



MEMORANDUM

TO: Jason Eisdorfer, OPUC
FROM: Harold T. Judd, Independent Evaluator
Kevin Carden
DATE: October 22, 2012
RE: Portland General Electric Capacity and Energy RFP: Docket UM 1535

This memorandum is provided in response to a request of the Oregon Public Utility Commission ("OPUC") for a review by the Independent Evaluator ("IE") of the issues raised by Troutdale Energy Center ("TEC") in a letter dated October 5, 2012, and submitted in the referenced docket.

The IE reviewed the TEC letter and sought additional information from Portland General Electric ("PGE") concerning the issues identified by TEC. The IE also discussed the issues with the Staff of the OPUC. Based on that review, the IE respectfully requests an enlargement of the RFP schedule to provide time for the IE to gather additional information from bidders. The additional information is relevant to the evaluation processes, and is necessary in light of the issues newly identified by TEC.

PGE's RFP for flexible capacity stated that: "Bidder must demonstrate physical and commercial access to fuel supplies and fuel transportation for the term of the contract proposed in its bid. Fuel transport and/or gas storage agreements used to support gas thermal bids submitted for Flexible Capacity must allow for intra-day nomination."

Upon review of all thermal resource bids for the flexible capacity product, the IE believes that bidders did not provide enough specificity in their bids with respect to fuel supply to demonstrate that their bid would meet the requirements of the RFP, and this lack of specificity hinders the ability of the IE to evaluate all bids against the benchmark proposals. The IE assigns no motivation to bidders or PGE regarding the absence of specificity, as previously unrecognized confusion could exist.

To rectify this situation, the IE believes bidders should be provided the opportunity to clarify bids by providing additional information, via uploads to the corresponding Bid Book on the RFP website. Accordingly, with leave of the OPUC, the IE will contact bidders, via the RFP website, and request adequate documentation presenting pricing, delivery points, and other relevant information, such as a Term Sheet with a gas pipeline or fuel storage company, etc., in support of at least one of the following solutions:

1. Firm gas transportation of sufficient quantity to fuel the plant for the expected full output 24 hours per day. The firm gas transportation must provide for firm "no-notice" service.
2. Firm gas transportation of sufficient quantity to generate at full output 24 hours per day, with storage capability, along with firm transportation, to accommodate 16 hours of operation at full output. "No-notice" service rights are not required with this solution.
3. Interruptible gas transportation with sufficient storage to ensure dependable operation of the facility. The assessment of sufficient storage will be site specific with respect to transportation

alternatives available at each site. For reference, a qualifying bid would have direct interconnection to a storage facility with withdraw capability of 24 hours per day power requirement, for 10 consecutive days before ratcheting.

The IE will review all submissions and advise the Commission and PGE on whether sufficient information was provided to permit evaluation of each bid. The IE believes it is appropriate to provide bidders ten (10) business days to provide the information, and for PGE to modify the RFP schedule by ten days for future expected dates.