

# 2018 ALL RESOURCES RFP

Close-out Report

May 3, 2021

LIST OF EXHIBITS

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## SECTION 1. 2018 RFP TIMING AND REPORTING REQUIREMENTS

Puget Sound Energy (“PSE”) completed its 2018 All Resources RFP (the “2018 RFP”) process on February 3, 2021. Consistent with the requirements of Washington Administrative Code (“WAC”) Chapter 480-107-145(2), PSE is filing with the Washington Utilities and Transportation Commission (the “Commission” or “WUTC”) the following summary report.

Additional information about the 2018 All Resources RFP can be found on PSE’s RFP web site at [www.pse.com/rfp](http://www.pse.com/rfp).

### 1. 2018 RFP timing and reporting requirements

PSE issued the 2018 RFP to bidders on July 3, 2018 to meet capacity and renewable resource needs established in the 2017 integrated resource planning (“IRP”) process. The RFP evaluation was largely conducted in late 2018 and 2019, with post-proposal negotiations and associated resource re-evaluation analysis conducted in late 2019 and 2020. The last 2018 RFP contract was executed on February 3, 2021.

On December 28, 2020, the Commission issued General Order R-602 in Docket UE-190837, which amended WAC Chapter 480-107. The Commission referred to the amended rules as the “Purchases of Resources” rules, and they took effect on December 28, 2020. As such, the 2018 RFP evaluation process was substantially complete by the time the revised rules were adopted by the Commission.

The new Purchases of Resources rules require an electrical company to file a close-out report with the Commission within 90-days of the completion of an RFP,<sup>1</sup> including at a minimum the following information:

- a) Specific reasons for rejecting any bid under WAC [480-107-035\(6\)](#);
- b) The number of bids received, categorized by technology type;
- c) The size of the bids received, categorized by technology type;
- d) The median and average bid price, categorized by technology type and sufficiently general to limit the need for confidential designation whenever possible;
- e) The number of bids received by location, including locations designated as highly impacted communities;
- f) The number of bids received and accepted by bidder type, including women-, minority-, disabled-, or veteran-owned businesses;
- g) The number of bids received, categorized by ownership structures; and

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<sup>1</sup> See WAC chapter 480-107-145(2).

**SECTION 1. 2018 RFP TIMING AND REPORTING REQUIREMENTS**

- h) The number of bids complying with the labor standards identified in RCW [82.08.962](#) and [82.12.962](#).

While PSE collected and compiled the majority of the information required by the new Purchases of Resources rules during the 2018 RFP process (items a-d, and g above), the new rules also require electrical companies to collect and report information about bids for projects located in areas designated as highly impacted communities (item e), bidder diversity (item f), and labor standards (item h). Although this information was not requested at the time the 2018 RFP evaluation was conducted, PSE would like to be as responsive to the new reporting rules as possible. To that end, PSE sent written requests to all 2018 RFP bidders on April 13, 2021 asking each bidder to respond to the following series of questions designed to address items “f” and “h” above:

- When you submitted your 2018 All Resources RFP proposal(s), was the bidding entity a women-, minority-, disabled-, and/or veteran-owned business?
  - If so, please specify the relevant demographics.
- When you submitted your 2018 All Resources RFP proposal(s), RCW 82.08.962 and RCW 82.12.962 provided a sales and use tax exemption for clean energy projects that met certain statutory criteria. Did you submit your bid(s) in 2018 with the intent to apply for a sales or use tax exemption under RCW 82.08.962 or RCW 82.12.962?
- In 2019, the Washington State Legislature amended RCW 82.08.962 and RCW 82.12.962 through the Clean Energy Transformation Act (“CETA”) to require clean energy projects to be certified by the Department of Labor and Industries (“L&I”) in order to qualify for a sales or use tax exemption. L&I’s requirements for certification, which specify certain labor standards that must be met, are summarized [here](#). If these requirements had been in place in 2018, would you have intended to comply with these labor standards in order to qualify for the sales and use tax exemption under RCW 82.08.962 and RCW 82.12.962?

Because PSE completed the 2018 RFP evaluation prior to requesting the above data (and all RFP bidders had already been notified of their selection status), bidders that submitted the requested data did so on a purely voluntary basis. Out of a total of 51 bidders representing 97 proposals, PSE received responses from 6 bidders representing 15 proposals. The information PSE received from bidders should be viewed as a small sampling only, and not necessarily a representative sampling of all 2018 RFP proposals.

Table 1 summarizes the responses PSE received related to bidder demographics and diversity.

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Table 1. *2018 RFP bidder diversity demographics (voluntary sampling)*

Bidder demographic	Bidder responses
Women-owned	1
Minority-owned	0
Disabled-owned	0
Veteran-owned	1
Combination of the above	0
None of the above	4
<b>TOTAL RESPONSES</b>	<b>6</b>

Table 2 summarizes the responses PSE received related to labor standards.

Table 2. *RFP project labor standards (voluntary sampling)*

Compliance with labor standards	"Yes"	"No"	Unsure
At the time of the 2018 RFP, did the bidder intend to apply for a sales or use tax exemption under RCW 82.08.962 or RCW 82.12.962?	3	3	0
If current requirements had been in place in 2018, would bidder have intended to comply with the labor standards to qualify for this tax exemption?	3	2	1

PSE is unable to provide part of the data specified in item "e" related to "highly impacted communities" because it has not yet filed its first Clean Energy Implementation Plan ("CEIP"). PSE expects to file its first CEIP in fall 2021. Consistent with WAC 480-100-640(4)(a), the CEIP will identify highly impacted communities.

Section 2 of this report summarizes as required and to the extent possible the bids as received in response to the 2018 RFP. Section 3 specifies the reasons proposals were rejected under WAC 480-107-035(6).

## SECTION 2. PROPOSALS RECEIVED IN RESPONSE TO THE 2018 RFP

## 2. Proposals received in response to the 2018 RFP

PSE received a total of 97 proposals for new resources in response to the 2018 All Resources RFP. Table 3 summarizes the overall resource mix, total offered capacity (“Max Cap MW” column), offer structure and location of the proposed resources. System PPAs and demand response proposals are not reflected in the location columns.

Table 3. 2018 RFP proposals: Resource type, offer structure and location<sup>2</sup>

Resource Type	# Proposals WAC 480-107- 145(2)(b)	Max Cap (MW)*	Offer Structure(s) WAC 480-107-145(2)(g)			Location WAC 480-107-145(2)(e)**				
			PPA/Toll/ Other			WA	OR	MT	ID	NV
			Own	Agmt	Both					
Solar - PV	16	2,240	1	14	1	14	1	1		
Solar - PV + BESS	20	2,848		18	2	15	4	1		
Wind - Off Shore	1	400			1	1				
Wind On Shore	16	3,303	3	11	2	7	3	6		
Wind + Winter Sys PPA	1	371		1			1			
Wind + Solar + BESS	2	464	1	1		1	1			
Storage - Battery ("BESS")	17	1,265	1	8	8	17				
Storage - Pumped Hydro	2	900			2	1		1		
Biomass	2	72		2		2				
Biomass + BESS	1	15		1		1				
Natural Gas CCCT	2	1,020		1	1	1	1			
Natural Gas SCCT	1	245			1	1				
Natural Gas Recip	1	112	1			1				
Geothermal	2	43			2				1	1
Hydro - Run of River	1	38		1					1	
System PPA / Call Option	1	100		1						
Unbundled RECs	5	n/a		5		1	4			
DR Direct Load Control	4	109		4						
DR C&I Curtailment	2	44		2						
<b>TOTAL</b>	<b>97</b>	<b>13,589</b>	<b>7</b>	<b>70</b>	<b>20</b>	<b>63</b>	<b>15</b>	<b>9</b>	<b>2</b>	<b>1</b>

Table notes:  
 \*MW column reflects total combined potential capacity.  
 \*\*Does not reflect data specified in WAC 480-107-145(2)(e) related to “highly impacted communities”. Consistent with WAC 480-100-640(4)(a), the CEIP will identify highly impacted communities. PSE expects to file its first CEIP in fall 2021.

Most RFP proposals included multiple offer options in which one or more of the terms or features varied. Some proposals contained hybrid offers for renewable generation paired with another type of renewable generation and/or storage. Additionally, some demand response proposals featured a variety of program options and recruitment levels from different customer classes. As shown in Table 3, almost 93 percent of proposals offered at least one offtake agreement option and nearly 28 percent of proposals offered at least one ownership option. Approximately eight percent of proposals offered operating resources, while nearly 92 percent of proposals represented pre-construction resources at some stage of development.

<sup>2</sup> See Section 4 (Glossary) for a list of abbreviations and acronyms used in this table and throughout this report.

SECTION 2. PROPOSALS RECEIVED IN RESPONSE TO THE 2018 RFP

Table 4 summarizes the size range of proposed resources, and the median and average bid pricing by resource type.

Table 4. *2018 RFP proposals: Size and pricing*

Resource type	Number of proposals	Number of offers	Size range (MW / RECs, roughly) WAC 480-107-145(2)(c)	Median delivered bid price*** WAC 480-107-145(2)(d)	Average delivered bid price*** WAC 480-107-145(2)(d)
Solar	36	117	35 - 290 MW	54.25 \$/MWh	52.83 \$/MWh
Wind	20	51	45 - 500 MW	51.82 \$/MWh	58.76 \$/MWh
Storage: battery and pumped hydro*	20	73	10 - 500 MW	243.16 \$/kw-yr	308.19 \$/kw-yr
Natural gas-fired generation	4	16	50 - 620 MW	96.42 \$/kw-yr	90.69 \$/kw-yr
Unbundled RECs	5	8	35,000 - 130,000 RECs	5.36 \$/REC	6.11 \$/REC
Demand response	6	8	20 - 40 MW	122.22 \$/kw-yr	160.32 \$/kw-yr
Other**	6	5	10 - 100 MW	66.91 \$/MWh	74.12 \$/MWh
<b>Total</b>	<b>97</b>	<b>278</b>			

Table notes:

\*Storage also includes a system PPA/call option proposal.

\*\*Resource type "Other" includes biomass, geothermal and run-of-river hydro.

\*\*\*Delivered bid price is defined as the levelized all-in bid costs to PSE customers to compare bids with different offer structures, such as term, commercial operation date ("COD"), offtake agreement vs. ownership, point of delivery ("POD"), etc.

## SECTION 3. 2018 RFP EVALUATION AND DECISION PROCESS

### 3. 2018 RFP evaluation and decision process

PSE followed a structured, two-phased evaluation process to screen and rank individual proposals based on an evaluation of costs, risks and benefits. The first phase included a preliminary qualitative and quantitative screening designed to identify the most promising proposals and eliminate resources with prohibitive costs, minimal portfolio benefits or excessive risk. The second phase included a more rigorous due diligence review and portfolio optimization analysis, with the goal of identifying a shortlist of resources representing a combined best-fit, lowest reasonable cost solution to meet the resource needs established in the RFP.

While all of the 2018 RFP proposals carried some amount of risk, only two proposals failed to comply with the minimum requirements established in the RFP and were eliminated from consideration on this basis. WAC Chapter 480-107-145(2)(a) requires that a utility's summary report include the specific reasons for rejecting any bid under WAC 480-107-035(6), which states:

*The utility may reject any bids that do not comply with the minimum requirements of the RFP or identify the costs of complying with environmental, public health, or other laws, rules, and regulations in effect at the time of the bid.*

In Phase 1, PSE eliminated two extremely underdeveloped proposals because neither proposal contained the minimum information required to substantiate or evaluate the viability of the proposed resource, or its associated costs and risks (as required in Section 4 and Exhibit B of the 2018 All Resources RFP). These two proposals were subsequently removed from consideration. They were the only proposals eliminated based on a failure to meet the minimum qualifying criteria established in the All Resources RFP.



## SECTION 4. GLOSSARY

#### 4. Glossary

BESS	Battery energy storage system
CCCT	Combined cycle combustion turbine
CEIP	Clean Energy Implementation Plan, WAC 480-100-640
CETA	Clean Energy Transformation Act, RCW 19.405
C&I	Commercial and industrial (customer classes)
COD	Commercial operation date
Commission	Washington Utilities and Transportation Commission (see also "WUTC")
DR	Demand response
ID	Idaho
IRP	Integrated Resource Plan
L&I	Department of Labor and Industries, Washington state
Max Cap	Maximum capacity (of the resources as originally proposed)
MT	Montana
MW	Megawatts
NV	Nevada
OR	Oregon
Other Agmt	Other agreement (offer structure category in Table 3)

## SECTION 4. GLOSSARY

POD	Point of delivery
PSE	Puget Sound Energy
PV	Photovoltaic
RCW	Revised Code of Washington
Recip	Reciprocating engine
RECs	Renewable energy credits
RFP	Request for proposals
SCCT	Simple cycle combustion turbine
Sys PPA	System PPA
Toll	Tolling agreement
WA	Washington
WAC	Washington Administrative Code
WUTC	Washington Utilities and Transportation Commission (see also the “Commission”)