

Agenda Date: September 10, 2020  
Item Numbers: A1 and A2

**Dockets: UE-200413 and UE-200414**  
Company Name: Puget Sound Energy

Staff: Kathi Scanlan, Senior Resource Planning Manager

### **Recommendation**

1. Hold a discussion today regarding Puget Sound Energy's informational filing on August 26, 2020, and anticipated filing on or about September 8, 2020, regarding the potential withdrawal of the Draft Requests for Proposals (RFPs) or request for approval.
2. Issue an order in Dockets UE-200413 and UE-200414, granting Puget Sound Energy's request for a temporary exemption of WAC 480-107-015(3)(b) and Order 02 for its Demand Response and All-Source RFPs, extending the date for the RFPs to be considered on September 24, 2020.<sup>1</sup>

### **Background**

On May 4, 2020, Puget Sound Energy (PSE or company), filed for approval with the Washington Utilities and Transportation Commission (commission) Draft Requests for Proposals (RFPs) regarding Demand Response Programs in Docket UE-200413, and All Generation Sources (All-Source) in Docket UE-200414 based on expressed resource need.<sup>2</sup>

Commission staff (staff) submitted comments on July 6, 2020, discussing issues with both draft RFPs. In addition to staff comments, nine parties also commented on one or both RFPs. Staff includes a listing of commenters in the attachment to this memo. The primary concerns raised involve the treatment of energy storage, including pumped storage, effective load carrying capability values, treatment of new Clean Energy Transformation Act (CETA) provisions, transparency of the evaluation criteria, communication with bidders and interested persons, transmission, and siting concerns.

On July 23, 2020, PSE filed a Petition for Waiver from Certain Request for Proposals Requirements, seeking additional time for the commission to approve the Draft All-Source RFP and the Draft Demand Response RFPs. In response, on July 31, 2020, the commission issued Order 01 in Dockets UE-200413 and UE-200414, in which the commission granted PSE's petition for additional review time. The commission stated in Order 01 that it would consider the

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<sup>1</sup> As set forth by the Commission's Order 02, the draft All-Source and demand response RFPs are scheduled for consideration at the Commission's open meeting on September 10, 2020, where the commission will approve or suspend the RFPs.

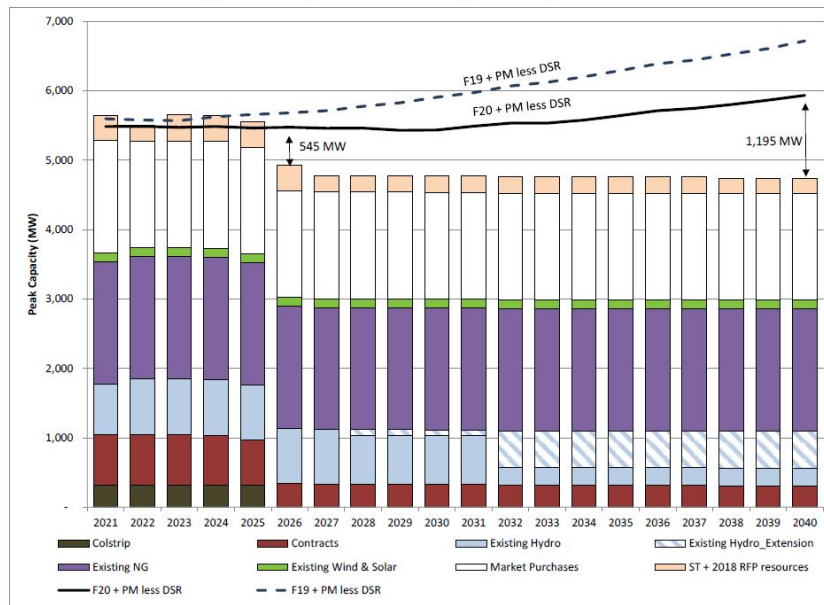
<sup>2</sup> UE-200414 and UE-200413 *Cover Letter* at p.2 (May 4, 2020).

Draft All-Source RFP and the Draft Demand Response RFP at the open meeting scheduled for August 13, 2020.

On August 5, 2020, PSE filed a second petition explaining that as part of PSE’s 2021 IRP process, the company recently developed an updated F2020 load forecast (the “Updated Load Forecast”) that reflects the projected effects on PSE loads of the ongoing global pandemic of coronavirus (COVID-19). The updated load forecast impacts and projected needs governed by acquisition rules and Clean Energy Transformation Act (CETA) requirements are considerations for RFP approval.<sup>3</sup> PSE indicated that based on preliminary results from the Updated Load Forecast, its peak capacity need will likely be significantly lower than the load forecast reflected in the Draft All-Source and Demand Response RFPs. In Order 02, the commission granted PSE’s petition for an exemption from rule, allowing more time for the company to consider changes to its Draft RFPs.

On August 26, 2020, PSE filed an informational filing in both dockets seeking comments from interested parties regarding *the potential withdrawal of its Draft Demand Response and All-Source RFPs*.<sup>4</sup> As shown in Figure 2 of the company’s informational filing, PSE now projects a peak capacity need that is lower than the peak capacity need presented in the draft RFPs.<sup>5</sup>

Figure 2. Updated electric-peak capacity need



<sup>3</sup> WAC 480-107 Electric Companies—Purchases of Electricity and Chapters 19.280, 19.285, and 19.405 RCW.

<sup>4</sup> UE-200413 and UE-200414 *PSE Informational Filing Seeking Comments from Interested Parties on the Potential Withdrawal of its Draft Demand Response and All-Source RFPs* (August 26, 2020).

<sup>5</sup> *Id.* at p.3.

PSE intends to make a final decision on or about September 8, 2020, regarding whether to pursue approval or file a motion to withdraw the RFPs. In its informational filing, PSE asserts that it is in the public interest to consider withdrawing the 2020 Demand Response and All-Source for the following two reasons:

- Based on the Updated Load Forecast, PSE's electric-peak capacity need currently projects no material capacity need for more than five years; and
- PSE no longer believes that the preferred glide path identified in the RFPs is necessary to fulfill its reliability obligations to meet growing customer demand and to replace resources expiring or retiring from its portfolio.

The company reached out to RFP stakeholders regarding its revised peak capacity need and informational filing, seeking comments by Friday, September 4, 2020. Staff appreciates PSE's stakeholder outreach efforts to-date. PSE indicated that it will decide whether to file a proposed motion to withdraw the draft RFPs on or about September 8, 2020; or in the alternative, proceed seeking approval of both draft RFPs. The company committed to notify interested parties in a timely manner of its decision with regard to both RFPs.

## **Discussion**

There are multiple considerations associated with this filing, such as PSE's presentation of its updated demand forecast at the company's 2021 IRP Advisory Group webinar on September 1, 2020, and the sheer level of interest generated by the initial filings and comments submitted by stakeholders. The commission received a total of 14 written comments in these dockets. Staff and stakeholders continue to review and respond to PSE's new filings and related dockets.<sup>6</sup>

In light of PSE's new information regarding potential withdrawal of both RFPs, staff believes the commission and stakeholders should be provided sufficient review time with regard to PSE's RFP decisions and supports granting the petition filed on September 3, 2020. Regarding PSE potentially seeking approval of the draft RFPs, staff notes PSE has not filed revisions to either draft RFPs based on stakeholder feedback or fully addressed issues related to: 1) CETA provisions and consideration of modeling a rate of return for power purchase agreement (PPA) for the All-Source RFP, 2) evaluation criteria and relative weighting factors for both RFPs, and 3) consideration of an independent evaluator (IE) to increase transparency of PSE's acquisition processes related to the All-Source and Demand Response RFPs.

Staff expects stakeholders at the open meeting to comment on PSE's informational filing and explain written comments received directly from stakeholders through September 4, 2020. Staff

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<sup>6</sup> UE-200304 PSE's 2021 IRP

asks PSE to discuss procedural next steps with regard to the company's decision. We believe it is in the public interest to grant this petition, allowing for additional time to properly address PSE's Draft Demand Response and All-Source RFPs, which are the first RFPs brought before the commission under both CETA requirements and acquisition rules.

### **Conclusion**

On September 10, 2020, staff recommends the commission hold a discussion regarding PSE's informational filing on August 26, 2020, and anticipated filing on or about September 8, 2020, regarding the potential withdrawal or approval of the Draft Requests for Proposals (RFPs) in Dockets UE-200413 and UE-200414. Further, staff reviewed the petition filed on September 3, 2020, and recommends the commission grant PSE's request for additional time.

Memo Attachment – List of Commenters on PSE's Draft RFPs

ATTACHMENT

List of Commenters on PSE's Draft RFPs  
Dockets UE-200413 (Demand Response) and UE-200414 (All-Source)

<b>Name</b>	<b>Representing</b>
Graham Horn	Enbala
Joni Bosh Fred Heutte	Northwest Energy Coalition
Sidney Villanueva	Swan Lake North Hydro, LLC (Swan Lake) and FFP Project 101, LLC (Goldendale)
James Adcock	PSE Customer, IRP Advisory Group Participant
Stephanie Chase Sarah Laycock Lisa Gafken	Public Counsel
Molly Emerson	Plus Power, LLC
Irion A. Sanger	Northwest & Intermountain Power Producers Coalition (NIPPC)
Tai Wallace	Cypress Creek Renewables, LLC
Katie Ware	Renewable Northwest