

**Docket UE-210220 – PSE’s 2021 All-Source RFP: Attachment to Staff Memo
Stakeholder Comments**

Commission Staff: After providing some procedural context and background, Staff identified two areas where the Draft RFP may not follow applicable rules: an insufficient depth of detail regarding ranking criteria, including explanations and a sample rubric; and a missing narrative describing the company’s rationale for the credit requirements PSE expects of bidders.

Staff also described a few other concerns and recommendations related to the Draft RFP:

- Acquisitions made through this all-source RFP and through the DER-focused RFP due on November 15, 2021, should complement each other, and the two processes should “fairly compare all resource options” through a “combined analysis.”¹
- The vocabulary used to describe bidders’ CETA equity plans in the Draft RFP should align with other CETA-related efforts. Bidders should be allowed to update their plans when the CEIP is approved.
- PSE should use its IRP analytical tools for bid evaluation.
- PSE should further substantiate why its glide path to reduce the utility’s reliance on market purchases is the optimal approach to handling this cost and reliability risk.
- PSE’s effective load-carrying capability (ELCC) estimates differ greatly from other regional utilities and may be unreasonable.
- Subhourly modeling is not a part of PSE’s bid evaluation framework.
- PSE’s success fee is puzzling and may dissuade some bidders.
- PSE’s Exhibit K, which provides additional information to be used in evaluating demand response, appears to have some inconsistencies.
- Staff encourages PSE to ensure that offshore wind vendors are aware of this RFP.

Public Counsel: Public Counsel recommends approving PSE’s 2021 all-source RFP. The comments note PSE’s efforts to fold CETA’s customer benefit provisions into the RFP, and commend the company for filing its revised draft prior to the public comment deadline.

Robert Briggs: This commenter highlights the requirement in CETA that utilities “[m]ust incorporate the social cost of greenhouse gas emissions (SCGHG) as a cost adder when: ... (iii) Evaluating and selecting intermediate term and long-term resource options.” The commenter notes that PSE’s April 1 draft RFP filing does not include any reference to SCGHG and does not mention this requirement in its evaluation criteria.

Renewable Northwest (RNW): The commenter requests more information regarding PSE’s capacity need and regarding whether and how PSE will co-optimize its evaluation in this all-source RFP with the DER-targeted RFP to be filed on November 15, 2021. RNW also disputes the Company’s analysis in the IRP related to ELCC estimates. RNW’s comments conclude by raising concerns with a few of the details contained in the Draft RFP:

- RNW opposes the cost adder applied to power purchase agreements (PPAs), as well as any restrictions on best-and-final-offer pricing.
- RNW objects to some components of the Draft RFP’s treatment of transmission:

¹ WAC 480-107-009(4).

- Variable energy resources delivering to Mid-C should receive capacity credit.
- PSE’s transmission rights related to Colstrip should be included in the RFP.
- PSE should clarify how a cost adder might be applied to bids that would limit PSE’s optionality with its transmission rights.
- PSE should not require bidders to demonstrate firm transmission to PSE’s system.
- RNW requests that the Draft RFP offer some additional consideration for long-lead-time resources.
- RNW contends that thermal bids should be required to include a demonstration of CETA compliance.
- RNW requests that the RFP timeline offer more information about the tail end of the RFP process.

NW Energy Coalition (NVEC): NVEC echoes many of the points raised by RNW and points the Commission to NVEC’s comments filed regarding PSE’s 2021 Final IRP. Broadly, NVEC believes PSE’s capacity contribution methodology is flawed and contends that PSE should more clearly describe how the results of this RFP will be coordinated and optimized with the results of the DER-focused RFP. Like RNW, NVEC opposes the PPA cost adder.

Northwest and Intermountain Power Producers Coalition (NIPPC): NIPPC raises several issues in its filed comments.

- The Draft RFP’s bid adder applied to PPAs is contrary to the legislature’s intent and exacerbates the biases towards utility ownership options.
- The Draft RFP will provide insufficient data to the IE and is inconsistent with WAC 480-107-023(4) and -035(4).
- The Draft RFP’s restriction on updating bids to Phase 2 bidders is unfair and inconsistent with WAC 480-107-075(4).
- The Draft RFP’s preference for network integration transmission system does is confusing and there is not adequate information for bidders to choose a cost-effective point of delivery.
- The requirement for hourly scheduling may prevent economic sub-hourly scheduling.
- PSE should explain how it will assess term sheet edits for risk, particularly because three (3) business days is insufficient to cure many issues.
- PSE’s decision to calculate ELCC values is incomplete and likely inaccurate, particularly in the treatment of biomass, solar, and solar plus storage.
- PSE should explain its proprietary model and how it will conduct term normalization.
- The Draft RFP’s PPA term sheet imposes an inappropriate jury trial waiver.
- The Proposed RFP’s PPA term sheet imposes an assignment provision that could be onerous.
- The RFP is too subjective, and the non-price factors should be limited, and the price factors clarified.
- PSE should clarify why and how some cost factors are not assumed to be included in PPA bids.
- PSE should clarify the fuel cost factor and consider allowing fuel tolling bids.
- PSE should clarify transmission and ancillary services cost factors.
- PSE’s treatment of imputed debt is inappropriate.

- PSE’s penalty for recent litigation is inappropriate, particularly if the penalty is applied to bidders who are in litigation because of an alleged breach of contract by the other party.
- PSE should provide an opportunity to comment on any developing QF interconnection documents and procedures prior to RFP approval.
- The Draft RFP needs much more specificity and clarifications.

Plus Power, LLC: The commenter disputes the 2021 IRP’s ELCC calculations for energy storage, noting large shifts in the value compared to Portland General Electric’s recent IRP and PSE’s own 2017 IRP. Plus Power, LLC states that the Draft RFP’s “Base Configuration” use cases for battery storage do not reflect real-world operations or align with the warranty terms offered by battery manufacturers. The commenter concludes by highlighting a study from the National Renewable Energy Laboratory which calculated a “peak demand reduction credit” for energy-limited storage resources. The study indicated that batteries in the Pacific Northwest region would have a peak demand reduction credit of 100 percent for all added storage resources below a threshold of 3000 MW of regional storage capacity.

Swan Lake and Goldendale: The companies working to develop the Swan Lake and Goldendale pumped hydro storage projects raise concerns regarding “modeling deficiencies and inaccuracies in PSE’s Final IRP.” The joint commenters request that the Commission “put this proceeding on hold” to address these issues. The commenters describe four main concerns:

1. PSE has estimated an inaccurate and low ELCC value for storage resources, including pumped storage.
2. The Draft RFP unfairly disadvantages large capacity resources.
3. The Draft RFP includes timing constraints that disadvantage resources which require long lead times.
4. The capacity need described in the Draft RFP is likely to be significantly understated.

GB Energy Park Holdings, LLC (GBEP): Like Swan Lake and Goldendale, this commenter raised serious concerns with the 2021 IRP’s evaluation of storage resources, modeling issues which are rolled forward into the Draft RFP. GBEP disputes the following components of the IRP: overnight capital costs for hybrid and energy storage systems; resource adequacy assumptions and resulting low ELCC values; high net levelized costs, low revenues, and inaccurate operating constraints for pumped storage; and ELCC calculations for hybrid resources which may not match system sizing or optimization around constrained transmission. GBEP echoes Swan Lake and Goldendale’s concerns about a bias against large resources created by some of the Draft RFP’s qualitative metrics. The commenter concludes by describing a lack of clarity in how PSE will evaluate hybrid resources.

Oregon Building and Construction Trades Council and Washington Building Trades: These commenters request that long-duration pumped hydro storage projects be “given an adequate evaluation in the upcoming RFP,” specifically highlighting the Swan Lake and Goldendale pumped storage projects. The joint comments commend PSE for the RFP’s inclusion of CETA’s equity-related mandates.