

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

Rulemaking for Integrated Resource Planning,
WAC 480-100-238, WAC 480-90-238, and
WAC 480-017.

DOCKET U-161024

REQUEST FOR PROPOSAL (RFP) COMMENTS OF PUBLIC COUNSEL

September 21, 2018

I. INTRODUCTION

1. Pursuant to the Commission's Notice of Opportunity to File Written Comments filed on August 24, 2018 (Notice), Public Counsel respectfully submits these comments on the Draft Rules for Request for Proposals (RFPs). Public Counsel supports the Commission's decision to update the RFP rules and provides feedback on the proposed changes below. We look forward to discussions with stakeholders at the workshop on October 2, 2018.

II. GENERAL COMMENTS ON DRAFT RULES

2. Public Counsel largely agrees with the Draft Rules. However, Public Counsel proposes several edits to the draft language and offers additional comments in subsequent sections in response to the questions presented in the Notice.

WAC 480-107-015(1)

3. The Draft Rules state the following:

(1) The utility must solicit bids for its resource needs identified during the IRP process. It must accept bids for a variety of energy resources which may have the potential to fill the identified needs including: electrical saving associated with conservation and efficiency resources; demand response; energy storage; electricity from qualifying facilities; electricity from independent power

producers; and, at the utilities election, electricity from utility subsidiaries, and other electric utilities, whether or not such electricity includes ownership of property.

4. Public Counsel agrees with the energy resources identified in the draft rule. However, the draft language limits the types of bids that a utility may accept to only those specifically listed. Public Counsel recommends the rule be broadened to accommodate new types of technology or applicable energy resources that may fulfill a utility's need in an RFP. Thus, we recommend the following language:

(1) The utility must solicit bids for its resource needs identified during the IRP process. It must accept bids for a variety of energy resources which may have the potential to fill the identified needs including, but not limited to: electrical saving associated with conservation and efficiency resources; demand response; energy storage; electricity from qualifying facilities; electricity from independent power producers; and, at the utilities election, electricity from utility subsidiaries, and other electric utilities, whether or not such electricity includes ownership of property.

WAC 480-107-015(4)(d)

5. The Draft Rules provide an exemption in the following circumstance: "The utility's identified resource need is for a distribution system or local transmission resources project estimated to cost less than \$10 million".
6. Public Counsel recommends the following two changes to this exemption. First, we believe that major distribution capital investments may be used for meeting capacity and system needs and should be included in the RFP process. As stated in our May 17, 2018 comments, Public Counsel believes that further discussion and parameters should be established for both traditional distribution investments and those that are considered major distribution capital

investments, which may be utilized as a non-wires alternative in distribution system planning.¹

While our distribution planning comments focused on a larger framework for all distribution system investments, we believe that distribution non-wires alternatives (i.e. major distribution capital investments) and distributed energy resources (DERs) should not be exempt from the RFPs rules, if they are proposed to meet a resource need identified in an IRP (regardless of cost).

7. Second, Public Counsel is open to including local transmission resources to the definition of resource need. Without additional discussion, however, it is too early to include an exemption for local transmission resources, regardless of the magnitude of the cost threshold included in the draft language. Public Counsel looks forward to further discussion about this issue at the October 2 workshop.

8. Finally, once further clarifications are made to the definitions of traditional distribution investment and major distribution capital investment, we consider the estimated investment cost threshold as unnecessary. The appropriateness of an exemption for local transmission resources below a set cost threshold should be discussed further at the upcoming workshops.

9. Public Counsel recommends the following modifications to this section:

The utility's identified resources need is for a traditional distribution system ~~or local transmission resources investment project estimated to cost less than \$10 million.~~

¹ Public Counsel Comments on Distribution Planning at 6-7, 13, *Rulemaking for Integrated Resource Planning*, WAC 480-100-238, WAC 480-90-238, and WAC 480-017, Docket U-161024.

WAC 480-107-015(6)

10. WAC 480-107-015(6) states that, “Utilities are encouraged to consult with commission staff during the development of the RFP. Utilities may submit draft RFPs for staff review prior to formally submitting a proposed RFP to the commission.” Public Counsel recommends other stakeholders also be included in this consultation and suggests the following modification to the draft rule:

(6) Utilities are encouraged to consult with commission staff and other interested stakeholders during the development of the RFP. Utilities may submit draft RFPs for staff and stakeholder review prior to formally submitting a proposed RFP to the commission.

WAC 480-107-025(4)

11. The Draft Rules state,

(4) The RFP must clearly explain the specific ranking procedures and assumptions that the utility will use in accordance with WAC 480-107-035 Project ranking procedure. The RFP must include a sample evaluation rubric that quantifies the weight each criterion will be given during the project ranking procedure. The RFP must also specify any minimum criteria and qualifications that bidders must satisfy to be eligible for consideration in the ranking procedure.

12. Public Counsel supports the inclusion of a clear explanation of the ranking procedures, as well as the inclusion of a sample evaluation rubric that shows how each criterion is weighed in the evaluation process. These requirements will increase the transparency of the RFP process and provide bidders and stakeholders an explanation of why a particular project was chosen by the utility. Public Counsel is open to the use of numerical weights for each criterion, but is also open to a narrative explanation of the specific aspects of a criterion that would result in one bid being given higher priority over another.

13. Public Counsel, therefore, recommends the following modification to the draft rule:

(4) The RFP must clearly explain the specific ranking procedures and assumptions that the utility will use in accordance with WAC 480-107-035 Project ranking procedure. The RFP must include a sample evaluation rubric that either quantifies the weight each criterion will be given during the project ranking procedure or provides a detailed explanation of the aspects of each criterion that would result in the bid receiving higher priority. The RFP must also specify any minimum criteria and qualifications that bidders must satisfy to be eligible for consideration in the ranking procedure.

14. Public Counsel discusses this further in response to Question 11, below.

WAC 480-107-035(3)

15. The Draft Rule states:

(3) The utility must evaluate project bids that meet only a portion of the resource need in conjunction with other proposals in developing the lowest reasonable cost portfolio. The utility must consider the value of any additional net benefits that are not directly related to the specific need requested.

16. Capturing the value of all benefits and costs related to resource acquisitions is valuable to understand the full range of impacts associated with new electric generation projects, such as environmental costs. However, the term “net benefits,” as proposed in the draft rules, has a very specific meaning in the context of utility regulation and, thus, using the term in this context could create confusion. Specifically, RCW 80.12.020 uses the term in regards to the sale, merger, or transfer of ownership of a public service company and is at the center of two utility transactions currently before the Commission. Although weighing the benefits offered by a utility sale or merger against inherent transactional risks could be seen as similar to weighing the costs and benefits of resource acquisitions, the two types of transactions are not equivalent, and Public Counsel opposes using the “net benefits” language in the context of RFPs. Public Counsel therefore recommends the following language for WAC 480-107-035(3):

(3) The utility must evaluate project bids that meet only a portion of the resource need in conjunction with other proposals in developing the lowest reasonable cost

portfolio. The utility must consider the value of all costs and benefits ~~any additional net benefits~~ that are not directly related to the specific need requested.

17. Adopting the language, as suggested above, removes ambiguity from the Draft Rules. Utilities will understand that they must evaluate bids on a wide range of criteria and weigh the costs and benefits, rather than apply a standard with a specific meaning and application.

WAC 480-107-035(7)

18. The Draft Rules state,

(7) The utility may reject all project proposals if it finds that no proposal adequately serves ratepayers' interests. The commission will review, as appropriate, such a finding together with evidence filed in support of any acquisition in the utility's relevant general rate case or other cost recovery proceeding.

19. The Draft Rules clearly state that a utility may reject all project proposals but, confusingly, includes a statement regarding the actions of the Commission to review this decision in the midst of other, utility specific rules (e.g., proposed subsections 7, 8, and 9). Public Counsel recommends moving the rules regarding the Commission's review of utility decisions to its own subsection. Public Counsel also recommends that the rules specifically state that all utility acquisitions stemming from the RFP process will be reviewed by the Commission.

20. Public Counsel recommends the following edits and additions:

(7) The utility may reject all project proposals if it finds that no proposal adequately serves ratepayers' interests. ~~The commission will review, as appropriate, such a finding together with evidence filed in support of any acquisition in the utility's relevant general rate case or other cost recovery proceeding.~~

(10) The commission will review any acquisitions resulting from the RFP process in the utility's relevant general rate case or other cost recovery proceeding.

(11) The commission will review, as appropriate, a utility's finding that no proposal adequately serves ratepayer' interests together with evidence filed in support of any acquisition in the utility's relevant general rate case or other cost recovery proceeding.

WAC 480-107-065(3)

21. The Draft Rules state,

(3) A utility must acquire conservation and efficiency resources through a competitive procurement process. A utility must use one of the following options:

(a) Option 1. A utility achieves at least thirty-three percent of the utility's conservation and efficiency resource program savings each biennium through competitively procured programs;

(b) Option 2. A utility solicits competitive proposals for each conservation and efficiency resource program in the portfolio at least every six years; or

(c) Option 3. A utility develops a competitive procurement framework in consultation with their conservation advisory group, as described in WAC 480-109-110 Conservation advisory group. If a utility develops a competitive procurement framework:

(i) The framework must define the minimum proportion of the utility's budgeted conservation and efficiency resource programs that must be submitted for competitive bidding over a specified time frame;

(ii) The utility must document that the framework was supported by the advisory group;

(iii) The framework must be filed as an appendix to each biennial conservation plan, as described in WAC 480-109-120 Conservation planning and reporting; and

(iv) The first competitive procurement framework for conservation and efficiency may be filed with the 2020-2021 biennial conservation plan.

22. Public Counsel appreciates the Commission including several options for the competitive procurement of conservation and efficiency resources. However, Public Counsel recommends that options one and two be removed from the draft language, and option three be the required method for the development of a competitive procurement process for conservation and efficiency resources. Public Counsel believes that option three allows the utility and stakeholders a more flexible approach to achieving conservation and energy efficiency goals. Furthermore, a competitive procurement process created in consultation with the utility's conservation advisory group will allow stakeholders to collaborate with the utility in developing a framework that reflects the needs and characteristics of the individual utility and its customers.

WAC 480-107-AAA

23. The Draft Rules state,

(1) If required to solicit bids under WAC 480-107-015(3), a utility must engage the services of an independent evaluator to oversee the solicitation process if:

- (a) The resource need is greater than 50 megawatts; or
- (b) The utility, its subsidiary, or an affiliate is allowed to submit a bid.

24. Public Counsel fully supports the inclusion of an independent evaluator as part the RFP rules. Furthermore, we agree with the two conditions that require the use of an independent evaluator. However, we recommend a third condition be added for instances when a utility states it plans or prefers to own or operate the facility after it is built. Public Counsel believes this addition will facilitate a fair and transparent solicitation process.

III. NOTICE QUESTIONS

1. **Natural Gas: The proposed draft rules apply to electric utilities only. Should the Commission propose similar competitive procurement rule language for natural gas utilities? How would the competitive procurement rules for natural gas utilities need to be different than those for electric utilities? Should there be similar language for natural gas conservation and delivery services procurement?**

25. In short, yes. The Commission should propose natural gas competitive procurement rules that are similar to those proposed for electric utilities. Of course, the market purchase dynamics are different in the natural gas industry. The proposed competitive procurement of natural gas would have to consider the following differences:

- *Resource options are more limited:* As opposed to electric service delivery, there are a limited number of options to procure gas and deliver it to customers. Rather than a large number of fossil fuel or renewable resource options, the natural gas industry is limited to a smaller number of options, including long-term contracts, spot market purchases, storage extraction, and emerging renewable natural gas options.
- *Hedging:* Natural gas utilities are able to purchase natural gas futures with the expectation that it will be the lowest-cost option at the time the commodity is delivered. The same dynamic does not apply to electric utilities.
- *Contract structure:* In the natural gas industry, long-term contracts are often structured as take-or-pay. At the time the contract is signed, this may or may not be a prudent option, even if the utility ultimately does not deliver the gas they agree to purchase.

26. Much like competitive procurement for electric utilities, competitive procurement guidelines for natural gas utilities provides a better opportunity to deliver the lowest-cost options

to customers while also providing documentation for a later prudence review. This will assist all parties when reviewing prudence in a cost recovery proceeding.

27. Furthermore, the electric conservation RFP Draft Rules—as supported and amended by Public Counsel—should also apply to gas conservation. Although the measures to achieve gas conservation are not the same as electric, gas utilities must still go through the same planning, implementation, and verification processes. A competitive RFP process for natural gas conservation would help ensure that all available cost-effective options are pursued, and ratepayer dollars are being spent most effectively for both electric and gas conservation efforts.

2. Language Request: To the extent possible, commenters should provide example language for consideration throughout the document. Stakeholder input on the precise language used, in the form of a redline response, would be particularly helpful in the following instances.

- a. **Is the language in the draft rule at WAC 480-107-015 sufficient to require an allsource RFP for most resource needs, while allowing sufficient flexibility in the process to allow limited scope RFPs when they are most useful?**
- b. **In WAC 480-107-035(3) the draft contains the term net benefits. Language around this concept has been evolving recently. Would using a different phrase, such as costs and benefits, or impacts, be clearer?**

28. Public Counsel provided comments and proposed draft language for WAC 480-107-035(3) in the general comments section, above.

3. RFP timing: In order to accommodate long lead-time resources, such as non-wires alternatives for distribution needs or distributed generation for capacity needs, the commission has considered expanding the window of time in which a resource need triggers an RFP from three years to ten years. Under the previous guideline, by the time a utility solicits bids for a need, many resources with lead times longer than three years are no longer eligible to compete.

While there is good reason to use the longest lead-time resource as a guide for this rule, the extended time frame to solicit bids to meet needs also creates significant challenges. Integrated resource plans are less accurate at ten years than at three. Utilities may be issuing RFPs for a need that never materializes. A resource should not be built until it will be used and useful and thus, if a long lead time resource is not chosen, this may require a utility to issue a second RFP to identify the lowest cost resource when it comes time to build. This would result in additional cost and effort and could lead to vendor fatigue.

Is there a way to ensure long-lead time technologies have an equal opportunity to meet resource needs anticipated ten years out without requiring RFPs at such an early stage?

29. Public Counsel would like to ensure that all technologies have an equal opportunity to compete in an RFP. However, we do not have a recommendation for an appropriate timeframe, in which a resource need triggers an RFP. We look forward to discussions on this topic at the October 2 workshop.

- 4. Thresholds for exemption: In the proposed draft language for WAC 480-107-015(3) there are thresholds and circumstances that would exempt utilities from issuing an RFP without requesting an exemption.**
 - a. Are the thresholds proposed appropriate?**
 - b. Are there other circumstances appropriate to qualify for exemption from the rule?**
 - c. Are there other types of thresholds that should be incorporated for these resource needs?**
 - d. What other types of resources would benefit from a threshold?**

30. Under the proposed language, utilities would be exempt from the RFP requirements of 480-107-015 if (a) the utility's identified resource need of capacity is less than 50 megawatts; (b) the utility plans to satisfy the remainder of its resource need with short-term market purchases when there is sufficient regional adequacy to support the market purchases; (c) the utility's

resource needs are for conservation and efficiency; or (d) the resource need is for a distribution system or local transmission resources project estimated to cost less than \$10 million. Public Counsel believes the proposed thresholds in subsections a, b, and c, are appropriate and should be adopted. However, Public Counsel does not support an exemption for distribution and local transmission system projects smaller than \$10 million. Public Counsel discussed this issue in greater depth in the general comments section above and below in Question 5.

5. **Delivery System RFP: On May 17, 2018, the Commission received comments on draft rules related to distribution system planning (WAC 480-100-238). These comments are in the process of being evaluated. The proposed draft rules for RFPs are intended to ensure investments are being made at the lowest reasonable cost and that new technologies are allowed to compete on equal footing with standard practice. As these two parts of the proposed IRP rule evolve, the areas of overlap and interdependency will be continually reconciled.**
 - a. **With this in mind, should the proposed definition of Resource Need include local transmission and distribution needs?**
 - b. **The proposed draft language in WAC 480-107-015(3)(e) identifies an automatic exemption from the rule for distribution system or local transmission projects that are projected to cost less than \$10 million. Should the term “project” be there placed with “Major distribution capital investment” as defined in the proposed draft rules for WAC 480-100-238 to clearly connect the two rules? If not, what would be a reasonable definition of project in this case?**
 - c. **In the notice accompanying the draft distribution system planning rules, the Commission asked for criteria to consider when defining a “Major distribution system capital investment.” In the proposed draft RFP rules, a similar set of criteria could be used to allow an automatic exemption from the rule to relieve the burden of issuing an RFP for smaller projects identified in a distribution system plan. Is a \$10 million threshold appropriate? Would a threshold that is not cost-based be more appropriate for delivery system resources? If so, what should be the criteria of this threshold?**
 - d. **Are there other circumstances concerning the delivery system that are appropriate to qualify for exemption from the RFP rule?**

- e. **Some commenters on the draft distribution system planning rules suggested a utility-specific criteria, approved by the Commission or with input from an advisory group. Many other commenters suggested flexibility in the distribution system planning rule. The draft RFP rules propose a utility-specific framework for conservation RFPs. Would a similar framework be useful for delivery system RFPs? If so, what would the process of developing, approving, and renewing the framework entail?**

31. Public Counsel believes that the Resource Need should be expanded to include distribution needs. We are also open to including local transmission, and would like to discuss this issue further at the October 2 workshop.

32. As we discussed above, Public Counsel believes WAC 480-107-015(4)(d) should be amended as follows, “The utility’s identified resources need is for a traditional distribution system ~~or local transmission resources investment project estimated to cost less than \$10 million.~~” By defining the scope and characteristics of a traditional distribution investment and distinguishing those investments from major capital distribution investments in the distribution rules and DSP, we believe the exemption will be clear and not require a cost threshold for use in the RPF process.

33. Finally, Public Counsel presumes it would be helpful to have a separate RFP process for distribution system planning RFPs; however, we are open to discussing alternatives on how best to handle distribution RFPs.

- 6. **Reliance on the Market: In order to reduce the need for exemptions and to allow resource needs to be covered by short-term market purchases without additional process, the proposed rules rely on a third-party determination of regional resource adequacy. This is not intended to eliminate the need for a utility to perform its own resource adequacy assessment within an IRP and has no bearing on the determination of market risk. In this version, the**

Commission has chosen to reference the Northwest Power and Conservation Council's resource adequacy assessment.

- a. Are there other third-party sources that would be more appropriate to reference?**
- b. Are there other methods that are easier, more transparent, or more accurate than relying on third-party analysis?**

34. Public Counsel agrees with the Commission's inclusion and reference of the Northwest Power and Conservation Council's (Power Council) resource adequacy assessment, as well as the Commission's intent that the Power Council's adequacy assessment not replace a utility's own assessment.

35. We are currently unaware of other appropriate third-party resource assessments that can be applied instead of the Power Council's. Conversely, Public Counsel is open to discussing other third-party sources and methods for assessing resource adequacy.

7. Independent Evaluator: The draft rule WAC 480-107-AAA requires the use of an independent evaluator under certain circumstances.

- a. Does this section identify the proper circumstances or are there other circumstances under which an independent evaluator should be required?**
- b. Is there value in requiring an independent evaluator for large projects when a utility will not be bidding? If so, is a 50 megawatt resource need an appropriate threshold?**
- c. Does this subsection provide enough specificity concerning the independent evaluator's role, or is additional rule language needed?**
- d. Should the Commission require that the independent evaluator be certified or accredited? If yes, provide specific qualifications the independent evaluator should possess.**

36. Public Counsel strongly supports the requirement for an independent evaluator to oversee the solicitation process. The use of an independent evaluator to assess the risks associated with

each bid increases the transparency of the solicitation process and provides stakeholders with a greater assurance that bids will be evaluated fairly. Public Counsel does not, at this time, have additional recommendations for the evaluator's role, but looks forward to discussing the issue further at the October 2 workshop.

37. Public Counsel notes one minor issue in the wording of the proposed subsection 480-07-AAA 1(a). The language requires the use of an independent evaluator in instances where the resource need *is greater than* 50 megawatts. The proposed language in section 480-107-015(3)(a) exempts utilities from engaging in a solicitation process when the resource need *is less than* 50 megawatts. This discrepancy in language makes it unclear what process is required for resource need that is exactly 50 megawatts. In other words, does a 50 megawatt resource need trigger a solicitation process and would that solicitation also require an independent evaluator?

8. IE Report: The draft rules require an initial and then a final report from the independent evaluator. We envision the final report to be the initial report plus the evaluator's response to the reconciliation process and stakeholder comments. The purpose of this two-step process is to ensure that the evaluator's report is free from editorial influence.

However, we recognize that a two-step reporting process will increase the cost and length of the independent evaluator's review. Could the Commission require the reconciliation process to occur prior to the issuance of a single final report and still ensure that the evaluator's work is free from outside influence?

38. Public Counsel supports the two-step process proposed in the draft language as a means of ensuring that the evaluator's work is free from outside influence. It is unclear to Public Counsel how the reconciliation process could occur prior to the issuance of a single final report, while providing the intended security of a two-step process. Public Counsel is open to

discussing how this process may be streamlined and looks forward to further discussions at the October 2 workshop on this topic.

9. **Conservation RFP: A periodic conservation RFP issued to explore what is available in the competitive market is useful to confirm that conservation resources are being delivered at least cost to ratepayers, and that all cost-effective conservation is being pursued by helping to identify innovative approaches and technologies. However, since utility conservation programs operate on a different cycle than the IRP, tying conservation acquisition directly to the IRP schedule could make program planning unworkable.**
 - a. **Does the proposed rule language in WAC 480-107-015(3)(d) and WAC 480-107-065 adequately encourage competitive procurement of conservation resources without negatively affecting current program planning and implementation?**
 - b. **The proposed language describes a role for the advisory group that is not currently explicit in rule, approving a framework for issuing conservation RFPs. Does this advisory group role fit with the current function of the conservation advisory group? The proposed rule specifies the competitive procurement framework must receive the support of the advisory group. Is this a reasonable condition?**
 - c. **Do the minimum procurement percentages provide reasonable guidance in the development of a competitive procurement framework for conservation?**

39. Public Counsel believes the current language in WAC 480-107-015(3)(d) and WAC 480-107-065 encourages competitive procurement of conservation and efficiency resources. As previously mentioned, Public Counsel believes the competitive procurement process in option three provides the best option for utilities and their customers. Furthermore, we support the collaboration of the conservation advisory group and the utility in determining an appropriate competitive procurement framework for its conservation programs and believe this consultation will assist in averting any negative impacts that may result from the competitive procurement process.

40. Public Counsel believes the conservation advisory groups can fulfill the role of consulting with the utility in developing a competitive procurement framework and considers this consultation similar to those listed under WAC 480-109-110(1). Moreover, Public Counsel is confident that the advisory group will find consensus and support the proposed framework for the utility.

10. Procurement Outside of an RFP: Utilities often have opportunities to procure low-cost resources that are owned by entities that typically will not bid their resources into an investor-owned utility RFP, but will enter into contracts with the IOUs. These types of opportunities can also require the construction of complex components that do not lend themselves to a bid in an RFP. Contracts such as these require proactive behavior from the investor-owned utility outside of the RFP. How can the Commission ensure that utilities are pursuing these low cost opportunities available outside of an RFP? How can this idea be incorporated in rule?

41. Public Counsel does not have a response to this question at this time and we look forward to reviewing comments from other stakeholders, as well as the discussion at the October 2 workshop.

11. Evaluation Transparency: One goal of this rulemaking is to increase transparency of the RFP evaluation process. In PSE's recent RFP in Docket UE-180271, several commenters supported applying a weighted percentage to each criteria in order to give bidders an idea of the relative importance of those criteria and make the evaluation process more transparent. However, the utility expressed concerns that providing weighting information creates the potential for bidders to "game" the system. Proposed draft rule 480-107-025(4) requires RFPs to "include a sample evaluation rubric that quantifies the weight each criterion will be given during the project ranking procedure." What are the implications of this language?

42. Public Counsel supports the inclusion of an evaluation rubric that weighs each criterion utilized during the ranking procedure. Such a rubric will allow stakeholders to understand how the different bids compared to one another, in addition to how and why a particular bid was

selected. Including the relative weight assigned to each evaluation criterion provides a necessary level of transparency to the process. Without demonstrating how the various characteristics of a bid interact, the rankings that ultimately emerge from a process will be—or appear—arbitrary. It is important for both stakeholders and the individual bidders to understand how projects are ranked before and after the bids are evaluated.

43. Public Counsel is open to a quantified weight for the criteria, but understands that a numerical weight may not be the only approach to increasing the transparency of this process. The evaluation rubric could, instead or additionally, provide a detailed explanation of what specific aspects of a criterion would result in one bid being given higher priority over another. As such, Public Counsel recommends modifications to the language of this rule, as previously stated in the general comment section, above.

12. Two Stage Bidding: In the first round of comments, the Northwest and Intermountain Power Producers suggested that the Commission require a two-stage bidding process to address the inherent utility preference to own a generation asset. First, all utility-owned generation bids are made, and then purchase power agreement bids are informed of the target price and provided an opportunity to beat the first round of bids. Please discuss the advantages and disadvantages of this approach including whether the bidding structure proposed creates asymmetrical bidding opportunities between IPPs that offer power purchase agreements and those offering to sell their generation. How should the sequence of bid offers be designed if the IPP is offering two differently structured offers for the same project, one that is PPA and one that is a contract with transfer of ownership?

44. Public Counsel does not have a response to this question at this time and we look forward to reviewing comments from other stakeholders, as well as the discussion at the October 2 workshop.

IV. CONCLUSION

45. Public Counsel appreciates the opportunity to submit these comments on the RFP Draft Rules. We look forward to the discussions at the workshop on October 2, 2018. If there are any questions regarding these comments please contact Carla Colamonici at CarlaC@ATG.WA.GOV or at (206) 389-3040, Corey Dahl at CoreyD@ATG.WA.GOV or at (206) 464-9380, or Nina Suetake at NinaS@ATG.WA.GOV or at (206) 389-2055.