

GB ENERGY PARK HOLDINGS LLC

May 17th, 2021

Puget Sound Energy
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RE: UTC Docket Nos UE-210220 - Comments of GB Energy Park Holdings, LLC with Respect to Puget Sound Energy's 2021 All-Source RFP for Renewable and Peak Capacity Resources

I. Introduction

GB Energy Park Holdings, LLC (GBEP) the developer behind the Gordon Butte Pumped Hydro Project, thanks the Washington Utilities and Transportation Commission ("Commission") for the opportunity to comment on Puget Sound Energy's ("PSE") draft 2021 All-Source RFP for Renewable and Peak Capacity Resources ("RFP") filed April 1, 2021 and subsequently updated May 10, 2021. GBEP appreciates the time and work invested by PSE in developing the RFP, and respectfully submits the comments below.

GBEP's comments are primarily focused on ensuring that large capacity resources with longer lead times will be given a fair chance in the evaluation process.

In the Draft RFP, PSE states that "PSE's All-Source RFP evaluation process is informed and guided by the integrated resource planning process ('IRP Process'), and includes methodologies and assumptions that are generally consistent with those used in the IRP process."¹ GBEP has concerns with the All-Source RFP evaluation relying on the storage methodologies and assumptions used in the IRP in its current form.

GBEP filed comments on the IRP in Docket UE-200304 on May 6th, 2021, and is attaching those comments as Exhibit A, given the relevance of those comments to the Draft RFP. GBEP believes its comments filed show clear errors were made in the IRP in modeling standalone pumped storage as well as the hybrid Montana wind plus pumped hydro project. Inadequate methodologies and assumptions pertaining to these resources result in the IRP being an inadequate guide for assessing them in the RFP. Both standalone storage and hybrid renewable and storage resources are critical components to a least-cost, least-risk, CETA compliant portfolio. Not requiring these errors to be corrected in the IRP, ahead of the RFP, could significantly impact how the projects are quantitatively evaluated.

GBEP also submits concerns below related to specific components of the Qualitative Evaluation detailed in the Draft RFP that appear to be arbitrary and biased against larger resources. In

¹ Puget Sound Energy, "2021 Draft All-Source RFP", 2021, 210220-PSE-Draft-All-Source-RFP-2021-05-10.

addition, GBEP submits concerns that the lack of clarity around how hybrid resources would be evaluated.

GBEP believes that updating the qualitative and quantitative components outlined below ahead of the RFP is necessary for ensuring that large capacity and hybrid resources like pumped storage and pumped storage with wind can be evaluated, procured and advance through development to construction and operation in time to help address PSE's looming capacity need.

II. Comments

A. PSE's IRP in Its Current Form is an Insufficient Guide to Evaluating the RFP when it Comes to Standalone Storage and Hybrid Renewable and Storage Resources

In the Draft RFP, PSE states that "PSE's All-Source RFP evaluation process is informed and guided by the integrated resource planning process ('IRP Process'), and includes methodologies and assumptions that are generally consistent with those used in the IRP Process."²

GBEP would like both PSE and the Commission to acknowledge that several areas in the Final IRP require substantive review and remodeling prior to PSE evaluating bids in this RFP. Pumped storage is a long-lead time resource which needs to be contracted in the near-term to be operational in the mid-decade. Pumped storage projects like Gordon Butte, and PSE customers, cannot afford to wait for another full IRP cycle for pumped storage to be adequately modeled and considered. GBEP respectfully requested that the Commission delay acknowledging the Final IRP until PSE performs an updated portfolio analysis that addresses the concerns listed. We offer below recommendations for revising PSE's key analytical assumptions and resource adequacy considerations with the goal of moving PSE toward a least-cost, least-risk, CETA compliant portfolio.

In particular, GBEP notes the following errors in methodology and assumptions (due to relevancy here, please see GBEP's filed comments³ in UE-200304), which need to be addressed in the IRP if it is to be used as a guide in the RFP:

- A. PSE's IRP Substantially Overestimates Both the Overnight Capital Costs and Operating Costs of Hybrid Renewable and Energy Storage Systems Resulting In Hybrids Being Excluded from The Final IRP Portfolio.

² Puget Sound Energy, "2021 Draft All-Source RFP", 2021, 210220-PSE-Draft-All-Source-RFP-2021-05-10.

³ Comments of GB Energy Park Holdings, LLC with Respect to the 2021 PSE Final IRP, Docket UE-200304, May 6, 2021, available at: <https://apiproxy.utc.wa.gov/cases/GetDocument?docID=1963&year=2020&docketNumber=200304>

- B. PSE's Resource Adequacy Modeling Assumptions Results in Low Effective Load Carrying Contribution (ELCC) Values for Stand-Alone Energy Storage.
- C. PSE's Final IRP Shows An Extremely High Net Levelized Cost for Pumped Storage, Driven By Low ELCCs, Extremely Low Revenue Assumptions, and an Inaccurate Pumped Storage Operating Constraint.
- D. Hybrid Resources Benefits and ELCC May Not Be Representative Depending on System Sizing. Overbuilding Generation to Transmission Was Never Considered.

B. In Certain Instances, The Qualitative Metrics and Non-Price Score in the Draft RFP are Biased Against Larger Resources

Various components of the Qualitative Evaluation referenced in Exhibit A⁴ are arbitrarily biased against larger projects. Two areas of note are the "Counterparty Viability – Experience Level" and the "Project Viability – Supply Chain (Transmission Interconnected Projects)" categories:

"Counterparty Viability – Experience Level": to receive top points in this category, a bidder must demonstrate that it "has demonstrable experience implementing ≥ 5 similar size and technology deployments." Large projects are built less frequently and thus it would be much less likely that bidders have done this number of these projects. Pumped storage requires unique geographical formations which is why less of these projects are built. However, pumped storage technology is commercially mature and there are several gigawatts of pumped hydro operating in the United States today.

"Project Viability – Supply Chain (Transmission Interconnected Projects)": to receive top points in this category, a bidder must demonstrate that ">50% Project Major Equipment Inventory or Construction Complete." While developers may take on this risk and start construction ahead of having offtake on smaller projects, this is an incredibly high percentage of construction to have complete prior to having an offtake contract for larger and more capital-intensive projects.

There are other categories which perpetuate this bias against larger, more capital-intensive resources which also need to be refined and GBEP asks for the commission to guide PSE towards ensuring that the Qualitative Evaluation does not skew PSE towards procuring smaller resources amid such a large looming capacity need.

C. The Qualitative Metrics are Unclear with Respect to Hybrid Resources and how These Projects Would be Evaluated

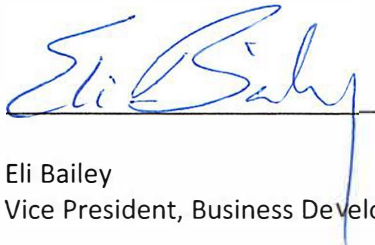
⁴ Puget Sound Energy, "Exhibit A, 2021 Draft All-Source RFP", 2021, 210220-PSE-Draft-All-Source-RFP-2021-05-10-Exh-A.

The current "Qualitative Metrics and Non-Price Score" do not appear to be written with consideration to hybrid resource bids. Gordon Butte envisions bidding a combined wind and pumped storage configuration, which it views as providing the greatest portfolio benefit, and asks for greater clarity on how such resources would be evaluated. Similar to the comments on the IRP, GBEP is concerned that the vast benefits that clean hybrid resources can bring to the system are being overlooked and not being appropriately planned around. Additionally, similar to the comments raised above in section B, the qualitative metrics would be biased against a hybrid pumped storage and wind configuration.

III. Conclusion

GBEP would like both PSE and the Commission to acknowledge that several areas in the Final IRP require substantive review and remodeling prior to PSE evaluating bids in its upcoming 2021 All Resource Request-for-Proposals (RFP). Pumped storage is a long-lead time resource which needs to be contracted in the near-term to be operational in the mid-decade. Pumped storage projects like Gordon Butte, and PSE customers, cannot afford to wait for another full IRP cycle and subsequent RFP for pumped storage to be adequately modeled and quantitatively evaluated. Furthermore, components of the qualitative evaluation need to be further refined so as to not arbitrarily disadvantage large projects or hybrid projects. GBEP respectfully requests that the Commission delay the RFP until PSE addresses the concerns listed herein.

Sincerely,



Eli Bailey
Vice President, Business Development