

Update on the 2020 Demand Response and All-Source RFPs

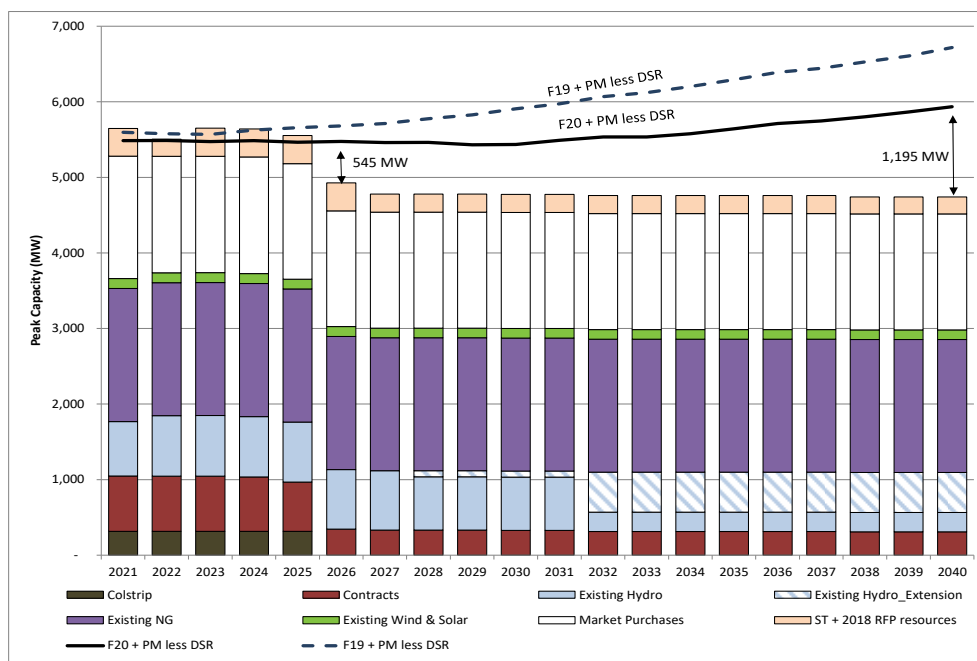
Puget Sound Energy (“PSE”) is seeking comment from interested parties on the potential withdrawal of its draft Demand Response and All-Source RFPs filed with the Washington Utilities and Transportation Commission (“the Commission”) in early May 2020 in dockets UE-200413 and UE-200414 respectively. PSE will consider all comments submitted to the AllSourceRFPmailbox@pse.com by September 4, 2020.

PSE intends to make a final decision on September 8 about whether to pursue approval of the RFPs or file a motion to withdraw the RFPs and will notify interested parties of its decision at that time. These RFPs are scheduled for consideration at the Commission’s open meeting on September 10, 2020. If the requests are withdrawn, PSE intends to integrate targeted demand response into a separate Targeted Demand Side Management (“TDSM”) RFP in September of this year.

Background

On May 4, PSE filed with the Commission draft Demand Response and All-Source RFPs demonstrating a need for new capacity resources within the next four to five years. In late July, PSE completed the process to update its load forecast (the F2020 load forecast), which reflects updated economic and demographic assumptions, the effects of the COVID-19 pandemic, and increased conservation from the 2019 IRP process. PSE subsequently updated its electric-peak capacity need projection (as shown in Figure 1) to include the new F2020 load forecast, which had the overall effect of reducing the expected capacity need over the next 20 years.

Figure 1. August 2020 updated electric-peak capacity need





As Figure 1 demonstrates, PSE does not project a material need for new capacity resources until 2026. Additional information about the August 2020 update to PSE's projected electric-peak capacity need is available to interested parties in the informational update letter filed by PSE on August 26, 2020, in Washington Utilities and Transportation Commission dockets UE-200413 (Demand Response RFP) and UE-200414 (All-Source RFP).

Recommendation and Next Steps

PSE is considering the withdrawal of the 2020 Demand Response and All-Source RFPs for two reasons. First, PSE's August 2020 updated electric-peak capacity need forecast does not project a material capacity need for more than five years. Second, given the more modest need for new resources in 2026 (545 MW), PSE no longer believes that the early glide path proposed in the draft RFPs is necessary to fulfill its reliability obligations to meet growing customer demand and to replace resources expiring or retiring from its portfolio.

For these reasons, PSE is considering withdrawal of the RFPs to mitigate the time and expense associated with (i) Commission and Staff reviewing the draft RFPs, (ii) bidders responding to any final RFPs, and (iii) PSE reviewing responses to the RFPs when it does not expect to have a material capacity need until 2026.

If the requests are withdrawn, PSE intends to integrate targeted demand response into a separate Targeted Demand Side Management ("TDSM") RFP in September 2020. TDSM is an Energy Efficiency pilot program focusing on delivering demand response and energy efficiency to geographically specific areas as part of non-wires (or pipes) alternative solutions to transmission and distribution infrastructure needs. Additionally, if the 2021 Integrated Resource Plan (due to be filed in April 2021) demonstrates a need for new capacity (physical reliability) or renewable energy (policy driven) resources, PSE would file updated draft RFPs with the Commission next summer.

At this time, PSE is asking for stakeholder feedback on withdrawal of the draft Demand Response and All-Source RFPs. Interested parties may submit comments for PSE to consider to AllSourceRFPmailbox@pse.com by September 4, 2020. PSE will file an update in the dockets and notify stakeholders of its decision prior to the Commission's open meeting on September 10. Notifications will be sent by email to PSE's stakeholder notification list and will be posted to our RFP webpage (<https://www.pse.com/RFP>). Interested parties may opt in to receive stakeholder notifications by contacting AllSourceRFPmailbox@pse.com.

PSE's RFP Team