

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of
PUGET SOUND ENERGY,

Petitioner,

For an Order Approving Recommended
Independent Evaluator

Docket No. UE-_____

Puget Sound Energy’s Petition
for Approval of its Recommended
Independent Evaluator

1 1. In accordance with WAC 480-107-023(2), Puget Sound Energy (“PSE”) submits
2 this petition to the Washington Utilities and Transportation Commission (the “Commission”) for
3 approval of its recommended independent evaluator.

I. BACKGROUND

A. The 2020 Requests for Proposals

6 2. On May 4, 2020, PSE filed with the Commission (i) a draft Request for Proposals
7 Regarding All Generation Sources (the “Draft 2020 All-Source RFP”) in Docket UE-200414 and
8 (ii) a draft Request for Proposal Regarding Demand Response Programs (the “Draft 2020
9 Demand Response RFP”) in Docket UE-200413. This Petition refers to the Draft 2020 All-
10 Source RFP and the Draft 2020 Demand Response RFP, collectively, as the “Draft 2020 RFPs.”

11 3. On May 11, 2020, the Commission issued a Notice of Opportunity to Provide
12 Written Comments and Notice of Open Meeting (the “May 11 Notice”). The May 11 Notice
13 required interested persons to file written comments by July 6, 2020, and afforded stakeholders
14 an opportunity to provide oral comments at the July 17, 2020, recessed open meeting.

1 4. On June 30, 2020, the Commission issued a Notice of Change to Scheduled Open
2 Meeting, indicating that the recessed open meeting set for July 17, 2020, was changed to July 30,
3 2020. The deadline for written comments remained unchanged.

4 5. The Commission received a total of 14 written comments in Dockets UE-200413
5 and UE-200414. Based on those comments and discussions with Commission staff (“Staff”),
6 PSE submitted, on July 22, 2020, each of the following with the Commission: (i) a revised draft
7 Request for Proposals Regarding All-Source (the “Revised Draft 2020 All-Sources RFP”) in
8 Docket UE-200414 and (ii) a revised draft Request for Proposals Regarding Demand Response
9 Programs (the “Revised Draft 2020 Demand Response RFP”) in Docket UE-200413. This
10 Petition refers to the Revised Draft 2020 All-Source RFP and the Revised Draft 2020 Demand
11 Response RFP, collectively, as the “Revised Draft 2020 RFPs.”

12 6. On July 23, 2020, PSE filed a Petition for Waiver from Certain Request for
13 Proposals Requirement (the “July 23 Petition”), seeking additional time for the Commission to
14 approve the Revised Draft 2020 RFPs in Dockets UE-200413 and UE-200414.

15 7. On July 31, 2020, the Commission issued Order 01 in each of Dockets UE-
16 200413 and UE-200414, granting the July 23 Petition. In Order 01, the Commission indicated
17 that it would consider the Revised Draft 2020 RFPs at its open meeting on August 13, 2020.

18 8. On August 5, 2020, PSE filed a Petition for Waiver of Certain Requirements
19 Related to Requests for Proposals Contained in WAC 480-107 and Order 01 (the “August 5
20 Petition”). In the August 5 Petition, PSE explained that it had recently developed an updated load
21 forecast that reflects the effects of the COVID-19 pandemic. The forecast indicated a

1 significantly lower peak capacity need than the forecast in the Revised Draft 2020 RFPs. PSE
2 requested more time to consider the issue.

3 9. On August 13, 2020, the Commission granted the August 5 Petition in Order 02 in
4 Dockets UE 200413 and UE-200414. The Commission indicated that it would consider the
5 Revised Draft 2020 RFPs at the open meeting on September 10, 2020, at which time the
6 Commission would take action to approve or suspend the Revised Draft 2020 RFPs.

7 10. On August 26, 2020, PSE filed an Informational Filing Seeking Comments from
8 Interested Parties on the Potential Withdrawal of its Draft Demand Response and All-Source
9 RFPs. In the filing, PSE explained that its updated load forecast projects no material capacity
10 need for more than five years and that it may be in the public interest for PSE to withdraw the
11 Revised Draft 2020 RFPs.

12 11. On September 3, 2020, PSE filed a Third Petition for Waiver of Certain
13 Requirements Related to Requests for Proposals Contained in WAC 480-107 and Orders 01
14 and 02 (the “September 3 Petition”), in which PSE requested a two-week extension for the
15 Commission to consider PSE’s Revised Draft 2020 RFPs.

16 12. On September 8, 2020, PSE filed a Motion for Withdrawal of Draft Requests for
17 Proposals and Petition for Waiver of Certain Requirements Related to Requests for Proposals
18 Contained in WAC 480-107 (the “Motion for Withdrawal”). PSE requested permission to
19 withdraw its Revised Draft 2020 RFPs and requested an exemption from WAC 480-107-
20 015(3)(b) with respect to the issuance of a request for proposals for all-source and demand
21 response resources.

1 13. On September 10, 2020, the Commission granted the September 3 Petition in
2 Order 03 in Dockets UE-200413 and UE-200414.

3 14. In October 2020, members of Commission Staff reached out to PSE’s acquisitions
4 and market solutions group regarding PSE’s plans for outreach to bidders, stakeholders, and
5 specific timing regarding RFPs related to the Clean Energy Transformation Act (CETA) and
6 sought additional information from PSE. Staff generally supported the Motion for Withdrawal,
7 subject to the conditions that PSE: (1) work collaboratively with Commission Staff and other
8 stakeholders through the first quarter of 2021 to address comments submitted in Dockets UE-
9 200413 and UE-200414, particularly the proposal to use an independent evaluator, and
10 (2) submit requests for proposals for all-source and demand response resources for approval by
11 the Commission no later than April 1, 2021.

12 15. On October 15, 2020, the Commission issued Order 04 in Dockets UE-200413
13 and UE-200414, which granted the Motion for Withdrawal and extended the exemption from
14 WAC 480-107-015(3)(b) until March 31, 2021, subject to the following conditions
15 recommended by Commission Staff:

- 16 (a) PSE will work collaboratively with Commission Staff and other
17 stakeholders in the first quarter of 2021 to address comments
18 submitted in Dockets UE-200413 and UE-200414, particularly the
19 proposal to use an independent evaluator, and
20 (b) must submit for approval, in new dockets, proposed requests for
21 proposals for all-source and system wide electric demand response
22 program delivery and accompanying documentation no later than
23 April 1, 2021.

1 **B. PSE Request for Proposal for Independent Evaluator**

2 16. Consistent with the direction provided by the Commission Staff and the
3 Commission in Order 04 in Dockets UE-200413 and UE-200414, as well as the direction of the
4 draft rules then-under development in the Purchase of Electricity rulemaking, PSE consulted
5 with stakeholders and Commission Staff in November of 2020 prior to issuing a solicitation for
6 an independent evaluator to support the development and review of the requests for proposals for
7 all-source and demand response resources for approval that PSE must submit to the Commission
8 no later than April 1, 2021.

9 17. Specifically, PSE consulted with Commission Staff in mid-November of 2020
10 regarding PSE’s plans to issue a solicitation for an independent evaluator. In those conversations,
11 PSE conveyed that, in order to have an independent evaluator available to assist PSE in its
12 development of its draft requests for proposals prior to filing with the Commission by April 1,
13 2021, consistent with Order 04 in Dockets UE-200413 and UE-200414, PSE would need to

- 14 (i) issue a request for proposals for an independent evaluator by the
15 end of November 2020, and
- 16 (ii) file a request for approval of an independent evaluator in mid-
17 January 2021, if the Purchases of Resources rulemaking then under
18 consideration¹ required Commission approval of the independent
19 evaluator.

20 Commission Staff provided input on the proposed scope of the independent evaluator’s work set
21 forth in PSE’s draft request for proposal for independent evaluator services. Commission Staff
22 also encouraged PSE to consult with stakeholders on its intent to use an independent evaluator

¹ *In the Matter of Amending, Adopting, and Repealing Sections of WAC 480-107 Relating to Purchases of Electricity, Docket UE-190837 (the “Purchases of Resources Rulemaking”).*

1 for the upcoming requests for proposals for all-source and demand response resources for
2 approval that PSE must submit to the Commission no later than April 1, 2021.

3 18. Consistent with Commission Staff’s feedback and the then-available draft rules in
4 the Purchases of Resources rulemaking, PSE sent out a notification to all stakeholders on its
5 request for proposals distribution list (over 750 recipients) on November 17, 2020. In the notice,
6 PSE informed stakeholders of its intent to use an independent evaluator for the upcoming
7 requests for proposals for all-source and demand response resources for approval that PSE must
8 submit to the Commission no later than April 1, 2021. The notice invited stakeholders to provide
9 comments and expressions of interest by November 23, 2020. PSE also provided this
10 information on its website.

11 19. PSE received one comment from the Northwest & Intermountain Power
12 Producers Coalition (NIPPC), which expressed general support for PSE’s planned engagement of
13 an independent evaluator. About ten (10) stakeholders responded with interest in participating in
14 the request for proposals for independent evaluator services. A few other stakeholders indicated
15 an interest in receiving future notifications regarding the upcoming requests for proposals for all-
16 source and demand response resources for approval that PSE must submit to the Commission no
17 later than April 1, 2021.

18 20. Prior to issuing its request for proposals for independent evaluator services, PSE
19 conducted comparative research of recent request for proposals for independent evaluator
20 services conducted by utilities in other jurisdictions. Through this research, PSE examined the
21 design and administration of the requests for proposals, the qualifications and criteria sought, and
22 the evaluation process. Based on this process, PSE developed a list of potentially qualified firms

1 that provide independent evaluator services, including reviewing firms registered with the Office
2 of Minority and Women’s Business Enterprises.

3 21. PSE designated a manager within its procurement department to administer and
4 provide guidance on the design and documentation requirements for the request for proposals for
5 independent evaluator services. PSE shared a draft request for proposals for independent
6 evaluator services with Commission Staff in mid-November of 2020. Commission Staff provided
7 PSE with feedback on the draft request for proposals for independent evaluator services and, in
8 particular, the proposed timeline.

9 22. The timeline presented in the final request for proposals for independent evaluator
10 services is set forth below.²

Activity:	Target Date:
Stakeholder Comment	November 17-23, 2020
Issue Request for Proposal for Independent Evaluator Services	November 24, 2020
Bidders Submit Intent to Bid Notification and Deadline for Questions	December 8, 2020
PSE Answers Bidder Questions	December 15, 2020
Bids Due from Bidders	December 23, 2020 3:00 pm Pacific Time
Bidder Interviews	January 11-13, 2021
PSE Selection Process	January 15-28, 2021
PSE Notification to Bidders	February 1, 2021
Contract Execution	February 5, 2021
Start of Work	February 15, 2021

² PSE acknowledges that the timeline for concluding its selection process, and the remaining activities that follow, may be subject to change depending on when the Commission acts upon this petition requesting approval of the independent evaluator recommended by PSE.

23. In its request for proposals for independent evaluator services, PSE stated that the evaluation of bids submitted by candidates would take into consideration the criteria outlined in the following, non-exclusive categories:

CRITERIA	WEIGHT
Ability of the IE Candidate to perform the work	
Quality of expertise, breadth and depth of experience of the bidder and its individual staff member(s) assigned to the project to perform the proposed scope of work.	50%
Experience with clean energy portfolio integration	
Experience and knowledge of bilateral markets and the CAISO Energy Imbalance Market	
Experience reviewing RFPs for renewable energy and capacity resources, including experience with battery and other storage options. Preference for experience evaluating market bids in the WECC region and Pacific Northwest in particular.	
Experience reviewing demand side resources, including in comparative analysis with an RFP.	
Experience with utility applications of electric production cost modeling, in particular relating to renewable generating resources bids as part of an RFP. Familiarity with forecasting, analysis and market simulation software (including Aurora and Plexos).	
Experience with interconnection and transmission service processes, Open Access Transmission Tariff (“OATT”), Bonneville Power Administration (“BPA”) transmission interconnection and transmission services processes, and familiarity with the transmission networks in the WECC region and Pacific Northwest in particular.	
Responses to IE Questionnaire (Appendix B) ³	
Costs and Contracting	
The total cost of the proposal, including the elements of the cost and the overall appropriateness of the cost in relation to the work as proposed.	50%
Feedback and Confirmation Provided for Master Services Agreement (Appendix E) ⁴	
Conflicts of Interest Declaration and Disclosures, Certificate of Insurance and overall completeness of bid	
Bidder contribution to the equity goals of RCW 19.405.040(8).	

PSE developed an evaluation matrix as a bid review guide. The matrix covered the qualifications and evaluation criteria shown in the above table and featured a one-through-four scoring system (with four being the best score).

³ Please see page 17 of Exhibit A to this Petition for Appendix B to the Independent Evaluator for Puget Sound Energy’s 2021 All-Source and Demand Response Solicitation, issued on November 24, 2020.

⁴ Please see pages 26-41 of Exhibit A to this Petition for Appendix E to the Independent Evaluator for Puget Sound Energy’s 2021 All-Source and Demand Response Solicitation, issued on November 24, 2020.

1 24. After consulting with Commission Staff and stakeholders on the draft request for
2 proposals for independent evaluator services, PSE issued the final request for proposals on
3 November 24, 2020. Please see Exhibit A to this Petition for a copy of the Independent Evaluator
4 Request for Proposals for Puget Sound Energy’s 2021 All-Source and Demand Response
5 Solicitation, issued on November 24, 2020.

6 25. PSE posted the request for proposals materials to PSE’s website and sent a
7 notification to all of the stakeholders on PSE’s distribution list (informing stakeholders and
8 interested parties) providing notice that the request for proposals for independent evaluator
9 services was available for download and open to all interested qualified candidates. PSE also
10 sent the materials by email to those that had requested them directly, including the firms that
11 PSE had identified in the course of its comparative research.

12 26. PSE received intents to bid from thirteen (13) firms, although one of those firms
13 subsequently informed PSE that it would not submit a final bid. PSE also received several
14 questions. PSE provided answers to all questions received on December 15, 2020, sharing all
15 answers with all twelve (12) firms that remained interested in submitting bids.

16 27. By the bid submittal deadline of December 23, 2020, PSE had received bids from
17 twelve (12) firms. The twelve (12) candidate firms submitted cost proposals in a variety of
18 forms, including (i) fixed fee proposals, (ii) time and materials (tiered and un-tiered) proposals,
19 (iii) time and materials with not-to-exceed limit proposals, and (iv) partially-fixed proposals
20 based on number of bids received.

21 28. PSE examined the components and assumptions of the bid submittals to check for
22 reasonableness and consistency across proposals. PSE then assigned scores to the cost proposals

1 based on a series of pass/fail tests that measured whether the bid (i) covered the scope of work
2 specified in the request for proposals for independent evaluator services, (ii) was at or below
3 PSE's anticipated budget for the project, and (iii) were ten percent (10%) above or below the
4 average for those estimates within the proposed scope and budget.

5 29. Between December 28, 2020, and January 6, 2021, PSE's evaluation team and
6 subgroups held frequent meetings to review, discuss, and score the twelve (12) proposals. The
7 subgroups convened on January 7, 2021, to select five candidate independent evaluator firms to
8 participate in interviews. Selection of the five firms considered the following factors:

- 9 (a) Conflicts of Interest Declaration and Disclosures, Certificate of
10 Insurance and Overall Completeness of Bid. All twelve (12) firms
11 submitted complete bids and therefore were given identical scores.
- 12 (b) Feedback and Confirmation Provided for Master Services
13 Agreement. PSE gave identical scores to all bid proposals in which
14 the bidders submitted limited to no changes to the form master
15 services agreement.
- 16 (c) Cost Tests. PSE gave identical scores to all bid proposals that
17 passed the pass/fail cost tests.
- 18 (d) Ability to Perform Work. This category provided the
19 differentiating set of criteria, and therefore was the focus of the
20 evaluation and scoring. PSE ranked proposals according the
21 number of first-place and second-place finishes across all eight
22 categories.
- 23 (e) Bidder Contribution to Equity Goals. Finally, PSE considered
24 whether a bid proposal contributed to PSE's equity goals
25 considering whether firms were registered with the Office of
26 Minority and Women's Business Enterprises to differentiate
27 between bid submittals otherwise receiving similar scores in the
28 categories identified above.

29 30. After scoring and ranking the twelve (12) proposals, PSE invited the firms behind
30 the top five (5) bid proposals to participate in interviews.

1 Order R-602 adopted a new rule regarding the use of independent evaluators.⁶ WAC 480-107-
2 023(2) requires a utility to recommend an independent evaluator for approval by the
3 Commission:

4 After consulting with commission staff and stakeholders, the utility may
5 issue a solicitation for an independent evaluator and must recommend an
6 independent evaluator for approval by the commission.⁷

7 34. In General Order R-602, the Commission notes this requirement and states the
8 Commission

9 expects that a utility will file a petition seeking approval, and that the
10 Commission will consider the petition at an open meeting. The Commission
11 expects that its review and approval will take at least 30 days.⁸

12 Given the compressed timeframe for selecting and onboarding an independent evaluator as
13 outlined in the timeline provided in the table accompanying paragraph 22 of the Petition, PSE
14 respectively requests that the Commission consider this request at its next available open
15 meeting scheduled for Thursday, January 28, 2021.

16 35. PSE acknowledges that a review and approval process of thirty (30) days
17 contemplated by General Order R-602 is generally reasonable and appropriate, Given the timing
18 of adoption of the final rules and the need to have an independent evaluator on board with
19 enough time to meaningfully advise PSE in the development of its 2021 all-source and demand
20 response requests for proposals, PSE believes it is in the public interest for the Commission to
21 consider this petition as soon as reasonably possible. As previously mentioned, PSE must file its
22 2021 all-source and demand response requests for proposals with the Commission by April 1,

⁶ WAC 480-107-023 (Independent evaluator for repowering and bids from a utility or its subsidiary or affiliate).

⁷ *Id.*

⁸ General Order R-602 at ¶ 34.

1 2021, and PSE and the selected independent evaluator will need time to work together to develop
2 these solicitations.

3 36. In the meantime, PSE will notify stakeholders of this Petition and the opportunity
4 to participate in the Commission's approval process, consistent with WAC 480-100-021(2).
5 Additionally, PSE will publish an update on its website to this effect.

6 **III. REQUEST FOR RELIEF**

7 37. Pursuant to WAC 480-107-023(2), PSE respectfully requests that the Commission
8 approve PSE's recommendation that Bates & White serve as the independent evaluator in the
9 requests for proposals for all-source and demand response resources that PSE will submit for
10 approval by the Commission no later than April 1, 2021. PSE respectfully requests the
11 Commission consider this request as part of its next open meeting agenda on Thursday,
12 January 28, 2021.

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