

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2193

In the Matter of

PACIFICORP,

2022 All-Source Request for Proposals.

COMMENTS OF
RENEWABLE NORTHWEST

November 22, 2021

I. Introduction

Renewable Northwest thanks the Oregon Public Utility Commission (“OPUC” or “Commission”) for this opportunity to comment on the draft scoring and modeling methodology proposed for PacifiCorp’s 2022 All-Source Request for Proposals (“RFP”).

In these comments, as we did in recent comments on Portland General Electric’s 2021 All-Source Request for Proposals, we highlight the intersection between this RFP and PacifiCorp’s obligation under HB 2021 to reduce its greenhouse gas (“GHG”) emissions significantly by 2030. More specifically, we encourage the company and the Commission to view this RFP as an opportunity to achieve cost-effective emission reductions even as we work toward a clearer view of HB 2021 implementation. We next walk through several elements of the company’s proposed scoring that are currently unclear, in some cases as a function of the company’s initial filing and in others as a function of the significant changes to the company’s proposed timeline that have developed. We also request one technical change to PacifiCorp’s restrictions on the configuration of hybrid resources. Finally, though this goes more to the RFP overall than to scoring specifically, we express some concern about how the Commission’s revised RFP timeline may limit the pool of available resources that can compete in this RFP due to interconnection-related constraints. We will likely revisit this issue in more detail as the regulatory process around the RFP proceeds.

All in all we look forward to further engagement on this RFP, and particularly to working with the company and the Commission on ways to ensure that this RFP helps the company to meet HB 2021’s mandate to reduce system emissions 80% by 2030 and eliminate emissions entirely by 2040.¹

¹ HB 2021 (2021), section 3.

II. Comments

A. *PacifiCorp's RFP can be an important step toward achieving HB 2021's required 80% GHG emissions reduction by 2030.*

Renewable Northwest appreciates PacifiCorp's observation in its September 2, 2021 Application To Open Independent Evaluator Docket that through this RFP the company "seeks to procure and have in-service up to 600 MW of new solar resources, 745 MW of new wind resources, and 600 MW of battery energy storage ... **in order to address the regulatory requirements of Oregon HB 2021**" (emphasis added). However, we would note that these resource values reflect the least-cost, least-risk portfolio identified in PacifiCorp's 2021 Integrated Resource Plan *without* accounting for the requirements of HB 2021.² It is possible, if not probable, that additional resource additions now will help the company achieve HB 2021's mandatory emission-reduction targets at the least cost to the company's customers, and we encourage the company and the Commission not to limit the resources procured in this RFP to the figures identified in the company's 2021 IRP.

Instead, we recommend that Commission Staff work with PacifiCorp, as they have begun to do with Portland General Electric, to identify additional analysis that can take place within this RFP to explore whether bringing on more non-emitting resources sooner will help the company achieve compliance with Oregon's emissions mandates at the least cost and risk to the company's customers. That may mean simply assessing the economic effects of procuring higher MW values now based on bids into the RFP, or it may mean relaxing other requirements -- such as the 2026 commercial operation date -- to optimize resource acquisition in time to meet the company's 80%-reduction-by-2030 mandate. As the Commission considers how best to ensure this RFP can help the company achieve its regulatory requirements under HB 2021, we also recommend the Commission bear in mind its own mandate under the same law: "The commission shall ensure that an electric company demonstrates continual progress ... and is taking actions as soon as practicable that facilitate rapid reduction of greenhouse gas emissions at reasonable costs to retail electricity consumers."³

² See PacifiCorp 2021 IRP at 300 ("PacifiCorp expects these targets, and an Oregon-specific emissions trajectory, to be incorporated following the 2023 integrated resource plan when PacifiCorp is required under the bill to file a Clean Energy Plan.").

³ *Id.*, section 4(6). While this section does include a specific reference to "continual progress as described in subsection (4)(e)," and that subsection refers to "continual progress *within the planning period*," the term "planning period" is undefined and PGE is currently working on development of its next IRP which will likely include the

B. Additional clarity would be helpful on several elements of PacifiCorp's proposed scoring methodology.

Renewable Northwest requests that PacifiCorp provide additional clarity and detail on several elements of its proposed scoring methodology. Most fundamentally, the company submitted this proposed methodology as Attachment C to its September 2, 2021 Application. The regulatory process around this RFP has changed so significantly that a redline of Attachment C would be helpful at this juncture. For example, at that time, Attachment C indicated that “[t]he bid evaluation process incorporates PacifiCorp Transmission’s interconnection cluster study process steps,” and outlined a process whereby the initial shortlist would be determined without reference to interconnection cost, shortlisted bidders could enter the company’s 2022 cluster study, following the cluster study there would be a bid refresh opportunity, and the final shortlist would be determined with reference to bids updated to incorporate interconnection costs. Following Commission Staff’s November 4, 2021 Scheduling Letter, however, PacifiCorp will not even accept initial bids until the 2022 cluster study is complete and, according to the company’s November 15, 2021 workshop, bids will incorporate interconnection costs from the outset. It is possible that other elements of Attachment C may have had to change as a result of this updated schedule as well. While Renewable Northwest appreciates the company’s updates at its November 15 workshop, the overall scoring changes seem substantial enough that a full redline may be necessary to adequately comment on the appropriateness of the company’s proposed methodology.

Two specific elements of the company’s proposed scoring also appear to warrant additional detail to facilitate stakeholder comment.

First, the company spells out its proposed price scoring methodology on page 51 of its Application, explaining that its model will determine each bid’s net benefits, and “a maximum score of 75 points is assigned to the bid with the highest calculated net benefit and minimum of zero (0) points to the evaluated bid with the lowest calculated net benefit.” As to other bids, they will be scored “on a 0-to-75 scale according to their relative relationship (respective net benefits) to those of the highest and lowest performing bids.” What is not clear is how scores will be assigned within that 0-to-75 range. I.e. will the net benefits value and the price score be directly proportional, or will some other approach be used to transform net benefits into a price score? Given the OPUC competitive bidding rules’ emphasis on transparency, a clearer window into price scoring is important to bidder confidence in this RFP.⁴

Clean Energy Plan required by HB 2021, section 4(3)(a) -- all of which is to say that timing technicalities do not undermine the clear direction to the Commission to ensure continual progress.

⁴ See, e.g., OAR 860-089-0400(1).

Second, the company proposes to assign a non-price score value to an Equity Questionnaire targeted toward achieving some of the policy objectives of Washington's Clean Energy Transformation Act and Oregon's HB 2021. We support the inclusion of an equity questionnaire, but if that questionnaire will inform a bidder's non-price score we note that it would be helpful for bidders to have access to the questionnaire now, before commenting on the appropriateness of the company's proposed scoring methodology. That said, it appears from the company's non-price scoring matrix that the score assigned to the questionnaire might be binary, simply reflecting whether or not a bidder has completed and submitted the questionnaire. If that is correct, then the value of releasing the questionnaire at this point may be limited in terms of ensuring appropriate scoring methodology, though there would still be value in terms of helping bidders to achieve those Washington and Oregon policy goals.

C. Renewable Northwest requests that PacifiCorp not limit hybrid bids to only AC-coupled resources.

At the Storage Valuation workshop held on November 15, PacifiCorp mentioned that collocated battery energy storage systems (BESS) *must* be AC-coupled. Renewable Northwest submitted a query to understand the rationale behind excluding this particular type of configuration, to which the Company responded:

Due to CAISO metering requirements and the lack of utility-grade, ANSI-approved revenue-quality AC-meters not being available at the current time, potential contractual complications associated with the distributed nature of DC-coupled battery systems, and PacifiCorp's goal of managing the dispatch of energy storage, PacifiCorp will accept only AC-coupled collocated battery systems in this RFP.

Renewable Northwest recommends that PacifiCorp remove this restriction and allow DC-coupled hybrid resources to bid into the 2022 AS RFP. The rationale provided by PacifiCorp is insufficient because it severely limits the ability of developers to provide maximum value to PacifiCorp's system and its customers. DC-coupled hybrid resources provide synergistic benefits due to their ability to capture otherwise clipped power due to inverter limitations in an AC-coupled setting. Since DC-coupled systems employ a shared inverter, there are also cost savings associated with lower equipment costs and lower efficiency-related losses since the DC power generated from the renewable resource can directly charge the BESS, which could be particularly valuable given the scale of PacifiCorp's current and, likely, future renewable and energy storage resource procurement efforts.

As to the issue PacifiCorp has raised regarding the availability of metering to accommodate resource dispatch in the CAISO, the proposals in CAISO's Hybrid Resources Initiative provide additional context. The Draft Final Proposal⁵ states that although the ISO has currently not identified DC meters that provide settlement-quality meter data, they are working with vendors and market participants to develop solutions, with a goal of having such a meter identified at the time this policy is implemented in fall of 2021. Rather than excluding DC-coupled resources outright, Renewable Northwest recommends that PacifiCorp work with CAISO and vendors to identify metering infrastructure to accommodate DC-coupled hybrid resources and help ensure that adequate meters will be available by the time projects bid into this RFP.

D. Commission Staff's November 4 schedule and the company's November 15 proposed scoring and modeling approach may significantly limit bids in this RFP.

As noted above, PacifiCorp initially proposed an RFP process that was well-aligned with its interconnection process, establishing an initial shortlist without reference to upgrade costs, allowing shortlisted bidders to enter the 2022 cluster study process, providing an opportunity for a bid refresh incorporating interconnection costs, and then determining a final shortlist. Following Staff's November 4 schedule update, on November 15 the company provided stakeholders with an updated scoring approach where bids would come in after the conclusion of the company's 2022 cluster study and interconnection costs will be considered at all stages of the scoring process.

This revised approach, while perhaps necessary in response to Staff's updated schedule, will significantly limit the pool of resources eligible to bid into this RFP. Previously, bids selected to PacifiCorp's initial shortlist likely could have used their position on the shortlist to demonstrate "commercial readiness," enabling them to enter the company's 2022 cluster study. Under the revised schedule, it will be more challenging for these projects to demonstrate commercial readiness, enter the 2022 cluster study, and align their path through the interconnection process with their path through this RFP.

Given other difficulties with the company's interconnection process, the result of this new misalignment is that many projects without executed large generator interconnection agreements may not be able to meet the RFP's requirements, though the extent to which that proves true may depend on the terms of the full RFP once it is released. This limitation is underscored by the number of projects that were assigned lengthy and expensive upgrades as a result of the company's last cluster study process -- these projects will likely be ineligible for this RFP as well, especially if PacifiCorp adheres to its 2026 commercial operation date requirement.

⁵ Hybrid Resources Draft Final Proposal, CAISO (Aug. 3, 2020), available at <http://www.caiso.com/InitiativeDocuments/DraftFinalProposal-HybridResources.pdf>.

While we anticipate later in this process filing more detailed comments that address interconnection challenges and limitations and identify potential solutions, we wish to highlight these issues now before the RFP is filed, in case the company is able to incorporate flexibility into its initial RFP filing to address these concerns up front.

III. Conclusion

Renewable Northwest thanks the Commission for this opportunity to comment on PacifiCorp's 2022 RFP scoring methodology. We appreciate the company's and the Commission's consideration of our observations and recommendations above, and we look forward to continued engagement in this docket.

Respectfully submitted this 22nd day of November, 2021,

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