PUGET SOUND ENERGY

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July 15, 2020

Filed Via Web Portal

Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission 621
Woodland Square Loop SE
Lacey, WA 98503

Re: **Dockets UE-200413 and UE-200414: Response of Puget Sound Energy to Comments On the Draft 2020 Demand Response Request for Proposals in Docket UE-200413 and the Draft 2020 All-Source Request for Proposals for Peak Capacity Resources in Docket UE-200413**

Dear Mr. Johnson:

Puget Sound Energy ("PSE") appreciates the opportunity to respond to questions posed in comments submitted to the Washington Utilities and Transportation Commission's ("Commission") by staff and other stakeholders on PSE's draft 2020 Demand Response Request for Proposals in Docket UE-200413 and the PSE's draft 2020 All-Source Request for Proposals for Peak Capacity Resources in Docket UE-200413. In this response, PSE addresses the five specific questions posed by Commission staff on pages 11-12 of their comments, and responds to both their comments and the comments of other stakeholders in the attached matrices.[1] PSE intends to file proposed revisions, as noted in the third column of the attached matrix, to the 2020 All-Source Request for Proposals for Peak Capacity Resources in Docket UE-200413 by July 22, 2020.

Responses to Commission Questions

1. **Colstrip sale and capacity deficit between 2021 and 2023 (less than 50 MW): Due to its pending status, the company has included the potential impact of the announced sale of PSE's interests in Colstrip Unit 4 prior to 2025. The sale is expected to result in a need for new capacity resources beginning in 2021. Due to the relatively small size of the deficit between 2021 and 2023 (less than 50 MW), PSE intends to issue a separate RFP for short-term resources to meet this need. *Why is PSE not considering demand response or other resources for this deficit?***

[1] Staff requested a response to the five questions posed on pages 11-12 of their comments by July 15, 2020.

PSE Response

PSE will be evaluating and updating its assumptions and resource needs based on the outcome and timing of the pending sales of PSE's interests in Colstrip Unit 4. If there is a resulting need, PSE will not exclude potential demand response solutions from consideration alongside other short-term resources options.

2. The Clean Energy Transformation Act (CETA) provision allowing utilities to earn a return on power purchase agreements (PPAs): PSE's evaluation of new long-term electric generation resources is based on an assessment of five primary criteria: compatibility with resource need, cost minimization, risk management, public benefits, and strategic and financial. Under Exhibit A, Part 2. Cost Minimization, PSE lists the resource cost criteria elements that impact PSE overall cost, such as capital cost, operation and maintenance, transmission costs, and others. Considering CETA's new provisions in RCW 80.28.410, PSE should account for a new, potential cost related to a return on PPAs. *How is PSE planning to account for the return on PPAs in its resource cost criteria element(s)?*

PSE Response

PSE plans to use the range of possible returns on a power purchase agreement authorized in the Washington Clean Energy Transformation Act (between the cost of debt and the authorized rate of return) as book ends for its quantitative analysis. More specifically, in Phase 1 evaluations, PSE proposes to apply an average of the authorized cost of debt and the authorized rate of return for its initial quantitative screening of all proposals based on portfolio cost. In the subsequent portfolio optimization in Phase 2 and resource flexibility analysis of the most favorable proposals to emerge from the initial screening, PSE proposes to conduct sensitivities using both the cost of debt (low case) and authorized rate of return (high case).

This approach allows for expediency in the cost screening of the larger number of proposals in the initial phase, in which outliers that would otherwise be unmoved by the choice of return on power purchase agreements are generally eliminated, while bringing the benefit of scenario analysis in the next phase to test the impact of the PPA return introduced by RCW 80.28.410.

3. Joint Demand Response and All-Source Assessments: In its draft All-Source RFP, PSE notes resources that are dispatchable, are shaped to meet winter peak needs, or with generation profiles that align well with PSE's load shape will perform best in PSE's analysis. While the amount of detail PSE has supplied within its Draft All-Source RFP is generally adequate, Staff notes this solicitation is not occurring alone. PSE cites concurrent benefits of issuing a DR RFP along with this All Source RFP. *How will the results or shortlists of both RFPs be jointly assessed?*

Staff encourages PSE to delineate the interactive effects between the Demand Response and All-Source RFPs and specifically detail how both candidate shortlists may compete within a subsequent combined assessment. This could help clarify the ultimate intended outcome of a two-pronged, concurrent acquisition process.

PSE Response

PSE will perform a comparative analysis of all proposals received in response to both the 2020 Demand Response Request for Proposals and the 2020 All-Source Request for Proposals for Peak Capacity Resources to meet a shared resource need. As in the 2018 All-Resources Request for Proposals, PSE's Demand Response RFP team will take the lead on evaluating the qualitative aspects of the demand response proposals consistent with the qualitative criteria described in the 2020 Demand Response Request for Proposals. Meanwhile, the All-Source RFP team will perform a quantitative analysis of all resource proposals. The process, models and metrics used to quantitatively evaluate and compare resources is the same for proposals submitted in response to the 2020 Demand Response Request for Proposals and the 2020 All-Source Request for Proposals for Peak Capacity Resources. PSE's All-Source RFP team will work in partnership with the Demand Response RFP team to interpret the results and determine which resources should be selected to meet a common goal—meeting the capacity resource need at the lowest reasonable cost.

4. Independent Evaluator: As PSE embarks on these multiple tracks of complex RFP evaluations of costs, risks, and benefits of various resource types, including demand response, Staff highlights that PSE's CETA-related acquisition processes could benefit from technical expertise offered by a third party, not affiliated with the utility—or an independent evaluator (IE). ***Is PSE considering an IE to assess or report on the solicitation process, including evaluating and scoring these two (2) RFPs? Why or why not?***

PSE Response

PSE is considering an independent evaluator for the 2020 All-Source Request for Proposals for Peak Capacity Resources but has not yet reached a final decision. PSE has expressed its views on the proposed introduction of an independent evaluator in the request for proposals solicitation and evaluation process in comments submitted in the draft Purchase of Electricity rulemaking (Docket UE-190837).[2] In written comments submitted on June 29, 2020, PSE shared its observations and recommendations as to the scope, selection, and purpose of an independent evaluator. PSE believes that an appropriate potential role for an independent evaluator would be as a facilitator to help conduct an efficient and effective request for proposals process, and, as an evaluator, to provide an assessment of the fairness and reasonableness of the request for proposals process and decisions.

PSE does not anticipate engaging an independent evaluator to perform a separate evaluation and ranking of proposals submitted in response to the 2020 All-Source Request for Proposals for Peak Capacity Resources. This is because both PSE and an independent evaluator could come to separate yet prudent resource selection decisions, making competing parallel processes not particularly useful in determining whether PSE has met its burdens of prudence, fairness, and equity. A parallel evaluation only demonstrates one way a resource need might be prudently met, not necessarily the only or even the best way, and certainly not whether PSE's way is or is not also reasonable and prudent.

As the draft rule currently stands, WAC 480-107-AAA(2) would require utilities to design a request for proposals process with an independent evaluator, consult with Commission staff, and subsequently seek approval for that independent evaluator by the Commission. Introducing a formal approval

[2] *See* PSE Comments in Relation to Purchase of Electricity Rulemaking submitted on June 29, 2020 (UE-10837).

process for an independent evaluator at this time increases additional time and complexity into an already compressed request for proposals process schedule. Thus, if PSE were to engage an independent evaluator for the 2020 All-Source Request for Proposals for Peak Capacity Resources, PSE would seek a flexible and expedited approach to the selection of the independent evaluator and the terms of engagement.

5. Public Benefits Outreach: ***As discussed above on Page 11 pertaining to Customer Benefits from Transition to Clean Energy, is PSE planning to conduct additional outreach regarding equitable impacts and the public benefits evaluation criteria?*** **Please indicate how PSE conducted or plans to conduct this outreach.**

PSE Response

PSE will explore opportunities to conduct additional outreach once the Commission has approved the 2020 All-Source Request for Proposals for Peak Capacity Resources. Upon such approval PSE will attempt to reach additional potential bidders, including nonprofits and under-represented bidders. Additionally, as noted in the attached comment matrices, PSE plans to revise the draft 2020 All-Source Request for Proposals for Peak Capacity Resources to incorporate the equity provisions from the Washington Clean Energy Transformation Act into the public benefits evaluation criteria.

PSE welcomes input from Commission staff or other parties at any time on how equitable impacts or the public benefit evaluation criteria should be considered and applied. PSE anticipates this will be an ongoing topic of discussion and further development in the rulemaking processes under the Washington Clean Energy Transformation Act, as well as the proposed equity advisory group processes that may follow.

PSE appreciates the opportunity to provide responses to the comments filed by staff and other stakeholders on the draft 2020 Demand Response Request for Proposals in Docket UE-200413 and the draft 2020 All-Source Request for Proposals for Peak Capacity Resources in Docket UE-200413. Please contact Nate Moore at 425-456-2622 or Kara Durbin at 425-456-2377 for additional information about these comments. If you have any other questions please contact me at (425) 456-2142.

Sincerely,

/s/ Jon Piliaris

Jon Piliaris
Director, Regulatory Affairs
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cc: Lisa Gafken, Public Counsel
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2020 All-Source RFP for Peak Capacity Resources: Summary of Public Comments

July 15, 2020

Docket UE-200414

#	Summary of Comment(s)	RFP Edit?	FAQ? [#]*	PSE Response
Washington Utilities and Transportation Commission (Staff Comments)				
1.1	2020 All-Source RFP Schedule Like the schedule set forth in the DR RFP, Staff takes this opportunity to highlight that the All-Source RFP's proposed timeline is also very compressed. Offers are due to PSE only three weeks after the utility anticipates issuing the final All-Source RFP, which makes timely communication critical. This tight timeline is suboptimal and may be unrealistic. A longer proposal preparation time will likely be beneficial in soliciting a larger number of complete and high-quality proposals, especially from storage bidders that may benefit from forthcoming locational data.	Yes		In developing the original timeline, Puget Sound Energy's intent was that the filing of the draft 2020 All-Source Request for Proposals for Peak Capacity Resources on May 4, 2020, would send a signal to the developer community to start preparing for proposals. Another consideration is the anticipation of a 2021 Request for Proposals for Renewable Resources subsequent to the 2021 Integrated Resource Plan filing. Puget Sound Energy outlined the schedule for this 2020 All-Source Request for Proposals for Peak Capacity Resources in an effort to minimize or avoid any potential overlap of the 2020 All-Source Request for Proposals for Peak Capacity Resources and the 2021 All-Source Request for Proposals for Renewable Resources. However, Puget Sound Energy acknowledges the concern of Commission Staff that the timeline established for the submission of offers following issuance of the final 2020 All-Source Request for Proposals for Peak Capacity Resources might be challenging, in particular for developers that would benefit from the forthcoming locational data relating to energy storage. Puget Sound Energy shares the

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				desire to solicit as many high-quality proposals as possible. To address this concern, Puget Sound Energy proposes that the deadline for submission of offers be moved from September 4, 2020, to October 5, 2020.
1.2	<u>Locational Value</u> Staff notes the lack of locational data provided by PSE may potentially limit the amount of storage PSE sources from this RFP. Staff highlights that geographic uncertainty may be problematic for storage bidders and encourages PSE to communicate locational study findings to prospective bidders as soon as possible on its website.	No		Puget Sound Energy has been working with a consultant to conduct quantitative and qualitative analyses for the siting of an energy storage system within its electrical transmission system. This work is nearing completion, and Puget Sound Energy intends to publish the findings on its website in conjunction with the final 2020 All-Source Request for Proposals for Peak Capacity Resources following Commission approval.
1.3	<u>Evaluation Criteria: Specific Priority and Weighting Factors</u> Staff notes that identifying priority and weighting factors is a common RFP evaluation technique and remain concerned that the evaluation criteria are not transparent to bidders. The inclusion of weighting factors is not a requirement of the Commission's current rule. It is one of the	Yes		Like Commission Staff, Puget Sound Energy aims for a transparent evaluation process that generates strong bidder response. Puget Sound Energy disagrees, however, that its evaluation process, which explains in significant detail the aspects of each criterion that would result in a proposal receiving higher priority (Exhibit A of the draft 2020 All-Source Request for Proposals for Peak Capacity Resources), does not

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	options allowed in the Commission's draft rule. However, after review, Staff believes it would significantly improve the RFP and enable better responses from bidders if PSE quantified the relative weighting criteria outlined in the bidder selection process and proposal evaluation criteria. Additional information regarding scoring would increase transparency of PSE's evaluation criteria for the RFP and potentially avoid challenges from proposals not accepted.			achieve this. Furthermore, Section 4 of the draft 2020 All-Source Request for Proposals for Peak Capacity Resources provides additional guidance with regard to minimum qualifying criteria and strong preferences related to certain criteria. Puget Sound Energy generally opposes uniform or rigid scoring criteria because they do not take complexity into account when evaluating proposals, nor allow for incorporating new learnings during the evaluation process that should be judged during the prudence process on their reasoning and rationale. Puget Sound Energy's approach provides flexibility to take into account aspects or characteristics that may satisfy a rigid metric but are not the right choice for customers or the utility for qualitative or other reasons. Puget Sound Energy is of the view that a system of weighting factors or other similar formulaic approach can obstruct the elements of nuance and judgement that are necessary for a robust, thorough and fair evaluation process, while eroding the flexibility to make reasoned decisions and increasing the potential for unintended consequences in the 2020 All-Source Request for Proposals for Peak Capacity Resources process.

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				Puget Sound Energy will add more details in the explanation of its evaluation process in the final draft 2020 All-Source Request for Proposals for Peak Capacity Resources document to ensure that bidders fully understand the approach that Puget Sound Energy takes on the quantitative and qualitative screening and review processes. Generally, Puget Sound Energy first considers the economics of a proposal and whether the project has any serious fatal flaws (e.g., an inability to deliver to Puget Sound Energy's system or obtain necessary permitting to complete the project). Once a proposal is determined to be competitive on a cost basis and viable to meet customer needs, Puget Sound Energy pursues a more granular level of qualitative analysis based on the evaluation criteria described in Exhibit A to and Section 4 of the draft 2020 All-Source Request for Proposals for Peak Capacity Resources. Puget Sound Energy does not apply a quantitative score to each qualitative criteria but allows the evaluation team to apply its expertise in assessing the particular risks and merits of each proposal's unique characteristics and qualities. For a more detailed discussion of draft 2020 All-Source Request for

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Washington Utilities and Transportation Commission (Staff Comments)				
				Proposals for Peak Capacity Resources evaluation and decision making process, see the Letter, dated June 15, 2018, regarding the 2018 All Resources Request for Proposals in Docket UE-180271. The letter describes Puget Sound Energy's evaluation process and includes, as Attachment A to the letter, sample prudence documentation. Puget Sound Energy has successfully used its evaluation criteria and approach through at least five request for proposals cycles. In its most recent request for proposals process, Puget Sound Energy received a record 97 proposals and has seen no evidence that bidders have been unable to prepare attractive proposals in response to its existing evaluation criteria.
1.4	<u>Customer Benefits from Transition to Clean Energy</u> CETA requires that an electric utility must, consistent with the requirements of RCW 19.280.030 and 19.405.040, ensure that all customers are benefiting from the transition to clean energy. Staff notes that in the public benefits evaluation criteria section, PSE emphasizes CETA-related environmental	Yes		Puget Sound Energy will explore opportunities to conduct additional outreach upon approval of the 2020 All-Source Request for Proposals for Peak Capacity Resources to reach additional potential bidders, including nonprofits and under-represented bidders. Additionally, Puget Sound Energy plans to revise the draft 2020 All-Source Request for Proposals for Peak Capacity Resources to incorporate the equity provisions from the Washington Clean Energy Transformation Act. Puget Sound Energy notes,

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	impacts. While we agree environmental stewardship strengthens the RFP scoring matrix, there is little mention of the requirements to ensure that all customers are benefiting from the transition to clean energy. A logical area where PSE could consider equitable impacts is within the community impacts sub-element of the public benefits evaluation criteria. Specifically, additional information reflecting CETA directives related to public benefits would be helpful, including: - Equitable distribution of energy and non-energy benefits; - Reduction of energy burdens to vulnerable populations and highly impacted communities; - Tracking changes to long-term and short-term public health and environmental benefits; and - Maintaining energy security and resiliency. In early June 2020, Staff met with company representatives to encourage PSE to reach out to			however, that the current lack of clarity around how the equity provisions of the Washington Clean Energy Transformation Act will be implemented makes it difficult to determine how to assess this information. For example, "maintaining energy security and resiliency" is a goal that Puget Sound Energy already strives for. It is unclear what the result will be when the Washington Clean Energy Transformation Act's equity provision related to energy security and resiliency is overlaid on this goal. Moreover, the current lack of definitional clarity in terms such as "equitable distribution of energy and non-energy benefits" and "vulnerable populations and highly impacted communities" puts Puget Sound Energy in the untenable position of approximating a definition for these terms, only to have stakeholders disagree with that definition. This could be an appropriate discussion topic for the equity advisory group, which could give more thought to how the Washington Clean Energy Transformation Act's equity provisions should be considered in a request for proposals process. Puget Sound Energy is committed to continuing its active participation in the discussion of this important topic.

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Washington Utilities and Transportation Commission (Staff Comments)				
	stakeholders and broaden awareness of its draft 2020 RFPs among persons or parties who may be interested. PSE stated in its cover letter that it has provided notice of its filing to power marketing companies, utilities, energy efficiency companies and others, including representatives of stakeholders who participated in PSE's 2017 IRP process, as well as providing notice of the filing to a variety of trade publications. It is not clear if PSE conducted additional outreach beyond the initial outreach to include additional persons or parties.			
1.5	Washington Offshore Wind Staff asserts that PSE should consider all possibilities, including potential renewable and non-emitting resource types, and include offshore wind developers in their outreach efforts to potential bidders. Developers such as Orsted, Avangrid, Equinor, and Trident Winds could be among potential bidders solicited for proposals from the beginning of the RFP process. Staff suggests PSE continue to expand its outreach efforts to renewable energy potential bidders.	No		Puget Sound Energy encourages developers to submit bids for any viable, commercially available resources that can meet resource needs. Puget Sound Energy has made reasonable efforts to ensure as wide a participation as possible in this 2020 All-Source Request for Proposals for Peak Capacity Resources process, conducting outreach and sending notifications to more than 600 interested parties including the offshore wind developers mentioned. Interested parties are encouraged to visit Puget Sound Energy's web site (www.pse.com/rfp), which includes the information provided in email updates and

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Washington Utilities and Transportation Commission (Staff Comments)				
				instructions to email the AllSourceRFPmailbox@pse.com to join the mailing list.

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Washington State Attorney General's Office, Public Counsel Unit (Lisa W. Gafken, Public Counsel Unit Chief)				
2.1	PSE notes that the sale of Colstrip Unit 4 is expected to result in a new need for capacity resources beginning in 2021, but due to the small size of the deficit between 2021 and 2023, PSE will issue a separate RFP for short-term resources to meet that need. Public Counsel understands that due to timing issues, an RFP may need to go out before a decision is issued in the case, but we want to ensure that PSE does not enter into a contract to fill this deficiency before a final decision is issued by the Commission in docket UE-200115, in the event that the sale is not approved.	No		This is correct. Puget Sound Energy will be evaluating and updating its assumptions and resource needs based on the outcome and timing of the pending transaction for the sale of Puget Sound Energy's interests in Colstrip Unit 3. Please also see the response to Comment 1.1.
2.2	How PSE ranks and values its evaluation criteria is unclear to Public Counsel. PSE provides a list of five primary criteria, and further delineates each criterion into more detailed criteria elements. While this information is extremely helpful in further understanding the criteria used to select a proposal, Public Counsel feels that more information about how these categories are ranked and how each category is assessed against each other would be useful. We believe doing this will provide more transparency and better enable	No		Please see the response to Comment 1.3 regarding scoring criteria. Furthermore, after the project proposals have been opened for ranking, Puget Sound Energy will make available for public inspection a summary of each project proposal and a final ranking of all proposed projects (consistent with WAC 480-107-035).

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Washington State Attorney General's Office, Public Counsel Unit (Lisa W. Gafken, Public Counsel Unit Chief)				
	parties to understand the basis for the utility's particular choice when reviewing the prudency of a utility's procurement decision in a rate case or cost recovery proceeding.			
2.3	Public Counsel also believes that the Company could consider a separate evaluation criteria element, possibly under the criteria of Public Benefit, to specifically address equitable distribution of energy and non-energy benefits and burdens, as required by the Clean Energy Transformation Act (CETA). The Company mentions that it will evaluate bidders based on their compliance with CETA under the criteria of Risk Management, but given the importance of equity considerations in CETA, we believe more specific evaluation is appropriate.	No		Please see the response to Comment 1.4.
2.4	Finally, in PSE's prior All Resource RFP, we recommended that the Company consider including a stakeholder review process for RFPs in future years. A stakeholder review group could provide parties an opportunity to view and discuss ranking of the proposals with the utilities, while maintaining strict confidentiality due to the	No		Puget Sound Energy addressed this recommendation in the 2018 All Resources Request for Proposals filed in Docket UE-180271. WAC 480-107-075, states as follows: Unless otherwise prohibited by law, a utility has discretion to decide whether to enter into

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Washington State Attorney General's Office, Public Counsel Unit (Lisa W. Gafken, Public Counsel Unit Chief)				
	sensitive nature of a competitive solicitation. We suggested that the group be limited to parties that routinely participate in cost recovery proceedings and sign confidentially agreements, such as the Company, Commission Staff, and Public Counsel. Though it appears that this recommendation was not addressed in the prior IRP rulemaking, Docket U-161024, we will echo this recommendation in the current rulemaking process for RFPs, Docket UE-190837.			a final contract with any project bidder that meets the selection criteria of the RFP." Washington state does not have a preapproval process for electric resource acquisitions. Under the existing regulatory framework, Puget Sound Energy bears the risks associated with acquiring a resource first and later demonstrates the prudence of that acquisition decision in a general rate case. Therefore, Puget Sound Energy must be allowed to apply its managerial discretion to its resource evaluation and acquisition decisions.

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Swan Lake North Hydro (Swan Lake) and FFP Project 101 (Goldendale), (Sidney Villanueva)				
3.1	Swan Lake and Goldendale request that the Commission require PSE to include a specific form tolling agreement or term sheet for long-duration storage to enable bidders of such resources to more efficiently shape offers within the context of a set of proposed non-price terms and conditions in the same way bidders of other resource classes are able. This would allow PSE to better evaluate the economic and commercial merits of pumped storage proposals against other resource classes to the benefit of customers.	No		Puget Sound Energy invites bidders to submit a mark-up of one of the prototype term sheets included in the 2020 All-Source Request for Proposals for Peak Capacity Resources to fit their specific circumstances.
3.2	The Draft RFP does not appear to establish a maximum number of years for a contract term, although the Clean Energy PPA term sheet provides options to select 10/12/15/20 years. Because battery projects have a useful life of less than 25 years, a shorter overall contract term would disadvantage pumped storage projects that have relatively higher initial capital costs with much longer useful lives. Allowing bidders to propose contract lengths of up to 50 or 60 years, the minimum useful life for pumped storage, would allow PSE to more accurately compare costs and benefits of pumped storage relative to	Yes		Puget Sound Energy appreciates the commenter's point on the differences between pumped storage and other types of battery storage with respect to useful life. The draft 2020 All-Source Request for Proposals for Peak Capacity Resources states that, for Power Purchase Agreement proposals, Puget Sound Energy will consider contracts with terms greater than four (4) years for power from a specific generation facility. The bracketed terms "[10/12/15/20] years" in the Prototype Term Sheet attached as Exhibit B to the draft 2020 All-Source Request for Proposals for Peak

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	battery storage. As written, the Draft RFP appears to contemplate longer-term bids, but does not clarify whether any such bids would be screened out by either the Evaluation Criteria or Proposal Requirements. Limiting bids based on contract term length effectively precludes or puts at a disadvantage some types of storage resources by not allowing contracts with terms of up to the life of the project or build transfer agreements. The Commission should ensure PSE is willing to consider more flexible contract length options.			Capacity Resources are meant to be indicative and not necessarily prescriptive. Puget Sound Energy intends to modify the 2020 All-Source Request for Proposals for Peak Capacity Resources to allow proposals for resources with useful lives longer than twenty (20) years, such as pumped hydro storage.
3.3	The Draft RFP requires energy storage bids be no larger than 100 MW, but does not clarify whether that cap would be applicable to pumped hydro. The Commission should direct PSE to clarify and/or reconsider the 100 MW limit for pumped hydro projects.	Yes		Puget Sound Energy agrees. It is not the intention of Puget Sound Energy to disqualify pumped hydro storage projects larger than 100 MW from participating in 2020 All-Source Request for Proposals for Peak Capacity Resources. PSE will modify the language of the final 2020 All-Source Request for Proposals for Peak Capacity Resources to clarify this point. Puget Sound Energy looks forward to receiving proposals for pumped hydro storage and any other resources that could help meet the 3growing need for additional capacity.

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3.4	PSE states that its capacity need forecast accounts for all of PSE's available transmission rights as existing capacity paired with either a specific generation resource or market purchases. According to PSE, there are no other available transmission rights to pair with the proposed resources. Swan Lake and Goldendale are not convinced that is correct. PSE should work with bidders to reconsider how its existing transmission portfolio might better be utilized. For example, repurposing expensive firm transmission rights that are currently being used for wind and solar projects could unlock significant additional value with a pumped storage project. PSE also has transmission for a 300 MW exchange agreement with Pacific Gas & Electric ("PG&E") that could be put to better use with options which may provide increased economic value. Requiring projects to procure transmission solutions to effectively participate in the Draft RFP could "screen out" projects, like pumped storage, that are able to provide other highly desirable benefits to PSE customers and arguably unnecessarily increases the cost of all options available to PSE customers. To fully	No		The draft 2020 All-Source Request for Proposals for Peak Capacity Resources reflects the best available information about transmission at this time. Currently, Puget Sound Energy does not have any excess transmission to assign to any proposal to the 2020 All-Source Request for Proposals for Peak Capacity Resources, which is being issued to acquire additional capacity resources. Puget Sound Energy has already accounted for its known existing transmission (paired with either a specific resource or market purchases) as existing capacity in its resource need assessment. As such, reallocating transmission that has already been counted as existing capacity (or that cannot at this time be confirmed will be available in future) to proposals to the 2020 All-Source Request for Proposals for Peak Capacity Resources does not provide the incremental capacity sought by PSE in this process, thus the need for bidders to include a plan for firm transmission. If new information becomes publicly available during the proposal preparation period or during the evaluation processes for this 2020 All-Source Request for Proposals for Peak Capacity Resources, Puget Sound Energy will share it with bidders and consider it in the evaluation of resources.

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Swan Lake North Hydro (Swan Lake) and FFP Project 101 (Goldendale), (Sidney Villanueva)				
	consider the unique benefits pumped hydro has to offer, the Commission should ensure PSE is considering all available transmission options, including potentially better utilizing its existing transmission system. PSE can evaluate the opportunity cost of transmission in its project selection without requiring bidders to incur potentially unnecessary costs by requiring only those projects selected to the short list to secure transmission to PSE's system.			Future request for proposals may have other requirements. Regarding the potential for the dual-purposing of existing transmission to optimize renewable energy flow toward Washington Clean Energy Transformation Act, Puget Sound Energy draws the commenter's attention to the transmission constraints presentation that Puget Sound Energy delivered on June 30, 2020, as part of the ongoing 2021 Integrated Resource Plan process (available at: https://pse-irp.participate.online/get-involved/planning-assumptions-resource-alternatives). The presentation outlines resource group regions where potential transmission repurposing and dual-purposing could be considered. This is a topic that Puget Sound Energy continues to study as part of its longer-term planning and strategy to meet the requirements of the Washington Clean Energy Transformation Act. Since all proposals are evaluated on the basis of their delivered cost to the Puget Sound Energy system, if a proposal does not include a transmission solution, Puget Sound Energy will apply the cost of transmission to the proposal in its quantitative analysis and evaluate the risks associated with the availability

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Swan Lake North Hydro (Swan Lake) and FFP Project 101 (Goldendale), (Sidney Villanueva)				
				of transmission in the qualitative analysis. Puget Sound Energy's portfolio analysis will evaluate for each proposed resource the total cost of energy delivered to the Puget Sound Energy system, including any assumed use of such transmission. Puget Sound Energy compare these costs to other alternatives, such as redirected transmission paired with market resources or other resource options, to identify the lowest reasonable cost option that meets customer needs.

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James Adcock, Electrical Engineer				
4.1	I believe in this 2020 RFP PSE is attempting to ignore CETA -- even though as of May 7 2019 CETA already had binding effect. I suggest that the Legislature, in enacting this Sec. 14 (3)(a) rule quoted above, is stating that they *do* expect SCGHG to be included in modeling dispatch of potential resources being evaluated for selection "intermediate and long-term." Effectively I believe this should be considered a "heads up" coming from the Legislature, stating: "Hey, we think that you *will* be subject to a real carbon tax, or its operational equivalent, in the near future, which will limit your actual real dispatch options, and so you are required effective now to include that assumption in your modeling of dispatch, lest you acquire 'stranded resources' that in practice you will not be able to afford to dispatch." To give this issue a label call it the requirement to include "SCGHG in modeled dispatch." Effectively the Legislature is defining utility "prudency" as "must assume SCGHG as a cost in future dispatch" -- to avoid stranded resources.	No		As the commenter points out, RCW 19.280.030 requires electric utilities to incorporate the social cost of greenhouse gases *as a cost adder when evaluating and selecting intermediate term and long-term resource options*. Puget Sound Energy will incorporate such a cost adder in the evaluation and selection process of this 2020 All-Source Request for Proposals for Peak Capacity Resources evaluation, as required by the Washington Clean Energy Transformation Act, as Puget Sound Energy did in the 2018 All Resources Request for Proposals in Docket UE-180271. Puget Sound Energy encourages the commenter to attend the webinar scheduled for July 21, 2020, hosted by Puget Sound Energy's Integrated Resource Plan team through its public participation process, which will addresses the social cost of greenhouse gases. That might be an appropriate forum for inquiry and discussion on the fundamental difference between a cost adder for evaluation and selection and including the social cost of greenhouse gases in the dispatch of modeled resources.

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James Adcock, Electrical Engineer				
	My understanding -- although it is extremely difficult [if not impossible] to get PSE to respond openly and honestly to IRP participant's questions -- is that PSE's 2017 and 2019 IRP *do not* include SCGHG when modeling actual dispatch of modeled resource that PSE is "evaluating" in pursuit of the actual selecting of "electing intermediate term and long-term resource options" herein the PSE 2020 RFP. If on the contrary PSE does claim that they do include SCGHG in all such modeled dispatch, and all other aspects of the 2017 and 2019 IRP efforts, then I ask that UTC require PSE to give sworn testimony from a manager in the IRP group to that effect. If PSE doesn't want to give such sworn testimony, then I ask that UTC require PSE to remove the 2017 IRP, 2019 Draft IRP and 2019 IRP Progress report as evidence in support of their 2020 RFP process. Further, I suggest that the 2017 IRP cannot be used to support the 2020 RFP for the same reason -- namely it is inconsistent with Sec. 14. (3)(a)(iii) -- the 2017 IRP lacks the required "SCGHG in modeled dispatch."			

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James Adcock, Electrical Engineer				
	I ask that UTC require PSE to rerun any and all modeling analysis that PSE has run for the purposes of evaluating "intermediate term and long-term resource options" -- whether those modeling analysis were only for internal use or also published externally -- in order to effect "must include" SCGHG in modeling dispatch of resources -- at least in Washington State -- in order to properly account for the requirements of Sec. 14. (3)(a)(iii) quoted above.			
4.2	Also on page 2 of PSE's Cover Letter claim is made that notice of PSE's 2020 RFP and invitation to comment has been sent to all 2017 IRP "stakeholders". I'm not sure this is a true claim. I was a "stakeholder" in the 2017 IRP, but I don't believe I was sent any such an "invitation to comment" -- I can find no such "invitation" in my records, which I think I would have been interested to keep. On the contrary, I believe what PSE might have done was to selectively send such "invitations" to only such 2017 and 2019 IRP participants that PSE wanted 2020 RFP comments from.	No		Puget Sound Energy encourages the commenter to inquire directly to AllSourceRFPmailbox@pse.com to ensure inclusion on notification lists.

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James Adcock, Electrical Engineer				
4.3	PSE's "Preferred glide path" suggests 200 MW Peak Capacity additions by 12/2023 -- much larger than the 84 MW called for in PSE's RFP 2020 Cover Letter. I am concerned that PSE is planning on acquiring much more resources in this time period than the 84 MW called for in their 2020 RFP cover letter. I suggest that PSE needs to inform above "IRP stakeholders" of this fact. For example IRP stakeholders might "shrug their shoulders" failing to respond to this docket thinking [say] "I guess I can live with 84 MW of new Peakers" -- but instead might object if they had been fairly and fully informed that PSE is intending to acquire 200 MW.	No		Puget Sound Energy has established a preferred glide path to help ensure that it fulfills its reliability obligations to meet customer demand and to replace resources expiring or retiring from its portfolio in a smooth manner. Puget Sound Energy developed the preferred glide path with the aim of mitigating large rate increases (i.e., "rate-shock") to customers. Although this glide path demonstrates one way in which Puget Sound Energy could successfully meet its capacity needs, Puget Sound Energy will consider any proposal consistent with the requirements described in this 2020 All-Source Request for Proposals for Peak Capacity Resources for a resource or combination of resources that help meet all or part of the identified resource needs.
4.4	Page 2 of PSE's Cover Letter to their 2020 RFP refers to the traditional "lowest reasonable cost to customers." I suggest this must be modified -- in that CETA is already in effect -- to state instead "the lowest reasonable cost to customers including the SCGHG in modeling and evaluating dispatch of any potentially acquired resources." [Sec. 14. (3)(a)(iii)] With	No		Please see the response to comment 4.1.

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James Adcock, Electrical Engineer				
	the historical use of the now-outdated-by-CETA phrase "lowest reasonable cost to customers" I am concerned that the cover letter demonstrates that PSE is indeed trying to "Sneak this one by" -- IE trying to pretend that the 2020 RFP is not already subject to CETA requirements including "SCGHG in modeled dispatch."			
4.5	Agree with Swan Lake that PSE's stated requirements that project proposals include their own transmission rights seems to be an unfair needlessly excessive constraint. As one hypothetical example a project proposal could be for a battery storage unit near an existing PSE wind farm, such that when the wind farm fails to generate at capacity [a very frequent occurrence -- wind farms average about 30% capacity] the associated transmission capacity could instead be utilized by the battery storage unit. And/or the battery can charge ["negative generation"] while the wind farm generates ["positive generation"] resulting in net no load, or reduced load, on the transmission lines. Thus suggest instead that PSE needs to work	No		Please see the response to comment 3.3. Puget Sound Energy notes that this 2020 All-Source Request for Proposals for Peak Capacity Resources is for *peak capacity resources*, and that co-located wind and battery projects (closed system) tend to have a lower capacity benefit than standalone (open system) battery projects.

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James Adcock, Electrical Engineer				
	fairly with project proposers to figure out how PSE existing transmission rights might, or might not, "work" with that project proposal, prior to having to develop a full formal project proposal submission. There are many attractive development areas within Washington State, and concern that PSE may "chase away" projects by placing these needless and excessive transmission constraints on project proposers.			
4.6	PSE "All Source RFP" 200414-PSE-All-Source-Draft-RFP-2020-05-04.pdf page 7 makes it clear that -- rather than truly being an "All Source" cattle call -- actually PSE is actively discouraging "Summer generating resources" -- meaning in practice Solar generation. I think it is a mistake for PSE to be discouraging the submission of solar projects, in that Washington State (according to EIA) has its largest use of NG generation during the late summer -- not in the middle of winter. Solar projects have the practical effect of reducing these late summer NG SCGHG emissions, and conserving and extending hydro	No		Puget Sound Energy agrees that solar projects represent a valuable contribution to meet the requirements of the Washington Clean Energy Transformation Act. The referenced language in the 2020 All-Source Request for Proposals for Peak Capacity Resources is included to help bidders craft their most competitive proposals. Although it is true that resources with the ability to meet winter peaks and minimize summer surpluses may perform better in Puget Sound Energy's portfolio analysis, the 2020 All-Source Request for Proposals for Peak Capacity Resources does not preclude any particular resource type or characteristic. Puget Sound Energy welcomes any innovative solution

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James Adcock, Electrical Engineer				
	resources to the late summer. Therefor I believe Solar projects represent a valuable contribution to CETA-era modern Washington State utility portfolios. I would ask that PSE be required to modify the "cattle call" to include Summer solar in order to effectively reduce NG SCGHG emissions.			that can help meet the stated capacity need at the lowest reasonable cost.

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Northwest Energy Coalition (Fred Heutte and Joni Bosh, Senior Policy Associates)				
5.1	Table 1 in the draft RFP summarizes cumulative capacity need by year, and Table 2 indicates PSE's preferred glide path for resource additions. The preferred glide path would acquire capacity resources considerably in excess of need for 2024 and 2025, even if the proposed sale of Colstrip 4 is approved. We request that PSE explain the reasoning behind the selection of the preferred glide path values.	No		Please see the responses to comment 4.3.
5.2	The draft RFP (p. 6) discusses the estimation of generic ELCC values by resource type and location. How will PSE evaluate wind+battery, solar+battery or other hybrid resources?	No		Effective load carrying capacity may be calculated using either loss of load probability or expected unserved energy as the reliability metric. During the 2019 Integrated Resource Plan process, PSE evaluated the effective load carrying capacity of solar + battery using expected unserved energy as the primary metric because the expected unserved energy incorporates the duration of magnitude of deficit events while loss of load probability does not. Puget Sound Energy will employ a similar methodology for all hybrid resources (e.g. wind + battery). Please see the responses to comments 6.1 – 6.6 for further detail.

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Northwest Energy Coalition (Fred Heutte and Joni Bosh, Senior Policy Associates)				
5.3	Will PSE evaluate the ELCC value of resources only in terms of individual bids submitted, or will there also be an evaluation of the contribution of various potential combinations or portfolios of bids to meet the glide path requirements?	No		Puget Sound Energy evaluates the effective load carrying capacity value of resources in all phases of its evaluation process, beginning with the initial individual proposal analysis, followed by the portfolio optimization analysis of various proposal combinations. Initially, Puget Sound Energy screens proposals based on the proposal's portfolio cost (a portfolio evaluation designed to assess the interaction of the resource within Puget Sound Energy's power portfolio) and the qualitative criteria described in Exhibit A to the draft 2020 All-Source Request for Proposals for Peak Capacity Resources. Upon completing the initial screening, Puget Sound Energy selects the most favorable proposals for a more thorough due diligence evaluation. The due diligence process includes more in-depth review based on the same five primary criteria, individual and portfolio risk analysis, and resource flexibility analysis. The portfolio risk analysis evaluates the interaction and risk levels of the most favorable resources and combinations of resources within Puget Sound Energy's power portfolio.

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Northwest Energy Coalition (Fred Heutte and Joni Bosh, Senior Policy Associates)				
5.4	The draft RFP states (p. 8), "With the possible exception of any potentially available Colstrip transmission, PSE currently has no other available transmission rights (i.e., from any point east of the Cascades or elsewhere) to pair with proposed resources." Can bidders propose to use PSE's transmission rights from Colstrip if the Colstrip 4 sale is approved?	No		The 2020 All-Source Request for Proposals for Peak Capacity Resources is seeking incremental capacity to meet load. This 2020 All-Source Request for Proposals for Peak Capacity Resources assumes existing transmission is either tied to an existing resource or for market purchases. See response to comment 3.4 for more information Puget Sound Energy has not determined the future use of existing transmission that is currently tied to resources that will/may retire. At this moment, Puget Sound Energy encourages bidders to use the information publicly available to determine the best possible transmission solution for incremental capacity. When evaluating each proposal, Puget Sound Energy will consider any new information as it becomes publicly available. Furthermore, because of the pending transaction regarding the sale of its interests in Colstrip Unit 4, Puget Sound Energy has not determined the future use of the transmission related to that unit.

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Northwest Energy Coalition (Fred Heutte and Joni Bosh, Senior Policy Associates)				
5.5	The PSE presentation for 2021 IRP Webinar #3: Transmission Constraints on June 30, 2020, indicated that other additional transmission may become available in the next several years. For example, 100 MW of BPA transmission rights for PSE's TransAlta PPA would be available after 2025. Would any such additional transmission rights there or elsewhere be available for bidders in this RFP?	No		The 2020 All-Source Request for Proposals for Peak Capacity Resources is seeking incremental capacity to meet load. This 2020 All-Source Request for Proposals for Peak Capacity Resources assumes existing transmission is either tied to an existing resource or for market purchases. See response to comment 3.4 for more information about this topic. Puget Sound Energy has not determined the future use of existing transmission that is currently tied to resources that will/may retire. At this moment, Puget Sound Energy encourages bidders to use the information publicly available to determine the best possible transmission solution for incremental capacity. When evaluating each proposal, Puget Sound Energy will consider any new information as it becomes publicly available. Puget Sound Energy has not determined the future use of the 100 MW of transmission related to the TransAlta Power Purchase Agreement.

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Northwest Energy Coalition (Fred Heutte and Joni Bosh, Senior Policy Associates)				
5.6	The draft RFP states that projects outside PSE's load center must demonstrate that the project has secure long-term firm delivery to PSE's system at BPAT.PSEI. Could PSE provide flexibility for a project currently being considered in the BPA 2021 Cluster Study as part of its TSR Study and Expansion Process (TSEP)?	No		Puget Sound Energy will evaluate each project and transmission solution provided by the bidders and consider all details related to the transmission solution. This evaluation includes the status of any existing transmission requests and/or studies attributed to the transmission solutions provided by each bidder. Puget Sound Energy encourages developers to submit as much detail as available regarding their transmission solutions. Delivery risk, required studies, and any required upgrade costs will be the responsibility of the bidder.
5.7	Will bidders be able to propose projects that aggregate demand response from electric water heaters, including those mandated to have CTA-2045 interface availability as of January 1, 2022?	No		Puget Sound Energy has filed a separate Demand Response Request for Proposals in Docket UE-200413. Please see the response to this comment in the comment log filed by PSE associated with that filing.

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Northwest Energy Coalition (Fred Heutte and Joni Bosh, Senior Policy Associates)				
5.8	While the RFP details the criteria to be used for bid evaluation, it is important to specify how the criteria will be weighted qualitatively and quantitatively.	No		Please see the response to comment 1.3.
5.9	While we recognize that RFP guidance from the UTC is currently under review, the RFP should at least prospectively state an approximate date for contract execution.	No		Puget Sound Energy appreciates the desire of bidders to have as much visibility as possible on an expected date for potential contract execution. However, Puget Sound Energy is not able to provide such a date for several reasons explained below: 1. Contract execution timing can vary greatly depending upon such factors as contract size, type, degree of complexity, overall number, and counterparty. 2. Material changes that arise during the process may trigger required re-evaluation, as well as exogenous circumstances can affect timelines. 3. Setting arbitrary completion dates for contract execution could unfairly disadvantage Puget Sound Energy (and

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Northwest Energy Coalition (Fred Heutte and Joni Bosh, Senior Policy Associates)				
				thereby its customers) in negotiation discussions. Puget Sound Energy's intention is to work as expeditiously as possible under governing rules and practical realities in order to complete transactions such that it fills its capacity needs set forth in the 2020 All-Source Request for Proposals for Peak Capacity Resources in a timely manner. There is no requirement that Puget Sound Energy set a certain date for contract execution. Puget Sound Energy further notes that this 2020 All-Source Request for Proposals for Peak Capacity Resources may or may not result in one or more transactions by Puget Sound Energy.

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Plus Power, LLC (Molly Emerson)				
6.1	ELCC is a key evaluation metric in the economic and reliability modeling of resource portfolios. The ELCC of a specific resource is known to be highly variable based on the assumed location of generator, anticipated load patterns and transmission constraint assumptions. Generic assumptions on ELCC taken straight from literature, "expert" recommendations, or other utility baselines and applied to individual projects could dilute and mask the assessed benefits from newer technologies such as energy storage. As such, Plus Power encourages the Commission and PSE to closely evaluate and apply an appropriate ELCC for each specific resource bidding into the future All-Source RFP.	No		During the 2019 Integrated Resource Plan process, PSE developed a Resource Adequacy Model, which calculates the effective load carrying capacity of a given resource as it relates to the existing Puget Sound Energy portfolio. The effective load carrying capacity values provided in Figure 3 of the draft 2020 All-Source Request for Proposals for Peak Capacity Resources are intended as generic resources only and may vary depending on differences in operating characteristics.
6.2	Plus Power calls into question the summary results given in PSE's example calculations of ELCC values for Batteries (2-hr and 4-hr), given in "Figure 3. Generic ELCC Values by Resource Type and Location." Plus Power posits these values are overly conservative and implores the Commission and PSE to levy additional scrutiny on the ELCC metric during	No		The effective load carrying capability of a resource represents the capacity credit assigned to that resource. It is implemented in the Energy Resource Adequacy Model because this value is highly dependent on the load characteristics and the mix of resources owned by a given utility. The effective load carrying capability or the peak contribution of any given resource is therefore unique for that

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Plus Power, LLC (Molly Emerson)				
	the RFP evaluation process. It is understood that PSE's unique seasonal (with a winter peak expected to span from November through March) and double-daily peak load profile will result in different resource-specific ELCCs than other balancing authorities dealing with large influxes of renewable intermittent power (i.e. the Southwest). However, there a lack of explanation why batteries not co-located with renewable generation ("stand-alone storage" resources) would be de-rated down to the ELCC levels presented in the Draft RFP.			utility. In essence, the effective load carrying capability approach identifies, for each resource alternative, its capacity relative to that of perfect capacity that would yield the same level of reliability. For resources such as a wind, solar, thermal resources, or other energy-limited resources such as batteries, demand response programs, and backup fuel for thermal resources, the effective load carrying capability is expressed as a percentage of the equivalent perfect capacity. The effective load carrying capability value of any resource, however, is also dependent on the reliability metric being used for evaluating the peak contribution of that resource. This is a function of the characteristics of the resource being evaluated, and more importantly, what each of the reliability metrics is counting. For example, a variable energy resource such as wind or solar with unlimited energy may show different effective load carrying capability values depending on which reliability metric is being used – loss of load probability or expected unserved energy. For example, loss of load probability measures the likelihood of any deficit event for all draws, but it ignores the number of times that the deficit events

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				occurred within each draw, and it ignores the duration and magnitude of the deficit events. Expected unserved energy sums up all deficit megawatt-hours across events and draws regardless of their duration and frequency, expressed as average over the number of draws. Puget Sound Energy uses loss of load probability as the reliability metric in estimating the effective load carrying capability of wind, solar and market purchases. However, Puget Sound Energy uses expected unserved energy to determine the effective load carrying capability of energy-limited resources such as batteries and demand response, because loss of load probability is not able to distinguish the effective load carrying capability of batteries and demand response programs with different durations and call frequencies. Hybrid resources (e.g., solar + battery) also use expected unserved energy as the reliability metric.
6.3	<u>ELCC of Batteries (Energy Storage)</u> In contrast to the general agreement with PSE's ELCCs presented for the other resources, Plus Power believes that the ELCCs assigned for	No		During the 2019 Integrated Resource Plan process, the estimated peak contribution of two types of batteries and pumped hydro storage were modeled in the Resource Adequacy Model. The lithium-ion and flow batteries can be charged or discharged at a

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	"Batteries – 2-hr Duration" (19% ELCC) and "Batteries – 4-hr Duration" (38% ELCC) are overly conservative if it was assumed that the resources are "stand-alone" and charging and discharging schedules will not be constrained by a co-located renewable generation resource.			maximum of 25 megawatts per hour up to two, four or six hours duration when the battery is fully charged. A four-hour duration, 25 megawatts battery can produce 100 megawatt-hours of energy continuously for four hours. Thus, the battery is energy limited. The battery can be charged up to its maximum charge rate per hour only when there are no system outages. The battery can be discharged up to its maximum discharge rate or just the amount of system outage (adjusted for its round-trip efficiency rating) as long as there is a system outage and the battery is not empty. As stated in the response to comment 6.2, loss of load probability is not able to distinguish the impacts of storage resources on system outages since it counts only draws with any outage event but not the magnitude, duration and frequency of events within each draw. Because of this, the capacity credit of batteries was estimated using the expected unserved energy. The analysis starts from a portfolio of resources that achieves a 5 percent loss of load probability, then the expected unserved energy from that portfolio is calculated. Each of the storage resources is then added to the portfolio, which leads to lower expected unserved energy.

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Plus Power, LLC (Molly Emerson)				
				The amount of perfect capacity taken out of the portfolio to achieve the expected unserved energy at 5 percent loss of load probability divided by the peak capacity of the storage resource added determines the peak capacity credit or expected unserved energy of the storage resource.
6.4	<u>Stand-alone batteries are capable of flexible dispatch</u> Stand-alone batteries charged directly from the transmission grid and **not** co-located with renewable generators can charge and discharge fully unconstrained. Their charging schedules are not limited by the same restrictions levied against storage co-located with solar or wind generators, tied to the investment tax credit (ITC) for solar and the production tax credit (PTC) for wind. Therefore, dispatch can be driven directly from utility needs and scheduled to optimize utility benefits from the resource, including meeting peak demand hours. To inform a recent round of resource solicitation, the Public Service Company of New Mexico ("PNM") hired the Brattle Group	No		At this time Puget Sound Energy's Resource Adequacy Model used to calculate the effective load carrying capacity does not incorporate transmission constraints. However, Puget Sound Energy will consider this feedback in future revisions of the Resource Adequacy Model.

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Plus Power, LLC (Molly Emerson)				
	to study the benefits of energy storage additions to PNM's system and compare the advantages of a stand-alone energy storage project to a PPA contract structure for storage that is co-located with a solar photovoltaic (PV) facility. The Brattle Study found that stand-alone energy storage could charge during any hour of the day, rather than being constrained to charging from the output of the solar PV facility. Thus, constraints on the charging and discharging limitations of a stand-alone energy storage resource should be considered purely from a transmission and interconnection perspective, and not based on limitations of charging and discharging to meet minimum ITC / PTC thresholds. These constraints will be chiefly determined by the location of the point of interconnection on PSE's transmission system and should not result in a generic de-rate of ELCC across the board.			

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Plus Power, LLC (Molly Emerson)				
6.5	Storage's ability to address PNW Winter Peaking Load There have been several independent studies assessing the ELCC of stand-alone energy storage systems on regional systems that have come up with a higher ELCC for 4-hr batteries than the 38% cited in PSE's Draft RFP3. A key study performed by the National Renewable Energy Laboratory (NREL) in June of 2019 evaluated the potential market for stationary storage for the provision of peak capacity across eighteen several discrete regional markets, including the winter-peaking system of the Pacific Northwest. The study calculated a "peak demand reduction credit (PDRC)" for storage by running simulations to identify how much 4-hr storage capacity could be added to the regional transmission grid before additions would "no longer reduce the net peak demand of the system by the equivalent power capacity of the storage plant. Storage added to the regional system up to this threshold value would be considered to have a PDRC of 100%, and everything above it de-rated accordingly.	No		Please see the responses to comments 6.2 and 6.3. Effective load carrying capacity is highly dependent on the load characteristics and the mix of resources owned by a given utility, while the results from the National Renewable Energy Laboratory report may hold for the Pacific Northwest region, it important to assess effective load carrying capacity at the utility level.

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Plus Power, LLC (Molly Emerson)				
	The study found that the threshold value for the PNW was over 3,000MW of regional storage capacity5. The results support a large potential for 4-hour battery storage to address the PNW's winter peaks. If up to 3GW of 4-hr stand-alone energy storage can be added to the PNW's regional grid with an effective 100% capacity credit, this calls into question the assignment of 38% ELCC for these same assumed batteries.			

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Cypress Creek Renewables (Tai Wallace, Director of Development)				
7.1	The RFP states that "Discretionary permits should be in the application phase." (Section 4, Proposal Requirements, p. 19). Cypress Creek requests that PSE identify the discretionary permits they indicate should be in the application process at the time of proposal submission.	No		Broadly, there are two types of permits: ministerial and discretionary**.** A ministerial permit is one that is granted based upon determinations that the proposed activity complies with established standards set forth in applicable rules. These determinations are arrived at objectively and involve minimal personal judgement. A discretionary permit is only granted following the exercise of judgment and deliberation by elected or appointed individuals or groups, and typically involve public comment. These permits can either be granted, granted with conditions or rejected, and they are subject to appeal by aggrieved parties. Therefore, discretionary permits inherently involve more risk than ministerial permits. The most common discretionary permit is a conditional use permit. Others include zoning modifications and variances. Before submitting an application for a discretionary permit, applicants typically are required to coordinate with the permitting authority. Through that process they are

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Cypress Creek Renewables (Tai Wallace, Director of Development)				
				likely to gain a sense for how likely the permit is to be issued and issues that might arise. Puget Sound Energy is requesting that applications for discretionary permits have been submitted to best gauge the risks associated with a particular project.
7.2	The RFP states that all respondents must either 1) be located in PSE's system or 2) "demonstrate that the project has secure long-term firm delivery to PSE's system at BPAT.PSEI. (Section 4, Proposal Requirements, p. 17) Cypress Creek recommends that a project outside of PSE's system should not be required to demonstrate participation in the Transmission Service Rights ("TSR") queue at the time the project submits its bid. Rather, a project should be required to make this demonstration only after the project has been selected for the RFP short list, for the following reasons: a. A project should not be required to participate in the TSR queue before it has obtained an executable revenue	No		Please see the response to comment 3.3, 5.4, and 5.6. Project proposals should be able to demonstrate that they have a reasonable chance and are taking steps to attain transmission service. All respondents must provide a well-developed, reasonable, and achievable plan for acquiring long-term, firm transmission to Puget Sound Energy's load center (west of the Cascade Mountains). Puget Sound Energy may not consider resources delivered to the project's busbar, to the Mid-C trading hub, or to any other delivery point outside Puget Sound Energy's contiguous system west of the Cascade Mountains. The Mid-C trading hub is not an acceptable delivery point to meet the incremental peak capacity needs in this 2020 All-Source

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Cypress Creek Renewables (Tai Wallace, Director of Development)				
	contract in place (i.e. established revenue certainty) given that the TSR requires a firm 5-yr contract, with no termination rights available to the generator; b. Requiring a project to execute a TSR contract prior to the project's inclusion on the RFP short list could require a project to progress through study and execute a TSR contract, exposing the project to substantial development risk given the uncertainty of receiving an RFP award at the time the project submits its bid; c. After receiving notification that it has been included on the RFP short list, a project should have sufficient time to secure TSR to demonstrate long-term, firm transmission service before the first contractual delivery date.			Request for Proposals for Peak Capacity Resources.

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Cypress Creek Renewables (Tai Wallace, Director of Development)				
7.3	The RFP states that "PSE will consider non-unit contingent capacity products with terms less than five years." (Section 2, Resources Requested, p. 10) Cypress Creek requests that PSE define a "non-unit capacity product" and clarify and how this product would align with the $/kW-Month capacity payment construct in a typical Energy Service Agreement.	No		Non-unit contingent capacity products refers to unspecified resources as per the greenhouse gas emission performance standards and requirements set forth in RCW 80.80. Firm system purchases would have monthly capacity obligations.
7.4	Cypress Creek requests that PSE provide a proposed PPA Execution date as part of its 2020 All Source RFP Schedule. (Section 3, Schedule and Process, p. 12) The inclusion of this date will help facilitate necessary schedules and planning required to submit a project bid to the RFP.	No		Please see the response to comment 5.9.
7.5	Exhibit A to the All Source RFP provides a narrative description of the applicable evaluation criteria that PSE will consider in the evaluation of RFP bids. In order to provide additional transparency to the bid evaluation process, Cypress Creek requests that PSE provide a "Score Card," including the applicable quantitative weightings or	No		Please see the response to comment 1.3.

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	percentages associated with the evaluation criteria. While the narrative description of the evaluation criteria provides important information regarding PSE's selection process, a Score Card providing quantitative information regarding the selection process would provide substantial additional transparency regarding PSE's selection process and would greatly assist prospective bidders as they prepare projects for bid.			
7.6	Cypress Creek requests clarification that SolarAnywhere and/or PSM are acceptable metrics to meet insolation data requirements. Both metrics are industry-standard and acceptable for typical RFPs.	No		Puget Sound Energy will not exclude from consideration solar projects with data provided by SolarAnywhere and/or PSM, while noting that these tools use satellite-based data in contrast to ground-based monitoring systems. All else equal, bidders will improve their prospects by presenting data that is as granular as possible and thus more reliable.
7.7	Assignability: The RFP states that "parties would not be permitted to assign the Definitive Agreements or their respective rights and obligations under them without the prior written consent of the other party, such consent	No		Puget Sound Energy believes the prototype term sheet is reasonable and is not planning to make any changes to the terms at this time. Puget Sound Energy invites bidders to submit a mark-up of one of the prototype term sheets

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Cypress Creek Renewables (Tai Wallace, Director of Development)				
	not to be unreasonably withheld or delayed." Cypress Creek recommends that the Definitive Documents should allow Respondent to transfer, sell, pledge, encumber or assign the Definitive Documents or the revenues or proceeds thereof in connection with any financing without first requiring PSE's consent.			included in the 2020 All-Source Request for Proposals for Peak Capacity Resources to fit their specific circumstances.
7.8	Additional Representations, Warranties, and Covenants of Respondent: The term sheet requires the EPC contractor to provide a "full wrap" of all equipment warranties. However, a full wrap of all equipment warranties may not be available on commercially reasonable terms. The warranty provided by an EPC contractor is typically limited to defects the EPC contractor's design and workmanship. All warranties for major equipment will be assignable to the owner.	No		Please see the response to comment 7.7.
7.9	Credit Support: The RFP states that "Upon execution of the PPA, if Buyer deems it necessary due to Seller's credit position, Seller shall provide Buyer with a guaranty, cash	No		Please see the response to comment 7.7.

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Cypress Creek Renewables (Tai Wallace, Director of Development)				
	collateral and/or letter of credit in forms and amounts acceptable to Buyer. Buyer shall not be required to provide credit support or performance assurance of any kind to Seller." In the event that credit support is required, a commercially reasonable surety bond should be considered acceptable credit support to support Seller's payment and performance obligations. Additionally, Buyer should make available sufficient financial records so that Seller's financing parties may reasonably evaluate the financial strength of Buyer and confirm no credit support is needed from Buyer.			
7.10	Development Milestones. The RFP describes obligations and penalties regarding development milestones, including the payment of liquidated damages and PPA termination. With respect to the requirement that Seller pay liquidated damages if Seller fails to timely achieve a Development Milestone, Cypress Creek recommends that rather than immediately paying LDs, Seller should have the opportunity to provide a remedial action plan demonstrating how it will timely achieve	No		Please see the response to comment 7.7.

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Cypress Creek Renewables (Tai Wallace, Director of Development)				
	the Commercial Operation. Additionally, Buyer's termination right should only apply if Seller fails to timely achieve multiple, consecutive milestones.			
7.11	Commercial Operation. The RFP states that Seller shall provide a Guaranteed Commercial Operation Date for the Generating Facility. The Guaranteed Commercial Operation Date shall be extended for delays caused by Buyer or force majeure events (with extensions for force majeure events not to exceed 180 days in the aggregate), subject to compliance by Seller of its obligation to mitigate such delays. In the event Seller fails to achieve Commercial Operation on or before the Guaranteed Commercial Operation Date, Seller shall be required to pay to Buyer liquidated damages for each day of delay beyond the Guaranteed Commercial Operation Date in the amount per day of $[___] per MW with respect to each [wind turbine/PV module] that does not achieve Commercial Operation by such date. If the Commercial Operation Date has not been achieved within 180 days after the Guaranteed	No		Please see the response to comment 7.7.

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Cypress Creek Renewables (Tai Wallace, Director of Development)				
	Commercial Operation Date, it shall be an Event of Default under the PPA and Buyer shall be entitled to terminate the PPA and seek damages or exercise other remedies at law or equity. Cypress Creek recommends that in addition to extensions for delays caused by Buyer or Force Majeure events, the Guaranteed COD should be extended on a day-for-day basis for each day of delay due to delays by (i) Buyer's affiliates, (ii) the interconnecting utility or any of its affiliates, or (ii) any governmental authority.			
7.12	Availability/Output Guarantees. The RFP states that for unit-contingent offers from solar projects, the "Seller shall provide Buyer with an annual output guarantee." Cypress Creek recommends requiring a two-year output guarantee rather than a one-year output guarantee.			Please see the response to comment 7.7.

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Northwest & Intermountain Power Producers Coalition (Irion A. Sanger and Joni Sliger)				
8.1	The Commission has not previously had the opportunity to establish guidelines on how it will implement CETA's encouragement of PPA acquisitions through a rate of return. NIPPC recommends that the Commission issue guidance on this subject, both for PSE's RFP and for the benefit of future resource planning. Ultimately, NIPPC believes allowing a reasonable return on PPAs in the proper circumstances can lead to significant improvements in competitive procurement practices, but only if it is implemented clearly. In these comments, NIPPC provides: 1) a brief summary of why allowing a utility to earn a return on PPAs has the potential to benefit ratepayers; 2) suggestions on how PSE can improve its Proposed RFP's treatment of this subject; and 3) starting principles the Commission should adopt to guide this and future RFPs. Guidance from the Commission is necessary to achieve the purpose of Section 21 of CETA, which is to ensure ratepayers obtain the least-cost, least-risk resources and are not unduly	No		The commenters raise several points and principles that they believe the Commission should take up regarding the rate of return to be applied to power purchase agreements under RCW 80.28.410. Puget Sound Energy limits its response here to the particular question as to what specific number would be appropriate in the quantitative screening of proposals. Please see the response to comment 1.7.

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Northwest & Intermountain Power Producers Coalition (Irion A. Sanger and Joni Sliger)				
	harmed by the electric utility bias to own electric generation rather than enter into PPAs with IPPs. NIPPC understands the Commission may hope that utilities will propose viable proposals for implementing Section 21. However, in this case, PSE has not yet made a detailed proposal in this Proposed RFP, which illustrates the need for Commission action. PSE states the following: "Respondents should be aware that the quantitative cost screening of proposals received in response to the All-Source RFP will include costs associated with delivering the energy to PSE's system as well as the costs associated with financial and accounting regulations. PSE's analysis will include a cost adder for PPAs, consistent with rules set forth by CETA and codified in Chapter 80.28.410 RCW . . ." This raises at least three concerns: 1) there should be no specific "cost adder" in the RFP because that would be			

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Northwest & Intermountain Power Producers Coalition (Irion A. Sanger and Joni Sliger)				
	counterproductive to purpose of allowing a return on a PPA; 2) if allowed, PSE has not demonstrated what specific number would be appropriate; and 3) PSE is not guaranteed to recover any costs, but only a deferral and an opportunity for recovery; thus, without pre-approval by the Commission any cost adder should be zero.			

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Renewable Northwest (Katie Ware)				
9.1	Incorporate the Social Cost of Carbon into Resource Selection: We recommend either that PSE commit to using the social cost of carbon as an evaluative tool to help determine the costs and risks associated with any greenhouse gas-emitting resources that participate in this RFP, or that the Commission require that PSE do so.	No		Please see the response to comment 4.1.
9.2	Provide Additional Clarity Regarding Pumped Hydro Storage: Renewable Northwest recommends that PSE provide a form tolling agreement for pumped hydro storage projects, or in the alternative provide more guidance as to what terms PSE might expect in such an agreement. The lack of a form agreement could put pumped hydro at a disadvantage relative to other resources.	No		Please see the responses to comment 3.1.
9.3	Pumped hydro developers could benefit from greater understanding of what term of years PSE might be willing to accept. PSE's Prototype Clean Energy PPA Term Sheet includes possible terms of 10, 12, 15, or 20 years, but it is Renewable Northwest's	No		Please see the responses to comment 3.2.

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Renewable Northwest (Katie Ware)				
	understanding that a significantly longer term of years -- on the order of 50-60 -- may be appropriate for pumped hydro projects.			
9.4	Modify Site Control Requirements: PSE's Proposal Requirements for development and construction proposals include the requirement that bidders "demonstrate site control for both the project and any other project-related infrastructure (e.g., generation tie-line, etc.)." It is unclear, however, what evidence PSE might accept to demonstrate site control. Given that "PSE will not consider proposals that do not provide sufficient information to substantiate a project or offer," additional clarity regarding what evidence PSE will accept would be helpful. Further, while site control of such infrastructure as the generation tie-line is an important risk to consider later in the bid-evaluation process, requiring site control of "any other project-related infrastructure" -- including gen-tie lines -- as a minimum proposal requirement at this early stage of the process to meet a resource need beginning in	No		Puget Sound Energy's intent is to understand a variety of project execution risks that could delay the commercial operation date or otherwise render a project(s) unable to deliver as promised to meet Puget Sound Energy's capacity needs. For site control, Puget Sound Energy will look to any and all relevant evidence that a bidder for a development and construction proposal has made progress towards, or can be reasonably expected to be able to secure, necessary property rights. This would logically include such essential infrastructure as a generation tie-line. Evidence of site control could include, for example, options to lease or buy real estate or executed easements, leases, purchase and sale agreements or other instruments that transfer necessary property rights.

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Renewable Northwest (Katie Ware)				
	2023 could unnecessarily prevent otherwise competitive projects from bidding. In order to ensure that PSE meets its identified capacity need at the lowest reasonable cost, Renewable Northwest recommends either that PSE remove gen-tie lines and "other project-related infrastructure" from its site-control requirements or that the Commission require PSE to do so.			
9.5	Provide Additional Clarity Regarding Use of the Colstrip Transmission System: PSE's Proposal Requirements for all proposals require bidders assuming the use of the Colstrip Transmission System to confirm "that there is sufficient available transmission capacity. However, it is unclear what discrete evidence PSE would require to recognize sufficient availability of Colstrip transmission capacity in a project bid. While PSE's RFP explicitly supports proposals for resources located on PSE's system, there will be greater opportunities for more competitive proposals -- and ultimately a greater likelihood that PSE procures a lowest-reasonable-cost resource or	No		Please see the responses to comments 3.4, 5.4, 5.6, and 7.2.

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Renewable Northwest (Katie Ware)				
	resources -- if PSE provides additional clarity surrounding use of available Colstrip transmission capacity.			
9.6	Provide Additional Clarity Regarding Availability of PSE's Transmission Rights: PSE's draft RFP appears to be internally inconsistent to the extent it notes both that "PSE's capacity need forecast currently accounts for all of PSE's available transmission rights as existing capacity paired with either a specific generation resource or market purchases" and that it may have "potentially available Colstrip transmission … to pair with proposed resources." While our above comments related to the how a bidder's demonstration of sufficient Colstrip transmission capacity might fit within the structure of the current draft RFP, an alternative approach could be for PSE to include in Section 2 "Resources Requested" of the RFP information regarding the actual availability of PSE transmission rights and the known limitations that bidders assuming use of that transmission capacity must address in	No		Please also see the responses to comments 3.4, 5.4, 5.6, and 7.2.

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Renewable Northwest (Katie Ware)				
	proposals. Otherwise, the task seems to be for bidders to prove information related to PSE's transmission capacity to PSE itself.			

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