

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: July 11, 2022

REGULAR CONSENT EFFECTIVE DATE _____ NA _____

DATE: July 3, 2023

TO: Public Utility Commission

FROM: Eric Shierman

THROUGH: JP Batmale and Sarah Hall **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. UM 1020)
Approval of request for proposals for Blue Sky program marketing and RECs, and Habitat Option funds administrator.

STAFF RECOMMENDATION:

Approve Pacific Power's two requests for proposals for Blue Sky program marketing, outreach, REC acquisition, and Habitat Option funds administrator.

DISCUSSION:

Issue

Whether the Oregon Public Utility Commission (Commission) should approve Pacific Power's (PacifiCorp or the Company) request for proposals (RFP) for Blue Sky program marketing, outreach, renewable energy credits (REC) acquisition, and Habitat Option funds administrator.

Applicable Rule or Law

ORS 757.603 requires the electric utilities to provide a portfolio of rate options to residential customers. The Commission regulates portfolio options so that the rates reflect the costs and risks of serving each option. OAR 860-038-0220(6) requires that the utility offering rate options "acquire the renewable supply resources necessary to provide the renewable energy resources product through a Commission-approved bidding process or other Commission-approved means."

Analysis

Background

PacifiCorp requests approval for requests for proposals for the Blue Sky Renewable Energy Program and for the Oregon Habitat Option. The Commission approved the most recent Pacific Power RFP for these services in 2018 with Order No. 18-183. In 2021, the Commission approved an extension of the existing contracts with Order No. 21-308.

PacifiCorp relies on these services to support Blue Sky program marketing, outreach, REC acquisition, and administration of the Habitat Option funds. After more than a year of significant inflation, prices for brokerage and wildlife management services are expected to have changed. Due to inflation the proposals received in response to its RFP may be substantially higher than in previous years.¹

Changes from the Prior RFP

Beyond minor changes in language, the text of these RFPs Pacific Power filed on May 17, 2023 follow the basic structure of the RFPs Pacific Power filed for approval on March 22, 2018. The Company has used the prior RFPs as a template. Staff finds no issues of concern.

Summary of the Blue Sky Retail Marketing Services, Outreach Services & Renewable Energy Certificates RFP

For a contract term from January 1, 2024, through December 31, 2027, Pacific Power seeks three kinds of services. Bidders may bid on one or any combination of these services:

1. Marketing services for the Usage and Habitat Blue Sky options offered in the Pacific Power Oregon service area;
2. Outreach services for the Usage and Habitat Blue Sky options offered in the Pacific Power Oregon service area; and
3. The REC supply to support the Usage and Habitat Blue Sky options offered in the Pacific Power Oregon service area.²

Pacific Power will first screen bids, and then the Company will evaluate them. Staff finds the Pacific Power has selected appropriate screening criteria, which includes a list of relevant areas of experience, such as knowledge of the local market and utility service area, experience with environmental claims, product marketing, and regulated

¹ Timiraos, Nick and Fairless, Tom. *Strong Growth Snarls Bid to Tame Inflation* Wall Street Journal, June 29, 2023, p A2.

² See Docket No. UM 1020, Pacific Power, Exhibit A, May 17, 2023, p 8.

industries. The successful bidder must also be capable of assigning multilingual staff, have experience with solicitation laws, telemarketing consumer protections, and quality assurance audits.

After screening, PacifiCorp will evaluate bids from qualified bidders based on the overall cost, resource mix, marketing and outreach plan, demonstrated marketing experience, and other evaluation criteria contained in the RFP. Staff finds the minimum and the evaluation criteria reasonable, the bidding process valid, and this RFP to be generally consistent with prior RFPs the Commission has already approved.

Summary of the Environmental Mitigation Funds Administrator for the Oregon Habitat Option RFP

For a contract term from January 1, 2024, through December 31, 2027, the Company seeks a wildlife management administrator. The minimum acceptance criteria for a bidder cover both relevant areas of experience and inquire into any existing projects a bidder might have. In all, PacifiCorp proposed eight minimum requirements for bidders. Staff finds these screening conditions for minimum bid requirements reasonable. In contrast to the marketing, outreach, and REC RFP, the wildlife management RFP then ranks the bidders who meet the minimum acceptance criteria according to an index score of zero to one hundred for the following evaluation criteria:

1. Project planning status and schedule – 15 percent
2. Selection process for how habitat funds are spent – 20 percent
3. Known projects – 5 percent
4. Funding leverage – 20 percent
5. Accounting and control procedures – 10 percent
6. Marketing and communications – 5 percent
7. Experience – 15 percent
8. Partnership – 5 percent
9. Permitting and monitoring – 5 percent.

Staff finds these evaluation criteria reasonable, the bidding process valid, and the RFP to be generally consistent with prior RFPs the Commission has already approved.

Conclusion

Staff concludes that Pacific Power's proposed bidding process for marketing, outreach, REC acquisition, and wildlife management services is reasonable.

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PROPOSED COMMISSION MOTION:

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