

**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**

**DOCKETS UE-200413 and
UE-200414**

**Puget Sound Energy’s (i) Motion
for Withdrawal of Draft Requests
for Proposals and (ii) Petition for
Waiver of Certain Requirements
Related to Requests for Proposals
Contained in WAC 480-107**

I. PRAYER FOR RELIEF

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2 1. Pursuant to Washington Administrative Code (WAC) 480-07-375, Puget
3 Sound Energy (“PSE”) hereby moves the Washington Utilities and Transportation
4 Commission (the “Commission”) for an order approving the withdrawal of each of

5 (i) the draft Request for Proposal Regarding Demand Response
6 Programs filed with this Commission in Docket UE-200413
7 on May 4, 2020, and amended on July 22, 2020 (the “Draft
8 Demand Response RFP”), and

9 (ii) the draft Request for Proposal Regarding All Resources filed
10 with the Commission in Docket UE-200414 on May 4,
11 2020, as amended on July 22, 2020 (the “Draft All-Source
12 RFP”).

13 Additionally, in accordance with WAC 480-107-002(3) and WAC 480-07-370(b), PSE
14 hereby petitions the Commission for a waiver of certain requirements related to requests
15 for proposals (“RFPs”) contained in WAC Chapter 480-107.

1 December 31, 2025, 80 percent carbon-free generation and overall carbon-neutral
2 electricity by 2030, and 100 percent carbon-free electricity by 2045.

3 6. The integrated resource planning analysis, which evaluates and establishes
4 PSE's capacity (physical reliability) and renewable energy (policy-driven) needs on a
5 biennial basis, consistent with WAC 480-100-238, guides PSE's electric resource
6 acquisition process. PSE's most recent Integrated Resource Plan (the "2017 IRP") included
7 a discussion of the electric planning standard and described the methodology for analyzing
8 PSE's resource needs.

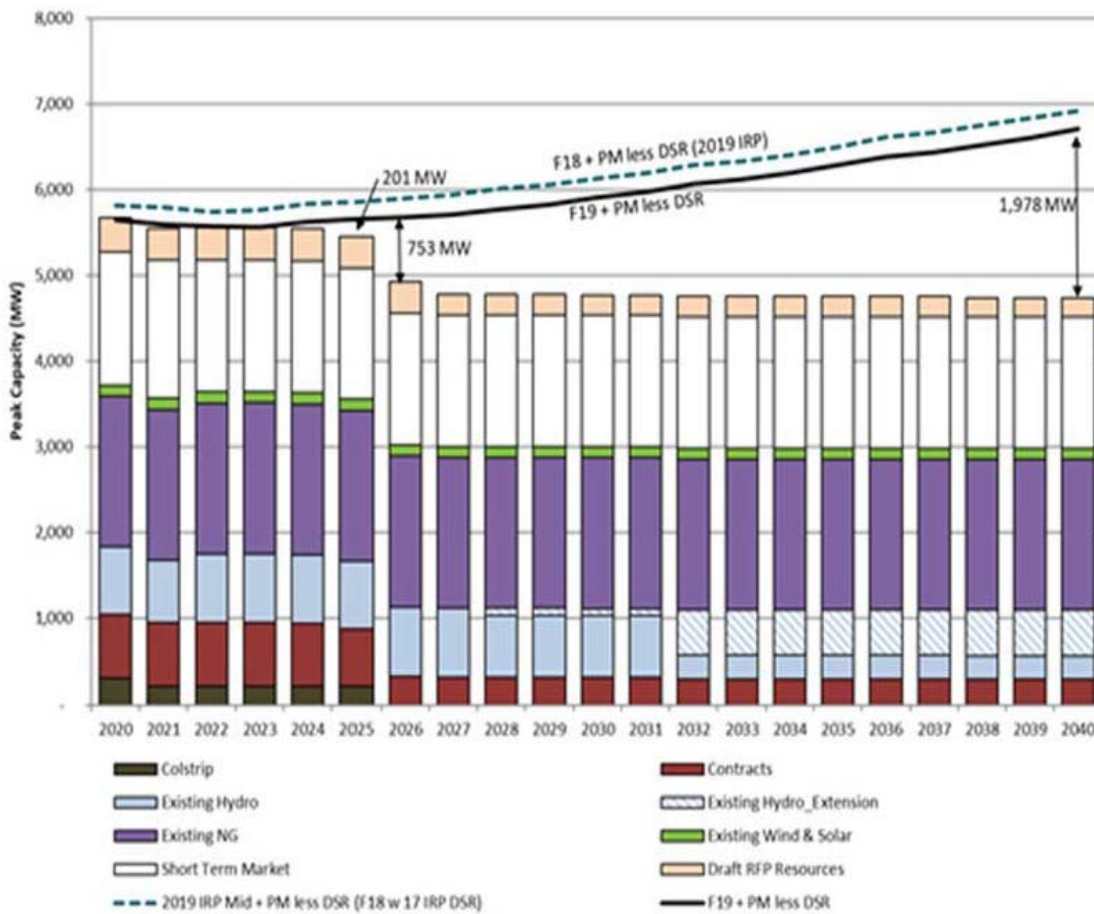
9 7. In October 2019, the Washington Utilities and Transportation Commission
10 Staff ("Staff") filed a Petition for Exemption from WAC 480-100-238 pursuant to
11 WAC 480-07-100 until December 31, 2020. In November 2019, the WUTC held an open
12 meeting concerning the matter and subsequently issued an order exempting PSE (and other
13 investor owned utilities in Washington) from WAC 480-100-238.

14 8. Pursuant to this Commission order, PSE filed an IRP Progress Report on
15 November 15, 2019 (the "IRP Progress Report"). The IRP Progress Report included an
16 updated assessment of PSE's resource needs and showed a need for new resources to help
17 meet PSE's peak capacity need. Both the 2017 IRP and the IRP Progress Report can be
18 found on PSE's web site at the following link: <http://www.pse.com/irp>.

19 9. On May 4, 2020, PSE filed with the Commission (i) a draft Request for
20 Proposal Regarding All Resources (the "Draft All-Source RFP") in Docket UE-200414
21 and (ii) a draft Request for Proposal Regarding Demand Response Programs (the "Draft
22 Demand Response RFP") in Docket UE-200413. Both the Draft All-Source RFP and Draft
23 Demand Response RFP stated a modest need for 82 MW of new electric resources in 2024

1 that is expected to increase to 753 MW in 2026. This forecast reflected PSE’s F2019
 2 normal peak load forecast. It also included the impact of (i) the potential sale of PSE’s
 3 interests in Colstrip Unit 4, which is pending Commission approval; (ii) the removal of
 4 Colstrip Unit 3 from PSE’s portfolio after 2025; (iii) the expiration of the Centralia Power
 5 Purchase Agreement; and (iv) the addition of PSE’s draft 2018 All-Source RFP short list
 6 resources. Figure 1 below presents the capacity need forecast included in the RFP filing.

7 **Figure 1. Capacity Need Forecast**



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1 10. Given the large need for new resources (753 MW) projected in 2026, PSE
2 established a preferred glide path (shown in Table 1 below) to help ensure that PSE fulfills
3 its reliability obligations to meet growing customer demand and to replace resources
4 expiring or retiring from its portfolio.

5 **Table 1. Preferred Glide Path for Resource Additions**
6 **from the Draft All-Source 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 |

7 In the Draft All-Source RFP, PSE indicated that it would consider any proposal consistent
8 with requirements described in the Draft All-Source RFP for a resource or combination of
9 resources that help meet all or part of the identified resource needs.

10 11. On May 11, 2020, the Commission issued a Notice of Opportunity to
11 Provide Written Comments and Notice of Open Meeting (the “Notice”). The Notice
12 required interested persons to file written comments by July 6, 2020, and afforded
13 stakeholders an opportunity to provide oral comments at the recessed open meeting on
14 July 17, 2020. On June 30, 2020, the Commission issued a Notice of Change to Scheduled
15 Open Meeting, indicating that the recessed open meeting set for July 17, 2020, was
16 rescheduled for July 30, 2020. The deadline for filing written comments remained
17 unchanged. The Commission received a total of fourteen (14) written comments in
18 Docket UE-200414.

1 12. On July 23, 2020, PSE filed a Petition for Waiver from Certain Request for
2 Proposals Requirements, seeking additional time for the Commission to approve the Draft
3 All-Source RFP in Docket UE-200414 and the Draft Demand Response RFP in Docket
4 UE-200413. On July 30, 2020, the Commission issued Order 01 in Dockets UE-200413
5 and UE-200414,¹ granting PSE’s Petition for Waiver from Certain Request for Proposals
6 Requirement, dated July 23, 2020. In Order 01, the Commission indicated that it would
7 consider both the Draft All-Source RFP and the Draft Demand Response RFP at the open
8 meeting scheduled for August 13, 2020.²

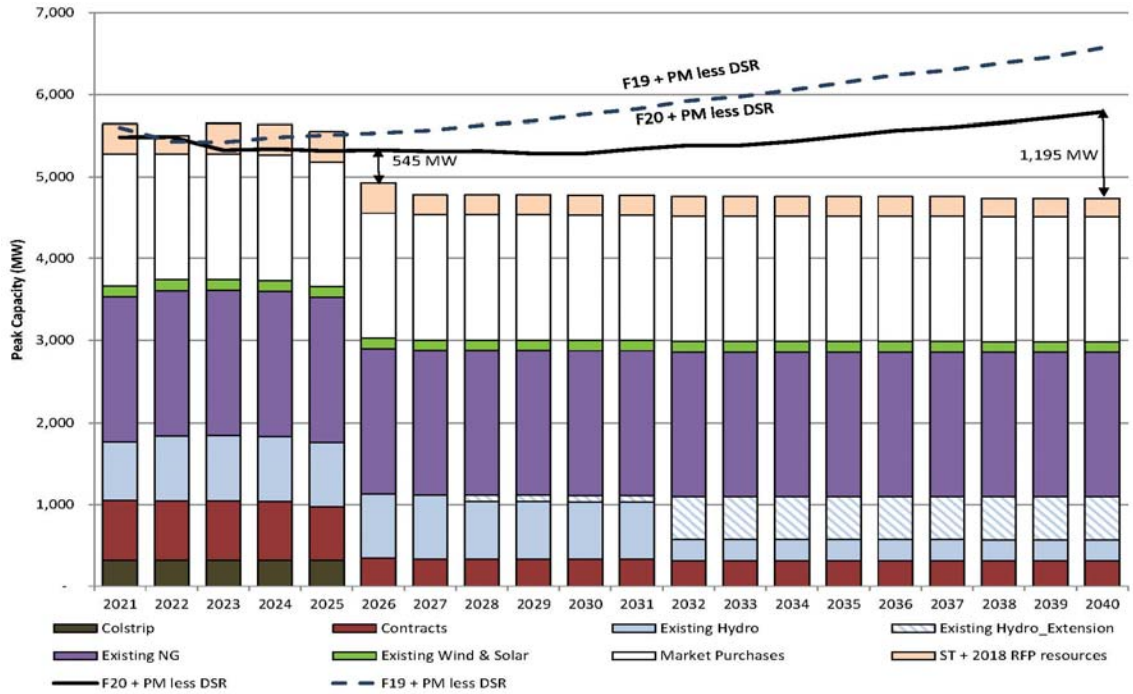
9 13. At or around the end of July 2020, PSE completed its process for updating
10 its load forecast and developing the F2020 normal peak load forecast. Whereas the F2019
11 normal peak load forecast projected a substantial capacity need of 753 MW in 2026, the
12 F2020 normal peak load forecast projects a more modest capacity need of 545 MW in
13 2026:

¹ *In the Matter of the Petition of Puget Sound Energy for an Order Approving Proposed Request For Proposals*, Dockets UE-200413 & UE-200414, Order 01 (Granting Petition For Exemption) (July 30, 2020).

² *Id.* at ¶ 6.

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Figure 2. Capacity Need from the F2020 Normal Peak Load Forecast



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14. On August 5, 2020, PSE filed a Petition for Waiver of Certain Requirements Related to Requests for Proposals Contained in WAC 480-107 and Order 01 (Petition). PSE submitted that it has recently developed an updated load forecast that reflects the effects of the COVID-19 pandemic. This forecast indicates a significantly lower peak capacity need than the previous load forecast indicated for either the Draft Demand Response RFP or the Draft All-Source RFP. PSE requested more time to consider this issue, and it therefore requested an extension of time to present its RFPs at the Commission’s open meeting dated September 10, 2020.

1 15. On August 13, 2020, the Commission issued Order 02 in Dockets UE-
2 200413 and UE-200414,³ granting PSE’s Petition for Waiver of Certain Requirements
3 Related to Requests for Proposals Contained in WAC 480-107 and Order 01, dated
4 August 5, 2020. In Order 02, the Commission indicated that it would consider both the
5 Draft All-Source RFP and the Draft Demand Response RFP at the open meeting scheduled
6 for September 10, 2020, at which time the Commission will take action to approve or
7 suspend them.⁴

8 16. On August 26, PSE submitted an informational filing seeking comments
9 from interested parties on the potential withdrawal of its Demand Response and All Source
10 RFPs. PSE indicated it will consider all comments submitted to the All Source RFP
11 mailbox (AllSourceRFPmailbox@pse.com) by Friday, September 4. PSE further indicated
12 that it intends to make a final decision on September 8 about whether to pursue approval
13 of the RFPs or file a motion to withdraw the RFPs. If the requests are withdrawn, PSE
14 noted it intends to integrate targeted demand response into a separate Targeted Demand
15 Side Management (“TDSM”) RFP in September of this year.

16 17. PSE received eight comments in response to its August 26 informational
17 filing seeking stakeholder comment. The themes of the comments are briefly summarized
18 here. One commenter indicated it was supportive of whatever action PSE takes, while also
19 noting that pumped storage hydro projects can have longer lead times. Other commenters

³ *In the Matter of the Petition of Puget Sound Energy for an Order Approving Proposed Request For Proposals, Dockets UE-200413 & UE-200414, Order 02 (Granting Motion in Part, Denying Motion in Part, and Modifying Procedural Schedule) (Aug. 13, 2020).*

⁴ *Id.* at ¶ 9.

1 encouraged PSE to approach demand response aggressively and recommended early
2 action, with one commenter noting that demand response programs may require a period
3 of up to five years to ramp up. Additionally, some commenters indicated that PSE should
4 be mindful of its CETA targets and thus not delay acquiring renewable resources. Another
5 commenter expressed that the RFP would be a useful price discovery mechanism for
6 energy storage. Finally, one commenter noted that Production Tax Credits (PTCs) and
7 Investment Tax Credits (ITCs) are set to expire soon and that PSE should take early action
8 to secure capacity while those tax credits are still available.

9 18. PSE appreciates all of the comments received from stakeholders with
10 respect to these RFPs and provides the following brief response to those comments here.

11 19. First, PSE acknowledges the unique nature of pumped storage hydro
12 projects, both as to longer development lead times and useful life; however, PSE does not
13 believe a one-year delay in RFPs will jeopardize projects with a useful life of 50 years or
14 more. Secondly, PSE notes that demand response program ramp times and overall
15 approaches can vary considerably, with some much shorter than five years. Third, PSE
16 agrees that acquiring renewable resources to meet CETA is important. PSE anticipates that
17 its 2021 RFP will target resources that meet both CETA-related renewable needs and
18 capacity needs. Fourth, conducting an RFP well ahead of an established capacity need for
19 the purpose of price discovery would be neither a prudent nor appropriate use of the RFP
20 process for PSE or RFP participants. Finally, PSE notes the benefits of PTCs and ITCs;
21 however, these benefits must be weighed against the carrying costs to ratepayers of
22 bringing resources online in advance of actual need.

1 20. After careful consideration of stakeholder comments, as well as the impacts
2 of the F2020 normal peak load forecast on the capacity need, PSE maintains it is in the
3 public interest to withdraw both the Draft Demand Response RFP and the Draft All-Source
4 RFP.

5 **III. MOTION TO WITHDRAW REQUESTS FOR PROPOSALS**

6 21. Under WAC 480-07-380(3)(a), a party must receive permission from the
7 Commission to withdraw a filing. Pursuant to WAC 480-07-380(3)(b), the Commission
8 will grant a party’s motion to withdraw a petition if doing so is in the public interest.⁵ In
9 the past, the Commission has also found that it is in the public interest to withdraw tariff
10 filings to allow parties to avoid unnecessary expense.⁶

11 22. As demonstrated in Figure 2 above, the F2020 normal peak load forecast
12 does not project a material capacity need for more than five years. Given the more
13 modest need for new resources in 2026 (545 MW), PSE no longer believes that the
14 preferred glide path identified in Table 1 above is necessary to ensure that PSE fulfills its
15 reliability obligations to meet growing customer demand and to replace resources
16 expiring or retiring from its portfolio.

⁵ See *In the Matter of the Application of Backcountry Travels LLC for a Certificate of Public Convenience and Necessity to Operate Vessels in Furnishing Passenger Ferry Service*, Docket TS-180677, Order 02 at ¶ 10 (Jan. 10, 2019).

⁶ See *WUTC v. SJM Water Servs., Inc. et al.*, Dockets UW-091034, *et al.*, Order 04 at ¶ 6 (Apr. 6, 2010) (permitting withdrawal of proposed rate increase in public interest to avoid Commission and Staff incurring expenses); *Re Cascade Natural Gas Corp.*, Docket UG-101656, Order 01 at ¶ 6 (Dec. 10, 2010) (permitting withdrawal in response to opposition in public interest to avoid incurring expense).

23. Although the updated peak capacity need is overall materially lower than previously projected, there is one year that could present a modest need. As shown in Table 2 below, it is possible that, in the fourth quarter of 2022, PSE could have a short-term 77 MW capacity need if the pending Colstrip Unit 4 sale is approved by the Commission and completed. PSE is well-prepared to manage this modest, temporary need if it materializes through a short-term RFP or other short-term hedging solution, if the sale were approved and completed.

Table 2. Changes to the Interim Electric-Peak Capacity Need with the Updated F2020 Load Forecast

| 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 | Capacity need including 2018 RFP Resources | (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 | Impact of pending Colstrip 4 sale | 95 | 95 | 95 | 95 | 95 | | | | | | | | | | | | | | | |
| 3 | 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 |
| 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 | Capacity need including 2018 RFP Resources | (162) | (18) | (177) | (155) | (89) | 545 | 682 | 683 | 653 | 661 | 715 | 774 | 774 | 819 | 884 | 952 | 986 | 1,062 | 1,126 | 1,195 |
| 5 | Impact of pending Colstrip 4 sale | 95 | 95 | 95 | 95 | 95 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Remaining capacity need | (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 | Capacity need delta (compares rows 1 and 4) | (113) | 54 | (98) | (142) | (195) | (207) | (253) | (314) | (396) | (472) | (483) | (535) | (588) | (623) | (650) | (678) | (697) | (726) | (741) | (783) |
| 8 | Impact of pending Colstrip 4 sale delta (compares rows 2 and 5) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Remaining capacity need delta (compares rows 3 and 7) | (113) | 54 | (98) | (142) | (195) | (207) | (253) | (314) | (396) | (472) | (483) | (535) | (588) | (623) | (650) | (678) | (697) | (726) | (741) | (783) |

24. Therefore, there is no need, at this time, for PSE to conduct requests for proposals for the 2020-2025 period. Allowing PSE to withdraw the Draft Demand Response RFP and the Draft All-Source RFP mitigates the time and expense associated with the Commission and Staff reviewing the draft RFPs, bidders responding to any final RFP, and PSE reviewing any responses to any final RFP when PSE does not have a projected material capacity need for more than five years.

1 **IV. REQUESTS FOR WAIVER OF CERTAIN REQUIREMENTS**
2 **RELATED TO REQUESTS FOR PROPOSALS CONTAINED IN**
3 **WAC CHAPTER 480-107.**

4 25. WAC 480-107-002(3) permits the Commission to grant exceptions to the
5 rules governing request for proposals, but only where such exceptions are “consistent with
6 the public interest, the purposes underlying regulation, and applicable statutes.”
7 Additionally, WAC 480-107-015(3)(a) provides that the requirement for requests for
8 proposals do not apply when a utility’s integrated resource plan, prepared pursuant to WAC
9 480-100-238, demonstrates that the utility does not need additional capacity within three
10 years.

11 **A. Requests for Waiver of Requirement to File Request for Proposals for**
12 **Supply-Side Resources**

13 26. As demonstrated in Figure 2 above, the F2020 normal peak load forecast
14 does not project a material capacity need for more than five years. Therefore, there is no
15 need, at this time, for PSE to conduct a request for proposals of supply-side resources for
16 the 2020-2025 period, and PSE’s request for a waiver of WAC 480-107-015(3)(b) with
17 respect to the issuance of a request for proposals for supply-side resources is consistent
18 with the public interest, the purposes underlying regulation, and applicable statutes.

19 27. For the reasons discussed above, PSE requests a waiver of 480-107-
20 015(3)(b) with respect to the issuance of a request for proposals for supply-side resources.

1 **B. Requests for Waiver of Requirement to File Request for Proposals for**
2 **Demand Response Resources**

3 28. As discussed above, WAC 480-107-002(3) permits the Commission to
4 grant exceptions to the rules governing request for proposals where such exceptions are
5 consistent with the public interest, the purposes underlying regulation, and applicable
6 statutes. As previously stated, PSE does not currently project a material capacity need
7 until 2026. PSE's request for a waiver of WAC 480-107-015(3)(b) with respect to the
8 issuance of a request for proposal for conservation resources is consistent with the public
9 interest, the purposes underlying regulation, and applicable statutes.

10 29. Furthermore, PSE will continue to pursue demand response by integrating
11 the targeted demand response contained in the Draft Demand Response RFP into a separate
12 Targeted Demand Side Management (TDSM) RFP in September 2020. Currently, PSE is
13 planning two non-wires (or pipes) alternative pilots with scoping in PSE's 2020-2021
14 Biennial Conservation Plan for four additional pilots, if those pilots prove to be viable. The
15 two pilots anticipated to start in 2020 are located on Bainbridge Island (electric demand
16 response) and in Duvall (gas demand response). These pilots further PSE's objective of
17 developing demand response programs consistent with state policy and applicable statutes.

18 30. For the reasons discussed above, PSE requests a waiver of 480-107-
19 015(3)(b) with respect to the issuance of a request for proposals for demand response
20 resources.

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V. CONCLUSION

31. As discussed above, PSE respectfully requests that the Commission grant PSE’s motion to withdraw the Draft Demand Response RFP filed in Docket UE-200413 and the Draft All-Source RFP filed in Docket UE-200414.

32. Additionally, PSE respectfully requests that the Commission grant PSE’s petition with respect to each of the following:

- (i) waiver of 480-107-015(3)(b) with respect to the issuance of a request for proposals for supply-side resources because PSE does not project a capacity need until 2026;
- (ii) waiver of WAC 480-107-015(3)(b) with respect to the issuance of a request for proposals for demand response resources because PSE does not project a capacity need until 2026.

Dated this 8th day of September 2020.

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