

**BEFORE THE WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

U-161024

In the Matter of)	
)	EQL ENERGY LLC COMMENTS REGARDING
Rulemaking for Integrated Resource)	PROPOSED REVISED RFP RULES
Planning, WAC 480-100-238, WAC 480-106-040)	
and WAC 480-107)	
_____)	

State Of WASH.
UTIL. AND TRANSP.
COMMISSION

01/31/19 15:34

Received
Records Management

I. INTRODUCTION

1. In accordance with the Washington Utilities and Transportation Commission’s (the “Commission” or “WUTC”), December 31, 2018 Notice in this docket, EQL Energy LLC (“EQL) submits these additional comments on the revised draft rule related to competitive procurement for electric utilities (WAC 480-107).
2. In these comments EQL provides limited comments on only the new sections in the latest informal draft request for proposal (“RFP”) rules. EQL has participated periodically in workshops, meetings and submitted comments on other portions of this proceeding.
3. EQL’s comments in this proceeding reflect our mission of obtaining all cost effective DER and include DER vendors and technology into the utility supply chain, resource and customer program development. and incentivize DER vendors to engage utility customers. These DER vendors have years of experience with the technology and services used by utility customers.

II. SUMMARY

4. **WAC-480-100-238(2)**. RFP Procurement Rule should add demand response, and energy storage into WAC-480-100-238(2) definition of conservation and efficiency measures, and should consider including distributed generation The proposed rule WAC 480-107-105 specifies that resources including demand response and energy storage should be procured through the RFP process. However, the rules do not

provide proper guidance on how they should be procured. DERs should be procured in a manner similar to conservation and energy efficiency measures. They have many of the same attributes, but have the added value of providing a higher capacity and time component value. The easiest way to provide the necessary guidance on procuring DERs is to add these resources into defined resources in WAC 480-100-238(2). Many DERs are cost effective only during a utility customer transaction, e.g., buying a water heater, installing a roof, or an EV Charger. Utilities have provided no explanation or reasons to exclude demand response, energy storage, and distributed generation from procurements similar to conservation and efficiency measures.

5. **WAC-480-107-015.** Utilities should continue to seek exemptions from the Commission for acquiring capacity resource needs under 80MW. Resource needs based on load growth, or renewable integration often change gradually over time and may not show up in a size greater than 80MW. Cost effective DERs will have the same impact as cost effective energy efficiency and conservation, and have the additional value of providing capacity, renewables integration, and ancillary services (e.g., non-spinning reserve, VAR support, etc.). System peak demands have been falling or flat for nearly a decade. Incremental distributed energy resources will be opportunistic resources. I.e., those resources that can be procured cost effectively only at the time of construction or remodel (e.g., EV charging, distributed solar, storage, and most other energy efficiency and DERs). These incremental resources are well suited to provide small incremental energy resources.
6. **WAC-480-107-015.** Utilities should not be exempt from procuring resources that could defer or avoid transmission and distribution investment. DERs are well suited for addressing load growth and other delivery and ancillary power services. Leaving them out at this time would prevent cost effective resources from lowering rates. States which mandate utilities hold an RFP or use an independent evaluator for “delivery service resources” include California, Arizona, New York, Hawaii, Vermont, Massachusetts, Connecticut, Minnesota, Maine, and Vermont.
7. **WAC 480-107-065** should read “Acquisition of Distributed Energy Resources” rather than Acquisition of conservation and efficiency measures. DERs should be procured in a similar fashion as conservation and efficiency measures. RCW 19.285.040 requires utilities to pursue all cost-effective conservation before acquiring supply-side resources, a utility shall pursue such resources pursuant to this section. DERs have same features as conservation of reducing need for supply-side resources that require extra cost in transmission and distribution to deliver to end-use customers.
8. **480-106-040 (3).** When calculating the avoided cost, specific delivery service costs should be included in the calculation. For example, if constructing new or larger substations or distribution

or transmission lines can be avoided by the installation of distributed renewable energy systems in a specific location or on a specific circuit, there could be substantial avoided costs.

III. DISCUSSION

RFP Exemption under 80MW disadvantages Distributed Energy Resources from contributing to resource mix.

9. It is problematic for ratepayers to exclude capacity resource needs under 80MW. System peak demands have been falling or flat for nearly a decade. If Utility capacity needs from load growth does begin to grow the increases will likely be in increments less than 80MW. Distributed Energy Resources are well suited for meeting capacity resource needs in smaller increments and specifically associated with load growth. Exempting utilities from RFPs when the need is less than 80MW will remove DER vendors and third parties from participating in Washington's IOU marketplace. Navigant expects the global market for DERs will reach nearly 530,000MW by 2026, 8 years.¹ Not only is this anticompetitive, and bad for ratepayers, it discourages new technology business investment and Cleantech jobs from locating in Washington.

"Delivery Service Resources" should use a competitive bidding process to allow fair consideration of alternatives and meet least cost planning objective in IRP law.

10. The rules have a conflict between WAC 480-107-015 The solicitation process, and WAC 480-107-025 Contents of the solicitation. In WAC 480-107-015 utilities are exempt from procurement when utility identifies a resource need is for delivery system resources. As we understand the issue, Delivery system resource are related to transmission and distribution needs which are often associated with specific time and locational resource needs, for example, when peak loads occur at certain times of day, or on certain parts of the network. In WAC 480-107-025 Contents of the solicitation, the rule requires the RFP to precisely define the resource need, including any specific attributes or characteristics the utility is soliciting, such as the amount and duration of power, any time and locational attributes, ... Asking

¹ <https://www.navigantresearch.com/news-and-views/global-capacity-of-distributed-energy-resources-is-expected-to-reach-nearly-530-gw-in-2026>

utilities to specify the time and locational value in a resource need will often be a delivery system resource need. We agree that utility should define need based on time and location attributes. However, delivery system resource needs often are based on time and location. Therefore, these resource needs should not be exempt from resource procurement rules.

Aggregated DERs can address system resource needs, but they work exceptionally well when specific locational and time resource needs.

Utilities have used distributed energy resources to avoid specific transmission projects since the early 1990s. Since 1995 the technology, programs, and resources to provide non-wire alternatives have grown exponentially. Over 1,000 MW of US transmission capacity has been avoided with Non-Wire Alternatives (NWA). According to a 2017 report for the Vermont Public Service Commission, in the last five years 1,900 MW of transmission and distribution capacity upgrades are being implemented or evaluated with NWA.² Most of these NWA investments are in Energy Conservation, Demand Response, and other Distributed Energy Resources. States which mandate utilities hold an RFP or use an independent evaluator for “delivery service resources” include California, Arizona, New York, Hawaii, Vermont, Massachusetts, Connecticut, Minnesota, Maine, and Vermont.

While a transmission line might offer expanded capacity, it would be prudent to determine if incremental and gradual investments in demand side resources and storage would offer less expensive solutions, and while providing additional reliability and environmental benefits.

Dated this 31st day of January 2019.

Respectfully submitted,



Ken Nichols, Principal
EQL Energy LLC
ken@eqlenergy.com
503 438 8223

² <https://www.vermontspc.com/library/document/download/5936/GTMR - Non-Wires Alternatives Projects.pdf>