

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of  
  
PUGET SOUND ENERGY  
  
Petitioner,  
  
For an Order Approving Proposed  
Request for Proposals

Docket UE-200413  
  
Puget Sound Energy’s Petition for  
Amendment of Order 04 in Docket  
UE-200413

**PUGET SOUND ENERGY’S PETITION FOR  
AMENDMENT OF ORDER 04 IN DOCKET UE-200413**

1           1.       In accordance with RCW 80.04.210, WAC 480-07-875, and WAC 480-07-  
2 370(3), Puget Sound Energy (“PSE”) respectfully petitions the Washington Utilities and  
3 Transportation Commission (the “Commission”) for an Order amending the Commission’s  
4 Order 04 in Docket UE-200413. Specifically, PSE respectfully requests that the  
5 Commission amend Order 04 in Docket UE 200413 by changing the date by which PSE  
6 must file its request for proposals for demand response resources from April 1, 2021, to  
7 Monday, November 15, 2021. In furtherance of the relief requested, PSE further commits  
8 to the following:  
9                   (i)       PSE will file a draft request for proposals for all resources  
10                   on April 1, 2021, consistent with the requirements of  
11                   Order 04 in Docket UE-200414;

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- (ii) PSE will file a request for information for distributed energy resources, including, without limitation, demand response resources, by April 1, 2021;
- (iii) PSE will develop technical and operational requirements for a virtual power plant platform in mid-2021; and
- (iv) PSE will file a draft targeted request for proposals for distributed energy resources, including, without limitation, demand response resources, in Docket UE-200413 by Monday, November 15, 2021.

2. Please direct all correspondence related to this Petition as follows:

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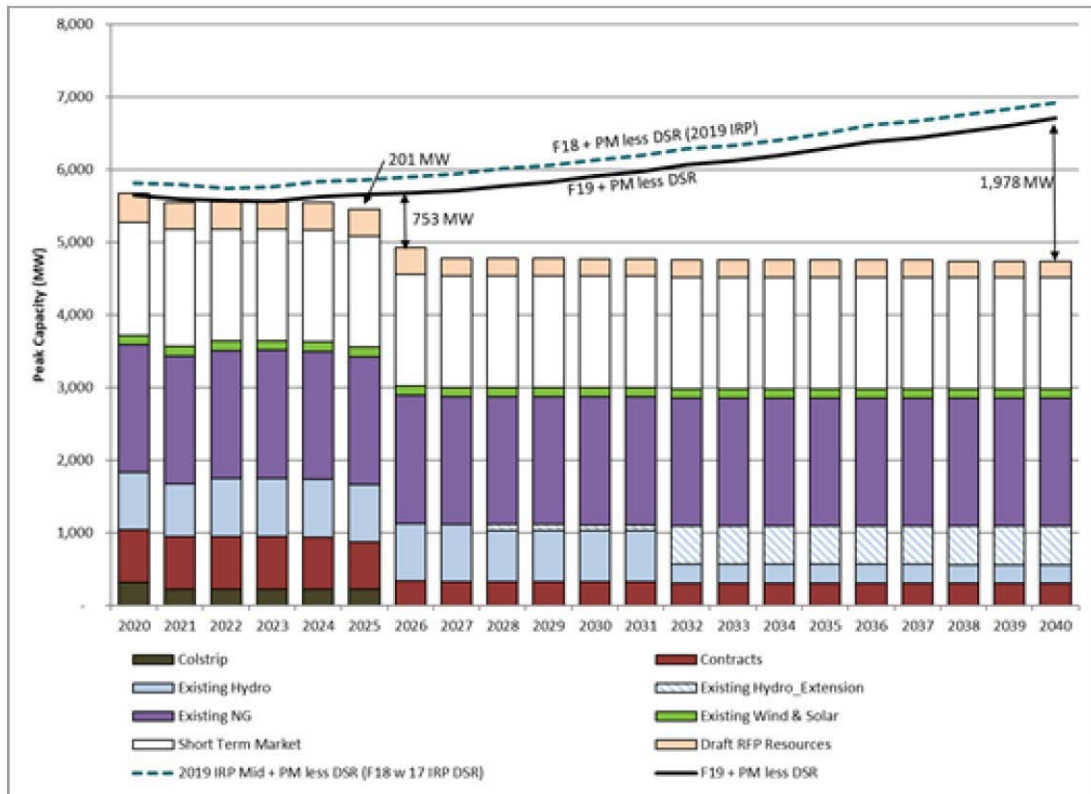
**I. BACKGROUND**

**A. Order 04 Requires PSE to Submit for Approval, in New Dockets, Proposed All-Resources and System-Wide Electric Demand Response Program Delivery RFPs and Accompanying Documentation No Later than April 1, 2021**

3. On May 4, 2020, PSE filed with the Commission a draft Request for Proposal Regarding All Resources in Docket UE-200414 (the “Draft All-Resources RFP”), and a draft Request for Proposals Regarding Demand Response Programs in Docket UE-200413(the “Draft Demand Response RFP”). As of such filing on May 4, 2020, PSE’s demand forecast projected a modest need for 82 MW of new electric resources in 2024 that PSE expected to increase to 753 MW in 2026.

1 4. Figure 1 presents the capacity need forecast included in PSE’s Draft All-  
2 Resources RFP and Draft Demand Response RFP, which was based on the Integrated  
3 Resource Plan progress report filed in the fall of 2019.

4 **Figure 1. Capacity Need Forecast from IRP Progress Report**



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6 5. Given the significant need for new resources in 2026 (753 MW, shown by  
7 year in Figure 1, above, and Table 1, below), PSE’s Draft All-Resources RFP and Draft  
8 Demand Response RFP also established a preferred glide path (shown in Table 2) to help  
9 ensure that PSE would be able to fulfill its reliability obligations to meet growing customer  
10 demand and to replace resources expiring or retiring from its portfolio.

**Table 1. Peak Capacity Need by Year (Additions are Cumulative) from the Draft All-Resources RFP and the Draft Demand Response RFP**

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Capacity need	(49)	(72)	(79)	(13)	106	753	935	997	1,048	1,133	1,198	1,310	1,362	1,442	1,534	1,630	1,683	1,788	1,867	1,978
Impact of pending Colstrip 4 sale	95	95	95	95	95															
Remaining capacity need	46	23	16	82	201	753	935	997	1,048	1,133	1,198	1,310	1,362	1,442	1,534	1,630	1,683	1,788	1,867	1,978

**Table 2. Preferred Glide Path for Resource Additions from the Draft All-Resources RFP and the Draft Demand Response RFP**

Year needed	2024	2025	2026
Resource additions	200	200	353
Operating/Available by	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2025

6. The Commission received a total of 14 written comments in Dockets UE-200413 and UE-200414. Based on those comments and discussions with Commission staff (“Staff”), PSE submitted a revised Draft All-Resources RFP and Draft Demand Response RFP on July 22, 2020.

7. At or around the end of July 2020, after completion of the public comment period and near the end of the Commission deliberation period for Dockets UE-200413 (Demand Response RFP) and UE-200414 (All-Resources RFP), PSE completed the process to update its load forecast (the F2020 peak load forecast). On August 5, 2020, PSE filed a petition requesting a waiver of the original due date for a Commission decision to approve or suspend the Draft All-Resources RFP and the Draft Demand Response RFP, to allow more time for PSE to consider the impact of the new lower load forecast on the peak capacity need.

8. On July 23, 2020, PSE filed a Petition for Waiver from Certain Request for Proposals Requirement, seeking additional time for the Commission to approve the Draft

1 All-Resources RFP and the Draft Demand Response RFP. On July 31, 2020, the  
2 Commission issued Order 01 in Dockets UE-200413 and UE-200414, granting PSE's  
3 Petition dated July 23, 2020. In Order 01, the Commission indicated that it would consider  
4 the Draft All-Resources RFP and the Draft Demand Response RFP at its open meeting of  
5 August 13, 2020.

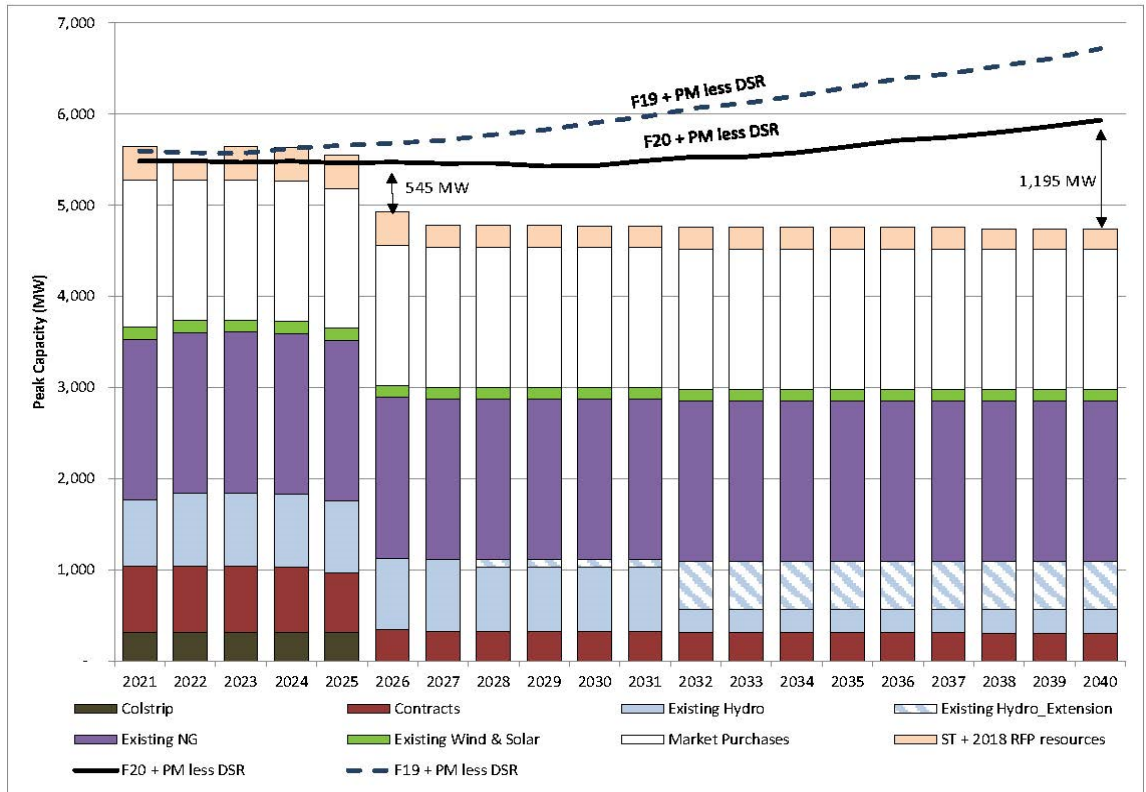
6 9. On August 5, 2020, PSE filed a Petition for Waiver of Certain Requirements  
7 Related to Requests for Proposals Contained in WAC 480-107 and Order 01. In this  
8 petition, PSE explained that it had recently developed an updated load forecast that reflects  
9 the effects of the COVID-19 pandemic. This forecast indicated a significantly lower peak  
10 capacity need than the forecast in the Draft All-Resources RFP and the Draft Demand  
11 Response RFP. Accordingly, PSE requested more time to consider this issue.

12 10. On August 13, 2020, the Commission granted PSE's Petition dated  
13 August 5, 2020, in Order 02. The Commission indicated that it would consider PSE's Draft  
14 All-Resources RFP and Draft Demand Response RFP at its open meeting of September 10,  
15 2020, at which time the Commission would take action to approve or suspend them.

16 11. On August 26, 2020, PSE filed an Informational Filing Seeking Comments  
17 from Interested Parties on the Potential Withdrawal of the Draft All-Resources RFP and  
18 the Draft Demand Response RFP (the "Informational Filing"). The Informational Filing  
19 followed an update to PSE's electric-peak capacity need projection to include (i) the F2020  
20 peak load forecast, which reflects updated economic and demographic assumptions, (ii) the  
21 effects of the COVID-19 pandemic, (iii) increased conservation from the 2019 Integrated  
22 Resource Planning process; and (iv) 2018 RFP shortlist resources. As shown in Figure 2  
23 below, the Informational Filing projected a peak capacity need that is significantly lower

1 than the peak capacity need presented in the Draft All-Resources RFP and the Draft  
2 Demand Response RFP.

3 **Figure 2. Electric-Peak Capacity Need Presented in Informational Filing**



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5 Whereas the Draft All-Resources RFP and the Draft Demand Response RFP filed on  
6 May 4, 2020, were based on a projected capacity need of 753 MW in 2026, the  
7 Informational Filing included a more modest projected capacity need of 545 MW in 2026.  
8 Table 3 compares the need presented in the May 2020 draft filing with the projections  
9 presented in the Informational Filing.

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**Table 3. Comparison of the Electric-Peak Capacity Need in the Informational Filing With the Electric-Peak Capacity Need in the Draft Demand Response RFP and the Draft All-Resources RFP**

Peak capacity need filed in May 2020 draft RFPs (F2019 load forecast)																				
Ln.	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
1	(49)	(72)	(79)	(13)	106	753	935	997	1,048	1,133	1,198	1,310	1,362	1,442	1,534	1,630	1,683	1,788	1,867	1,978
2	95	95	95	95	95															
3	46	23	16	82	201	753	935	997	1,048	1,133	1,198	1,310	1,362	1,442	1,534	1,630	1,683	1,788	1,867	1,978
Peak capacity need updated in August 2020 (F2020 load forecast)																				
Ln.	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
4	(162)	(18)	(177)	(155)	(89)	545	682	683	653	661	715	774	774	819	884	952	986	1,062	1,126	1,195
5	95	95	95	95	95	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	(67)	77	(82)	(60)	6	545	682	683	653	661	715	774	774	819	884	952	986	1,062	1,126	1,195
Comparison of May 2020 and August 2020 peak capacity need forecasts																				
Ln.	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
7	(113)	54	(98)	(142)	(195)	(207)	(253)	(314)	(396)	(472)	(483)	(535)	(588)	(623)	(650)	(678)	(697)	(726)	(741)	(783)
8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	(113)	54	(98)	(142)	(195)	(207)	(253)	(314)	(396)	(472)	(483)	(535)	(588)	(623)	(650)	(678)	(697)	(726)	(741)	(783)

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5           12.     On September 3, 2020, PSE filed a Third Petition for Waiver of Certain  
6 Requirements Related to Requests for Proposals Contained in WAC 480-107 and  
7 Orders 01 and 02, requesting a two-week extension for the Commission to consider PSE’s  
8 Draft All-Resources RFP and Draft Demand Response RFP.

9           13.     On September 8, 2020, PSE filed a Motion for Withdrawal of Draft  
10 Requests for Proposals and Petition for Waiver of Certain Requirements Related to  
11 Requests for Proposals Contained in WAC 480-107 (the “Motion for Withdrawal”). PSE  
12 requested permission to withdraw its Draft All-Resources RFP and Draft Demand  
13 Response RFP. PSE accordingly requested an exemption from WAC 480-107-015(3)(b)

1 with respect to the issuance of a request for proposals for supply-side and demand response  
2 resources.

3 14. On October 15, 2020, the Commission issued Order 04, which found that  
4 PSE's Motion for Withdrawal and requested exemption is consistent with the public  
5 interest, the purposes underlying regulation, and applicable statutes, and concluded that it  
6 should grant the petition with the following conditions:

7 (i) PSE will work collaboratively with Staff and other  
8 stakeholders in the first quarter of 2021 to address comments  
9 submitted in Dockets UE-200413 and UE-200414,  
10 particularly the proposal to use an independent evaluator,  
11 and revise the RFPs as appropriate; and

12 (ii) PSE must submit for approval, in new dockets, proposed all-  
13 resources and system-wide electric demand response  
14 program delivery RFPs and accompanying documentation  
15 no later than April 1, 2021.

## 16 **B. Selection of an Independent Evaluator**

17 15. In November of 2020, PSE consulted with stakeholders and Staff before  
18 issuing a solicitation for an independent evaluator to support the development and review  
19 of the requests for proposals for all-resources and demand response resources for approval  
20 that PSE must submit by April 1, 2021. This was consistent with the direction provided by  
21 Staff and the Commission's Order 04, including the direction of the draft rules then under  
22 development by the Commission in the Purchase of Resources rulemaking.

23 16. On January 19, 2021, PSE filed a Petition for Approval of its Recommended  
24 Independent Evaluator (the "Petition for IE Approval"). Staff reviewed the approach PSE  
25 used to identify interested independent evaluator firms and solicit bids, as well as its  
26 evaluation processes and its final selection, and did not contest PSE's recommended  
27 selection of Bates & White. Staff noted that Bates & White's previous experience working

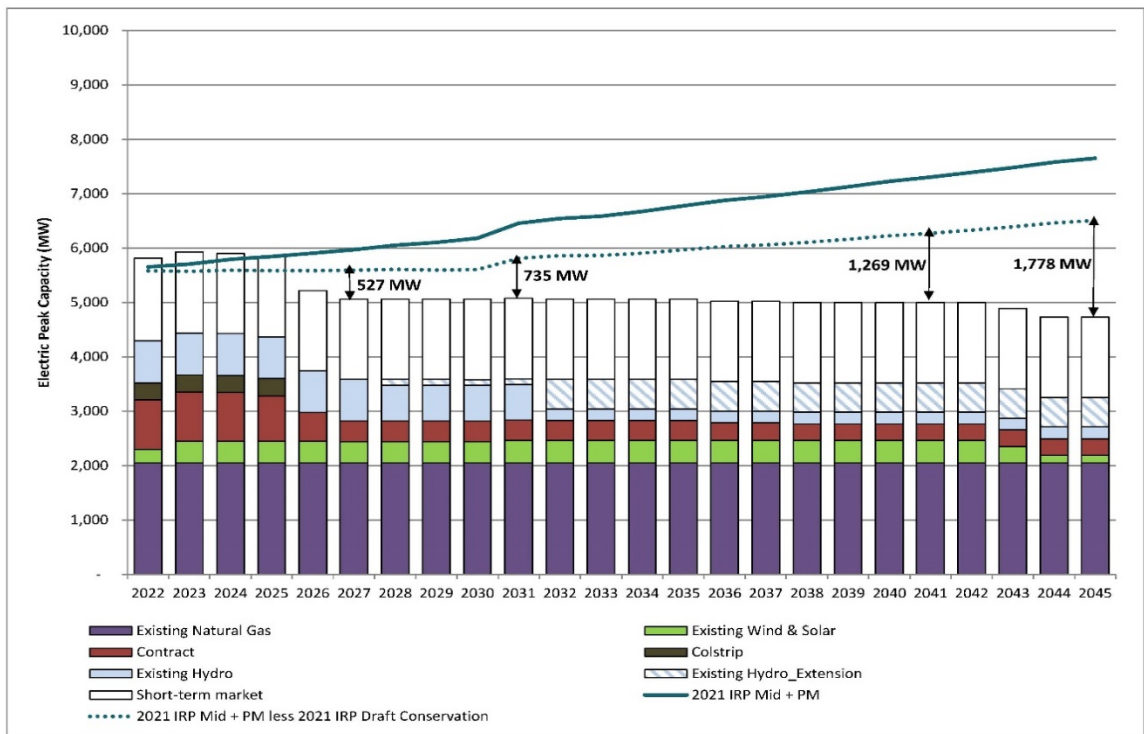


1 with other investor-owned utilities in the Pacific Northwest is an advantage for this first  
 2 formal hiring of an independent evaluator and recommended that the Commission grant  
 3 PSE’s Petition for IE Approval. On January 28, 2021, the Commission issued Order 01 in  
 4 Docket UE-210037 granting the Petition for IE Approval.

5 **C. Filing of the Draft Integrated Resource Plan**

6 17. On January 4, 2021, PSE filed the Draft 2021 Integrated Resource Plan  
 7 (“2021 Draft IRP”) in Dockets UE-200304 and UG-200305. As shown in Figure 3 below,  
 8 the 2021 Draft IRP projects peak capacity need in the mid-demand forecast plus planning  
 9 margin is 907 MW by 2027 and 1,381 MW in 2031.

10 **Figure 3. Electric-Peak Capacity Need in the 2021 IRP**



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 12 This projected need includes a 20.7 percent planning margin (a buffer above a normal peak)  
 13 to achieve and maintain PSE’s 5 percent loss of load probability (LOLP) planning standard.

1 Cost-effective, reliable demand-side resources reduce projected peak need in 2027 from  
2 907 MW to 527 MW, which is less than the projected peak need of 682 MW in 2027  
3 presented in the Informational Filing and Table 3 above.

4 18. The Draft 2021 IRP identified the preferred resource additions reflected in  
5 Table 4 below.

6 **Table 4. Incremental Nameplate Capacity of Resource Additions**  
7 **from the 2021 Draft IRP**

Resource Additions (MW)	2022-2025	2026-2030	2031-2045	Total
Distributed Energy Resources				
Demand Side Resources	256 MW	360 MW	1,168 MW	1,784 MW
Battery Energy Storage	75 MW	125 MW	550 MW	750 MW
Solar - ground and rooftop	80 MW	150 MW	450 MW	680 MW
Demand Response	10 MW	161 MW	44 MW	215 MW
DSP Non-Wire Alternatives	22 MW	24 MW	72 MW	118 MW
<b>Total DER</b>	<b>443 MW</b>	<b>820 MW</b>	<b>2,284 MW</b>	<b>3,547 MW</b>
Renewable Resources	600 MW	1,100 MW	2,762 MW	4,462 MW
Flexible Capacity	0 MW	237 MW	711 MW	948 MW

8  
9 These additions reflect a lowest reasonable cost portfolio of demand- and supply-side  
10 resources that meet the projected capacity, energy, and renewable resource needs.

11 **D. Further Updates Since Publication of the Draft 2021 IRP**

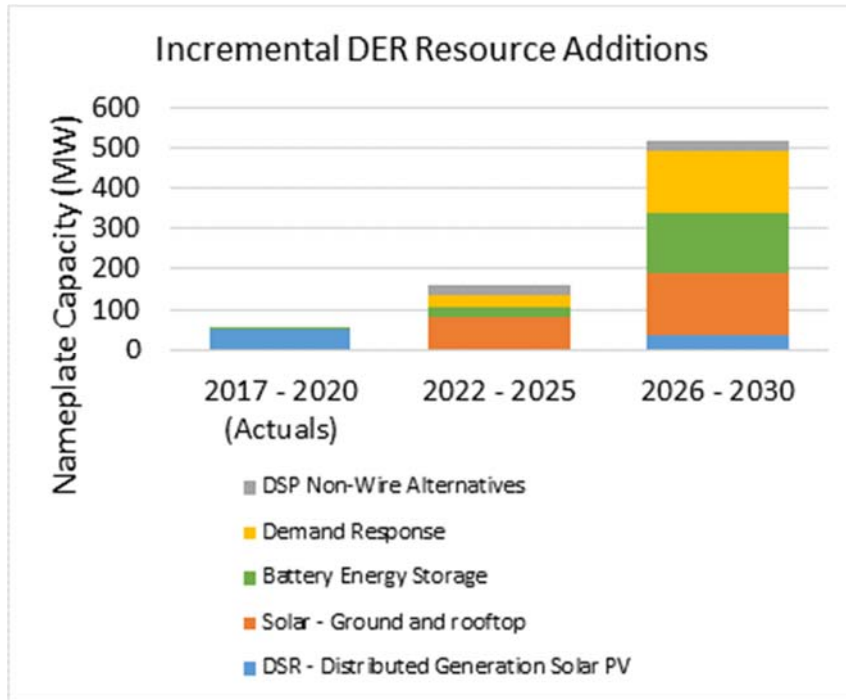
12 19. Since publication of the Draft 2021 IRP on January 4, 2021, PSE has been  
13 working collaboratively with Staff and other stakeholders to refine the list of preferred  
14 resource additions reflected in Table 4 above. Table 5 below presents the most recent list  
15 of preferred resource additions discussed among PSE, Staff, and stakeholders on a webinar  
16 on March 5, 2021.

**Table 5. Incremental Nameplate Capacity of Resource Additions  
Refined by PSE Since Publication of the 2021 Draft IRP  
(March 5, 2021)**

Resource Type	Incremental Resource Additions (MW)			Total
	2022-2025	2026-2031	2032-2045	
Distributed Energy Resources				
Demand-side Resources	256 MW	440 MW	1,087 MW	1,784 MW
Battery Energy Storage	25 MW	175 MW	250 MW	450 MW
Solar	80 MW	180 MW	420 MW	680 MW
Demand Response	29 MW	167 MW	21 MW	217 MW
DSP Non-Wire Alternatives	22 MW	28 MW	68 MW	118 MW
<b>Total DERs</b>	<b>412 MW</b>	<b>990 MW</b>	<b>1,846 MW</b>	<b>3,249 MW</b>
Renewable Resources				
Wind	400 MW	1,100 MW	1,750 MW	3,250 MW
Solar	-	400 MW	297 MW	696 MW
Biomass	-	-	105 MW	105 MW
Renewable + Storage hybrid	-	-	375 MW	375 MW
<b>Total Renewable Resources</b>	<b>400 MW</b>	<b>1,500 MW</b>	<b>2,527 MW</b>	<b>4,426 MW</b>
Peaking Capacity with Biodiesel	-	255 MW	711 MW	966 MW

20. The substantial addition of distributed energy resources (including demand response resources) included in the list of preferred resource additions in Table 5 above reflects an important shift in PSE’s reliance on these resources to meet customer demand. Over the past four years, PSE has added approximately 50 MW of distributed energy resources (including demand response resources). As shown in Table 5 above and in Figure 4 below, PSE plans to acquire over 400 MW of distributed energy resources (including demand response resources) over the next four years (2022-2025), thereby substantially increasing its reliance on these resources.

1 **Figure 4. Planned Incremental Distributed Energy Resource Additions**



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3 The substantial increase in PSE’s reliance on distributed energy resources (including  
4 demand response resources) necessitates the acquisition or development of a portfolio tool  
5 to integrate these new resources (i.e., a virtual power plan).

6 **E. Reassessment of the Process for the Request for Proposals of Demand-**  
7 **Response and Distributed-Energy Resources**

8 21. In light of the significant amount of distributed solar, batteries, and demand  
9 response identified in PSE’s 2021 Draft IRP (representing 634 MW of new capacity by  
10 2030), PSE has reevaluated whether the 2021 RFP process is well-situated to fill that  
11 substantial volume of distributed energy resources and demand response resources  
12 identified in the 2021 Draft IRP.

13 22. PSE has identified a need to build a solid foundation for distributed energy  
14 resources and demand response resources. A proper foundation will help PSE identify and

1 acquire suitable resources to deliver a clean, reliable, equitable energy future for all  
2 customers.

3 23. PSE's Grid Modernization Roadmap contemplates each of the following:

4 (i) completion of an advanced distribution management  
5 system (ADMS) in 2023,

6 (ii) commencement of work on an ADMS-integrated distributed  
7 energy resource management system (DERMS) platform in  
8 2023, and

9 (iii) completion of an ADMS-integrated DERMS platform in  
10 2025.

11 ADMS integration provides important information about power flows on the distribution  
12 system, enabling the dispatch of distributed energy resources to address localized issues  
13 and provide non-wires alternative solutions. ADMS integration also coordinates distributed  
14 energy resource dispatch with other advanced applications, such as volt-var optimization  
15 and distribution automation.

16 24. PSE also anticipates that it will need, in the 2022-2023 timeframe, either  
17 (i) a third-party DERMS (without ADMS integration) or (ii) a virtual power plant  
18 platform (VPP). PSE plans to develop the requirements for a virtual power plant before  
19 PSE issues a request for proposals to acquire the distributed energy resources and demand  
20 response resources identified in the 2021 Draft IRP.

21 25. A third-party DERMS is a system that uses a standalone power flow model  
22 for situational awareness. It does not have direct visibility to other system operations  
23 applications, such as volt-var optimization and fault location, isolation, and service  
24 restoration (FLISR), but it does use supervisory control and data acquisition (SCADA) and  
25 geographic information system (GIS) data as inputs.

1           26.     A VPP aggregates different types of distributed energy resources in order  
2 to coordinate dispatch to meet system resource needs. A VPP aggregates distributed energy  
3 resources, including demand response, electric vehicle charging management, combined  
4 heat and power, solar photovoltaic generators (smart inverters) and distributed storage.  
5 Some VPPs can also manage alternative pricing programs, such as peak time rebates.

6           27.     If PSE were to proceed with the filing of a demand response request for  
7 proposals by April 1, 2021, it would do so without a preferred dispatch platform. Therefore,  
8 distributed energy resources and demand response resources bid into any request for  
9 proposal would likely include the cost of their preferred dispatch platforms, thereby  
10 requiring PSE to procure multiple dispatch platforms. Multiple dispatch platforms could  
11 result in additional costs to customers and create operational challenges associated with  
12 forecasting and dispatching across many different platforms. Developing requirements for  
13 a VPP prior to releasing a request for proposals for distributed energy resources and  
14 demand responses would allow all bidders to have clear guidance on features and  
15 integrations deemed necessary by PSE, thereby resulting in better comparability of bids.

16           28.     PSE identified at least three options to address the identified need to develop  
17 the requirements for a VPP before PSE issues a request for proposals to acquire the demand  
18 energy resources and demand response resources identified in the 2021 Draft IRP:

- 19           1.     Status Quo Option – PSE could file a draft demand response  
20 request for proposals and an all-resources request for  
21 proposals on April 1, 2021, as required by Order 04 in  
22 Dockets UE-200413 and UE-200414. PSE would then  
23 evaluate distributed energy resources and demand response  
24 resources amidst utility-scale resources as part of the all-  
25 resources request for proposals process. PSE has concerns,  
26 however, that this status quo approach may not produce  
27 meaningful bids or desired acquisition of distributed energy  
28 resources and demand response resources without PSE first

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identifying a foundational virtual power plant platform for these resources.

2. Suspension of Demand Response Request for Proposals – PSE could file a draft demand response request for proposals and an all-resources request for proposals on April 1, 2021, as required by Order 04 in Dockets UE-200413 and UE-200414. PSE would then seek to suspend the demand response request for proposals in Docket UE-200414 before Commission approval and issuance to allow PSE to identify and acquire a virtual power plant platform before issuing a targeted request for proposals for demand response resources. PSE would consider distributed energy resources as part of the all-resources request for proposals.

3. Amendment of Order 04 in Docket UE-200413 – PSE could file a petition with the Commission to amend Order 04 in Dockets UE-200413. In the petition, PSE would propose that PSE

a. file a draft all-resources request for proposals by April 1, 2021, as required by Order 04 in Docket UE-200414;

b. file a request for information for distributed energy resources *and* demand response resources by April 1, 2021, and

c. file a draft targeted request for proposals for both distributed energy resources *and* demand response resources in Docket UE-200413 by Monday, November 15, 2021.

As discussed below, PSE prefers the last option identified above and has filed this Petition for amendment of Order 04 in Docket UE-200413, accordingly.

**II. APPLICABLE STATUTES AND REGULATIONS**

**A. RCW 80.04.210**

29. RCW 80.04.210 expressly permits the Commission to amend a prior order of the Commission:

1 The commission may at any time, upon notice to the public  
2 service company affected, and after opportunity to be heard as  
3 provided in the case of complaints rescind, alter or amend any  
4 order or rule made, issued or promulgated by it, and any order  
5 or rule rescinding, altering or amending any prior order or rule  
6 shall, when served upon the public service company affected,  
7 have the same effect as herein provided for original orders and  
8 rules.<sup>1</sup>

9 **B. WAC 480-07-875 (Amendment, Rescission, or Correction of Order)**

10 30. WAC 480-07-875(1) permits the Commission the ability to “act in response  
11 to a petition, to alter, amend, or rescind any order that the commission has entered.”  
12 Petitions for an amendment of a prior order must comply with the requirements for a  
13 petition for rehearing in WAC 480-07-870. Please see Part II.C, below, for the  
14 requirements for a petition for rehearing in WAC 480-07-870.

15 31. Pursuant to WAC 480-07-875(2), the Commission may grant a petition for  
16 amendment of a prior order only after providing:

- 17 a. Notice of the petition or proposed commission action to the  
18 affected public service company or companies and to all  
19 parties in the underlying proceeding; and
- 20 b. An opportunity for parties to respond in writing or at a  
21 hearing consistent with due process.

22 WAC 480-07-875(2).

23 **C. WAC 480-07-870 (Rehearing)**

24 32. WAC 480-07-870(1) requires that a petition for rehearing of an order “must  
25 set forth sufficient grounds for rehearing the commission order and must include

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<sup>1</sup> RCW 80.04.210



1 substantial evidence or an offer of proof in support of the requested relief.”<sup>2</sup> Sufficient  
2 grounds for rehearing consist of the following:

- 3 a. changed conditions since the Commission entered the order;
- 4 b. harm to the petitioner resulting from the order that the  
5 commission did not consider or anticipate when it entered  
6 the order;
- 7 c. an effect of the order that the commission or the petitioner  
8 did not contemplate or intend; or
- 9 d. any good and sufficient cause that the Commission did not  
10 consider or determine in the order.<sup>3</sup>

11 33. WAC 480-07-870(2) requires the petitioner to file the petition in the docket  
12 in which the Commission entered the final order and serve the petition on all parties and  
13 persons included in the master service list for that docket.<sup>4</sup>

14 34. WAC 480-07-870(3) permits a party in the original proceeding to file a  
15 response to the petition within twenty days after the petitioner serves the petition, unless  
16 the Commission establishes a different deadline by notice.<sup>5</sup>

17 35. WAC 480-07-870(4) permits the Commission to accept the petition and, if  
18 so, the proceedings the Commission will undertake to consider the petition, if the petitioner  
19 is a public service company and files its petition earlier than six months after the effective  
20 date of a final order that a court has not reviewed and with which public service company  
21 is in compliance:

22 Pursuant to RCW 80.04.200 or 81.04.200, if the petitioner is a  
23 public service company and files its petition either no earlier  
24 than two years after the effective date of the commission's final

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<sup>2</sup> WAC 480-07-870(1).

<sup>3</sup> See WAC 480-07-870(1).

<sup>4</sup> See WAC 480-07-870(2).

<sup>5</sup> See WAC 480-07-870(3).

1 order or no earlier than six months after the effective date of a  
2 final order that a court has not reviewed and with which the  
3 company is in compliance, the commission will conduct a  
4 prehearing conference to establish a procedural schedule for  
5 commission consideration of the petition. In all other  
6 circumstances, the commission will determine whether to accept  
7 the petition and, if so, the proceedings the commission will  
8 undertake to consider the petition.<sup>6</sup>

9 **III. DISCUSSION**

10 **A. A Commission Order Granting This Petition Would be Consistent With the**  
11 **Public Interest and Would Neither Prejudice Nor Harm Any Stakeholder**

12 36. The Commission should grant this Petition to amend Order 04 in  
13 Docket UE-200413 to allow PSE to file a draft targeted request for proposals for both  
14 distributed energy resources *and* demand response resources by Monday, November 15,  
15 2021. A Commission order granting this Petition would be consistent with the public  
16 interest and would neither prejudice nor harm any stakeholder.

17 37. A change in circumstances since the Commission issued Order 04 in  
18 Docket UE-200413 has necessitated this Petition. As mentioned previously, PSE has  
19 identified a need to build a solid foundation for not just demand response resources but  
20 also distributed energy resources to ensure comparability of proposals and long term  
21 operability of many types of distributed energy resources. PSE's Grid Modernization  
22 Roadmap contemplates each of the following:

- 23 (i) completion of an ADMS in 2023,
- 24 (ii) commencement of work on an ADMS-integrated DERMS  
25 platform in 2023, and
- 26 (iii) completion of an ADMS-integrated DERMS platform in  
27 2025.

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<sup>6</sup> WAC 480-07-870(4).

1 ADMS integration provides important information about power flows on the distribution  
2 system, enabling the dispatch of distributed energy resources to address localized issues  
3 and provide non-wires alternative solutions.

4 38. In the near term (and prior to commencement of work on an ADMS-  
5 integrated DERMS platform), PSE anticipates that it will need, in the 2022-2023  
6 timeframe, either (i) a third-party DERMS (without ADMS-integration) or (ii) a VPP  
7 platform.

8 39. PSE had planned to use a third-party DERMS without ADMS-integration,  
9 based on an assumption that non-wires alternatives projects would require the platform.  
10 DERMS is necessary for non-wires alternatives projects because a DERMS platform  
11 provides situational awareness to grid conditions to the system operator. As mentioned in  
12 paragraph 25 above, a third-party DERMS is a system that uses a standalone power flow  
13 model for situational awareness but does not have direct visibility to other system  
14 operations applications, such as volt-var optimization and FLISR.

15 40. The 2021 Draft IRP, however, indicates that (i) PSE has a capacity need and  
16 (ii) distributed energy resources will be a significant part of the resource mix in filling both  
17 the capacity need and the need for renewable resources to comply with the Clean Energy  
18 Transformation Act. A VPP aggregates different types of distributed energy resources  
19 (including demand response, electric vehicle charging management, combined heat and  
20 power, solar photovoltaic (smart inverters) and distributed storage resources) to meet  
21 system resource needs. Therefore, PSE believes that a VPP is the right platform and tool  
22 for dispatching capacity and plans to develop the requirements for a VPP before PSE issues

1 a request for proposals to acquire the distributed energy resources and demand response  
2 resources identified in the 2021 Draft IRP.

3 41. If PSE were to proceed with the filing of a demand response request for  
4 proposals by April 1, 2021, PSE would do so without a preferred dispatch platform.  
5 Therefore, any demand response resources bid into any request for proposal would likely  
6 include the cost of their preferred dispatch platforms, thereby requiring PSE to procure  
7 multiple dispatch platforms. Multiple dispatch platforms could result in additional costs to  
8 customers and create operational challenges associated with forecasting and dispatching  
9 across many different platforms. Furthermore, PSE thinks any request for proposals for  
10 demand response should also include distributed energy resources.

11 42. PSE identified at least three options to address the identified need to develop  
12 the requirements for a virtual power plant before PSE issues a request for proposals to  
13 acquire the demand energy resources and demand response resources identified in the  
14 2021 Draft IRP:

15 1. Status Quo Option – PSE could file a draft demand response  
16 request for proposals and an all-resources request for  
17 proposals on April 1, 2021, as required by Order 04 in  
18 Dockets UE-200413 and UE-200414. PSE would then  
19 evaluate distributed energy resources and demand response  
20 resources amidst utility-scale resources as part of the all-  
21 resources request for proposals process. PSE has concerns,  
22 however, that this status quo approach may not produce  
23 meaningful bids or desired acquisition of distributed energy  
24 resources and demand response resources without PSE first  
25 identifying a foundational virtual power plant platform for  
26 these resources.

27 2. Suspension of Demand Response Request for Proposals –  
28 PSE could file a draft demand response request for proposals  
29 and an all-resources request for proposals on April 1, 2021,  
30 as required by Order 04 in Dockets UE-200413 and UE-  
31 200414. PSE would then seek to suspend the demand

1 response request for proposals before Commission approval  
2 and issuance to allow PSE time to identify and acquire a  
3 virtual power plant platform before issuing a targeted request  
4 for proposals for demand response resources. PSE would  
5 consider distributed energy resources as part of the all-  
6 resources request for proposals.

7 3. Amendment of Order 04 – PSE could file a petition with the  
8 Commission to amend Order 04 in Docket UE-200413. In  
9 the petition, PSE would propose that PSE

10 a. file a draft all-resources request for proposals by  
11 April 1, 2021, as required by Order 04 in Docket UE-  
12 200414;

13 b. file a request for information for distributed energy  
14 resources *and* demand response resources by April 1,  
15 2021, and

16 c. file a draft targeted request for proposals for both  
17 distributed energy resources *and* demand response  
18 resources in Docket UE-200413 by Monday,  
19 November 15, 2021.

20 43. PSE strongly prefers the last option identified above and respectfully  
21 requests that the Commission (i) grant this Petition for amendment of Order 04 in  
22 Docket UE-200413 and (ii) require PSE to file a draft targeted request for proposals for  
23 both distributed energy resources *and* demand response resources in Docket UE-200413  
24 by Monday, November 15, 2021. Although Order 04 in Docket UE-200413 requires PSE  
25 to file only a request for proposals for demand response resources by April 1, 2021, it is  
26 PSE's position that a request for proposals targeting demand response should also target  
27 distributed energy resources. PSE intends to pursue both demand response and distributed  
28 energy resources in a targeted request for proposals to be filed by November 15, 2021, if  
29 the Commission were to grant this Petition.

1           44.     If the Commission were to grant this Petition, then PSE would file, as an  
2 informational filing, a request for information for distributed energy resources, including  
3 demand response resources, on April 1, 2021. Responses to this request for information  
4 would allow PSE to better understand the technologies and program designs that bidders  
5 are likely to propose in response to the requests for proposals filed later in 2021. This  
6 information can inform the resource mix in, and the design of customer programs included  
7 as specific actions, in PSE’s Clean Energy Implementation Plan.

8           45.     If the Commission were to grant this Petition, then PSE would develop the  
9 technical and operational requirements for a virtual power plant platform in mid-2021. A  
10 virtual power plant platform would allow PSE to dispatch distributed energy resources for  
11 system needs in the near-term and serve as an important interim step for PSE. A virtual  
12 power plant platform would provide PSE with a common enterprise platform to dispatch  
13 distributed resources reliably and efficiently until such time that PSE has an ADMS-  
14 integrated DERMS platform in place (currently, projected, to be operational as early as  
15 2025). If PSE were to proceed with the filing of a draft request for proposals for demand  
16 response resources on April 1, 2021, without first identifying a virtual power plant  
17 platform, then some bidders likely will include the cost of their own dispatch platform in  
18 the cost of the distributed energy resource bid. Multiple dispatch platforms will increase  
19 costs to customers and complicate the dispatch of resources by integrating multiple systems  
20 and platforms across vendors.

21           46.     If the Commission were to grant this Petition, then PSE would file a draft  
22 targeted request for proposals for both distributed energy resources, including, without  
23 limitation, demand response resources, in Docket UE-200413 by Monday, November 15,

1 2021. This draft request for proposals will communicate the virtual power plant platform  
2 requirements to potential bidders so that they can tailor their bids specifically to PSE's  
3 needs.

4 47. If the Commission were to grant this Petition, then PSE would plan to use  
5 the same independent evaluator for the request for proposals for distributed energy  
6 resources that PSE will use for the request for proposals for all resources that PSE plans to  
7 file on April 1, 2021, consistent with the requirements of Order 04 in Docket UE-200414.

8 48. If the Commission were to grant this Petition, then PSE would issue the  
9 targeted request for proposals for distributed energy resources, including, without  
10 limitation, demand response resources, in early 2022. PSE anticipates that the evaluation  
11 stage of this targeted solicitation will be shorter than the evaluation stage for the solicitation  
12 for all-resources. Therefore, the evaluation for the targeted solicitation will occur around  
13 the same time that PSE anticipates that it would start to select the short-listing resources  
14 for the solicitation for all resources, thus resulting in no overall delay for demand response  
15 programs than under the current timeline. Although the targeted solicitation for distributed  
16 energy resources will remain separate from the solicitation for all resources, PSE will work  
17 collaboratively with Staff and the independent evaluator to determine potential approaches  
18 to comparing resources considered in the two solicitations while maintaining the integrity  
19 of the two processes.

20 49. No party would be harmed or prejudiced by the Commission granting this  
21 Petition. As previously mentioned, bidders seeking to submit proposals for distributed  
22 energy resources or demand response resources can submit their proposals in response to  
23 the request for information that PSE proposes to issue on April 1, 2021. Additionally,

1 nothing would prevent a bidder from submitting a proposal for distributed energy resources  
2 or demand response resources in response to the request for proposals for all resources.  
3 Accordingly, a Commission order granting this Petition would be consistent with the public  
4 interest and would neither prejudice nor harm any stakeholder.

5 **B. Compliance With RCW 80.04.210, WAC 480-07-875, and WAC 480-07-870**

6 50. Pursuant to WAC 480-07-875 and WAC 480-07-870(2), PSE has filed this  
7 Petition in Docket UE-200413, the same docket the Commission entered Order 04, and  
8 PSE has served this Petition on all parties and persons included in the master service list  
9 for Docket UE-200413.

10 51. WAC 480-07-870(3) permits a party in the original proceeding to file a  
11 response to the petition within twenty days after the petitioner serves the petition, unless  
12 the Commission establishes a different deadline by notice. PSE respectfully requests that  
13 the Commission require that a party in Docket UE-200413 the original proceeding to file  
14 a response to this Petition do so on or before the Commission's open meeting scheduled  
15 for Thursday, March 25, 2021.

16 52. PSE is a public service company and filed this Petition earlier than six  
17 months after the effective date of Order 04 in Docket UE-200413. No court has reviewed,  
18 and PSE is in compliance with, such Order 04. Accordingly, the Commission need not  
19 conduct a prehearing conference to establish a procedural schedule for Commission  
20 consideration of this petition. PSE respectfully requests that the Commission considers this  
21 Petition at or before the Commission's open meeting scheduled for Thursday, March 25,  
22 2021.



1 **IV. RELIEF REQUESTED**

2 53. For the reasons set forth above, PSE respectfully requests that the  
3 Commission amend Order 04 in Docket UE 200413 by changing the date by which PSE  
4 must file its request for proposals for demand response resources from April 1, 2021, to  
5 Monday, November 15, 2021. In furtherance of the relief requested, PSE further commits  
6 to the following:

- 7 (i) PSE will file a draft request for proposals for all resources  
8 on April 1, 2021, consistent with the requirements of  
9 Order 04 in Docket UE-200414;
- 10 (ii) PSE will file a request for information for distributed energy  
11 resources, including, without limitation, demand response  
12 resources, by April 1, 2021;
- 13 (iii) PSE will develop technical and operational requirements for  
14 a virtual power plant platform in mid-2021; and
- 15 (iv) PSE will file a draft targeted request for proposals for both  
16 distributed energy resources *and* demand response  
17 resources, in Docket UE-200413 by Monday, November 15,  
18 2021.

19 Submitted this 15th day of March, 2021.

20 **Perkins Coie LLP**



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