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VIA ELECTRONIC FILING

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Re: Docket UE-190837—PacifiCorp’s Comments in the Rulemaking Relating to Purchases of Electricity

PacifiCorp dba Pacific Power and Light Company (PacifiCorp), appreciates the opportunity to provide comments as part of the Clean Energy Transformation Act (CETA) rulemaking process at the Washington Utilities and Transportation Commission (Commission) and specific to the rules regarding purchases of electricity (PoE) in WAC 480-107. PacifiCorp looks forward to continued clarification on the Integrated Resource Planning (IRP), Request for Proposal (RFP), and Clean Energy Implementation Plan (CEIP) processes, and how these processes occur on a timeline and how they jointly address resource need.

On February 6, 2020, the Commission issued a notice of opportunity to file written comments (Notice) encouraging stakeholders to re-submit, or revise and re-submit their previous comments for Docket U-161024. The commission also asked for feedback on four questions for consideration, which PacifiCorp provides below.

Procedural Questions:

- 1. RCW 19.405.040(8) states:** *In complying with this section, an electric utility must, consistent with the requirements of RCW 19.280.030 and 19.405.140, ensure that all customers are benefiting from the transition to clean energy: Through the equitable distribution of energy and nonenergy benefits and reduction of burdens to vulnerable populations and highly impacted communities; long-term and short-term public health and environmental benefits and reduction of costs and risks; and energy security and resiliency.*

Do the requirements of RCW 19.405.040(8) affect how utilities acquire resources?

If yes:

- a. Will utilities ever need to solicit RFPs solely to comply with RCW 19.405.040(8) (e.g., acquire equity-specific resources)? Or should compliance with RCW 19.405.040(8) be evaluated only with respect to generation, conservation, and other resources acquired by utilities as a result of other regulatory and system needs?**

It is possible that utilities will need to issue RFPs in a variety of ways to meet the requirements of RCW 19.405.040(8). With the limited experience and information the company has at this time on this specific need, it is hard to definitively state whether equity-specific resources will need to be acquired separately or not.

In light of the fact that this is a new and significant policy change under CETA, it may be beneficial to approach resource acquisition with a holistic perspective as it fits into already established practices to acquire generation and conservation-type resources, with the understanding that approaches may need to be tailored and refined as utilities and the responding markets develop towards meeting CETA's goals.

b. What, if any, revisions should be made to the solicitation content requirements in WAC 480-107-025(1) to incorporate the provisions of RCW 19.405.040(8)?

As discussed at the February 25, 2020 workshop, PacifiCorp recently filed an application in Oregon to open an independent evaluator selection docket to facilitate an RFP and this application identified RFP minimum requirements. These minimum requirements include a non-price scoring criteria that give bidders the ability to self-score. PacifiCorp suggests that a carefully thought out non-price criteria for RFPs is a possible and attainable avenue to weave in and move towards the requirements in RCW 19.405.040(8). Attachment A is the non-price scoring matrix proposed for PacifiCorp's 2020 all-source RFP. A non-price criteria could be established that incorporate the provisions of RCW 19.405.040(8) and included in such a matrix such that PacifiCorp could evaluate how a bid complies with requirement and the bidder self-score its ability to comply. For example, a non-price criteria that captures the importance of minority or women owned business could be included with weighting associated toward that ownership structure for the developer, contractors, etc.

WAC 480-107-025(4) already requires that RFPs include a sample evaluation rubric that quantifies the weight each criterion will be given during the project ranking procedure. It also requires that the RFP specify any minimum criteria and qualifications that bidders must satisfy to be eligible for consideration in the ranking procedure.

At the time a utility files a draft RFP at the Commission, Staff and stakeholders will have the opportunity to provide input on the included rubric and minimum criteria if they do not believe the resulting bids will meet the requirements in the statute. PacifiCorp does not have specific suggestions to revise the language at this time, but suggests that the draft rule language may already be sufficient to meet this need.

c. What, if any, revisions should be made to the project ranking procedures in WAC 480-107-035 to incorporate the provisions of RCW 19.405.040(8)?

WAC 480-107-035(2) includes a very comprehensive list of ranking criteria, which already addresses risks imposed on ratepayers, public policies regarding resource preference, environmental effects, resiliency attributes, and reliability. While

stakeholders may argue that it could be more explicitly stated, the language may already be interpreted to include RCW 19.405.040(8) as a public policy adopted by Washington state.

- d. What, if any, additional summaries of solicitation responses would assist with understanding bid proposals pursuant to the requirements of RCW 19.405.040(8) (e.g., geographic locations of proposed projects, bidder information such as women and minority owned business certifications, etc.)?**

PacifiCorp's general approach with RFPs is to establish the amount, timing and location of the resource based on its IRP and then establish the RFP criteria and requirements to solicit bids aligned with the IRP outcome, taking into account any state competitive solicitation rules and compliance obligations. While the IRP provides guidance, the details of selected resources will be dependent on the merits of the bids received. Once that RFP development step is accomplished then PacifiCorp works with commissions and stakeholders on further refinements or expansions to the draft RFP. PacifiCorp does not have any additional suggestions, but looks forward to learning from the many stakeholders in this proceeding on this topic.

- 2. Utilities may issue an RFP at any time for a wide variety of purchases. Under existing PoE rules, issuing an RFP is only required if the utility's IRP finds a capacity need within a three year horizon. In the draft rules accompanying this notice, a number of refinements to this requirement have been developed. In light of the resource requirements of CETA, such as those for renewable and non-emitting resources, equity, and resource adequacy, and the creation of CEIPs, what is the relationship between the trigger for requiring utilities to follow the RFP rules in the PoE, and the rules under consideration in the IRP rulemaking and the CEIP?**

As stated in previous comments in Docket U-161024, PacifiCorp greatly appreciates the Commission's intent to add more flexibility for utilities to act quickly and take advantage of market opportunities. Rigid requirements for regular RFPs regardless of circumstances and outcomes of utility IRPs are not in the best interest of customers and can lead to confusion for vendors and market participants.

One concern that PacifiCorp would like to bring attention to and discuss is how a RFP timeline aligns with CETA and CEIP timelines. A RFP can often take a significant amount of time for utilities to prepare, obtain regulatory approval for issuance of the RFP, solicit and process the market bids, and secure regulatory approval of the winning bids. In the proposed timeline discussed at the February 25, 2020 workshop, it was contemplated that the RFP would need to conclude before the draft CEIP comes due. In PacifiCorp's experience, however, RFPs can take up to a year depending on the magnitude and variety of resources being solicited. The Commission's current and draft rules both also require a proposed draft RFP to be submitted one hundred thirty-five days after the IRP is filed. The next IRP is due on April 1, 2021. This means that a draft RFP would be filed by August 14, 2021, which is already beyond the proposed deadline for the draft CEIP. In addition, PacifiCorp must comply with other state rules regarding the

necessity to utilize RFPs that would need to be accommodating in any schedule and could make it extremely difficult to align all the states' schedule with this proposed timeline discussed at the workshop.

Finally, PacifiCorp's RFP schedule will need to accommodate PacifiCorp Transmission's proposed queue reform process that was recently filed with FERC on January 31, 2020 and is currently pending. The filing proposes to replace the existing "serial queue" interconnection study process with a "first-ready, first-served, cluster" interconnection study approach. PacifiCorp Transmission's proposed approach includes an interconnection cluster study which is conducted at regular scheduled intervals versus on a serial queue basis. This will require the RFP to sync its solicitation schedule to align with the interconnection cluster study schedule so that selected projects will not miss a scheduled cluster study deadline.

- a. To what extent should the requirement to issue an RFP under WAC 480-107-015 be tied to the IRP versus the CEIP? Should the PoE rule contain the triggers for invoking sections of the PoE? If so, which rule, CEIP or IRP, should describe the measurement of the metrics on which the threshold trigger is based?**

RFPs should be tied to the utility's IRP. The RFP timeline may need to be adjusted to accommodate CEIP requirements in addition to utility-specific needs, circumstances, and different lead-time resources, but generally should be tied to an IRP that provides guidance on what resource types and amounts need to be acquired.

- 3. The draft rules rely on the results of the of the Northwest Power and Conservation Council's (Council) resource adequacy study in determining whether an exemption from issuing an RFP may be granted (WAC 480-107-015(4)(b)). In addition to the work of the Council, members of the Northwest Power Pool are working to develop a resource adequacy program.**

- a. Should the rules allow the use of a resource adequacy analysis conducted by other entities in addition to the Council?**

PacifiCorp recommends that the Commission allow utilities to conduct a resource adequacy analysis in their IRPs to meet this requirement. As discussed at the workshop and in previous comments, PacifiCorp operates in multiple states and markets beyond the scope of the Council's work. The Northwest Power Pool's efforts are still at an early stage, and is therefore premature to rely on in a Commission rule. Ultimately, it is the utility that likely has the best understanding of the operational reality of its individual system and ability to access markets, and is equipped to assess the adequacy of its resources.

While PacifiCorp certainly understands the value of a third-party analysis, there simply is not one that it can rely on at this time. But without flexibility to perform an analysis on its own, the company will likely need to issue unnecessary RFPs or request waiver as it has done in the past.

b. To what extent should transmission modeling be required in the resource adequacy analysis?

PacifiCorp proposes to use the transmission topology as represented in the IRP model to conduct the resource adequacy analysis.

4. The draft rule at WAC 480-107-AAA requires the use of an Independent Evaluator under certain circumstances.

a. Should the utility be required to have an independent evaluator examine the utility's performance as a developer in the case of a utility proposing to self-build or a utility's subsidiary or affiliate bidding in a build-to-lease or build-to-own project?

PacifiCorp generally supports the use of an IE regardless of whether utility ownership is an option. The Oregon and Utah commissions require the use of an IE based on the size of resource acquisition and the company supports this framework (see below).

When a large resource acquisition is occurring, an IE can provide value regardless of a utility's participation as a bidder. The IE can facilitate review by the Commission and also provide greater certainty regarding the transparency of the process.

b. Should there be a MW or MWh threshold to determine whether an independent evaluator should be used? Should it be different than the threshold triggering a utility to comply with the requirements regarding an RFP?

PacifiCorp continues to support setting the requirement to use an IE where the project size is 100 MW or above. However, because PacifiCorp has competitive bidding rules in other states and Oregon has a threshold of 80 MW, PacifiCorp would recommend 80 MW to be consistent across its system. Setting the threshold at 50 MW as written in the draft rules will not be effective and will add unnecessary costs and processes. In addition, the current draft rules state that an IE would be required if the resource *need* is greater than 50 MW. This language, as stated in PacifiCorp's January 31, 2019 comments in Docket U-161024, could be interpreted to require an IE for every RFP if the IRP indicates a *total* need over 50 MW. PacifiCorp continues to recommend deleting the word "need" from this provision.

c. The draft rule at WAC 480-107-035 provides a list of items that must be included in the ranking criteria. Those items may expand under CETA, especially for RCW 19.405.040(8). What items should be in the criterion list and included in the independent evaluator's scope of work?

PacifiCorp is interested in hearing from stakeholders on what items may be included in the ranking criteria to meet the requirements of RCW 19.405.040(8). As discussed at the February 25, 2020 workshop, the non-price criteria could be expanded to include these items, or the weight of each item may be altered to meet this objective.

Pacific Power appreciates the opportunity to provide comment at this early stage, and it looks forward to continued collaboration with stakeholders throughout the CETA implementation process.

It is respectfully requested that all communications related to this proceeding be sent to the following:

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Sincerely,



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