Observations on Idaho Power Company's Draft 2026 All Source Request for Proposals for Peak Capacity and Energy Resources: Independent Evaluator Assessment Report

Marie Fagan
Ma. Cherrylin Trinidad
Sayad Moudachirou
Barbara Porto
Bat-Erdene Baatar
Hannah Braun

London Economics International LLC
717 Atlantic Avenue, Suite 1A
Boston, MA 02111

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London Economics International LLC
717 Atlantic Avenue, Suite 1A
Boston, MA 02111
www.londoneconomics.com

List of acronyms

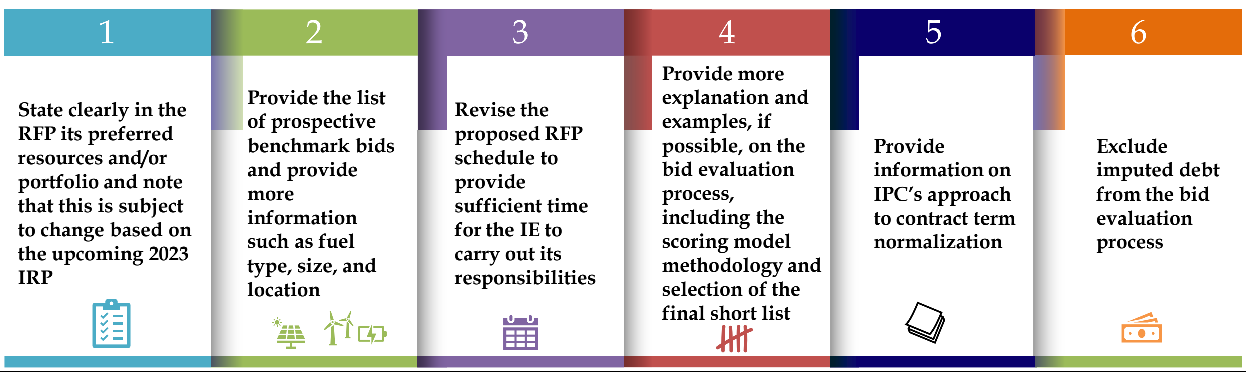
AS	All Source
BEF	Bid Entry Form
BTA	Build-Transfer Agreements
COD	Commercial online date
IE	Independent Evaluator
IPC	Idaho Power Company
IRP	Integrated Resource Plan
LEI	London Economics International LLC
LTSA	Long-Term Service Agreements
NIPPC	Northwest & Intermountain Power Producers Coalition
OAR	Oregon Administrative Rules
OPUC	Oregon Public Utilities Commission
PPA	Power purchase agreement
Q&A	Question and Answer
RFP	Request for Proposals
S&P	Standard & Poor's
SMM	Scoring and modeling methodology

1 Executive Summary

London Economics International LLC ("LEI") was retained to serve as the independent evaluator ("IE") of Idaho Power Company's ("IPC" or "the Company") 2026 All Source ("AS") Request for Proposals ("RFP") for Peak Capacity and Energy Resources ("2026 AS RFP"). This report is the first deliverable of this engagement, in which LEI provides its observations and recommendations to the draft 2026 AS RFP ("draft RFP") filed by IPC on February 22, 2023. This report also includes a summary of stakeholders' comments discussed during the online Introductory Stakeholder Workshop ("Workshop"), which was hosted by IPC on February 21, 2023.

Although IPC incorporated some of LEI's recommendations in the first version of the RFP,[1] LEI finds that there are still some outstanding comments and recommendations that were not reflected in the draft RFP filed. These outstanding comments and recommendations are enumerated in Figure 1 and discussed in detail in Section 3.

Figure 1. List of LEI's outstanding recommendations to the draft RFP



Stakeholders present at the Workshop also had several comments on the draft RFP that they received via email communication on February 15, 2023. These main comments are listed in Figure 2 below and discussed in detail in Section 4.

[1] LEI had a meeting with IPC to discuss its comments on the first version of the draft RFP on February 9, 2023. LEI submitted (via email) a redline version of the draft RFP with comments to IPC on February 13, 2023.

Figure 2. List of stakeholder comments on the draft RFP

2 Introduction

IPC is in the process of issuing an RFP through which it seeks to procure up to 1,100 MW of variable energy resources and at least 350 MW of peak capacity. This RFP is a response to the resource needs identified in IPC's 2021 Integrated Resource Plan ("IRP") and its 2026 and 2027 incremental needs, as identified in its application in Docket 2255.

The Company, through this RFP, is soliciting bids for two types of products, namely (i) energy and capacity delivered from electric resources such as solar PV, wind, geothermal, battery energy storage, long duration storage, and gas-fired convertible to hydrogen,[2] and (ii) firm energy that meets the eligibility requirements of the Western Resource Adequacy Program.[3] Resources can be existing or new; new resources must have a target commercial operation date on or before June 2026 or June 2027. In addition to the bids expected to be submitted by developers, the Company will also submit one or more affiliate bids, which will be evaluated using the same bid scoring criteria as the other bids.

This RFP will be conducted under the oversight of the IE, to ensure that the RFP process is conducted in a fair and reasonable manner. LEI,[4] through a competitive bidding process, was selected to be the IE for this RFP process. Per the Oregon Administrative Rules ("OAR") 860-089-0450, the IE's duties include the items enumerated in Figure 3.

Figure 3. Duties of the IE

[2] Idaho Power Company. *Draft 2026 All Resource Request for Proposals*. February 22, 2023. Tables 3-1 and 3-2. p. 15-16.

[3] Idaho Power Company. *Draft 2026 All Resource Request for Proposal*. February 22, 2023. p. 13.

[4] "IE" and "LEI" are used interchangeably throughout this report.

This report is one of several reports that the IE will be filing with the Oregon Public Utilities Commission ("OPUC" or "the Commission") as part of its responsibilities. This report focuses on LEI's observations and recommendations on the draft RFP that was filed on February 22, 2023, and additional information received from the Company as of February 27, 2023.

3 LEI's observations on the draft RFP

The IE reviewed the draft RFP document *Idaho Power's Draft 2026 All-Source Request for Proposals (RFP)* prior to its initial filing on February 22, 2023 in Docket UM 2255. The IE had limited time to review the filed draft RFP before drafting this document. Following its initial review of the RFP documents, the IE formally provided feedback to the IPC team on February 13, 2023 (with the submittal of a redline version of the RFP document and its corresponding appendices) consisting of an initial set of comments and recommendations to improve the overall clarity of the RFP. Additional feedback was provided to the Company during follow-up calls on February 15, February 21, and February 27, 2023.

3.1 IE's recommended adjustments to the next iteration of the draft RFP

IPC incorporated some of LEI's suggestions in the draft RFP. However, LEI finds that some key comments remain outstanding and were not reflected in the draft RFP filed on February 22, 2023. LEI, as the IE, recommends that IPC incorporate in the final RFP the improvements listed in Figure 4. In the following subsections, LEI describes in more detail LEI's areas of concern and proposed improvements that should be reflected in the final RFP.

Figure 4. Summary of outstanding recommendations to be incorporated in the final RFP

1) Preferred resources	IPC should state clearly in the body of the RFP its preferred resources and/or portfolio(s) and mention that this preference is subject to change based on the upcoming 2023 IRP
2) Benchmark bids	Disclose the number of prospective benchmark bids IPC intends to submit in the 2026 AS RFP and provide more information about these bids, such as fuel type, size, and substation they will be connected to
3) RFP schedule	Amend the schedule to allocate sufficient time to the IE to carry out tasks that are critical to the independent review of the process
4) Bid evaluation process	Provide more in-depth explanation of the evaluation process, including the scoring model methodology and selection of the ultimate shortlist
5) Contract term normalization	Provide information on approach to contract term normalization
6) Imputed debt	Remove imputed debt from the bid evaluation process (i.e., from the review of PPAs and PPA terms)

Note: For item #3 ("RFP schedule"), LEI believes that an amended schedule would also provide IPC with additional time to review and implement the recommendations submitted/filed by the IE.

3.1.1 Resource needs

In the draft RFP, IPC states that it targets resource procurement consistent with the 2021 IRP analysis and provides the identified volumes and product attributes in "EXHIBIT E – Proposed Market Purchase Volumes." However, LEI suggests that IPC add to the body of the RFP the preferred portfolio based on the 2021 IRP – similar to the information provided in "Table 1.1 Preferred Portfolio additions and coal exits (MW)" of the 2021 IRP.

Additionally, IPC mentioned in several meetings with the IE that the RFP's stated resource needs might change based on the upcoming 2023 IRP. LEI recommends that IPC update its resource needs in the final RFP based on the 2023 IRP. If the 2023 IRP is not finalized/acknowledged before the submission of the final RFP, IPC should clearly state that resource needs are subject to change based on the upcoming 2023 IRP and provide as much information as possible with respect to the direction in which resource needs are likely to change.[5]

3.1.2 Benchmark bids

In the RFP, IPC indicates its intention to submit benchmark bids—i.e., bids by its own affiliate. IPC is thorough in discussing the separation of functions between the IPC team preparing the benchmark bids and the IPC team evaluating these bids. Nevertheless, the draft RFP does not contain any explanation of the approach that the Company will take with respect to the prospective benchmark bids analysis.

We recommend that IPC, consistent with requirements of OAR 860-089-0300, include in the final RFP an additional exhibit listing IPC's proposed benchmark resources including, but not limited to, the following information:

- the number of prospective benchmark bids IPC intends to submit in the 2026 AS RFP;
- the size (in MW) of the bids;
- status (new build vs. existing facility);
- target commercial online date ("COD");
- technology;
- expected life;
- expected efficiency;
- type of product (resource-based or market purchase);
- interconnection status; and
- location.

[5] LEI understands that the portfolio selection are dependent on the inputs from the bids and will be different from the preferred portfolio listed in the IRP. However, LEI believes it still represents what technology/resource IPC's system is lacking and it is most likely to be selected in the evaluation process to fulfill IPC's system needs.

This was done by PacifiCorp in its most recent RFP (*PacifiCorp 2022 All-Source RFP*); IPC's RFP should likewise provide the same level of information (see Section 4.9).

3.1.3 RFP schedule

LEI has some concerns with the proposed RFP schedule in the draft RFP. First, IPC requires that bidders submit their bids two weeks before the Company will review these submissions. More specifically, the proposed schedule requires that bidders submit their bids on May 31, 2023, while IPC would open these bids on June 13, 2023. LEI suggests changing the bid due date from May 31, 2023 to June 13, 2023 to give bidders more time to put together their submissions. Moving the RFP bid due date to right after the filing of the IE's review of the benchmark bids will also ensure that AS bids are only opened after the benchmark bids are fully evaluated, consistent with the requirements of OAR 860-089-0350.[6]

Second, the IE believes that—especially in light of the uncertainty as to the number of benchmark bids that will be submitted—the proposed timeline provided to evaluate the benchmark bids and file the IE's associated report (the *Benchmark Bids Report*) is tight and will be insufficient to allow the IE to carry out its independent review thoroughly and accurately. Based on the proposed schedule in Section 2.8 of the draft RFP, the benchmark bids are due on May 31, 2023 and LEI is required to submit the *Benchmark Bids Report* by June 12, 2023. During this period, the IE is required to complete several effort-intensive tasks: (i) review and comment on IPC's filing on its evaluation of the benchmark resource(s), which includes reviewing supporting cost information, any applicable transmission arrangements, and all other information necessary to score the benchmark resource (OAR 860-089-035(1));[7] (ii) independently score the benchmark bids and compare IE's

> The IE is required to evaluate Company-owned resources on the following elements:
>
> a. construction cost overruns;
> b. reasonableness of forced outage rates;
> c. reasonableness of any proposal or absence of a proposal to offer electric Company-owned or benchmark resource elements (e.g., site, transmission rights or fuel arrangements) to third-party bidders as part of the draft and final RFP;
> d. end effect values;
> e. environmental emission costs;
> f. reasonableness of operations and maintenance costs;
> g. adequacy of capital additions costs;
> h. reasonableness of performance assumptions for output, heat rate, and power curve; and
> i. specificity of construction schedules or risk of construction delays.
>
> Source: OAR 860-089-0450(6)(a-i)

[6] OAR 860-089-0350(1) states that "Prior to the opening of bidding on an approved RFP, the electric company must file with the Commission and submit to the IE, for review and comment, a detailed score for any benchmark resource with supporting cost information, any transmission arrangements, and all other information necessary to score the benchmark resource. The electric company must apply the same assumptions and bid scoring and evaluation criteria to the benchmark bid that are used to score other bids."

[7] *See* Footnote 6.

scores with the Company's (OAR 860-089-0450(7))[8] (iii) evaluate the unique risks and advantages of the Company-owned resource(s) based on the items listed in the textbox on the right (OAR 860-089-0450(6)); and (iv) draft the *IE Benchmark Bids Report*.

In the absence of more detail on the number of benchmark resources IPC expects to bring forward, LEI recommends setting aside a minimum of 3 weeks for the benchmark bids analysis. LEI informed IPC about this concern with the schedule during a meeting held on February 27, 2023. During this meeting, IPC verbally acknowledged that it would likely be able to move the benchmark bids due date up by one week (no specific date was mentioned); LEI will look for this adjustment to the schedule in the next iteration of the draft RFP that IPC will share with LEI and/or OPUC.

3.1.4 Bid evaluation process

The scoring and modeling methodology ("SMM") was not approved/acknowledged prior to opening of the 2026 AS RFP through docket UM 2255. Therefore, the SMM must be approved through the RFP process.[9]

LEI reviewed the SMM information provided as part of Section 7 of the 2026 AS RFP document ("7. Bid Evaluation, Negotiation and Approval") and accompanying exhibits ("EXHIBIT C – Bid Eligibility Checklist" and "EXHIBIT D – Non-Price Scoring Matrix"). LEI also attended the Workshop held on February 21, 2023, where IPC presented its proposed SMM. In addition, LEI had conference calls with IPC on February 21, 2023, and February 27, 2023 to discuss the SMM in detail.

Although the Workshop and the follow-up discussions with the Company provided additional information on the SMM that was not provided in the draft RFP, LEI still has the following concerns and provides some suggestions to help improve clarity as to how the bids will be evaluated:

- ***Non-price score:*** IPC made the minimum bid requirements a self-scoring element of the submission. LEI is concerned that some of the minimum bid requirement questions were too broad and, combined with the binary structure of the non-price score ("yes/no" answers that correspond with scores of "1/0," respectively) would entice bidders to score themselves favorably. In an extreme scenario where all bids score the maximum 25 points, the non-price score will become irrelevant. LEI suggests IPC be more specific in drafting the questions or criteria. For example, in the Bid Entry Form ("BEF"), under item number 9 *"Bidder has demonstrated ability to achieve commercial operations by proposed date,"* IPC should instead list all documents that will be accepted as proof of proposed commercial

[8] OAR 860-089-0450(7) states that "the IE must review the reasonableness of any score submitted by the electric company for a benchmark resource."

[9] The Commission granted a partial waiver of OAR 860-089-250(2)(a) to allow concurrent consideration of both scoring and modeling methodologies and the draft RFP. [source: In re Idaho Power Company, Approval of Independent Evaluator Selection for 2026 All-Source Request for Proposal and Request for Partial Waiver of OAR 860-0890250(2)(a), Docket No. UM 2255, Order No. 22-495 (Dec. 29, 2022)].

operations. This would serve as a better guarantee of timely commencement of commercial operations, which is a core concern for IPC.

In response to feedback from LEI (and stakeholders, as discussed in Section 4.6), IPC prepared a new iteration of the non-price scoring BEF and shared this document with LEI on February 24, 2023.[10] In this document, IPC made a clear effort to address the concerns raised by both parties. For example, IPC provided scoring scales, where criteria important to IPC are scored on a 0-5-10 point basis, while less important criteria are scored on a 0-1-2 or 0-3-6 scale. Here, rather than maintain the binary structure of the non-price score, IPC elaborated on what constitutes a "no" or "yes" response, and—for applicable criteria—also provided the option of checking off an in-between box[11] for which neither "yes" nor "no" apply (i.e., a project has no site control ("no" response), is in the process of acquiring site control ("in-between" response), or has full site control ("yes" response)). The descriptions for both the criteria and the scales were also improved upon, as requested by both LEI and stakeholders.

While this is welcome progress, LEI requested additional clarity and documentation on the methodology during a discussion with IPC on February 27, 2023. As such, the non-price scoring methodology is still a work in progress:

- LEI asked why the weighting calculations for each of the "no," "yes," and "in-between" options were different; this was an error on IPC's part.

- LEI also requested that IPC make clear in the Exhibit B, C, and D that bids can receive scores of anywhere between 0 (if a bidder enters "no" for each criterium) and 25 (if a bidder enters "yes" for each criterium).

- In terms of clarity, LEI had two specific recommendations. First, some descriptions of criteria could benefit from additional fine-tuning. For example, "does not have a defined site" under the "no" option of the "site control" criterium could be open to interpretation. It may be clearer to directly refer to the lack of documentation to prove progress towards achieving site control. Second, some criteria that were left as binary scores could benefit from an "in-between" option; for instance, a bidder may be in the process of negotiating debt and/or equity terms for its project, but would not be able to make this known to IPC without such "in-between" choice.

The next iteration of the BEF and RFP that will be prepared by IPC should reflect some of LEI's comments on how to improve scoring.

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[10] Please note that this file has not yet been made publicly available (or available to bidders).

[11] This language ("in-between") is descriptive and is meant to explain the structure of the three new options provided for each criterium of the BEF. This is not IPC's language/terminology.

- ***Price scoring model:*** The description of the price scoring methodology in the draft RFP is currently at a high level only. LEI recommends that, for the Final RFP, IPC expand on the description of the model to at a minimum include:
    - a brief description of the methodology of the scoring model;
    - inputs used in the model and model outputs;
    - clarity on how the energy and capacity components of bids will be valued/calculated and compared across bids;
    - clarity on how balancing flexibility is valued/calculated, if applicable; and
    - an example of scores produced for five hypothetical bids of different product types/technologies.
- ***Contract term normalization***: LEI understands from our discussions with the Company that the Company does not want to potentially exclude shorter-term PPAs and therefore provided the option to the bidders to have a term up to 35 years. However, the draft RFP does not provide any information on how PPAs with different terms will be evaluated. IPC explained to LEI (on the February 27, 2023 conference call) that contract normalization would be calculated for proposed utility owned assets and not for PPA bids; LEI does not find this to be perfectly clear in the draft RFP. Furthermore, IPC explained to LEI that contract normalization would be calculated as an annualized (levelized) cost, similar to what IPC does in its IRP. This is neither sufficiently articulated in the draft RFP, nor has IPC provided any step-by-step methodology or example of how this would work. To fulfill its role as IE, LEI will need access to such information. To be transparent, IPC also needs to make this information clear to stakeholders.
- ***Shortlist selection:*** Although the draft RFP mentions that the bids will be evaluated using AURORA, LEI recommends that IPC include in the final RFP an additional exhibit describing in detail how the AURORA model will evaluate and select bids. LEI expects, at a minimum, to see the following information in the description of the price scoring model:
    - the ultimate cost metric input to the AURORA model (will it be the levelized cost of capacity, levelized cost of energy, or a combination of both? If a combination, how do they interact?);
    - all inputs to the AURORA model, distinguishing the inputs that must be provided by the bidder and the ones that will be calculated by IPC;
        - a description of the inputs calculated by IPC, including how they are calculated and the internal assumptions by product type/technology;
        - a description of assumptions to be made by IPC for data inputs not provided/available in the bid (e.g., cost of interconnection).

- the ultimate output from the AURORA model;
- the inputs/outputs of the model provided in graphical form; and
- the expected stochastic iterations that will be performed as part of the final shortlist selection (or refer to the latest acknowledged IRP, if it is already described there).

LEI also notes that, as of writing of this report, LEI has not received the models and assumptions relevant to the SMM and shortlist selection process. LEI will review the assumptions and model and will provide a further review of the bid evaluation process in a subsequent IE report(s) once the information is provided by IPC.

3.1.5 Imputed debt impact of PPAs

Debt rating agency Standard and Poor's ("S&P") notes that PPAs create "fixed, debt-like, financial obligations that represent substitutes for debt-financed capital investments."[12] The IPC draft RFP noted that "PPAs bring added costs beyond the direct contract costs in the form of imputed debt. IPC will estimate the additional cost of imputed debt for each PPA, BSA or other third-party owned asset and add this cost to the overall cost of a project."[13]

LEI recommends not allowing IPC to add the cost of imputed debt to any of the bids for the purposes of bid evaluation. There is precedent for not including an imputed debt analysis as part of a bid evaluation process. In 2003, Portland General Electric issued an RFP noting that "it would add the costs associated with the fixed obligations for purchased power into its bid price analysis as debt equivalents."[14] The Commission ruled that "the leverage adjustment described [in] the RFP will not take place. Instead, a leverage adjustment will be considered during the post-bid process."[15]

There are several reasons for excluding imputed debt from consideration:

- **The impact of imputed debt is only one factor in comparing financial structures across bids.** A PPA or other third party-owned asset represents a different set of risks and returns than a utility-built asset, and the impact on credit ratings (and thereby the cost of debt) is only one of a variety of such risks and benefits. For example, under a PPA, the developer

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[12] Standard & Poor's. *Standard & Poor's Methodology for Imputing Debt for U.S. Utilities' Power Purchase Agreements*. May 2007. p. 1.

[13] Idaho Power Company. *Draft 2026 All Resource Request for Proposal*. February 22, 2023. p. 29.

[14] Electric Power Supply Association. *Electric Utility Resource Planning: The Role of Competitive Procurement and Debt Equivalency.* Prepared by GF Energy LLC. July 2005 [Citing direct testimony of Wayne Oliver on behalf of the Utah Division of Public Utilities in Docket No. 04-035-30 before the Public Service Commission of Utah, September 27, 2004].

[15] Ibid. [Citing UM 1080, Order No. 03-387, as reported by Wayne Oliver testifying before the Public Service Commission of Utah, September 27, 2004].

takes all risk of development, construction, and operating cost overruns, performance shortfalls, and technology obsolescence. The value of this risk could offset, or potentially more than offset, the impact of additional imputed debt. If IPC wants to account for impacts of imputed debt on its credit rating, it should perform a holistic examination of all the risk (and risk-mitigating) factors of PPAs versus those of utility-built and utility-owned options. In addition, the impact on ratepayers as well as shareholders should be part of the calculation; utility-owed assets earn a rate of return on equity, which increases the cost to ratepayers, while PPAs do not. If a PPA's bid price is increased based on its impact on debt, then the equity portion of a utility-owned bid should be increased by the utility's cost of capital.

- **Adoption of complex methodology would require expert scrutiny.** LEI does not have significant expertise in utility capital lease accounting. However, S&P's published materials indicate that the calculation of imputed debt includes only the capacity portion of PPA costs and the impact of depreciation, both of which reduce the impact on imputed debt.[16] S&P also multiplies the financial results by a risk factor that is inversely related to the strength and availability of regulatory mechanisms used for the recovery of PPA costs. A utility that is allowed to pass the PPA cost to customers via rates already has a recovery mechanism, which implies a lower risk factor and a smaller impact on the cost of debt. S&P also notes that "PPAs that are treated as capital leases [by the utility] for accounting purposes will not receive PPA treatment because capital lease treatment indicates that the plant under contract economically 'belongs" to the utility.'"[17] This level of complexity implies that expert scrutiny of IPC's methodology by a utility accounting expert would be required, to ensure fairness to bidders.

- **The inclusion of imputed debt would result in an untransparent solicitation process.** If IPC were allowed to add this charge as part of its bid assessment, it would not be possible for bidders to know prior to submission the magnitude of additional costs that IPC would be adding to their respective bids. IPC must provide its proposed methodology to the IE and OPUC Staff for review. If imputed debt is ultimately allowed by the OPUC, the model and its results (for IPC's own bids) must be made available to each bidder.

3.1.6 IE access to submitted bids

Lastly, to make this evaluation possible, the IE will require access to all bids submitted as part of this solicitation. LEI had a discussion on this with IPC on February 27, 2023. Based on that discussion, one option would be to grant LEI access to IPC's Zycus procurement software. This would not only allow LEI to access all submitted bids and bid forms, but would also allow LEI to ensure that no submitted bids were opened or reviewed prior to the Commission-approved bid review date. Assuming that IPC follows through with its intent to move the bid submission date to the bid review date, as discussed on February 27, 2023, then the latter is no longer a concern.

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[16] Standard & Poor's. *Standard & Poor's Methodology for Imputing Debt for U.S. Utilities' Power Purchase Agreements.* May 2007. p. 3 and p. 5.

[17] Ibid. p. 6.

For security reasons, also discussed on February 27, 2023, it may not be feasible or practical for non-IPC staff to have access to Zycus, through which users can access more than just the submissions of this RFP. Thus, IPC agreed to share all bid documents through an alternative data room or data sharing platform. IPC also volunteered to share via this data room the audit reports produced by Zycus, which detail what Zycus users accessed/opened what documents at specific times.

3.2 Summary of proposed improvements expected in the final RFP

In summary, LEI recommends the following improvements to be incorporated in the final RFP. These adjustments will make the solicitation process clearer and more transparent to all stakeholders:

i. add to the body of the RFP the Company's target procurement mix based on the latest acknowledged IRP and disclose if the needs are expected to change during the 2026 AS RFP process;

ii. incorporate an additional exhibit disclosing prospective benchmark bids;

iii. extend the AS bid deadline to after the benchmark bids are evaluated by the IE;

iv. make self-scoring non-price questions less subjective and fine-tune the weighting calculation;

v. provide information on IPC's approach to contract normalization;

vi. expand on the description of the price scoring model;

vii. incorporate an additional exhibit expanding on the bid evaluation process; and

viii. exclude the cost of imputed debt for the purpose of bid evaluation.

LEI also looks forward to receiving data room access, once that is set up and once bids are filed.

4 Stakeholders' comments on the draft RFP

On February 23, 2023, IPC hosted the "Introductory Stakeholder Workshop on AS RFP and SMM" virtually via Microsoft Teams, to introduce its all-source RFP to interested stakeholders. IPC presented the Company's target procurement mix—in terms of resource type, procurement type (asset purchase or PPA), contract duration, transmission arrangements, and commencement of commercial operations, among other eligibility criteria. Based on Microsoft Teams' list of virtual meeting participants, over 50 stakeholders joined this Workshop. These stakeholders represented various organizations, including the Company, the Commission, consultants, and generators.

4.1 Q&A page on the RFP website

Stakeholders expressed their interest in having access to a Q&A page, or some portal where both bidders and the general public can access any information posted pertaining to this RFP. Such Q&A page has been helpful to stakeholders in past Oregon RFPs. IPC confirmed that it would be making such portal available on its website. Non-bidders will likewise be able to access the questions and answers posted.

4.2 Imputed debt

Stakeholders expressed concern about this provision of the RFP, and particularly the lack of detail on this issue provided in the RFP. Northwest & Intermountain Power Producers Coalition ("NIPPC") in particular noted that this provision would likely be a point of contention, describing it both as "very concerning" and "a black box"; the RFP does not make clear the magnitude to which imputed debt will impact bid evaluations, and as such would not like to see imputed debt be used as an adder to bids.

4.3 Contract term normalization

Stakeholders are of the view that IPC is likely to receive bids with contract terms of less than 35 years, and did not find that the proposed approach to term normalization has been made clear. In response, the utility stated that it would use annualized payments for normalization and would not use other methods such as "filling in" bids for the difference between 35 years and the proposed contract term (i.e., IPC would not fill in 15 years' worth of bids if a project were to propose a 20-year contract term).

4.4 Modeling methodology

It was unclear to stakeholders what methodology IPC intends to use to assemble the initial shortlist of approved bids. Namely, stakeholders sought clarity on whether the utility would be performing portfolio modeling and how AURORA (IPC's modeling tool) results would be used once levelized prices are obtained.

In addition to the long-term capacity expansion model, the utility will also run a stochastic model. Unlike the capacity expansion model, the purpose of the stochastic analysis is to ensure winning projects provide the Company with the optimal mix of resources (supply) and risk.

4.5 Assumptions used in assessing utility ownership bids

According to stakeholders, IPC's RFP also lacks detail on the assumptions that IPC will use in the evaluation of utility ownership bids.

4.6 Non-price scoring methodology

Stakeholders had three main concerns with respect to non-price scoring:

- the 25 percentage points for non-price scoring provided in the RFP would benefit from a more granular breakdown to help bidders understand (1) the mechanics of non-price scoring and (2) IPC's prioritized items/elements;
- some of the non-price scoring items were described as subjective. More objective criteria would be preferrable; and
- it was also pointed out that not all non-price scored items will be applicable to all resources for which bids are submitted into this RFP. This makes it unclear as to the number of points those projects would receive.

While stakeholders agreed with the concept of self-scoring, greater insight into scoring would still be appreciated. IPC stated that it will take this feedback back for consideration.

4.7 Interconnection agreements and site control

Based on the RFP, it seems that IPC is only accepting **bids with network interconnections**. It was suggested that it would also be useful to allow Market Resource Alternatives ("MRAs") to bid here, as well. For example, there may be some initially developed projects interested in this RFP that would have difficulty switching from MRA classification. The question, then, is if IPC would be willing to accommodate such bids. IPC will have to think about this; to the Company, a dispatchable resource tends to be a network resource. Perhaps energy side bids would be applicable, but IPC will need to take this question back for consideration.

Furthermore, in response to a separate question, IPC confirmed that generation projects—which are obligated to have binding and exclusive site control—must have ties that lead to IPC's transmission system. In other words, IPC expects that projects have both site control and are able to deliver into the IPC system.

4.8 Final shortlist fee

Some stakeholders expressed concern over the inclusion of an additional fee to be paid by bidders in order to be included in IPC's final shortlist of projects. Though IPC has included this clause in its previous RFPs, the Company has tended not to collect these fees. IPC will review this clause.

4.9 Benchmark bids

One stakeholder commented that the RFP also lacks any detail on the benchmark bid process. The analytical approach to the benchmark bid analysis should be discussed in the RFP; if the utility chooses to forego inclusion of a benchmark bids process, then it should explain its rationale for doing so in the RFP.

London Economics International LLC
717 Atlantic Avenue, Suite 1A
Boston, MA 02111
www.londoneconomics.com