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Amanda Maxwell
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

**Re: Informational Filing of Puget Sound Energy's
2024-2025 Short-Term Firm Energy and Capacity Request for Proposals**

Dear Amanda Maxwell:

Puget Sound Energy (“PSE”) hereby submits to the Washington Utilities and Transportation Commission (the “Commission”) the enclosed 2024-2025 Short-Term Firm Energy and Capacity Request for Proposals (the “2024-2025 Short-Term Firm Energy and Capacity RFP”). The 2024-2025 Short-Term Firm Energy and Capacity RFP is a “targeted” and “voluntary” request for proposals, as defined in Washington Administrative Code (“WAC”) 480-107-009(3). Accordingly, pursuant to WAC 480-107-021(1), PSE is submitting the 2024-2025 Short-Term Firm Energy and Capacity RFP to the Commission for informational purposes only.

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, 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.¹ On March 23, 2023, PSE filed a 2023 Electric Progress Report² (the “2023 Progress Report”) on the 2021 Electric IRP. PSE developed the 2023 Progress Report with input from interested parties over a fifteen-month period, resulting in substantive changes and improvements. The feedback informed a diverse portfolio of resources that considers equity, grows PSE’s distributed energy resources, incorporates climate change, addresses the risks of reliance on

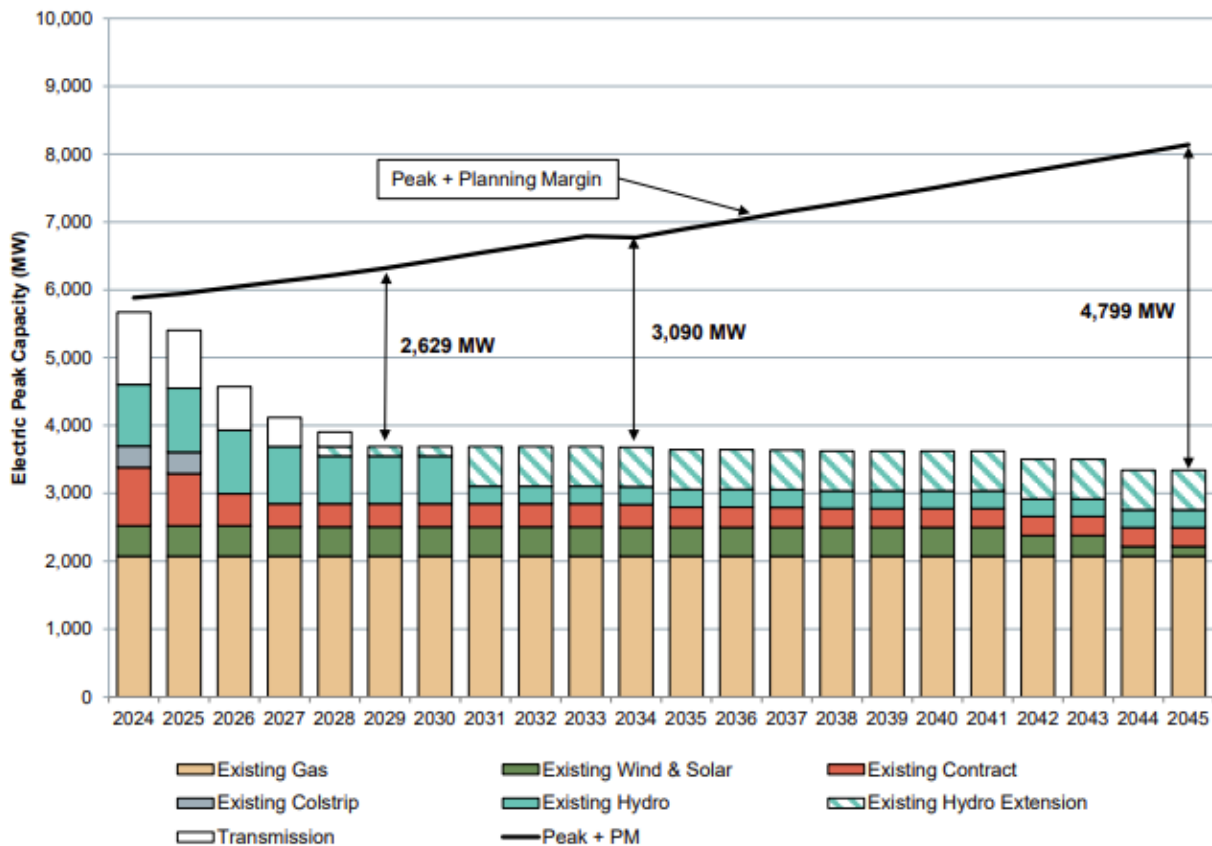
¹ The 2021 IRP can be found on PSE’s website at the following link: <http://www.pse.com/irp>. See also Dockets UE-200304 (electric) and UG-200305 (natural gas).

² Puget Sound Energy, *2023 Electric Progress Report*, available at https://www.pse.com/-/media/PDFs/IRP/2023/electric/chapters/00_EPR23_ChapterBook_Final.pdf?modified=20230331180618.

alternative fuels such as hydrogen and biodiesel, and keeps PSE on a path to meeting its obligations under the Clean Energy Transformation Act.³

The 2023 Progress Report identified a peak capacity shortfall beginning in 2024 and growing over the planning horizon. Figure 1 below shows PSE’s winter capacity needs through 2045.⁴

**Figure 1: Effective Peak Capacity Need — Winter
(Physical Reliability Need, Peak Hour Need Compared to Existing Resources)**

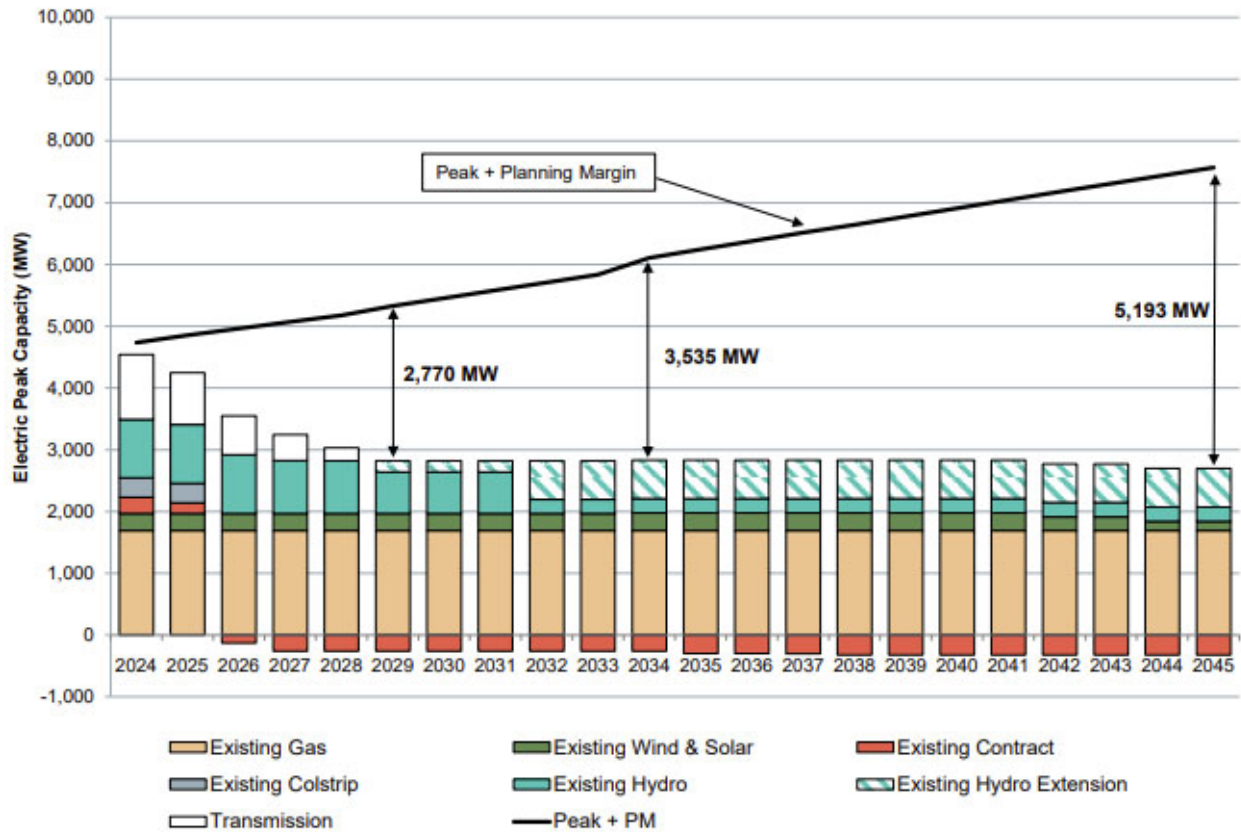


³ Clean Energy Transformation Act, codified at Chapter 19.405 RCW (“CETA”).

⁴ Figure 1 is identical to Figure 8.2 from the 2023 Progress Report. See 2023 Progress Report at 8.8 (Figure 8).

Figure 2 below shows PSE’s summer capacity needs through 2045.⁵

**Figure 2: Effective Peak Capacity Need — Summer
 (Physical Reliability Need, Peak Hour Need Compared to Existing Resources)**



PSE’s capacity needs for the winter season are 121 MW for 2024 and 379 MW for 2025. PSE’s capacity needs for the summer season are 190 MW for 2024 and 553 MW for 2025.

The 2024-2025 Short-Term Firm Energy and Capacity RFP seeks bids for firm energy and/or capacity to meet the needs in 2024 and 2025. Due to the need for capacity on a short-term basis, PSE anticipates that respondents to the solicitation will be large, sophisticated organizations with significant resource portfolios and existing transmission arrangements in the region to meet PSE’s needs. PSE has requested that respondents either be an existing party to the WSPP Agreement⁶ or ready to become a party to the WSPP Agreement. The 2024-2025 Short-

⁵ Figure 2 is identical to Figure 8.3 from the 2023 Progress Report. See 2023 Progress Report at 8.9 (Figure 8).

⁶ WSPP Inc., *WSPP Agreement, First Revised Rate Schedule FERC No. 6*, available at https://www.wspp.org/pages/documents/08_26_22_current_effective_agreement.pdf.

Term Firm Energy and Capacity RFP identifies PSE's potential interest in the following fixed-price, firm energy and capacity products under the WSPP Agreement:

WSPP Schedule C Firm Energy

- On-Peak
- Around the Clock ("ATC")
- Non-CAISO resource

WSPP Schedule C Firm Capacity

- On-Peak
- Around the Clock ("ATC")
- Non-CAISO resource

The 2024-2025 Short-Term Firm Energy and Capacity RFP further expresses PSE's strong preference for offers that are eligible as renewable or non-emitting resources under the CETA.

The 2024-2025 Short-Term Firm Energy and Capacity RFP seeks firm energy or capacity in a quantity of between 25 to 250 MW (in 25 MW blocks) from one or more respondents for the term beginning December 1, 2024, through and including December 31, 2025. All deliveries of such products must be on Firm (Priority 7 or equivalent) transmission to one or more of the following Points of Delivery:

- a Point of Delivery at the Mid-Columbia Hub (Mid-C);
- a Point of Delivery at which the transmission systems of PSE and the Bonneville Power Administration interconnect (PSE.System / BPAT.PSEI; and
- a Point of Delivery at the northern border of western Washington and southern border of western British Columbia (BC US Border).

PSE will also consider products with a Point of Delivery to neighboring transmission systems if firm transmission capacity is available for PSE to import the power to PSE's Balancing Authority Area.

PSE will rank offers submitted to the solicitation based on cost and ability to meet PSE's capacity and CETA energy needs. PSE will give preference to offers that demonstrate clear equity benefits relative to otherwise similarly priced offers. The 2024-2025 Short-Term Firm Energy and Capacity RFP expressly requests that respondents identify all equity benefits on the offer spreadsheet submitted in response to the solicitation.

Due to the short-term nature of the products solicited and the relatively small number of potentially qualifying respondents, PSE seeks to enter into one or more agreements for the products by mid-September 2023. The 2024-2025 Short-Term Firm Energy and Capacity RFP has identified the following schedule for the solicitation:

August 15, 2023	PSE issues the 2024-2025 Short-Term Firm Energy and Capacity RFP
August 25, 2023	Interested parties submit a notice of intent to participate ⁷ by 5:00 pm (PDT)
August 26, 2023 through September 6, 2023	PSE conducts preliminary credit review for parties that have submitted a notice of intent to participate
September 6, 2023	Firm offers due by 12:00 pm (PDT)
September 11, 2023	PSE notifies selected respondents of an intent to accept the firm offer
September 13, 2023	PSE and selected respondents execute confirmations pursuant to the WSPP Agreement

PSE acknowledges that the 2024-2025 Short-Term Firm Energy and Capacity RFP's expedited process has a quicker pace than that anticipated by the Commission's existing rules. Specifically, WAC 480-107-021(1) requires a utility to "file any voluntary RFP allowed under WAC 480-107-009(3) and accompanying documentation thirty days prior to accepting bids." PSE understands the need for the time in the rule for non-standard products or resources, but the 2024-2025 Short-Term Firm Energy and Capacity RFP is soliciting standardized market products from sophisticated counterparties with extensive resource portfolios pursuant to the WSPP Agreement, the master agreement used for short- and intermediate-term power purchase agreements in the Pacific Northwest. Prior to the adoption of the current versions of the purchases of resources rules in chapter 480-107 WAC, PSE successfully conducted solicitations for similar standardized market products within a similar time period.

⁷ Failure of an interested entity to provide a notice of intent to participate will not disqualify that entity from consideration but will create delays in the execution of a confirmation because PSE will required additional time to conduct the credit review that normally would have occurred in the period after notices of intent to participate are due and before final firm offers are due.

Concurrent with the filing of the 2024-2025 Short-Term Firm Energy and Capacity RFP, PSE is filing a Petition for Exemption of WAC 480-107-021(1) (the “Petition for Exemption”) and a Declaration of Zacarias Yanez in Support of the Petition for Exemption so that PSE can accept firm offers on September 6, 2023, and execute confirmation for selected bids by mid-September 2023. PSE intends to issue the 2024-2025 Short-Term Firm Energy and Capacity RFP on August 15, 2023. Questions regarding this filing should be directed to the undersigned. Questions regarding the 2024-2025 Short-Term Firm Energy and Capacity RFP should be addressed to Zacarias Yanez, Consulting Energy Trader-Originator, at zacarias.yanez@pse.com or (425) 456-2784.

Thank you for your assistance,

PUGET SOUND ENERGY



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