

ORDER NO. 13 345  
ENTERED SEP 20 2013

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1535

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

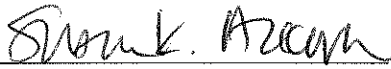
Request for Proposals for Capacity Resources.

ORDER

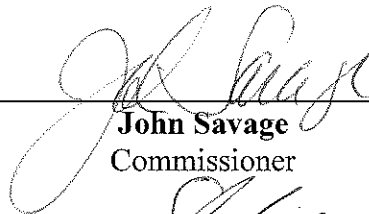
**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

This order memorializes our decision, made and effective at the special public meeting on September 19, 2013, to adopt Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

Dated this 20 day of September, 2013, at Salem, Oregon.



**Susan K. Ackerman**  
Chair



**John Savage**  
Commissioner



**Stephen M. Bloom**  
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

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ITEM NO. 2

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: September 19, 2013**

REGULAR   X   CONSENT        EFFECTIVE DATE        <sup>Upon</sup>  
Commission Approval

DATE: September 11, 2013

TO: Public Utility Commission

FROM: Erik Colville

THROUGH: *MG for JE* Jason Eisdorfer, *MG* Maury Galbraith, and *MG for AA* Aster Adams

SUBJECT: PORTLAND GENERAL ELECTRIC COMPANY: (Docket No. UM 1535)  
Grays Harbor Energy, LLC Request for Investigation Into Request for  
Proposals for Capacity and Baseload Energy Resources.

**STAFF RECOMMENDATION:**

Staff recommends the Commission deny the Grays Harbor Energy request for investigation into Portland General Electric's Request for Proposals for Capacity and Baseload Energy Resources.

**DISCUSSION:**

Grays Harbor Energy, LLC (GHE) asks the Commission to open an investigation into Portland General Electric's 2012 Request for Proposals (RFP) for Energy and Capacity Resources (GHE Request). The Commission has broad discretion to open an investigation regarding any matter relating to any public utility that the Commission believes "should be investigated." (ORS 756.515.) Notwithstanding the Commission's broad discretion to open an investigation, Staff recommends that the Commission deny GHE's request.

First, neither GHE nor any other person has presented information that contravenes the Staff-selected Independent Evaluator's (IE's) conclusion that "the RFP was conducted in a fair and unbiased manner[.]" (Accion Group Report at 3 (filed January 31, 2013).) Further, the issues raised in GHE's request are not new and were presented during the RFP process. The fact the issues are not new undermines any suggestion that the IE missed some impropriety during the process and also, negates the need for investigation now. Finally, many of the predicates for GHE's allegations are

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demonstrably incorrect and the remainder are not supported by information available in this docket and Portland General Electric's (PGE) Integrated Resource Plan (IRP) dockets.

### *Background*

PGE issued the 2012 Request for Proposals for Capacity and Baseload Energy Resources (hereinafter referred to as "2012 RFP") to acquire capacity and baseload resources acknowledged in PGE's 2009 IRP Action Plan. (OPUC Order No. 10-457.) Although the 2012 RFP is for both capacity and baseload resources, PGE initially planned to issue serial RFPs to acquire capacity and baseload resources and after providing opportunity for stakeholder input, filed a draft Final RFP for only capacity resources in May 2011.

After PGE filed its draft Final RFP for capacity resources, the IE selected by Staff provided an assessment of the draft, followed by a round of comments by Northwest Independent Power Producers (NIPPC), the Citizens' Utility Board of Oregon (CUB), the Industrial Customers of Northwest Utilities (ICNU), and Renewable Northwest Project (RNP), a round of PGE's reply comments, and a Staff Public Meeting Memorandum. Based on requests by NIPPC and ICNU, the Commission ordered PGE to issue a combined RFP for both capacity and baseload resources to allow bidders to take advantage of economies of scale. (OPUC Order 11-371 at 2.)

In the 2011 Order directing PGE to file a combined RFP, the Commission discussed several issues raised by parties regarding the previously-filed capacity RFP, including whether PGE should include costs of a possible transmission project (South of Allston) in its benchmark bid. (OPUC Order No. 11-371 at 5-6.) The Commission noted this particular cost allocation issue merited close review, and directed PGE and the IE to share with parties the cost allocation for transmission for benchmark projects so that parties could comment when PGE sought approval of the combined RFP. (Id.)

After opportunity for stakeholder input, PGE filed its draft Final 2012 RFP in January 2012. Once again the IE provided an evaluation of the draft RFP and this time, CUB, ICNU, and NIPPC filed comments, followed by reply comments by PGE and a Staff Report.

NIPPC urged the Commission to order PGE to impute a portion (\$205 million) of the cost to construct the Cascade Crossing Transmission Project (CCTP) to the cost of the PGE benchmark resource (Carty or Carty Plant) asserting that the CCTP would likely not be built unless it was used to serve Carty and that PGE's existing system could not integrate Carty. (February 22, 2012, NIPPC Comments at 17.) NIPPC also asked the

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Commission to require PGE to provide granularity regarding the scoring criteria because PGE's proposed scoring criteria had scoring percentages for broad categories containing several project attributes. (February 22, 2012, NIPPC Comments at 19.) Similarly, CUB urged the Commission to require "more exacting scoring criteria" for transmission[.] (February 22, 2012, CUB Comments at 1.) ICNU noted allocation of the transmission costs to PGE's benchmark resource options was a critical issue. (February 22, 2012, CUB Comments at 3-4.)

PGE opposed NIPPC's request to impute a portion of the projected CCTP costs to its benchmark bid, explaining that it was not yet sure it was going to build CCTP, that it did not need to build CCTP to deliver energy from the Carty benchmark resource, and that it had submitted transmission requests to Bonneville Power Administration (BPA) to meet the needs of Carty. (PGE Reply Comments at 16.) PGE also opposed NIPPC's request for additional granularity on the scoring criteria, asserting that providing too much detail could allow gaming by the bidders. (PGE Reply Comments at 18-19.)

The Commission approved the draft Final 2012 Combined RFP with conditions, one of which concerned the scoring criteria. The Commission concluded that additional granularity was necessary and ordered PGE to provide bidders detailed information regarding scoring criteria. (OPUC Order No. 12-215 at 3.) The Commission declined NIPPC's request to impute a portion of the cost of the CCTP to the Carty benchmark bid, noting PGE's assertion that CCTP is not needed to transmit energy from the Carty benchmark is consistent with PGE's IRP and concluding that PGE's proposal to use BPA transmission costs for Carty and all similarly situated bidders provided a level playing field. (OPUC Order No. 12-215 at 2.)

Subsequently, Troutdale Energy Center (TEC) asked the Commission to "intercede" in the 2012 RFP by directing PGE, the IE, and Staff to review the detailed scoring criteria provided by PGE to "ensure that the RFP properly evaluates costs, benefits, and risks associated with a project proposing a direct interconnection into PGE versus a project relying on BPA transmission services[.]" (October 5, 2012, TEC Letter at 3.) TEC asserted that PGE's scoring criteria was too favorable to projects relying on firm transmission from BPA because it failed to adequately account for the risks associated with such transmission. (October 5, 2012, TEC Letter at 3.) PGE opposed TEC's request, noting that the scoring criteria did in fact take into account the benefits of direct connection to PGE's system. (October 12, 2012, PGE Reply at 2-3.) The Commission declined to take action on TEC's request regarding the scoring criteria, noting that it was essentially an untimely request for reconsideration of its order approving the RFP by an entity that was not a party to the proceeding at the time of the order. (OPUC Order No. 12-398 at 1-2.)

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The IE provided its Independent Evaluator Report for PGE 2012 Capacity and Energy Power Supply Resources RFP ("IE Report") in January 2013 and Staff filed it in this docket (UM 1535). The IE concluded the RFP "was conducted in a fair and unbiased manner and that the Final Short List accurately identified the Bids with the most value for PGE customers." (IE Report at 2.)

#### *Parties Positions*

GHE asserts that the timing of PGE's award of its baseload resource and execution of a Memorandum of Understanding (MOU) with Bonneville Power Administration (BPA), in conjunction with PGE's own statements, "strongly implicate PGE in a possible campaign of intentional or unintentional misinformation toward the Commission and the RFP independent evaluator (IE), as well as potential misconduct relating to [Cascade Crossing Transmission Project] CCTP transmission assumptions that may have been crucial to bid evaluation in the RFP." (GHE Request at 2.)

GHE also asserts that assumptions regarding the expected asset life of existing resource bids and cost risk associated with those resources may have been improperly calculated and that therefore investigation into PGE's pricing assumptions is warranted to determine whether PGE failed to adhere to the Commission's RFP guidelines or engaged in misconduct during the RFP process. (GHE Request at 2.)

PGE filed comments in response to the GHE Request. In its comments PGE states it conducted a fair and transparent RFP under the watchful eyes of the IE, with robust participation by Staff, Stakeholders, including GHE's trade group, and bidders. PGE states it followed and met the requirements of the Commission's competitive bidding guidelines. Also, PGE states the IE's final report correctly concluded that "PGE personnel went to great lengths to treat all bidders equally and without bias." (Accion Group Report at 38 (filed January 31, 2013).) PGE notes that in its Request for Investigation, GHE has made allegations with no supporting evidence and disregarded contrary evidence in the voluminous record that has been developed in this proceeding and related proceedings. PGE concludes by requesting the Commission deny the GHE Request and in doing so reaffirm the integrity of the Commission-defined RFP process.

#### **Staff's Analysis**

*No information demonstrates there was a flaw in the process that warrants an ad hoc investigation.*

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GHE recounts how several of the Commission's Competitive Bidding Guidelines<sup>1</sup> "may" have been violated by PGE and urges the Commission to investigate to determine whether in fact such violations occurred.<sup>2</sup> GHE recognizes that an IE oversaw the RFP process but asserts that it is not clear that the IE had complete and accurate information to fully evaluate the projects that made the short list because of misinformation regarding the CCTP transmission assumptions, lack of information regarding plant life for existing plant bids and market prices. (Request at 2.) GHE asserts that "an investigation is warranted to ensure that PGE's information was accurate and complete, and thus, that the IE was provided all the accurate information necessary to make his recommendations on the final selection." (Request at 2.)

Staff disagrees that it is appropriate to open an investigation into the integrity of the 2012 RFP and the IE's evaluation based on speculation that such an investigation could reveal flaws in the process. No information showing any infirmity, much less one that warrants an ad hoc investigation has been provided to the Commission or otherwise discovered by Staff.

Furthermore, as discussed more fully in the section below, issues relating to the CCTP and scoring criteria were raised during the RFP process. These matters have been at the forefront of the RFP process and have had the attention of the Commission, Staff, and the IE. The attention given to issues related to CCTP and the scoring criteria during the multi-year RFP process makes GHE's assertion that the Commission should open an investigation to see if the Commission can find any improprieties even less persuasive.

*Issues related to Cascade Crossing were presented in the RFP process.*

GHE alleges that PGE potentially biased the RFP by unfairly factoring the CCTP into transmission assumptions for its own and operate resource. GHE is incorrect. As stated above, costs of CCTP were not included in the costs of PGE's benchmark resource or

<sup>1</sup> The Competitive Bidding Guidelines are found in Order No. 06-446.

<sup>2</sup> "[I]f PGE used inaccurate assumptions that led to inaccurate bidding weights in scoring worksheets, it stands to reason that the winning Company own and operate bid may not provide the least cost alternative for customers—and thereby violates RFP guidelines." (Request at 22 (emphasis added)); "If the Company improperly factored-in CCTP assumptions in order to lower own and operate bid risks and costs, the IE **may have been** misled and RFP guidelines thereby violated." (Request at 24 (emphasis added)); "[T]he IE could not have [evaluated the unique risks and advantages of the Benchmark Resource, as required by Guideline 10] if the Company played shell games with CCTP assumptions or other evaluative pricing criteria." (Request at 27 (emphasis added)); "Guideline 11 suggests fairness issues may need to be addressed through an investigation, since the requirement that an 'IE will make any detailed bid scoring and evaluation results available to . . . Commission staff could not have been satisfied had [read "if"] faulty scoring and evaluative criteria been passed on to Staff as a consequence of PGE misinformation." (Request at 27).

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any another bid. Instead, as expressly approved by the Commission, PGE's benchmark resource and all similarly-situated bids were assumed to use BPA transmission. (OPUC Order No. 12-215 at 3.)

The Commission approved PGE's decision to use BPA transmission costs for its Benchmark bid, rather than costs for CCTP because PGE did not need CCTP to transmit energy from the benchmark resource to its load. The Commission's conclusion that CCTP is not required for this purpose is supported by PGE's IRP and the IE.<sup>3</sup> The IE's Report noted:

The transmission requests submitted by PGE to the Bonneville Power Administration ("BPA") for the Carty Generating Station could support up to a 500 MW plant that will interconnect to BPA at the BPA Slatt Substation. The IE transmission engineer reviewed the two interconnection requests for the proposed connection. Both requests are supported by facilities studies detailing the connection requirements and the associated cost estimates. The facilities studies were reviewed by the IE transmission engineer and found to be consistent with industry standards as to detail and design. The IE transmission engineer found the upgrade cost estimates minimal and reasonable in light of the minimal upgrades needed because the connection would be made into an existing substation. Detail of the facility studies and cost estimates are provided as Confidential Information in Confidential Appendix A.

The IE received the system Impact Study prepared by BPA for the interconnection of Carty at the Slatt substation. This study included the results of a load flow for WECC 2015 heavy summer and a 2014 light autumn base case. These flow cases showed no post contingency thermal overloads and voltage stability, transient stability, closing angle and short circuit results were within limits. These studies show that Carty can successfully connect at Slatt substation without a need for Cascade Crossing.<sup>4</sup>

Staff is aware of no information that contravenes PGE's assertion, confirmed by the IE, that CCTP is not needed to deliver energy from the benchmark resource to PGE's load. Accordingly, the fact that PGE continues to pursue the acquisition of transmission capacity like that to have been provided by CCTP does not suggest that PGE improperly excluded CCTP costs from its benchmark bid.

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<sup>3</sup> Page 20-21, January 30, 2013, Independent Evaluator Closing Report, filed in PORTLAND GENERAL ELECTRIC COMPANY: (Docket No. UM 1535) Request for Proposals for Capacity and Baseload Energy Resources.

<sup>4</sup> Id.

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Second, CCTP was not used or assumed to exist for purposes of scoring or risk modeling in the RFP process because it was a proposed project rather than an existing transmission path.<sup>5</sup> CCTP was offered as a potential point of delivery (POD) for purposes of determining the costs of BPA transmission.<sup>6</sup> Meaning, any bidder had the option of choosing the POD used by PGE for its Carty benchmark or a POD designated as Cascade Crossing as the point where the bidder's resource would interconnect with BPA's system. Nonetheless, all the modeling and evaluation of the bid resources were based on the assumption that CCTP did not exist.

Staff has access to the bid evaluation and scoring details for PGE's RFP. Staff confirmed that PGE used BPA transmission costs for projects located on the Carty Site.<sup>7</sup> Staff also confirmed that PGE did not assume the existence of Cascade Crossing for evaluation or scoring of any capacity or baseload energy resource bids. In addition, Staff investigated whether the Cascade Crossing Project was assumed to exist in any of the modeling (IRP or RFP) and concluded it was not.

GHE relies on a statement in comments filed by PGE in Docket No. DR 46 for its assertion that PGE "in considering the non-existent (and now suspended) CCTP as a part of its system, an own and operate bid could have been assumed to incur less transmission risk, resulting in less transmission risk, resulting in less overall cost. That is, an own and operate resource could have been regarded as being proportionately less reliant on BPA transmission than outside bids for which less risk mitigation was assumed, if the CCTP factors were not weighted in accurate proportion for outside bids." (Request at 15.)

GHE misunderstands PGE's statement regarding CCTP. As PGE explains in comments filed in this docket, PGE allowed bidders to designate the proposed connection between CCTP and BPA transmission as the POD for BPA transmission. Staff has confirmed that notwithstanding the availability of the CCTP POD as a point of delivery into the BPA transmission system, CCTP was not assumed to exist in any portfolio modeling or for any other evaluative purpose.

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<sup>5</sup> June 8, 2012, PGE Request for Proposals - Power Supply Resources filed in PORTLAND GENERAL ELECTRIC COMPANY: (Docket No. UM 1535) Request for Proposals for Capacity and Baseload Energy Resources at 16 and 31.

<sup>6</sup> GHE mistakenly relies on PGE's statement that CCTP was part of the system for purposes of the RFP.

<sup>7</sup> Refer to CONFIDENTIAL spreadsheet with file name

"Final\_Short\_List\_Candidate\_Portfolio\_Results\_Final\_121712.xlsx", "Input" tab, and the "Input" tab of each resource bid CONFIDENTIAL evaluation model spreadsheet. These spreadsheets show all resource bids, except direct interconnected resource bids, accrued cost for BPA transmission, not Cascade Crossing transmission.



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### *Pricing considerations*

GHE asserts that it is possible that PGE did not properly evaluate price factors because neither PGE nor the IE "provided Grays Harbor (or, presumably, any other bidder) with details on market power forecast assumptions which are a requisite component of an RFP per Guideline 9(a)." (Request at 8.) GHE also complains because "at no time did PGE ask Grays Harbor . . . regarding the Company's expectations on the life of the asset or cost of life extension." (Request at 8.) Finally, GHE notes that these pricing considerations are significant because of possible bias and uncertainty surrounding the actual costs of the Carty Plant evidenced by the "\$76 to \$91 million difference between what PGE and Abengoa have publicly disclosed as the costs of the Carty Plant." (GHE Request at 11.)

In regard to disclosing the forward market price curve, bidders were told at the January 18, 2012, bidder workshop that occurred shortly after PGE filed the draft Final 2012 RFP that the evaluation of new resources would be consistent with the 2009 IRP.<sup>8</sup> The bidder workshop presentation materials were made available on the PGE RFP internet site to non-attending bidders.<sup>9</sup> Chapter 10 of the 2009 PGE IRP includes the then current forward market price curve (Figure 10-5). Figure 2-9 in PGE's IRP Update filed November 23, 2011, includes an updated forward market price curve. Both of these forward market price curves depict a similar price forecast that would allow bidders to tailor their bids. Furthermore, Staff notes that if the provided information was not adequate for bidders to tailor their bids, as asserted by GHE, a reasonable bidder response would have been to request this "indispensible information" from PGE. (GHE Request at 8.)

In regard to PGE inquiring into asset usage, maintenance, and life expectancy, as noted by GHE, Guideline 9<sup>10</sup> requires that PGE "apply the same tradeoff between cost and risk in the bid process as it did in the IRP, and not simply focus on expected cost at the acquisition stage." (GHE Request at 26.) In the IRP, and thus the RFP, PGE evaluated resources over a 20-year planning period, using a 30-year economic life for combined cycle combustion turbine resources. PGE's use of an assumed 30-year economic life in the IRP is not confidential information. In fact, during the 2009 IRP Third Stakeholder Presentation & Discussion held December 10, 2008, PGE presented information regarding the use of a 30-year economic life.<sup>11</sup> In the context of a 30-year economic life,

<sup>8</sup> Refer to page 4 of workshop presentation materials titled Intervenor and Bidder Workshops.

<sup>9</sup> Internet site found at

[https://portlandgeneralrfp.accionpower.com/\\_capacity2011/documents.asp?strFolder=b. Combined RFP Workshops/Bidders Workshop/&filedown=&HideFiles=True](https://portlandgeneralrfp.accionpower.com/_capacity2011/documents.asp?strFolder=b. Combined RFP Workshops/Bidders Workshop/&filedown=&HideFiles=True).

<sup>10</sup> The Competitive Bidding Guidelines are found in Order No. 06-446.

<sup>11</sup> Refer to slide 29 of 2009 IRP Third Stakeholder Presentation & Discussion dated December 10, 2008.

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asset usage and maintenance history are of little consequence and every resource was evaluated assuming a 30-year economic life. As a result, the age of a resource such as the one GHE offered, which GHE disclosed in its bid submittal, was accounted for in the evaluation and scoring. Staff concludes, as it did above, that if bidder disclosure of its resource age was not adequate, as asserted by GHE, a reasonable bidder response would have been to highlight this "indispensible information" for PGE. (GHE Request at 8.)

GHE's suggestion that the \$76 to \$91 million difference between what PGE and Abengoa have publically disclosed as the cost of the Carty sited resource should serve to increase the Commission's concern regarding the results of the energy RFP is not well taken. (GHE Request at 11.) GHE refers to the same allegation made by Calpine Corporation (Calpine) in Calpine's July 19, 2013, comments in response to Troutdale Energy Center's Petition for Declaratory Ruling. (DR 46 Calpine Comments at 9.) Calpine questioned why there is a \$76 to \$91 million difference in project cost between PGE's 8K filing and Abengoa's press release. (DR 46 Calpine Comments at 9.) Staff communication with PGE confirmed the contract awarded to Abengoa does not represent all the PGE project costs. PGE's project costs also include it's project budget contingencies, costs for the transmission substation upgrade, the natural gas pipeline lateral construction costs, and costs for PGE management of the contract. Staff has access to the bid evaluation and scoring details which show these costs are sufficient to account for the difference noted by Calpine.<sup>12</sup> Staff thus concludes there is no unjustifiable difference between PGE's 8K filing and Abengoa's press release.

GHE's assertion that the RFP process failed to take into account \$500 million of investment in the transmission system required for a resource on the Carty site is similarly misplaced. (GHE Request at 21.) In making this assertion, GHE refers to the same allegation made by TEC in its response to PGE's comments related to TEC's Petition for Declaratory Ruling, Docket No. DR 46 (DR 46 TEC Response at 2.) Neither GHE nor TEC offer a source reference for the alleged \$500 million in transmission cost. TEC and GHE both conclude that significant transmission investment is required for a resource on the Carty site when in fact only minor substation related upgrades are required, as confirmed by the IE.<sup>13</sup> GHE's conclusion regarding this required transmission investment is not factually supported.

Finally, GHE's allegation that PGE's Final Short List could not have represented the resources with the best combination of cost and risk because a bid with an existing

<sup>12</sup> Refer to CONFIDENTIAL spreadsheet with file name "Carty\_Total\_Capital\_budget.xlsx."

<sup>13</sup> Page 20, January 30, 2013, Independent Evaluator Closing Report, filed in PORTLAND GENERAL ELECTRIC COMPANY: (Docket No. UM 1535) Request for Proposals for Capacity and Baseload Energy Resources.

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resource was not selected is not supported. (GHE Request at 23 and 24.) GHE notes that its resource offered a "substantial discount" to PGE. However, as GHE itself notes, Competitive Bidding Guideline 9 requires that PGE "apply the same tradeoff between cost and risk in the bid process as it did in the IRP, and not simply focus on expected cost at the acquisition stage[.]" (GHE Request at 26.) As a result, the initial cost of a resource is only one of the components of the bid evaluation and scoring. Development of the Final Short List included a ranking by non-price score, a ranking by price score, and considered total system cost including the existing resource using the PGE IRP model, updated to reflect current conditions. The following tables are provided to illustrate how the Final Short List included these aspects of scoring. The tables sequentially depict the Baseload Resource Final Short List as presented by PGE, then sorted first for portfolio cost, then for total price and non-price score, next for price score, and last for non-price score.<sup>14</sup> As can be seen in the tables the highest ranked bid in each case, except the ranking by portfolio cost, is the same. The highest ranked bid is not from GHE, TEC, or Calpine. In the ranking by portfolio cost there is less than a two percent spread between the lowest and highest cost therefore portfolio cost did not contribute significantly to the Final Short List ranking. A similar illustration could be made for the Flexible Capacity Resource Final Short List, but is not because GHE's Request is focused on the Baseload Resource.

Confidential Table 1: Ranking as Presented by PGE

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<sup>14</sup> Sourced from CONFIDENTIAL collective Exhibit 1 to Attachment B to the February 22, 2013, PGE letter in response to the February 13, 2013, NIPPC letter to the Commission.

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Confidential Table 2: Ranking by Portfolio Cost

Confidential Table 3: Ranking by Total Score

Confidential Table 4: Ranking by Price Score

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Confidential Table 5: Ranking by Non-Price Score

Staff has access to the bid evaluation and scoring details, and Staff and other parties that have signed the protective order in Docket No. UM 1535 have access to the summary bid evaluation and scoring details. Staff confirmed that the bid evaluation and scoring accounted for the initial cost, reduced remaining life and reduced heat rate of an existing resource, as well as increased resource viability, and advantageous physical and credit characteristics. Staff also confirmed that the price score compared for the remaining life of the existing resource the total cost of the existing resource per megawatt-hour to the forward market price of the generation. This price scoring method is in compliance with Guideline 9(a). Staff concludes that differences between existing resource bids and new resource bids were accounted for in the bid evaluation and scoring.

Further, Staff concludes that the Final Short List includes the resources with the best combination of cost and risk. As evidence supporting Staff's conclusion Confidential Attachment 1 presents a listing by score for all bids received in the Flexible Capacity and Baseload Energy RFP. This listing shows the methodical progression as the bid scoring and evaluation was conducted from the full suite of bids received in the RFP (the tables on the right of the attachment) to the recommended Final Short List on the left of the attachment. For reference the bidder names represented by the bid identifiers in each table are listed in Confidential Attachment 2.

*Competitive Bidding Guideline Violations by PGE*

GHE asserts that if PGE engaged in misconduct, several Competitive Bidding Guidelines may have been violated. (GHE Request at 21-27.) GHE's speculation on how the Competitive Bidding Guidelines may have been violated if PGE improperly assessed transmission costs and risk for different bids or incorrectly applied scoring criteria is not probative of whether PGE actually engaged in the alleged actions or

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inactions. Staff has discovered no information that shows PGE used inappropriate assumptions regarding CCTP or inappropriately applied scoring criteria. Based on the information that Staff reviewed, Staff finds that the Final Short List identified the resources with the best combination of cost and risk. Staff's finding is in agreement with the IE's conclusion that that "the Competitive Bidding Guidelines were followed such that the RFP was conducted in a fair and unbiased manner and that the Final Shortlist accurately identified the Bids with the most value for PGE customers."<sup>15</sup>

### Conclusion

The IE evaluated the RFP scoring process to determine whether it was fair, reviewed how PGE evaluated the bids to determine whether PGE adhered to the criteria outlined in the RFP and complied with the Competitive Bidding Guidelines, and also, independently scored the bids using the RFP criteria. The IE concluded that "PGE acted in good faith with all Bidders, and created protocols and documents that permitted the RFP to be conducted in a fair and transparent manner[.]" and believed that "this RFP was conducted in a fair and unbiased manner and that the Final Short List accurately identified Bids with the most value for PGE customers."<sup>14</sup>

After considering the allegations raised in the GHE Request, Staff concludes GHE's request to open an investigation is based on assertions that PGE's reliance on CCTP was unfair and disadvantaged certain bidders in the RFP, and on the conjecture that an investigation may reveal PGE's noncompliance with the Commission's Competitive Bidding Guidelines. GHE's allegations regarding PGE's reliance on CCTP are demonstrably incorrect and GHE has not identified information that is sufficient to undermine the IE's conclusions the "Competitive Bidding Guidelines were followed such that the RFP was conducted in a fair and unbiased manner." Similarly, GHE has not identified, and Staff has not found, information that undermines the IE's conclusion that "the Final Shortlist accurately identified the Bids with the most value for PGE customers".

The criteria used by the Commission in previous Final Short List acknowledgement proceedings are:

1. Was the RFP process conducted fairly and properly?
2. Does the Final Short List represent the resources with the best combination of cost and risk?

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<sup>15</sup> Page 2, January 30, 2013, Independent Evaluator Closing Report, filed in PORTLAND GENERAL ELECTRIC COMPANY: (Docket No. UM 1535) Request for Proposals for Capacity and Baseload Energy Resources.

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3. Is the RFP outcome consistent with the acknowledged IRP Action Plan?

GHE has not identified, and Staff has not found, information that is sufficient to undermine the IE's conclusions that "the Competitive Bidding Guidelines were followed such that the RFP was conducted in a fair and unbiased manner and that the Final Shortlist accurately identified the Bids with the most value for PGE customers." Staff similarly concludes that PGE fairly and properly conducted the RFP process; that the RFP scoring and evaluation and shortlist of resources are consistent with PGE's last IRP and acknowledged IRP Action Plan; and that the Final Short List represents the resources with the best combination of cost and risk for the utility and ratepayers. Staff finds no basis to recommend an investigation into PGE RFP for Capacity and Baseload Energy Resources or to initiate a Final Short List acknowledgement proceeding.

**PROPOSED COMMISSION MOTION:**

The Commission deny the Grays Harbor Energy request for investigation into Portland General Electric's Request for Proposals for Capacity and Baseload Energy Resources.

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Confidential Attachment 1



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Confidential Attachment 2