



**Portland General Electric Company**  
121 SW Salmon Street • 1WTC0306 • Portland, Oregon 97204  
portlandgeneral.com

May 26, 2023

***Via Electronic Filing***

Public Utility Commission of Oregon  
Attention: Filing Center  
P.O. Box 1088  
Salem, OR 97308-1088

Re: UM 2274 – In the Matter of Portland General Electric Company, 2023 All-Source  
Request for Proposals, Request for Partial Waiver of Competitive Bidding Rules

Dear Filing Center:

Enclosed for filing in the above captioned docket is an electronic copy of Portland General Electric Company's slide deck presented to stakeholders and bidders at the May 26, 2023 PGE hosted workshop.

Thank you in advance for your assistance in this matter. If you have any questions or require further information, please call Greg Batzler (503) 464-7488 or [greg.batzler@pgn.com](mailto:greg.batzler@pgn.com).

Sincerely,

A handwritten signature in blue ink, appearing to read "Erin Apperson", with a long, horizontal flourish extending to the right.

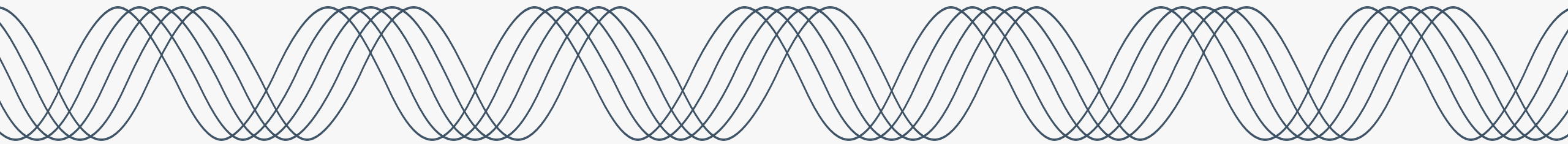
Erin Apperson  
Assistant General Counsel III

EA/dm  
Enclosure



# Portland General Electric

2023 All-Source RFP Stakeholder and Bidder Workshop



# Agenda



1

## Introduce Independent Evaluator

- Bates White to oversee 2023 All-Source RFP
- Should be included in any communication to PGE

2

## 2023 All-Source RFP introduction

- 2023 RFP aligned with planning process
- Streamlined approach to scoring and structure

3

## Minimum bidder requirements

- Initial screen to determine bidder conformance with products sought
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## Scoring and modeling

- Uses price scoring to determine bid performance
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# Independent Evaluator (IE)



The Public Utility Commission of Oregon approved Bates White as the Independent third-party evaluator.

Per Oregon Administrative Rule, the IE will “oversee the competitive bidding process to ensure that it is conducted fairly, transparently, and properly.”

Any communication to PGE regarding the 2023 All-Source RFP should be directed to [rfp@pgn.com](mailto:rfp@pgn.com), with the IE copied per the contact information below.

IE contact information:

Frank Mossburg

[frank.mossburg@bateswhite.com](mailto:frank.mossburg@bateswhite.com)

(202) 652-2194

# Agenda



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**Key takeaway:** Bates White will report to the Commission throughout the process, and will ensure that the RFP is conducted fairly, transparently, and in accordance with Oregon Administrative Rule.

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# PGE's IRP Action Plan – Details



## 1. Customer actions

- Acquire all cost-effective energy efficiency (150 MWa cumulative 2024 - 2028)
- Incorporate customer demand response (211 MW summer & 158 MW winter by 2028)

## 2. Community-Based Renewable Energy (CBRE)

- CBREs are resources that are typically <20 MW that promote climate resilience, community benefits through a community benefits agreement or ownership
- Issue RFP for 66 MW of CBREs by 2026
- Conduct any additional RFPs necessary to achieve target of 155 MW by 2030
- Pursue federal/state incentives

## 3. Energy actions

- Conduct one or more RFPs for an additional 181 MWa (~520 MW nameplate) of non-emitting resources each year through 2028 (totaling 543 MWa)
- These resources are in addition to the ~1000 MW projected from the 2021 All-source RFP
- Additional renewables needed if energy efficiency, demand response don't materialize
- Successful acquisition of CBREs and/or the renewal of existing contracts can reduce energy need

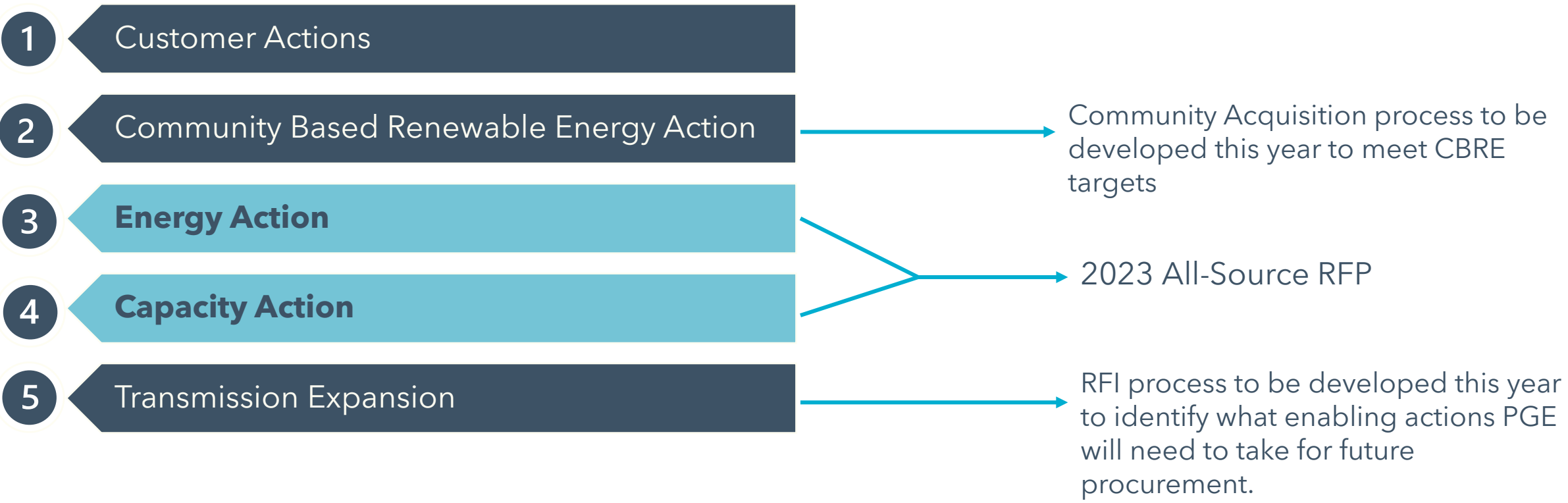
## 4. Capacity actions

- Significant 2028 capacity need: 624 MW summer, 614 MW winter
- This need is estimated assuming the 400 MW of capacity resources acquired from the 2021 All-source RFP
- Will pursue staged approach: 1. acquire cost-competitive options in the bilateral market; 2. acquire CBREs, EE, and DR; 3. conduct one or more RFPs for remaining need
- Successful acquisition of CBREs and/or the renewal of existing contracts can reduce capacity need

## 5. Transmission

- Pursue options to alleviate congestion on the South of Alston (SoA) flowgate
- Explore options to upgrade the Bethel-Round Butte line (from 230 to 500 kV)

# Resource acquisition alignment with 2023 IRP Action Plan



# Complementary acquisition process will build upon bilateral agreements and contract renewals

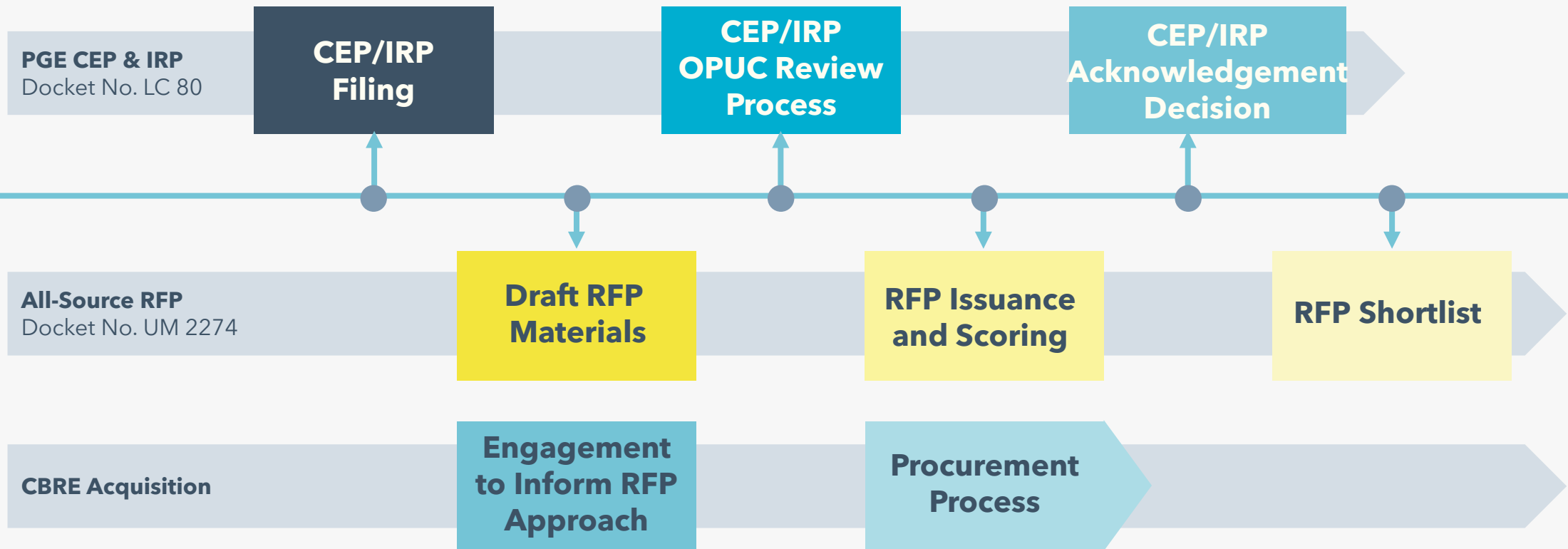


	2023 RFPs	2023 Requests for Information (through end of decade)
<b>All-Source</b>	<p>Will align with the IRP, once acknowledged. Based on IRP as filed, will seek:</p> <ul style="list-style-type: none"> <li>• 181 MWa of non-emitting energy resources per year</li> <li>• Capacity sufficient to meet any remaining 2026 need, adjusted for bilateral acquisition, EE/DR, contract renewals, or other actions.</li> </ul>	<p>Seeks information on project development technologies and locations through the end of the decade.</p> <p>Will prepare PGE and stakeholders for enabling actions needed to maximize resource value (such as additional transmission, regional RA evolution, etc.)</p>
<b>CBRE</b>	<p>Will seek to procure up to 66 MW of resources with a 2026 COD.</p> <p>Nimble process to be co-developed with customers.</p>	<p>Highlights technologies and funding mechanisms not currently transactable that may hold potential in the future</p> <p>Will help to inform the remaining CBRE acquisition target through 2030</p> <p>Response may help direct PGE program development</p>

Bilateral acquisition and contract renewals will inform RFP/RFI volumes and timing



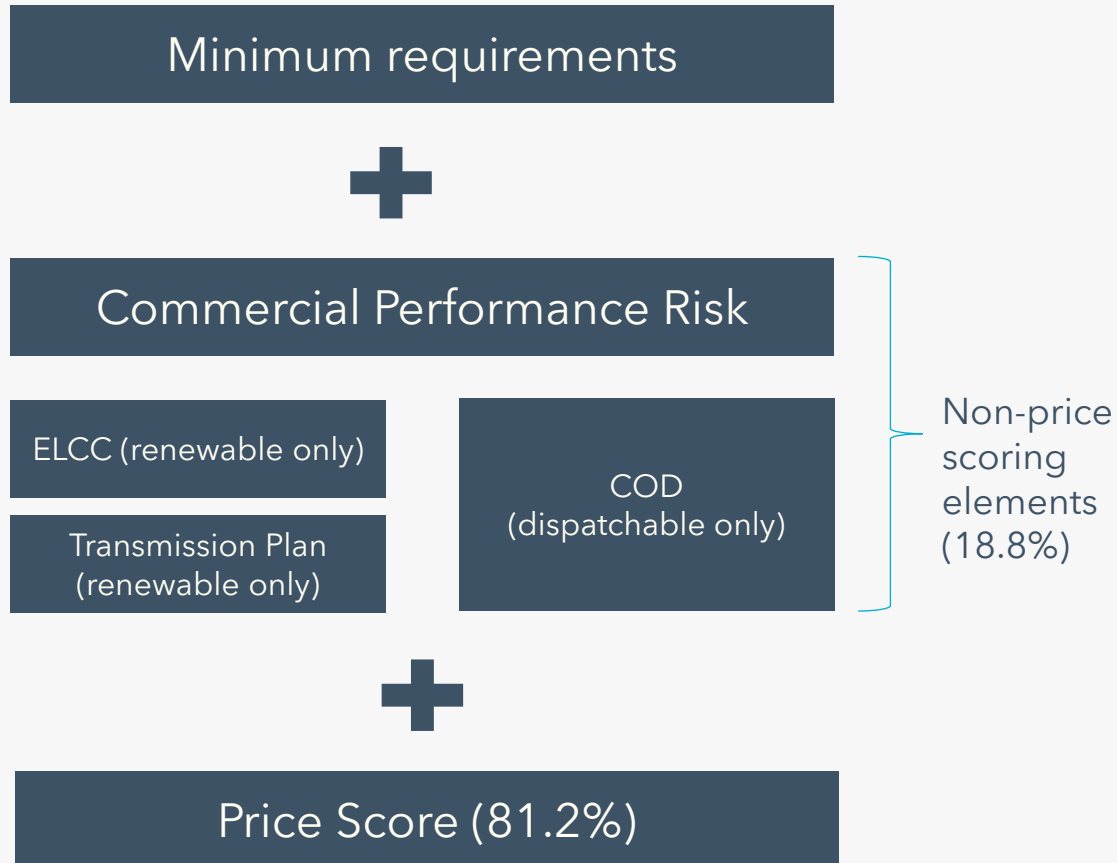
# The RFP will be responsive to planning outcomes



# RFP structure designed to simplify the scoring process



## 2021 Structure



## 2023 Structure

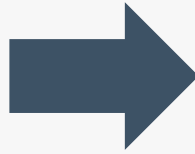


Minimum bidder requirements held constant from 2021 with duplication in non-price items removed.

# IE Recommendations from 2021 All-Source RFP adopted or in progress

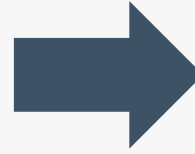


**PGE should pursue measures to reform its interconnection queue process**



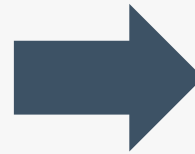
PGE has restarted independent interconnection queue reform to move from serial to cluster processing, with public process ongoing. PGE OASIS has more info in "generation interconnection" folder.

**PGE should consider resources that optimize existing transmission**



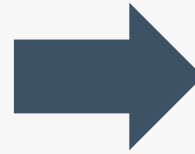
We anticipate that the RFI process will help PGE better understand where/how resources could be optimized to optimize existing long-term BPA transmission.

**PGE should provide more detail on near-term rate impacts, reductions of GHG and other non-criteria pollutants**



PGE's 2023 CEP/IRP provide additional analyses that examine the rate impact and GHG reduction impacts. We anticipate that the sensitivities that will be developed in this RFP will expand on that work.

**The IE should have more opportunities to opine on the draft RFP, scoring, and methodology**



Accomplished through Commission Order No. 23-146, which calls for additional feedback and comment from the IE.

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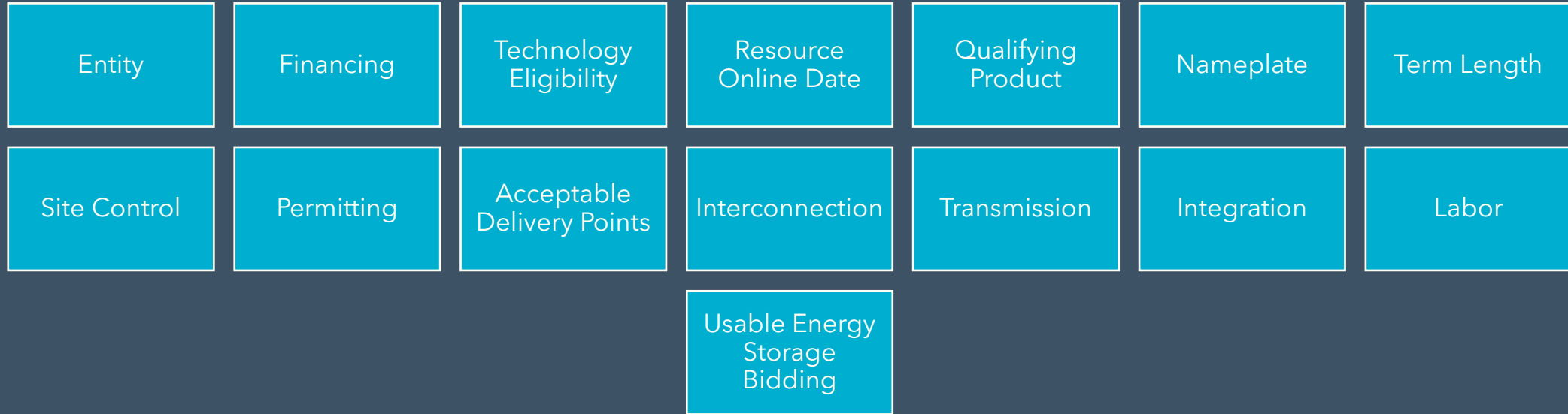
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# Minimum Bidder Requirements



## All Commercial Structures



## Utility Ownership Structures

- Equipment Manufacturers
- Long-term Service Agreements

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# Scoring and Modeling

- Price scoring assigns a numeric score to reflect the economic performance
- PGE will allocate 100 percent of available bid points to bids based on the price and performance considerations reflected in the price score
- Price scores for renewable resources and dispatchable resources will be calculated separately
- Price points will be allocated based on the following elements:

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Offer  
Cost

A dark blue circle containing the text "Energy Value" in white, sans-serif font.

Energy  
Value

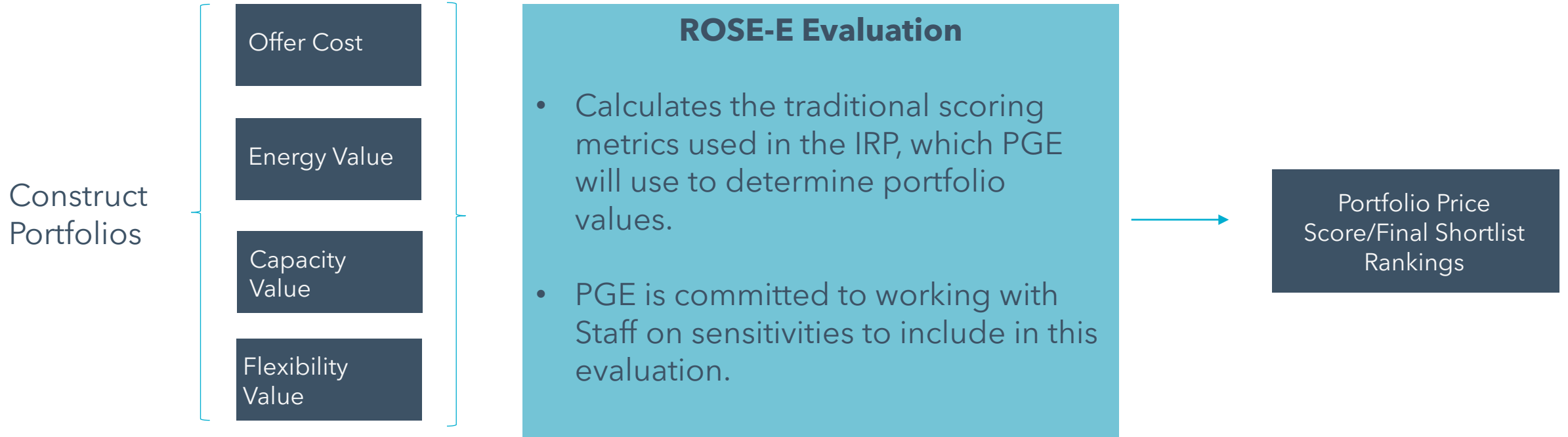
A dark blue circle containing the text "Capacity Value" in white, sans-serif font. A faint yellow "by" is visible to the right of the circle.

Capacity  
Value

A dark blue circle containing the text "Flexibility Value" in white, sans-serif font.

Flexibility  
Value

# Portfolio Analysis & Final Shortlist



Final Shortlist  
Rankings



# Scoring and Modeling Methodology – Compared to 2021 RRFP



	2021 All-Source RFP	2023 All-Source RFP
Accepted Products	Renewable and dispatchable resources	Same
Transmission Requirements	<p>Renewable resources: At least 80% of interconnection limit must be met with eligible transmission products, no more than 20% can be met with short term firm products</p> <p>Dispatchable resources: 100% of interconnection limit must be met with long-term firm transmission</p>	Same
Price & Non-Price Weightings	600/400 price to non-price point allocation	1,000 price point allocation
Price Scoring	<ul style="list-style-type: none"> <li>• Offer Cost Determination- Revenue requirement model in Excel, integration and reserve assumptions based on BPA Costs</li> <li>• Energy Value- AURORA dispatch</li> <li>• Capacity Value - Sequoia</li> <li>• Flexibility Value- ROM outputs</li> </ul> <p>Points allocated based on ratio of cost to benefits</p>	<p>Same, except for:</p> <ul style="list-style-type: none"> <li>• Flexibility Value- GridPath outputs</li> </ul>
Non-Price Scoring	<p>Includes the following:</p> <ul style="list-style-type: none"> <li>• Commercial performance risk</li> <li>• Transmission plan attributes (renewable)</li> <li>• Level capacity ratio (renewable)</li> <li>• Online date certainty (dispatchable)</li> </ul>	No non-price scoring elements
Portfolio Analysis	Will utilize ROSE-E model from the IRP process	Same
Utility Ownership: Tax Credit Modeling	Deferred Tax Asset carrying cost	Transferability discount rate
PPA and SCA: Imputed Debt Adder	Not included	Included

# Transferability Discount Rate



In both the 2018 and 2021 RFPs, PGE applied a carrying cost associated with the utilization of incremental tax credits to utility ownership proposals.

However, as a result of the passage of the Federal Inflation Reduction Act (IRA) last year, PGE can now transfer tax credits to other eligible taxpayers.

The tax credit transfer market is still developing, and the IRS has yet to release guidance (expected June 2023), but early indications are that credits will sell at a discount rate between 5-10%.

PGE will apply a transferability discount rate to ownership proposals with tax credits in lieu of the previously used carrying cost adder.



# Imputed Debt Adder



Rating agency Standard & Poor's (S&P) considers the fixed financial obligations from long term PPAs and SCAs to be considered debt equivalent.

S&P's methodology takes the capacity portion of the PPA and calculates the net present value of future payments using a company-specific discount rate and applying an analytically- determined risk factor between 25%-100%. This imputed debt is then added to the Company's total outstanding debt as part of the financial assessment.

In a comprehensive RFP evaluation, there should be comparability between bids to build new generation and bids to purchase power from third parties. Adding an imputed debt equivalent to PPA and SCA bids allows for a fair risk assessment of all bids.

Contract Length	Adder (2026 COD)	Adder (2027 COD)
15 Year	2.92%	2.86%
20 Year	3.87%	3.79%
25 Year	4.83%	4.74%
30 Year	5.82%	5.70%

\*Table assumes 50/50 equity to debt ratio, and is based on a fixed price PPA with a capacity payment 50% of the total PPA payment

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**Key takeaway:** Conforming bids to be scored entirely on price criteria. Portfolio modeling mirrors what is included in the 2023 IRP.

# Next Steps



**May 31** - Independent Evaluator Report

**June 5** - Second Stakeholder and Bidder Workshop

**June 16** - Comments on Draft RFP

Any questions for the PGE RFP team should be directed to [rfp@pgn.com](mailto:rfp@pgn.com)  
(cc: [frank.mossburg@bateswhite.com](mailto:frank.mossburg@bateswhite.com))