



May 29, 2018

**Via Electronic Filing**

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

**Re: Dockets UE-180271 and UE-180272 - Sierra Club Comments on Puget Sound Energy (PSE) Draft 2018 RFP for All Generation Sources**

Hundreds of interested stakeholders participated in PSE's most recent resource planning process, which led to the determination to focus on "energy efficiency, demand response, energy storage and renewable resources..., in the hope that additional fossil-fuel peaking generation plants will not be needed."<sup>1</sup> Sierra Club enthusiastically supports the resource plan's goal, and is concerned that the all-source RFP may lead the Company to deviate from the resource plan because it lacks the clearly-defined goal to prioritize clean energy resources over new fossil-fuel development.

While the Draft RFP appropriately solicits proposals from a range of technologies and small or large scale renewable and capacity projects, it does not emphasize the resource plan preferences. The City of Glendale, California, for example, recently issued an RFP for local and regional clean energy project options that plainly lays out its clean energy priorities.

There is no restriction on the types of projects, processes or methodologies. However, GWP is seeking solutions that will enable the electric utility to integrate the maximum amount of renewable, zero-carbon, and/or low-carbon energy and

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<sup>1</sup> PSE 2017 IRP, p. 1-17.

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minimize the amount of fossil fuel generation in GWP’s portfolio. Local energy technologies for consideration may also include various types of demand flexibility (demand response), energy efficiency, behind-the-meter solar and storage, and/or portfolios of resources aggregated into the virtual power plant (VPP) concept.<sup>2</sup>

PSE’s RFP would benefit from a similar focus.

To ensure respect for the thorough IRP process that led to the determination that fossil-fuel resources are not favored, the Commission must allow for a public, transparent process of the RFP that is at least as rigorous as the IRP. The resource procurement process should include the opportunity for full stakeholder participation to evaluate the bids. The filing schedule does not appear to allow for such public involvement.

**Filing Schedule**

Date	Milestone
March 29, 2018	Draft RFP filed with WUTC
May 28, 2018	Public comment period closes
June 27, 2018	WUTC expected to approve PSE's All Source RFP
July 13, 2018	PSE releases final RFP solicitation
August 3, 2018	Mutual Confidentiality Agreements due to PSE
August 17, 2018	Offers due to PSE
Late Q1 2019	PSE selects final short list, notifies respondents
To follow	Post-proposal negotiations

<sup>2</sup> City of Glendale Water & Power, Request for Proposal, Proposals for local and regional clean energy project options to meet the ongoing current and future power supply needs of the City of Glendale (May 4, 2018), available at <https://www.glendaleca.gov/home/showdocument?id=44964>

The regulations require the utility to “make available for public inspection at the utility’s place of business a summary of each project proposal and a final ranking of all projects.”<sup>3</sup> Sierra Club urges the Commission to allow for more accessible and robust public review and an opportunity for comment. PSE should summarize each project proposal and allow for review and comment of proposed ranking through electronic means. If necessary, this could be accomplished through party status, and a protective order to support any confidential data.

Stakeholder participation is crucial going forward because it is unclear from the Draft RFP how PSE will weigh the long list of qualitative evaluation criteria in Appendix A. PSE’s vague explanation is that proposals will be screened first based on cost, the interaction of the resource within PSE’s power portfolio and five qualitative criteria (compatibility with resource need, cost minimization, risk management, public benefits, and strategic and financial considerations).<sup>4</sup> While it bodes well for clean energy resources that proposals with minimal environmental impacts and lower potential exposure to future environmental regulation are among the preferred qualitative criteria, such proposals may be lower ranked on the scale of other criteria like firm energy and capacity, and depending on the timeframe considered, cost. How PSE will be evaluating cost and whether it will be comparing resources on a long-term (20 year) timeframe is a key question that would benefit from public review and stakeholder involvement.

A public review process would also help ensure that PSE’s ranking process is consistent with governing regulations. According to WAC 480-107-035, “minimum ranking criteria must include, among other things, public policies regarding resource preference adopted by Washington state or the federal government and environmental effects including those associated with resources that emit carbon dioxide...” Additionally, “[t]he ranking process must complement power acquisition goals identified in the utility’s integrated resource plan.” *Id.* It is unclear from the Draft RFP’s evaluation and ranking information whether PSE’s ranking criteria and process will adhere to these regulations. As mentioned, the goal of PSE’s IRP to avoid new fossil-fuel plants is not specifically identified in the Draft RFP. Also, the RFP’s evaluation criteria does not include Washington’s greenhouse gas emissions reduction law that requires the state to reduce overall emissions of greenhouse gases to 1990 levels by 2020 and to 25 percent below 1990 levels by 2035.<sup>5</sup> Based on more recent climate data and assessments, the Department of Ecology recommended more recently that the state reduce emissions by 40 percent of 1990 levels by 2025.<sup>6</sup>

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<sup>3</sup> WAC 480-107-035.

<sup>4</sup> All Source RFP, Main at 8.

<sup>5</sup> RCW 70.235.020.

<sup>6</sup> <https://ecology.wa.gov/Research-Data/Scientific-reports/Washington-greenhouse-gas-limits>

Lastly, During the IRP stakeholder process, PSE indicated that it has already obtained the necessary permits to construct a natural gas plant.<sup>7</sup> To ensure propriety of the process, and uphold the public perception of propriety, if PSE intends to bid resources into its own RFP process, there must be a wall between the entity submitting the bid and the evaluation of proposals. The regulations, which allow competing bidders to request appointment of an independent third party to assist staff review of a bid from a utility, subsidiary or affiliate,<sup>8</sup> are not sufficient to ensure the public of propriety.

Respectfully submitted this 29<sup>th</sup> day of May, 2018



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<sup>7</sup> Final IRP Advisory Group Meeting Notes. October 27, 2016.  
[https://pse.com/aboutpse/EnergySupply/Documents/10-27-16\\_Final\\_IRP\\_AG\\_Meeting\\_Notes.pdf](https://pse.com/aboutpse/EnergySupply/Documents/10-27-16_Final_IRP_AG_Meeting_Notes.pdf)

<sup>8</sup> WAC 480-107-035(6).