

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

AR 600

In the Matter of

Rulemaking Regarding Allowances for
Diverse Ownership of Renewable Energy
Resources.

STAFF'S INITIAL COMMENTS

I. INTRODUCTION

The Public Utility Commission of Oregon Staff (Staff) submits these initial comments in this docket. These initial comments are limited in scope and are intended to respond to a Commission request that Staff provide analysis relating to independent evaluator (IE) costs during the public comment period.¹ Staff plans to file additional comments prior to the close of the public comment period on June 15, 2018.

II. BACKGROUND

Prior to issuing notice of the proposed rulemaking, the Commission indicated that “we wish to see more data and information from Staff regarding IE costs in a variety of scenarios. As discussed in the [March 6, 2018] workshop, we believe that part of the rationale for the proposal to allow exemption from the IE retention requirement in the case of an RFP that does not contemplate electric company ownership of resources is cost savings. We expect Staff to provide analysis to us during the public comment portion of this proceeding on IE costs.”²

Accordingly, Staff issued information requests to determine the historic cost of IEs in procurements conducted under the Commission’s Competitive Bidding Guidelines. In response, two of the Joint Utilities were able to provide total IE costs for ten requests for proposals (RFPs).

¹ See Order No. 18-087, available at: <http://apps.puc.state.or.us/orders/2018ords/18-087.pdf>.

² Order No. 18-087.

Staff's analysis is discussed below. Additional cost information may be included in additional comments filed by Staff.

II. Summary Analysis

Staff reviewed cost data provided for ten RFPs that involved the services of an IE. The RFPs have issue dates ranging from 2007 to 2018. Of the ten RFPs, six of the RFPs were exclusively for renewable energy sources. Staff notes that the IE costs associated with the procurement of the Carty Generating Station (PGE's 2012 Power Supply Resources RFP) were combined with the IE costs associated with PGE's 2012 Renewable RFP as the same IE was used for both RFPs. For the purposes of this analysis, the total IE cost for the two RFPs are treated as one procurement. The total reported cost of an IE's services for the nine RFPs, without taking into account what has been recovered through customer rates, ranges from \$190,000 to \$929,000. The average IE cost of all the RFPs, with the inclusion of the RFP associated with Carty, is \$329,000. Without including the Carty RFP, the average IE costs of the eight RFPs is \$254,000. As seen in Table 1 and Table 2 below, the relationship between procurement size and IE cost is not direct. The RFP with the largest-issued procurement size had the lowest IE costs of the nine RFPs under review. To note, the three renewable RFPs are reported in average megawatts. These three procurements were calls for renewable resources in general. It would be inappropriate to convert the average megawatts to a nameplate capacity relating to any one given renewable resource type. For detail beyond the summaries in the tables below, see the attached utility responses to the related information requests.^{3, 4}

³ PGE's response to OPUC Information Request No. 001, Attachment A.

⁴ PacifiCorp's response to OPUC Information Request No. 001, Attachment B.

Allowances for Diverse Ownership (AR 600)

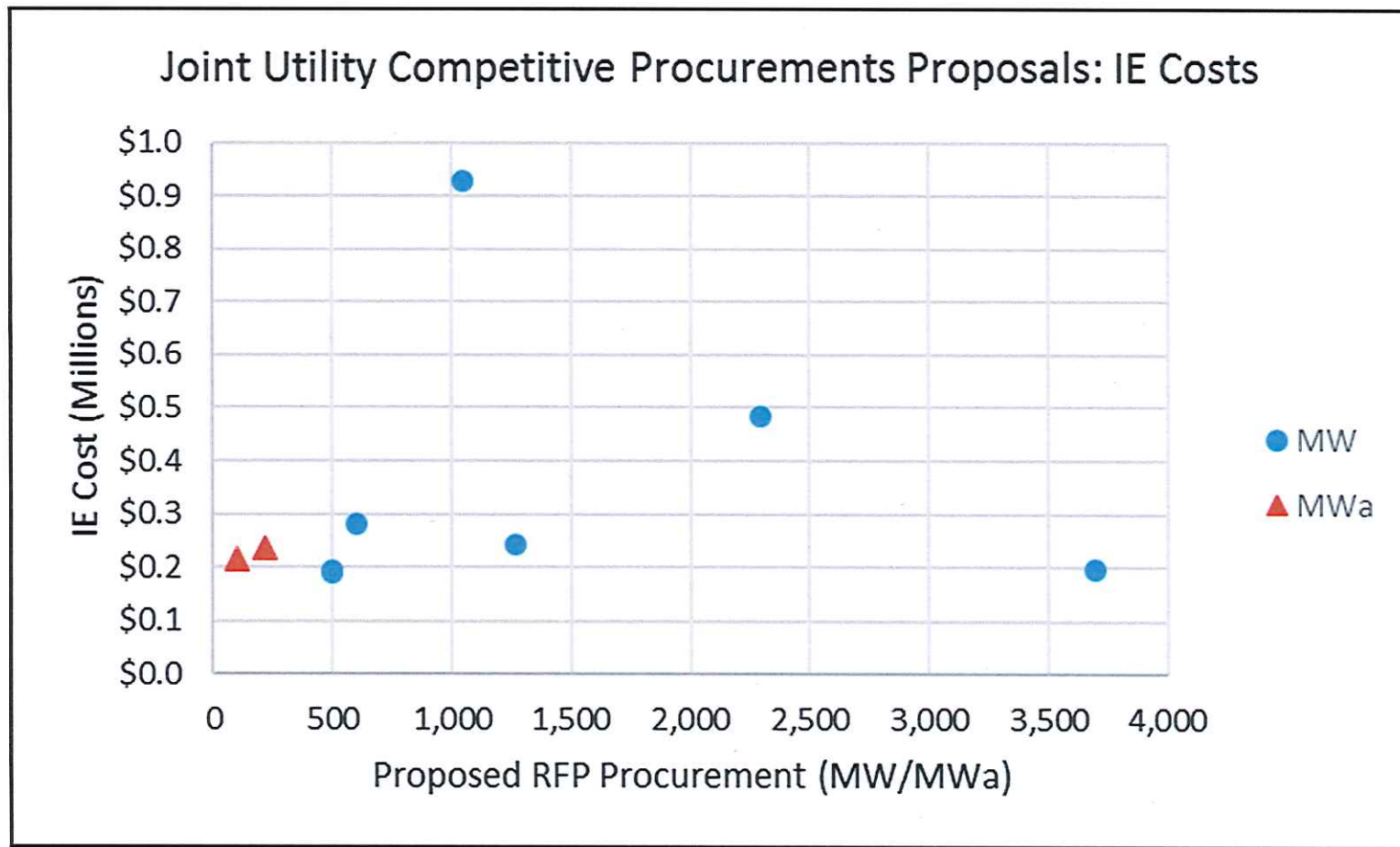
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Table 1: Joint Utility IE Cost Summary

Project	1	2	3	4	5	6	7	8	9	10
Type	Thrm	RE	RE	RE	Thrm	Thrm	Thrm	RE	RE	RE
Size	2290 MW	218 MWa	500 MW	500 MW	3700 MW	597 MW	1050 MW	101 MWa	100 MWa	1270 MW
Year	2007	2008	2008	2009	2009	2012	2012	2012	2016	2017
IE Cost	\$0.5 M	\$0.2 M	\$0.2 M	\$0.2 M	\$0.2 M	\$0.3 M	\$0.9 M		\$0.2 M	\$0.2 M

Table 2: Joint Utility Competitive Procurements: Independent Evaluator Costs



III. Cost Drivers for Independent Evaluator Work

Staff has considered the various factors that can affect IE cost. As noted above, the size of the procurement does not appear to be a defining factor. However, there are other factors that can drive IE costs up or down. The type of procurement, for example, whether the resource is base load or renewable, can have variable impact on IE costs. Base load resource procurement often entails specific unit comparisons through complex modeling. Renewable resource procurement, specifically solar energy resources, require additional analysis related to distribution infrastructure. The complexity of the RFP design process, and the degree to which an IE is involved in that process, can lead to more or less material for an IE to review and evaluate before an RFP is approved. The number of proposals received in response to an RFP will affect the amount of time the IE will need to spend in review. The degree to which the IE needs to interact with bidders can affect the costs involved. Similarly, the amount of time the IE may need to be available to engage with the Commission or to be available during contract negotiations can affect the cost associated with a procurement. Finally, Staff notes that the IE's responsibility in relation to high-end modeling, involves at a minimum, analysis and review of the production-cost and transmission modeling inputs and outputs. In some instances, the IE may need to run its own modeling in addition to reviewing the utility's model input and output, which can further increase IE costs.

This concludes Staff's Initial Comments.

Dated at Salem, Oregon, this 13th of June 2018.

Thomas Familia
Senior Utility Analyst
Energy Resources & Planning

AR 600 PGE Response to OPUC IR 001
AR 600 Attachment A

RFP

i) RFP Name;

ii) RFP Issue Date;

iii) Associated OPUC Docket Number;

iv.a) Procurement size (MW), if identified in the RFP

iv.b) Resource size acquired, if any, based on final result of RFP process;

v) Type of generation asset sought in the RFP;

vi) Name of Independent Evaluator selected and approved by the Commission;

vii) Description of how Independent Evaluator services were to be compensated by Company under its contract;

viii) Total Cost to compensate Independent Evaluator;

ix) Amount of total cost to compensate Independent Evaluator recovered through customer rates.

2018 Renewable RFP	2016 Renewable RFP	2012 Power Supply Resources RFP	2012 Renewable RFP	2008 Renewable RFP
Portland General Electric Company Request for Proposals Renewable Energy Resources	Portland General Electric Company Request for Proposals Renewable Energy Resources	Portland General Electric Company Request for Proposals Power Supply Resources	Portland General Electric Company Request for Proposals Renewable Energy Resources	Portland General Electric Company Request for Proposals Renewable Energy Resources
Not Yet Issued	Not Issued	June 8, 2012	October 1, 2012	April 23, 2008
UM 1934	UM 1773	UM 1535	UM 1613	UM 1345
100 MWa	100 MWa	200 MW flexible, year-round capacity resources, 200 MW of bi-seasonal capacity contracts, 150 winter peaking capacity contracts and/or 300-500 MW CCCT Targeted	101 MWa	218 MWa
0 MWa	0 MWa	220 MW Reciprocating Engine, 440 MW CCCT	98 MWa	0 MWa
RPS Eligible Renewable Resources	RPS Eligible Renewable Resources	SCCT; Reciprocating engines; Pumped storage hydro; Hydro with pond capability; Energy storage; CCCT	RPS Eligible Renewable Resources	RPS Eligible Renewable Resources
Bates White	Accion Group	Accion Group		Accion Group
Time and Materials	Time and Materials	Time and Materials		Time and Materials
Ongoing	\$214,293	\$928,718		\$233,658
\$0	\$0	\$430,152		\$233,658

Oregon Independent Evaluator(s) Summary
PacifiCorp - Request for Proposals for Generation Resources
As at May 11, 2018

<i>subpart (i)</i>	<i>subpart (ii)</i>	<i>subpart (iii)</i>	<i>subpart (iv)</i>	<i>subpart (v)</i>	<i>subpart (vi)</i>	<i>subpart (vii)</i>	<i>subpart (viii)</i>
Request for Proposals (RFP) Name	RFP Issue Date	Public Service Commission of Oregon (OPUC) Docket Number	Procurement Size (megawatts (MW)) ⁽¹⁾	Type of Generation Resource(s) Sought	Name of Independent Evaluator (IE)	How IE was compensated by PacifiCorp	IE Total Cost
2012 RFP	5-Apr-07	UM-1208 / UM-1285	2012 - 600 MW to 940 MW 2013- 750 MW 2014 - 250 MW to 600 MW	All resources accepted including benchmark bids; tied to PacifiCorp's 2004 Integrated Resource Plan (IRP)	Boston Pacific, Company, Inc. (RFP review) Accion Group (RFQ review)	IEs were contracted to provide oversight of the RFP consistent with the competitive bidding guidelines in OPUC Order 06-446 in Docket UM-1182	Accion Group: \$190,398 Boston Pacific Company, Inc.: \$292,879
2008 All Source RFP (re-issued in 2010 as All Source RFP)	2-Oct-08 (re-issued 2-Dec-09)	UM-1360	2012 - 1,300 MW 2016 - 2,400 MW	Base Load and Intermediate Load generating assets sold via Asset Purchase and Sale Agreements (APSA), Tolling Service Agreements (TSA) and purchases of existing assets) represents nearly 6,500 MW	Boston Pacific, Company, Inc. (RFP review) Accion Group (RFQ review)	IEs were contracted to provide oversight of the RFP consistent with the competitive bidding guidelines in OPUC Order 06-446 in Docket UM-1182	\$195,995
2008R-1 Renewables RFP	6-Oct-08	UM-1368	500 MW of system-wind renewable resources (~5,000 MW offered)	Renewables (wind) via Build-Own-Transfer (BOT), Power Purchase Agreements (PPA), and 50 percent BOT / 50 percent PPA	Boston Pacific, Company, Inc.	IEs were contracted to provide oversight of the RFP consistent with the competitive bidding guidelines in OPUC Order 06-446 in Docket UM-1182	\$190,341
2009 RFP for Supply-side Renewable Resources (Expedited Treatment Requested)	9-Jul-09	UM-1429	Up to 2,000 MW by 2013	All renewable resource types	Boston Pacific, Company, Inc.	IEs were contracted to provide oversight of the RFP consistent with the competitive bidding guidelines in OPUC Order 06-446 in Docket UM-1182	\$192,583
2016 All-Source	4-Apr-12	UM-1540	Up to 597 MW Baseload	All-source / No benchmark. Current Creek Site Included	Boston Pacific, Company, Inc.	IEs were contracted to provide oversight of the RFP consistent with the competitive bidding guidelines in OPUC Order 06-446 in Docket UM-1182	\$282,113
2017R RFP	27-Sep-17	UM-1845	1,270 MW	Wind resources only	Bates White Economic Consulting (formerly Boston Pacific Company, Inc.)	IEs were contracted to provide oversight of the RFP consistent with the competitive bidding guidelines in OPUC Order 06-446 and OPUC Order 14-149 in Docket UM-1182	\$243,184

Notes:

(1) Procurement size (MW), if identified in RFP, and size required, if any, based on final results of RFP process