

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1182

In the Matter of an Investigation)	REPLY COMMENTS OF THE
Regarding Competitive Bidding)	RENEWABLE NORTHWEST
)	PROJECT & NW ENERGY
)	COALITION

The Renewable Northwest Project and the NW Energy Coalition submit these brief reply comments in UM 1182.

RFP Requirement

We support Staff's position that RFPs must be issued for any resource with duration of greater than 5 years. We think the resource quantity could be 100 MW, instead of the 50 MW proposed by Staff, to accommodate some of the concerns the utilities raise.

PGE proposes that the definition should be changed to 100 *average MW* so that intermittent resources could be "treated on a comparable basis with most other technology types, which have higher expected capacity factors." PGE Opening Comments at 2. We disagree with PGE's proposal. First, as discussed further below, we do not think that different resources should be compared to each other in the first round of bid evaluation. Second, 100 aMW could be 300 MW or more of wind power. A wind project between 100 MW – 300 MW is a major resource in our view and should be procured through a competitive process.

Bid Scoring and Evaluation Criteria

The Public Interest Opening Comments in this docket made what now seems to be an incorrect assumption about Staff's proposal. We stated that we are supportive of the first stage of Staff's bid evaluation process. Public Interest Group Opening Comments at 3. After reading Staff's Opening Comments, we conclude that we are not, in fact, in agreement about the development of the preliminary short-list of bids.

We believe that in the initial review of bids different types of resources (i.e., coal, gas and wind) should not be compared to each other. A preliminary short list should compare like resources and choose the best bids of each type of resource. Staff, on the other hand, proposes a process that would appear to compare different resources to each other using a cost ratio as a means to compare bids with unequal delivery periods. Staff Opening Comments at 5. We disagree with this recommendation. Staff acknowledges that their approach "may work best with all-source or simultaneous single-source RFPs"

but that the Commission should monitor if the portfolio approach works for staggered single-source RFPs. Staff at 6. We prefer single-source RFPs; however, we can support all-source RFPs only to the extent that different resources are not compared in the development of an initial short list.

Imputed Debt

We reiterate our position in opening comments that debt imputation should not be considered in bid evaluation of an RFP process, as that singles out only one factor relevant to comparing owned vs. rented resources. We recommend, again, that the risks and benefits of owned and contracted resources be considered and evaluated in the IRP. The result of the IRP analysis would be factored into the subsequent RFP process so that resources are compared fairly. Alternatively, we also support NIPPC's recommendation that debt imputation should not be considered at all in bid evaluation and selection but instead be reviewed by the Commission during cost recovery proceedings. NIPPC Opening Comments at 11. Obviously, we oppose PacifiCorp and PGE recommendation that debt imputation be considered earlier in the bid evaluation process. PacifiCorp Opening Comments at 9-10, PGE Opening Comments at 3-4.

Participation by Public Interest Intervenors

It is essential that utilities make good and fair decisions due to the potentially long-term impacts of those decisions. A utility's selection of energy resources has an undeniable impact on ratepayers and the environment. Therefore, we believe public interest group participation is key to the process. Staff proposes several opportunities for public involvement which we support: providing input on the weighting system utilities use for price and non-price factors (Staff Comments at 6), providing 60 days notice of the intent to conduct an RFP and potentially hosting workshops on the RFP (Guideline 9), and providing comments on the draft RFP to the Commission (Staff Comments at 7).

For non-bidding intervenors (e.g, CUB), we support Staff's proposal that there be access to the IE closing report, the utility's cost support for its Benchmark resource, and bid scoring and evaluation results (subject to protective order). Staff Guideline 14 and 15. We disagree with PacifiCorp that this information should be withheld from non-bidding intervenors and would somehow put the bidders or the utility at a "commercial disadvantage." PacifiCorp Opening Comments at 12-13.

COMBINED CERTIFICATE OF SERVICE

UM 1182/UM 1056

I hereby certify that I served the foregoing **REPLY COMMENTS OF THE RENEWABLE NORTHWEST PROJECT AND NW ENERGY COALITION** on the following persons on October 24, 2005, by hand-delivering, faxing, e-mailing, or mailing (as indicated below) to each a copy thereof, and if mailed, contained in a sealed envelope, with postage paid, addressed to said attorneys at the last known address of each shown below and deposited in the post office on said day at Portland, Oregon:

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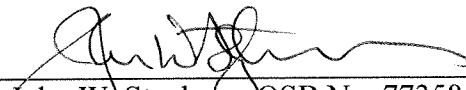
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DATED this 24th day of October, 2005.

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