

Third Comments of the NW Energy Coalition to the Washington Utilities and Transportation Commission on the Notice of Opportunity to File Written Comments in U-161024 related to Competitive resource Acquisition, dated December 31, 2018

January 31, 2019

The NW Energy Coalition appreciates the opportunity to provide further comments regarding rulemaking for competitive acquisition of resources through request for proposals (RFPs). Previously, the Coalition provided comments to the Utilities and Transportation Commission (UTC or Commission) in this docket on this topic (September 21, 2018), participated in a Commission workshop with other stakeholders on October 2, 2018, and provided reply comments to questions on October 26, 2018. We have also participated in workshops and commented on other topics discussed elsewhere in the integrated resource plan (IRP) rules and covered in this docket.

Washington needs fair and robust rules governing requests for proposals (RFPs) and procurement that provide the greatest benefits and security to ratepayers, and we support the Commission's efforts to amend the rules with these principles in mind. We also believe that conservation and efficiency resources should be the first-choice resource, and thus support efforts that ensure that our utilities are acquiring *all* cost-effective conservation.

We appreciate the Commission's and Commission Staff's work on drafting and revising the rules, and we look forward to future iterations and discussions. While we stand by many of our previous comments that have not been incorporated into the current draft, overall, we find the revised rules to have improved language that supports transparency and stakeholder engagement. Below are some brief comments on the revised rule for areas we think could be strengthened to support competitive acquisition and best value for ratepayers.

Threshold for RFP Exemption: The revised rules move the size exemption from the competitive acquisition rules from 50 MW to 80 MW. The Coalition again contends that this level is too high and would disadvantage more modular or distributed resources, including conservation and efficiency resources. We suggest that this threshold be at least moved back to 50 MW.

Definitions: We provide some comments on some of the terms defined or not defined in this revised rule.

“Delivery system resources” is referred to in these revised rules, but not defined, and should be for clarity. (WAC 480-107-015(4)(d))

“Demand response” is called out separately as a resource, but is not defined in this rule. It would benefit from a definition. (WAC 480-107-015(1))

“Resource need” was provided as a draft definition in the August 24, 2018 notice of workshop and comments, with some questions to stakeholders on what else should be

included in the definition. However, that definition has not been re-drafted and distributed and it is an essential piece of this rule.

Conservation and Efficiency Resource Procurement (WAC 480-107-065)

The Coalition supports all efforts to acquire more cost-effective conservation. The NW Power & Conservation Council's 7th Power Plan indicates that much of the region's expected future load can be met with efficiency, but the recently drafted Mid-Term Assessment points to warning signs that efficiency investments and acquisition are flattening or declining.¹ Thus, it is ever more important that regulators like the Commission provide rules and guidance that will encourage utilities to acquire all conservation savings.

As a member of the Conservation advisory groups for the utilities, the Coalition acknowledges that the utilities are often very open in discussions on implementation of programs and generally are receptive to feedback. However, there are likely sectors or program areas that are underserved and would benefit from external ideas, and we hope guidance around competitive procurement provides more innovation in the process.

Overall, the proposed rules seem workable within the current framework of the advisory groups. We would, however, suggest that the rules be revised to:

- Include guidance for how the results of the competitive procurement process are reviewed with the advisory group
- Highlight the need for a process for pilot proposals to be submitted periodically, likely through a request for information
- In (3)(c)(1), provide a minimum frequency for competitive bidding on these resources (we suggest at least every four years).

A few smaller technical edits are noted below:

1. (3) A utility must acquire conservation and efficiency resources through a competitive procurement process as described in **this rule** unless implementing a competitive procurement framework for conservation and efficiency resources as approved by the commission.

In the above section, it is not entirely clear what "this rule" is referring to, and thus would suggest including the administrative reference.

¹ NW Power & Conservation Council. Draft Mid-Term Assessment. October 12, 2018.
<https://www.nwcouncil.org/reports/draft-mid-term-assessment-seventh-power-plan>

2. (iii) Enhance or, at minimum, not interfere with the adaptive management of programs;

We are not entirely clear what this evaluation on the impact on adaptive management would mean in practice.

Thank you for the opportunity to again provide comments in this docket. The Coalition will continue to engage on this topic in any further workshops and comment periods.

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