

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 5, 2021**

REGULAR X CONSENT _____ EFFECTIVE DATE _____ N/A _____

DATE: September 29, 2021

TO: Public Utility Commission

FROM: Zachariah Baker

THROUGH: Bryan Conway, JP Batmale, Kim Herb **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 2166)
2021 All-Source RFP Scoring and Modeling Methodology.

STAFF RECOMMENDATION:

Approve Portland General Electric's (PGE) proposed Scoring and Modeling Methodology for the 2021 All-Source Request for Proposals with the modifications outlined in this memo.

DISCUSSION:

Issue

Whether the Commission should approve PGE's proposed Scoring and Modeling Methodology for the 2021 All-Source Request for Proposals (RFP).

Applicable Rule or Law

The competitive bidding rules require that a draft RFP utilize the RFP elements, scoring and any associated modeling described in a Commission-acknowledged IRP, and that the draft reference and adhere to the IRP section that describes the RFP design and scoring.¹ Or, prior to preparing a draft RFP, the utility must develop and file for approval an RFP proposal with scoring and any associated modeling in the Independent Evaluator (IE) selection docket.² In this instance, PGE is seeking approval of its RFP

¹ OAR 860-089-0250(2).

² OAR 860-089-0250(2)(a)

design, scoring and associated modeling for a draft RFP, not from a Commission-acknowledged IRP, but through the IE selection docket.

RFP design and scoring is subject to the requirements set out in OAR 860-089-0300, OAR 860-089-0350, and OAR 860-089-0400. The electric company must base the scoring of bids and selection of an initial shortlist on price and, as appropriate, non-price factors.³ All scoring criteria must be included in the RFP.⁴

Price scores must be based on the prices submitted by bidders and calculated using units that are appropriate for the product sought and technologies anticipated to be employed in responsive bids using real-levelized or annuity methods.⁵

Non-price factors must be converted to price factors where practicable.⁶ Under OAR 860-089-0400(3)(b), non-price scores must, when practicable, primarily relate to resource characteristics identified in the electric company's most recent acknowledged IRP Action Plan or IRP Update and may be based on conformance to standard form contracts. Unless a different approach is authorized by the Commission, the utility must use the approach to develop price and non-price scores set out in OAR 860-089-0400(2)(a)-(c). Non-price scoring criteria must be objective and reasonably subject to self-scoring analysis by bidders.⁷ Non-price score criteria that seek to identify minimum thresholds for a successful bid and that may readily be converted into minimum bidder requirements must be converted into minimum bidder requirements.⁸

Analysis

Application Background

On June 15, 2021, PGE filed an application (Application) to request approval of an IE for PGE's 2021 All-Source Request for Proposals (RFP). Accompanying its Application, PGE also attached a proposed scoring and modeling methodology for the draft RFP along with an associated timeline for the RFP (See Appendix A). At the public meeting held on July 8, 2021, the Commission approved selection of Bates White as the IE and directed staff to engage stakeholders on the development of a schedule that includes an adequate opportunity for stakeholder comments on the draft RFP details and scoring and modeling methodology.⁹

³ OAR 860-089-0400(2).

⁴ OAR 860-089-0400(1).

⁵ OAR 860-089-0400(2)(a).

⁶ OAR 860-089-0400(2).

⁷ OAR 860-089-0400(2)(b).

⁸ OAR 860-089-0400(2)(c).

⁹ See Order No. 21-235.

Subsequent to the public meeting, Staff worked with PGE and stakeholders to develop a schedule for the docket which was published on August 3, 2021.¹⁰ The schedule runs through mid-June of next year and includes dates for a Commission decision on approval of the scoring and modeling methodology on October 5, 2021, approval of the final draft RFP on December 2, 2021, and a tentative date of June 14, 2022, for acknowledgment of the final shortlist.

To kick-off discussion of the scoring and modeling methodology as the next step in the schedule, PGE hosted a workshop on the scoring and modeling methodology on August 9, 2021, and posted the presentation slides after the workshop.¹¹ Staff, Northwest & Intermountain Power Producers Coalition (NIPPC), and Oregon Solar + Storage Industries Association (OSSIA) submitted comments on PGE's proposed scoring and modeling methodology. Reply comments were due September 13, 2021, with PGE and Renewable Northwest (RNW) submitting comments. PGE also shared comments it received from interested bidders as of August 25, 2021.

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.¹² 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. One of the key items for PGE to clarify in its future RFP filing was whether or not PGE would pursue a two-vehicle procurement approach as it had proposed.¹³ PGE filed an IRP Update that was acknowledged on May 3, 2021.¹⁴ The IRP Update contained no changes to its action plan, but indicated the Company intends to conduct a single solicitation, rather than the two-vehicle approach described in the 2019 IRP.

PGE's 2019 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

¹⁰ DOJ Scheduling Memo. August 3, 2021.

¹¹ PGE's Scoring and Modeling Methodology Workshop Presentation. Filed August 10, 2021.

¹² PGE 2019 Integrated Resource Plan. Pages 33-34.

¹³ See LC 73, Order No. 21-152. Page 26.

¹⁴ LC 73, Order No. 21-129.

better integrate the RFP process with the IRP, in part by accelerating discussion of RFP design and its relationship to IRP analysis.¹⁵

The rules require initial RFP design and scoring methodology to be filed either in the IRP, or later in the independent evaluator proceeding.¹⁶ PGE sought to satisfy this requirement with IRP Appendix J containing 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.¹⁷ 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 Independent Evaluator. 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

¹⁵ See LC 73, Order No. 20-152. Page 6.

¹⁶ OAR 860-089-0250.

¹⁷ LC 73, Order No. 20-152. Page 27.

methodology as noted during the IRP process, PGE filed its proposed scoring and modeling methodology with its Application for approval of an Independent Evaluator. In its Application, PGE noted that this was the first time it submitted a Scoring and Modeling Methodology Proposal in the IE selection docket since the adoption of the competitive bidding rules and expressed the intent to invite feedback on the proposal and involve the IE.

Overview of Initial RFP Details and Proposed Scoring and Modeling Methodology

PGE plans to procure renewables and non-emitting dispatchable capacity through the 2021 All-Source Request for Proposals (RFP). Renewable resources must be Renewable Portfolio Standard (RPS) eligible, qualify for the federal Production Tax Credit (PTC) or the federal Investment Tax Credit (ITC) and pass a cost-containment screen.¹⁸ Non-emitting dispatchable resources must be able to be called upon by PGE to dispatch at controlled times. Hybrid resources that combine storage and a renewable resource will be considered renewable resources due to ITC considerations regarding on-site generation.¹⁹

Consistent with the 2019 IRP Action Plan, PGE plans to procure up to 150 MWa of renewable resources for its cost-of-service customers. PGE also introduced the possibility in its Reply Comments that it may consider procuring more given HB 2021 becoming law since the time of its Application.

Regarding non-emitting dispatchable capacity, PGE planned to ask bidders to supply projects that could meet approximately 150 MWs of PGE's long-term forecasted capacity need through the RFP. This was based on an adjusted total 2025 capacity need of approximately 300 MW from the 511 MW identified in the 2019 IRP Update due to renewing a power purchase agreement with the Confederated Tribes of the Warm Springs Reservation of Oregon.²⁰ In its Reply Comments, PGE provided an updated needs assessment identifying a total capacity need of 372 MW and plans to use this RFP to meet that need.²¹

In addition to procuring renewable resources and non-emitting dispatchable capacity for all cost-of-service customers, PGE intends to procure a resource or resources for PGE's Green Future Impact (GFI) Program. Consistent with the Commission order approving phase two of the GFI program, PGE can procure up to 100 MWs of a new

¹⁸ Application. Page 6. See also Pages 23-24 for an explanation of the cost containment screen.

¹⁹ Application. Page 6.

²⁰ Application. Pages 5-6. See also Docket No. UM 2176.

²¹ PGE Reply Comments. Page 7.

wind, solar, or hybrid renewable and battery storage resource to meet subscriber demand under the PGE supply option.²²

All bids for the resources discussed above would be evaluated using the criteria and methodologies in the proposed scoring and modeling methodology. According to PGE, the evaluation and scoring process is aimed at determining the resource portfolio that offers the best combination of cost and risk for PGE customers.²³ PGE's proposed evaluation and scoring process consists of multiple steps as illustrated in Figure 1 below:

Figure 1: RFP Analysis Process²⁴



PGE intends to employ a qualifications and performance screen as the first step in the RFP evaluation process. Resources that do not meet all of PGE's initial applicable requirements will not be considered for the initial short list and will not receive a price and non-price score. Examples of these requirements include project financing, resource online date, nameplate size, site control, permitting, interconnection, and transmission.²⁵

Bids that pass PGE's qualifications and performance screen will be scored and ranked based on price and non-price factors. Price scores will be based on prices submitted by bidders, the forecasted performance of the resources, and the associated real-levelized cost and benefit of the bid. Non-price scores will focus on commercial and economic risks that a bidder elects to transfer to PGE and its customers through proposed modifications to form contract sheets as well as certain bid attributes further detailed below.²⁶

PGE plans to allocate 60 percent of available bid points on price and 40 percent of the available bid points to bids based on non-price factors. A total of 1000 points would be made available.

PGE's price scoring will utilize models and methodologies consistent with the 2019 IRP and IRP Update process. Revenue requirement modeling will determine the bid cost,

²² See Order No. 21-091 in Docket No. UM 1953.

²³ Application. Page 13.

²⁴ Application. Figure 1: 2021 All-Source RFP Analysis Process. Page 14.

²⁵ See Application. Table 2: Qualifications & Performance Screening Requirements. Pages 14-18.

²⁶ Application. Pages 18-19.

AURORA will be used to calculate energy values, Sequoia will be used to determine the capacity value, and results from PGE's Resource Optimization Model (ROM) will provide flexibility value assessments. Modifications to some of the models were made for RFP evaluation purposes.²⁷

Once the cost of each bid is determined, it will be netted against the levelized energy, capacity, and flexibility value associated with the bid. This net cost will be expressed in real levelized \$/MWh for renewable bids and real levelized \$/kw-mo for dispatchable bids. Each bid's component cost and benefits will be converted into a cost-to-benefit price score ratio. Price scoring points will be allocated on a scaled basis, with 600 points allocated to the best price ratio.²⁸

Non-price scoring is designed to reflect the commercial and performance risks and benefits associated with the project that is not captured in the offer's price score. Non-price scoring will be assigned 400 points. Scores for dispatchable resources will be based on commercial performance risk and Commercial Operation Date (COD) related risks. Scores for renewable resources will be based on commercial performance risk, transmission plan attributes and level capacity ratio (based on a ratio of a resource's capacity contribution to MWh).

PGE will first calculate the non-price score for the initial short list, and then will calculate a second non-price score in the portfolio analysis stage based on the resources in each portfolio.²⁹ A summary of the non-price scoring components and possible non-price points is included in Table 1:

²⁷ Application. Page 19.

²⁸ Application. Page 24.

²⁹ Application. Page 24.

Table 1: Summary of Non-Price Scoring Components and Points³⁰

Non-Price Score Component	Description	Total Dispatchable Resource Points Possible	Total Renewable Resource Points Possible
Commercial Performance Risk	Points are allocated based on adherence to commercial terms and conditions that focus on performance guarantees and limitations of liability and remedies	270	270
Transmission Plan Attributes	Points are allocated based on the risk of service reassessment or withdrawal as well as those that have more of the facility's potential output met with long-term transmission rights	N/A	65
Level Capacity Ratio	Points are allocated based on the ratio of the resource's capacity contribution to its expected energy production	N/A	65
Commercial Operation Date (COD)	Points are allocated based on the online date of the resource	130	N/A

Candidates that make the initial shortlist will be contacted by PGE and requested to provide their best and final offer. PGE will also ask that they redline technical specifications (if they have not already done so) and provide updates on pricing, permitting processes, interconnections studies, and the cluster study process. This new information will be evaluated to ensure the bid meets the eligibility requirements for the final short list, and all relevant updates will be incorporated into the portfolio analysis.

Consistent with the methodology in PGE's 2019 IRP and 2019 IRP Update, PGE plans to utilize ROSE-E for portfolio analysis for this RFP (with some modifications).³¹ For this RFP, ROSE-E will forecast the long-term economic performance of bids, both in isolation as well as when combined. ROSE-E will also evaluate both the costs and benefits associated with each individual bid and combination of bids considered.

³⁰ See Application. Page 31. Adapted from Exhibit B: Point Allocation Matrix.

³¹ Application. Pages 27-28.

Once PGE determines the portfolio values for various combinations of bids that are examined in ROSE-E, PGE will convert the traditional metrics into a price score. PGE will also generate a non-price score for each resource combination based on the latest non-price scoring information. If a portfolio consists of multiple resources, PGE will weigh the various non-price scores for each resource in a portfolio based on the lesser of the MW nameplate size or the interconnection limit for the resource. Finally, PGE will also calculate multiple portfolio scores that examine multiple score and non-price score weighting structures.

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 customers. These results will be used to determine PGE's final short list, which, if acknowledged by the Commission, will be the group of resources that PGE will pursue.

A number of issues were raised by Staff and stakeholders about the initial RFP details and scoring and modeling methodology as discussed below.

Considerations Weighing on Final Scoring & Modeling Methodology

The initial RFP details and scoring and modeling methodology were the subject of significant Staff and stakeholder comment. Staff appreciates PGE's engagement with the comments and PGE offering a number of changes in its Reply Comments. Staff does not discuss all of those items here, but instead, highlights items that Staff were important to bring to the Commission's attention for further clarification or emphasis. These items include:

- HB 2021
- Updated needs assessment
- Qualifications and performance screening
- Price and non-price score weighting
- Commercial operation date and long-lead-time resources
- Transmission
- Other non-price scoring (commercial performance risk and level capacity ratio)
- Basis for effective load carrying capacity (ELCC)
- Green Future Impact Program

Each of these are discussed in turn below.

HB 2021

Staff noted in its Comments that subsequent to PGE proposing its scoring and modeling methodology, House Bill 2021 became law. This bill 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 2035.³² Staff further noted that given the new law, it is important to consider how the current RFP should be viewed related toward meeting the legislation's goals. Staff asked a series of questions to better understand how PGE might want or need to use the RFP to position PGE to achieve the 2030 target in HB 2021 – as well as the future HB 2021 targets.

Multiple stakeholders also raised the significance of HB 2021 and the importance of considering this major development in the current RFP process. OSSIA suggested the Commission: require an initial plan for HB 2021 as part of the docket; ensure the scoring and modeling reflect how the procurement will result in projects built and operated in Oregon; and provide additional time and process on the RFP as determined to be necessary to appropriately scope and size this RFP given the change in the policy landscape.³³ RNW also raised the significance of HB 2021 and advocated for reconsidering the energy cap on this RFP to allow for additional renewables procurement.³⁴

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 MWh of renewable resources and at least 800 MW of dispatchable capacity by 2030.³⁵ PGE explained that, should it acquire 150 MWh 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.³⁶ With at least two more planned structured procurements prior to 2030, PGE suggested that there would be “a feasible path toward 2030 compliance.”³⁷

However, PGE also noted that, “it remains possible that offers received in this solicitation will provide for opportunities to make additional progress toward HB 2021 compliance and lower forecasted cost and risks for customers.”³⁸ PGE explained that, “should PGE receive renewable offers of compelling value to customers that reduce costs and risks associated with HB 2021, PGE will consider procuring volumes in

³² Oregon House Bill 2021: <https://olis.oregonlegislature.gov/liz/2021R1/Measures/Overview/HB2021>.

³³ OSSIA Comments. Pages 2-4.

³⁴ RNW Reply Comments. Pages 1-3.

³⁵ PGE Reply Comments. Page 3.

³⁶ PGE Reply Comments. Page 4.

³⁷ PGE Reply Comments. Page 4.

³⁸ PGE Reply Comments. Page 4.

excess of approximately 150 MWa.”³⁹ PGE would plan to substantiate that in its final short-list acknowledgment filing prior to making procurement commitments.⁴⁰

At the same time, PGE raised concerns over how procuring renewable resources in the name of HB 2021 through this RFP might impact HB 2021 cost cap calculations.⁴¹ In addition, PGE argued that the RFP docket is not the appropriate forum to re-perform long-term planning analysis, and as a result, PGE should not be required to include a formal HB 2021 compliance plan in this proceeding.⁴² Underlying this argument, is PGE’s concern that it would result in significant delay of the procurement, which PGE sees as one of the most important “near-term actions that PGE can make to allow for timely HB 2021 compliance.”⁴³

Staff Analysis and Recommendation

Staff’s position continues to be that this RFP should take HB 2021 compliance into consideration as it has an important role to play in positioning PGE to achieve the 2030 target in HB 2021 – as well as the future HB 2021 targets. As RNW noted in their comments, HB 2021 is “a significant change in the regulatory environment” that requires consideration for the RFP.⁴⁴

However, there is also some uncertainty on how to best maximize this RFP to achieve the HB 2021 targets. The formal clean energy plans required by HB 2021, with annual goals to meet the targets, are not yet due. In addition, important elements of HB 2021 implementation have not yet been evaluated, such as the cost cap.

Furthermore, while PGE’s initial analysis is helpful, it is inconclusive. PGE’s initial analysis provides a sense of the magnitude of resources needed to achieve HB 2021 compliance. But, it is also a preliminary and brief analysis that creates additional questions.

Similarly, PGE’s possible procurement plan leading up to the 2030 target raises questions. Staff questions whether a third RFP this decade – PGE’s 2027 RFP as proposed in its Reply Comments – could actually deliver the resources PGE needs in time for 2030 compliance given the lead-time needed for resources to come online. The current RFP is already considering resources that may not come online until the end of 2027. Furthermore, PGE seems to be assuming a significantly shorter timeline (a year

³⁹ PGE Reply Comments. Page 5.

⁴⁰ PGE Reply Comments. Page 5.

⁴¹ PGE Reply Comments. Page 5.

⁴² PGE Reply Comments. Page 6.

⁴³ PGE Reply Comments. Page 5.

⁴⁴ RNW Reply Comments. Page 2.

and a half) between Final Short List acknowledgement and when resources need to be online for the future RFPs compared to the current RFP. The current RFP allows about two and a half years (with a longer allowance for pumped hydro projects), which in Staff's experience is the more typical timeframe. Assuming this more typical timeframe is needed, it would further call into question the ability to leverage a third RFP this decade to address HB 2021 compliance.

At the same time, Staff appreciates PGE's point that the procurement already planned in this RFP will contribute to HB 2021 compliance, and delaying the current RFP to re-do long-term planning could work counter to timely HB 2021 compliance. As a result, Staff seeks to balance meeting the previously articulated IRP need while also best positioning PGE to achieve 2030 compliance.

To facilitate this, Staff recommends two actions: 1) PGE run an alternative procurement scenario that would have PGE procure more renewables than it had originally planned using this RFP; and 2) PGE and Staff work together to determine what additional analysis could be provided within the existing RFP timeline to further inform how the current RFP might be maximized for HB 2021 compliance. These actions will help inform whether and how best to maximize this RFP for HB 2021 compliance, without delaying the RFP.

Regarding the first action, Staff recommends PGE, as part of its analysis of the bids in the current RFP, run an alternative procurement scenario for the RFP that would have PGE procure one-third of the estimated renewables need to meet the 2030 HB 2021 target. PGE currently estimates that with the 150 MWa energy cap in place for the current RFP, it would procure 25 percent of the renewables needed to meet the 2030 target. Staff considers one-third to be an informative incremental increase without additional analysis to inform expanding the RFP further. This alternative scenario would provide data to support discussion of whether PGE should procure more in the current RFP.

Similarly, Staff also asks 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. PGE will be continuing to do analysis on resource needs and HB 2021 compliance as it prepares to file its 2022 IRP. In addition, either with its IRP filing or shortly thereafter, PGE will be providing the required clean energy plan outlining a compliance strategy for HB 2021. As a result, PGE will likely be refining its analysis and plan for HB 2021 compliance in the coming months and there may be opportunities for PGE to share this information to help inform the RFP process.

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.

Therefore, in summary, **Staff recommends the Commission require PGE to:**

- 1) 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.**
- 2) 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.**

Updated Needs Assessment and resource adequacy

PGE included an Updated Needs Assessment in its Reply Comments.⁴⁵ The update provided by PGE includes the executed contract with the Confederated Tribes of Warm Springs addressed in Docket No. UM 2176, latest load forecast, all signed agreements for the Green Future Impact (GFI) program, and several sensitivities around QF procurements using information from the latest QF snapshot.⁴⁶ PGE explains that with the updates, PGE's reference case forecasted capacity need in 2025 decreased to 372 MW (from 511 MW).⁴⁷ PGE also explained it plans to use the RFP to procure the resources necessary to meet the updated need.⁴⁸

Staff Analysis and Recommendation

Commission acknowledgement of the 2019 IRP established an expectation that PGE provide an updated needs assessment within the IE Selection docket.⁴⁹ Staff appreciates PGE including an updated needs assessment in its Reply Comments, but would have liked to see it earlier in the docket to better allow for Staff and stakeholder feedback.

⁴⁵ PGE Reply Comments. Pages 6-9.

⁴⁶ PGE Reply Comments. Pages 6-7.

⁴⁷ PGE Reply Comments. Page 7.

⁴⁸ PGE Reply Comments. Page 7.

⁴⁹ Order No. 20-152. Pages 2, 8, 12, 13, 25.

Although PGE's updated need represents an overall decrease as compared to the 2019 IRP update reference case (372 MW as compared to 511 MW), a closer look provides an important nuance. In June 2021, PGE informed the Commission that it was planning to enter a power purchase agreement with the Confederated Tribes of Warm Springs that would bring the 2019 IRP update capacity need number of 511 MW down to 287 MW.⁵⁰ PGE is now reporting a 372 MW need by 2025 with that agreement factored in, so the total capacity need has actually increased by 85 MW. Similarly, PGE noted that in August 2021, it filed an update in Docket No. UM 1953 that included an additional Green Energy Affinity Rider (GEAR) resource and showed a capacity need of 275 MW – again lower than the updated need provided for this RFP.⁵¹ PGE attributes this latter discrepancy to not using the updated load forecast that was used in the current update.⁵²

Staff understands that multiple items go into the calculation of the updated need, but would like further explanation of what accounts for the differences outlined above. This will allow Staff to better understand what is driving the capacity need and the relative increase. In addition, Staff would note that PGE filed a petition on September 17, 2021, to expand additional renewable energy capacity in the Customer Supply Option (CSO) of PGE's Green Energy Affinity Rider Tariff by an additional 250 nameplate capacity megawatts.⁵³ As a result, Staff would also like to know how that petition, or other items pending for Commission decision, might impact the total capacity need moving forward.

Staff also would like to see an annual forecast of capacity need as part of this update - similar to the annual energy need forecast in Figure 3 of the Reply Comments. This would help Staff and stakeholders further understand the need. It could help answer questions such as, if PGE expects a 372 MW need in 2025, what is its expected need in 2024 and 2026.

Finally, Staff continues to be interested in how PGE is positioning itself to comply with state and regional efforts around resource adequacy, particularly, the Northwest Power Pool's (NWPP) Western Resource Adequacy Program (WRAP).⁵⁴ PGE noted in its Reply Comments that it expects additional information on the WRAP prior to finalizing the Company's resource action decisions in this RFP.⁵⁵ Once that information is

⁵⁰ PGE's Application for a Waiver of the Competitive Bidding Rules filed June 2, 2021. Page 8.

⁵¹ See PGE Reply Comments. Page 7, Footnote 11.

⁵² See PGE Reply Comments. Page 7, Footnote 11.

⁵³ Docket No. UM 1953. Joint Petition of Portland General Electric Company and QTS Investment Properties Hillsboro, LLC to Increase Green Tariff Customer Supply Option Capacity. Filed September 17, 2021. <https://edocs.puc.state.or.us/efdocs/HAA/um1953haa14249.pdf>.

⁵⁴ See Staff's questions regarding resource adequacy in Staff Comments. Pages 6-7.

⁵⁵ PGE Reply Comments. Page 6.

available, Staff would like PGE to provide an update on whether any changes are warranted in this procurement.

Therefore, **Staff recommends the Commission require PGE to:**

- 1) With the draft RFP, provide further explanation of each of the inputs into the updated needs assessment with the draft RFP and how they affected the total updated capacity need as compared to capacity need estimates provided in other recent dockets. In addition, provide an explanation of how the updated capacity need may change based on pending applications, petitions, or other actions awaiting Commission action.**
- 2) With the draft RFP, provide an annual forecast of capacity need similar to Figure 3 in PGE's Reply Comments.**
- 3) As additional information is available during the RFP timeline regarding the Northwest Power Pool's Western Resource Adequacy Program, provide Staff an update on whether any changes are warranted in this procurement.**

Qualifications and Performance Screening (i.e. Minimum Bidding Requirements)

PGE outlined a number of minimum bidding requirements in its proposed scoring and modeling methodology.⁵⁶ NIPPC proposed multiple changes to the minimum bidding requirements. NIPPC asked that renewable resources be allowed a COD of up to December 31, 2027, like dispatchable capacity resources.⁵⁷ Furthermore, NIPPC recommended that if in doing so, PGE proposed scoring them differently than dispatchable capacity resources, PGE should provide an opportunity for public comment.⁵⁸ NIPPC also asked that existing resources be allowed to participate in the solicitation and that hybrid renewable plus storage resources be treated as non-emitting dispatchable resources.⁵⁹ PGE disagreed with the proposed changes and provided rationale for its disagreement.⁶⁰

⁵⁶ See PGE Reply Comments. Pages 14-18.

⁵⁷ NIPPC Comments. Page 28.

⁵⁸ NIPPC Comments. Page 29.

⁵⁹ NIPPC Comments. Page 28.

⁶⁰ See PGE Reply Comments. Pages 19-20.

Bidders' and stakeholders asked PGE to clarify or consider changes to PGE's RFP permitting requirements.^{61,62} PGE addressed some of the concerns in its Reply Comments.⁶³

Staff Analysis

Extending the COD for renewables is not required here. PGE has placed a priority on getting renewables on the ground by the end of 2024, but is making allowances for non-emitting dispatchable capacity that is not able to come online by that time. Many renewables projects should be able to come online by the end of 2024, and those that are not, may be more speculative. In addition, PGE's interest in using this RFP to get renewables on the ground quickly is consistent with the added context of HB 2021 and the need for more renewables.

Regarding allowing existing resources, the IE asks that PGE confirm whether repowers can participate. Repowers and other incremental (not already in PGE's portfolio) existing resources may provide important least cost, least risk opportunities. Staff agrees.

The IE also asks that PGE provide more clarity on its permitting matrix. Stakeholders raised issues about the rigidity of it given differences in how permitting works in the field. Also, the last two categories in particular are open-ended – “any additional licenses or permits not listed” as well as “any additional environmental assessments” – leaving questions about what exactly would fall under those categories.

As a result, **Staff recommends the Commission require PGE to:**

- 1) At least allow repowers to compete in the RFP, and possibly additional incremental existing resources.**
- 2) Provide additional clarity on its permitting matrix including further defining the more open-ended categories included in the matrix.**

Price and non-price score weighting

PGE proposed to allocate 60 percent of available bid points to bids based on price factors and 40 percent of the available bid points to bids based on non-price factors.⁶⁴ PGE has used this 60/40 weighting in prior RFPs, but Staff in its comments noted that

⁶¹ PGE Summary of Bidder Questions and Comments filed August 27, 2021. Page 4.

⁶² See RNW Reply Comments, Page 4-5.

⁶³ PGE Reply Comments. Page 10.

⁶⁴ Application. Page 19.

the justification for this split has been questioned in the past and that other utilities have chosen different splits, with the 2020AS PacifiCorp RFP using a 75/25 price/non-price weighting.^{65,66} NIPPC suggested PGE use an 80/20 price/non-price score weighting, or at the very least a 70/30 weighting, and conduct an 80/20 sensitivity.⁶⁷ PGE maintained in its Reply Comments that a 60/40 weighting was appropriate.⁶⁸ PGE also explained that it continues to intend to perform both a 70/30 and 50/50 price and non-price weighting sensitivity.⁶⁹

Staff Analysis and Recommendation

Staff recommends PGE use a 70/30 price/non-price weighting for this RFP instead of a 60/40 weighting. Both Staff and NIPPC raised questions and concerns about the 60/40 split, with NIPPC recommending as high as an 80/20 split.

PGE notes its history of a 60/40 split for almost all of their past RFPs as justification for continuing to use the split, as well as a Commission Order from 1991 that suggested non-price scores between thirty and fifty percent.⁷⁰ Staff would note that this is PGE's first RFP since the competitive bidding rules went into effect. With these rules, the Commission encourages price scoring.⁷¹ In addition, Staff identified some non-price scoring components PGE proposed in this RFP as being duplicative or over-emphasized. As a result, Staff is recommending reducing or removing certain non-price score points (as discussed later in this memo) which should make it easier for PGE to achieve a 70/30 scoring weighting in this RFP. Staff summarizes the recommended point changes here in Table 2 below to show the effect on the price and non-price weighting.

⁶⁵ See Staff Comments. Page 7.

⁶⁶ See Docket No. UM 2059.

⁶⁷ NIPPC Comments. Page 8.

⁶⁸ PGE Reply Comments. Page 22.

⁶⁹ PGE Reply Comments. Page 22.

⁷⁰ PGE Reply Comments. Page 22.

⁷¹ See Docket No. AR 600, Order No. 18-324.

Table 2: Price and non-price scoring weighting comparison

Scoring Component	PGE Proposed		Staff Recommended	
	Dispatchable Capacity	Renewables	Dispatchable Capacity	Renewables
Price Points	600	600	600	600
Non-Price Points	400	400	255	255
Commercial Performance Risk	270	270	180	180
Transmission Plan Attributes	N/A	65	N/A	25
Level Capacity Ratio	N/A	65	N/A	50
Commercial Operation Date	130	N/A	75	N/A
TOTAL POINTS	1000	1000	855	855
Price/Non-Price Split	60/40	60/40	70/30*	70/30*

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

Furthermore, Staff would still like PGE to conduct sensitivities of different weighting, but with adjustments given the overall recommended change in scoring. In its initial Application, as well as its Reply Comments, PGE explained that it intended to perform both a 70/30 and a 50/50 price and non-price weighting sensitivity.^{72,73} Given the recommended change above, Staff would like PGE to instead conduct a 60/40 and a 80/20 sensitivity instead. Staff would also note for the future that a 50/50 weighting is pushing the outer limits of what might be a useful weighting, particularly since the recent competitive bidding rules made an effort to encourage price scoring.

In addition to carrying out these sensitivities, Staff requests that PGE show a comparison of the ranking of each bid in the 80/20 sensitivity and the 60/40 sensitivity as compared to its ranking using the 70/30 RFP scoring. This will allow an assessment of whether there were good deals that were included or not because of the scoring. It

⁷² See PGE’s Request for Commission Approval to Engage IE and Application for Approval of Scoring and Modeling Methodology. Page 19.

⁷³ PGE Reply Comments. Page 22.

would also be helpful for PGE to identify which of these resources would have been utility owned versus non-utility owned

Therefore, **Staff recommends the Commission require PGE to:**

- 1) Use a price/non-price scoring weighting of 70/30 for this RFP.**
- 2) Conduct a 60/40 and a 80/20 price/non-price score weighting sensitivity. In addition, provide a comparison of the ranking of each bid under each sensitivity as compared to the 70/30 scoring for this bid as well as which of these resources would have been utility owned versus non-utility owned.**

Commercial Operation Date and long-lead-time resources

PGE noted in its proposed scoring and modeling methodology that it would be making accommodations to the RFP design to allow for long-lead-time resources.⁷⁴ PGE explained that these would need to be pumped storage hydropower projects, and the projects would need to come online prior to January 1, 2028. These resources would be subject to both price and non-price scoring.

According to PGE, for price scoring, the resources would be evaluated using the same methodologies as resources delivered by the end of 2024. Price scoring would not include costs associated with additional capacity purchases necessary in the immediate years beginning in 2025 to address the interim period between 2025 and when the resource comes online. If long-lead-time resources are placed on PGE's initial short list, the portfolio analysis later in the process will consider additional purchases PGE will need to make to cover the capacity shortfall associated with the later Commercial Operation Date.⁷⁵

In addition, non-price scoring would apply to long-lead-time resources. Of the 400 non-price scoring points available for dispatchable resources, 130 of these points are based on the Commercial Operation Date (COD). Resources with a COD by the end of 2023 would receive all 130 points, while resources with a COD by the end of 2024 would receive 104 points. Long-lead-time resources coming on after 2024 would receive zero points.⁷⁶

⁷⁴ Application. Page 9.

⁷⁵ PGE's Scoring and Modeling Methodology Workshop Presentation. Slide 16.

⁷⁶ Application. Page 26. The total points are calculated here based on the scores and weight outlined in Table 7 of the proposed Scoring and Modeling Methodology. For example, a resource with a COD by the end of 2024 would receive 8 points which are weighted by a factor of 13 – so the resource would receive 104 total points or 8 x 13. PGE also noted an unintentional oversight in Table 7 which should have associated CODs after 12/31/2024 with zero points. See PGE's Reply Comments. Page 14.

In its Comments, Staff raised a number of questions including whether COD should be weighted differently. Some stakeholders also raised concerns regarding the COD scoring. Noting that PGE's RFP seeks to address a 2025 capacity need, RNW commented that "the rationale for assigning a higher score to resources with an online date prior to need is unclear."⁷⁷ RNW suggested eliminating the 2023/2024 point differential and potentially applying a point value less than 10 but greater than zero for to projects with online dates in 2025. Some bidders also suggested that PGE consider providing full non-price score points for bidders reaching a COD by the end of 2024 given development and supply chain difficulties associated with reaching an earlier COD.⁷⁸

In response, PGE explained it was open to considering proposed adjustments to this non-price scoring rubric; however it was important to retain a meaningful non-price consequence for a later COD.⁷⁹

Staff Analysis and Recommendation

Staff's Comments noted stakeholder and Commissioner interest during the IRP process in long-lead-time resources.⁸⁰ Comments in this docket have continued to underscore stakeholder interest. These dispatchable, non-emitting resources provide important opportunities and are likely to be even more valuable in our progress to a decarbonized future under HB 2021. As a result, it is important that PGE make an adjustment to the scoring to reduce the emphasis on COD and ensure that long-lead time resources can compete.

With that said, Staff strives for a balance here. Staff generally agrees with stakeholders' argument regarding a questionable need for a point differential between resources that come online before 2025 given the 2025 capacity need being solved for with this RFP. But, Staff can also understand the benefit to PGE of having resources in place prior to 2025 and even earlier for planning purposes and to avoid potential delays. As a result, Staff recommends decreasing the overall number of points for COD, but still allowing for a small point differential between resources that come online prior to the end of 2023. This will reduce the overall significance of the COD non-price score, while also providing a slight boost for resources that can come online more quickly.

Specifically, Staff recommends that PGE adjust the COD non-price scoring as follows:

⁷⁷ RNW Reply Comments. Page 5.

⁷⁸ Summary of Bidder Questions and Comments. Page 5.

⁷⁹ PGE Reply Comments. Page 14.

⁸⁰ Staff Comments. Page 7-8.

- 1) Reduce the total points for the COD non-price score from 130 total points to 75 total points.
- 2) Reduce the gap between points for resources that come online after 12/31/2023, but before 12/31/2024. Specifically, Staff recommends 5 points for projects with a COD before 12/31/2023; 4 points for projects with a COD before 12/31/2024; and 0 points for projects with a COD after 12/31/2024. These points would be multiplied by a weighting factor of 15 as compared to 13 as originally proposed.

Additionally, Staff appreciates PGE's clarification that it may consider allowing for other long-lead-time resources beyond pumped hydro, provided that the bid meets all other RFP eligibility requirements.⁸¹ If bids for other long-lead-time resources do not meet the requirements or are not ultimately selected, Staff encourages PGE to use them to inform future potential procurements or pilot projects as PGE noted it may.⁸² Finally, given PGE's reservation of the right to reconsider treatment of long-lead time-resources if challenges associated with additional capacity procurement arise, Staff requests that PGE notify and discuss with Staff as early as possible if those challenges arise.⁸³

In summary, **Staff Recommends the Commission require PGE to:**

- 1) Adjust the Commercial Operation Date non-price scoring by reducing the total points for the COD non-price score and reducing the gap between points for resources that come online after 12/31/2023, but before 12/31/2024 as outlined by Staff.**

Transmission

PGE included a detailed schema for how transmission will be scored with both price and non-price scoring elements. For renewable resources, eligible transmission service products include: long-term firm transmission service, long-term conditional firm bridge, or long-term conditional firm reassessment.⁸⁴ To qualify, a bidder must have eligible transmission service that is equivalent to at least 80 percent of the facility's interconnection limit.⁸⁵ To qualify for the RFP as a dispatchable resource, a bidder must have long-term firm transmission rights for 100 percent of the facility's interconnection limit.⁸⁶ Bidders relying on Bonneville Power Administration (BPA) for transmission service are required to have previously granted eligible transmission service or an

⁸¹ PGE Reply Comments. Pages 13-14.

⁸² See PGE Reply Comments. Page 14.

⁸³ See PGE Application at Page 10 and Staff Comments at Page 10.

⁸⁴ Application. Page 17.

⁸⁵ Application. Page 17.

⁸⁶ Application. Page 17.

eligible and active Transmission Service Request participating in BPA's transmission study process.⁸⁷

Depending on the transmission product, PGE will adjust the capacity value of the resources to account for the product's reliability. This adjustment will be incorporated into the price scoring. Long-term firm will receive full capacity value. Conditional firm bridge output will be assumed to be curtailed for the maximum number of curtailed hours during the year as identified by BPA and that these curtailments happen during PGE's approximate times of highest need. Conditional firm reassessment will receive no capacity value.⁸⁸

For renewable, non-dispatchable resources only, PGE proposes to also apply a non-price score (65 total points max) consisting of two portions: transmission product risk (40 total points max) and long term transmission product reservation (25 total points max). Under this scoring, points would be awarded to offers that have a lower risk of service reassessment or service withdrawal as well as those that have more of the facility's output met with long-term transmission rights.⁸⁹

RNW expressed appreciation for PGE working to build more flexibility into its transmission requirements in order to ensure that more renewable projects can compete in an environment that continues to be significantly transmission-constrained.⁹⁰ Both RNW and NIPPC supported PGE's proposal to allow renewable resources to participate if they can demonstrate eligible transmission service for at least 80 percent of the project's interconnection limit; allowing bidders to qualify through participation in BPA's transmission study process; and allowing bidders to participate using the conditional firm reassessment product.⁹¹

However, both RNW and NIPPC also raised concerns regarding the transmission-related scoring. Regarding the price scoring, NIPPC noted that PGE's proposal to assume that resources using conditional firm bridge will be curtailed for the maximum number of hours and that those hours will correlate to PGE's hours of greatest need is overly conservative. NIPPC asked that prior to the Commission approving the scoring methodology, PGE should be required to provide supporting information regarding how many hours BPA has historically curtailed customers so that a realistic estimate for future curtailments can be estimated.⁹² And, in the absence of better information, PGE

⁸⁷ Application. Page 17.

⁸⁸ Application. Page 21-22.

⁸⁹ Application. Page 25.

⁹⁰ RNW Reply Comments. Page 4.

⁹¹ RNW Reply Comments at 3-4; NIPPC Comments at 2-3.

⁹² NIPPC Comments. Page 4.

should assume that 50 percent of the hours of conditional firm curtailment would coincide with PGE's hours of greatest need.⁹³ RNW supported NIPPC's recommendation. PGE disagreed with NIPPC's suggestion and asserted that changes would not be in PGE's customer interests.⁹⁴

RNW and NIPPC also both recommended that PGE remove the non-price score for transmission attributes because PGE is including transmission requirements in the minimum bidder requirements as well as in the price and non-price score factors.⁹⁵ According to NIPPC, this violates the requirement in the competitive bidding rules that non-price score factors be converted to minimum bidder requirements or price score factors where possible.⁹⁶ PGE continued to argue in its Reply Comments that the non-price scoring for transmission is important due to risks that cannot be captured in the price scoring.⁹⁷

Staff Analysis and Recommendation

The Commission noted the importance of understanding suitable transmission arrangements in this RFP as part of the 2019 IRP process.⁹⁸ Staff appreciates PGE's efforts to articulate the eligible transmission arrangements and associated scoring. Staff is also appreciative of PGE's efforts to build more flexibility in transmission arrangements into this RFP. At the same time, Staff shares concerns stakeholders raised about the scoring of these transmission arrangements.

Regarding transmission price scoring and the calculation of capacity values, Staff agrees with NIPPC that PGE should have provided data to support its assumed curtailment treatment of conditional firm bridge. Absent that data, Staff supports NIPPC's recommendation that PGE should assume that 50 percent of the hours of conditional firm bridge curtailment would coincide with PGE's hours of greatest need. This splits the difference to allow PGE to factor in curtailments, but not unduly decrement conditional firm bridge. If PGE would like this assumption changed and is able to provide data that supports a change, it should do so before the RFP is approved.

Further, Staff also agrees with concerns raised by stakeholders regarding the added transmission-related non-price scoring of renewables. The "transmission product risk" portion of the transmission-related non-price scoring is duplicative of the transmission

⁹³ RNW at 4; NIPPC at 4-5.

⁹⁴ PGE Reply Comments. Page 20.

⁹⁵ RNW at 4; NIPPC at 6.

⁹⁶ NIPPC Comments. Pages 5-6.

⁹⁷ PGE Reply Comments. Pages 16-17.

⁹⁸ Order No. 20-152. Page 27.

price scoring and should be removed. But, Staff sees the value in the “long term transmission product reservation” portion of the scoring as it is awarding points for those bids that have more of the facility’s potential output met with long-term transmission rights. The price score doesn’t reflect the reliability value associated with a higher portion of long-term transmission rights above 80 percent. As a result, Staff does not recommend removing that portion of the transmission-related non-price scoring.

In addition, in Staff conversations with the IE, the IE noted PGE’s language in its Reply Comments that discusses whether PGE will make transmission arrangements controlled by PGE available to all bidders in the case that the Benchmark bid relies upon transmission rights controlled by PGE.⁹⁹ The IE noted that given the interest of ratepayers, the strong presumption is that these should be made available. Staff agrees.

As a result, **Staff recommends the Commission require PGE to:**

- 1) Assume that 50 percent of the hours of conditional firm bridge curtailment would coincide with PGE’s hours of greatest need instead of all of the hours in its capacity value calculations based on transmission products.**
- 2) Remove the “Transmission Product Risk” non-price score portion of the Transmission Plan Attributes non-price scoring.**
- 3) Address the IE’s 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.**

Other non-price scoring (commercial performance risk and level capacity ratio)

In addition to commercial operation date and transmission attributes discussed in the prior sections of this memo, PGE also proposes to use two other non-price scoring factors – commercial performance risk for both renewables and dispatchable capacity and a level capacity ratio for renewables. Commercial performance risk would allocate points (270 total points max) based on adherence to commercial terms and conditions that focus on performance guarantees (135 total points max) and limitations of liability and remedies (135 total points max).¹⁰⁰ Level capacity ratio would allocate points

⁹⁹ See PGE Reply Comments. Page 15.

¹⁰⁰ Application. Page 24.

(65 total points max) based on the ratio of the resource's capacity contribution to its expected energy production.¹⁰¹

NIPPC raised multiple concerns about the commercial performance risk scoring, including its weight, the potential subjective evaluation of contract mark-ups submitted by bidders, and not having the form contracts to comment on.¹⁰² NIPPC asked that the Commission limit the point allocation to evaluation of whether bidder provided a mark-up and prior to Commission approving the scoring and modeling methodology, require PGE to provide the form contracts.¹⁰³ PGE noted that it believed the form contracts were not required as part of the scoring and modeling methodology review, but would provide the form contracts in PGE's RFP approval application.¹⁰⁴

NIPPC also noted concerns regarding the level capacity ratio non-price score. NIPPC explained that the score turns on the calculation of a bid's effective load carrying capacity (ELCC) value, and because the ELCC is calculated in PGE's model, bidders cannot self-score.¹⁰⁵ PGE disagreed and argued that bidders can readily estimate their bid's ELCC through a simple review of PGE's 2019 IRP and 2019 IRP Update.¹⁰⁶

NIPPC further explained that it preferred the level of detail in PAC's RFP in Docket No. UM 2059 which allowed bidders to self-score all of the non-price elements and asked the Commission to require PGE to submit a detailed score card that bidders could use to self-score.

Staff Analysis and Recommendation

Regarding the commercial performance risk, Staff notes that the competitive bidding rules require the form contracts to be submitted with the draft RFP.¹⁰⁷ As a result, Staff is comfortable with PGE providing those form contracts with the draft RFP as it stated it would do.

In addition, with Staff's recommended change to the overall price/non-price scoring weighting from 60/40 to 70/30, non-price factors, including commercial performance risk, will be weighted less. To that end, Staff is also specifically recommending PGE reduce the commercial performance risk total points from 270 as originally proposed, to 180 total points. Specifically, Staff recommends splitting the difference between the two

¹⁰¹ Application. Page 26.

¹⁰² NIPPC Comments. Pages 14-19.

¹⁰³ NIPPC Comments. Page 19.

¹⁰⁴ PGE Reply Comments. Page 19.

¹⁰⁵ NIPPC Comments. Page 13.

¹⁰⁶ PGE's Reply Comments. Page 21.

¹⁰⁷ See OAR 860-089-0250(3)(b).

categories in the commercial performance risk section – resource performance guarantees and limitations of liability and remedies. Furthermore, Staff encourages PGE to consider the example NIPPC provided of PAC’s “Contract Progression and Viability” non-price score line item regarding contract mark-ups from PAC’s 2020AS RFP score card in Docket No. UM 2059.

Regarding NIPPC’s concerns with the level capacity ratio scoring, Staff shares NIPPC’s concern since bidders cannot immediately see the ELCC value that PGE’s Sequoia model assigns to them, but this concern can be adequately addressed. PGE could provide bidders with their ELCC value, but that would likely require bidders to provide substantial information about their bid to PGE in advance. Alternatively, PGE could facilitate bidders calculating the ELCC on their own. Staff recommends this latter approach, particularly given PGE’s confidence that the ELCC can be readily estimated. PGE should 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.

Furthermore, given Staff’s recommended change to the overall price/non-price scoring weighting from 60/40 to 70/30, Staff recommends a change in the level capacity ratio scoring from 65 total points to 50 total points. This change is only to adjust this scoring component somewhat proportionally with the overall decrease in available non-price points and does not reflect a lack of support from Staff on the use of the level capacity ratio scoring element. In fact, the recommended adjustment would actually slightly increase the level capacity ratio’s proportionate share of the total non-price points as compared to what PGE originally proposed.

Finally, Staff encourages PGE to consider the example NIPPC provided of PAC’s non-price scoring matrix from the RFP in Docket No. UM 2059 to further support presentation of the non-price scoring moving forward.

Therefore, **Staff recommends the Commission require PGE to:**

- 1) Adjust the commercial performance risk non-price scoring component as outlined by Staff.**
- 2) Adjust the level capacity ratio non-price scoring component as outlined by Staff.**

Basis for effective load carrying capacity (ELCC)

NIPPC requested a workshop to explore its and other parties' concern that PGE's Sequoia model undercounts the capacity contribution of solar.¹⁰⁸

Staff Analysis

This workshop is unnecessary given the arguments made in PGE's 2019 IRP update and Docket No. UM 1728. Docket No. LC 73 (PGE's 2019 IRP Update) and Docket No. UM 1728 avoided cost proceedings, which settled that as more solar is added to the system, additional solar has a lower ELCC. In Staff's opinion, the quantity of solar expected to be already existing on PGE's system in 2025 was thoroughly discussed in those two dockets and does not need to be readdressed via a workshop. For reference, the declining value of marginal solar is shown in Staff's Public Meeting Memo in Docket No. UM 1728.¹⁰⁹

Green Future Impact Program

As part of the 2021 RFP, PGE plans to procure a resource or resources for PGE's Green Future Impact (GFI) program through the 2021 All-Source RFP.¹¹⁰ This would include up to 100 MW nameplate of renewable resources.¹¹¹ Staff raised a number of questions related to exactly how PGE envisioned the procurement working.

PGE explained that it would first select the highest value resources for cost-of-service customers and of the remaining resources not selected for procurement for cost-of-service customers, PGE will work with participating customers to identify the best resources to meet the GFI program need.¹¹²

Staff Analysis

Staff appreciates PGE's understanding of the importance of selecting the highest value resources for cost-of-service customers first, before selecting GFI resources. Staff would also note that based on the discussions around HB 2021 and additional analysis recommended in the HB 2021 section above, PGE may also want to procure additional resources in this RFP to support HB 2021 compliance. Staff would note that if that ends up occurring, PGE would need to also choose the highest value resources for cost-of-service customers for that portion, before selecting GFI resources.

¹⁰⁸ NIPPC Comments. Page 19-21.

¹⁰⁹ Order No. 21-215, Appendix A. Page 12.

¹¹⁰ Application. Page 7.

¹¹¹ Application. Page 7. See also PGE's Scoring and Modeling Methodology Workshop Presentation. Slide 11.

¹¹² PGE Reply Comments. Pages 17-18.

Conclusion

As discussed above, Staff did a substantial review of PGE's proposed scoring and modeling methodology and related initial RFP details. Many of Staff's recommendations (summarized below) relate to the initial RFP elements including HB 2021 and the Updated Needs Assessment. But, there is also overlap of these details with the proposed scoring and modeling methodology. For example, the recommendation of running an alternative procurement scenario for HB 2021 could be considered part of the methodology. Staff also feels it is important not to divorce the scoring and modeling methodology from the initial RFP design elements as they are interrelated.

For clarity, Staff notes that Recommendations 6-15 directly relate to the scoring and modeling methodology. Staff finds that the proposed scoring and modeling methodology, with the recommended modifications in this memo and the modifications PGE already agreed to in its Reply Comments, are appropriate and recommends approval of the proposed scoring and modeling on this basis.

Recommendations 1-5 relate more to the initial RFP elements. Staff sees these recommendations as just as important given the Commission's interest in a robust discussion of the RFP details expressed during the 2019 IRP process. As a result, Staff recommends the Commission also approve these Recommendations at this time, though these also represent issues that may be further discussed in the context of the draft RFP.

Staff would also note that the Commission, during the 2019 IRP process, also expressed interest in clarifying what information needed to be in IRP scoring and modeling methodology to avoid the extra step of a workshop on scoring and methodology in the IE selection docket. Given the time constraints in this docket, Staff was not able to fully delineate this, but the level of detail in the proposed scoring and modeling methodology and the comments and recommendations of Staff and stakeholders should at least be instructive.

Summary of Staff Recommendations for Commission Consideration

Staff recommends the Commission require PGE to:

- 1) 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.**

- 2) **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.**
- 3) **With the draft RFP, provide further explanation of each of the inputs into the updated needs assessment and how they affected the total updated capacity need as compared to capacity need estimates provided in other recent dockets. In addition, provide an explanation of how the updated capacity need may change based on pending applications, petitions, or other actions awaiting Commission action.**
- 4) **With the draft RFP, provide an annual forecast of capacity need similar to Figure 3 in PGE's Reply Comments.**
- 5) **As additional information is available during the RFP timeline regarding the Northwest Power Pool's Western Resource Adequacy Program, provide Staff an update on whether any changes are warranted in this procurement.**
- 6) **At least allow repowers to compete in the RFP, and possibly additional incremental existing resources.**
- 7) **Provide additional clarity on its permitting matrix including further defining the more open-ended categories included in the matrix.**
- 8) **Use a price/non-price scoring weighting of 70/30 for this RFP.**
- 9) **Conduct a 60/40 and a 80/20 price/non-price score weighting sensitivity. In addition, provide a comparison of the ranking of each bid under each sensitivity as compared to the 70/30 scoring for this bid as well as which of these resources would have been utility owned versus non-utility owned.**
- 10) **Adjust the Commercial Operation Date non-price scoring by reducing the total points for the COD non-price score and reducing the gap between points for resources that come online after 12/31/2023, but before 12/31/2024 as outlined by Staff.**
- 11) **Assume that 50 percent of the hours of conditional firm bridge curtailment would coincide with PGE's hours of greatest need instead of all of the hours in its capacity value calculations based on transmission products.**

- 12) Remove the “Transmission Product Risk” non-price score portion of the Transmission Plan Attributes non-price scoring.**
- 13) Address the IE’s 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.**
- 14) Adjust the commercial performance risk non-price scoring component as outlined by Staff.**
- 15) Adjust the level capacity ratio non-price scoring component as outlined by Staff.**

PROPOSED COMMISSION MOTION:

Approve PGE’s proposed Scoring and Modeling Methodology for the 2021 All-Source Request for Proposals and initial RFP details with the recommended modifications outlined in the Summary of Staff Recommendations.