

Agenda Date: December 15, 2011  
Item Number: A1

**Docket: UE-111799**

Company: Puget Sound Energy, Inc.  
Staff: Vanda Novak, Regulatory Analyst

### **Recommendation**

Approve the proposed Request for Proposal (RFP) submitted by Puget Sound Energy, Inc. (PSE), in accordance with WAC 480-107-015(4).

### **Background**

On October 12, 2011, PSE filed this RFP for “Program Design and Implementation Services for Demand-Side Capacity Reductions from Targeted Commercial-Industrial Customers” (the “Demand Response RFP”). PSE files this RFP “as pursuant to WAC 480-107-015”.<sup>1</sup> The RFP requirement is triggered when a company’s Integrated Resource Plan (IRP) shows a capacity need within three years.<sup>2</sup> The company’s IRP, submitted on May 27, 2011, showed capacity needs for a diverse set of additional resources within three years. PSE’s August 1, 2011 Draft All Sources RFP in Docket UE-111405 met the filing deadline of 135 days after the due date of their IRP.

The Demand Response RFP was filed with the commission on October 12, 2011. It specifically targets vendors of demand-side capacity reduction projects for commercial and industrial customers. Staff considers this filing as in accordance with WAC 480-107-015(4) which allows RFPs for projects with specific characteristics and which may be filed “more frequently than required by this rule.”

### **Discussion**

#### **RFP Requirements**

The specific requirements for the RFP process and content are found in WAC 480-107-015 and WAC 480-107-025. There is a written comment period from the date the RFP is filed. The Demand Response RFP was filed on October 12, 2011, and the comment period ended on December 12, 2011. The commission then has 30 days after the close of the comment period to approve or suspend the proposed RFP.<sup>3</sup>

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<sup>1</sup> Cover letter for UE-111799, Request for Proposals for Program Design and Implementation Services for Demand-Side Capacity Reductions from Targeted Commercial-Industrial Customers.

<sup>2</sup> WAC 480-107-015(3)(a)

<sup>3</sup> WAC 480-107-015(3)(b)

The RFP contents must include:<sup>4</sup>

- The amount and duration of power being solicited within the range estimated in the IRP for new resources
- An initial estimate of avoided cost schedule
- Additional information necessary for potential bidders to make a complete bid
- A general explanation of the evaluation and ranking procedure to be used that is consistent with the Project ranking procedure at WAC 480-107-035
- Minimum criteria for bidders to be considered eligible for ranking
- Timing of the solicitation, ranking and selection processes
- Identification of all security requirements and rationale for same

PSE's RFP solicits program design and implementation services available from 2012 through 2020. The Commercial-Industrial customers targeted for participation will be drawn from billing schedules 26, 31, 40, 49, 448, and 449. There is a possibility of further recruiting, with potential future prospects needing to register 350 KW or greater monthly metered demand during one or more months of the most recent winter capacity season. The Demand Response RFP identifies the capacity needs for each year as follows:

<u>Year</u>	<u>MW (capacity)</u>
2012	385
2013	434
2014	636
2015	713
2016	862
2017	1,317
2018	1,337
2019	1,373
2020	1,604

The contracted demand response service providers will inspect the eligible commercial industrial facilities determine how best the facility can curtail their load in order to meet the demand requirements of a high demand event on the system. Typical facilities include hotels, manufacturing plants, office buildings, water treatment plants and universities. Load curtailment can be achieved typically through items such as discretionary lighting, taking battery charging for forklifts offline, controlling space and water heat, and delaying some of the large motors at industries such as water treatment plants. Load curtailments at manufacturing and industrial facilities were found to be most predictable in the pilot conducted by the company. This predictability is desirable as it helps to ensure that the target capacity for the facility is able to be reached. The company hopes to achieve 10 MW of capacity by 2012 and 50 MW of capacity by 2015 from this program.

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<sup>4</sup> WAC 480-107-025

The service provider may then exchange the meter at the facility if need be, and install a small server so that 5 minute interval meter data can be sent to a command center of the selected service provider(s) where the provider utilizes the meter information to determine optimal curtailment periods.

All the requirements listed above are included and clearly identified in the proposed RFP document submitted on October 12, 2011. The company will update the data assumptions and modeling as needed prior to issuing the final Demand Response RFP.

### **Conclusion**

PSE's Demand Response RFP has met the requirements for of an RFP pursuant to WAC 480-107-015(4) and Staff recommends approval by the Commission.

### **Recommendation**

Approve the proposed Request for Proposals (RFP) submitted by Puget Sound Energy, Inc. (PSE), in accordance with WAC 480-107-015(4).