BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 2193

In the Matter of PacifiCorp, dba Pacific Power, Application for Approval of 2022 All-Source Request for Proposals	NORTHWEST & INTERMOUNTAIN POWER PRODUCERS COALITION'S COMMENTS ON PACIFICORP'S SCORING AND MODELING METHODOLOGY FOR 2022 RFP

I. INTRODUCTION

The Northwest and Intermountain Power Producers Coalition ("NIPPC") hereby respectfully submits these comments on PacifiCorp's scoring and modeling methodology for its 2022 All-Source Request for Proposals ("RFP"). NIPPC is pleased PacifiCorp has proposed this RFP to meet its needs for significant energy, capacity, and renewable resources. As explained below, NIPPC recommends that the Commission require revisions and clarifications identified in these comments to PacifiCorp's proposed scoring and modeling methodology.

In accordance with the schedule established by Staff in this proceeding, NIPPC is only commenting on the scoring and modeling methodology. NIPPC is not commenting on the minimum bid requirements, commercial terms and conditions that may be proposed in form contracts, or other critical aspects of PacifiCorp's RFP, even if such elements may have been discussed or mentioned in materials filed by PacifiCorp or in workshops. NIPPC reserves the right to comment on those additional issues when PacifiCorp files the full draft RFP.

Further, it appears that full approval of a scoring and modeling methodology is premature at this time. Although PacifiCorp included a document titled "Bid Evaluation and Selection Process" as Attachment C to its pleading regarding selection of the Independent Evaluator, filed on September 2, 2021, that document does not appear to be intended to include all elements of the scoring and modeling methodology that will be included in the final RFP document. Additionally, PacifiCorp's proposal was further revised through its power point presentation provided at its Scoring and Storage Workshop on November 15, 2021, just one week prior to the due date for these comments, and which has not been filed in this docket as of the time of filing these comments. At this point, there is no final and concise document containing the exact scoring and modeling methodology provisions that PacifiCorp proposes for verbatim inclusion in the final RFP, and there does not appear to even be a pleading identifying such document and requesting Commission approval of the same. Given the difficulty with identifying the precise proposal that is subject to comments at this time, NIPPC reserves the right to provide further in-depth comments at a later date, and NIPPC recommends the Commission should reserve the right to address any new issues that arise upon PacifiCorp's filing of the final scoring and modeling methodology when the final RFP is filed.

II. COMMENTS

A. Transmission Requirement

PacifiCorp should accept conditional firm transmission as a form of firm transmission. In PacifiCorp's Scoring and Modeling presentation from the November 15, 2021 workshop, it appears PacifiCorp will only accept and evaluate bids that can demonstrate an ability to interconnect and deliver "firm" energy to PacifiCorp-West or PacifiCorp-East, which appears to be a requirement that off-system bids be supported by long-term *firm* transmission, as opposed to conditional firm or non-firm transmission products.[1] It is not clear to NIPPC if this is a minimum bidding requirement prematurely included with the scoring methodology or whether it may be an issue that will impact scoring.

In any case, however, PacifiCorp should acquire the least cost and least risk bids regardless of whether the transmission service is delivering firm energy or conditional firm especially if the bids are required to have completed an interconnection study or signed an interconnection agreement. A project developer that has long-term transmission rights or that demonstrates a strong likelihood that it can obtain those rights and transfer them to PacifiCorp, should be able to sell its project to PacifiCorp without restriction. Thus, the Commission should require PacifiCorp accept firm and conditional firm transmission service, and the manner in which such different transmission products will impact a bid's score should be clarified.

B. Price/Non-Price Score Allocation

The Commission should require PacifiCorp to use a price/non-price score ratio of 80/20 instead of 75/25 as currently proposed.[2] Non-price factors are inherently

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[1] PacifiCorp Scoring and Storage Workshop Presentation, Slide 6 (November 15, 2021) [herein after "PacifiCorp Presentation"].

[2] PacifiCorp Presentation, Slide 11.

subjective and allow for the opportunity to unfairly bias the evaluation of bids. Further, non-price factors limit the IE from applying a mostly quantitative analysis. Thus, Commission rules require a bidder to be able to self-score non-price elements of the RFP to reduce subjectivity.[3] NIPPC understands that there will always be certain factors or characteristics of a specific resource proposal that cannot be fully reflected in the bidders proposed pricing, but non price factors should be eliminated as much as possible because of the potential bias in results.

The key principles that should inform what are appropriate non-price scoring factors to include in an RFP are:

- The weighting of any specific non-price scoring factors should reflect the magnitude of costs or benefits of that factor relative to the price evaluation score, so that the weighting of evaluation factors reflects PacifiCorp's best estimate of the actual costs or benefits to ratepayers of any non-price factor relative to the total costs and benefits of the resource.
- Non-price Scoring Factors should not result in double-counting costs or savings that have already been captured in the Price Scoring Evaluation or in the minimum bid requirements (i.e., no double-counting of costs or benefits already embedded in the bidder's bid price and contracting requirements). To do otherwise will distort the true cost and value of the proposed resource to the detriment of PacifiCorp ratepayers.
- The assignment of non-price "points" to any resource in the evaluation process should be explained and justified based on a clear nexus between the direction (i.e., cost or benefit) and magnitude of the non-price cost or benefit to ratepayers, and the assignment of non-price points added or subtracted from the price score assigned to each bid must be directionally correct (i.e., non-price evaluation factors that represent costs not embedded in the bid price should be subtracted from the price score and benefits that are not captured in the bid price score should result in points added to the bid price score).

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[3] OAR 860-089-0400(2)(b).

- All non-price scoring factors should be applied uniformly and objectively to all ownership types in a non-discriminatory manner.

NIPPC believes that if the RFP non-pricing scoring framework is revised consistent with these principles, that actual weighting of price to non-price factors will be empirically based and supportable, and most likely result in a lower weighting of non-price factors relative to price factors. Specifically, the Commission should require PacifiCorp to increase the scoring percentage for price factors from 75% to 80%, and the non-price factors should be reduced from 25% to 20%. This could be achieved by eliminating certain subjective or vague criteria included in the present non-price scorecard.

While PacifiCorp's non-price scorecards are detailed and appear to be targeted mostly as items that can be self-scored, there remain provisions that have a certain amount of subjectivity and ambiguity that will make self-scoring difficult, including the following:

- Bidder's Financing Plan demonstrates ability to finance project construction and ongoing operations – 1 point

- Bidder's Supply chain and contracting plans demonstrate ability to secure materials and complete construction, including securing safe harbor equipment, if applicable. Bidder has demonstrated a process to adequately acquire or purchase major equipment (i.e., wind turbines, solar photovoltaic panels, inverters, tracking system, generator step-up transformers, batteries) and other critical long lead time equipment. – 1 point

- Critical Issues Analysis has not identified any fatal flaw that would prevent resource from reaching commercial operations by the deadline. – 1 point[4]

PacifiCorp's non-price factors could be more limited, and allocating less overall points to these criteria would appropriately allocate points more heavily to the price score. As non-price factors are inherently subjective, overemphasis of non-price factors could allow PacifiCorp the opportunity to unfairly bias the evaluation of bids. PacifiCorp's proposal provides it with far too much discretion to reject lower cost resources in favor of utility owned options that it believes offer greater shareholder value and/or have other desirable characteristics. The degree to which each non-price factor can affect and/or distort the overall score should be commensurate to the significance of each non-price factor. It is equally important, however, that the bid evaluation framework monetizes non-price factors commensurate with the relative overall price. Stated another way, non-price factors taken as a whole, must also be commensurate to the significance of the overall price and score. Given the inherent subjectivity in analyzing non-price factors, PacifiCorp should not retain this level of discretion. Thus, the Commission should require PacifiCorp to use a price/non-price score allocation of 80/20 instead of 75/25.

C. Price Scores

NIPPC seeks additional clarification on how bids will be assigned price score points. The treatment of bids of different term duration, through "term-normalization"

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[4] PacifiCorp Presentation, Slide 37.

analysis, is a critical issue in any RFP. PacifiCorp's RFP provides insufficient clarity on this subject. From PacifiCorp's presentation and the workshop, it appears PacifiCorp's model Plexos will determine the potential value to assign a price score based on benefits to PacifiCorp's customers. From NIPPC's understanding, PacifiCorp's model Plexos will create a levelized cost for each resource to use in the bid's price score. NIPPC generally supports this method for comparing bids, but NIPPC does not support the use of "generic fill" to round out the missing years in a shorter bid.

Thus, the Commission should require PacifiCorp provide more information on how the levelized cost for each resource will be converted into price scores and clarification that generic fill will not be used to round out the price scores for shorter termed bids as a means of term normalization. NIPPC reserves the right to comment on this process after more information is provided.

D. Co-Located Renewable Energy Plus Storage

Co-located renewable energy plus storage should not be limited to alternating current ("AC") coupled storage resources but also include direct current ("DC") coupled storage resources. Currently, PacifiCorp is requiring any co-located battery energy storage system with a renewable resource to be AC coupled.[5] In PacifiCorp's 2020 RFP, PacifiCorp accepted bids from co-located storage and stand-alone storage that was DC or AC connected.[6] NIPPC is unaware of any party challenging this issue. PacifiCorp

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5 PacifiCorp Presentation, Slide 22.

6 PacifiCorp 2020 All-Source RFP at 4 (Jul 7, 2020) (available at: https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/supplier

should acquire the least cost and least risk bids include DC-coupled storage resources. Thus, the Commission should require PacifiCorp accept AC and DC coupled co-located storage and renewable resources.

E. Clarification on RFP Timing and Interconnection Process

NIPPC recommends that the interconnection process timeline be changed and the commercial operation date ("COD") be extended past December 31, 2026.[7] This RFP will likely see similar issues to PacifiCorp's 2021 RFP where projects without large generator interconnection agreements ("LGIAs") are disadvantaged during the interconnection study process. Projects from the last cluster study are seeing study results indicating a timeline for construction to build network upgrades of 60 months or more, which means these projects would not be able to achieve COD by the end of 2026.[8] Thus, in the absence of a demonstration by PacifiCorp of the need to bring a particular amount of energy or capacity online through this RFP by the end of 2026, the RFP COD should be extended until December 31, 2028 to account for the extended construction timeline for network upgrades that have been indicated in PacifiCorp cluster study results.

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s/rfps/2020-all-source-request-for-proposals/documents/main-documents-appendices/2020AS_RFP_Main_Document_July_7_2020.pdf).

7 PacifiCorp Presentation, Slide 4.

8 *See generally*, PacifiCorp Cluster Study 1 Results available at: https://www.oasis.oati.com/woa/docs/PPW/PPWdocs/pacificorpcliaq1.htm (See projects in Areas 1, 2, 3, 5, 6, 7, and 12 (Wyoming, Idaho, Utah, and Southern Oregon).

Further, the Commission should require PacifiCorp to accelerate the RFP process timeline. The goal should be to let developers bid into the RFP in early 2022 without transmission. Next, PacifiCorp would release the initial shortlist in April so that bidders shortlisted can request interconnection in the Cluster 2 window. After the results of the Cluster 2 results, bidders would refresh prices for the final shortlist based on the cluster study results. This is similar to what PacifiCorp originally proposed[9] and NIPPC supports that initial RFP timeline. Delaying the RFP makes it difficult to synchronize the RFP with the interconnection process. If the RFP process is not accelerated, then a large volume of projects will be studied in Cluster 2 causing very large network upgrades and extended construction timelines. This will result in a large number of projects with CODs well after the end of 2026, and many projects will not qualify for consideration in PacifiCorp's RFP and projects with existing LGIAs will be the few selected. Thus, the Commission should accelerate the RFP process and extend the COD until the end of 2028 to accommodate more cost-effective projects.

If the Commission is unwilling to accelerate the RFP process, then NIPPC seeks clarification regarding the interaction between the RFP timeline and PacifiCorp's interconnection queue process. PacifiCorp's initial filing contained a schedule that "allow[ed] the 2022 AS RFP initial shortlist to participate in the cluster study that will begin in May 2022."[10] This would have allowed bidders on the initial shortlist to demonstrate commercial readiness before moving on to the facilities study. There is a

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9 *See* Application for Approval of 2022 All-Source RFP at 6-7, 10 (Sept. 2, 2021).
10 Application for Approval of 2022 All-Source RFP at 6 (Sept. 2, 2021).

schedule compromise with Commission Staff that eliminates the opportunity to use a spot on the initial shortlist of the RFP to demonstrate readiness and enter the 2022 cluster study. Now it is unclear how bidders will demonstrate commercial readiness in the cluster study process in order to move to the facilities study before the initial shortlist is announced without having to post security.

NIPPC seeks clarification regarding this issue. Specifically, under PacifiCorp's open access transmission tariff ("OATT"), in order to move on to the Facilities Study stage, an interconnection customer must demonstrate that is has: 1) an executed contract, 2) been selected in an RFP; or 3) certain site-specific orders for equipment.[11] If it cannot demonstrate so, the interconnection customer must post financial security for 100 percent of its allocated cost of network upgrades.[12] This financial security must be posted within 30 calendar days after completion of PacifiCorp's cluster study.[13] However, PacifiCorp's 2022 cluster study is expected to be released in November 2022[14] and bids will be due December 13, 2022[15] or potentially, January 16, 2023.[16] This means that, at the time potential bidders in the 2022 cluster study are at the stage of executing a Facilities Study Agreement, they may have only just submitted their bids or may still yet to have submit their bids. Further, they would all be required to post financial security in order to move

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11 PacifiCorp OATT, Standard Large Generator Interconnection Procedures § 43.1(c).
12 *Id.*
13 *Id.* at § 43.1.
14 PacifiCorp Presentation, Slide 7.
15 PacifiCorp Notice of Proposed Updated Schedule for 2022 All-Source RFP Proceeding at 2 (Oct. 1, 2021).
16 PacifiCorp Presentation, Slide 33.

on (and be subject to additional heightened withdrawal penalties). This could have the effect of limiting competition in the RFP.

When asked about this issue at the November 15 workshop, PacifiCorp indicated it expected that PacifiCorp's Merchant function would provide a list of conforming bids to PacifiCorp's Transmission function and that PacifiCorp Transmission would waive the requirement to post security for those interconnection customers. However, it is not clear under what mechanism PacifiCorp Transmission could approve such a waiver, whether PacifiCorp Transmission has discretion under its OATT to grant such a waiver, or whether it must seek approval of such a waiver from the Federal Energy Regulatory Commission. If there is already a mechanism in place, then NIPPC seeks more information about that process. However, if there is no mechanism in place, then NIPPC recommends the Commission require a process be established so that bidders can use the RFP as a commercial readiness determination before moving to the facilities study instead of having to post security. Further, NIPPC seeks clarification regarding the timing of the bid submission date, because if it is moved out to January 16, 2023, then bids will not have been submitted at the time the 30-calendar day timeline to execute a Facilities Study has elapsed, and the waiver for conforming bids would be impossible.

III. CONCLUSION

The Commission should direct PacifiCorp to make the revisions articulated above and provide additional clarification were requested.

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Respectfully submitted,

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