

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of the Petition of  
PUGET SOUND ENERGY, INC.  
for an Order Approving  
Recommended Independent  
Evaluator**

**Docket UE-\_\_\_\_\_**

**PETITION OF PUGET SOUND  
ENERGY, INC. FOR APPROVAL  
OF RECOMMENDED  
INDEPENDENT EVALUATOR**

**I. INTRODUCTION**

1. In accordance with Washington Administrative Code (“WAC”) 480-07-370(3) and 480-107-023(2), Puget Sound Energy, Inc. (“PSE”) respectfully petitions the Washington Utilities and Transportation Commission (“Commission”) for an order approving PSE’s recommended independent evaluator, as required by the Commission’s Purchase of Resources rules.<sup>1</sup>
2. Statutes and rules at issue in this Petition include Chapter 480-107 WAC.
3. PSE is engaged in the business of providing electric and gas service within the State of Washington as a public service company and is subject to the regulatory authority of the Commission. Its full name and mailing address for the purpose of this Petition are:

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<sup>1</sup> See Chapter 480-107 WAC.

## II. SUMMARY OF PETITION

4. PSE requests that the Commission issue an order approving PSE's recommended independent evaluator, Bates White, LLC ("Bates White"), to assess and report on any voluntary requests for proposals that PSE issues before January 1, 2027. Bates White has experience and knowledge of the electric industry in the Pacific Northwest and Western United States. Bates White has also served as the Commission-approved independent evaluator for prior PSE requests for proposals and other solicitation processes in the region.

## III. BACKGROUND

5. 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 its 2021 Integrated Resource Plan ("2021 IRP") 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.<sup>2</sup>
6. On March 23, 2023, PSE filed its 2023 Electric Progress Report<sup>3</sup> to the 2021 IRP. PSE developed the 2023 Electric 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 alternative fuels such as hydrogen

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<sup>2</sup> 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).

<sup>3</sup> Puget Sound Energy, Inc., *2023 Electric Progress Report*, Docket UE-200304, Apr. 1, 2023, [https://www.pse.com/-/media/PDFs/IRP/2023/electric/chapters/00\\_EPR23\\_ChapterBook\\_Final.pdf](https://www.pse.com/-/media/PDFs/IRP/2023/electric/chapters/00_EPR23_ChapterBook_Final.pdf).

and biodiesel, and keeps PSE on a path to meeting its obligations under the Clean Energy Transformation Act (“CETA”).<sup>4</sup>

7. For resource planning, PSE’s electricity needs are expressed as peak hour capacity need, energy need, and renewable and non-emitting energy need. PSE’s 2023 Electric Progress Report analysis identified needs in each of these categories, summarized as follows:

- **Peak hour capacity need:** The 2023 Electric Progress Report identified a peak capacity shortfall beginning in 2024 and growing over the planning horizon. The 2023 Electric Progress Report identified (i) capacity needs for the winter season of 379 MW for 2025 and over 1,000 MW for 2026 and (ii) capacity needs for the summer season of 553 MW for 2025 and over 1,000 MW for 2026.<sup>5</sup>
- **Energy need:** PSE must meet customers’ energy needs 24 hours a day, 365 days a year. The 2023 Electric Progress Report identified PSE’s annual energy need starting at 2,551 aMW for 2024 and increasing to 2,799 aMW in 2030.<sup>6</sup>
- **Renewable and non-emitting energy need:** In addition to reliably meeting the physical needs of customers, CETA requires that utilities meet at least 80 percent of electric sales (delivered load) in Washington State by renewable or non-emitting resources by 2030. Before any conservation, PSE’s renewable energy need is over 7 million MWh by 2030 to meet the 80 percent clean energy standard.<sup>7</sup>

8. To help meet these needs, PSE anticipates issuing a number of voluntary requests for proposals in 2024, including a request for proposals for distributed solar and storage resources and one or more requests for proposals for utility scale clean energy resources. PSE envisions

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<sup>4</sup> Clean Energy Transformation Act, codified at Chapter 19.405 RCW.

<sup>5</sup> Peak hour capacity need was determined with a resource adequacy analysis that evaluated existing PSE resources compared to the projected peak need over the planning horizon. *See 2023 Electric Progress Report* at 8.7-8.9.

<sup>6</sup> *See 2023 Electric Progress Report* at 8.9.

<sup>7</sup> *See 2023 Electric Progress Report* at 8.10-8.12.

that all requests for proposals issued to meet these needs will be “voluntary” requests for proposals under the Commission’s Purchase of Resources rules.<sup>8</sup>

9. Distributed energy resources, which include technologies such as solar and battery storage, are a significant component of the preferred portfolio in the 2023 Electric Progress Report. Distributed energy resources also represent a key piece of PSE’s strategy to achieve CETA’s targets and ensure that all customers benefit from the transition to clean energy. Since 2022, PSE has issued two requests for proposals targeting distributed energy resources (the 2022 Distributed Energy Resources RFP and the 2023 Distributed Solar and Storage RFP), which have resulted in the acquisition of new distributed energy resources and the development of new customer-facing programs.<sup>9</sup>

10. In furtherance of these distributed energy resource procurement efforts, PSE anticipates issuing a request for proposals in May or June 2024 that will be similar in scope to the 2023 Distributed Solar and Storage RFP, which is ongoing. PSE intends to solicit additional proposals for solar and battery storage resources interconnected to PSE’s distribution system, with sizes ranging from 200 kW to 4.99 MW. Bates White currently serves as the independent evaluator overseeing the 2023 Distributed Solar and Storage RFP.

11. In addition to the potential 2024 distributed solar and storage request for proposals, PSE currently plans to issue one or more additional voluntary requests for proposals for utility-scale clean energy resources to help PSE meet identified peak capacity and clean energy needs.

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<sup>8</sup> WAC 480-107-009(3) defines the term “Voluntary RFP,” as “[w]henver a utility chooses to issue an RFP to meet resource needs outside of the timing of its required RFP, it may issue an all-source RFP or a targeted RFP. Voluntary RFPs are not subject to commission approval.”).

<sup>9</sup> For more information about these and other PSE procurements, please see PSE’s RFP webpage at [www.pse.com/rfp](http://www.pse.com/rfp). For more information about PSE’s new demand response programs resulting from the 2022 Distributed Energy Resources RFP, please see the PSE “Flex” webpage at [www.pse.com/flex](http://www.pse.com/flex).

12. PSE has not yet finalized the scope or criteria for these additional requests for proposals. However, PSE met with interested parties in January 2024 to discuss the potential 2024 distributed solar and storage solicitation and PSE's intent to issue other requests for proposals in 2024, which would be the subject of additional consultations later this year. In addition, PSE discussed the process for selecting and recommending to the Commission an independent evaluator to assist with these solicitation processes. During these discussions, no parties raised concerns with PSE's proposal to recommend that Bates White continue serving as PSE's independent evaluator.

13. As discussed in these consultation meetings, PSE anticipates soliciting a variety of proposals from respondents across multiple solicitation processes, including but not limited to power purchase agreements and other transactions that may result in PSE owning or having a purchase option in a resource over its expected useful life. Accordingly, WAC 480-107-023(1) requires PSE to obtain Commission approval of a recommended independent evaluator and engage the services of an independent evaluator to assist in the development of these solicitations and associated documents.

#### **IV. EVALUATION OF INDEPENDENT EVALUATOR CANDIDATES**

14. In late 2020 and early 2021, prior to filing and issuing the 2021 All-Source Request for Proposals, PSE conducted a solicitation for independent evaluator services, consistent with the direction provided by Commission Staff and interested parties, as well as the trajectory of the then-draft rules under development in the Commission's Purchase of Electricity rulemaking in Docket UE-190837. Before issuing that solicitation for independent evaluator services, PSE consulted with Commission Staff and interested parties and conducted comprehensive comparative research of solicitations for independent evaluator services conducted by utilities in

other jurisdictions. Based on this research and feedback from Commission Staff and interested parties, PSE ultimately designed and administered a solicitation for independent evaluator services that took into consideration the criteria outlined in the following, non-exclusive categories:<sup>10</sup>

<b>CRITERIA</b>	<b>WEIGHT</b>
<b>Ability of the IE candidate to perform the work</b>	50%
Quality of expertise, breadth and depth of experience of the bidder and its individual staff member(s) assigned to the project to perform the proposed scope of work	
Experience with clean energy portfolio integration	
Experience and knowledge of bilateral markets and the CAISO Energy Imbalance Market	
Experience reviewing RFPs for renewable energy and capacity resources, including experience with battery and other storage options. Preference for experience evaluating market bids in the WECC region and Pacific Northwest in particular	
Experience reviewing demand side resources, including in comparative analysis with an RFP	
Experience with utility applications of electric production cost modeling, in particular relating to renewable generating resources bids as part of an RFP. Familiarity with forecasting, analysis and market simulation software (including Aurora and Plexos).	
Experience with interconnection and transmission service processes, Open Access Transmission Tariff (OATT), Bonneville Power Administration (BPA) transmission interconnection and transmission services processes, and familiarity with the transmission networks in the WECC region and Pacific Northwest in particular.	
Responses to IE Questionnaire (Appendix B) <sup>11</sup>	

<sup>10</sup> More information about PSE’s 2021 solicitation for independent evaluator services is available of PSE’s resource acquisition website ([www.pse.com/rfp](http://www.pse.com/rfp)) and in PSE’s September 2022 petition for approval of a recommended independent evaluator filed in Docket UE-210971.

<sup>11</sup> Please see page 17 of Exhibit A to this Petition for Appendix B to the Independent Evaluator for Puget Sound Energy’s 2021 All-Source and Demand Response Solicitation, issued on November 24, 2020.

CRITERIA	WEIGHT
<b>Costs and Contracting</b>	50%
The total cost of the proposal, including the elements of the cost and the overall appropriateness of the cost in relation to the work as proposed.	
Feedback and Confirmation Provided for Master Services Agreement (Appendix E) <sup>12</sup>	
Bidder contribution to the equity goals of RCW 19.40.040(8)	

15. In response to the solicitation for independent evaluator services for the 2021 All-Source RFP, PSE received responses from 12 firms. The 12 candidate firms submitted cost proposals in a variety of forms, including (i) fixed fee proposals, (ii) time and materials (tiered and un-tiered) proposals, (iii) time and materials with not-to-exceed limit proposals, and (iv) partially-fixed proposals based on number of bids received.

16. Based on scoring from the RFP evaluation matrix, interviews, and evaluation process, PSE identified Bates White as the candidate with the top bid proposal. Bates White has experience and knowledge of the electric industry in the Pacific Northwest and Western United States, having served as an independent evaluator for all-source and other solicitations in the region. As such, PSE recommended, and the Commission approved, Bates White to be the independent evaluator for PSE’s 2021 All-Source RFP and 2022 Distributed Energy Resources RFP in January 2021. In September 2022, PSE also recommended that the Commission approve Bates White to continue serving as the independent evaluator for the 2023 Distributed Solar and Storage RFP. After reviewing PSE’s petition, the Commission approved Bates White to serve as the independent evaluator for the 2023 Distributed Solar and Storage RFP and any voluntary targeted RFPs that PSE issued through September 2023.

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<sup>12</sup> Please see pages 26-41 of Exhibit A to this Petition for Appendix E to the Independent Evaluator for Puget Sound Energy’s 2021 All-Source and Demand Response Solicitation, issued on November 24, 2020.

## V. PETITION FOR APPROVAL

17. WAC 480-107-023(2) provides that a utility must recommend an independent evaluator for approval by the Commission. Further, in General Order R-602, issued in Docket UE-190837, the Commission stated that it

. . . expects that a utility will file a petition seeking approval, and that the Commission will consider the petition at an open meeting. The Commission expects that its review and approval will take at least 30 days.<sup>13</sup>

18. Since early 2021, PSE has engaged the services of Bates White for a suite of solicitations for clean energy, distributed energy resources, and capacity needs stemming from PSE's integrated resource planning process. PSE's experience with Bates White, the existing independent evaluator for several acquisition processes, has been positive. PSE also understands that interested parties' experiences with Bates White during its tenure as independent evaluator for PSE have also been positive.

19. Bates White has a robust record of prior independent evaluator services for PSE, utilities in the Pacific Northwest region, and utilities across the United States. Bates White also has demonstrated experience with the Commission's Purchase of Resources rules and PSE's planning and procurement processes. Based on this record, PSE requests that the Commission grant this petition so that PSE may continue to utilize the services of Bates White as the independent evaluator for any voluntary requests for proposals issued by PSE prior to January 1, 2027. The continued assistance of a single independent evaluator overseeing all voluntary requests for proposals will enable PSE to obtain accurate and transparent information regarding

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<sup>13</sup> See General Order R-602, *Order Amending, Adopting, and Repealing Rules Permanently*, Docket UE-190837 (Dec. 28, 2020) at ¶ 34.



submitted proposals and realize efficiencies in conducting the administrative and evaluation processes associated with multiple ongoing acquisition efforts.

## V. CONCLUSION

20. For the reasons discussed above, PSE respectfully requests that the Commission issue an order approving PSE's recommendation that Bates White serve as the independent evaluator for any voluntary requests for proposals that PSE may issue prior to January 1, 2027. PSE respectfully requests that the Commission consider this request as part of its open meeting agenda on April 25, 2024.

DATED this 22nd day of March, 2024

**PUGET SOUND ENERGY, INC.**



/s/

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