

ORDER NO. 12 398
ENTERED OCT 23 2012

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1535

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Request for Proposals for Capacity and
Baseload Resources.

ORDER

**DISPOSITION: REQUEST FOR REHEARING DENIED; PGE DIRECTED TO
EXTEND RFP SCHEDULE BY TEN (10) BUSINESS DAYS**

In a letter dated October 5, 2012, the Troutdale Energy Center (TEC) requests an “audience before the Commission in a public meeting or hearing”¹ to address issues related to the Portland General Electric Company’s (PGE) 2012 Capacity and Baseload Energy Request for Proposals (RFP). TEC asks the Commission to reexamine two aspects of our decision in Order No. 12-215, issued June 7, 2012, to approve PGE’s final draft RFP. First, TEC contends that the bid scoring fails to properly evaluate the benefit of projects proposing to interconnect directly with PGE. Second, TEC contends that the PGE’s RFP creates a gas storage requirement that only PGE can meet. TEC claims that PGE has a special advantage in obtaining gas storage services required by the RFP. TEC claims that PGE utilized other rate-payer funded assets to secure a smaller volume of gas storage than what is made available to other bidders.

On October 12, 2012, the Northwest Intermountain Power Producers Coalition (NIPPC) filed a response in support of TEC’s request. NIPPC contends that the new information TEC identifies warrants the Commission to reconsider its approval of PGE’s draft RFP.

On October 12, 2012 and October 18, 2012, respectively, PGE filed a response in opposition to TEC’s request and a reply to NIPPC’s comments. PGE contends that, contrary to TEC’s assertion, the bid scoring criteria does, in fact, account for the benefits of a direct interconnection to PGE’s system. PGE also contends that TEC’s concerns about gas storage issues have previously been addressed by the Commission. Moreover, PGE expressly disputes the assertion of TEC and NIPPC that PGE used its other rate-based gas storage assets to secure

¹ TEC Letter at 1 (Oct 5, 2012).

a preferential gas storage contract. PGE explains that its benchmark resource independently justifies the gas storage capacity requirement contained in the RFP.²

TEC essentially seeks rehearing of decisions made in Order No. 12-215 approving PGE's RFP. TEC however, was not a party to that proceeding, and the time for seeking rehearing under ORS 756.561 has passed. Accordingly, we deny TEC's request.

Although we will not rehear this matter, we take action to address a related issue that the independent evaluator (IE) raised in response to TEC's filing. Based on its review of all thermal resource bids for the flexible capacity product, the IE believes that bidders did not provide sufficient information as to fuel supply requirements. According to the IE, the lack of this information would likely prevent a bidder from demonstrating that its bid would meet the requirements of the RFP, and makes it difficult for the IE to evaluate all bids against the benchmark proposals.

For this reason, the IE recommends that bidders be provided the opportunity to clarify bids by providing relevant information for three different gas supply and storage solutions. The IE recommends that it be permitted to contact bidders and request adequate documentation that provides pricing, delivery points, and other relevant information, such as a Term Sheet with a gas pipeline or fuel storage company, for at least one of the following scenarios:

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 also reports that it has discussed its concern with PGE, and that PGE supports the recommendation.

We adopt the IE's recommendation, and direct PGE to delay the closing date for bids, as well as other future dates in the RFP schedule, by ten (10) business days. We direct the IE to review all submissions and advise the Commission and PGE on whether sufficient information

² On October 22, 2012, NIPPC filed a response to PGE's reply.

was provided to permit evaluation of each bid. We also direct the IE to report, contemporaneously with the determination of the short-list, any detrimental impact the gas storage issues had on the RFP process and PGE's ability to solicit competitive bids.

IT IS SO ORDERED.

Made, entered, and effective OCT 23 2012.



Susan K. Ackerman
Chair



John Savage
Commissioner



Stephen M. Bloom
Commissioner

