

the Pacific Northwest is flush with capacity resources. Currently, the region is bearing witness to ‘over-supply’ as generators are curtailed and approximately 1,500 MW of thermal resources dispatch into depressed merchant markets. Both the Northwest Power and Conservation Council, and the Pacific Northwest Utilities Conference Committee, have documented the region’s surplus capacity expected to last until 2018.^{1,2} PGE and its ratepayers would be well served by rigorously reviewing the option of acquiring PPA’s with existing regional resources to meet the company’s capacity needs. Existing resource use offers PGE the opportunity to lock in a low cost service while the fate of the proposed intra-hour capacity markets (Energy Imbalance Market) becomes clear.

Despite the regional surplus, the draft RFP scoring methodology unfairly places existing capacity resources at a bidding disadvantage. According to the draft RFP, 15% of a bid’s total score will depend on ‘Project Characteristics’ including dynamic transfer transmission rights that PGE cannot adequately or fairly evaluate.³ RNP is concerned that this scoring methodology will unreasonably diminish the bids of surplus resources outside of PGE’s service area and instead favor new generation facilities within PGE’s footprint.

¹ *The Effects of an Increasing Surplus of Energy Generating Capability in the Pacific Northwest (Draft.)* Northwest Power and Conservation Council. Jan 2011.

² *Northwest Regional Forecast of Power Loads and Resources.* Pacific Northwest Utilities Conference Committee. March 2011. Pg 10.

³ *PGE’s Draft RFP, pp. 12, 19, 22.*

PGE's RFP currently evaluates whether the bids for flexible capacity include dynamic transfer transmission rights into PGE's service territory. For all intents and purposes, this criterion is relevant to facilities using Bonneville Power Administration's (BPA) transmission and thus subject to BPAs' recent policy changes regarding dynamic transfer capability (DTC.) While RNP agrees that dynamic transfer transmission rights should be secured by the ultimately acquired resource, there exist three reasons why RNP considers the criterion inappropriate for the initial scoring of bids:

- i. BPA's business practice administrating requests for dynamic transfer transmission rights is still in its pilot phase. The methodology used to determine dynamic transfer limits and the process used to award dynamic transfer rights are currently in flux.⁴ Furthermore, improvements made to the transmission system in the next four years will significantly ameliorate dynamic transfer limitations. Current estimations of dynamic transfer capabilities will be of little value by the flexible capacity resource's in-service date in 2013-2014. BPA's business practice implicitly acknowledges this upcoming change as all dynamic

⁴ *Dynamic Transfer Capability: Requesting and Awarding Pilot Phase 2.* BPA Transmission Services Business Practices Website. Bonneville Power Administration. Internet. Accessed June 22 2011.

transfer transmission rights issued by BPA through its pilot will expire on September 30, 2013.⁵

- ii. BPA's pilot for requesting and awarding dynamic transfer capability cannot promptly award bidders with the dynamic transfer rights required by PGE's RFP. According to BPA's posted business practice, if BPA determines the request will not impact dynamic transfer capability then the transmission rights may be granted at any time.⁶ However, should the bidder's request impact the system, the request must be analyzed in concert with all other requests for that particular study period. Bidding for the pilot study period closed January 28th, 2011. The next study period has not yet been announced by the BPA. Under the draft RFP, prospective bidders requiring BPA's dynamic transfer capability analysis will not be awarded rights in time for initial scoring, even if the bid eventually receives full dynamic transfer transmission rights. To hold bids accountable for this limitation provides unfair bias for PGE's self build option not subject to BPA's study timelines.
- iii. Should BPA award a prospective bidder dynamic transfer rights before the RFP submission deadline, there exists no indication in the draft RFP how the granted dynamic transfer capability will be scored. The draft

⁵ *Id.*

⁶ *Id.*

RFP does not specify how much dynamic transfer transmission rights are worth relative to the entire 'Project Characteristic' non-price factor category. Furthermore, the RFP does not specify how awarded dynamic transfer capability will be evaluated assuming the transmission rights impose a partial restriction.

RNP agrees with PGE that dynamic transfer transmission rights should be awarded to a bidder before a final contract is signed. However, RNP respectfully asks the Commission to recognize that including the criterion in the initial scoring process is precluded by BPA's interim DTC business practice that cannot promptly award transmission rights for fair scoring in PGE's RFP process. Including DTC in the RFP unfairly puts surplus resources outside PGE's balancing authority at a disadvantage exposing ratepayers to risk of less competitive resource acquisitions.

2] The RFP should accurately convey the detailed characteristics of PGE's capacity need.

The only bids that PGE should rightfully consider are those that fully meet the energy and capacity needs of the utility. PGE invests considerable staff resources to determine these needs with regular modeling in the Integrated Resource Plan and Wind Integration Study. In order for the final RFP to engender many adequate and competitive bids, the final RFP must specify the resource need

in detail. However, the draft RFP does not sufficiently describe the power characteristics required by the flexible capacity product. Without this requisite detail, the draft RFP risks inadequate bidding.

RNP acknowledges that since the draft RFP was first published, PGE has come a long way in further specifying the flexible capacity product requirements. During the stakeholder meeting on May 11th, 2011 PGE revealed that successful bids must be able to ramp 5MW/minute and access their full range within 10 minutes. Later, on June 16th, 2011, PGE responded to questioning on the Independent Evaluator's website and provided the expected dispatch profile of the flexible capacity resource.⁷ The dispatch portfolio is an excellent resource for prospective bidders and RNP commends PGE for supplying that information.

RNP urges PGE to formally include the dispatch profile in the RFP. The addition should be accompanied with greater clarity as to how the dispatch profile will be used for scoring. Secondly, PGE should more clearly define, the definitions of Load Following (LF), Regulating Margin (RM), and the category named 'RM+LF.' In particular the bidding community would stand to gain if the time limits for each category were stated clearly and the additive profile components were separated.

⁷ 'Response to Question No.16 060711.doc' Accion Group. June 16, 2011. Internet. <https://portlandgeneralrfp.accionpower.com/capacity2011/home.asp>. Accessed June 22, 2011.

By providing this dispatch profile, bidding opens to a power marketers aggregating a portfolio of dispatchable resources to satisfy PGE's flexible capacity request. A portfolio bid could meet PGE's needs efficiently by matching the lowest cost resource with each component of PGE's expected dispatch profile and aggregating the resources into the least cost product. Furthermore, a portfolio bid can make best use of the dynamic transfer transmission rights available in the region by spreading the dynamic needs over two or more transmission paths. In light of the potential cost savings and efficient use of existing resources, RNP respectfully requests the Commission to request clear language in the RFP enabling portfolio bids to satisfy PGE's flexible capacity request.

While RNP strongly believes that a dispatch profile should be included in the RFP, RNP has provided comments detailing the inexact wind integration modeling from which the profile was generated. RNP and PGE recognize that the 2011 Wind Integration Study is a work in progress. As the company and stakeholders reach consensus, the study's modeling assumptions will evolve and the figures in the expected dispatch profile will change. Nonetheless, RNP considers it important to include the best current estimate of dispatch need to the RFP, even while RNP does not implicitly approve of PGE's wind integration modeling results. Recognizing that PGE's expected dispatch profile is evolving rapidly, RNP suggests that PGE consider delaying the RFP's schedule for selecting the flexible capacity resource until the modeled dispatch profile is finalized.

Conclusion

The additive effects of uncertain wind integration dispatch needs, BPA's strictly interim DTC policy, and an emerging Energy Imbalance Market create an unpredictable environment not favorable for development of new flexible capacity resources. RNP suggests that PGE strongly consider satisfying its capacity requests with existing regional surplus capacity. RNP respectfully recommends that the Commission request that PGE amend its draft RFP to enable owners of regional surplus capacity to bid competitively.

DATED June 22, 2011

Respectfully submitted,

Jimmy Lindsay
Power Systems Analyst
Renewable Northwest Project

ESLER, STEPHENS & BUCKLEY, LLP

By: /s/ Kim T. Buckley
Kim T. Buckley, OSB No. 781589
John W. Stephens, OSB No. 773583
Of Attorneys for Renewable Northwest
Project

k:\maureen\rnp\um 1535\rfp comments 6-22-11.docx

CERTIFICATE OF SERVICE

I hereby certify that I served the foregoing **RENEWABLE NORTHWEST PROJECT'S COMMENTS** on the following persons on June 22, 2011:

Janet L. Prewitt
janet.prewitt@doj.state.or.us
Assistant Attorney General
Department of Energy
Natural Resources Section
1162 Court Street N.E.
Salem, Oregon 97301-4096

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Matt Krumenauer
matt.krumenauer@state.or.us
Oregon Department of Energy
625 Marion Street N.E.
Salem, Oregon 97301

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Vijay A. Satyal
vijay.a.satyal@state.or.us
Senior Policy Analyst
Oregon Dept. of Energy
625 Marion Street N.E.
Salem, Oregon 97301

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

J. Laurence Cable, Esq.
lcable@chbh.com
Cable Huston Benedict
1001 S.W. Fifth Avenue, Suite 2000
Portland, Oregon 97204-1136

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Richard Lorenz, Esq.
rlorenz@cablehuston.com
Cable Huston Benedict
1001 S.W. Fifth Avenue, Suite 2000
Portland, Oregon 97204-1136

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Gordon Feighner
gordon@oregoncub.org
Utility Analyst
Citizens' Utility Board of Oregon
610 S.W. Broadway, Suite 400
Portland, Oregon 97205

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Bob Jenks
bob@oregoncub.org
Executive Director
Citizens' Utility Board of Oregon
610 S.W. Broadway, Suite 400
Portland, Oregon 97205

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

G. Catriona McCracken, Esq.
catriona@oregoncub.org
Staff Attorney
Citizens' Utility Board of Oregon
610 S.W. Broadway, Suite 400
Portland, Oregon 97205

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Irion A. Sanger, Esq.
las@dvclaw.com
Davison Van Cleve
333 S.W. Taylor, Suite 400
Portland, Oregon 97204

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

S. Bradley Van Cleve, Esq.
mail@dvclaw.com
Davison Van Cleve, PC
1000 S.W. Broadway, Suite 2460
Portland, Oregon 97205

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Wendy Gerlitz
wendy@nwenergy.org
NW Energy Coalition
1205 S.E. Flavel
Portland, Oregon 97202

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Robert D. Kahn
rkahn@nippc.org
Executive Director
NIPPC
1117 Minor Avenue, Suite 300
Seattle, Washington 98101

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Randall Dahlgren
randy.dahlgren.@pgn.com
Portland General Electric Company
121 S.W. Salmon Street, 1WTC 0702
Portland, Oregon 97204

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

V. Denise Saunders
denise.saunders@pgn.com
Portland General Electric
121 S.W. Salmon, 1WTC1301
Portland, Oregon 97204

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Erik Colville
erik.colville@state.or.us
Public Utility Commission of Oregon
P.O. Box 2148
Salem, Oregon 97308-2148

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Stephanie S. Andrus
stephanie.andrus@state.or.us
Department of Justice
1162 Court Street N.E.
Salem, Oregon 97301-4096

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Donald W. Schoenbeck
dws@r-c-s-inc.com
Regulatory & Cogeneration Services, Inc.
900 Washington Street, Suite 780
Vancouver, Washington 98660-3455

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Gregory M. Adams, Esq.
greg@richardsonandoleary.com
Richardson & O'Leary
515 N. 27th Street
P.O. Box 7218
Boise, Idaho 83702

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Peter J. Richardson
peter@richardsonandoleary.com
Richardson & O'Leary
515 N. 27th Street
P.O. Box 7218
Boise, Idaho 83702

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Megan Walseth Decker
megan@rnp.org
Renewable Northwest Project
917 S.W. Oak, Suite 303
Portland, Oregon 97205

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Jimmy Lindsay
jimmy@rnp.org
Renewable Northwest Project
917 S.W. Oak, Suite 303
Portland, Oregon 97205

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

Chuck Sides
chucksides@mgoregon.com
Tepper, LLC
Management Group of Oregon, Inc.
P.O. Box 2087
Salem, Oregon 97308

- by hand-delivery
- by facsimile
- by first class mail
- by e-mail

DATED this 22nd day of June, 2011.

ESLER STEPHENS & BUCKLEY

By: /s/ Kim T. Buckley
Kim T. Buckley, OSB No. 781589
buckley@eslerstephens.com
John W. Stephens, OSB No. 773583
stephens@eslerstephens.com
Of Attorneys for Renewable Northwest Project

k:\maureen\rnp\um 1535\certserv 5-10-11.docx