

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PUGET SOUND ENERGY'S

Proposed Request for Proposals

DOCKET UE-160808

ORDER 01

ORDER APPROVING REQUEST
FOR PROPOSALS

BACKGROUND

- 1 On June 15, 2016, Puget Sound Energy (PSE or Company), filed with the Washington Utilities and Transportation Commission (Commission) a proposed Request for Proposals for Technology Implementation and Services in Support of PSE's Direct Load Control Program (RFP) for residential and small commercial customers, pursuant to WAC 480-107-015(3)(b). The RFP was posted on the Commission's website the same day. PSE filed a revised proposed RFP on September 6, 2016.
- 2 WAC 480-107-015(3)(b) provides that a utility must submit a proposed RFP and accompanying documentation describing its solicitation of bids for delivering electric capacity, energy, or electric capacity and energy, or conservation no later than 135 days after the utility's Integrated Resource Plan (IRP) is due to be filed with the Commission. PSE and was granted an exemption from a portion of the rules in Docket UE-160387.¹
- 3 Interested persons are then given an opportunity to provide comments on the proposed RFP. After the close of the comment period, the Commission has 30 days to determine whether to approve or suspend the RFP as filed.
- 4 The Commission issued a Notice of Opportunity to Comment to all interested persons on June 29, 2016. The comment period closed on August 15, 2016.² Two public interest groups – the Northwest Energy Coalition and the Coalition of Eastside Neighborhoods

¹ *In the Matter of Puget Sound Energy's Petition for Exemption from Filing Certain Request for Proposal Requirements under WAC 480-107-015(3)(b)*, Docket UE-160387, Order 01 (May 27, 2016).

² PSE broadly solicited comments on the proposed RFP as documented in its August 12, 2016, letter filed in this docket. PSE leveraged multiple industry websites and direct email lists to provide notices of the opportunity to comment on its proposed RFP.

for Sensible Energy (CENSE) – filed comments. Four potential vendors – EnerNOC Inc., UMC Energy & Environments and Enwave Seattle (joint comments), and Energy Hub– submitted comments. EQL, a consultant to vendors, also submitted comments. In general, the comments were positive. Each commenter made suggestions or inquiries about specific details of the proposed RFP. PSE addressed these concerns and questions in its memo filed on September 6, 2016, and concluded that the proposed RFP does not require any modifications.

- 5 Staff subsequently reviewed the current IRP and contents of the proposed RFP for compliance with WAC 480-107-015(3)(b). For residential and small commercial customers, the proposed RFP calls for proposals to address some or all of three specific types of end-use control demand response: electric furnaces for space heating, heat pumps for space heating, and electric water heaters. The proposed RFP allows vendors to propose innovative solutions, including demand response for other than the three end-use controls. The proposed RFP also contains clear provisions to assure vendor performance through establishment of customer baseline energy use calculation methods, as well as ongoing third-party measurement and verification.
- 6 The potential PSE customer base for demand response includes the existing 976,000 residential customers on Schedule 7, and over 87,000 small commercial customers on tariff Schedule 24. Some additional commercial customers on tariff Schedule 25, those with peak demand below 150 kW, would also be candidates for this demand response program offering.³
- 7 PSE’s proposed RFP allows for a very broad range of responses from potential vendors, including various resource sizes, the possibility of selecting multiple vendors, and allowing bids to include more or less than the total estimated need for demand response resources. The proposed RFP is also flexible in allowing proposals for year-round demand response, as well as winter-only demand response.

³ There were over 6,700 Schedule 25 customers in 2015, which have a range of peak demand greater than 50 kW but less than 350 kW. The commercial customers in other schedules at or above 350 kW demand would be included in the large commercial and industrial category of demand response, which is addressed in Docket UE-160809.

- 8 Staff finds that, overall, the proposed RFP clearly outlines in detail the responsibilities and expectations for both the vendor(s) and PSE going forward. PSE will remain the primary point of contact for its customers for existing services, as well as support, and will integrate additional outreach for demand response with the vendor(s). The selected vendor(s) will work with PSE to provide marketing materials, technical assistance, recruitment of demand response participants, management systems, and other related services to PSE to enable the realization of demand response resources. All new technology, equipment, software, and enabling resources will be provided by the vendor(s).
- 9 Staff finds that the proposed RFP satisfies the requirements of WAC 480-107, and recommends the Commission approve the RFP as filed. Staff reviewed the comments filed in this docket and agrees with the Company that the proposed RFP, as revised on September 6, 2016, does not require any changes.
- 10 PSE must solicit bids for technology and implementation services in support of its demand response program within 30 days of the effective date of this Order, per WAC 480-107-015(3)(c).

DISCUSSION

- 11 We agree with Staff's recommendation and find that the proposed RFP, as revised on September 6, 2016, meets the requirements of WAC 480-107-015(3)(b) as filed. The overall design of the proposed RFP facilitates the likelihood that vendors will submit a broad and competitive set of forward-looking proposals. Accordingly, we approve the proposed RFP as revised on September 6, 2016.

FINDINGS AND CONCLUSIONS

- 12 (1) The Commission is an agency of the state of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies.

- 13 (2) PSE is an electric company and a public service company subject to Commission jurisdiction.
- 14 (3) This matter came before the Commission at its regularly scheduled meeting on September 8, 2016.
- 15 (4) PSE has demonstrated that its proposed RFP meets the regulatory requirements for approval and is otherwise in the public interest.
- 16 (5) After reviewing PSE's revised proposed RFP filed on September 6, 2016, and giving due consideration to all relevant matters and for good cause shown, the Commission finds it is in the public interest to approve PSE's proposed RFP, as revised on September 6, 2016, as authorized by WAC 480-107.

ORDER

THE COMMISSION ORDERS:

- 17 (1) The Request for Proposals for Technology Implementation and Services in Support of Puget Sound Energy's Direct Load Control Program for residential and small commercial customers, which Puget Sound Energy filed on September 6, 2016, is approved pursuant to WAC 480-107-015(3)(b).
- 18 (2) Puget Sound Energy must issue a solicitation for bids for technology and implementation services in support of its residential and small commercial demand response program within 30 days of the date of this Order, pursuant to WAC 480-107-015(3)(c).
- 19 (3) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. Nor shall this Order be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 20 (4) The Commission retains jurisdiction over the subject matter and Puget Sound Energy to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective September 8, 2016.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

ANN E. RENDAHL, Commissioner