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

June 5, 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 June 5, 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.

Sincerely,

Erin Apperson
Assistant General Counsel III

EA/dm
Enclosure

Portland General Electric

2023 All-Source RFP Second Stakeholder and Bidder Workshop

Agenda

1 Energy vs. Capacity in RFP

- Capacity and energy need represent two distinct resource volumes
- No differences in how resources are scored, only in portfolio construction

2 Scoring process

- Indicative form contract redlines may be submitted as part of the bid process but will not be scored
- Transmission product and scoring
- Imputed debt adder based on ratings agency methodology
- Affiliate structure scoring approach

Capacity vs. Energy in the 2023 RFP

PGE

Capacity Action	Energy Action
Currently shows up at around 200 MW in 2026 per IRP, resources needed by 12/31/2025 to meet this need. May change (or be eliminated) based on contract renewals, bilateral transactions, acquisition of demand response, energy efficiency, etc. We will adjust for this in advance of final shortlist construction. 12/31/2025 COD in minimum requirements is intended for resources that would meet this need.	181 MWa annually forecasted through 2028 COD (~543 MWa total). Will also be impacted by additional acquisition on the system (contract renewal, bilateral transactions, demand response, energy efficiency) but timing around acquisition is more flexible. Non-emitting resources that bid but do not specify a COD by 12/31/2025 will be evaluated toward this need.

Portfolio construction illustration

No difference in bid scoring methodology, but the COD minimum requirement of 12/31/2025 will identify resources that can meet a forecasted 2026 capacity need. All other resources could help address an energy action tranche. PGE is amenable to additional COD flexibility for non-emitting resources that can meet this energy need and can consider COD as late as 12/31/2027 (which aligns with the IRP action plan window).

Approx. 181 MWa of non-emitting resources needed to address 2026 energy action.

Approx. 181 MWa of non-emitting resources needed to address 2027 energy action.

Approx. 181 MWa of non-emitting resources needed to address 2028 energy action.

2025 | 2026 | 2027 | 2028

12/31/2025 COD for resources that can meet 2026 capacity shortfall.

If a resource can meet this COD, it can be part of 2026 capacity portfolio. If not, it will be considered toward one of the three energy action tranches.

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Key takeaway: scoring methodology is identical for resources evaluated for capacity or energy need, but COD will determine which part of the portfolio the resource is considered for

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Commercial Performance Risk and Form Contracts

- In 2021 RFP, commercial performance risk served as ~10% of total non-price score. Bidders were required to submit redlines to assess alignment with PGE preferred risk profile.

- In 2023 RFP, bidders may submit redlines as part of their overall bid package. While redlines will not be scored, any additional information that may help PGE understand the offer would be helpful.

- PGE provided form contracts as part of Draft RFP filing on an information-only basis. PGE anticipates that bidder feedback to these contracts will be part of forthcoming negotiations.

- PGE has provided:
    - Renewable PPA Form Agreement (Appendix E)
    - Storage Capacity Form Agreement (Appendix F)
    - Asset Purchase Form Agreement (Appendix H)
    - Engineering, Procurement, and Construction Form Agreement (Appendix I)

2023 RFP transmission requirements and scoring

Minimum requirements

Projects must have eligible transmission service products for at least 80% of resource interconnection limit (100% for dispatchable)

PGE accepting three transmission product types:

- Long-term firm
- Long-term conditional firm bridge, number of hours, or
- Long-term conditional firm reassessment, number of hours.

*full requirements list found in Appendix N

Transmission Scoring

- When determining capacity contribution, the maximum resource output will be limited to the quantity of long-term firm rights (no less than 80% of interconnection limit).
- For the purposes of capacity contribution calculations on Conditional Firm Bridge, generation delivered by conditional firm bridge will be assumed have output curtailed for 50% of annual curtailment hours as identified and reserved for use by BPA.
- PGE will not attribute any capacity value to bids relying on conditional firm reassessment.

PGE's approach to transmission requirements and scoring designed to limit risk in an uncertain (and likely highly-constrained) transmission future.

Imputed Debt Adder

PGE

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 risk factor of 25% and a capacity payment 50% of the total PPA payment

Affiliate

- The affiliate can be used for either a Benchmark-sponsored or third-party bid(s) seeking to take advantage of the investment tax credit without IRS normalization requirements
- Any potential Benchmark-sponsored affiliate bid will be evaluated with all other benchmark bids and before third-party bids are opened to evaluation
- Any potential third-party affiliate bid will be evaluated with all other third-party bid evaluation
- All affiliate bids will be evaluated as a PPA within the 2023 RFP
- The affiliate is subject to customer protection conditions (as proposed in UI 489)

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Key takeaway: redlines of form contracts not required, transmission requirements the same as the 2021 RFP, imputed debt adder is for better comparability between bids, and affiliate allows for greater competition in the RFP

Next Steps

June 16 – Comments on Draft RFP

June 28 – PGE Reply Comments on Draft RFP

July 16 – Commission Workshop (if necessary)

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