

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

Docket No. UM 2166

In the Matter of

PORTLAND GENERAL ELECTRIC COMPANY,  
  
2021 All Source Request for Proposals (RFP).

Comments on Final Draft RFP

On October 15, 2021, Portland General Electric (PGE or Company) filed a request for approval of its 2021 All-Source Request for Proposals (RFP) – Final Draft. This request came after approval of an Independent Evaluator (IE) for the RFP at the July 8, 2021, public meeting; and approval of the RFP scoring and modeling methodology at the October 5, 2021, public meeting. Prior to filing its Final Draft RFP, PGE held a workshop on a draft of the RFP on October 11, 2021. The Independent Evaluator, Bates White, filed comments on the Final Draft RFP on October 20, 2021.

The Public Utility Commission of Oregon Staff (Staff) offers these comments on PGE’s Final Draft RFP.

**Background on PGE’s 2019 IRP and the 2021 RFP**

PGE filed its 2019 Integrated Resource Plan (IRP) on July 19, 2019, in Docket No. LC 73. Action Items in the 2019 IRP action plan included an RFP for renewable resources as well as non-emitting capacity resources.<sup>1</sup> As memorialized in Order No. 20-152 filed on May 6, 2020, the IRP was acknowledged with conditions and additional directives on March 16, 2020, at a Special Public Meeting. One of the key items for PGE to clarify in its future RFP filing was whether PGE would pursue a two-vehicle procurement approach as it had proposed.<sup>2</sup> PGE filed an IRP Update that was acknowledged in Order No. 21-129 on May 3, 2021. The IRP Update contained no changes to its action plan, but indicated the Company intended to conduct a single solicitation, rather than the two-vehicle approach described in the 2019 IRP.

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<sup>1</sup> PGE 2019 Integrated Resource Plan. Pages 33-34.

<sup>2</sup> See LC 73, Order No. 21-152. Page 26.

PGE's 2019 Integrated Resource Plan (IRP) was the first IRP filed after the competitive bidding rules were adopted. Through the rulemaking process conducted in Docket No. AR 600, the Commission adapted the competitive bidding guidelines from Order No. 14-149 and established the competitive bidding rules now in effect in OAR Chapter 860, Division 089. The rules are designed to recognize the increasing overlap between IRP and RFP processes and to better integrate the RFP process with the IRP, in part by accelerating discussion of RFP design and its relationship to IRP analysis.<sup>3</sup>

The rules require initial RFP design and scoring methodology to be filed either in the IRP, or later in the IE proceeding.<sup>4</sup> PGE sought to satisfy this requirement with IRP Appendix J containing its RFP design and modeling methodology, but the Commission did not reach a conclusion on whether the design and modeling methodology satisfied the requirement and instead explained that the Commission would rely on substantive discussion of it in the IE docket.<sup>5</sup> The relevant discussion from Order No. 20-152 is included below:

We do not reach a conclusion as to whether PGE provided the level of scoring and associated methodology that, under our new RFP rules, would enable them to move directly to filing an RFP. Under the circumstances, where PGE's procurement approach was a significant area of discussion in our acknowledgment decision and where external timelines do not force PGE to move to an RFP immediately, we will depend on substantive discussion of the RFP format, eligibility criteria, scoring and selection methodology, and transmission arrangements in the IE docket. For these procurements, we agreed with Staff that PGE will need to engage in a rigorous process to establish RFP details, clarify key attributes including dispatchability and transmission requirements. During the RFP process we will endeavor to provide more clarity on how we interpret OAR 860-089-0250. We will aim to explain what information about scoring and associated modeling is required in an IRP to avoid the extra step of a workshop on scoring and methodology in the IE selection docket.

The Commission continued to raise RFP issues during the IRP update for further discussion and those were noted in Order No. 21-129. To help facilitate conversation on the RFP details and scoring and modeling methodology moving forward, Staff provided a table of outstanding issues as Attachment A to its July 8, 2021, Staff Report regarding selection of an IE. Issues included the need for further conversation on the scoring and selection methodology, transmission arrangements, performance risk and the Production Tax Credits (PTCs), sensitivities, long lead time resources, and an updated needs assessment. The overall RFP format and energy cap were also identified as possibly needing further conversation.

Recognizing the need to comply with the requirements of the competitive bidding rules and engage in further conversation on the RFP details and scoring and modeling methodology as

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<sup>3</sup> See LC 73, Order No. 20-152. Page 6.

<sup>4</sup> OAR 860-089-0250.

<sup>5</sup> LC 73, Order No. 20-152. Page 27.

noted during the IRP process, PGE filed its proposed scoring and modeling methodology with its Application for approval of an IE.

The initial RFP details and scoring and modeling methodology were the subject of significant Staff and stakeholder comment. In its September 29, 2021 memo, Staff outlined fifteen specific recommendations for modifications.<sup>6</sup> The Commission made one modification to Staff's recommendations and approved the initial RFP details and scoring and modeling methodology with the recommended modifications.<sup>7</sup> The Commission also noted that Staff and stakeholders would review contract terms offered by PGE with the Final Draft RFP.<sup>8</sup>

### **Initial Staff Analysis**

Staff's Comments on the Final Draft RFP focus on the following topics: consistency with Commission Order No. 21-320; the IE report and recommendations; and recent developments related to the RFP including introduction of an affiliate interest bid, IRP/HB 2021 planning updates, and discussion of sensitivities. Each of these is discussed in more detail below.

#### *Consistency with Commission Order 21-320*

The Commission approved the initial RFP details and scoring and modeling methodology with modifications in Order No. 21-320. These modifications are summarized below and include:

- Incorporate an alternative procurement scenario that would have PGE procure one-third of the estimated renewables need to meet the 2030 HB 2021 target
- Adjust the qualification and performance screening (i.e. minimum bidding requirements) to:
  - Allow for the participation of existing resources, including bids that would repower existing facilities
  - Provide additional clarity regarding permitting requirements
- Adjust the price/non-price scoring in multiple ways:
  - Use a price/non-price scoring weighting of 70/30
  - Conduct a 60/40 and a 80/20 price/non-price score weighting sensitivity
  - Make specific changes to the non-price scoring including scoring for the Commercial Operation Date, Transmission Plan Attributes, Commercial Performance Risk, and Level Capacity Ratio elements
  - Change the treatment of conditional firm bridge curtailment in capacity value calculations for price scoring
- Address the concern that PGE may not be considering making transmission arrangements controlled by PGE available to all bidders in the case that the Benchmark bid relies upon transmission rights controlled by PGE

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<sup>6</sup> See Order No. 21-320, Appendix A – Staff Memo. Pages 29-30.

<sup>7</sup> See Order No. 21-320.

<sup>8</sup> See Order No. 21-320.

Staff reviewed the Final Draft RFP to determine whether it reflects the modifications outlined above.<sup>9</sup> Staff finds that it largely does. Staff does not address each of the modifications, but instead highlights a few items where there are differences, areas for further clarification, or noteworthy explanations. These include the price and non-price score weighting, non-price score adjustments, the availability of benchmark bid transmission arrangements, and the qualifications and performance screen permitting element. Staff also discusses one item that was not part of a specific Commission approved recommendation, but was noted in the Staff memo the Commission based its decision on – the effective load carrying capacity or ELCC. Finally, Staff notes a few revisions PGE made to the scoring and modeling methodology that were not specifically identified in the recommendations.

#### Price and non-price score weighting

The Commission directed PGE to use a price/non-price scoring weighting of 70/30 for this RFP.<sup>10</sup> To achieve this split, Staff had adjusted the scoring to within half a percentage point of a 70/30 split. Staff asked PGE to adjust the numbers with minimal changes to achieve an exact 70/30 split.

PGE adjusted the scoring in the Final Draft RFP to achieve the exact 70/30 split. But unlike Staff's adjustments, which only adjusted the non-price scoring, PGE adjusted both the price and non-price scoring. As a result, the overall price and non-price point scoring, as well as the numbers for specific non-price scores are different than what Staff had presented. However, the changes PGE made do not materially change the scoring outcomes.

Instead of a total of 855 points split between 600 price points and 255 non-price points as Staff had presented, PGE's adjusted scoring includes a total of 1000 points split between 700 price points and 300 non-price points. The specific non-price point categories were proportionally increased to achieve the 300 non-price points. PGE summarized the updated scoring in Exhibit B of its Final Draft RFP Application and Staff provides Table 1 below to illustrate the minor difference between Staff's recommendations and PGE's adjusted weighting.

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<sup>9</sup> While not discussed here as modifications, the Commission also requested PGE provide additional information with the draft RFP regarding the updated needs assessment (which PGE did). Similarly, The Commission also directed PGE to provide additional analysis and updates over the course of the RFP timeline regarding HB 2021 compliance and the Northwest Power Pool's Western Resource Adequacy Program. See Recommendations 3-4, 2, and 5 respectively in Appendix A of Order No. 21-320.

<sup>10</sup> See Order No. 21-320, Appendix A – Staff Memo. Recommendation 8.

*Table 1: Price and non-price scoring weighting comparison*

Scoring Component	Staff Recommended		PGE Adjusted	
	Dispatchable Capacity	Renewables	Dispatchable Capacity	Renewables
<b>Price Points</b>	<b>600</b>	<b>600</b>	<b>700</b>	<b>700</b>
<b>Non-Price Points</b>	<b>255</b>	<b>255</b>	<b>300</b>	<b>300</b>
Commercial Performance Risk	180	180	212	212
Transmission Plan Attributes	N/A	25	N/A	29
Level Capacity Ratio	N/A	50	N/A	59
Commercial Operation Date	75	N/A	88	N/A
<b>TOTAL POINTS</b>	<b>855</b>	<b>855</b>	<b>1000</b>	<b>1000</b>
Price/Non-Price Split	70/30*	70/30*	70/30	70/30

\* Staff’s recommended scoring proposal was within half of a percentage point of an exact 70/30 split and asked that PGE adjust the numbers with minimal changes to achieve an exact 70/30 split.

Non-price score adjustments

Based on the overall score changes described above, PGE also made changes within the non-price scores which do not materially change the scoring. With that said, there are some minor inconsistencies in these changes that could use clarification.

Regarding the transmission related non-price points, text on PGE Page 14 of Appendix N says 25 points will be available. But, the Table included on the same page shows 29 points available. The summary scoring table in Appendix N – Exhibit B also cites 29 non-price points for transmission. Staff understands the scoring to have changed to 29 points under PGE’s adjustment and recommends PGE correct the text to match.

There is also a minor inconsistency in the commercial performance risk scoring change. PGE adjusted the commercial performance risk scoring to total 212 points. PGE then equally split these points between the two categories within commercial performance risk providing 106 points for resource performance guarantees and 106 points for limitations of liability and remedies.<sup>11</sup> But Appendix N – Exhibit C, which details the commercial performance risk non-

<sup>11</sup> See PGE’s Final Draft RFP, Appendix N – Scoring and Modeling Methodology. Page 14.

price scoring points, appears to only make available 105 points (divided among three subcategories at 35 points each) for each of the categories.<sup>12</sup>

Although a minor difference, Staff points this out to understand if this discrepancy is intentional. In addition, the IE recommends a small change in the allocation of these points for Engineering Procurement & Construction (EPC)/Asset Purchase Agreement (APA) contracts, distributing the points among two subcategories instead of three subcategories. As a result, Staff wants to make sure that the suggested re-allocation also accounts for the discrepancy if necessary.<sup>13</sup> Finally, the max score column in the "Limitation of Liability and Remedies" scoring table in Appendix N – Exhibit C is blank. It is evident that the max score column was intended to include 35 points for each of the subcategories, but Staff recommends PGE fill in this column and account for any change in the point discrepancy highlighted by Staff if necessary.

#### The availability of benchmark bid transmission

Staff appreciates PGE's responsiveness to the recommendation regarding the availability of benchmark bid transmission. The Commission asked PGE to address the concern that, in the case that the benchmark bid relies upon PGE-controlled transmission rights, that PGE may not be considering making said transmission arrangements available to all bidders.<sup>14</sup> Not only did PGE address the specific concern about transmission rights, but also addressed the broader concern about the availability of utility-owned components (not just transmission) of a benchmark bid.

PGE explained that benchmark resources or affiliate bids will not rely on utility-controlled transmission rights to meet the RFP bid requirements. As a result, there are no transmission rights to make available. PGE did note that there was a possibility that Colstrip associated transmission rights could be made available at a later date depending on developments in the removal of Colstrip from PGE's portfolio, but those would be made available to all bidders if so.<sup>15</sup>

Furthermore, PGE explained that certain other assets controlled by the utility and under consideration for use in support of benchmark resources or an affiliate bid can be made available to third-party bidders at market value. These include specific land in Northeast Oregon as well as in the Hillsboro area.<sup>16</sup> The Hillsboro area land would only be available to third-party developers under a utility-owned commercial structure given physical and cybersecurity risks associated with co-location on that particular piece of land.<sup>17</sup>

Staff does not have enough information to know the extent of the risks associated with the Hillsboro land or whether the risks could be adequately mitigated. Staff submitted an

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<sup>12</sup> See PGE's Final Draft RFP, Exhibit C of Appendix N – Scoring and Modeling Methodology. Pages 21-26.

<sup>13</sup> See IE Report. Page 14.

<sup>14</sup> Order No. 21-320, Appendix A – Staff Memo. Recommendation 13.

<sup>15</sup> PGE's Final Draft RFP, Appendix P – Benchmark Submission. Page 3.

<sup>16</sup> PGE's Final Draft RFP, Appendix P – Benchmark Submission. Page 2.

<sup>17</sup> PGE's Final Draft RFP, Appendix P – Benchmark Submission. Page 2.

Information Request to better understand the risks involved. Staff welcomes any other additional information the Company is able to share to inform an understanding of the reasonableness of this limitation and PGE's attempts to mitigate the associated risks.

### Permitting

The Commission directed PGE to provide additional clarity on its permitting requirements and associated permitting matrix. While PGE did make some changes, the IE suggests that PGE also allow a bidder to provide a narrative explanation for a situation where a permit will be required, but not be acquired at the timeline suggested in the RFP.<sup>18</sup> The IE believes this will allow bidders more flexibility to account for and justify the actual permitting pace of their particular project, rather than meeting a theoretical schedule offered by PGE.<sup>19</sup> Staff agrees with this addition and recommends PGE incorporate this provision into the permitting requirements and associated matrix.

### Effective Load Carrying Capacity (ELCC)

In Staff's memo recommending Commission approval of the scoring and modeling methodology, Staff noted concerns about the ability of bidders to self-score using the ELCC calculated in PGE's Sequoia model.<sup>20</sup> In response to those concerns, Staff recommended that PGE provide bidders a detailed description of how to calculate the ELCC using the information from the 2019 IRP and 2019 IRP Update and a sample calculation as part of the RFP materials.<sup>21</sup> Staff based this recommendation on PGE's assurance that bidders would be able to readily estimate their bid's ELCC. Staff did not elevate this recommendation for Commission approval, as it seemed to be a simple fix.

Staff does not see a discussion of the ELCC along the lines recommended in the Final Draft RFP filing. Staff does note that PGE provided some more information on the ELCC at the Draft RFP Workshop PGE held on October 11, 2021.<sup>22</sup> However, Staff believes the information provided by PGE is still not sufficient for bidders to estimate their ELCC. Staff also welcomes comment from PGE and bidders on the extent to which PGE has implemented Staff's recommendation.

In an effort to further the conversation, Staff attempted to use the information from the IRP to calculate the ELCC for a hypothetical project. In doing so, Staff identified further challenges. For example, using the ELCC information provided in the IRP, a 30 MW solar array paired with a 15 MW, 6 hour duration battery would likely have between 6.4 MW and 13.8 MW of capacity.<sup>23</sup> Such a wide range is unlikely to help bidders in their decision making. Staff therefore recommends that PGE also provide bidders with a tool to more accurately estimate ELCC.

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<sup>18</sup> IE Report. Pages 13-14.

<sup>19</sup> IE Report. Page 14.

<sup>20</sup> See Order No. 21-320, Appendix A – Staff Memo. Page 25.

<sup>21</sup> Order No. 21-320, Appendix A – Staff Memo. Page 26.

<sup>22</sup> PGE RFP Workshop presentation slides. October 11, 2021. Slides 9-10.

<sup>23</sup> Calculations were made using ELCC values from Tables 15-16 in Appendix D of the 2019 IRP Update. The specific calculations are as follows: 6.4 MW = 30 \* 0.213 and 13.8 MW = 15 \* 0.92.

### Other PGE revisions

Staff noticed PGE made a few additional changes to the approved scoring and modeling methodology which were not specifically directed by Staff or the Commission. These include updates to the description of how ROSE-E will be used in the portfolio analysis as well as a change to the cost containment screen description. Each of these is discussed in turn below.

PGE revised its description of its ROSE-E modeling, including adding capacity fill resources.<sup>24</sup> In its initial filing, PGE noted that “ROSE-E’s capacity expansion ability will be frozen in this RFP.”<sup>25</sup> Staff would appreciate more context and explanation around this and any other change PGE is trying to achieve with the revisions to the ROSE-E description.

Regarding the cost containment screen, PGE is now describing it as a “value-to-cost evaluation.”<sup>26</sup> Staff is unclear if PGE is making a substantive change here and would appreciate further explanation from PGE.

### *IE Report and recommendations*

The IE filed its Assessment of Portland General Electric’s Final Draft 2021 All Source RFP (Report) on October 20, 2021. Staff appreciates the engagement of the IE to date, as well as the thoroughness of the IE’s Report. Staff particularly appreciates the IE’s effort to organize its analysis around the relevant competitive bidding rules, as those are what the Commission will apply in considering approval of the Final Draft RFP.<sup>27</sup>

Staff agrees with all of the IE’s recommendations as summarized on page two of the Report. Staff does not address each of those recommendations here, but references a number of the recommendations throughout these Staff Comments.

Staff wants to draw particular attention to the IE’s recommendations regarding the form contracts and associated term sheets. While approving the scoring and modeling methodology, the Commission noted that further review of the reasonableness of the contracts and associated scoring would occur during review of the Final Draft RFP.<sup>28</sup> The IE provided substantial analysis of these items in its Report.

The IE found that “for the most part, these term sheets reflect reasonable terms and conditions.”<sup>29</sup> But, the IE also recommended a number of changes, including addressing one

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<sup>24</sup> See PGE’s Final Draft RFP, Appendix N – Scoring and Modeling Methodology. Pages 16-17.

<sup>25</sup> PGE’s Application for Approval of an Independent Evaluator for 2021 All-Source Request for Proposals. June 15, 2021. Appendix A, Page 27.

<sup>26</sup> PGE’s Final Draft RFP, Appendix N – Scoring and Modeling Methodology. Page 12. Compare with PGE’s Application for Approval of an Independent Evaluator for 2021 All-Source Request for Proposals, June 15, 2021, Appendix A, pages 23-24.

<sup>27</sup> Staff notes that while the IE stated it was referencing the Competitive Bidding Guidelines, the IE was in fact referencing the Competitive Bidding Rules and including the relevant citations from the Competitive Bidding Rules.

<sup>28</sup> See Order No. 21-320. Page 1.

<sup>29</sup> IE Report. Page 8.



item that looked “out of line.”<sup>30</sup> In addition, the IE offered suggestions regarding the associated scoring.<sup>31</sup> Staff supports all of the IE recommendations on these topics.

Staff would also note that there are minor typos and discrepancies in the term sheets and contracts that PGE should correct. These include:

- Missing category titles on Pages 5-8 in the Renewable PPA Form Term Sheet (Appendix A). It also appears that later in the term sheet, these similar category descriptions appear, but with category titles attached. For example, Page 10 includes a “Control Area Services and other costs” category with a similar description to one of the unnamed categories on Page 5. This same issue appears to be the case for the Facility Output, Security Requirements, and Termination Settlement Amount categories.
- The last paragraph in the Transmission Requirements category on Page 10 of Appendix A includes a sentence that ends with the word “and.” Staff assumes this is a punctuation error, but wants to make sure nothing is inadvertently missing.
- Page numbers in the Table of Contents in the Renewable PPA Form Agreement in Appendix E run into the hundreds in places, when that Appendix is only 79 Pages.

#### *Recent developments regarding the RFP*

Leading up to the Final Draft RFP filing, as well as within the Final Draft RFP, there were new developments relevant to the RFP and the work ahead in this docket. These include the introduction of an affiliate interest bid, IRP/HB 2021 planning updates, and discussion of sensitivities. Each of these items is discussed in more detail below.

#### Affiliate Bid

It has come to Staff’s attention that PGE is applying to create an affiliate, with the idea that the affiliate can bid into this RFP.<sup>32</sup> PGE also explained in its Final Draft RFP that one of the benchmark bids will be from an affiliate.<sup>33</sup> The affiliate resource would be a solar resource in Northeast Oregon.<sup>34</sup> This development has raised stakeholder questions and concerns.

Conversations regarding establishment of a PGE affiliate are occurring in Docket No. UI 461. Staff encourages stakeholders to participate in those discussions. Staff does not make any statements about the merits of the affiliate application here, but Staff offers a couple of reflections in regards to the PGE RFP docket.

The competitive bidding rules contemplate and plan for affiliate bids.<sup>35</sup> Affiliate bids must be treated in the same manner as other bids.<sup>36</sup> Individuals who participate in the development of the RFP or the evaluation or scoring of bids on behalf of the company are barred from

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<sup>30</sup> IE Report. Pages 8-9.

<sup>31</sup> IE Report. Page 14.

<sup>32</sup> See Docket No. UI 461.

<sup>33</sup> PGE’s Final Draft RFP, Appendix P – Benchmark Submission. Page 1.

<sup>34</sup> PGE’s Final Draft RFP, Appendix P – Benchmark Submission. Page 2.

<sup>35</sup> OAR 860-089-0300(1).

<sup>36</sup> OAR 860-089-0300(1)(a).

participating in the preparation of an electric company or affiliate bid and must be screened from the process.<sup>37</sup> Furthermore, the IE has specific duties related to affiliate bids. The IE is required to independently score the affiliate bids to determine if the electric company's selections for the initial and final shortlists are reasonable.<sup>38</sup> In addition, the IE must evaluate the unique risks and advantages associated with any company-owned resources (including but not limited to the electric company's benchmark).<sup>39</sup> Finally, the IE is generally charged with overseeing the competitive bidding process to ensure that it is conducted fairly, transparently, and properly.<sup>40</sup>

The IE in this RFP is already engaging with the topic of affiliate bids. In the Benchmark Requirements discussion of its Report, the IE discusses some of the requirements around affiliate bids and how PGE is currently complying with the requirements.<sup>41</sup> In addition, the IE identifies additional information needed for the IE to oversee the requirements, including a list of names of who is being screened in the company as a result of the affiliate bid.<sup>42</sup>

#### IRP/HB 2021 Planning

In conjunction with its Final Draft RFP filing, PGE also filed a waiver requesting an extension of its 2022 Integrated Resource Plan (IRP) to 2023 in order to more fully address HB 2021.<sup>43</sup> While Staff does not take a position on the waiver here as there is a separate docket for that (Docket No. LC 73), Staff notes this as it raises questions for one of the recommendations from Order No. 21-320.

Staff had included a recommendation that PGE work with Staff to determine what additional analysis may be available or could be provided over the course of the existing RFP timeline to further inform understanding of PGE's plan for HB 2021 compliance and how the current RFP might be leveraged to that end.<sup>44</sup> Staff understood that PGE would be continuing to do analysis on resource needs and HB 2021 compliance as it prepared to file its 2022 IRP. Staff is hopeful that a delay in PGE's IRP will not negatively impact the company's ability to provide additional analysis regarding HB 2021 compliance within the RFP timeline.

Staff still thinks any additional analysis PGE can provide to inform how best to maximize this RFP for HB 2021 compliance is critically important. Staff continues to have questions about PGE's potential procurement plan leading up to the 2030 target. Staff would also like to better understand the impacts of alternative procurement scenarios under the RFP. In addition to the alternative procurement scenario the Commission directed PGE to consider, the IE stated that it "may also suggest more sensitivities at different levels of procurement."<sup>45</sup> Staff appreciates the

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<sup>37</sup> OAR 860-089-0300(1)(b).

<sup>38</sup> OAR 860-089-0450(5).

<sup>39</sup> OAR 860-089-0450(6).

<sup>40</sup> OAR 860-089-0450(1).

<sup>41</sup> See IE Report. Pages 15-17.

<sup>42</sup> See IE Report. Pages 15-17.

<sup>43</sup> See PGE's Final Draft RFP, Cover Letter.

<sup>44</sup> See Order No. 21-320, Appendix A – Staff Memo. Recommendation 2.

<sup>45</sup> IE Report. Page 11.

IE's interest in this and supports the possibility of additional sensitivities. Staff chose a one-third alternative procurement scenario as "an informative incremental increase without additional analysis to inform expanding the RFP further."<sup>46</sup> Additional analysis would may help justify this procurement level, or other procurement levels.

In PacifiCorp's current IRP, Staff noted that a portfolio sensitivity analysis that explored the GHG risk of selected projects could serve as a useful proxy for assessing the impact of the RFP on HB 2021 compliance.<sup>47</sup> As a result, Staff requests that PGE provide in its Reply Comments, suggestion of what additional relevant analysis it can provide within the RFP timeline to assess GHG impacts from this RFP, and thus its contribution toward HB 2021 compliance in 2030. Staff expects that this will be an ongoing conversation.

In addition, the IE included an insightful suggestion regarding leveraging this RFP to further inform HB 2021 implementation efforts. The IE noted that as part of HB 2021 implementation, utilities will submit clean energy plans and have community benefits and impact advisory groups that will consider items such as energy burden; contracting with businesses owned by women, veterans, or Black, Indigenous, or People of Color; environmental justice; customer experience; and other items. Given this, the IE suggested it might be useful for PGE to collect material related to these issues from bidders to see how various portfolios might affect these items.<sup>48</sup> Staff agrees and asks that PGE consider and suggest what data it could collect from bidders to help inform PGE HB 2021 implementation efforts.

### Sensitivities

Staff is concerned about the potential for this RFP to select resources that depend heavily on projected market prices and market sales for their value. Additionally, Staff is concerned about the potential for RFP resources to depend heavily on assumptions regarding near-term tax credit – Production Tax Credit (PTC) and Investment Tax Credit (ITC) – expiration. Similar concerns were addressed in the recent PacifiCorp RFP in Docket No. UM 2059 through a set of three sensitivities.

In response to Staff's concerns, PGE continues to note that it plans to conduct a low market price sensitivity as well as a PTC extension sensitivity to inform its portfolio analysis.<sup>49</sup> The general idea for these sensitivities was agreed to during the 2019 IRP process.<sup>50</sup> Staff and PGE recently initiated the conversation to sharpen the details of the sensitivities in advance of finalizing the RFP, but additional conversation is needed. Staff would like to make sure there is an opportunity for stakeholders to weigh in on the sensitivities, and therefore raises it here.

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<sup>46</sup> See Order No. 21-320, Appendix A – Staff Memo. Page 12.

<sup>47</sup> See UM 2193, October 21, 2021 Public Meeting Memo, Regular Agenda Item No. 2, page 8: "Report PVRR resulting from adding a social cost of carbon at a 2.5 percent discount rate applied to emissions from PAC system with and without the ISL resources."

<sup>48</sup> IE Report. Pages 14-15.

<sup>49</sup> Final Draft RFP, Appendix N – Scoring and Modeling Methodology. Page 17.

<sup>50</sup> Order No. 21-129, Appendix A – Staff Memo. Page 25.

Regarding the PTC extension sensitivity, Staff and PGE are currently considering a sensitivity that would assess a PTC extension at 60 percent of the full PTC through 2030. Staff recommends including an ITC extension in this scenario as well. Staff would also recommend a sensitivity that adjusts the value of any tax credit to benchmark or BTA bids should PGE's filed affiliate transaction in Docket No. UI 461 not be approved.

For the low market price sensitivity, Staff and PGE have discussed using similar data and methods to those used in the 2020 PacifiCorp RFP.<sup>51</sup> Staff recommends a low market price forecast that holds prices nearly constant in real dollars. Staff would welcome comment on what price forecast should be used for the low market price sensitivity.

Staff also recommends an additional sensitivity that uses a low market price forecast, holding prices nearly constant in real dollars, and extends the PTC and ITC at current levels through 2030. This will serve as a bookend sensitivity and a test of the economics of the final shortlist under adverse circumstances. In PacifiCorp's RFP in Docket No. UM 2059, a sensitivity was run with no market sales allowed and a PTC/ITC extension through 2030. This could also be used as an acceptable bookend scenario in PGE's RFP.

Staff would expect that PGE conduct and provide the results of these sensitivities no later than March 22, 2022.

Staff welcomes comments on additional sensitivities PGE or stakeholders think would be useful. For example, Staff is considering in all RFPs, sensitivities that model things such as: the option of access to 2.6 GW of off-shore wind by 2030; and highly flexible loads to benefit the system and better integrate renewables. There are also ongoing conversations at the federal level regarding the tax credits discussed above, so adjustments may need to be made to what is laid out above based on any changes made at the federal level. The IE also noted that after receiving the modeling results, the IE may also request additional sensitivities to help illuminate key risks and choices.<sup>52</sup> Staff similarly would reserve this right.

## **Conclusion**

In the comments above, Staff offered a number of questions and recommendations regarding the Final Draft RFP above. In addition, Staff voiced support for the recommendations the IE offered in its Report. Staff looks forward to PGE's responses to Staff's Comments and the IE's recommendations.

The remaining process for the Final Draft RFP portion of the docket includes an opportunity for written reply comments by PGE by November 10, 2021; Staff's Public Meeting Memo to be posted on November 19, 2021; an opportunity to submit written comments on Staff's Public

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<sup>51</sup> See Docket No. UM 2059. See also Staff's Comments in Docket No. UM 2059 dated December 8, 2020.

<sup>52</sup> IE Report. Page 15.

Meeting Memo by November 24, 2021; and a decision on approval of the Final Draft RFP at the Commission Special Public Meeting on December 2, 2021.

This concludes Staff's initial comments.

Dated at Salem, Oregon, this 1<sup>st</sup> of November 2021.

*Zachariah Baker*

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Zachariah (Zach) Baker  
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