

May 29, 2018

Steven V. King, Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
1300 S. Evergreen Park Drive S.W.
Olympia, Washington 98504-7250

RE: U-180271— Washington Utilities and Transportation Commission’s April 4, 2018,
Notice of Opportunity to File Written Comments on Puget Sound
Energy’s Proposed Request for Proposals Pursuant to WAC 480
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Invenergy LLC (“Invenergy”) appreciates the opportunity to submit these comments regarding Puget Sound Energy’s (“PSE”) Draft Request for Proposals (“Draft RFP”). Invenergy believes that, with modifications, PSE’s RFP can truly deliver the least cost resources to its ratepayers to meet PSE’s capacity, energy, and renewable resource needs. In order to deliver those resources, PSE’s Draft RFP should be modified to: (1) allow bidders to use all transmission that PSE proposes to re-direct; (2) not prefer bids beyond their value to ratepayers with respect to firm transmission; (3) allow bidders to demonstrate the ability to secure fuel supply; and (4) encourage more bidders to bid by protecting their confidential information.

Invenergy is North America’s largest independent, privately held renewable energy provider. The Company develops, owns and operates large-scale renewable and other clean energy generation and storage facilities in North America, Latin America, Japan and Europe. To date, Invenergy has contracted, started construction, or is operating 13,246 MW of wind projects, 565 MW of solar projects, 6,127 MW of natural gas capacity, and 94 MW of energy storage projects.

Invenergy has developed or operates wind, solar and thermal generating assets in Washington, Oregon, Idaho, Montana, and California, among other states and countries. Invenergy's regional assets include the Vantage (WA), Willow Creek (OR), Wolverine Creek (ID), and Judith Gap (MT) wind farms; the Desert Green (CA) solar installation; and the Grays Harbor Energy Center (WA) natural gas-fired combined-cycle combustion turbine project. Invenergy participated in and commented on PSE's Integrated Resource Plan ("IRP") process and appreciates PSE's willingness to engage with stakeholders on the issues identified there. However, the Washington Utilities and Transportation Commission ("UTC" or "Commission") should modify PSE's Draft RFP as identified in these comments in order to ensure that the least cost resources to meet PSE's customers' energy needs are delivered as a result of this solicitation.

1. Any Transmission that PSE Proposes to Re-Direct Should be Made Available to Bidders

In its most recent Integrated Resource Plan ("IRP"), PSE had included increased market purchases using re-directed transmission rights as part of its Action Plan.¹ Those re-directed transmission rights are rights that are currently paid for by PSE's ratepayers and used by PSE to deliver the output of PSE-owned Lower Snake River and Hopkins Ridge wind farms. In its draft RFP, PSE proposes the possibility of further exercising the re-direction rights included in ratepayer-funded transmission held by PSE to deliver electricity from the Colstrip Generation Station in Montana to PSE's system.²

¹ 2017 PSE IRP, Executive Summary at 1-3.

² 2018 RFP for All Generation Sources at 2 (Mar. 29, 2018 Draft).

Both of these ratepayer funded resources (the transmission rights being redirected from wind and coal generators) should not be used to advantage any particular portfolio of products in meeting PSE's need to deliver least cost resources to its customers. PSE's Action Plan of market purchases must be compared on a level playing field with existing or new generating resources that could use those transmission rights to deliver lower-cost resources to PSE's ratepayers. Thus, the RFP evaluation should account for the cost and value of the re-directed transmission rights for PSE-owned resources. This accounting could take the form of allowing bidders to submit bid prices that assume those re-directed rights were available to qualifying generators. Doing so would increase the pool of qualified bidders who could participate and may allow the market to deliver a lower-cost resource to PSE's ratepayers than if PSE simply assumed those re-directed rights were only available for market purchases.

2. The Preference for Long-Term Firm Transmission Must be Tested Against Alternatives

PSE's draft RFP "prefers" long-term firm transmission to deliver electricity from a generation bid. What it means to "prefer" that type of transmission is not explained in the Draft RFP or the associated documentation. Indeed, alternative transmission arrangements may be a better value, lower-cost, or lower-risk alternative than long-term firm transmission. For example, since its inception, the Bonneville Power Administration's ("BPA") conditional firm product has only been curtailed for five hours to Invenenergy's knowledge. Indeed, PSE's explanation of its proposal to re-direct its transmission rights from the Lower Snake River and Hopkins Ridge wind farms

explained why this method is a reliable way to deliver electricity from renewable resources:

“...as we have learned more about the operation of wind facilities and their contribution to capacity, we have determined that holding less firm transmission is in the best interests of our customers. Since wind is an intermittent resource, the facilities do not always operate at maximum output. By reassigning a portion of the firm delivery rights associated with each of these plants to Mid-C and making short-term firm transmission purchases when the wind facilities generate energy in excess of the firm transmission that remains dedicated to them, PSE can increase the amount of firm capacity it can use to access the Mid-C market.”³

Therefore, bidders should know at the outset how PSE’s preference for long-term firm transmission will be expressed in bid evaluation. Although PSE’s preference is not phrased or presented as a requirement, it could be applied through the valuation process to essentially be equivalent to a requirement without an accurate analysis of ratepayer value, least-cost, or least-risk planning.

3. The Ability to Procure Fuel Supply Should be Sufficient

In its Draft RFP, PSE includes a requirement for bids to include all “fuel supply agreements in place.”⁴ This requirement should not be read to require firm fuel supply in order to qualify as a bid. If this requirement is meant to express a preference for fuel supply being in place at the time of bid, then the Draft RFP should be clarified as to how the preference would be evaluated by PSE during bid evaluation. The demonstration of the ability to procure firm fuel supply should be sufficient for a bid to receive all evaluation “points” attributed to a bid with fuel supply in place. As noted in its latest IRP,

³ 2017 PSE IRP, Appendix I at I-3.

⁴ 2018 RFP for All Generation Sources at Exhibit B-6 (Mar. 29, 2018 Draft).

firm fuel supply in place is not necessary for all business models of electric generation.⁵ Actually having this fuel supply secured at the time of bid could cause bidders to incur unnecessary expense, increasing the costs of bids and thus not ensuring the procurement of the least cost resource. Thus, PSE's requirement for fuel supplies should not unnecessarily restrict or deter bidders that could deliver lowest cost resources.

4. Confidential Bidder Information Should be Protected

The Mutual Confidentiality Agreement included with PSE's Draft RFP appears to allow PSE to disclose confidential bidder supplied information even if PSE is not required to disclose that information. Such a provision may discourage bidders from bidding and thus unnecessarily restrict competition from potential least cost resources.

Addition of the phrase "required to be disclosed" to the portions allowing disclosure of confidential information in response to a court order may suffice to prevent that harm.⁶ For example, in the RFP for Portland General Electric ("PGE") recently approved by the Oregon Public Utility Commission, PGE's proposed Mutual Confidentiality Agreement contained a similar clause with the desired protections:

"If, after providing such notice and assistance as required herein, the Recipient remains subject to a Legal Order to disclose any Confidential Information, the Recipient (or its Representatives or other persons to whom such Legal Order is directed) shall disclose no more than that portion of the Confidential Information which, such Legal Order specifically requires the Recipient to disclose."⁷

⁵ 2017 PSE IRP, Appendix G at G-16 (treating as a firm resource a plant that had secured an option on firm fuel supply).

⁶ See, e.g., 2018 RFP for All Generation Sources at Exhibit C-1 (Mar. 29, 2018 Draft).

⁷ PGE 2018 Renewable RFP, Appendix F at 3 (emphasis added).

Invenergy appreciates the opportunity to comment on PSE's Draft RFP and recommends that the Commission approve it, subject to the modifications identified above.

Dated this 29th day of May 2018.

Respectfully submitted,

/s/ _____
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