

October 20, 2021

***VIA ELECTRONIC FILING***

Public Utility Commission of Oregon  
201 High Street SE, Suite 100  
Salem, OR 97301-3398

Attn: Filing Center

**Re: Docket UM 2193 – PacifiCorp’s Comments**

**I. INTRODUCTION**

PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) submits these comments in response to the Report of the Public Utility Commission of Oregon (Commission) Staff (Staff) regarding the Company’s application for approval of an independent evaluator (IE) for the 2022 All-Source Request For Proposals (2022AS RFP) (Staff Report). PacifiCorp appreciates Staff’s prompt review of the Company’s IE request and recommendation for the 2022AS RFP. The Company supports Staff’s recommendation of the selection of PA Consulting as IE for the 2022AS RFP. PacifiCorp offers limited comments to the Staff Report regarding the RFP general timeline and alternate schedule, bid scoring and associated modeling methodology, additional or modified reporting and analysis, and trends in RFP timing.

**II. COMMENTS**

**A. General Timeline and Additional Milestones in the RFP Schedule/Staff’s Suggested Alternate Timeline**

The Staff Report states that PacifiCorp did not solicit stakeholder input regarding potential IE firms in the pool to be considered for the 2022AS RFP.<sup>1</sup> Also, with respect to the schedule included in the Company’s application for an IE, Staff recommends that going forward PacifiCorp include dates for stakeholder workshops prior to filing a draft RFP and dates that the Company will attempt to provide workpapers and results to Staff and the IE in advance of comment filing dates.<sup>2</sup> Staff states that delays in providing the workpapers and results to Staff and the IE can result in a corresponding delay to the RFP schedule.<sup>3</sup> Finally, the Staff Report sets forth an alternate schedule incorporating its scheduling recommendations.<sup>4</sup>

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<sup>1</sup> Staff Report at 6.

<sup>2</sup> *Id.*, at 6-7.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.* at 9.

## 1. PacifiCorp Has Complied with the Oregon Competitive Bidding Rules

PacifiCorp has followed Oregon's competitive bidding rules (Rules)<sup>5</sup> which provide a satisfactory balance of regulatory protections and operating flexibility to provide PacifiCorp's customers with a least-cost, least-risk portfolio of resources. Specifically, OAR 860-089-0200(1) provides in part that an electric company must solicit input from parties in the utility's most recent rate case, RFP and Integrated Resource Plan (IRP) dockets and interested persons regarding IE potential candidates. PacifiCorp's application that initiated this docket was filed on September 2, 2021. The application, which included the draft IE RFP, an initial proposed RFP timeline, and the draft RFP evaluation and scoring methodology, was served on the service lists in docket LC 77,<sup>6</sup> the Company's 2021 IRP, docket UM 2059,<sup>7</sup> the Company's 2020AS RFP, and docket UE 374,<sup>8</sup> the Company's 2021 general rate case. Further, for the 2022AS RFP, PacifiCorp did communicate to Staff that it had adopted the IE bidder lists from two other regional electric utilities, Puget Sound Energy and Portland General Electric (PGE), in order to increase its solicitation from 26 to 34 candidates for the IE RFP. When interested bidders request to be added to IE RFP distribution lists, they are added and retained for future RFPs. PacifiCorp did not receive any feedback, comments, or questions from interested parties to the IE RFP until the October 4, 2021 IE Selection Workshop when limited questions were posed to the Company. All questions raised at the workshop have been addressed. To date, one stakeholder has requested and received access to the confidential IE bid information.

Staff suggests that to satisfy the requirement under OAR 860-089-0200(1), the Company should have shared the IE bidder pool with stakeholders. The Company disagrees. The Company has not shared nor have stakeholders requested to review the IE bidder pool in past RFPs. PacifiCorp recognizes that there can always be improvements to the provision of information and will endeavor to share IE bidder lists with stakeholders in future processes on a voluntary basis. However, the fact the Company did not provide the IE bidder pool to stakeholders does not mean that the Company did not solicit stakeholder input regarding potential IE firms in the pool to be considered for the 2022AS RFP as stated in the Staff Report.

## 2. 2022AS RFP Schedule Issues

With respect to the schedule set forth in the Company's application, PacifiCorp realizes that the schedule provided did not include details for all milestones; rather it was intended to be

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<sup>5</sup> OAR 860-089.

<sup>6</sup> *In the Matter of PacifiCorp, dba Pacific Power, 2021 Integrated Resource Plan*, Docket No. LC 77, PacifiCorp 2021 Integrated Resource Plan (Sept. 1, 2021).

<sup>7</sup> *In the Matter of PacifiCorp, dba Pacific Power, Application for Approval of 2020 All Source Request for Proposal*, Docket No. UM 2059, Application for Approval of 2020 All Source Request for Proposal (Feb. 24, 2020).

<sup>8</sup> *In the Matter of PacifiCorp, dba Pacific Power, Request for a General Rate Revision*, Docket No. UE 374, Order 20-473 (Dec. 18, 2020), Order No. 21-090, granting in part and denying in part motions for reconsideration (Mar. 29, 2021).

high-level showing the major milestones of the overall RFP process. PacifiCorp did acknowledge the need for the workshops in its application.<sup>9</sup> Based on past experience, the schedule tends to be fluid and many of those dates and the subsequent more detailed milestones change as the RFP is updated during the review and comment process. PacifiCorp can include those milestones going forward starting with those milestones required to meet the Rules and further delineating those that are requests from Staff and stakeholders.

Staff also recommends some additional milestones in the schedule. PacifiCorp supports Staff's recommendation to include workpaper delivery to Staff and the IE as milestones in its proposed RFP schedules, noting that as in past RFPs, they, like all the milestones, are subject to change to accommodate the schedules of multiple parties.

On Page 9 of the Staff Report, Staff recommends an alternate schedule for the 2022AS RFP.<sup>10</sup> There are however, factors that may impact Staff's proposed schedule. First, PacifiCorp notes that it is working to accommodate competitive bidding rules in three different states: Oregon, Washington, and Utah. In each of those states, the competitive bidding rules have different codified milestones that must be accommodated either through schedule adjustments and constraints or waivers with the respective jurisdictions.<sup>11</sup> Second, there may be some additional milestones resulting from the Commission's final order in docket UM 2059, the Company's 2020AS RFP, in which the Commission acknowledged the Final Shortlist with conditions at a Special Public Meeting on October 12, 2021.

As noted above, the Company has and will continue to work collaboratively with Staff regarding the schedule and incorporating the necessary dates. The Company does not necessarily oppose the alternate schedule; however, it is critical that flexibility remain for modifications as needed given certain constraints explained above. The Company strongly requests the Commission Decision on the Final RFP be no later than April 4, 2022 as delaying that date may result in PacifiCorp seeking waivers in either Oregon or Washington in order to remain in compliance with each state's procurement rules.

## **B. Bid Scoring and Associated Modeling Methodology**

In this section of the Staff Report, Staff provides a status of the Company's bid scoring and associated modeling methodology and recommends the timeline for review of bid scoring and associated methodology be extended, from the proposed date of November 20, 2021 to the December 28, 2021 Public Meeting.<sup>12</sup>

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<sup>9</sup> Docket No. UM 2193, PacifiCorp Application at 7.

<sup>10</sup> Staff Report at 9.

<sup>11</sup> For example, Washington Administrative Code (WAC) requires (1) a draft RFP within 120 days of filing the IRP, which is December 30, 2021; Commission approval of the RFP draft within 75 days of the draft RFP filing, which is March 15, 2022, and (3) issuance of the RFP within 30 days of Commission approval, which is April 14, 2022. See WAC 480-107-017(4) and (5).

<sup>12</sup> Staff Report at 8.

PacifiCorp acknowledges that the original proposed timeline was extremely tight, and upon receiving feedback from Oregon Staff as well as stakeholders in other jurisdictions, PacifiCorp worked with parties across those states to resolve the timing concerns, resulting in a subsequent filing proposing a revised schedule.<sup>13</sup> PacifiCorp can further agree to Staff's recommendation that the timeline for review of bid scoring and associated methodology be extended from the proposed date of November 20, 2021 to the December 28, 2021 Public Meeting.

PacifiCorp's IE RFP included the draft RFP evaluation and selection methodology and was submitted in the filing and served per the Rules to parties. The evaluation and selection methodology is based on evaluation milestones previously included in prior RFPs: bid eligibility for minimum criteria, price- and non-price scoring and ranking, initial shortlist determination and final shortlist determination based on IRP modeling. The bid eligibility and initial shortlist steps are consistent with prior RFP processes. The one major difference is the actual production cost model, PLEXOS, that was used in the 2021 IRP. PacifiCorp will use the same IRP modeling process for the 2022AS RFP but with PLEXOS.

Based on the updated 2022AS RFP schedule, PacifiCorp is recommending that IRP portfolio optimization model be used only once at the final shortlist stage which minimizes the time between receipt of the 2022AS RFP bids and the RFP final shortlist selection process and eliminates the step allowing bidders to reprice their bid, thereby alleviating potential price "gaming" identified by Staff as a concern in the 2020AS RFP.

To date, PacifiCorp has not received any comments, questions or feedback from interested stakeholders related to the evaluation and selection methodology. PacifiCorp has summarized a few known key changes expected in the proposed 2022AS RFP compared with the prior cycle. As the Company explained in the response to Staff Data Request 1:

...changes may include the addition of new minimum criteria; a change to the non-price score matrix; and the addition of an equity questionnaire to provide information for Oregon House Bill 2021 and Washington procurement of resources rules. Additionally, the Company expects one further step will be added (after the selection of the final shortlist to determine system resources) to analyze the addition of resources on a state-by-state specific basis to meet evolving regulatory requirements such as Washington's Clean Energy Transformation Act ...

Upon approval of the Oregon IE by the Commission, PacifiCorp looks forward to reviewing its proposed evaluation and selection methodology with the IE. In conjunction with the IE, PacifiCorp will summarize any changes to the evaluation and selection process and differentiate material process step changes, specific model changes and the actual inputs used in the models as compared to the past scoring and modeling methodology processes.

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<sup>13</sup> Docket No. UM 2193, PacifiCorp Notice of Proposed Updated Schedule for 2022AS RFP (Oct. 1, 2021).

Staff recommends that if PacifiCorp continues to utilize the second track for bid scoring methodology review, then a general guideline of allowing up to six months, for stakeholders and Staff to review the bid scoring methodology, should be enforced. The Company believes that with the updated RFP schedule, Staff, the IE, and stakeholders will have sufficient time and information to evaluate its scoring and modeling methodology. In the use of the second track, the Company has met and continues to meet the Rules recognizing that the Rules allow for the use of waivers in specific instances. Those waivers are at the discretion of the Commission, and the Company has expressed a further willingness to accommodate changes to its 2022AS RFP schedule to allow Staff and stakeholders additional review time including a supplemental workshop to walk through the scoring and modeling methodology.

PacifiCorp believes that the best forum to address future RFP process changes is in that future RFP docket and the Commission should not establish a defined time frame for evaluation which limits flexibility on schedules in the future. PacifiCorp continues to support the second track for evaluating the bid scoring and modeling methodology using the waiver process as a viable mechanism to make those adjustments.

In sum, the Company agrees with the schedule change proposed by Staff regarding the bid scoring and associated modeling methodology. Further, the Company looks forward to working with the IE, Staff, and stakeholders to finalize the bid scoring and associated modeling methodology.

### **C. Additional or Modified Reporting and Analysis Requested**

Staff recommends additional sensitivity analysis and reporting and plans to request that these deliverables be built into the 2022AS RFP and included in the draft 2022AS RFP filed for approval by the Commission.<sup>14</sup>

In terms of additional sensitivity analysis and reporting requested from the Company, Staff plans to request the following be built into the 2022 AS RFP and reflected in the Draft RFP:

- Assess the cost of any incremental transmission additions with/without ratepayer support of the underlying transmission.
- Report PVRR resulting from adding a social cost of carbon at a 2.5 percent discount rate applied to emissions from PAC system with and without the ISL resources.
- Include a ‘no market sales’ sensitivity.
- Include a tax credit extension sensitivity, with low market prices.

The Company will consider Staff’s recommendations in the context of the scoring and modeling methodology evaluation during the overall review and approval process of the 2022AS RFP.

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<sup>14</sup> Staff Report at 8-9.

Also, Staff noted in their Report that they have learned several lessons over the course of PacifiCorp's 2020AS RFP in docket UM 2059 and PGE's recent RFP filing, docket UM 2166. In terms of bid scoring, Staff will seek to add PGE's "level capacity ratio." Staff believes this metric favors resources that offer higher capacity contributions with lower annual energy output. While the Company has not fully vetted this metric in the context of its RFP scoring and modeling methodology, the Company will work with the Staff and the IE to evaluate the value of the metric and determine if it can be incorporated effectively into the evaluation and selection process.

#### **D. Trends in RFP Timing**

Staff provides observations of the overlapping of the IRP and RFP proceedings. While not making any specific recommendations, Staff explains possible rule changes that would prevent the overlap of these proceedings.<sup>15</sup>

With all else held equal, PacifiCorp agrees that an acknowledgement in a utility's IRP should precede the review of a draft RFP that is borne from the resource need set forth in the IRP. However, a number of factors impact this timing. For PacifiCorp, these factors include satisfying the procurement rules in three jurisdictions, the timing of the interconnection cluster study, and the lead time required for projects to be selected, contracted for, and constructed to be online by a date certain.

The Commission's Rules provide a flexible framework to allow utilities to meet their resources needs through two tracks: "track one" that contemplates inclusion of a draft RFP as part of a utility's IRP filing with the Commission, and "track two" that allows a utility to pursue a RFP outside of the IRP process by seeking approval of the RFP scoring and associated modeling through the IE docket.<sup>16</sup> The applications that initiated dockets UM 1845, UM 2059, and UM 2193 were all filed using "track two." The decision to use "track two" in each of these proceeding was driven by factors unique to those filings, such as ensuring projects are online by a date certain.

Over the last three RFPs, PacifiCorp has worked collaboratively with Staff and stakeholders and will continue to do so. For example, as explained above, upon the filing of the application that initiated this proceeding and the various notifications required in other jurisdictions, PacifiCorp received immediate feedback from stakeholders on the tight schedule being proposed for the 2022AS RFP. Based on that feedback, working around constraints such as the cluster study and coordinating the various jurisdictional deadlines, the Company proposed an alternative schedule that allowed for more time for stakeholder input in the IE selection and draft RFP.<sup>17</sup> The schedule also allows for the Commission to

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<sup>15</sup> Staff Report at 9-12.

<sup>16</sup> OAR 860-089-0250.

<sup>17</sup> See Docket No. UM 2193, Notice of Proposed Updated Schedule for the 2022 All-Source Request for Proposal, filed Oct. 1, 2021.

deliberate first on whether to acknowledge the Company's 2021 IRP before its deliberations on the draft 2022AS RFP.

Further, PacifiCorp is facing extraordinary climate goals in Oregon and other jurisdictions and anticipates that it will continue to face demanding overlapping IRP and RFP cycles in future years; but with the successful transition to the interconnection cluster study, the successful implementation of PLEXOS, and the learning from the 2020AS RFP, PacifiCorp anticipates beginning to see a biannual IRP process followed by a metronome of procurement activity. With Staff and the approved IE's oversight, during the 2022AS RFP the Company hopes to implement a repeatable RFP process subject to the caveat of ever-changing market and policy environments.

Staff has also suggested some changes to the Rules for clarification purposes. Staff maintains that without specific rule clarification, PacifiCorp's RFP may continue to diverge from the Rules and future elements of the proposed schedule. PacifiCorp has complied with the Rules in issuing the IE RFP and its recommendation of an IE, PA Consulting, for the 2022AS RFP and intends to continue to remain in compliance with the rules.

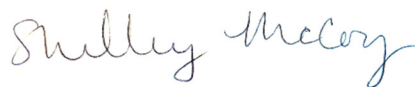
PacifiCorp looks forward to collaborating with Staff and stakeholders with respect to the 2022AS RFP. Further, the Company looks forward to participating in a future rulemaking should the Commission determine amendments to the Rules are warranted.

### III. CONCLUSION

PacifiCorp supports Staff's recommendation that the Commission approve the selection of PA Consulting as the IE for PacifiCorp's 2022AS RFP.

If you have questions about this filing, please contact Cathie Allen, Manager, Regulatory Affairs, at (503) 813-5934.

Sincerely,



Shelley E. McCoy  
Director, Regulation