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SENT VIA WUTC WEB PORTAL

Amanda Maxwell
 Executive Director and Secretary
 Washington Utilities and Transportation Commission
 621 Woodland Square Loop SE
 Lacey, WA 98503

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 COMMISSION

Re: *Puget Sound Energy's 2022 Draft Distributed Energy Resources Request for Proposals,*
 Docket UE-210878

Dear Director Maxwell:

The Public Counsel Unit of the Washington State Attorney General's Office ("Public Counsel") respectfully submits these comments in response to the Notice of Opportunity to File Written Comments related to Puget Sound Energy's 2022 Draft Distributed Energy Resources (DER) Request for Proposals (RFP). Public Counsel believes that the Washington Utilities and Transportation Commission ("Commission") should encourage Puget Sound Energy (PSE or "Company") to consider all Respondents in this RFP with all Respondents in their 2021 RFP for All Generation Sources in Docket UE-210220 ("All-Source RFP") in order to comply with WAC 480-109-100(1). We also recommend the Commission encourage the implementation of recommendations from Energy and Environmental Economics (E3) in their October 8, 2021, report on PSE's energy effective load carrying capability (ELCC) methodology, as we did in the All-Source RFP. In addition, Public Counsel generally recommends that the Commission encourage PSE to eliminate barriers to bidding.

Public Counsel's Recommendation

Public Counsel recommends that the Commission require PSE to consider all Respondents in this RFP with all Respondents in their All-Source RFP in order to optimize their portfolio and comply with WAC 480-109-100(1), encourage PSE to implement the recommendations from E3 regarding ELCC calculation methodology, and encourage PSE to reduce barriers to bidding.

The Commission should require PSE to consider all Respondents in this RFP with all respondents in their All-Source RFP

In the draft DER RFP, Puget Sound energy anticipates the evaluation process to include three phases. These phases ultimately lead to a short-list selection of DER Respondents, which will then be evaluated with the short list of Respondents from the All-Source RFP.¹ Public Counsel recommends the Commission encourage PSE to compare all Respondents of this targeted RFP with all Respondents of the All-Source RFP. By not doing so, PSE may exclude programs in either the targeted DER RFP or the All-Source RFP that, when compared to the total portfolio created by the two, would have been a better bid. This could also be contrary to WAC 480-109-100(1), which identifies the process for pursuing all cost-effective conservation, because creating short lists separately could exclude programs that may be considered cost-effective, reliable, and feasible in the larger portfolio selection. The results of the All-Source and DER RFPs should be coordinated and optimized.

The Commission should encourage PSE to implement the recommendations from E3 regarding ELCC calculation methodology

Public Counsel also recommends, as we did in the All-Source RFP, that the Commission encourage the implementation of recommendations from E3 in their October 8, 2021, report on PSE's ELCC methodology. In Order 01 in that docket, the Commission set out several conditions for additional review of PSE's ELCC estimates and methodology.² To comply with those conditions, PSE hosted a workshop in August to discuss the Company's ELCC assumptions and methodology. E3 presented at that workshop and later filed a report with their review and recommendations. E3's report concludes that PSE's approach to the ELCC is reasonable and makes six total recommendations to PSE. E3 recommends that prior to conducting their portfolio analysis, PSE should:

- 1) Conduct an additional GENESYS model run assuming regional capacity additions such that the region meets a 5% loss of load probability (LOLP) standard before recalculating ELCC;
- 2) Restate ELCC values for battery storage in a manner more aligned with industry standards, such that storage can discharge at maximum capacity for X hours if the storage is defined as having X hours of duration, and align the presentation of ELCC values with the characterization of minimum, maximum, and nameplate MW values in RFP documentation; and
- 3) Re-calculate battery storage ELCCs under the assumption that PSE's treatment of its own Contingency Reserves and the NWPP's Reserve Sharing Program is the same as in PSE's Base Case without battery storage, and investigate the significance of the revised results.³

¹ 2022 Distributed Energy Resources Request for Proposals at 42 (Nov. 15, 2021) [hereinafter "2022 Draft DER RFP"].

² See *In re: the Petition of Puget Sound Energy for an Order Approving Proposed Request for Proposals*, Docket UE-210220, Order 01 ¶ 33 (June 14, 2021).

³ Gregory Gangelhoff et al., *Review of Puget Sound Energy Effective Load Carrying Capability Methodology* at 3–4 (E3 2021), <https://www.pse.com/pages/energy-supply/acquiring-energy?srce=rfp> (posted Oct. 8, 2021) (link located under 2021 RFP Bidder's Conferences and Stakeholder Workshops, ELCC Workshop "E3 report").

Regarding future Integrated Resource Plan (IRP) cycles, E3 recommended that PSE should:

- 1) Utilize weather-matched load that is aligned with wind and solar data;
- 2) Reevaluate its current approach to considering temperatures in developing load shapes based on (1) the use of two different weather stations, and (2) the changing climate; and
- 3) Update modeling to incorporate hydro dispatch capabilities and hydro energy limitations.⁴

Public Counsel attended the ELCC workshop and reviewed E3's subsequent report. We appreciate the efforts of the Company to provide information and education about its methodology. We also value the opportunity to review the E3 report and their recommendations. As the report acknowledges, this is a complicated subject with no single national standard or method for determining resource adequacy. There are a number of important issues that are interacting in this case, including the role of the Mid-C market, the dependence of the Pacific Northwest on hydropower, and the changing climate. Public Counsel believes that the recommendations made by E3 with regard to the RFP and future IRP cycles are reasonable and address a number of concerns held by stakeholders. We believe the Commission should encourage the Company to implement these recommendations, which should provide additional confidence in PSE's methodology.

The Commission should encourage PSE to reduce barriers to bidding

It is understandable that PSE would like to implement specific requirements and evaluation criteria in soliciting and selecting respondents. However, certain criteria may discourage otherwise credible bidders that may not have the resources to meet all the requirements. The comments filed in this Docket by EnergyHub on December 27, 2021, pinpoint criteria listed by PSE in its requirements list⁵ that are especially prohibitive.

PSE states in the RFP that "[the Company] will pursue a resource procurement process that is accessible and fair for all Respondents ... [the Company] encourages all Respondents able to meet the requirements of this DER RFP to participate, including Respondents representing minority-, women-, disabled- and veteran-owned businesses." Public Counsel believes that some of the criteria listed as a requirement may be contrary to PSE's stated intent of an accessible procurement process. As mentioned by EnergyHub, many of these "requirements" could be stated instead as "preferences," and greatly increase the accessibility of the RFP process, and allow more credible Respondents to meaningfully participate.


⁴ *Id.* at 4.

⁵ 2022 Distributed Energy Resources RFP, Exh. K Requirements List (Nov. 15, 2021).

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We appreciate the opportunity to provide comments and look forward to reviewing other stakeholder comments and further discussion at the open meeting. If you have any questions about this filing, please contact Shay Bauman via email at Shay.Bauman@ATG.WA.GOV.

Sincerely,

/s/ 
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