

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

<p>In the Matter of the Petition of</p> <p>PUGET SOUND ENERGY,</p> <p>Petitioner,</p> <p>For an Order Approving Proposed Request for Proposals</p>	<p>DOCKET UE-210878</p> <p>ORDER 01</p> <p>APPROVING PROPOSED REQUEST FOR PROPOSALS</p>
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**BACKGROUND**

- 1 On April 1, 2021, Puget Sound Energy (PSE or Company) 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.
- 2 On November 15, 2021, PSE filed with the Commission a Draft 2022 Distributed Energy Resources (DER) Request for Proposals (RFP).
- 3 On November 19, 2021, the Commission issued a Notice of Opportunity to Provide Written Comments by December 30, 2021 (Notice). Consistent with WAC 480-107-017(3), the Notice allowed a 45-day period for public review and comments.
- 4 The Commission received six written comments on this matter, in addition to those submitted by Commission staff (Staff). Based on those comments and discussions with Staff and other stakeholders, PSE filed with the Commission a revised draft DER RFP on January 14, 2022. The revisions address items discussed in stakeholder comments and clarified several issues. 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 the Company to revise its draft DER RFP.
- 5 Staff has no objections to the Company’s revised draft DER RFP and has heard no objections from any other stakeholder. Thus, Staff recommends that the Commission approve PSE’s draft DER RFP, as revised on January 14, 2022.

## DISCUSSION AND DECISION

6 We agree with Staff and approve PSE's proposed DER RFP, as revised on January 14, 2022. WAC 480-107-025 prescribes the requirements for electric companies' RFPs. RFPs must (1) identify the resource block, consisting of the overall amount and duration of power the utility is soliciting, the initial estimate of avoided cost schedule, and any additional information necessary for potential bidders to make a complete bid; (2) document that the size of the resource block is consistent with the range of estimated new resource needs identified in the utility's integrated resource plan (IRP); (3) explain general evaluation and ranking procedures and specify any minimum criteria that bidders must satisfy to be eligible for consideration in the ranking procedure; (4) specify the timing of process including the solicitation period, the ranking period, and the expected selection period; and (5) identify all security requirements and their rationale. We find that the RFPs submitted by PSE meet each of these criteria.

7 We have reviewed and considered the comments filed with the Commission in this docket by Staff, BlueGreen Alliance, EnergyHub, Enphase Energy, the NW Energy Coalition (NVEC), the Public Counsel Unit of the Washington Attorney General's Office (Public Counsel), and the Washington Solar Energy Industries Association (WASEIA). We agree with Staff that 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. We very briefly acknowledge and summarize the comments received, below.

- BlueGreen Alliance suggested clarifying labor standards in the DER RFP's evaluation and scoring criteria. Staff also raised this issue in its comments.
- EnergyHub provided insight about reducing potential barriers to bidding in the DER RFP's requirements.
- Enphase Energy's comments outlined areas that need additional clarity from PSE, including demand response pricing structures, RFP and demand response contract timelines, and demand response latency requirements. In addition, Enphase Energy suggested that behind-the-meter battery energy storage systems should be allowed to export to the grid, and that PSE should consider including a minimum size threshold requirement for demand response proposals.

- NWEC expressed concern that PSE will create separate short lists (*i.e.*, one for the DER RFP and one for the All-source RFP) within its Category A Turnkey Resource Acquisition bidder section, which includes only proposals from entities demonstrating ownership or legally binding rights to develop or market the resource. NWEC was concerned that this could prematurely eliminate some proposals before they have a chance to be compared with resources from the all-source RFP. NWEC also identified that the values of DERs (including their flexibility and synergies) need to be appropriately evaluated. NWEC pointed to the potential shortcomings of using ELCC as a metric on a grid with high renewables penetration. Ultimately, NWEC did not object to PSE’s use of ELCC here if the PSE’s consultant’s (E3) recommendations are applied and there is more attention to this issue in the coming IRP update cycle. NWEC also suggested that PSE update its avoided cost tables with an additional alternate set of Mid-C price projections to reflect ongoing changes in commodity gas prices.

NWEC also requested clarification about the meaning of “Value Fit” programs within PSE’s Category B Vendor Service Components, which includes proposals from small, diverse, and local respondents specializing in working with specific communities who may not be able to offer turnkey solutions qualifying under Category A. NWEC also raised specific questions related to PSE’s bid requirements, evaluation criteria, and the way customer benefit indicators will be evaluated.

- Public Counsel’s comments echoed those of EnergyHub (reducing potential barriers to bidding), NWEC (implementing the ELCC recommendations of PSE’s consultant), and also identified the need for PSE to fairly evaluate responses to this RFP with those of PSE’s All-source RFP bids.
- WASEIA’s comments questioned PSE’s projections for solar deployment and encouraged the Company to keep its process open to non-utility owned proposals. WASEIA also commented upon the complexity of the Category B section of the RFP and the requirements of bids in that section.

8 Overall, we find that PSE’s DER RFP meets the requirements set out in WAC 480-107-025, and that it is consistent with the public interest. We agree with Staff that PSE and its DER RFP team should be recognized for its responsiveness to stakeholder comments.

PSE's revised draft DER RFP shows substantive changes that improve it, addresses the concerns raised in comments by adopting the suggestions of stakeholders where possible and explains its rationale when certain changes could not be included.<sup>1</sup> The substantive changes that stakeholders suggested, and PSE adopted, improve its DER RFP.

9 Accordingly, we determine that PSE's DER RFP, as revised on January 14, 2022, meets the requirements set out in Commission rule, is in the public interest, and should be approved.

### FINDINGS AND CONCLUSIONS

- 10 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies.
- 11 (2) PSE is an electric company and a public service company subject to Commission jurisdiction.
- 12 (3) WAC 480-107-015 requires companies to file all proposed RFPs for capacity resource needs identified in their IRPs.
- 13 (4) WAC 480-107-125 requires all RFPs to include certain information.
- 14 (5) Staff has reviewed the proposed DER RFP in Docket UE-210878, as revised, and all comments received from the public.
- 15 (6) Staff believes the proposed DER RFP is reasonable and should be approved.
- 16 (7) This matter came before the Commission at its regularly scheduled meeting on January 27, 2022.
- 17 (8) After reviewing PSE's proposed DER RFP filed in Docket UE-210878, as revised on January 14, 2022, and giving due consideration to all relevant matters and for

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<sup>1</sup> See e.g., Exhibit A (Evaluation Criteria and Scoring) of Attachment D, Clean Version of PSE's Draft 2022 DER RFP, Including Exhibits, at 1-2, 15-16, which address NWEC's requests for clarification of Category A and Category B concerns.

good cause shown, the Commission finds that the proposed DER RFP should be approved.

**ORDER**

**THE COMMISSION:**

- 18 (1) Approves Puget Sound Energy's proposed DER RFP in Docket UE-210878.
- 19 (2) Requires Puget Sound Energy to issue the DER RFP within 30 days of the date of  
this Order pursuant to WAC 480-107-015(3)(c).
- 20 (3) Determines this Order shall not affect the Commission's authority over rates,  
services, accounts, valuations, estimates, or determination of costs, on any matters  
that may come before it.
- 21 (4) Retains jurisdiction over the subject matter and Puget Sound Energy to effectuate  
the provisions of this Order.

DATED at Lacey, Washington, and effective January 27, 2022.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner