



LISA RACKNER  
Direct (503) 595-3925  
lisa@mrg-law.com

August 25, 2017

**VIA ELECTRONIC FILING**

Attention: Filing Center  
Public Utility Commission of Oregon  
201 High Street SE, Suite 100  
P.O. Box 1088  
Salem, Oregon 97308-1088

**Re: Docket UM 1892 – Portland General Electric Company Application for Waiver of the Competitive Bidding Guidelines.**

Dear Filing Center:

Attached for filing in the above-captioned docket is Portland General Electric Company's Application for Waiver of the Competitive Bidding Guidelines including Direct Testimony of Jay Tinker, Brett Greene and James Lindsay. Confidential copies will be sent via overnight delivery to the Commission.

Please contact this office with any questions.

Very truly yours,

Lisa Rackner

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1892**

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

Application for Waiver of the Competitive  
Bidding Guidelines.

**PGE'S APPLICATION FOR  
WAIVER OF THE COMPETITIVE  
BIDDING GUIDELINES**

1 Pursuant to Order No. 14-149, and the Commission's August 8, 2017  
2 acknowledgment of Portland General Electric Company's (PGE or Company) 2016  
3 Integrated Resource Plan (IRP), PGE respectfully requests that the Public Utility  
4 Commission of Oregon (Commission) waive the Request for Proposals (RFP)  
5 requirement in the Competitive Bidding Guidelines<sup>1</sup> (Guidelines) to allow the Company  
6 to engage in bilateral negotiations to procure medium-term capacity from owners of  
7 existing generating resources in the Pacific Northwest. This Application for Waiver of  
8 the Competitive Bidding Guidelines (Application) is supported by the testimony of PGE  
9 witnesses Jay Tinker, Brett Greene, and James Lindsay.

**I. INTRODUCTION**

10 On August 8, 2017, this Commission acknowledged PGE's 2016 IRP, as  
11 modified, and directed the Company to pursue bilateral negotiations to determine how  
12 much of its 561 MW capacity need could be filled with medium-term agreements with  
13 existing resources in the Pacific Northwest.<sup>2</sup> PGE originally had proposed to issue one or  
14

---

<sup>1</sup> *In the Matter of Public Utility Commission of Oregon, Investigation Regarding Competitive Bidding*,  
Docket No. UM 1182, Order No. 14-149, App'x A (Apr. 30, 2014).

<sup>2</sup> As of the date of this filing, the Commission's written order has not yet been issued.

1 more RFPs to fill its capacity need, and to acquire renewables. However, in response to  
2 concerns voiced by the Commission, Staff, and stakeholders, PGE reached out to owners  
3 of existing hydro and thermal resources in the Pacific Northwest to gauge their available  
4 capacity and interest in negotiating bilaterally for medium-term agreements. The result  
5 was that the Company identified a number of unique and compelling opportunities to  
6 acquire capacity through bilateral negotiations.<sup>3</sup>

7 PGE has since followed up with these resources by soliciting indicative offers,  
8 which it has subjected to a rigorous evaluation process. The Company carefully analyzed  
9 each indicative offer, using price and non-price scoring and portfolio analysis, consistent  
10 with the Competitive Bidding Guidelines. Applying this methodology, PGE has  
11 identified a final shortlist of the offers that performed best in its analyses and has selected  
12 the top-performing offers for which it now seeks to negotiate. If negotiations are  
13 successful, the Company hopes to finalize agreements for approximately 350 to 450 MW  
14 of capacity within three to six months of receiving Commission approval of the waiver.<sup>4</sup>  
15 PGE believes that adding this amount of capacity will address the Company's need in the  
16 medium term, after consideration of recently executed qualifying facility (QF) contracts,  
17 and in view of the Company's need to acquire battery storage resources, as well as its  
18 plan to acquire additional renewable resources.<sup>5</sup>

19 The Commission's Guidelines allow a utility to request a waiver of the RFP  
20 requirements on a case-by-case basis. There are four reasons why the Commission  
21 should grant PGE's request.

---

<sup>3</sup> As explained in more detail below, the Company plans to acquire the existing medium-term resources discussed in this filing through bilateral negotiations. At the current stage of the process, PGE has solicited offers, and engaged in only limited negotiations with some of the parties. Nevertheless, for ease of reference, the current solicitation process and the offers received to date will be referred to as "bilateral negotiations" and "bilaterally negotiated offers," respectively.

In addition, the offers discussed in this filing are indicative only. The terms and conditions would require significant negotiation before agreements could be finalized. However, for ease of reference, indicative offers will sometimes be referred to as "offers."

<sup>4</sup> PGE/200, Greene/2, 8-9.

<sup>5</sup> PGE/200, Greene/2.

- 1           • **First**, PGE believes that bilateral negotiations currently may be the best, and  
2           possibly the only method of acquiring capacity from existing resources in the  
3           Pacific Northwest, particularly hydro. Several of the resources for which the  
4           Company has received offers are time-limited, and the Company understands  
5           that the owners of hydro resources, in particular, would be reluctant to  
6           participate in a traditional RFP process. For this reason, if a waiver is not  
7           granted, PGE’s customers could lose out on these cost-effective resources.
- 8           • **Second**, the Commission, Staff, and stakeholders support PGE’s use of  
9           bilateral negotiations to acquire medium-term capacity from existing  
10          resources, and the Commission has specifically directed PGE to engage in  
11          bilateral negotiations and report back with the results.
- 12          • **Third**, the process by which PGE has and will continue to evaluate the offers  
13          is, to a great extent, comparable to the process specified by the Competitive  
14          Bidding Guidelines and is consistent with the policy goals behind the  
15          Guidelines. PGE has taken pains to ensure that the solicitation process is  
16          comprehensive and transparent, and that the scoring process is thorough,  
17          exact, and unbiased. Importantly, each of the resources on PGE’s shortlist  
18          scored higher—meaning that it exhibits lesser cost and risk—than a  
19          “reference point” high-efficiency gas plant. As a result, the Commission can  
20          be assured that, if PGE is able to complete negotiations and acquire  
21          resources on the shortlist, customers will benefit from least-cost resources  
22          and fair and reasonable rates.
- 23          • **And fourth**, an application of Staff’s proposed criteria for evaluating waiver  
24          requests demonstrates that PGE’s request is reasonable.

25          Finally, it is important to note that, in addition to qualifying for a waiver, PGE’s  
26          bilateral negotiation process qualifies for both exceptions to the RFP requirement in the  
27          Guidelines, because the resources for which PGE proposes to negotiate represent a time-

1 limited and unique opportunity for customers, and because the bilateral negotiations have  
2 been acknowledged by the Commission in the Company's IRP. For this reason, the  
3 Company *could* pursue bilateral negotiations without seeking a waiver. However, the  
4 Company believes it is preferable to make this Application, to provide the Commission,  
5 Staff, and stakeholders with comprehensive information regarding the bilateral  
6 negotiation and scoring processes, and to provide opportunities for feedback before any  
7 acquisitions are completed. Despite the time-limited character of the indicative offers  
8 received, the Company has determined that the limited delay caused by the waiver  
9 request likely will not compromise its ability to successfully negotiate capacity resource  
10 agreements.

11 For all of the above reasons, PGE's Application should be granted.

## 12 II. BACKGROUND

13 In its 2016 IRP, PGE identified a capacity need due to a variety of factors,  
14 including the planned cessation of coal-fired operations at Boardman at the end of 2020.<sup>6</sup>  
15 To address that need, the Company, through its IRP Action Plan, proposed to issue one or  
16 more RFPs to acquire the needed capacity; the Action Plan also included the possibility  
17 that it might enter short and/or mid-term contracts to maintain resource adequacy.<sup>7</sup>  
18 However, in the course of their review, the Commission, Staff, and stakeholders  
19 expressed concern regarding the impacts of future uncertainties on the acquisition of  
20 long-term resources, and urged PGE instead to explore opportunities to meet its need in  
21 the medium term through bilateral negotiations for existing resources, particularly hydro  
22 resources.<sup>8</sup> In response to the parties' concerns, PGE agreed to explore the availability of  
23 medium-term capacity from existing hydro resources, and expanded the scope of its

---

<sup>6</sup> PGE/100, Tinker /2-3.

<sup>7</sup> IRP Chapter 13.2 at p.343.

<sup>8</sup> PGE/100, Tinker/3.

1 outreach to include other types of existing capacity in the region, in order to ensure that it  
2 located the least-cost, least-risk, medium-term resources for its customers.<sup>9</sup>

3 To investigate the types of opportunities available, PGE contacted owners of  
4 existing capacity resources in the Pacific Northwest to determine whether they had  
5 available capacity and whether they would be willing to engage in bilateral  
6 negotiations.<sup>10</sup> This outreach revealed that, due to a variety of market circumstances,  
7 many owners of such resources were interested in negotiating with PGE, and that  
8 potentially compelling and unique opportunities were available for capacity volumes  
9 between 100 and 650 MW over terms of five to twenty years.<sup>11</sup> PGE also confirmed that,  
10 due to the specific nature of the resource and the seller entities, owners of existing hydro  
11 operations were reluctant to bid into a utility RFP—a fact which is borne out by PGE’s  
12 experience with past RFPs.<sup>12</sup> PGE’s outreach confirmed that bilateral negotiations could  
13 meet its needs and also provide access to hydro resources it otherwise might not be able  
14 to acquire.<sup>13</sup>

15 PGE engaged extensively with potential sellers to help them understand what  
16 PGE is seeking and to encourage them to refine and improve their offers.<sup>14</sup> The  
17 discussions began with an in-person meeting with each potential seller to discuss PGE’s  
18 ideal product and the seller’s specific needs.<sup>15</sup> PGE then sent the sellers draft term sheets  
19 containing PGE’s preferred agreement structures and terms, and also invited them to  
20 offer additional products that could fit PGE’s identified need.<sup>16</sup>

21 Potential counterparties responded with indicative offers, including ownership  
22 options and power purchase agreements in terms of five to twenty years, which varied in

---

<sup>9</sup> PGE/100, Tinker/3; PGE/200, Greene/4-5.

<sup>10</sup> PGE/200, Greene/3.

<sup>11</sup> PGE/200, Greene/3.

<sup>12</sup> PGE/200, Greene/4.

<sup>13</sup> PGE/200, Greene/4.

<sup>14</sup> PGE/200, Greene/5, 8.

<sup>15</sup> PGE/200, Greene/5.

<sup>16</sup> PGE/200, Greene/5-7; Confidential PGE/201.

1 detail and content.<sup>17</sup> After PGE’s subject-matter experts reviewed the offers, PGE  
2 provided potential counterparties with general feedback about how to improve their  
3 offered terms, and allowed the parties to refresh their offers.<sup>18</sup> During this process, most  
4 offers were improved in price and/or terms, one initial offer was withdrawn, and two new  
5 offers were received.<sup>19</sup> By the conclusion of this initial solicitation process, the  
6 Company had received 17 indicative offers from 7 separate parties, totaling  
7 approximately 2450 MW of capacity.<sup>20</sup>

8 PGE conducted a rigorous evaluation of the indicative offers received, which was  
9 designed to adhere as closely as possible—given the special circumstances of the bilateral  
10 negotiations—to the Competitive Bidding Guidelines.<sup>21</sup> PGE’s interdisciplinary scoring  
11 team thoroughly and objectively evaluated each offer using a methodology consistent  
12 with the provisions of Guideline 9.<sup>22</sup> First, consistent with Guideline 9a, the team  
13 calculated a price score for each offer, which accounted for the energy value and also the  
14 capacity and flexibility value of the offered product.<sup>23</sup> Inclusion of the capacity and  
15 flexibility values helped PGE to assess each offer accurately and distinguish between the  
16 diverse offers received.<sup>24</sup>

17 Next, the scoring team assigned a non-price score to each offer, which accounted  
18 for development and operational criteria, physical characteristics of the resource, power  
19 delivery assurances, and the potential counterparty’s financial stability.<sup>25</sup> The price and  
20 non-price scores were summed to yield each offer’s individual score.<sup>26</sup> As a point-of-

---

<sup>17</sup> PGE/200, Greene/8.

<sup>18</sup> PGE/200, Greene/8.

<sup>19</sup> PGE/200, Greene/8.

<sup>20</sup> PGE/200, Greene/8.

<sup>21</sup> PGE/300, Lindsay/2.

<sup>22</sup> PGE/300, Lindsay/3, 6.

<sup>23</sup> PGE/300, Lindsay/5-6.

<sup>24</sup> PGE/300, Lindsay/3-4.

<sup>25</sup> PGE/300, Lindsay/8-9.

<sup>26</sup> PGE/300, Lindsay/9.

1 reference, PGE also evaluated and scored in the same manner the expected costs and  
2 characteristics of a new, high-efficiency, natural-gas CCCT.<sup>27</sup>

3 Finally, consistent with Guideline 9b, PGE’s scoring team also conducted  
4 portfolio analysis to study how the size and term of the offers met PGE’s need and to  
5 determine the effect of the resources under consideration on overall system costs and  
6 risks.<sup>28</sup> The portfolio analysis evaluated 39 different combinations of offers under 27  
7 possible carbon-price, natural-gas-price, and hydro-conditions futures.<sup>29</sup> Gaps in a  
8 portfolio’s size or term were filled with the point-of-reference CCCT to normalize the  
9 portfolios for analysis.<sup>30</sup> PGE also ranked each portfolio according to risk metrics used  
10 in the 2016 IRP.<sup>31</sup> The lowest-cost and lowest-risk portfolios were considered top-  
11 performing.<sup>32</sup> Importantly, the offers with the best individual scores also appeared most  
12 often in the top portfolios thus confirming the individual score results.<sup>33</sup>

13 Based on its analysis, PGE has put together a final shortlist comprised of those  
14 offers that exceeded the performance of the point-of-reference gas plant.<sup>34</sup> The final  
15 shortlist encompasses approximately 1100 MW of cumulative capacity, or approximately  
16 three times the quantity PGE is seeking to obtain through bilateral negotiations, which  
17 ensures that PGE maintains leverage in its negotiations and is able to acquire sufficient  
18 resources, even if negotiations for some offers are unsuccessful.<sup>35</sup> PGE proposes to  
19 initially negotiate with the top-performing offers on the shortlist.<sup>36</sup>

20 At present, PGE has non-binding term sheets for each indicative offer on the final  
21 shortlist.<sup>37</sup> If the Commission grants this Application, then PGE will continue

---

<sup>27</sup> PGE/300, Lindsay/9.

<sup>28</sup> PGE/300, Lindsay/10.

<sup>29</sup> PGE/300, Lindsay/10-12.

<sup>30</sup> PGE/300, Lindsay/13.

<sup>31</sup> PGE/300, Lindsay/14.

<sup>32</sup> PGE/300, Lindsay/14.

<sup>33</sup> PGE/300, Lindsay/15.

<sup>34</sup> PGE/300, Lindsay/14; Confidential PGE/301, Tables 1 & 4.

<sup>35</sup> Confidential PGE/301, Table 4; PGE/300, Lindsay/15; PGE/200, Greene/9.

<sup>36</sup> PGE/200, Greene/9.

<sup>37</sup> PGE/200, Greene/8.



1 negotiations with the counterparties on the shortlist, with the goal of executing  
2 agreements within three to six months of receiving the waiver.<sup>38</sup> If the bilateral  
3 negotiations are unsuccessful, PGE would then update and seek guidance from the  
4 Commission.<sup>39</sup>

5 From the beginning of this process, PGE has kept the Commission and  
6 stakeholders informed about its efforts to explore available opportunities and its intent to  
7 pursue bilateral negotiations and seek a waiver, via comments in the IRP docket and  
8 meetings with Staff and stakeholders.<sup>40</sup> The Commission, Staff, and stakeholders have  
9 been supportive of PGE's approach.<sup>41</sup> And, at the August 8 Public Meeting regarding the  
10 IRP, the Commission directed PGE to complete bilateral negotiations to acquire capacity  
11 and to report back to the Commission regarding the outcome of those efforts.<sup>42</sup>

### 12 III. LEGAL STANDARD

13 The Commission first adopted the Competitive Bidding Guidelines for acquisition  
14 of major resources in 1991.<sup>43</sup> The Commission reaffirmed the Guidelines in 2006, in  
15 Order No. 06-446.<sup>44</sup> The goals of the Guidelines are to:

- 16 1. Provide the opportunity to minimize long-term energy costs, subject to  
17 economic, legal and institutional constraints;
- 18 2. Complement Oregon's integrated resource planning process;
- 19 3. Not unduly constrain utility management's prerogative to acquire new  
20 resources;
- 21 4. Be flexible, allowing the contracting parties to negotiate mutually beneficial  
22 exchange agreements; and

---

<sup>38</sup> PGE/200, Greene/8-9.

<sup>39</sup> PGE/200, Greene/9.

<sup>40</sup> PGE/100, Tinker/4-6.

<sup>41</sup> PGE/100, Tinker/5.

<sup>42</sup> PGE/100, Tinker/6.

<sup>43</sup> *In the Matter of an Investigation Regarding Competitive Bidding*, Docket No. UM 1182, Order No. 06-446 at 2 (Aug. 8, 2006).

<sup>44</sup> Order No. 06-446 at 2. The Commission also made slight modifications to the goals of the Guidelines.



1 limited exclusivity periods and could become unavailable if not pursued in a timely  
2 fashion.<sup>48</sup> PGE is not the only utility in the Pacific Northwest that will be losing a  
3 substantial amount of coal-fired generation capacity in the coming years, and there may  
4 be significant competition in the market for the resources PGE currently is seeking to  
5 acquire.<sup>49</sup> As a result, if PGE were to embark on a lengthy RFP process, its opportunity  
6 to acquire these resources could be lost.

7         Moreover, it is highly likely that bilateral negotiations may be the only method by  
8 which PGE can obtain the hydro resources on the shortlist. As discussed in the testimony  
9 of Brett Greene, several of the owners of these hydro resources have expressed reluctance  
10 to bid into a utility RFP.<sup>50</sup> Hydro resources often are subject to particular biological and  
11 fish management requirements that make it difficult for them to fit within a form contract  
12 in an RFP.<sup>51</sup> And hydro owners generally are consumer-owned utilities and/or  
13 government agencies that must demonstrate their sales achieve best value for their  
14 constituents; this is difficult to do when bidding into another utility's RFP where the  
15 value of the next best resource is not known.<sup>52</sup> Significantly, PGE's past RFPs confirm  
16 that limited participation from hydro resources can be expected.<sup>53</sup> Thus, if the Company  
17 is not able to move forward with its negotiations quickly or instead is required to issue an  
18 RFP to fill its capacity need, customers could lose the benefit of these unique and time-  
19 limited hydro resources.

20 **B. The Commission, Staff, and stakeholders support the bilateral negotiation**  
21 **process.**

22 PGE's plan to pursue existing capacity originally was proposed by the parties to  
23 the IRP docket.<sup>54</sup> In response, PGE publicly announced its intent to pursue bilateral

---

<sup>48</sup> PGE/200, Greene/8.

<sup>49</sup> See PGE/100, Tinker/2-3.

<sup>50</sup> PGE/200, Greene/4.

<sup>51</sup> PGE/200, Greene/4.

<sup>52</sup> PGE/200, Greene/4.

<sup>53</sup> PGE/200, Greene/4.

<sup>54</sup> PGE/100, Tinker/3.

1 negotiations on multiple occasions, including through its written comments and in  
2 remarks at the August 8 Public Meeting regarding its IRP.<sup>55</sup> The Commission and the  
3 parties have endorsed PGE's approach, and the Commission explicitly directed the  
4 Company to complete the negotiations and report back with the results.<sup>56</sup> In sum, a  
5 waiver is warranted because PGE has been clear about its intent to make this filing and  
6 pursue bilateral negotiations to fill its capacity need and has received the Commission's  
7 support for this approach. Indeed, granting PGE's Application would complement the  
8 Commission's handling of the Company's IRP, which is a goal of the Guidelines.<sup>57</sup>

9 **C. PGE's bilateral negotiation process is consistent with important aspects of**  
10 **the Competitive Bidding Guidelines, as well as their underlying policy**  
11 **objectives.**

12 A waiver is appropriate because the solicitation and scoring process undertaken  
13 by PGE is consistent with many of the Guidelines' requirements for an RFP, as well as  
14 the policy objectives underlying the Guidelines. As fully discussed in the testimony of  
15 James Lindsay, the Company has undertaken a rigorous evaluation of the indicative  
16 offers received.<sup>58</sup> PGE's scoring methodology is consistent with Guideline 9a's  
17 requirement to prepare an initial shortlist comparing each individual resource's costs,  
18 benefits, and risks on both a price and non-price basis.<sup>59</sup> It also comports with Guideline  
19 9b's requirement to evaluate short-listed bids using a portfolio analysis to test expected  
20 costs and risks.<sup>60</sup> PGE did not submit a benchmark resource, thereby mitigating the  
21 concerns addressed by Guidelines 3, 4, and 8.<sup>61</sup> Conversely, PGE did score a high-  
22 efficiency CCCT, to provide a point of reference, and determined that all of the offers on  
23 the final shortlist exceeded the reference point's score.<sup>62</sup>

---

<sup>55</sup> PGE/100, Tinker/4-6.

<sup>56</sup> PGE/100, Tinker/6.

<sup>57</sup> Order No. 06-446 at 2.

<sup>58</sup> PGE/300, Lindsay/5-14.

<sup>59</sup> PGE/300, Lindsay/3, 5-6.

<sup>60</sup> PGE/300, Lindsay/3, 5, 10.

<sup>61</sup> PGE/100, Tinker/10.

<sup>62</sup> PGE/300, Lindsay/9.

1           Although PGE did not use an Independent Evaluator in solicitation or scoring, the  
2 Company is providing all of the data and calculations underlying its scoring to Staff<sup>63</sup> so  
3 that they may thoroughly understand and independently review the Company's  
4 evaluation and results.<sup>64</sup> PGE's analysis largely adheres to the requirements of the  
5 Guidelines, and demonstrates that all offers on the final shortlist represent the least-cost,  
6 least-risk resources to meet PGE's acknowledged capacity need in the medium-term.<sup>65</sup>

7           Finally, PGE's bilateral negotiation process furthers the Guidelines' policy goal  
8 of flexibility, to allow parties to negotiate mutually beneficial agreements.<sup>66</sup> PGE made  
9 adjustments to its evaluation process and methodology due to the particular character of  
10 the medium-term offers and to address the need for a shorter timeline.<sup>67</sup> Given that  
11 PGE's evaluation substantially complies with the Guidelines, and that its actions further  
12 the Guidelines' goals, PGE's Application should be granted.

13 **D.   Application of Staff's evaluation criteria demonstrates that PGE's waiver**  
14 **request is reasonable.**

15           In Docket UM 1773, Staff proposed that the Commission use the following five  
16 criteria to evaluate the reasonableness of a waiver request:

- 17           1.     Is the justification of the need for the waiver warranted?
- 18           2.     Is an Independent Evaluator used in the process?
- 19           3.     Were stakeholders engaged throughout the process?
- 20           4.     Was fairness of the process preserved?
- 21           5.     As a whole, was the RFP process clear and transparent?<sup>68</sup>

---

<sup>63</sup> PGE will be filing a motion for entry of a modified protective order that limits disclosure of certain highly confidential information to parties other than Staff.

<sup>64</sup> PGE/100, Tinker/9; PGE/300, Lindsay/18.

<sup>65</sup> PGE/300, Lindsay/5-15.

<sup>66</sup> Order No. 06-446 at 2.

<sup>67</sup> PGE/300, Lindsay/15-18.

<sup>68</sup> *In the Matter of Portland General Electric Co. Petition for Partial Waiver of Competitive Bidding Guidelines and Approval of Request for Proposals (RFP) Schedule*, Docket No. UM 1773, Order No. 16-221, App'x A at 9-10 (June 8, 2016).

1 An analysis of PGE’s Application, in view of these criteria, demonstrates that a waiver is  
2 warranted.

3 **1. Criterion 1: Is the justification of the need for the waiver warranted?**

4 PGE has justified the need for a waiver. In UM 1773, Staff indicated that the  
5 Commission should grant a waiver only if the utility can demonstrate that the  
6 procurement is needed, which can be clearly established through an acknowledged IRP.<sup>69</sup>  
7 The resource need that is the subject of this solicitation process is identified in PGE’s  
8 2016 IRP and was acknowledged by the Commission, and the Commission also has  
9 directed and supported PGE’s proposed use of bilateral negotiations.<sup>70</sup> In addition, PGE  
10 has shown that, if a waiver is not granted, customers may lose out on the opportunity to  
11 acquire the cost-effective resources presented in the bilateral negotiations.

12 **2. Criterion 2: Is an Independent Evaluator used in the process?**

13 PGE is not using an Independent Evaluator to monitor the bilateral negotiation  
14 process, but believes that the process is transparent and fair nevertheless. The Guidelines  
15 rely on an Independent Evaluator to ensure that the process is unbiased, and accessible to  
16 all participants.<sup>71</sup> In this case, PGE is not issuing an RFP to the general market, and  
17 instead has reached out to the potential participants in a carefully defined market  
18 segment, with which it is very familiar.<sup>72</sup> In this way, the Company has been able to  
19 provide all parties with comprehensive information about negotiation and scoring  
20 processes to provide for transparency and confidence. In addition, as discussed above,  
21 the Company has subjected all offers to a robust evaluation process.<sup>73</sup> And finally, PGE  
22 will provide the parties with the relevant information needed to evaluate the offers and

---

<sup>69</sup> Order No. 16-221, App’x A at 9.

<sup>70</sup> PGE/100, Tinker/6-7.

<sup>71</sup> Order No. 14-149 App’x A at 4 (Guideline 10b-e).

<sup>72</sup> See PGE/200, Greene/5.

<sup>73</sup> PGE/300, Lindsay/5-14.

1 PGE’s scoring of the offers, to ensure fairness and accuracy.<sup>74</sup> For these reasons, it is  
2 appropriate for PGE to proceed without an Independent Evaluator.

3 **3. Criterion 3: Were stakeholders engaged throughout the process?**

4 Through PGE’s 2016 IRP process, stakeholders were heavily involved in  
5 recommending that PGE pursue bilateral negotiations, and PGE has continued to keep the  
6 Commission and parties updated as outreach and negotiations have evolved.<sup>75</sup> Most  
7 importantly, the testimony and exhibits included in this filing provide the Commission,  
8 Staff, and stakeholders with detailed information regarding the solicitation and scoring  
9 processes and the scoring results.

10 **4. Criterion 4: Was fairness of the process preserved?**

11 PGE has taken pains, throughout the process to ensure fairness—as demonstrated  
12 by application of the following criteria developed by Staff to determine whether a  
13 solicitation process is fair:

- 14 • Will the utility request that the Commission acknowledge the final shortlist of
- 15 RFP resources?
- 16 • Was the RFP open to diversity of ownership and contracting arrangements?
- 17 • Was the scoring process fair and transparent?
- 18 • Are non-price criteria based on clearly described characteristics?
- 19 • Was utility bias further limited by having no benchmark resource being
- 20 offered?
- 21 • Did the company communicate clearly with stakeholders regarding deadlines
- 22 and proposal requirements?
- 23 • Was the company clear about the products they are seeking?<sup>76</sup>

24 Here, PGE has submitted summaries of the indicative offers received, the scoring  
25 results, and the final shortlist for the Commission to review and has identified the  
26 preferred offers that it seeks to pursue for potential acquisition.<sup>77</sup> Additionally, PGE  
27 considered multiple ownership and contracting arrangements to ensure that fairness was

---

<sup>74</sup> Confidential PGE/202; Confidential PGE/301. *See supra* n.63.

<sup>75</sup> PGE/100, Tinker/3-6.

<sup>76</sup> Order No. 16-221, App’x A at 10.

<sup>77</sup> Confidential PGE/202; Confidential PGE/301.

1 achieved.<sup>78</sup> PGE was clear and thorough in its communications with potential  
2 counterparties regarding the products that were sought.<sup>79</sup>

3 Furthermore, PGE used a fair and transparent scoring process that is very similar  
4 to that which would be used in an RFP, and fairly and clearly indicated the treatment of  
5 non-price criteria used to evaluate competing resource options.<sup>80</sup> Finally, while PGE has  
6 long disputed the notion that presence of a benchmark resource leads to utility bias, PGE  
7 did not submit a benchmark resource into the solicitation process, thus mitigating any  
8 such concerns that parties may have.<sup>81</sup>

9 **5. Criterion 5: As a whole, was the RFP process clear and transparent?**

10 PGE's bilateral negotiations and evaluation process have been clear and  
11 transparent to participants and to the Commission, Staff, and stakeholders. PGE has been  
12 clear in its communications with potential counterparties regarding what the Company  
13 requires and the timelines for responses.<sup>82</sup> And PGE has met with Staff to keep them  
14 informed and has kept the parties to the IRP docket updated about its plans.<sup>83</sup> In  
15 addition, the Company fairly and transparently scored each of the offers that PGE  
16 received from potential counterparties to ensure that all responses were treated  
17 consistently, and the Company is providing the methodology and results of that scoring to  
18 the Commission, Staff, and stakeholders.<sup>84</sup>

19 In sum, the foregoing application of Staff's proposed criteria to PGE's bilateral  
20 negotiation process shows that PGE's request for a waiver is reasonable and should be  
21 granted.

---

<sup>78</sup> PGE/200, Greene/4-5.

<sup>79</sup> PGE/200, Greene/5-6, 8; Confidential PGE/201.

<sup>80</sup> PGE/300, Lindsay/2, 5-14.

<sup>81</sup> PGE/100, Tinker/10.

<sup>82</sup> PGE/200, Greene/5-6, 8.

<sup>83</sup> PGE/100, Tinker/6.

<sup>84</sup> PGE/300, Lindsay/5-14; Confidential PGE/301.



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12

**V. CONCLUSION**

This Application and the accompanying testimony and exhibits demonstrate that PGE's request for a waiver of the Guidelines is justified and reasonable, because the resources are time-limited, unique opportunities that may be available only through bilateral negotiations, and because the Commission has acknowledged PGE's capacity need and directed PGE to pursue bilateral negotiations to fill that need. Moreover, PGE's process was consistent with the goals of the Guidelines and with the Guidelines themselves. Therefore, PGE respectfully requests that the Commission grant PGE's waiver request within 120 days, as required by Guideline 2,<sup>85</sup> so that PGE may negotiate and execute agreements with the indicative offers on the shortlist to obtain medium-term resources to fill its capacity need.

DATED: August 25, 2017.

**MCDOWELL RACKNER GIBSON PC**



\_\_\_\_\_  
Lisa F. Rackner, OSB 873844  
Jordan R. Schoonover, OSB 145050  
419 SW 11th Avenue, Suite 400  
Portland, OR 97205  
Telephone: (503) 595-3922  
lisa@mrg-law.com

**PORTLAND GENERAL ELECTRIC COMPANY**

David F. White, OSB 011382  
Associate General Counsel  
121 SW Salmon Street, 1WTC1301  
Portland, Oregon 97204  
Telephone: (503) 464-7701  
david.white@pgn.com

Attorneys for Portland General Electric  
Company

---

<sup>85</sup> Order No. 14-149, App'x A at 2.

BEFORE THE PUBLIC UTILITY COMMISSION  
OF THE STATE OF OREGON

**UM 1892**

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

Application for Waiver of the Competitive  
Bidding Guidelines.

**DIRECT TESTIMONY OF JAY TINKER**  
**PORTLAND GENERAL ELECTRIC COMPANY**

**August 25, 2017**

## INTRODUCTION AND SUMMARY

1 **Q. Please state your name, business address, and position at Portland General**  
2 **Electric Company.**

3 A. My name is Jay Tinker. My business address is 121 SW Salmon Street, One  
4 World Trade Center, Mailstop 0303, Portland, OR 97204. My current position at  
5 Portland General Electric Company (PGE or Company) is Director of Rates and  
6 Regulatory Affairs.

7 **Q. What is the purpose of your testimony?**

8 A. My testimony is offered in support of PGE's Application to the Public Utility  
9 Commission of Oregon (Commission) in which it requests a waiver of the  
10 Commission's Competitive Bidding Guidelines<sup>1</sup> (Guidelines) to allow the  
11 Company to engage in bilateral negotiations to procure capacity from owners of  
12 existing generating resources in the Pacific Northwest to fill PGE's Commission-  
13 acknowledged capacity need with medium-term resources. My testimony  
14 describes the Company's 2016 Integrated Resource Plan (IRP) and explains how  
15 that plan, and the Commission's review and acknowledgment of the plan, have  
16 shaped PGE's efforts to acquire the additional capacity resources that will be used  
17 to meet, in the medium term, the capacity need identified in the IRP and  
18 acknowledged by the Commission. I also explain why the Company's use of  
19 bilateral negotiations,<sup>2</sup> instead of issuing a request for proposals (RFP), is  
20 reasonable under the circumstances and justifies a waiver of the Guidelines.

---

<sup>1</sup> *In the Matter of the Public Utility Commission of Oregon, Investigation Regarding Competitive Bidding*, Docket No. UM 1182, Order No. 14-149, App'x A (Apr. 30, 2014).

<sup>2</sup> As I will explain in more detail below, the Company plans to acquire the existing medium-term resources discussed in this filing through bilateral negotiations. At the current stage of the process, PGE has solicited offers, and engaged in only limited negotiations with some of the parties. Nevertheless, for ease of reference, I will refer to the current solicitation process, and the offers received to date, as "bilateral negotiations" and "bilaterally negotiated offers," respectively.

In addition, the offers discussed in my testimony are indicative only. The terms and conditions would require significant negotiation before agreements could be finalized. However, for ease of reference I will sometimes refer to the indicative offers as "offers."

1 **Q. Please summarize your testimony.**

2 A. In an effort to meet its capacity need with medium-term resources, PGE has  
3 obtained indicative offers from owners of existing hydro and thermal resources in  
4 the Pacific Northwest and now seeks a waiver of the Guidelines to pursue  
5 bilateral negotiations and execute definitive agreements. PGE's capacity need  
6 was acknowledged by the Commission in PGE's 2016 IRP, and the decision to  
7 use bilateral negotiations to fill some or all of that need is directly responsive to  
8 direction provided by the Commission, which was supported by Staff and  
9 stakeholders. PGE has employed a solicitation and scoring process that is  
10 reasonable, transparent, and fair, and for the reasons discussed below, justifies a  
11 waiver of the RFP requirement in the Guidelines.

12 **Q. Are there any other witnesses supporting the Company's Application?**

13 A. Yes. Mr. Brett Greene's testimony describes PGE's outreach to potential  
14 counterparties and the bilateral negotiation process, and Mr. James Lindsay's  
15 testimony describes the scoring methodology that the Company used to evaluate  
16 the bilaterally negotiated offers received to date and the results of the Company's  
17 evaluation.

#### **PGE'S 2016 IRP**

18 **Q. Why is PGE pursuing additional capacity resources?**

19 A. PGE is pursuing additional capacity resources to respond to a need identified in  
20 its 2016 IRP and acknowledged by the Commission at its Public Meeting on  
21 August 8, 2017. Much of the capacity deficit to be filled is due to the scheduled  
22 end of coal-fired operations at the Boardman plant, which is planned for the end  
23 of 2020. Other factors contributing to the need include expiring long-term power  
24 purchase agreements and projected load growth.

25 **Q. Did PGE's Action Plan in the 2016 IRP include the acquisition of additional**  
26 **capacity resources?**

1 A. Yes. The Action Plan anticipated that PGE would issue one or more RFPs to  
2 acquire long-term resources, and also might enter short and/or mid-term power  
3 purchase agreements (PPAs) to maintain resource adequacy.<sup>3</sup>

4 **Q. Why is PGE pursuing medium-term agreements through bilateral**  
5 **negotiations instead of issuing RFPs, as contemplated in the Action Plan?**

6 A. During review of the IRP, the parties and the Commission expressed concern over  
7 future uncertainties, and raised questions regarding how those uncertainties might  
8 impact the acquisition of long-term resources. Given these concerns and  
9 questions, the parties and the Commission suggested that PGE explore how much  
10 of its capacity need could be filled over the medium term with existing resources,  
11 particularly hydro. In the interest of being responsive and moving forward with  
12 the IRP process, PGE agreed to explore the availability of existing capacity  
13 resources in the region. When PGE conducted its outreach, it found that, due to a  
14 variety of market circumstances, there were potentially compelling and unique  
15 opportunities available.

16 **Q. How did PGE determine whether medium-term capacity opportunities might**  
17 **be available?**

18 A. PGE contacted owners of existing capacity resources in the Pacific Northwest to  
19 determine whether they had available capacity starting in 2021 and whether they  
20 would be willing to engage in bilateral negotiations to reach an agreement to  
21 provide capacity to PGE. This market outreach confirmed that there is available  
22 capacity in the region that could be acquired to meet PGE's capacity need, in the  
23 medium-term. Mr. Greene's testimony provides additional detail about PGE's  
24 outreach to owners of existing resources.

---

<sup>3</sup> IRP Chapter 13.2 at p.343.

1 PGE's efforts confirmed that all but one potential seller of hydro capacity  
2 would be willing to engage in bilateral negotiations. These discussions also  
3 confirmed that the same sellers would be hesitant to bid into a utility RFP,  
4 primarily due to the unique nature of the resources and the seller entities  
5 (generally consumer-owned utilities and/or government agencies), and their need  
6 to demonstrate that any sale achieves the best value for their constituents.  
7 Importantly, this reluctance on the part of hydro sellers is consistent with PGE's  
8 prior RFP history.

9 **Q. Did PGE inform parties to the IRP of its intent to pursue bilateral**  
10 **negotiations?**

11 A. Yes, through its Reply Comments in the IRP, filed on March 31, 2017, PGE  
12 indicated its intent to pursue bilateral discussions to determine the feasibility of  
13 developing executable agreements to meet PGE's capacity need with medium-  
14 term resources.<sup>4</sup> PGE's IRP comments further indicated that, if it was successful,  
15 PGE would attempt to negotiate one or more transactions with owners of existing  
16 capacity resources in the region. By entering into agreements with owners of  
17 existing resources to meet the Commission-acknowledged capacity need in the  
18 medium-term, PGE will have the opportunity to analyze the least-cost, least-risk  
19 approach to meeting its long-term capacity need again in its next IRP.

20 In addition, because any transactions resulting from the bilateral  
21 negotiations would occur outside of an RFP process, PGE informed the  
22 Commission, Staff, and stakeholders that it will submit the final shortlist to the  
23 Commission for review along with a request for waiver of the Competitive  
24 Bidding Guidelines.

---

<sup>4</sup> PGE's Reply Comments at 11-12 (March 31, 2017).

1 **Q. Were the parties to the 2016 IRP supportive of the Company's decision to**  
2 **pursue bilateral negotiations?**

3 A. Yes. For example, Staff commented:

4 PGE's recent actions to engage in bilateral negotiations with  
5 existing dispatchable generators for new capacity in 2021 are a  
6 welcome development. Staff appreciates PGE's responsiveness to  
7 feedback from Commissioners and stakeholders on this issue.  
8 PGE's outreach and subsequent bilateral negotiations have  
9 uncovered potential sellers of existing dispatchable capacity that  
10 could be in excess of PGE's outstanding, annual capacity needs.<sup>5</sup>

11 Like Staff, the Citizens' Utility Board of Oregon (CUB) also was encouraged that  
12 PGE "determined that there is available capacity in the Pacific Northwest from  
13 owners of existing dispatchable generation to meet PGE's capacity needs."<sup>6</sup> CUB  
14 continued, stating that it "looks forward to learning what progress the Company is  
15 able to achieve in its bilateral discussions."<sup>7</sup> Renewable Northwest also  
16 supported the bilateral negotiations,<sup>8</sup> and the Oregon Department of Energy and  
17 the NW Energy Coalition supported PGE's pursuit of existing hydro resources.<sup>9</sup>

18 **Q. Did PGE continue to update the Commission and parties to the 2016 IRP on**  
19 **its progress?**

20 A. Yes. In its Final Reply Comments, filed with the Commission on June 23, 2017,  
21 PGE confirmed that it is pursuing bilateral agreements and attempting to negotiate  
22 term sheets with potential counterparties, consistent with Commission, Staff, and  
23 stakeholder recommendations.<sup>10</sup> PGE's comments also confirmed that it would  
24 apply for a waiver of the Guidelines so that it can complete the transactions

---

<sup>5</sup> Staff's Final Comments at 17 (May 12, 2017).

<sup>6</sup> CUB's Final Comments at 1-2 (May 12, 2017).

<sup>7</sup> CUB's Final Comments at 1-2 (May 12, 2017).

<sup>8</sup> Final Comments of Renewable Northwest at 14 (May 12, 2017).

<sup>9</sup> Final Comments of the Oregon Department of Energy at 7 (May 12, 2017); Final Comments of the NW Energy Coalition at 1 (May 12, 2017).

<sup>10</sup> PGE's Final Reply Comments at 27-28 (June 23, 2017).

1 outside of an RFP.<sup>11</sup> In addition, during the weeks of July 3 and July 10, PGE  
2 met with the Commission to provide an update on the status of its bilateral  
3 negotiations.

4 More recently, the Company filed a response to the Staff Report issued on  
5 the IRP, in which PGE confirmed its intent to procure capacity through bilateral  
6 negotiations.<sup>12</sup> PGE reiterated this plan in its remarks to the Commission at the  
7 August 8 Public Meeting regarding the IRP.

8 **Q. Has the Commission acknowledged PGE's plans to pursue bilateral**  
9 **negotiations?**

10 A. Yes. At the August 8 Public Meeting, the Commission directed PGE to complete  
11 bilateral negotiations to acquire capacity and to report back to the Commission  
12 regarding the outcome of those efforts.

#### REQUEST FOR WAIVER

##### 13 *Basis for Waiver Request*

14 **Q. What is the basis for PGE's request for waiver of the Guidelines?**

15 A. PGE is requesting a waiver of the Competitive Bidding Guidelines, as allowed on  
16 a case-by-case basis. PGE is filing for a waiver for several reasons: *First*, PGE  
17 believes that bilateral negotiations currently may be the best, and possibly only,  
18 method of acquiring capacity from existing resources in the Pacific Northwest,  
19 particularly hydro. As discussed in Mr. Greene's testimony, many of the  
20 indicative offers are not exclusive and others contain only limited exclusivity  
21 periods.<sup>13</sup> If PGE does not act expeditiously—something that is just not possible  
22 under the RFP process prescribed in the Guidelines—customers may lose out on  
23 an opportunity to obtain cost-effective medium-term capacity. Moreover, PGE  
24 believes that the owners of the hydro resources we are seeking to procure would

---

<sup>11</sup> PGE's Final Reply Comments at 28 (June 23, 2017).

<sup>12</sup> PGE's Response to Staff's Report at 3 (August 4, 2017).

<sup>13</sup> PGE/200, Greene/8.



1 be reluctant to participate in any RFP process, regardless of the timelines  
2 involved. Therefore, PGE's customers could lose the benefits of these resources  
3 unless we act through bilateral negotiations. **Second**, in the course of reviewing  
4 PGE's 2016 IRP, the Commission has acknowledged and directed PGE's plan to  
5 seek to acquire capacity from existing resources through bilateral negotiations.  
6 **Third**, as discussed in the Application, a waiver is appropriate because PGE's  
7 solicitation and scoring processes are consistent with significant aspects of the  
8 Guidelines, and further the Guidelines' policy goals. **And fourth**, as discussed  
9 below, an application of Staff's evaluation criteria for waivers of the Guidelines  
10 demonstrates that a waiver should be granted.

11 **Q. Under Commission precedent there is an exception for the need to follow the**  
12 **Competitive Bidding Guidelines when the utility identifies a time-limited**  
13 **opportunity of unique value, or when an acknowledged IRP provides for an**  
14 **alternative acquisition method. Given this precedent, why are you filing for**  
15 **a waiver?**

16 A. It is accurate that the Guidelines provide an exception to the need to follow the  
17 Guidelines under these circumstances.<sup>14</sup> PGE's Application satisfies both of  
18 these conditions, and therefore, PGE **could** pursue the bilateral negotiations first,  
19 and then simply file a report with the Commission 30 days after the resource  
20 acquisition.<sup>15</sup> However, PGE believes it is important to request the waiver  
21 nevertheless given the unique circumstances.

22 **Q. Please explain.**

23 A. As a threshold matter, while the opportunities we are pursuing are time-limited,  
24 PGE does not believe that they will be compromised by the relatively short delay  
25 caused by a waiver filing. And importantly, through the waiver request docket,

---

<sup>14</sup> Order No. 14-149, App'x A at 1 (Guideline 2).

<sup>15</sup> *See id.*

1 we hope to provide the Commission, Staff, and stakeholders with comprehensive  
2 information regarding our bilateral negotiation and scoring process, for the sake  
3 of transparency and to provide opportunities for feedback.

4 **Application of Waiver Criteria**

5 **Q. Has Staff proposed criteria to apply when evaluating the reasonableness of a**  
6 **request for waiver of the Guidelines?**

7 A. Yes. In Docket UM 1773 Staff proposed the following five criteria that the  
8 Commission should use to evaluate a waiver request:

- 9 1. Is the justification of the need for the waiver warranted?
- 10 2. Is an Independent Evaluator used in the process?
- 11 3. Were stakeholders engaged throughout the process?
- 12 4. Was fairness of the process preserved?
- 13 5. As a whole, was the RFP process clear and transparent?<sup>16</sup>

14 PGE believes this is a helpful framework for considering waiver requests; as I  
15 will explain below, an evaluation of our Application in view of the criteria  
16 demonstrates that a waiver is warranted.

17 **Q. Criterion 1: Has PGE justified the need for the waiver?**

18 A. PGE has justified the need for a waiver. In UM 1773, Staff indicated that the  
19 Commission should grant a waiver only if the utility can demonstrate that the  
20 procurement is needed, which can be clearly established through an  
21 acknowledged IRP.<sup>17</sup> As I discussed above, the resources that are the subject of  
22 this solicitation process are identified in PGE's 2016 IRP, as is the proposed use  
23 of bilateral negotiations, and the Commission has acknowledged PGE's capacity  
24 need.

---

<sup>16</sup> *In the Matter of Portland General Electric Co. Petition for Partial Waiver of Competitive Bidding Guidelines and Approval of Request for Proposals (RFP) Schedule*, Docket No. UM 1773, Order No. 16-221, App'x A at 9-10 (June 8, 2016).

<sup>17</sup> Order No. 16-221, App'x A at 9.

1 **Q. Criterion 2: Does the Company intend to utilize an Independent Evaluator to**  
2 **monitor its solicitation process?**

3 A. PGE is not using an Independent Evaluator to monitor the bilateral negotiation  
4 process, for several reasons. The Guidelines rely on an Independent Evaluator to  
5 ensure that the process is fair for all involved. In this case, PGE is not issuing an  
6 RFP to the general market and has conducted a robust evaluation process, as  
7 described in Mr. Lindsay's testimony. In addition, through this filing, PGE will  
8 provide comprehensive information about negotiation and scoring processes to  
9 provide for transparency and confidence. And finally, to ensure fairness and  
10 accuracy, PGE will provide the Commission, Staff, and stakeholders with the  
11 relevant information needed to evaluate the offers and PGE's scoring of the  
12 offers.<sup>18</sup> For these reasons, it is appropriate for PGE to proceed without an  
13 Independent Evaluator.

14 **Q. Criterion 3: Have stakeholders been engaged throughout the process?**

15 A. Through PGE's 2016 IRP process, stakeholders were heavily involved in  
16 recommending that PGE pursue bilateral negotiations, and we have kept the  
17 Commission and parties updated as outreach and negotiations have evolved.  
18 Most importantly, the testimony and exhibits included in this filing provide the  
19 Commission, Staff, and stakeholders with detailed information regarding the  
20 solicitation and scoring processes and the scoring results.

21 **Q. Criterion 4: Was fairness of the bilateral negotiation process preserved?**

22 A. PGE has taken pains, throughout the process to ensure fairness—as demonstrated  
23 by an application of the following criteria developed by Staff to determine  
24 whether a solicitation process is fair:

- 25 • Will the utility request that the Commission acknowledge the final shortlist of  
26 RFP resources?

---

<sup>18</sup> PGE will be filing a motion for entry of a modified protective order that limits disclosure of certain highly confidential information to parties other than Staff.

- 1 • Was the RFP open to diversity of ownership and contracting arrangements?
- 2 • Was the scoring process fair and transparent?
- 3 • Are non-price criteria based on clearly described characteristics?
- 4 • Was utility bias further limited by having no benchmark resource being
- 5 offered?
- 6 • Did the company communicate clearly with stakeholders regarding deadlines
- 7 and proposal requirements?
- 8 • Was the company clear about the products they are seeking?<sup>19</sup>

9 Here, PGE has submitted the final shortlist for the Commission to review  
10 and has identified the top-performing offers with which it intends to negotiate  
11 initially. Additionally, as described by Mr. Greene, PGE considered multiple  
12 ownership and contracting arrangements, to ensure that fairness was achieved.<sup>20</sup>  
13 PGE was clear in its communications with potential counterparties regarding the  
14 products that were sought.

15 As Mr. Lindsay describes in his testimony, PGE used a fair and  
16 transparent scoring process that is very similar to that which would be used in an  
17 RFP, and which fairly and clearly indicated the treatment of non-price criteria  
18 used to evaluate competing resource options.<sup>21</sup> Finally, while PGE has long  
19 disputed the notion that presence of a benchmark resource leads to utility bias,  
20 PGE did not submit a benchmark resource into the solicitation process, thus  
21 mitigating any such concerns that parties may have.

22 **Q. Criterion 5: As a whole, is the Company's bilateral negotiation process clear**  
23 **and transparent?**

24 A. Yes. As described by Mr. Greene, PGE has been clear in its communications  
25 with potential counterparties regarding what the Company requires and the  
26 timelines for responses.<sup>22</sup> And as I described previously, PGE has met with Staff  
27 to keep them informed, and has kept the parties to the IRP docket updated about

---

<sup>19</sup> Order No. 16-221, App'x A at 10.

<sup>20</sup> PGE/200, Greene/4-5.

<sup>21</sup> PGE/300, Lindsay/2, 5-14.

<sup>22</sup> PGE/200, Greene/5-6, 8.

1 its plans. In addition, Mr. Lindsay's testimony describes how the Company fairly  
2 and transparently scored each of the offers that PGE received from potential  
3 counterparties to ensure that all responses were treated consistently.<sup>23</sup>

#### NEXT STEPS

4 **Q. If PGE's request for a waiver of the Guidelines is approved, when will the**  
5 **agreements be finalized?**

6 A. Should the Commission grant PGE's requested waiver of the Guidelines, PGE  
7 would then, over the next three to six months, work to negotiate and execute  
8 definitive agreements with counterparties on the final shortlist.

9 **Q. After the bilateral negotiations are complete, will PGE update the**  
10 **Commission about the results?**

11 A. Yes, consistent with the Commission's direction from the August 8 Public  
12 Meeting, after PGE has engaged in further negotiations with the counterparties on  
13 the final shortlist, PGE will provide the Commission with an update. Given that  
14 the indicative offers on the shortlist constitute nearly three times the Company's  
15 capacity need, we are optimistic that we will be able to materially fill that need in  
16 the medium-term through bilateral negotiations. However, if we are unable to  
17 materially fill our need through this process, we will work with the Commission  
18 to determine whether to fill any remaining material capacity deficit in another  
19 way, such as through the traditional RFP procurement process.

#### QUALIFICATIONS

20 **Q. Please summarize your educational background and business experience.**

21 A. I received a Bachelor of Science degree in Finance and Economics from Portland  
22 State University in 1993 and a Master of Science degree in Economics from  
23 Portland State University in 1995. In 1999, I obtained the Chartered Financial

---

<sup>23</sup> PGE/300, Lindsay/5-14.

1 Analyst (CFA) designation. I have worked in the Rates and Regulatory Affairs  
2 department at PGE since 1996.

3 **Q. Does this conclude your direct testimony?**

4 A. Yes.

BEFORE THE PUBLIC UTILITY COMMISSION  
OF THE STATE OF OREGON

**UM 1892**

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

Application for Waiver of the Competitive  
Bidding Guidelines.

**DIRECT TESTIMONY OF BRETT GREENE**

**PORTLAND GENERAL ELECTRIC COMPANY**

**August 25, 2017**

## INTRODUCTION AND SUMMARY

1 **Q. Please state your name, business address, and position at Portland General**  
2 **Electric Company.**

3 A. My name is Brett Greene. My business address is 121 SW Salmon Street, 3 World  
4 Trade Center, Mailstop 0306, Portland, OR 97204. My current position at  
5 Portland General Electric Company (PGE or Company) is Director of Structuring,  
6 Origination & Strategic Analytics.

7 **Q. What is the purpose of your testimony?**

8 A. My testimony supports PGE's Application to the Public Utility Commission of  
9 Oregon (Commission) for a waiver of the Commission's Competitive Bidding  
10 Guidelines (Guidelines).<sup>1</sup> My testimony describes PGE's bilateral negotiation<sup>2</sup>  
11 process for existing medium-term capacity resources to meet the acknowledged  
12 capacity need identified in its 2016 Integrated Resource Plan (IRP).

13 **Q. Please summarize your testimony.**

14 A. To address its Commission-acknowledged capacity need with medium-term  
15 resources, PGE commenced a bilateral negotiation process, in which the contracts  
16 team identified potential capacity acquisitions in the region and obtained offers  
17 for a variety of capacity products. PGE solicited offers from potential  
18 counterparties by first holding an in-person meeting with each counterparty to  
19 discuss the proposed process and to share potential goals and objectives, and then

---

<sup>1</sup> *In the Matter of the Public Utility Commission of Oregon, Investigation Regarding Competitive Bidding*, Docket No. UM 1182, Order No. 14-149, App'x A (Apr. 30, 2014).

<sup>2</sup> As I will explain in more detail below, the Company plans to acquire the existing medium-term resources discussed in this filing through bilateral negotiations. At the current stage of the process, PGE has solicited offers, and engaged in only limited negotiations with some of the parties. Nevertheless, for ease of reference, I will refer to the current solicitation process, and the offers received to date, as "bilateral negotiations" and "bilaterally negotiated offers," respectively.

In addition, the offers discussed in my testimony are indicative only. The terms and conditions would require significant negotiation before agreements could be finalized. However, for ease of reference I will sometimes refer to the indicative offers as "offers."



1 sending out term sheets with PGE’s preferred structures and terms. After  
2 receiving a first round of responses, we worked with the potential counterparties  
3 to refine, improve, and supplement the offers to ensure PGE received the most  
4 competitive offers. PGE now seeks a waiver of the Guidelines so that it may  
5 negotiate one or more transactions to acquire capacity from existing resources in  
6 the region to meet its capacity need.

### BACKGROUND

7 **Q. What is the capacity need that is driving PGE’s acquisition of additional**  
8 **resources?**

9 A. The Company has a long-term capacity need for 561 MW (240 MW of which  
10 must be dispatchable) by 2021, as reflected in PGE’s most recent 2016 IRP Reply  
11 Comments and acknowledged by the Commission at its August 8, 2017 Public  
12 Meeting. As explained by PGE witness Jay Tinker in his testimony, this need is  
13 primarily due to the scheduled end of coal-fired operations at the Boardman plant  
14 at the end of 2020.<sup>3</sup> The Company intends to meet a significant portion of this  
15 acknowledged capacity need with medium-term resources through bilateral  
16 negotiations with counterparties owning existing resources in the Pacific  
17 Northwest—a strategy that is responsive to direction provided by the Commission  
18 and the encouragement from Staff and stakeholders in PGE’s 2016 IRP docket.  
19 To account for recently executed qualifying facility (QF) contracts, and in view of  
20 the Company’s need to acquire battery storage resources, as well as its plan to  
21 acquire additional renewable resources, PGE now seeks to acquire approximately  
22 350 to 450 MW of capacity through the bilateral negotiation process.

23 **Q. What types of resources is PGE seeking in its bilateral negotiations?**

---

<sup>3</sup> See PGE/100, Tinker/2.

1 A. During the Company's 2016 IRP process, the Commissioners, Staff, and other  
2 stakeholders encouraged PGE to explore, outside of an RFP, whether there were  
3 any opportunities to acquire medium-term capacity in the marketplace to meet its  
4 capacity need from existing resources, in particular existing hydro resources.  
5 Based on that direction and encouragement, PGE agreed to explore any  
6 compelling opportunities to acquire existing capacity, particularly while market  
7 prices are historically low and regional market dynamics are favorable, due in part  
8 to the creation of the CAISO Western Energy Imbalance Market (EIM), low  
9 natural gas prices, and rapid adoption of solar technology in California. Thus,  
10 PGE began contacting the owners of existing capacity resources in the Pacific  
11 Northwest to discuss whether they had available capacity—backed by a physical  
12 resource—starting in 2021 and, if so, whether they would be willing to engage in  
13 bilateral negotiations with PGE.

14 **Q. Did discussions with the owners of these existing resources confirm to PGE**  
15 **that there was capacity available for purchase?**

16 A. Yes. These conversations confirmed that there is available capacity in the region  
17 that might meet the Company's Commission-acknowledged capacity need with  
18 medium-term resources. Specifically, PGE's market outreach revealed that,  
19 generally, volumes between 100 and 650 MW are available from each seller  
20 beginning in 2021, and in some cases as soon as 2019. Potential capacity  
21 purchase durations vary by seller, and include power purchase agreement (PPA)  
22 and ownership options, but generally are available for five to twenty years. Thus,  
23 PGE's initial outreach indicated that there was sufficient available capacity,  
24 subject to successful negotiation of acceptable terms, to meet its Commission-  
25 acknowledged capacity need with medium-term resources.

26 **Q. Did you determine that hydro sellers are willing to engage with PGE**  
27 **bilaterally?**

1 A. Yes. Via the stated outreach efforts to regional hydro operators, we determined  
2 that most significant operators were willing to engage bilaterally to some extent—  
3 probably due to the recent increases in hydro capacity available for purchase  
4 resulting from the previously discussed changing market dynamics, including near  
5 record low gas prices, growth of the EIM, and the adoption of significant solar  
6 generation.

7 **Q. Did any of the potential sellers express a preference for engaging in bilateral**  
8 **negotiations as opposed to participating in an RFP?**

9 A. Yes. As I mentioned, the owners of hydro resources generally were willing to  
10 engage in bilateral negotiations. At the same time, they expressed reluctance to  
11 bid into a utility RFP for two reasons. First, the hydro owners explained that their  
12 resources experience unpredictable fuel levels and often are subject to a suite of  
13 biological and fish management requirements, which means that they do not  
14 always fit well within a form contract that defines what the utility is seeking to  
15 buy.

16 Second, the hydro owners generally are consumer-owned utilities and/or  
17 government agencies that seek to demonstrate that any sale they make achieves  
18 the best value for their constituents. This is difficult to prove when bidding into  
19 another utility's RFP because the value of the next best resource is not known to  
20 the selected party.

21 **Q. Is it likely that potential sellers of hydro capacity would participate in an**  
22 **RFP?**

23 A. Given their expressed concerns about the RFP process, it appears unlikely. This  
24 conclusion is consistent with the Company's prior RFPs, which have seen  
25 extremely limited participation by existing hydro resources. For this reason, we  
26 determined to move forward with our decision to solicit indicative offers for  
27 medium-term capacity resources.

1 **Q. Did PGE reach out to hydro resources only?**

2 A. No. Although some parties to the IRP had encouraged PGE to look only at hydro  
3 resources, the Company believes that looking at only one resource type to meet its  
4 stated capacity need may reduce the opportunity to obtain the least-cost, least-risk  
5 resources for its customers. Existing regional thermal projects also provide  
6 potential solutions to PGE's capacity shortfall and support long-term regional  
7 reliability without increasing the regional greenhouse gas footprint. Therefore, to  
8 increase diversity and competition on behalf of customers, the Company  
9 broadened the scope of its search to evaluate both hydro and other sources of  
10 existing capacity.

#### INITIAL OUTREACH

11 **Q. How did PGE decide who to contact about potential bilateral negotiations?**

12 A. PGE reached out to the owners of existing hydro and thermal resources located in  
13 the Pacific Northwest that PGE had reason to believe had available capacity for  
14 sale that might meet the Company's capacity need.

15 **Q. How did PGE engage with the potential sellers?**

16 A. PGE initially conducted exploratory conversations with potential sellers. We met  
17 in-person with all potential counterparties to discuss the characteristics of PGE's  
18 ideal product, the counterparty's specific needs, and the regulatory process. For  
19 those sellers that indicated possible interest and available capacity, PGE personnel  
20 began to discuss potential contract structures and terms.

#### FORMAT AND TERMS OF INDICATIVE OFFERS

21 **Q. Did PGE provide the counterparties with draft term sheets?**

22 A. Yes. PGE sent term sheets to every resource with whom PGE had communicated  
23 and who had expressed interest in negotiating. To ensure that PGE analyzed as  
24 many options as possible, we explored several agreement structures, including

1 PGE ownership and non-ownership options. PGE provided each counterparty  
2 with proposed term sheets that outlined terms and conditions for agreement  
3 structures that could best meet the characteristics identified in the 2016 IRP. PGE  
4 requested that each party respond by redlining the term sheets to reflect the  
5 party's indicative offer, and also encouraged the counterparties to identify other  
6 structures, not noted on the term sheet, that could meet the characteristics of  
7 PGE's identified 2016 IRP need. The five terms sheets that PGE provided to  
8 counterparties are attached as Confidential Exhibit 201.

9 **Q. Please describe the draft term sheets provided to hydro resources.**

10 A. PGE provided two term sheets to each hydro resource: a "Capacity Exchange  
11 Term Sheet" and a "Capacity and Firm Energy Term Sheet."

12 **Q. Please summarize the Capacity Exchange Term Sheet.**

13 A. Under this term sheet, PGE would receive a capacity product consisting of firm  
14 capacity, firm energy, and return energy associated with a hydro resource for a  
15 term of five to seven years. PGE would have access to a predetermined amount  
16 of capacity and would be able to call on the energy associated with that capacity  
17 as needed. At a later date, PGE would then return the same amount of energy to  
18 the counterparty. Pricing under this term sheet would consist of capacity  
19 payments from PGE to the counterparty; all energy is assumed to be price-neutral  
20 (*i.e.*, PGE would return what it takes). Other terms such as scheduling, timing of  
21 return, and quantity of capacity take and return would be subject to negotiation,  
22 but the term sheet provided examples and preferences for each. This type of  
23 contract provides a dispatchable product that is flexible regarding take and return.

24 **Q. Please summarize the Capacity and Firm Energy Term Sheet.**

25 A. Under this term sheet, PGE would receive a capacity product consisting of firm  
26 capacity and firm energy associated with a hydro resource for a term of five to  
27 seven years. PGE would have access to a predetermined amount of capacity and

1 a defined daily amount of energy. PGE would then call on and schedule that  
2 energy each day. Pricing under this term sheet would consist of capacity  
3 payments and energy payments (fixed or index). Other terms such as scheduling  
4 and quantity of capacity would be subject to negotiation, but the term sheet  
5 provided examples and preferences for each.

6 **Q. Please describe the draft term sheets provided to thermal resources.**

7 A. PGE provided three term sheets to each thermal resource: an “Asset Purchase and  
8 Sale Term Sheet,” a “Form of Joint Ownership Term Sheet,” and a “Capacity  
9 PPA Term Sheet.”

10 **Q. Please summarize the Asset Purchase and Sale Term Sheet.**

11 A. Under this term sheet, PGE would acquire either a portion or the entirety of a  
12 thermal resource. This term sheet identifies and describes provisions anticipated  
13 to be included in the Asset Purchase and Sale Agreement, including the  
14 resource(s) encompassed by the transaction, assurances expected from the  
15 counterparty, events that must occur prior to the close of the transaction, and  
16 protections against losses incurred by PGE.

17 **Q. Please summarize the Form of Joint Ownership Term Sheet.**

18 A. Under this term sheet, which would be used for transactions in which PGE would  
19 acquire less than full ownership in a thermal resource, the parties would establish  
20 ownership and operating terms and negotiate a Joint Ownership Agreement to  
21 govern each owner’s rights and obligations. This term sheet contemplates PGE as  
22 the operator of the plant. Examples of provisions included in this term sheet are:  
23 plant decision making, operator responsibilities, and dispute resolution.

24 **Q. Please summarize the Capacity PPA Term Sheet.**

25 A. Under this term sheet, PGE would enter into a PPA with a counterparty for  
26 capacity and firm energy provided by a thermal resource. This term sheet  
27 provides PGE’s preferred capacity contract—firm capacity backed by a physical

1 resource for a term of five to seven years and a capacity of 200 to 400 MW. The  
2 term sheet identifies the preferred pricing structure and scheduling increments and  
3 practices.

4 **Q. Can you please summarize the responses PGE received to these term sheets**  
5 **from the counterparties?**

6 A. In all, we received 17 indicative offers from 7 parties, totaling approximately  
7 2450 MW of capacity. Each party responded with a different level of detail, and  
8 some focused on all terms while others focused just on pricing. Some  
9 counterparties provided multiple offers, encompassing different contract  
10 structures. One party ultimately withdrew its offer as a result of uncertainty about  
11 its resource and long-term objectives.

12 **Q. Did the potential counterparties improve or revise their initial offers?**

13 A. Yes. After review of the initial offers by subject-matter experts, PGE provided  
14 potential counterparties with general feedback about how their offered terms  
15 compared to those in other offers. PGE allowed the potential counterparties to  
16 refresh their offers. During this process, one of the initial offers was withdrawn,  
17 as discussed previously, and two new offers were received. Most other initial  
18 offers were sharpened or improved in price and/or terms.

#### **OFFER STATUS AND FUTURE NEGOTIATION**

19 **Q. How did PGE assess the offers?**

20 A. Mr. Lindsay's team scored the offers and developed a final shortlist. The scoring  
21 process and results are described in detail in his testimony.<sup>4</sup>

22 **Q. What is the current status of the offers?**

23 A. Currently, PGE has a non-binding term sheet for each offer, containing the terms  
24 scored by Mr. Lindsay's team. Some of the offers contain limited exclusivity

---

<sup>4</sup> PGE/300.

1 periods. A summary of the indicative term sheets is attached as Confidential  
2 Exhibit 202.

3 **Q. How will PGE proceed once its waiver application is approved?**

4 A. If the Commission grants the waiver requested here, PGE intends to continue  
5 negotiations with counterparties on the final shortlist with the goal of executing  
6 agreements over the next three to six months with those resources that best meet  
7 its capacity need in the medium-term.

8 **Q. Does PGE intend to negotiate simultaneously with counterparties for all of  
9 the offers on the final shortlist?**

10 A. No. To enable PGE to maintain leverage in the negotiations and obtain the best  
11 available terms and conditions, the final shortlist contains offers totaling almost  
12 three times as much capacity as PGE is seeking to fill through bilateral  
13 negotiations. Based on the scoring team's analyses, PGE has identified the  
14 collection of top-scoring offers that, together, provides approximately PGE's  
15 targeted amount of capacity. PGE intends to begin by negotiating for these offers.

16 Given the amount of capacity on the shortlist, PGE is optimistic that we  
17 will be able to materially meet our capacity need through the bilateral negotiation  
18 process. If we were to fall short, we would work with the Commission to  
19 determine whether to fill any remaining material capacity deficit in another way,  
20 such as through the traditional RFP process.

### QUALIFICATIONS

21 **Q. Please summarize your educational background and business experience.**

22 A. I received a Bachelor of Science degree in Business Administration from the  
23 University of Portland in 2000. I received a Master of Science in Taxation from  
24 Golden Gate University in 2009. I joined PGE in 2010 as Tax Manager and was  
25 Director of Corporate Finance, Tax and Assistant Treasurer from August 2012 to



1 April 2016. Since April 2016, I have held the title of Director of Structuring,  
2 Origination and Strategic Analytics.

3 **Q. Does this conclude your direct testimony?**

4 **A. Yes.**

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1892**

**Portland General Electric**

**CONFIDENTIAL**  
**Exhibit 201 to Testimony of Brett Greene**

---

August 25, 2017

**THIS EXHIBIT IS CONFIDENTIAL  
PER PROTECTIVE ORDER IN  
DOCKET UM-1892 AND IS PROVIDED  
SEPARATELY**

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1892**

**Portland General Electric**

**CONFIDENTIAL**  
**Exhibit 202 to Testimony of Brett Greene**

---

August 25, 2017

**THIS EXHIBIT IS CONFIDENTIAL  
PER PROTECTIVE ORDER IN  
DOCKET UM-1892 AND IS PROVIDED  
SEPARATELY**

BEFORE THE PUBLIC UTILITY COMMISSION  
OF THE STATE OF OREGON

**UM 1892**

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

Application for Waiver of the Competitive  
Bidding Guidelines.

**DIRECT TESTIMONY OF JAMES LINDSAY**

**PORTLAND GENERAL ELECTRIC COMPANY**

**August 25, 2017**

## INTRODUCTION AND SUMMARY

1 **Q. Please state your name, business address, and position at Portland General**  
2 **Electric Company.**

3 A. My name is James Lindsay. My business address is 121 SW Salmon Street,  
4 Three World Trade Center, Mailstop 0306, Portland, OR 97204. My current  
5 position at Portland General Electric Company (PGE or Company) is Resource  
6 Strategy Project Manager.

7 **Q. What is the purpose of your testimony?**

8 A. My testimony is offered in support of PGE's Application to the Public Utility  
9 Commission of Oregon (Commission) in which it requests a waiver of the  
10 Commission's Competitive Bidding Guidelines (Guidelines)<sup>1</sup> to allow the  
11 Company to engage in bilateral negotiations to procure capacity from owners of  
12 existing generating resources in the Pacific Northwest to fill PGE's Commission-  
13 acknowledged capacity need with medium-term resources. My testimony  
14 describes the process PGE employed to evaluate the indicative offers received  
15 from potential counterparties in bilateral negotiations,<sup>2</sup> as well as the outcome of  
16 the evaluation.

17 **Q. Please summarize your testimony.**

18 A. PGE evaluated the indicative capacity offers received through bilateral  
19 negotiations to determine the potential resource acquisitions and agreement

---

<sup>1</sup> *In the Matter of the Public Utility Commission of Oregon, Investigation Regarding Competitive Bidding*, Docket No. UM 1182, Order No. 14-149, App'x A (Apr. 30, 2014).

<sup>2</sup> As explained in Mr. Greene's testimony, the Company plans to acquire the existing medium-term resources discussed in this filing through bilateral negotiations. At the current stage of the process, PGE has solicited offers, and engaged in only limited negotiations with some of the parties. Nevertheless, for ease of reference, I will refer to the current solicitation process, and the offers received to date, as "bilateral negotiations" and "bilaterally negotiated offers," respectively.

In addition, the offers discussed in my testimony are indicative only. The terms and conditions would require significant negotiation before agreements could be finalized. However, for ease of reference I will sometimes refer to the indicative offers as "offers."

1 structures that offer the best combination of cost and risk for filling the  
2 Company's need for capacity by 2021, with medium-term resources. In doing so,  
3 the Company employed processes and methodologies that built on the approaches  
4 used in our prior resource procurement efforts. And, to the extent possible, our  
5 evaluation adhered to the requirements for bid evaluation set forth in the  
6 Guidelines. Our process included the evaluation of price and non-price factors for  
7 each offer, as well as a robust portfolio analysis. Throughout the process, we  
8 adhered to best evaluation practices to achieve transparency, consistency, and  
9 fairness, and we developed thorough documentation to be used in this proceeding  
10 and in future prudence reviews. Our analysis demonstrates that, over a medium-  
11 term, capacity resources are available with lower total costs than would be  
12 expected from the construction of a new capacity resource. PGE has identified a  
13 final shortlist of bids that includes eight indicative offers with a cumulative  
14 capacity of approximately 1100 MWs. Of those eight indicative offers on the  
15 shortlist, we have identified the highest performing resources and ranked the  
16 offers accordingly.

#### **EVALUATION DESIGN AND DEVELOPMENT**

17 **Q. What were your objectives for the evaluation process?**

18 A. We had three objectives for our evaluation process. Our primary objective was to  
19 fairly evaluate indicative offers for different generating technologies and deal  
20 structures. We also sought to ensure that our overall evaluation process was  
21 consistent with the criteria adopted in the Guidelines to the greatest possible  
22 extent. Finally, we strived to thoroughly document our scoring methodology,  
23 evaluation tools and systems, and results, both for use in this filing, and for future  
24 rate review.

25 **Q. Please generally describe the development of the scoring methodology used**  
26 **by PGE to evaluate the bilaterally negotiated offers.**



1 A. To evaluate the offers, the Company used a scoring methodology it has been  
2 developing over the past several months. The applied scoring methodology is  
3 comparable to the approved methods used in past Request for Proposals (RFP)  
4 and includes improvements consistent with methodologies used and described in  
5 the 2016 Integrated Resource Plan (IRP). We initially began developing this  
6 methodology for use in our previously anticipated all-resource capacity RFP,  
7 presented in our IRP. However, when we decided to engage in bilateral  
8 negotiations to fill some or all of the capacity need, we determined it would be  
9 appropriate to use the new scoring methodology, with some modifications, to  
10 evaluate the capacity offers.

11 **Q. Is the scoring methodology consistent with the Guidelines?**

12 A. Yes. This methodology is consistent with Guideline 9a's requirement to prepare  
13 an initial shortlist comparing each individual resource's costs, benefits, and risks  
14 on both a price and non-price basis. It also comports with Guideline 9b's  
15 requirement to evaluate short-listed bids using a portfolio analysis to test expected  
16 costs and risks.

17 **Q. Does the methodology used to evaluate the offers differ from the**  
18 **methodology used to score bids in PGE's 2012 RFP?**

19 A. Yes. The primary components of the bilateral negotiation scoring design  
20 correspond with the scoring methodology used in the 2012 RFP. However, two  
21 notable differences distinguish our bilateral scoring design from that used in the  
22 previous RFP. First, the bilateral scoring design incorporates flexibility and  
23 capacity values, to appropriately assign value to the types of offers received in the  
24 bilateral negotiations. Second, the bilateral scoring design evaluates multiple  
25 alternate futures within the portfolio analysis to further quantify resource risk.

26 **Q. Why did you choose to incorporate flexibility and capacity values into the**  
27 **bilateral scoring design?**

1 A. We chose to assign additional resource values to each offer because we expected  
2 to evaluate a more diverse set of resource technologies, fuel supplies, and  
3 commercial structures than were evaluated in the 2012 RFP. In particular, we  
4 needed a system that could evaluate, on a comparable basis, resources with  
5 dissimilar usage—such as resources used for “super peak” conditions and those  
6 used on a daily basis. Additionally, the Company needed to fairly compare  
7 resources with highly flexible operations (including real-time redispatch) to  
8 capacity resources that were less flexible (shaped only in day-ahead). In order to  
9 best compare the varied offers received, we modified the scoring design to  
10 explicitly recognize an offer’s capacity value and flexibility value, in addition to  
11 the energy value customarily recognized in price scoring. These refinements to  
12 our scoring methodology are important to fairly evaluate the diverse resources  
13 offered in the bilateral negotiations, and will continue to be important in future  
14 competitive solicitations.

15 **Q. Why will these additional resource values be useful in future competitive**  
16 **solicitations?**

17 A. PGE expects that the need to correctly quantify the value of capacity resources  
18 will increase in a future capacity-constrained power system characterized by  
19 robust variable energy generation and integration into organized wholesale energy  
20 markets.

21 **Q. Why did the team choose to evaluate multiple alternate futures in the**  
22 **portfolio analysis?**

23 A. PGE evaluated multiple futures in its portfolio analysis to better understand the  
24 risks associated with different combinations of offers—including a variety of  
25 resources, fuel types, and cost structures—across various future conditions.

26 **Q. Is the bilateral scoring methodology consistent with the 2016 IRP?**

1 A. Yes. The scoring methodology applied to the bilaterally negotiated offers  
2 generally incorporates methods used and described in the 2016 IRP.<sup>3</sup> Differences  
3 between methods used in the bilateral evaluation and the 2016 IRP are described  
4 later in this testimony and in the Scoring Procedures document, attached as  
5 Confidential Exhibit 302.

6 **Q. Does PGE plan to use the same scoring methodology to score bids in future**  
7 **RFPs?**

8 A. Yes, PGE intends to propose the use of the same methodology in future RFPs,  
9 including a future renewable RFP or capacity RFP, if one should become  
10 necessary to fill any remaining capacity need not secured through the bilateral  
11 negotiations. Any proposed method would evaluate the risks, costs, and benefits  
12 of the resource to be acquired.

#### OFFER EVALUATION PROCESS

13 **Q. Please generally describe the overall process PGE used for evaluating the**  
14 **bilateral offers it received.**

15 A. Consistent with Guideline 9,<sup>4</sup> offers were evaluated using two complementary  
16 analyses. First, we scored offers on an individual basis per the direction of  
17 Guideline 9a. Next, we conducted a portfolio analysis that included all offers.<sup>5</sup>  
18 The portfolio construction and evaluation methods are comparable to those used  
19 in PGE's IRP, per Guideline 9b. The results of PGE's individual scoring and  
20 portfolio evaluation can be reviewed in Confidential Exhibit 301, Table 1, Table 2  
21 and Table 3. Both evaluations were used to inform the selection of the final

---

<sup>3</sup> Specifically, the scoring methodology credits offers for the resource's capacity value in a manner consistent with methods described in Chapter 5. The scoring methodology credits offers for the resource's flexibility value in a manner consistent with the methods described in Section 8.5.1.2. The resources are tested under multiple economic and hydro conditions in a manner consistent with methods described in Chapter 10. Portfolios are evaluated under multiple metrics including those described in Chapter 11.

<sup>4</sup> Order No. 14-149, App'x A at 3.

<sup>5</sup> Some offers included multiple options. In these cases, only the most competitive variation—as determined by the individual score—was included in portfolio analysis.

1 shortlist contained in Confidential Exhibit 301, Table 4, and the top-performing  
2 resources within that list. A detailed description of PGE's evaluation process and  
3 methods is available in the Scoring Procedures document, attached as  
4 Confidential Exhibit 302.

5 **Q. Please describe PGE's team responsible for evaluating and scoring the**  
6 **product offers.**

7 A. PGE assembled an interdisciplinary team made up of individuals from several  
8 departments across the Company. I led the evaluation team, which included  
9 members from our Resource Strategy, Integrated Resource Planning,  
10 Fundamentals Analysis, Engineering, Financial Analysis, and Legal groups.

11 **Individual Scoring Process and Methodology**

12 **Q. Please describe the individual offer analysis.**

13 A. In the individual offer analysis, we evaluated each offer in isolation, assigning a  
14 price and a non-price score. Detailed individual offer scoring results can be found  
15 in Confidential Exhibit 301, Table 5.

16 **Q. How did PGE determine the price score?**

17 A. For each offer, we calculated the cost-to-benefit ratio over the resource term, that  
18 is, the levelized net present value (NPV) of the total resource cost versus the  
19 levelized NPV of the relevant market value. This approach is consistent with the  
20 requirement in Guideline 9a that the price score be calculated as the ratio of the  
21 bid's projected total cost per megawatt-hour to forward market prices using real-  
22 levelized or annuity methods.

23 The total resource costs used in the price score include the components of  
24 the revenue requirement needed to deliver the resource to PGE. Relevant market  
25 value includes the resource's energy value, capacity value, and flexibility value.  
26 The cost-to-benefit ratio is independent of the resource term.

1           We assigned a price score to each offer by converting the cost-to-benefit  
2 ratio into a numeric score. The offer with the lowest cost-to-benefit ratio received  
3 the maximum score of 600 points. Offers with higher cost-to-benefit ratios  
4 received lower scores proportional to the difference between the offer's cost-to-  
5 benefit ratio and the best cost-to-benefit ratio.

6 **Q. How did you calculate the energy value?**

7 A. The energy value represents the expected net revenues (energy revenue minus  
8 energy production cost) through wholesale sales of forecasted generation. This  
9 value is based on the market price forecast for the hours in which the resource is  
10 dispatched. The forecast was developed using a fundamental market simulation  
11 in AURORA, as described in Chapter 10 of the IRP. We determined the energy  
12 value by simulating resource commitment and dispatch using AURORA  
13 optimization.

14 **Q. How did you calculate the capacity value?**

15 A. The capacity value is based on the avoided net cost of a new peaking unit of  
16 comparable capacity contribution. The capacity value for each offer was  
17 calculated as the product of its capacity contribution and the avoided fixed costs  
18 of a 7FA frame peaking capacity unit, less forecasted net revenues. The  
19 framework used to assign capacity value is consistent with the 2016 IRP. Each  
20 resource's capacity contribution was calculated using the Renewable Energy  
21 Capacity Planning Model (RECAP) following the same framework as described  
22 in Chapter 5 of the 2016 IRP.

23 **Q. How did you calculate the flexibility value?**

24 A. The flexibility value reflects any additional value that the resource may bring to  
25 PGE's generation portfolio due to its ability to ramp, respond to forecast errors, or  
26 provide ancillary services that are not captured by the energy value. Before  
27 evaluating the offers, we pre-calculated the flexibility-benefit-per-MW range with

1 the resource optimization model (ROM) to isolate the flexibility benefits of  
2 perfectly flexible products available in various time frames (day-ahead, hour-  
3 ahead, real-time) and various sizes (in MW). This yielded a set of functions used  
4 to approximate the flexibility value of each offer in each time frame, according to  
5 its “flexible range,” or the portion of the resource capacity that could be utilized  
6 for flexibility services in that time frame. We found that the total magnitude of  
7 flexibility benefit for any resource was relatively small. Nonetheless, we found it  
8 important to include flexibility values to best distinguish between products. The  
9 methodology employed to evaluate an offer’s flexibility value was based on the  
10 methodologies used to evaluate energy storage and wind and solar integration  
11 costs in the 2016 IRP. Those methods are described in Chapter 8 and Chapter 7  
12 (Section 7.2.1.1) of the 2016 IRP, respectively.

13 **Q. Did you adjust the prices submitted by counterparties before performing the**  
14 **price score calculation?**

15 A. Yes, to evaluate offered products with different characteristics on a comparable  
16 basis, prices submitted by the counterparty were adjusted, as appropriate, to  
17 account for a variety of additional costs specific to that resource, including but not  
18 limited to:

- 19 (1) additional costs associated with delivering the product to PGE;
- 20 (2) additional costs related to acquisition of firm fuel supply; and
- 21 (3) required ancillary services not included in product pricing.

22 **Q. Please explain how you assigned non-price scores.**

23 A. We assigned non-price scores using a non-price scoring system we developed for  
24 this process, which is comparable to previous non-price scoring methodologies  
25 and similar to the approach we would propose to use in future RFPs. Using our  
26 approach, we reviewed and awarded points based on the following factors:

- 1 (1) Development and operational criteria, including permitting status,  
2 project developer/owner experience, site control, and financing;
- 3 (2) Physical characteristics of the resource, including transmission,  
4 interconnection, remedial action scheme (RAS), operations and  
5 maintenance, and resource risks including fuel supply;
- 6 (3) Power delivery assurances, including the firmness of the power,  
7 financial guarantees, and liquidated damages; and
- 8 (4) The counterparty's financial stability, as measured by PGE's credit  
9 score evaluation using its established methodology, public credit  
10 rating, worth, and corporate structure.

11 After considering all of these criteria, we assigned each offer a total non-price  
12 score, with 400 points being the maximum possible score.

13 **Q. How did you determine an individual offer's overall score?**

14 A. We summed each offer's price and non-price scores to obtain the offer's total  
15 overall score.

16 **Q. In addition to the offers resulting from the bilateral negotiations, did you also  
17 score a new capacity resource for reference?**

18 A. Yes, as a point of reference, we evaluated the expected costs associated with a  
19 new, efficient, natural-gas-fired generator. The point-of-reference facility is  
20 based on cost estimates and engineering studies for a new high-efficiency CCCT.  
21 PGE included this potential resource in its individual offer evaluation to provide  
22 an additional comparator, and to help ensure that any bilaterally negotiated offers  
23 that we recommend for acquisition reflect resources that, over a medium term, are  
24 lower cost than constructing a new generator.

25 **Q. Please describe your team's process for ensuring accuracy and documenting  
26 the scoring.**

1 A. After scoring each offer, we double-checked all entries for completeness and  
2 accuracy. Any missing or unclear information in specific offers was clarified via  
3 follow up with the owner by the structuring and legal teams. I then reviewed the  
4 scores for each offer, along with any supporting material, and worked with  
5 scoring team members to facilitate discussions of scoring results as needed.

6 Our methodology and scoring were documented carefully, and access to  
7 the documentation was tightly controlled. Original term sheets were saved into an  
8 organized folder structure similar to the web-based archive used in previous  
9 RFPs. All exogenous assumptions necessary to evaluate bids were documented,  
10 as was the scoring team's rationale, and evaluation work papers were retained.

11 **Portfolio Analysis**

12 **Q. Please explain the portfolio analysis.**

13 A. The portfolio analysis allowed the scoring team to study how the size and term of  
14 the offerings met PGE's capacity need and to determine the effect of candidate  
15 resources on overall system costs and risks, as directed by Guideline 9b. As  
16 suggested by Guideline 9b, our portfolio analysis uses the same methodological  
17 framework employed in the IRP. In the portfolio analysis, we evaluated a robust  
18 list of portfolios to explore numerous combinations of candidate resources. We  
19 then calculated the net present value revenue requirement (NPVRR) of each  
20 portfolio across 27 different carbon-regulation, natural-gas-price, and hydro-year  
21 futures to assess portfolio cost and risk.

22 **Q. Please describe the 27 futures evaluated in the portfolio analysis.**

23 A. To better quantify portfolio risk associated with the offers we received, PGE  
24 developed forecasted market prices under 27 combinations of national carbon  
25 pricing, natural gas pricing, and hydro conditions.

26 Consistent with the IRP, PGE used three carbon-price estimates. The  
27 reference- and high-carbon-price forecasts were based upon Synapse Economics'



1 forecasts, as detailed in the 2016 IRP. PGE also evaluated a no-carbon-price  
2 forecast.

3 Also, consistent with the IRP as supplemented in PGE’s Initial Reply  
4 Comments, PGE evaluated three natural-gas-price scenarios—low, reference, and  
5 high. All three natural gas forecasts were updated to reflect the most recently  
6 available natural gas forecast.

7 Finally, we evaluated three sets of regional hydro conditions. Our  
8 reference-case hydro future assumed the average of 70 historical water years, as  
9 was done in the 2016 IRP. We also studied high and low water years.

10 Prior to receiving the bilateral offers, PGE created 27 futures, based on all  
11 possible combinations of the studied carbon, natural gas, and hydro conditions.  
12 For instance, the reference-case future included reference-case carbon  
13 assumptions, reference-case natural gas assumptions, and average hydro  
14 conditions. The 27 futures were used to develop 27 unique market price  
15 forecasts.

16 **Q. How did you compile the portfolios for analysis?**

17 A. In an effort to create a robust list of portfolios, the scoring team used three  
18 complementary techniques. As discussed later in this testimony, all offers  
19 received (and not withdrawn) were included in our portfolio analysis.<sup>6</sup>

20 First, we optimized resource combinations using an Excel-based  
21 optimization routine to create portfolios that most closely filled the 2021 bilateral  
22 capacity target. Each resource was required to be present in at least one of the  
23 ‘size-optimized’ portfolios. This optimization routine resulted in 11 candidate  
24 portfolios.

---

<sup>6</sup> Where an offer encompassed multiple variants—for instance the possibility of different term lengths—we included only the best variant, as determined by the individual offer scoring, in the portfolio analysis.

1           Second, we optimized resource combinations to minimize total portfolio  
2 costs under reference-case economic conditions. Each resource was required to  
3 be present in at least one of the ‘cost-optimized’ portfolios. This optimization  
4 routine generated 11 candidate portfolios.

5           Third, we identified all possible combinations of resources between 300  
6 and 500 MW of capacity contribution in 2021.<sup>7</sup> Of the 65 possible combinations,  
7 we evaluated the 33 portfolios that had the lowest total portfolio costs under  
8 reference case conditions.

9           After combining the three sets of portfolios and removing any duplicate  
10 portfolios, a total of 39 candidate portfolios remained. These were evaluated,  
11 providing a comprehensive analysis.

12 **Q. How did you assign value to the portfolios?**

13 A. First, PGE quantified the energy value of all candidate offers under each of the 27  
14 futures using the AURORA software. For each of the 39 defined portfolios, the  
15 energy values of the component offers were summed. This yielded a total energy  
16 value for each portfolio under each future. The results were used to assess  
17 portfolio cost under the reference-case future and risk across all futures.

18           Each portfolio also was evaluated using RECAP to calculate a portfolio-  
19 specific capacity value, following the same framework as the IRP. Due to the  
20 different periods of availability for the candidate offers (e.g., On-Peak, seasonal,  
21 annual) there can be a diversity benefit when resources are combined to meet  
22 PGE’s capacity needs. While this diversity benefit was found to be small in our  
23 bilateral evaluation, the methodology would likely play a larger role in a  
24 solicitation evaluating variable energy resources.

---

<sup>7</sup> Although, as explained in Mr. Greene’s testimony, PGE/200, Greene/2, PGE plans to acquire between 350 and 450 MW of capacity through the bilateral negotiations, we broadened the total capacity range from 300 to 500 MW when constructing portfolios in order to ensure a comprehensive analysis.

1           Each portfolio also was updated to include a portfolio-specific flexibility  
2 value. PGE's flexibility value assessment demonstrates that flexibility has a  
3 declining marginal benefit to PGE as more flexible resources are added to PGE's  
4 system. We account for this declining marginal benefit by assigning each  
5 portfolio a unique flexibility value associated with the total flexible range of all  
6 resources included in the candidate portfolio. Like the individual offer flexibility  
7 value, the magnitude of portfolio flexibility value adjustments was found to be  
8 relatively small.

9 **Q. Are any adjustments to the portfolios required in order to appropriately**  
10 **compare them?**

11 A. Yes, each portfolio was size and term normalized using a specific fill resource to  
12 ensure all portfolios included sufficient resources to meet the capacity target over  
13 the entire term of PGE's analysis. We used the same gas-fired CCCT that we  
14 scored as the point-of-reference in the individual analysis as the specific fill for  
15 any gaps in the capacity or term of each portfolio.

16 **Q. Why did you conclude that the point-of-reference gas-fired CCCT was the**  
17 **best resource for portfolio normalization?**

18 A. The point-of-reference gas plant reflects the expected costs and performance of a  
19 new efficient capacity resource at an existing generation site. It was chosen as a  
20 specific fill because it reasonably reflects the fundamental cost associated with  
21 capacity replacement following the end of a resource's economic life or term.  
22 Relative to the generic 2016 IRP efficient capacity resource, the specific fill  
23 demonstrates superior cost and performance due to improved heat rate and  
24 reduced project costs. The improved performance of the specific fill minimizes  
25 the effect of the term and size normalization by reducing the total net costs related  
26 to the inclusion of the specific fill in all portfolios.

27 **Q. How do you evaluate offer performance in portfolio analysis?**

1 A. An offer performs well in portfolio analysis if it is present in many of the top-  
2 performing portfolios. To assess portfolio performance, we determined the  
3 NPVRR of the portfolio for each future. All portfolios were ranked according to  
4 risk metrics presented and discussed in the 2016 IRP. Those risk metrics included  
5 reference-case-future cost, severity, variability, and durability. Further  
6 description of these metrics can be found in PGE’s 2016 IRP Chapter 11. In  
7 addition, we included and emphasized performance under the cost and risk metric  
8 that is weighted 50% by reference case costs and 50% by standard deviation  
9 results. This cost and risk metric was included in Appendix L of the 2016 IRP  
10 and was discussed in PGE’s Initial Reply Comments in that docket.

11 Those portfolios that were lowest cost, under reference case assumptions,  
12 and lowest risk, measured by the standard deviation in the 27 futures, were  
13 considered top-performing. The scoring team reviewed which offers were most  
14 frequently present in the top-performing portfolios. Confidential Exhibit 301,  
15 Table 2 includes summary statistics counting the frequency with which offers are  
16 contained in the five top-performing portfolios for all scoring metrics. Further,  
17 Confidential Exhibit 301, Table 3 identifies the composition of the lowest cost  
18 and lowest risk portfolios under multiple planning horizons and capacity targets.

## RESULTS

19 **Q. How did you determine the best overall set of offers to meet PGE’s needs?**

20 A. After evaluating each offer using the individual offer scoring analysis described  
21 above, the most competitive resources in the individual offer analysis—those  
22 which surpassed the point-of-reference’s score—were placed on the final shortlist.  
23 The initial ranking of resources on the final shortlist was determined by the  
24 resources’ total price and non-price scores. The final shortlist rankings were then  
25 reviewed and confirmed using portfolio analysis results.

1 PGE's portfolio analysis confirmed that the resources included in the final  
2 shortlist were top-performing. Over a medium term, resources that performed  
3 best in the individual offer analysis were also present in the top-performing  
4 portfolios evaluated across multiple futures in the portfolio analysis. We selected  
5 resources totaling approximately 1100 MW of cumulative resource capacity  
6 contribution, or nearly three times the capacity target. As discussed in Mr.  
7 Greene's testimony, a final shortlist that exceeds PGE's capacity target allows  
8 PGE to negotiate competitively and remain able to acquire sufficient resources in  
9 the event of offer retraction or negotiation failure.<sup>8</sup>

10 **Q. How is the final shortlist ranked?**

11 A. The final shortlist is ranked in order of competitiveness, as determined by the  
12 offer's price and non-price score.

#### **CONSIDERATIONS SPECIFIC TO BILATERAL EVALUATION**

13 **Q. Did you make any modifications to your scoring process to tailor it**  
14 **specifically to evaluate the bilateral offers?**

15 A. We made three modifications to the methodology to tailor the process to the  
16 bilateral offers. *First*, we did not screen offers based on non-price thresholds.  
17 *Second*, all offers not retracted were evaluated within our portfolio analysis.  
18 *Third*, our portfolio analysis planning horizon was shorter than the planning  
19 horizon used in the IRP.

20 **Q. Why did you decide not to apply non-price threshold screens?**

21 A. Our decision not to apply non-price threshold screens was based on the limited  
22 number of resources available to participate in the process and the limited time  
23 available to otherwise require counterparties to meet pre-qualification thresholds.  
24 As discussed in Mr. Greene's testimony, the bilateral negotiation process

---

<sup>8</sup> PGE/200, Greene/9.

1 represents an attempt to determine whether we can meet our IRP-identified  
2 capacity deficit from a relatively small universe of existing resources located in  
3 the Pacific Northwest. When we received the offers, we saw that many  
4 counterparties could not meet traditional non-price threshold criteria.  
5 Counterparties would have required ample time and would have incurred  
6 expenses in order to satisfy PGE's traditional non-price threshold criteria, despite  
7 PGE's reluctance to commit to acquire any resources without Commission  
8 approval of a waiver of the Guidelines. Given the relatively few bilateral  
9 counterparties, PGE's desire to proceed with negotiations expeditiously, and  
10 counterparties' inability to satisfy PGE's initial non-price thresholds with such  
11 short notice and expedited timelines, PGE chose not to apply non-price thresholds  
12 and instead scored all offers.

13 **Q. Why were all offers evaluated in the portfolio analysis?**

14 A. All offers were included in portfolio analysis because we had relatively few offers  
15 to evaluate. Under traditional RFP circumstances, many more bids are evaluated,  
16 and only the most competitive bids identified in the individual scoring are  
17 evaluated in the portfolio analysis. Due to the relatively small number of offers  
18 received, it was feasible to evaluate all offers in the portfolio analysis.

19 **Q. Why did you shorten the portfolio analysis time-horizon?**

20 A. PGE is pursuing bilateral negotiations specifically to acquire medium-term  
21 resources to meet its 2021 forecasted capacity need. For that reason, as discussed  
22 in Mr. Greene's testimony, PGE solicited offers from regional counterparties and  
23 encouraged them to provide five- to seven-year contracts in addition to asset  
24 sales.<sup>9</sup> PGE selected a planning horizon that included the longest-lived, medium-

---

<sup>9</sup> PGE/200, Greene/5-8.

1 term resource. As a result, PGE used a base-planning horizon that ended well  
2 short of the planning horizon used in the IRP.

3 To fully evaluate offered asset sales whose economic lives exceed the  
4 medium-term, PGE also evaluated a sensitivity with an approximately 20-year  
5 planning horizon. Portfolio analysis results under base- and extended-planning  
6 horizons can be reviewed in Confidential Exhibit 301, Table 3. Due to the  
7 medium-term focus of this solicitation, PGE emphasized portfolio analysis  
8 results, consistent with the base-planning horizon. Furthermore, PGE did not  
9 assign portfolio value or costs to those resources whose terms or lives continued  
10 beyond the extended planning horizon.

11 **Q. Focusing now on the overall evaluation process—apart from your scoring**  
12 **methodology—did PGE’s evaluation process differ from that typically used**  
13 **to evaluate bids in an RFP under the Guidelines?**

14 A. Overall, our process was consistent with the process used in an RFP setting.  
15 However, our process differed from that used in a typical RFP in two key  
16 respects. *First*, we granted parties the opportunity to improve their initially  
17 offered price and terms through proposal updates. *Second*, our evaluation of the  
18 offers did not involve an independent evaluator (IE).

19 **Q. Why was it appropriate in this case to provide parties with an opportunity to**  
20 **improve their initial offers?**

21 A. In a regular RFP process, there is extensive work done prior to the issuance of the  
22 RFP. Part of this preparation work involves development of an extensive bidding  
23 sheet with all of the details necessary to score the bids. Even with this extensive  
24 preparation, there are times when the Company needs to contact bidders (through  
25 the IE) for bid clarification. In a standard RFP, there is also the opportunity for  
26 bidders to provide multiple offers that can change variables such as price,

1 quantity, and other bid parameters. And there generally will be robust  
2 participation from many bidders in a standard RFP.

3 Here, with counterparty participation limited to offering existing  
4 resources, there was good reason to go back to the counterparties for further  
5 clarification, and to allow them opportunities to improve initial offers and submit  
6 new proposals. This helped assure that PGE acquires resources with the best cost  
7 and risk profiles for our customers.

8 **Q. Did PGE score the initial offers received by the counterparties?**

9 A. Yes, PGE scored the initial offers in order to assess their adequacy. PGE  
10 provided the results of this initial scoring to the Company's negotiation team, to  
11 provide guidance in their efforts to secure improved bids from the counterparties.  
12 We performed the final scoring after receiving all updated and/or improved offers.

13 **Q. Why did PGE decide *not* to use an IE?**

14 A. In PGE's experience, the process of selecting and receiving approval of an IE can  
15 be quite lengthy, and the time-sensitive nature of the bilateral negotiations  
16 mandated a timeline for this analysis that did not allow for engagement of an IE.  
17 Moreover, PGE expects that Staff will be engaging in an in-depth analysis of  
18 PGE's bid scoring and evaluation process that could substitute for the review  
19 typically performed by an IE.

### QUALIFICATIONS

20 **Q. Please summarize your educational background and business experience.**

21 A. I received a Bachelor of Arts in Physics and History from Bowdoin College.  
22 Previously, I was employed as an analyst at Renewable Northwest. I began  
23 working at PGE as an analyst in the integrated resource planning group in May  
24 2014. In November 2016, I became Resource Strategy Project Manager.

25 **Q. Does this conclude your direct testimony?**

26 A. Yes.



**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1892**

**Portland General Electric**

**CONFIDENTIAL**  
**Exhibit 301 to Testimony of James Lindsay**

---

August 25, 2017

**THIS EXHIBIT IS CONFIDENTIAL  
PER PROTECTIVE ORDER IN  
DOCKET UM-1892 AND IS PROVIDED  
SEPARATELY**

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1892**

**Portland General Electric**

**CONFIDENTIAL**  
**Exhibit 302 to Testimony of James Lindsay**

---

August 25, 2017

**THIS EXHIBIT IS CONFIDENTIAL  
PER PROTECTIVE ORDER IN  
DOCKET UM-1892 AND IS PROVIDED  
SEPARATELY**

**CERTIFICATE OF SERVICE – UM 1892**

I hereby certify that I served a true and correct copy of **Portland General Electric Company’s Application for Waiver of the Competitive Bidding Guidelines** on the parties listed below via electronic mail in compliance with OAR 860-001-0180.

EDWARD AVERILL 8815 SW OXBOW TER BEAVERTON OR 97008 eda@acm.org	TRACY FARWELL 3627 SE 77TH AVE PORTLAND OR 97206 farwellt@msn.com
AMY HOJNOWSKI SIERRA CLUB amy.hojnowski@sierraclub.org	GREGORY M. ADAMS RICHARDSON ADAMS, PLLC PO BOX 7218 BOISE ID 83702 greg@richardsonadams.com
TERESA HAGINS WILLIAMS 8907 NE 219TH STREET BATTLE GROUND WA 98604 teresa.l.hagins@williams.com	S BRADLEY VAN CLEVE DAVISON VAN CLEVE PC 333 SW TAYLOR - STE 400 PORTLAND OR 97204 bvc@dvclaw.com
PETER J RICHARDSON RICHARDSON ADAMS, PLLC PO BOX 7218 BOISE ID 83707 peter@richardsonadams.com	
<b>CALPINE SOLUTIONS</b>	
GREGORY M. ADAMS RICHARDSON ADAMS, PLLC PO BOX 7218 BOISE ID 83702 greg@richardsonadams.com	GREG BASS CALPINE ENERGY SOLUTIONS, LLC 401 WEST A ST, STE 500 SAN DIEGO CA 92101 greg.bass@calpinesolutions.com
KEVIN HIGGINS ENERGY STRATEGIES LLC 215 STATE ST - STE 200 SALT LAKE CITY UT 84111-2322 khiggins@energystrat.com	AVIS KOWALEWSKI CALPINE CORPORATION 4160 DUBLIN BLVD STE 100 DUBLIN CA 94568 avis.kowalewski@calpine.com
JOHN W STEPHENS ESLER STEPHENS & BUCKLEY 121 SW MORRISON ST STE 700 PORTLAND OR 97204-3183 stephens@eslerstephens.com; ortez@eslerstephens.com	

<b>COALITION</b>	
NANCY ESTEB PO BOX 490 CARLSBORG WA 98324 esteb44@centurylink.net	JOHN LOWE RENEWABLE ENERGY COALITION 12050 SW TREMONT ST PORTLAND OR 97225-5430 jravenesanmarcos@yahoo.com
IRION A SANGER SANGER LAW PC 1117 SE 53RD AVE PORTLAND OR 97215 irion@sanger-law.com	
<b>FRED MEYER</b>	
KURT J BOEHM BOEHM KURTZ & LOWRY 36 E SEVENTH ST - STE 1510 CINCINNATI OH 45202 kboehm@bklawfirm.com	JODY KYLER COHN BOEHM, KURTZ & LOWRY 36 E SEVENTH ST STE 1510 CINCINNATI OH 45202 jkyler@bklawfirm.com
<b>INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES</b>	
BRADLEY MULLINS MOUNTAIN WEST ANALYTICS 333 SW TAYLOR STE 400 PORTLAND OR 97204 brmullins@mwanalytics.com	TYLER C PEPPE DAVISON VAN CLEVE, PC 333 SW TAYLOR SUITE 400 PORTLAND OR 97204 tcp@dvclaw.com
MYRALEIGH ALBERTO DAVISON VAN CLEVE 333 SW TAYLOR STE 400 PORTLAND OR 97204 maa@dvclaw.com	
<b>INVENERGY</b>	
ORIJIT GHOSHAL INVENERGY 2580 W MAIN ST STE 200 LITTLETON CO 80120 oghoshal@invenergyllc.com	JEFFERY JEEP JEEP & BLAZER, LLC 3023 N CLARK ST NO. 214 CHICAGO IL 60657 jdjeep@enviroatty.com
JOHN WEIL TOMASI SALYER MARTIN 121 SW MORRISON ST STE 1850 PORTLAND OR 97204 jweil@tomasilegal.com	

<b>NATIONAL GRID</b>	
NATHAN SANDVIG NATIONAL GRID USA 205 SE SPOKANE ST, STE 300 PORTLAND OR 97202 nathan.sandvig@nationalgrid.com	CHRIS ZENTZ TROUTMAN SANDERS LLP 100 SW MAIN ST, STE 1000 PORTLAND OR 97204 christopher.zentz@troutmansanders.com
<b>NIPPC</b>	
ROBERT D KAHN NORTHWEST & INTERMOUNTAIN POWER PRODUCERS COALITION PO BOX 504 MERCER ISLAND WA 98040 rkahn@nippc.org	STEVE KNUDSEN NIPPC 2015 SE SALMON ST PORTLAND OR 97214 sknudsen@nippc.org
SIDNEY VILLANUEVA SANGER LAW, PC 1117 SE 53RD AVE PORTLAND OR 97215 sidney@sanger-law.com	
<b>NW ENERGY COALITION</b>	
WENDY GERLITZ NW ENERGY COALITION 1205 SE FLAVEL PORTLAND OR 97202 wendy@nwenergy.org	FRED HEUTTE NW ENERGY COALITION PO BOX 40308 PORTLAND OR 97240-0308 fred@nwenergy.org
<b>NORTHWEST PIPELINE GP</b>	
STEWART MERRICK NORTHWEST PIPELINE GP 295 CHIPETA WAY SALT LAKE CITY UT 84108 stewart.merrick@williams.com	
<b>ODOE</b>	
JESSE D. RATCLIFFE OREGON DEPARTMENT OF ENERGY 1162 COURT ST NE SALEM OR 97301-4096 jesse.d.ratcliffe@doj.state.or.us	ADAM SCHULTZ OREGON DEPARTMENT OF ENERGY 550 CAPITOL ST NE SALEM OR 97301 adam.schultz@oregon.gov
WENDY SIMONS OREGON DEPARTMENT OF ENERGY 625 MARION ST NE SALEM OR 97301 wendy.simons@oregon.gov	

<b>OREGON CITIZENS UTILITY BOARD</b>	
OREGON CITIZENS' UTILITY BOARD 610 SW BROADWAY, STE 400 PORTLAND OR 97205 dockets@oregoncub.org	ROBERT JENKS OREGON CITIZENS' UTILITY BOARD 610 SW BROADWAY, STE 400 PORTLAND OR 97205 bob@oregoncub.org
ELIZABETH JONES OREGON CITIZENS' UTILITY BOARD 610 SW BROADWAY, STE 400 PORTLAND OR 97206 liz@oregoncub.org	
<b>PACIFICORP</b>	
PACIFICORP, DBA PACIFIC POWER 825 NE MULTNOMAH ST, STE 2000 PORTLAND OR 97232 oregondockets@pacificorp.com	ERIN APPERSON PACIFIC POWER 825 NE MULTNOMAH STE 800 PORTLAND OR 97232 erin.apperson@pacificorp.com
ETTA LOCKEY PACIFIC POWER 825 NE MULTNOMAH ST., STE 2000 PORTLAND OR 97232 etta.lockey@pacificorp.com	MARY WIENCKE PACIFIC POWER 825 NE MULTNOMAH ST, STE 1800 PORTLAND OR 97232-2149 mary.wiencke@pacificorp.com
MATTHEW MCVEE PACIFICORP 825 NE MULTNOMAH PORTLAND OR 97232 matthew.mcvee@pacificorp.com	
<b>PGE</b>	
PGE RATES & REGULATORY AFFAIRS PORTLAND GENERAL ELECTRIC COMPANY 121 SW SALMON STREET, 1WTC0306 PORTLAND OR 97204 pge.opuc.filings@pgn.com	V. DENISE SAUNDERS PORTLAND GENERAL ELECTRIC 121 SW SALMON ST 1WTC1301 PORTLAND OR 97204 denise.saunders@pgn.com
JAY TINKER PORTLAND GENERAL ELECTRIC 121 SW SALMON ST 1WTC-0306 PORTLAND OR 97204 pge.opuc.filings@pgn.com	STEFAN BROWN PORTLAND GENERAL ELECTRIC 121 SW SALMON ST, 1WTC0306 PORTLAND OR 97204 stefan.brown@pgn.com
DOUGLAS C TINGEY PORTLAND GENERAL ELECTRIC 121 SW SALMON 1WTC1301 PORTLAND OR 97204 doug.tingey@pgn.com	



<b>REGULATORY &amp; COGENERATION SERVICES INC</b>	
DONALD W SCHOENBECK REGULATORY & COGENERATION SERVICES INC 900 WASHINGTON ST STE 780 VANCOUVER WA 98660-3455 dws@r-c-s-inc.com	
<b>RENEWABLE NW</b>	
RENEWABLE NORTHWEST 421 SW 6TH AVE., STE. 1125 PORTLAND OR 97204 dockets@renewablenw.org	MICHAEL O'BRIEN RENEWABLE NORTHWEST 421 SW 6TH AVENUE #975 PORTLAND OR 97204 michael@renewablenw.org
SILVIA TANNER RENEWABLE NORTHWEST 421 SW 6TH AVE, STE 975 PORTLAND OR 97204 silvia@renewablenw.org	
<b>SBUA</b>	
JAMES BIRKELUND SMALL BUSINESS UTILITY ADVOCATES 548 MARKET ST STE 11200 SAN FRANCISCO CA 94104 james@utilityadvocates.org	DIANE HENKELS CLEANTECH LAW PARTNERS PC 420 SW WASHINGTON ST STE 400 PORTLAND OR 97204 dhenkels@cleantechlaw.com
<b>SIERRA CLUB</b>	
GLORIA D SMITH SIERRA CLUB LAW PROGRAM 2101 WEBSTER ST STE 1300 OAKLAND CA 94612 gloria.smith@sierraclub.org	ALEXA ZIMBALIST SIERRA CLUB 2101 WEBSTER ST STE 1300 OAKLAND CA 94612 alexa.zimbalist@sierraclub.org
<b>STAFF</b>	
JP BATMALE PUBLIC UTILITY COMMISSION OF OREGON 201 HIGH ST SE SALEM OR 97301 jp.batmale@state.or.us	MICHAEL T WEIRICH PUC STAFF--DEPARTMENT OF JUSTICE BUSINESS ACTIVITIES SECTION 1162 COURT ST NE SALEM OR 97301-4096 michael.weirich@state.or.us
STEPHANIE S ANDRUS PUC STAFF--DEPARTMENT OF JUSTICE BUSINESS ACTIVITIES SECTION 1162 COURT ST NE SALEM OR 97301-4096 stephanie.andrus@state.or.us	JOHN CRIDER PUBLIC UTILITY COMMISSION OF OREGON PO BOX 1088 SALEM OR 97308-1088 john.crider@state.or.us

MARIANNE GARDNER PUBLIC UTILITY COMMISSION OF OREGON PO BOX 1088 SALEM OR 97308-1088 marianne.gardner@state.or.us	SOMMER MOSER PUC STAFF - DEPARTMENT OF JUSTICE 1162 COURT ST NE SALEM OR 97301 sommer.moser@doj.state.or.us
<b>WALMART</b>	
VICKI M BALDWIN PARSONS BEHLE & LATIMER 201 S MAIN ST STE 1800 SALT LAKE CITY UT 84111 vbaldwin@parsonsbehle.com	STEVE W CHRISS WAL-MART STORES, INC. 2001 SE 10TH ST BENTONVILLE AR 72716-0550 stephen.chriss@wal-mart.com

Dated this 25th day of August, 2017.

\_\_\_\_\_  
Alisha Till  
Administrative Assistant  
McDowell Rackner & Gibson