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NW Energy Coalition
 for a clean and affordable energy future

May 29, 2018

Mark L. Johnson
 Executive Director
 Washington Utilities and Transportation Commission
 1300 S. Evergreen Park Drive SW
 Olympia, WA 98504-7250

*Re: UE-180271, Puget Sound Energy – Draft request for
 Proposals for All Generation Sources*

Mr. Johnson:

The NW Energy Coalition (NVEC or the Coalition) appreciates the opportunity to comment on the draft Request for Proposals (RFP) submitted by Puget Sound Energy (PSE or the Company) soliciting any electric generation resources to meet capacity and renewable energy needs.

The information that may be submitted in response to this RFP will be particularly informative, as the requirement to issue an RFP for resources under WAC 480-107-015(3)(b) was waived in 2016, primarily because PSE did not project a need for such resources for the 2016-2018 period. Thus, it is important that this RFP be crafted clearly and specifically enough to solicit credible and useful responses.

Overall, the RFP is a very general document. NVEC has some comments and questions that we hope will create more focus, particularly concerning the Garrison to Mid-C transmission redirect; the hierarchy of qualifications and how the proposals will be evaluated and by whom; timing of submittals and responses; and allowing bidders to respond to updated economic and risk analyses.

Transmission redirect: Page 1 of the RFP states that 100MW of additional Mid-C transmission became available after the 2017 IRP was finished, while a paragraph on page 2 mentions that “If transmission rights from Colstrip 1&2 are redirected to the Mid-C, PSE would not have a capacity need until 2025”, three years after the commercial operation dates specified on page 4. How will bidders know if and when PSE will pursue that particular opportunity to redirect, thereby delaying the need for capacity and changing which years offers should encompass. We appreciate PSE bringing this possibility to the Commission’s attention; however, we think PSE should carefully consider preserving valuable Montana transmission rights and expand into renewables more aggressively to preserve those rights.

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Negotiations and Contracts: PSE states, on page 10, that it will continue to update its economic and risk analyses as needed during contract and price negotiations for the proposals that make the short list. This may create the perception that once initial prices are known, the parameters of the bidding environment might be unilaterally changed to the benefit of PSE. How will bidders be allowed to respond to any changes, since the RFP prohibits unilateral changes to any proposed price (page 13) by the responder? The RFP should be clear that selected bidders will be able to respond to new information brought forth by PSE during negotiations.

Qualifications and Evaluations: The RFP states “Initially, proposals will be screened based on the proposal cost, a portfolio evaluation designed to assess the interaction of the resource within PSE’s power portfolio and the qualitative criteria described in Exhibit A” (page 8). Exhibit A includes and repeats “compatibility with resource need and cost minimization”. Do those two criteria rank above risk management, public benefits, and strategic and financial considerations, which are also part of Exhibit A? The RFP does not explain how the five major criteria sections detailed in Exhibit A will be applied and valued or if certain criteria are more critical than others – if some criteria are more important than others, the RFP should make that clear.

While it is crucial to protect proprietary and confidential information after contracts are awarded, documentation of the kinds of responses that were received and how they did or did not meet PSE’s needs would be useful for understanding the evaluation process going forward.

Submittals and responses: The all source RFP schedule on Page 8 raises some questions as well. While bidders will have approximately two months from final RFP announcement to submit bids, PSE has scheduled almost seven months to evaluate proposals before notifying those who make the short list. Further, PSE sets no final date at all for announcing either the selected bids or the decision not to proceed. This timeline should provide more clarity - NWECC encourages an earlier selection date so that providers can get their projects underway in 2019 and be in place by 2022, not only to be able to possibly provide renewable energy credits (RECs), but to possibly provide energy that will leave the system as Colstrip 1 & 2 are retired and to preserve transmission.

Capacity Resources: On page 5, PSE indicates that “...resources will be evaluated based on an ability to fill winter deficits while minimizing summer surpluses”. This is not entirely clear and is something we suspect would normally be negotiated. If “summer minimization” is an important criteria, we would urge PSE to consider the ability of proposed capacity resources to minimize “other summer surpluses”, not just the “surpluses” the proposed resource brings to the mix (e.g., consider wind power for winter capacity and as a substitute for gas power in the summer, instead of curtailing wind in the summer).

Finally, on page 4, Table 5 “Resources Required”, states Super Peak Products should be available from Nov – Jun; should that read **NOV – JAN**?

Thank you for the opportunity to provide these comments, we look forward to reviewing the final RFP.

Cordially,

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