

**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).

Staff Comments

The following are the initial comments from the Oregon Public Utility Commission Staff (Staff) on Portland General Electric's (PGE or Company) Request for Acknowledgment of the Final Short List of Bidders in PGE's 2021 All-Source Request for Proposals (Request for Acknowledgement).

PGE filed its Request for Acknowledgment on May 5, 2022. The Independent Evaluator's (IE) Closing Report was included as an attachment to the filing. The Commission held a workshop on May 19, 2022, to discuss the Request for Acknowledgement and the IE's Closing Report. At the workshop, PGE informed the Commission that it planned to submit an Errata filing to the Request for Acknowledgement. PGE filed the Errata filing on May 25, 2022.<sup>1</sup>

The Errata filing includes multiple changes to the Request for Acknowledgement as well as the supporting workpapers. Given the timing and extent of the Errata filing, Staff was unable to fully incorporate the Errata filing into its initial comments. In addition, Staff asked for an updated analysis of the Errata filing from the IE, which was not available in time for Staff to incorporate into its comments. Further, Staff continues to conduct discovery to understand the details of the filings. Staff plans to incorporate the additional information it learns from these

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<sup>1</sup> PGE's Errata to PGE's Request for Acknowledgement of the Final Shortlist of Bidders, May 25, 2022.

items and from stakeholder comments into its analysis for the Staff Report due to be filed on June 29, 2022.

Staff's initial comments focus on the following areas: size of the procurement; size of the final shortlist; and the order of procurement. Staff also notes its interest in exploring additional items, particularly with an eye toward future RFPs. Those items include the price and non-price scoring split, the use of ELCC in a non-price scoring element, long-lead-time resources, IE recommendations for future RFPs, and RFP cadence and scheduling.

### **Size of the Procurement**

PGE is seeking acknowledgement of its final shortlist<sup>2</sup> to support procurement of approximately 150 MWa of renewable resources on behalf of cost-of-service customers plus sufficient capacity to meet the remainder of its 2025 capacity need identified in the 2019 Integrated Resource Plan;<sup>3</sup> and 100 MW of nameplate resources to meet Phase II of PGE's Green Future Impact (GFI) program.<sup>4</sup> This procurement level is consistent with the 2019 IRP Action Plan. However, there was also a lot of discussion during the RFP docket about whether and how this procurement level should be responsive to the passage of House Bill 2021 (HB 2021), now codified in ORS Chapter 469A.<sup>5</sup> Additionally, PGE's presentation of the final shortlist and associated modeling invites further discussion of these issues. Staff summarizes below the HB 2021-related discussions leading up to the final shortlist and outlines how these issues are presented with the final shortlist.

### ***Discussion of HB 2021 Prior to the Final Shortlist***

As PGE was proposing to move forward on its RFP, HB 2021 passed. HB 2021 requires retail electricity providers to reduce greenhouse gas emissions associated with electricity sold to Oregon consumers to 100 percent below baseline emissions levels by 2040, with nearer term targets of 80 percent below by 2030 and 90 percent below by 2035.<sup>6</sup> Staff and stakeholders quickly raised questions and provided comments about whether the size of the procurement should be modified to reflect the likely procurement needs to comply with HB 2021.

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<sup>2</sup> The final shortlist includes two shortlists: one for renewable resources and one for non-emitting dispatchable capacity resources. PGE refers to them as one final shortlist for acknowledgement. Staff and the IE refer to them as one final shortlist as well.

<sup>3</sup> In the 2019 IRP, PGE identified a capacity need of 511 MW in 2025. PGE has partially filled this need through bilateral transactions. Following those transactions and updated load growth assumptions, the remaining need is 388 MW. This need is slightly higher than what was stated in the actual RFP due to incorporation of the latest load forecast from March 2022. See pages 3, 7, and 8 in PGE's Request for Acknowledgement for further explanation.

<sup>4</sup> Docket No. UM 2166, PGE's Request for Acknowledgement. Pages 6-7.

<sup>5</sup> See Staff's Memo on Scoring and Modeling Methodology Approval, September 29, 2021, pages 9-13; Staff's Memo on Draft RFP Approval, November 19, 2021, pages 36-39; and Order No. 21-460, page 9.

<sup>6</sup> ORS 469A.410.

Discussion centered around whether pursuing pre-HB 2021 procurement levels, supported by the 2019 IRP, would be adequate for PGE to meet the prescribed emission reduction requirements, given the limited number of procurement cycles between now and the 2030 HB 2021 initial compliance timeframe. And further, if this RFP were to attempt to reflect the needs of HB 2021, upon what analysis would such a procurement be supported.<sup>7</sup>

In response to Staff and stakeholder questions and comments, PGE provided an estimate of what it would take to achieve the 2030 HB 2021 target of 80 percent: at least 650 MWA of renewable resources and at least 800 MW of dispatchable capacity by 2030.<sup>8</sup> PGE explained that, should it acquire 150 MWA of renewable resources for cost-of-service customers and an additional 100 MW of the GFI program as part of this RFP, PGE will have procured approximately 25 percent of the currently forecasted non-emitting energy additions necessary to comply with the 2030 HB 2021 compliance requirement.<sup>9</sup> PGE went on to suggest that with at least two more planned structured procurements prior to 2030, PGE thought there would be a feasible path forward toward 2030 compliance.<sup>10</sup>

Staff noted that the preliminary analysis PGE provided was helpful, but not conclusive and raised additional questions regarding the feasibility of PGE's suggested procurement plan leading up to 2030.<sup>11</sup> Staff also noted that there was some uncertainty about how to best maximize the RFP to achieve the HB 2021 targets as the formal clean energy plans required by HB 2021 are not yet due and important elements of HB 2021 implementation have not yet been evaluated, such as the cost cap.<sup>12,13</sup>

To further understand and balance meeting the previously articulated IRP need while also best positioning PGE to achieve 2030 compliance, Staff recommended PGE be required to take two actions:<sup>14</sup>

- As part of its analysis of the bids in this RFP, run an analysis of an alternative procurement scenario for this RFP that would have PGE procure one-third of the estimated renewables need to meet the 2030 HB 2021 target.

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<sup>7</sup> See Staff Memo on Scoring and Modeling Methodology Approval, September 29, 2021, pages 9-13; Staff Memo on Draft RFP Approval, November 19, 2021, pages 36-39; and Order No. 21-460, page 9.

<sup>8</sup> PGE's Reply Comments on the Scoring and Modeling Methodology. Page 3.

<sup>9</sup> Id. Page 4.

<sup>10</sup> Id.

<sup>11</sup> Staff Memo on Scoring and Modeling Methodology Approval, September 29, 2021. Pages 11-12.

<sup>12</sup> Staff Memo on Scoring and Modeling Methodology Approval, September 29, 2021, Page 11; See ORS 469A.415.

<sup>13</sup> The PUC has since launched an investigation into implementation of HB 2021 with a work plan that currently extends through September 2022. As a result, HB 2021 implementation issues will likely not be resolved before the Commission's scheduled decision on PGE's RFP acknowledgement. See Docket No. UM 2225.

<sup>14</sup> Staff Memo on Scoring and Modeling Methodology Approval, September 29, 2021, pages 12-13.

- 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.

The Commission adopted these recommendations.<sup>15</sup> In making the recommendations, Staff noted that:

With the data from the alternative procurement scenario and any additional analysis PGE can provide regarding HB 2021 compliance plans, Staff would expect an informative discussion of whether PGE should procure additional resources in this RFP and if so, how much. This data could also serve as the foundation for PGE making the case to the Commission that additional procurement would be beneficial in this RFP.<sup>16</sup>

HB 2021 and the procurement level was discussed again during approval of the Final Draft RFP.<sup>17</sup> The Commission concluded that PGE’s preliminary analysis established the “wisdom of considering acquiring more resources in response to the RFP,” but that the preliminary analysis did not itself justify actual procurement of the additional resources.<sup>18</sup> As a result, the Commission declined to change the size of procurement at the time.<sup>19</sup> The Commission also stated that “going forward, PGE will need to produce robust analysis to justify the size and nature of any procurement, particularly if PGE is to procure resources going beyond the levels we acknowledged in the IRP.”<sup>20</sup>

PGE went on to publish an RFP that noted that PGE “will consider procuring more renewable resources to ensure necessary progress in achieving HB 2021 requirements.”<sup>21</sup> Specifically, PGE noted it would explore procuring approximately 65 MWA of additional renewable resources beyond the 150 MWA which would position PGE to have procured approximately one-third of its forecasted renewable needs to achieve the HB 2021 2030 goal.<sup>22</sup>

### ***HB 2021 and the Final Shortlist***

As part of its final shortlist analysis, PGE ended up analyzing three different levels of renewable MWA targets:<sup>23</sup>

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<sup>15</sup> Order No. 21-320.

<sup>16</sup> Staff Memo on Scoring and Modeling Methodology Approval, September 29, 2021, page 13.

<sup>17</sup> Staff Memo on Draft RFP Approval, November 19, 2021, pages 36-39. See also Order No. 21-460, page 9.

<sup>18</sup> Order No 21-460. Page 9.

<sup>19</sup> Id.

<sup>20</sup> Id.

<sup>21</sup> PGE’s 2021 All-Source RFP. Page 4.

<sup>22</sup> Id.

<sup>23</sup> Table 4 on page 23 of PGE’s Request for Acknowledgement details the three scenarios.

- 180 MWa – representing the IRP Action Plan RFP target of 150 MWa plus the 100 MW of additional GFI resources;
- 250 MWa – representing the alternative procurement scenario requested during the RFP process of one-third of PGE’s estimated renewables need to meet the 2030 HB 2021 target plus the 100 MW of additional GFI resources; and,
- 400 MWa – representing a more aggressive push toward meeting future renewable energy targets.

Staff continues to unpack these scenarios and the associated analysis given the timing and extent of the Errata filing. Staff plans to provide further analysis in its Staff Report, including a discussion of the economics of the different scenarios, but for the time-being, highlights the overall challenge PGE’s analysis presents. According to PGE:

Widespread analytical findings indicate the opportunity to reduce customer costs and risks through procurement volumes above and beyond the 150 MWa acknowledged in the 2019 IRP Action Plan. At the same time, important and unquantified risks provide additional context support adherence to the approved volumes of approximately 150 MWa of renewable resources in addition to the 100 MW of GFI resources. These risks include transient increases in renewable pricing, federal tax policy, and supply chain disruptions related to federal trade investigations.<sup>24</sup>

Given the competing conclusions within PGE’s analysis, Staff needs PGE to more fully explain the risks and benefits of the different sizes of procurement. For example, the risks of a smaller renewable buy as proposed by PGE as compared to pursuing a larger renewable buy are not fully explained. More explanation is required to better understand the factors PGE argues attenuate the value of a larger acquisition in favor of a smaller renewable buy. PGE cites the Department of Commerce solar tariff investigation as the key driver for this outcome. However, Staff would note that this logic cuts both ways and it would appear equally possible that the Department of Commerce solar tariff investigation could also make it harder or more expensive to pursue resources in the future. Furthermore, Staff is unclear whether these risks are still relevant in light of the Biden Administration announcement on June 6, 2022, suspending solar tariffs for 24 months.<sup>25</sup>

Additionally, Commissioners also expressed specific interest in understanding the assumptions and uncertainties regarding the rate impacts PGE cited as a reason for a smaller renewable buy.<sup>26</sup> Accordingly, Staff asks that PGE in its Reply Comments, specifically address anticipated

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<sup>24</sup> PGE’s Request for Acknowledgement. Page 35.

<sup>25</sup> Fact Sheet: President Biden Takes Bold Executive Action to Spur Domestic Clean Energy Manufacturing, June 6, 2022. <https://www.whitehouse.gov/briefing-room/statements-releases/2022/06/06/fact-sheet-president-biden-takes-bold-executive-action-to-spur-domestic-clean-energy-manufacturing/>.

<sup>26</sup> See recording of May 19, 2022, Commission Workshop. Time stamp 1:52:00 – 1:54:00.

near and long-term rate impacts of different procurement levels and the associated assumptions and uncertainties informing those rate impacts.

Staff is also interested in understanding whether there are any updates to PGE's preliminary HB 2021 analysis that are relevant to the conversation. For example, PGE's response to Staff's Data Request No. 21 suggests the need for resources to meet 2030 HB 2021 compliance is expected to increase further. Staff asks that PGE provide its most up-to-date assessment of HB 2021 resource needs in its Reply Comments. Staff also requests that PGE includes in its update how many MW of renewables PGE estimates it would need to procure annually through 2030 to meet the need.

Ultimately, PGE is responsible for complying with HB 2021, and acquisition decisions within this RFP (and outside of it) will be looked at in future rate recovery proceedings. But, given the discussion above and the analysis PGE presented, Staff is interested in hearing more about procurement size and speed risks to consider. Staff is similarly interested in this question given the size of the final shortlist and order of procurement discussed in the following sections.

### **Size of the Final Shortlist**

PGE's final shortlist includes substantially more resources than PGE indicates it is seeking to procure. The final shortlist for renewables includes enough projects to generate approximately 600 unique MWa of renewable energy.<sup>27</sup> If only the best bid variants for each project are considered, the number is 434 MWa.<sup>28</sup> As a result, the volume of renewable resources included provides adequate bids to meet three to four times the 150 MWa IRP Action Plan and 100 MW GFI renewable procurement levels approved in the RFP design.<sup>29</sup> Further, the dispatchable capacity resources on the final shortlist includes 497 MW of ELCC – well over the volume of resources required to meet PGE's identified 2025 capacity need of 388 MW.<sup>30</sup>

According to PGE, the volume on PGE's Final Shortlist provides several important advantages for customers:

First, a robust volume of final shortlisted resources ensures that competitive pressures are exerted on potential counterparties throughout the totality of the procurement process. Should bidders attempt to diminish the cost and performance of the project as reflected in the bid, PGE can work with alternative counterparties. Second, a robust

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<sup>27</sup> PGE cited 599 MWa on page 17 of its Request for Acknowledgement. The IE also cited this number on page 28 of the IE's Closing Report. Staff's review suggests the number is slightly higher at 604 MWa.

<sup>28</sup> See PGE's Errata to PGE's Request for Acknowledgement at page 16. Instead of the previously reported total unique MWa on the final shortlist, PGE reported the total unique MWa if only considering the best bid variants for each project.

<sup>29</sup> PGE's Request for Acknowledgement. Page 17.

<sup>30</sup> Id. Page 18.

volume allows PGE to broaden its portfolio analysis methods to consider procurement volumes beyond 150 MWa as discussed in the OPUC’s RFP approval order.

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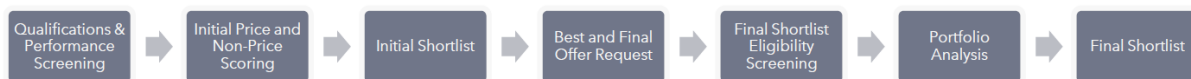
Lastly, bidders occasionally are not able to meet the terms and conditions of their bid due to a host of competing commercial, economic, or development factors. A robust final shortlist volume allows PGE to make important progress to HB 2021 compliance goals in the event of bidder withdrawal from the final shortlist.<sup>31</sup>

According to the IE, “[t]he shortlist contains projects significantly in excess of the RFP targets – even accounting for the fact that some backup offers might be necessary.”<sup>32</sup> The IE went on to explain that [t]his is in part because PGE did not use the results of the portfolio modelling process to further narrow down the list of candidate offers.”<sup>33</sup>

Based on PGE’s discussion of advantages of the volume on PGE’s final shortlist and the IE’s analysis, Staff has questions about the size of the final shortlist. Staff’s questions stem from an interest in ensuring PGE actually pursues the most valuable resources based on the results of the portfolio analysis and will do so fairly and transparently.

First, the size of PGE’s final shortlist appears inconsistent with the process PGE said it would follow to choose the final shortlist. Figure 1 in Appendix N (excerpted below) of the RFP, provides an overview of the process steps, including selection of the final shortlist after portfolio analysis.<sup>34</sup>

**FIGURE 1: RFP SELECTION PROCESS FROM FIGURE 1 OF APPENDIX N IN THE RFP**



In addition, PGE’s further explanation of this process in the scoring and modeling methodology included the following description on how it would choose the final shortlist:

Upon completion of the portfolio analysis, PGE will examine the total combined price and non-price scores to determine the best combination of cost and risk for PGE

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<sup>31</sup> PGE’s Request for Acknowledgement. Page 17.

<sup>32</sup> IE’s Closing Report, filed with PGE’s Request for Acknowledgement. Page 2.

<sup>33</sup> Id.

<sup>34</sup> PGE’s 2021 All-Source RFP - Appendix N. Page 3.

customers. These results will be used to determine PGE's final shortlist, which, if acknowledged, will be the group of resources that PGE will make selections from.<sup>35</sup>

As noted above, the IE pointed out that PGE did not use the portfolio modeling process to further narrow down the list of bids on the final shortlist. In addition, PGE has said that it plans to only pursue the IRP Action Plan level of 150 MWa of renewables.<sup>36</sup> Four of the bids included on the final shortlist individually exceed that amount, with one of the bids double that amount.<sup>37</sup> Therefore, it is not clear how inclusion of these bids on the final shortlist is consistent with narrowing down the final shortlist and the scoring and modeling methodology statement Staff cited above that "PGE's final shortlist, which if acknowledged, will be the group of resources that PGE will make selections from."

As a result, Staff would like PGE to explain in its Reply Comments how the size of the final shortlist is consistent with the scoring and modeling methodology PGE laid out in Appendix N of the approved RFP, particularly in light of the specific issues noted above.

Second, Staff has questions about the advantages of the size of the final shortlist as described by PGE, particularly considering PGE's intention to procure at the IRP Action Plan level. As noted above, PGE explained that the final shortlist volume allows PGE to broaden its portfolio analysis methods to consider procurement volumes beyond 150 MWa as discussed in the OPUC's RFP approval order. Staff appreciates that PGE provided the analysis of different procurement levels, but Staff does not see that as an argument for acknowledgement of the current volume of the final shortlist given PGE's plan to only procure at the IRP Action Plan level. PGE could have also done the analysis it provided, and then used it to inform a narrower final shortlist that it ultimately proposed for acknowledgement. Staff's opinion might change if PGE was planning to use the final shortlist to pursue resources beyond the IRP Action Plan level. Staff's understanding is that PGE is not seeking to do so, but Staff would like to know if Staff misunderstands PGE's intentions.

In addition, it is not clear to Staff the extent to which the other advantages PGE posited for the size of the final shortlist hold true given PGE's intention to procure at the IRP Action Plan level. For instance, as Staff has already mentioned, PGE includes renewables bids on its final shortlist that individually exceed the 150 MWa that PGE intends to procure. It is not clear to Staff how having those bids on the final shortlist provide leverage for PGE to work with alternative counterparties or how inclusion of those bid alternatives help PGE make progress toward HB 2021 compliance if PGE is planning to procure at a level less than any of those bids provide.

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<sup>35</sup> PGE's 2021 All-Source RFP - Appendix N. Page 18.

<sup>36</sup> PGE's Request for Acknowledgement. Page 6.

<sup>37</sup> The respective MWa of these individual bids are as follows: 303 MWa, 212 MWa, 206 MWa, and 179 MWa. See Table 2 of PGE's Request for Acknowledgement.



Finally, the lack of clarity on the order of procurement (see next section) raises further questions about the advantages of PGE's final shortlist volume. These questions include what assurances are there that PGE would pursue the least cost, least risk resources for ratepayers from the large pool of resources on the final shortlist, and how PGE's proposed approach achieves a competitive bidding process. Staff asks that PGE address these items as it clarifies its approach in response to Staff questions below.

### **Order of Procurement**

Tied to the size of the final shortlist is the order of procurement. As already noted, the IE identified that the large size of the final shortlist is in part because PGE did not use the results of the portfolio modelling process to further narrow down the list of candidate offers.<sup>38</sup> But, the IE also notes that the portfolio modelling suggests a clear preference order for offers that is in line with PGE's shortlist scoring.<sup>39</sup> The IE states, "[w]e expect that PGE will use these findings to prioritize negotiations with the top-scoring offers first, and will bear the burden of justifying their actions in a future prudence hearing should they ultimately have a different selection of offers."<sup>40</sup>

Staff agrees that PGE ultimately bears the burden of justifying their actions in a future prudence hearing following any level of procurement. But Staff is not even clear what order of negotiations/procurement PGE is currently proposing, and relatedly has concerns about our own future capacity to ensure a reasonable and fair course of action in the negotiation process with such a large shortlist.

PGE stated in its Request for Acknowledgement that "[w]ith respect to identification of the best projects for customers, all analysis performed reinforces the general rank order of projects listed in Table 6 and 7."<sup>41</sup> PGE went on to explain that it "intends to commence negotiations with top performing counterparties."<sup>42</sup>

According to PGE, Tables 6 and 7 show the rank of final shortlisted bids based on the frequency that each bid is present in the top performing 41 portfolios of superior cost and risk – or the efficient frontier portfolios.<sup>43</sup> Staff notes that Table 6 and 7 also appear to include how many times bids show up in the top portfolios under each of the three procurement level scenarios as well as how many times the bids show up total across the three procurement levels. Depending

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<sup>38</sup> IE's Closing Report, filed with PGE's Request for Acknowledgement. Page 2.

<sup>39</sup> Id.

<sup>40</sup> Id.

<sup>41</sup> PGE's Request for Acknowledgement. Page 34.

<sup>42</sup> Id.

<sup>43</sup> Id. Page 24.

on which scenario, or which column, project rank could vary. As a result, Staff sought to clarify exactly what PGE meant by rank order.

Staff submitted a data request regarding the order of procurement.<sup>44</sup> PGE's response clarified some items but raised more questions. In its response, PGE indicates that the rank order is tied to the frequency of a project's inclusion in the efficient frontier portfolios (i.e. the "Efficient Frontier Portfolios" column in Tables 6 and 7).<sup>45</sup> Further, PGE explained that for projects with the same frequency of inclusion in efficient frontier portfolios, rank is determined based on the inclusion in all constructed top 50 portfolios.<sup>46</sup> Staff reads this to mean that the "All Portfolios Total" column would determine the rank for that subset of projects. Through a follow-up data request, Staff has asked PGE to confirm Staff's interpretation of PGE's response.<sup>47</sup>

Further, based on Staff's working interpretation above, Staff asked a number of additional questions in the follow-up data request to further clarify what PGE is proposing regarding rank order and why.<sup>48</sup> For example, for those projects that would require turning to the "All Portfolios Total" column for their rank, many of those projects also appear the same amount of times total across the portfolios, so it is not clear how turning to the "All Portfolios Total" column would be determinative of the rank order of those projects. Also, it is unclear why PGE is relying on the efficient frontier portfolio count for rank as opposed to the total count across portfolios, or the count consistent with the size of the portfolio PGE plans to procure (i.e. the "All 180 MWa Portfolios" column). Staff's understanding is that all the efficient frontier portfolios were closer to the 400 MWa procurement level.<sup>49</sup> In addition, some projects do not even show up in the efficiency frontier portfolios, yet still are included on the final shortlist.

Staff requests that PGE clarify the rank order issue in response to Staff's data requests as well as in its Reply Comments. Relatedly, Staff requests that PGE explain how it envisions pursuing a fair and reasonable negotiation process given the size of the final shortlist.

PGE has also made comments to Staff, as well as in the May 19, 2022, Commission Workshop, that it may use its 2023 IRP analysis to inform the order of this procurement – either by bringing in draft IRP analysis in the Fall or coming back to the Commission around the time of filing its 2023 IRP to discuss additional procurement.<sup>50</sup> Staff is unclear how PGE foresees potentially incorporating the draft IRP analysis and would appreciate PGE expanding on its intentions and the envisioned mechanics for this. Similarly, Staff is unclear how PGE would

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<sup>44</sup> OPUC Data Request No. 32.

<sup>45</sup> PGE's Response to OPUC Information Request 032.

<sup>46</sup> Id.

<sup>47</sup> OPUC Data Request No. 45.

<sup>48</sup> Id.

<sup>49</sup> See PGE's Request for Acknowledgement. Page 26.

<sup>50</sup> See, e.g., recording of May 19, 2022, Commission Workshop. Time stamp 1:48:40 – 1:51:30.

apply information in the filed 2023 IRP to procurement under this RFP. Staff's understanding is that negotiations and final contracts are intended to be completed by the end of the year. Staff again would appreciate PGE clarifying its intentions and the envisioned mechanics here.

PGE also mentioned the possibility that resolution of the Department of Commerce investigation or Congress moving on a Production Tax Credit (PTC) extension before the end of the year could impact the pursuit of bids under this procurement.<sup>51</sup> Similar to the IRP discussion above, Staff would appreciate PGE expanding on its intentions and the envisioned mechanics of this.

Further, Staff's understanding is that the terms of bids only need to be held to for 250 days from the date bids were due, which would be through the end of September.<sup>52</sup> If there were additional negotiations beyond that due to any of the items above, Staff is unclear how bids would be treated in the negotiation process and asks that PGE provide an explanation.

#### **Other items with an eye toward future RFPs**

There are a few items that have come up in the RFP process that Staff plans to consider more fully, particularly with an eye toward future RFPs. Those include the price and non-price scoring split, the use of ELCC in a non-price scoring element, long-lead-time resources, IE recommendations for future RFPs, and RFP cadence and scheduling. Staff provides a brief summary of each of these below.

- ***Price/Non-price scoring split:*** The RFP process included significant discussion of the price/non-price scoring split. PGE originally proposed a 60/40 split.<sup>53</sup> Staff recommended a 70/30 split which the Commission adopted.<sup>54</sup> And, the Commission later made changes to the scoring that resulted in approximately an 81/19 scoring split.<sup>55</sup> The Commission directed PGE to also conduct sensitivities around the scoring split.<sup>56</sup> Using the results of the RFP, PGE conducted sensitivities using a 60/40, 70/30, and 90/10 split.<sup>57</sup> Staff is still reviewing the results of these sensitivities. In addition to understandings the impacts of the different splits, Staff is also looking to understand if there are any lessons or considerations regarding the scoring for future RFPs.

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<sup>51</sup> See recording of May 19, 2022, Commission Workshop. Time stamp 1:48:40 – 1:51:30.

<sup>52</sup> PGE's 2021 All-Source RFP. Page 10.

<sup>53</sup> PGE's Request for Commission Approval to Engage Independent Evaluator and Application for Approval of Proposed 2021 All-Source RFP Scoring and Modeling Methodology. Page 19.

<sup>54</sup> Staff Memo on Scoring and Modeling Methodology Approval, September 29, 2021, pages 17-19. See also, Order No. 21-320 adopting Staff's recommendations.

<sup>55</sup> Order No. 21-460. Pages 4-6.

<sup>56</sup> See Order No. 21-320 adopting Staff's recommendations.

<sup>57</sup> PGE's Request for Acknowledgement. Page 20.

- ***Use of ELCC in a non-price scoring element:*** The Effective Load Carrying Capacity (ELCC) was a key input into the level capacity ratio non-price scoring element of the RFP. Staff and stakeholders raised concerns about the ability of bidders to self-score given that the ELCC is calculated through PGE’s Sequoia model.<sup>58</sup> The Commission required PGE to provide a calculator to bidders to help facilitate the calculation.<sup>59</sup> To further assess the use of the ELCC, the Commission also asked PGE to provide an analysis comparing each bids’ ELCC estimation using the calculator tool, as compared to the actual ELCC values PGE publishes for bids with the initial shortlist.<sup>60</sup>

PGE provided that analysis on April 1, 2022, but it only included the actual ELCC values.<sup>61</sup> Staff followed up with PGE through data requests to get the comparison originally requested as well as more context to inform the comparison.<sup>62</sup> Staff notes that there were discrepancies between the actual and estimated ELCCs for bids in that analysis. Staff continues to review the ELCC comparison filing, and in light of the final shortlist.

- ***Long-lead-time resources:*** There was a lot of attention paid to long-lead-time resources during the RFP process.<sup>63</sup> One long-lead-time resource ultimately made it onto PGE’s final shortlist. Staff plans to further review the details of how long-lead-time resources fared in this RFP and whether there are lessons or considerations for future RFPs.
- ***IE recommendations for future RFPs:*** The IE included multiple recommendations in the IE’s Closing Report for future RFPs.<sup>64</sup>
  - First, due to several bid disqualifications on interconnection-related grounds, the IE “encourage[s] PGE to pursue measures to reform and speed its interconnection queue process – this could include moving to a cluster process or other reforms.”<sup>65</sup> The IE also recommended PGE reach out to developers to develop solutions that work for all parties.<sup>66</sup>

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<sup>58</sup> Staff Memo on Draft RFP Approval, September 29, 2021, page 25. See also, Staff’s Memo on Scoring and Modeling Methodology Approval, November 19, 2021, Pages 7-9.

<sup>59</sup> Order No. 21-460. Pages 3-4.

<sup>60</sup> Staff Memo on Draft RFP Approval, September 29, 2021. Page 10.

<sup>61</sup> PGE’s 2021 All-Source Request for Proposals: ELCC Compliance Filing.

<sup>62</sup> See OPUC Data Request Nos. 9-13.

<sup>63</sup> Staff Memo on Draft RFP Approval, September 29, 2021, pages 19-21. See also, Staff’s Memo on Scoring and Modeling Methodology Approval, November 19, 2021, pages 30-33.

<sup>64</sup> IE’s Closing Report, filed with Request for Acknowledgement. Pages 3-4.

<sup>65</sup> Id. Page 3.

<sup>66</sup> Id. Page 3.

- Second, the IE noted that many proposals in this RFP and other RFPs the IE has been a part of, seek to utilize existing transmission service reservations for the output of a renewable facility with a countervailing generation schedule on as-available basis. Given transmission as a scarce resource, the IE “encourage(s) PGE to accommodate these sorts of proposals in future RFPs, including for their own resources.”<sup>67</sup>
- Finally, the IE provided a recommendation regarding the operation of the Competitive Bidding Rules as it relates to approval of an RFP’s scoring and modeling methodology. The IE explained: “We would recommend that in situations such as this where the methodology is not part of the IRP acknowledgement the IE, at a minimum, conduct an informal review of the methodology, perhaps submitting a memo to the Commission, in advance of the approval hearing so that they can weigh in on key factors in advance before they are locked down via approval.”<sup>68</sup> The IE had raised the review challenges the scoring and modeling methodology presented in previous comments and Staff also provided some discussion of this issue in its previous Staff Report.<sup>69</sup>

Staff appreciates all of the IE’s recommendations and plans to consider them further for recommendations in the Staff Report.

- ***RFP Cadence and scheduling:*** PGE presented this procurement process to the Commission as one that brought substantial urgency, primarily for projects to have an opportunity to take full advantage of the Production Tax Credit (PTC). Taking that into account, Staff and parties agreed to a compressed docket schedule with some challenging turnaround times.<sup>70</sup> Due to PGE delays in bid scoring, the schedule also had to be renegotiated and a late in the process Final Shortlist Errata filing (which also required an IE Closing Report update) put further pressure on an already compressed schedule.<sup>71,72</sup> In the midst of the RFP approval process, PGE also introduced pursuit of affiliate interest bids which drove substantial Staff and

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<sup>67</sup> IE’s Closing Report, filed with Request for Acknowledgement. Page 4.

<sup>68</sup> Id.

<sup>69</sup> Staff Report on Draft RFP Approval, September 29, 2021, pages 42-44.

<sup>70</sup> Staff Scheduling Letter, August 3, 2021.

<sup>71</sup> Staff Scheduling Letter, March 31, 2022.

<sup>72</sup> Staff Scheduling Letter, June 3, 2022.

stakeholder work in the docket, and a parallel docket, as the affiliate transaction had not yet been approved.<sup>73</sup>

RFP scheduling and review challenges are not new.<sup>74</sup> Further, PGE has already noted its interest in accelerated and streamlined RFP processes in the future to assist in HB 2021 compliance.<sup>75</sup> Staff has noted in the HB 2021 implementation docket (Docket No. UM 2225) that a discussion of those ideas will occur in that docket.<sup>76</sup> Staff would just add here that moving forward, it will be important to identify RFP scheduling and cadence that ensures a fair and transparent process for stakeholders that respects everyone's limited resources.

Staff welcomes comment on any of the above items.

### **Conclusion**

As part of the comments above, Staff posed a number of questions for PGE regarding the final shortlist. Staff notes that it has outstanding data requests that cover some of the questions in these comments and PGE's response to those data requests are due prior to PGE's Reply Comments. Staff expects PGE to respond to those data requests as scheduled to assist in the review of the final shortlist given the docket schedule constraints. To avoid further confusion, Staff also asks that PGE note where its response to Staff's Comments includes information from a data request response and include the corresponding data request number. Staff looks forward to PGE's responses.

Staff also looks forward to any additional comments stakeholders want to provide given the additional comment opportunity Staff added to the schedule as a result of the timing of PGE's Errata filing.

The remaining process for the docket includes an opportunity for written reply comments by PGE and other stakeholders by June 15, 2022; Staff's Report to be posted by June 29, 2022; an opportunity for stakeholder comments on Staff's Report by July 7, 2022; and a decision on

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<sup>73</sup> See Staff Memo on Draft RFP Approval, November 19, 2021, pages 28-30; Order No. 21-460, pages 4-5; PGE's Notice of Intent to Submit Affiliate Bid, December 17, 2021; and PGE's Notice of Withdrawal of Affiliate Bid, February 25, 2022. See also Docket No. UI 461.

<sup>74</sup> See, e.g., Docket No. UM 2059 - PacifiCorp's 2020 All-Source RFP: Order No. 21-437, pages 11-12, adopting Staff recommendations for time to review scoring and modeling methodology and utility workpapers; Staff Memo on Acknowledgement of PAC's 2020 AS RFP Final Shortlist, October 12, 2021; pages 10-12.

<sup>75</sup> See PGE's Response to OPUC Data Request No. 46. See also PGE's May 10, 2022, comments on Staff's Planning Framework Straw Proposal in Docket No. UM 2225 (pages 2-3) and PGE oral comments made at the May 31, 2022, Commission Meeting (timestamp 39:00 – 46:25).

<sup>76</sup> Staff Memo on Threshold Planning Framework Issues for the first Clean Energy Plans, May 23, 2022, page 16.

acknowledgement of the final shortlist at the Commission Special Public Meeting on July 14, 2022.

This concludes Staff's initial comments.

Dated at Salem, Oregon, this 7<sup>th</sup> of June 2022.

*Zachariah Baker*

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