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U-210553

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Amanda Maxwell
Executive Director and Secretary
Washington Utilities and Transportation Commission
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Re: Docket U-210553: Comments of Puget Sound Energy on Draft Request for Proposals

Dear Ms. Maxwell:

Puget Sound Energy (“PSE”) submits these comments in response to the Washington Utilities and Transportation Commission’s (“Commission”) September 13, 2021 Notice of Opportunity to File Written Comments (“Notice”) in this docket. The Notice invites comments on a draft request for proposals (“RFP”) from qualified firms interested in assisting the Commission with this decarbonization pathways examination.

As a general matter, the draft RFP seems like a reasonable starting point for soliciting proposals. However, given the detailed scope and objectives outlined in the 2021 operating budget proviso directing this examination, it would be beneficial for the RFP to clearly restate the proviso’s scope and objectives at the outset in order to better attract qualified and targeted proposals that meet the Commission’s needs. These comments therefore focus on three key areas where additional clarification will help inform proposals and enhance the Commission’s evaluation of consultant qualifications.

1. Additional specificity upfront surrounding the consultant’s scope of work will help inform RFP responses and lead to potentially better outcomes from the process

The Notice states that “[o]nce the successful bidder is under contract, the Commission will work collaboratively with the consultant to develop one or more scopes of work.” The Notice also provides that the RFP’s “on-call” contract structure is “intended to allow the Commission and contractor to discuss an examination approach, as well as to scale tasks to the available budget and timeline.” Section 1.2 of the draft RFP then indicates that the “final scope(s) of work for the consultant will be collaboratively developed with the selected contractor through an ‘on-call’ contract format.” PSE recognizes that developing a *full* scope of work at this early stage may not be achievable. However, the current scope of work structure lacks detail about the Commission’s preferred role for the consultant and may create potential ambiguity or lead to less than optimal proposals from respondents.

Additionally, the RFP states that the Commission will “facilitate engagement with utility representatives, industry stakeholders, and public interest groups,” whereas the consultant will “support engagement with members of the public and community-based organizations, among others.” Further clarification of this arrangement is needed to help respondents submit more detailed proposals and clarify the consultant’s role for stakeholders. For example, will the consultant’s work will be limited, either in terms of substance or involvement with certain groups of stakeholders? And will the “on-call” contract structure result in further reductions in scope of work? What work will be deemed appropriate for the consultant? These questions illustrate that further clarity is needed.

To help address these questions, PSE suggests that a list of illustrative consultant tasks and responsibilities, keyed to the proviso’s criteria, be included in the RFP. This list could include generic references to tasks such as financial and technical analysis, facilitation of technical content, and identification of relevant factors to inform the examination. It could also highlight specific tasks as prerequisites, including how the consultant must assess decarbonization pathways for natural gas utilities in tandem with the ability of electric utilities to procure and deliver electric power to reliably meet load in the Northwest. Alternatively, the Commission could consider including a public participation provision in the RFP’s scope of work section that would allow for all stakeholders to provide feedback on RFP responses and consultant tasks, roles, and responsibilities.

Upfront clarification of these scoping issues—before a contractor is selected—will be beneficial for all stakeholders, as these efforts will help ensure that the selected consultant is qualified to take on the complex role of supporting the Commission’s examination. Ultimately, this complex topic will demand participation from all stakeholders.

2. More specific consultant qualifications should inform proposal scoring

As noted previously, cross-sector decarbonization is a complex topic wrought with technological uncertainty, regulatory and statutory complexity, changes in regional energy reliability and resource planning dynamics, and equity and affordability considerations that we are collectively just beginning to understand and address. Therefore, PSE again suggests that the criteria enumerated in the applicable budget proviso directing this examination be used upfront to appropriately inform consultant selection and scoring.

According to the Notice, “bidders will be provided exhibits that include the state appropriation language in Senate Bill 5092, Section 143(4).” Given the breadth and importance of the criteria enumerated in the budget provision, these criteria should be emphasized at the outset of the draft RFP. These criteria were the result of robust negotiation, deliberation, and compromise during the legislative session. As such, the Commission should include these criteria in the RFP itself and require respondents to discuss their plan as it relates to each specific criterion.

Currently, the consultant’s “management proposal” is weighted as 60 of the available 100 points, and its substance includes the categories of project team structure and internal controls, staff qualifications and experience (general and equity-specific), and overall experience of the

consultant. As it relates to consultant experience, PSE encourages the Commission to consider further minimum qualifications to ensure that the consultant has ample experience with all of the topics stemming from the enumerated examination criteria. Among other areas, targeted experience in the Northwest may be of particular importance, as familiarity with decarbonization efforts elsewhere in the country may be beneficial, but the technical aptitude to assess how the impacts of various efforts might affect the reliability and resilience of the Northwest electric grid, in particular, under various scenarios and sensitivities, is critical.

3. The consultant should harmonize its work here with other state initiatives

PSE understands that the Washington State Department of Commerce (“Commerce”) has also solicited proposals from firms interested in providing financial and technical analysis of the impact on consumer-owned electric utilities and customers from the conversion from fossil fuels to electricity in residential and commercial buildings.¹ According to the Commerce RFP, this work will support the recommendations of the 2021 Washington State Energy Strategy and focus on residential and commercial buildings currently using a fossil fuel energy source for space heating, water heating, or cooking.²

Although there may be differences in the scopes of the Commerce study and the Commission’s examination, there may also be significant overlap and thus efficiencies to be gained by close coordination. As such, PSE encourages the agencies to continue to seek opportunities for collaboration, both between their diverse stakeholders and the consultant or consultants that are selected. If different consultants are hired for the respective studies, and to the extent there are conflicting conclusions or asymmetric assumptions in the studies, policymakers will be left trying to decipher the differences, which may be the result of differing assumptions or approaches to modeling similar data.

Finally, the Commission’s legislative report is not due until June 2023, whereas Commerce’s report completion date appears to be June 2022. It may therefore be advisable to spend additional time having the consultant that the Commission selects also advise the Commission on the Commerce report. The Commission could also provide its stakeholders with an opportunity to do so and to provide feedback as the Commission begins to prepare its report to the Legislature in 2023. Furthermore, it may be beneficial for the Commission’s engagement of the consultant to run through June 2023, in order for the Commission to maintain access to the consultant as it prepares its report to the Legislature.

¹ See State of Washington Department of Commerce Request for Proposals (RFP), RFP No. 1084-1001 (Commerce RFP), available at: <https://www.commerce.wa.gov/wp-content/uploads/2021/07/RFP-for-COU-Electrification-6-30-2021.pdf>.

² Commerce RFP at Sec. 1.1.

PSE appreciates the opportunity to provide these comments. Please contact Brett Rendina at (425) 457-5677 for additional information about these comments. If you have any other questions please, contact me at (425) 456-2142.

Sincerely,

/s/ Jon Piliaris

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