 in Docket UE-210795, proposed targets for distributed solar and battery energy storage that mirrored the distributed solar and battery energy storage targets included in the 2021 IRP, as shown in Table 1 below.⁴

Table 1. PSE’s 2021 CEIP Incremental DER Additions through 2045

Resource Type (Incremental Additions)	2022 – 2025	2026 – 2031	2032 – 2045	Total
Solar	80 MW	180 MW	420 MW	680 MW
Battery Energy Storage	25 MW	175 MW	250 MW	450 MW
Total	105 MW	355 MW	670 MW	1,130 MW

As a result, PSE supplemented the 2021 All-Source RFP with the targeted 2022 Distributed Energy Resource Request for Proposals (“2022 DER RFP”) to focus on distributed resources and provide for a more tailored evaluation approach that emphasized the customer benefits associated with distributed energy resources, consistent with targets proposed in the 2021 CEIP.

³ See “2021 All-Source RFP: Proposal Summary,” Docket UE-210220 (filed Oct. 1, 2021).

⁴ See also PSE’s 2021 Clean Energy Implementation Plan at 3, Docket UE-210795 (Feb. 1, 2022) (“We also set aspirational sub-targets of 80 MW distributed solar and 25 MW of distributed battery storage programs. These distributed energy resources provide different customer benefits than traditional utility-scale generating facilities, such as local peak reduction and resiliency, and provide a future foundation for a flexible electric supply portfolio. PSE’s distributed energy resources are a key part of our strategy to achieve an electric resource plan that is equitably distributed.”).

PSE issued the 2022 DER RFP on February 7, 2022, and responses were due to PSE on March 21, 2022. Consistent with the requirements of WAC 480-107-035(5), PSE posted a proposal summary report on April 19, 2022 to its public 2022 DER RFP website (www.pse.com/rfp). PSE also submitted the report as an informational filing in Docket UE-210878.⁵ As noted in the 2022 DER RFP proposal summary report, PSE received 29 offers from 15 unique bidders. The majority of proposals were for demand response programs. PSE received proposals for only three MW of battery storage, and no Respondent provided a proposal for “Category A”⁶ solar resources.

II. Overview of the 2023 DSS RFP

A. PSE’s Priorities

As noted above, the 2023 DSS RFP seeks bids from respondents to contribute to PSE’s CEIP targets of 80 MW and 25 MW of distributed solar and storage, respectively, by the end of 2025 to fulfill CETA compliance requirements. Specifically, this request for proposals includes procurement of distribution interconnected solar photovoltaic (“solar PV”) generation and battery energy storage systems (“BESS”) that are directly controlled by PSE, located within PSE’s service area, and can meet all or part of PSE’s resource need, consistent with the requirements described in the 2023 DSS RFP.

PSE’s key priorities for the 2023 DSS RFP are as follows:

- To identify distributed solar and storage projects that interconnect to the PSE distribution system to meet the uses outlined in the 2021 CEIP, and utilize the locational benefits of distributed resources;
- To enhance customer benefits of DERs with a preference for projects that result in benefits to Highly Impacted Communities⁷ and Vulnerable Populations⁸ (“named

⁵ See “2022 DER RFP: Proposal Summary,” Docket UE-210878 (filed April 19, 2022).

⁶ In the 2022 DER RFP, PSE solicited distributed energy resources under two broad categories: (1) Turnkey Resources (Category A) and (2) Vendor Service Components (Category B). Under Category A, PSE requested bids for turnkey pay-for-performance contracts for delivering solar, battery energy storage, and demand response. Under Category B, PSE solicited bids to support the implementation of existing and new offerings, programs, and services to provide demand and energy savings, and related services, to PSE customers from local firms who specialize in providing specific types of services but whom may not be equipped to offer turnkey solutions for deployment under Category A.

⁷ “Highly Impacted Communities” as defined at <https://www.doh.wa.gov/DataandStatisticalReports/WashingtonTrackingNetworkWTN/ClimateProjections/CleanEnergyTransformationAct>.

⁸ Pursuant to RCW 19.405.020(40), “Vulnerable populations” means communities that experience a disproportionate cumulative risk from environmental burdens due to: (a) Adverse socioeconomic factors, including unemployment, high housing and transportation costs relative to income, access to food and health care, and linguistic isolation; and (b) Sensitivity factors, such as low birth weight and higher rates of hospitalization. PSE further defined Vulnerable Populations in Chapter 3 of the draft 2021 CEIP.

communities”) through job creation, energy resiliency, financial incentives and other benefits (additional details provided in Exhibit A to the 2023 DSS RFP);

- To provide special consideration to projects developed and implemented by Small, Minority, Women Owned Business Enterprise (“SMWBE”) groups, and utilizing project labor agreements (additional details provided in Exhibit A to the 2023 DSS RFP);
- To learn from Respondent submissions and resulting programs to inform future PSE initiatives; and
- To highlight an upcoming site solicitation process in which PSE will seek locations where distributed solar and storage projects could be constructed to support the uses outlined in the 2021 CEIP, and utilize the locational benefits of distributed resources.

PSE hopes that the 2023 DSS RFP will result in proposals not bid into either the 2021 All-Source RFP or the 2022 DER RFP. PSE received comments from bidders and additional third parties in response to the 2022 DER RFP that suggested that the request and process were overly complex and the breadth of resources solicited was too expansive. PSE has therefore targeted and tailored the scope of the 2023 DSS RFP to encourage participation and solicit proposals for the specific resource types identified. Further, the recent passage of the Inflation Reduction Act of 2022⁹ and corresponding impacts on project development may also encourage the submission of solar development project bids not submitted in response to the 2022 DER RFP.

To ensure that PSE makes progress in its efforts to fulfill the distributed energy resource objectives as well as the equity and inclusion goals set forward in its 2021 CEIP, PSE will continue to develop internal customer products and projects in parallel with the 2023 DSS RFP. In the event that responses to the 2023 DSS RFP, in the aggregate, do not provide sufficient projects to satisfy PSE’s proposed solar and energy storage targets in the 2021 CEIP, PSE intends to pursue development of distributed energy resource programs, consistent with WAC 480-107-001(1).¹⁰

⁹ Inflation Reduction Act of 2022, Pub. L. No. 117-169, § 50151(a) & (b), 136 Stat. 1818, 2046 (2022).

¹⁰ WAC 480-107-001 states that the Commission’s Purchase of Resources rules “establish the requirements for various utility solicitations and procurements, including provisions governing competitive solicitations, all-source RFPs, targeted RFPs, independent evaluators and system emergencies.” However, the “rules in this chapter do not establish the sole procedures a utility may use to acquire new resources. A utility may construct new resources, operate conservation and efficiency resource programs, purchase power through negotiated contracts, or take other action to satisfy the utility’s public service obligations.”

B. Eligibility for Resource Acquisition

Section 2 of the 2023 DSS RFP main document outlines resource eligibility requirements. As detailed therein, PSE is seeking turnkey projects governed by power purchase agreements (“PPAs”), pay-for-performance contracts, and ownership options. Table 2 in Section 2 lists the specific resource types that PSE intends to acquire. Section 2 also lists specific requirements related to connection and control types, ownership categories, BESS configuration characteristics, and Information and Operation Technology (“IT/OT”) requirements. Critically, the solar and storage resources solicited in the 2023 DSS RFP must be Front-of-the-Meter (“FTM”) resources interconnected to the PSE distribution system,¹¹ with sizes ranging from 200 kW_{AC} (minimum) to 4.99 MW_{AC} (maximum).

A project can potentially bring unique benefits to the local electric system depending on whether the project is a solar, storage, or paired solar + storage project. PSE will provide location value scoring for projects that consider available locational data, including hosting capacity, distribution substation loading, and named communities. Please see Exhibit A to the 2023 DSS RFP for additional details. PSE’s hosting capacity heat-map also shows the potential for the installation of a distributed energy resource at certain locations without requiring significant infrastructure upgrades based on daytime loading constraints.

Finally, Section 2 provides details about proposal pricing requirements. This section outlines the various requirements (and associated exhibits) for both PPA submission and submission where a PSE ownership option may apply.

C. Schedule and Process

1. 2023 DSS RFP Schedule

Section 3 of the 2023 DSS RFP outlines the schedule and process for conducting this request for proposals. This schedule is subject to adjustment based on the pace of the evaluation process. PSE will post updates online at <http://www.pse.com/RFP>.

Date	Milestone
December 22, 2022	PSE issues final 2023 DSS RFP
January 23, 2023	PSE starts accepting proposals
March 17, 2023	Offers due to PSE

¹¹ See [Schedule 152](#) and PSE’s [Small Generation Technical Specification 160.70](#) for requirements for distribution interconnected generators. Please note that PSE is not seeking aggregated projects controlled under any type of software-as-a-service platform. Proposals must be for standalone projects or sites. However, there can be variations of offers provided under one proposal.

Date	Milestone
April 16, 2023	PSE posts compliance report to its RFP website, consistent with the requirements of WAC 480-107-035(5)
Q2 2023	PSE completes Preliminary Site Assessment and notifies accepted bidders to start Schedule 152 application
May 19, 2023	Notified bidders will need to have a complete Schedule 152 application submitted and a queue number
Q3 2023	PSE completes evaluation, selects DSS RFP shortlist and notifies Respondents
Mid Q3 – end of Q4 2023	PSE negotiates and executes agreements with shortlisted Respondents

2. Evaluation Process

Similar to the 2021 All-Source RFP and the 2022 DER RFP, PSE will follow a structured evaluation process in the 2023 DSS RFP that will screen and rank individual proposals based on an evaluation of costs, risks, and benefits. These include resource cost, market-volatility risks, demand-side uncertainties and benefits, resource dispatchability, effects on system operation, customer benefits, credit, and financial risks to the utility, the risks to ratepayers, public policy, and Washington State and federal government requirements. PSE will consider a number of quantitative and qualitative factors to compare proposals with diverse attributes. PSE will evaluate each proposal based on its compliance with this 2023 DSS RFP and according to the criteria described in Section 4 (Minimum Requirements) of and Exhibit A (Evaluation Criteria and Scoring to the 2023 DSS RFP) to the 2023 DSS RFP.

PSE will conduct the evaluation process in two phases. The first phase will be the Preliminary Site Assessment, which will inform aspects of the qualitative and quantitative evaluation that make up the second phase. Figure 2 in Section 3 of the 2023 DSS RFP summarizes the two phases of the evaluation process. In summary, the evaluation process will begin with the intake of proposals through a web platform, followed by the preliminary site assessment phase and then the quantitative and qualitative evaluation phase, in which PSE will use its benefit-cost analysis (“BCA”) model, qualitative analysis, and the scoring approach for price and non-price factors presented in Exhibit A (Evaluation Criteria and Scoring) to the 2023 DSS RFP to screen and rank proposals based on responses to Exhibit B to the 2023 DSS RFP.

Upon completing its evaluation of bids, PSE’s distributed energy resource acquisition team will combine its quantitative and qualitative screening results to produce

an individual score and ranking for each proposal.¹² Consistent with recent Commission guidance, PSE will also continue to place an emphasis on equity during this acquisition process and “integrate equity” into the 2023 DSS RFP process.¹³ Specifically, PSE will provide additional points to proposals that utilize appropriate labor standards, contract with SMWBE groups, provide benefits to named communities, and other additional efforts outlined further in Exhibit A to the 2023 DSS RFP.

3. Role of the Independent Evaluator

Bates & White will serve as the independent evaluator for the 2023 DSS RFP. In February 2021, after receiving approval from the Commission in Docket UE-210037, PSE hired Bates & White to provide independent evaluator services for the 2021 All-Source RFP. To leverage the knowledge gained in PSE’s internal processes and priorities through its work on the 2021 All-Source RFP, PSE also subsequently hired Bates & White as the independent evaluator for the 2022 DER RFP.

Recently, in Docket UE-220725, PSE petitioned the Commission to approve PSE’s recommendation that Bates & White again serve as the independent evaluator for the 2023 DSS RFP. In that petition, PSE also requested that the Commission approve Bates & White as the independent evaluator for any other targeted voluntary requests for proposals that PSE may issue on or before September 30, 2023, to procure resources to meet targets identified in the 2021 CEIP. On October 13, 2022, the Commission approved PSE’s petition, subject to the condition that PSE consult with interested persons, including Commission staff and Public Counsel, to determine if there are concerns with the use of Bates & White prior to issuing other targeted voluntary RFPs—other than the 2023 DSS RFP—in the allotted period.¹⁴

Similar to the 2021 All-Source RFP and the 2022 DER RFP, the function of the independent evaluator is to consult with PSE, as needed, on the procurement activities in the 2023 DSS RFP and to ensure that PSE conducts the process fairly, transparently, and properly. To that end, Bates & White has participated in the design of the 2023 DSS RFP. Please see Section 3 of the 2023 DSS RFP for more information regarding the role and scope of the independent evaluator.

D. Proposal Requirements & Proposal Submission

PSE expects respondents to provide complete information in their original submittals. PSE will not consider proposals that provide insufficient information to

¹² See Exhibit A: Evaluation Criteria and Scoring to the 2023 DSS RFP for the ranks and weights associated with price and non-price factors considered by PSE and a description of PSE’s approach to scoring individual proposals.

¹³ See *WUTC v. Cascade Natural Gas Corp.*, Docket UG-210755, Final Order 09, Order Approving and Adopting Settlement Agreement Subject to Conditions, at PP 52-60 (Aug. 23, 2022) (defining and discussing “equity” at a high level to clarify the Commission’s definitions and expectations).

¹⁴ See *In the Matter of the Petition of Puget Sound Energy for an Order Approving Its Recommended Independent Evaluator*, Docket UE-220725, Order 01 Granting Exemption From Rule (Oct. 13, 2022).

substantiate the project or offer. Section 4 (Minimum Proposal Requirements), Exhibit B (Proposal Requirements Forms), and Exhibit I (Requirements List) of the 2023 DSS RFP provide all details regarding proposal requirements and eligibility criteria. Table 7 in Section 4 of the 2023 DSS RFP, in particular, lists all required exhibits. Please note, however, that certain exhibits identified in Table 7 are for reference only, and do not include any submission requirements. To ensure that all proposals are thorough and complete, PSE has developed Exhibit B to the 2023 DSS RFP for proposal requirements forms. Exhibit B (Tab 1) to the 2023 DSS RFP includes a checklist of required items for respondents to complete. Potential Respondents should consider Exhibit B to the 2023 DSS RFP as the primary proposal document.

Section 4 of the 2023 DSS RFP details the minimum qualifying criteria. However, as noted throughout the 2023 DSS RFP, PSE will again be placing an emphasis on equity during the evaluation and acquisition process. Accordingly, PSE highlights the requirement that respondents must provide a customer benefit plan as part of their bids, consistent with the provisions in RCW 19.405.040(8). For more information on this topic, please see Exhibit B: Proposal Requirements Forms, Tab 2a. Commercial Details, “CETA Equity Plan and Company Commitments” section. In addition to customer benefit plan responses to Exhibit B to the 2023 DSS RFP, respondents may also provide a separately attached written diversity commitment, policy, or plan.

E. Negotiation and Contracts

PSE may elect to negotiate price and non-price factors with any respondent whose proposal has been shortlisted. During negotiations, PSE will continue to update its economic and risk analysis on an as-needed basis to reflect any additional or revised factors that may influence the total cost of a proposed resource. As noted above, PSE will file an updated IRP progress report on or before March 31, 2023. PSE may also utilize any applicable inputs derived from the progress report during the 2023 DSS RFP evaluation process prior to filing the progress report.

III. Outreach, Engagement, and Notice of the 2023 DSS RFP

To broaden awareness of the 2023 DSS RFP among persons who may be interested, PSE has provided notice of its filing to power marketing companies, aggregators, utilities, energy efficiency companies, and other entities involved in development or provision of distributed energy resources, including representatives of interested persons who participated in PSEs 2021 IRP, 2021 All-Source RFP and 2022 DER RFP processes. PSE will also be providing notice of the filing to a variety of trade publications, with an emphasis on encouraging participation in the 2023 DSS RFP from diverse types of respondents.

PSE will be reaching out to potential bidders to notify them of the upcoming 2023 DSS RFP and seek their interest in providing a proposal. PSE does not intend for these outreach activities to show preference or limit applicants to those who PSE contacts but to proactively build engagement for the 2023 DSS RFP.

IV. Description of PSE-Developed Site Solicitation Process

As mentioned previously, PSE is taking additional measures to prepare for the potential scenario in which the 2023 DSS RFP does not acquire enough solar and storage projects to achieve its 2021 CEIP targets. In parallel with the 2023 DSS RFP, PSE is developing a site solicitation process to identify potential sites for the development of distributed energy resources. PSE will soon launch an online portal designed to solicit applications from potential site hosts, which PSE will evaluate outside of the 2023 DSS RFP. PSE welcomes all applicable site hosts to provide their site details for potential leasing arrangements.

V. Conclusion

PSE intends to issue the 2023 DSS RFP on December 22, 2022. Questions regarding this filing should be directed to the undersigned. Questions regarding the 2023 DSS RFP should be addressed to Kimo Spector, DER Commercial Acquisition Manager, at kimo.spector@pse.com or (425) 283-9950.

Thank you for your assistance

PUGET SOUND ENERGY, INC.

/s/ Jason Kuzma

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