

Agenda Date: January 27, 2022
Item Number: A2

Docket: UE-210878
Company: Puget Sound Energy

Staff: Joel Nightingale, Regulatory Analyst

Recommendation

Issue an order approving Puget Sound Energy’s revised draft distributed energy resources request for proposals.

Background

On April 1, 2021, PSE filed a Draft Request for Proposals for All Generation Sources in Docket UE-210220. On June 14, 2021, the Commission issued an order approving the Company’s Revised Draft All-source Request for Proposals subject to three conditions including a requirement for the Company to hold effective load carrying capability (ELCC) workshops.

On November 15, 2021, PSE filed with the Commission a Draft 2022 Distributed Energy Resources (DER) Request for Proposals (RFP).

On November 19, 2021, the Commission issued a Notice of Opportunity to Provide Written Comments by December 30, 2021. Consistent with WAC 480-107-017(3), the public participation schedule includes a 45-day period for public review and comments. Per WAC 480-107-017(4), the Commission “will approve, approve with conditions, or suspend the filed RFP... within seventy-five days after the utility files its RFP,” which is January 29, 2022.

RFP Schedule

PSE’s Draft DER RFP includes the following revised schedule.¹

Date	Milestone
November 15, 2021	Draft DER RFP filed with WUTC
December 30, 2021	Public comment period ends
January 31, 2022	WUTC review period ends; decision anticipated
February 7, 2022	PSE issues final DER RFP
Late February 2022	PSE hosts Respondents’ conference
March 21, 2022	Offers due to PSE
April 20, 2022	PSE posts compliance report to its RFP website, consistent with the requirements of WAC 480-107-035(5)

¹ Docket UE-210878, PSE’s Revised Draft DER RFP, Table 11 at p. 41. Filed January 14, 2022.

Q2 2022	PSE completes Phase 1 screening process and selects Phase 2 candidates, notifies Respondents
Q3 2022	PSE selects DER RFP short list, notifies Respondents
End of Q3 – Start of Q4 2022	Concurrent Evaluation begins

Stakeholder Comments

In addition to Staff’s comments, six other stakeholders – BlueGreen Alliance, EnergyHub, Enphase Energy, the NW Energy Coalition (NWECC), Public Counsel, and the Washington Solar Energy Industries Association (WASEIA) – also submitted comments on the draft DER RFP. Overall stakeholder impressions on PSE’s draft DER RFP were positive. Below is a brief summary of each stakeholder’s comments.

BlueGreen Alliance: BlueGreen Alliance suggested a clarification of labor standards in the DER RFP’s evaluation and scoring criteria. This comment was echoed in Staff’s comments and ultimately incorporated into PSE’s revised DER RFP.

EnergyHub: Technical comments from EnergyHub (also cited by Public Counsel) revolved around reducing potential barriers to bidding in the DER RFP’s requirements.

Enphase Energy: Enphase Energy submitted clarifying questions regarding demand response pricing structures, RFP and demand response contract timelines, and demand response latency requirements. They also suggested that behind-the-meter battery energy storage systems be allowed to export to the grid, and that PSE consider including a minimum size threshold requirement for demand response proposals.

NWECC: For the Category A bidder section, NWECC expressed concern that the creation of separate short lists (i.e. one for the DER RFP and one for the All-source RFP) may prematurely eliminate some proposals before they have a chance to be compared with resources from the other RFP. They also point out that the values of DERs (including their flexibility and synergies) need to be appropriately evaluated. NWECC points to the potential shortcomings of the use of effective load carrying capability (ELCC) as a metric on a grid with high renewables penetration, but does not object to its use here as long as E3’s recommendations are applied. NWECC also suggested that PSE update its avoided cost tables to reflect volatility in gas prices and in the Mid-C market.

For Category B bidder section, NWECC requested clarification about the meaning of “value fit” programs, as well as some specific questions around bid requirements/evaluation criteria and the way customer benefit indicators (CBIs) will be evaluated.

Public Counsel: Public Counsel’s comments echoed those of EnergyHub (reducing potential barriers to bidding), NWECC (implementing E3’s ELCC recommendations), and also identified

the need for PSE to fairly evaluate responses to this RFP with those of PSE's All-source RFP bids).

WASEIA: WASEIA submitted comments questioning the Company's projections for solar deployment and encouraging the Company to keep process open to non-utility owned proposals. WASEIA also noted the complexity of the Category B portion of the RFP and its bid requirements.

Discussion

Staff filed comments on December 29, 2021. Staff worked with stakeholders and the Company to understand the other issues raised and discuss acceptable and feasible solutions. This DER RFP is complicated due to (1) its integration with PSE's All-source RFP, and (2) PSE's effort to create a bidding structure that is inclusive of smaller, more diverse vendors. These complexities were the source of many stakeholder comments and clarifying questions.

On January 14, 2022, PSE filed a set of revisions to its Draft DER RFP and responses to comments filed by Staff and stakeholders. These revisions attempted to address the items discussed in stakeholder comments, including more clarity around the complexities mentioned above. PSE also included a summary of public comments containing a response from the utility for each concern raised by each commentor, as well as an indication of whether the comment prompted revisions to the Draft DER RFP. After the redlines were filed, Staff reached out to stakeholders and has not heard any objections.

Recognition of PSE's responsiveness to comments

Staff commends PSE, and the DER RFP team specifically, for providing thoughtful responses to the questions and suggestions made in stakeholder comments. Staff notes that PSE has adopted stakeholder suggestions where possible and provided rationale when certain changes could not be included. The revised Draft DER RFP addresses the concerns raised by Staff and other stakeholders.

Recommendation:

The Company has made substantive changes that improve this DER RFP in response to Staff's and other stakeholders' comments. These adjustments make Staff comfortable with recommending approval. Staff also believes that it is in the public interest to move this resource acquisition process forward, given the size and immediacy of PSE's system need.

Conclusion

Staff recommends that the Commission issue an order approving Puget Sound Energy's revised Draft DER RFP.