



November 22, 2021

Oregon Public Utilities Commission

Docket: UM 2193

Subject: IE Comments on PacifiCorp's Draft 2022AS RFP Scoring and Evaluation Methodology

This document contains the initial comments of PA Consulting Group, Inc. (PA) as the Independent Evaluator (IE) for PacifiCorp's 2022 All-Source Request for Proposals (2022AS RFP or the RFP). PA is filing these comments with the Oregon Public Utilities Commission (OPUC).

1. Procedural Background and Expectation

On October 25, 2021, the OPUC approved the selection of PA as the IE for the 2022AS RFP. On October 27 and 28, PacifiCorp and PA held discussions related to the proposed evaluation methodologies for the 2022AS RFP, which materially differed from the methodologies used for the 2020AS RFP, for which PA was also the IE. On November 15, 2021, the OPUC held a Special Public Meeting incorporating, in part, two public workshops related to the 2022AS RFP; the first workshop addressed PacifiCorp's proposed Scoring and Evaluation methodologies for the RFP, the second addressed PacifiCorp's tools for evaluating energy storage in the RFP.

As part of its IE responsibilities, PA has reviewed the Scoring and Evaluation methodologies proposed by PacifiCorp and provides the following comments. PA anticipates that further review and discussion of the proposed methodologies will likely occur during PA's review of PacifiCorp's proposed 2022AS Request for Proposals prior to PacifiCorp launching the RFP.

2. 2022AS RFP Process Timeline

PacifiCorp significantly revised the process timeline for the 2022AS RFP relative to the 2020AS RFP process. In the 2020 RFP process, bidders were required to submit bids prior to the October 2020 Transmission Transitional Cluster Study request deadline. The purpose for this was so PacifiCorp could complete its initial review of bids and create an Initial Shortlist of bid awards; selected bidders could then use the Initial Shortlisting selection as evidence of Commercial Readiness, a criteria for being included in the Transmission Cluster Study. Upon conclusion of the Transmission Cluster Study, bidders provided a price update to their bids, including both the costs identified in the Transmission Cluster Study as well as any final additional pricing considerations the bidder chose to include.

For the 2022AS RFP, PacifiCorp intends to launch the solicitation in April 2022, with the 2022 Transmission Cluster Study request deadline occurring in mid-June 2022. The Cluster Study is expected to be completed by mid-November, with 2022AS RFP bids – including their interconnection costs - being due to PacifiCorp by mid-December 2022. There will be only one pricing submittal associated with the bids; PacifiCorp does not intend to allow any pricing updates with the 2022AS RFP.

PacifiCorp has indicated that the purpose for releasing the RFP prior to the Transmission Cluster Study window is to allow bidders who wish to participate in the RFP to request inclusion



in the Cluster Study, obtain their interconnection cost estimates, and include those costs in their bid in mid-December 2022. This will eliminate the need for pricing updates in the 2022AS RFP.

Significantly, it will also eliminate much of the need to consider executed Large Generator Interconnection Agreements (LGIA) in the Initial Shortlist, as was the case in the 2020AS RFP. For the 2022 Transmission Cluster Study, PacifiCorp has indicated there are other Commercial Readiness criteria available for eligibility in the Study and expects potential bidders to take their own steps meet those criteria.

In this way, PacifiCorp will not be in the position of needing to consider the presence of executed LGIAs in their selection of an Initial Shortlist of bids which will enter the 2022 Transmission Cluster Study, because there will be no Initial Shortlist. Bidders will gain inclusion into the Study based on their own ability to meet Commercial Readiness criteria, and will incorporate those interconnection cost estimates in their bids in mid-December.

PA believes the revised process for incorporating the Transmission Cluster Study interconnection cost estimates into the 2022AS RFP bids is an improvement, and one that should provide clarity to bidders.

3. Evaluation and Selection Criteria

PacifiCorp's 2022AS RFP will evaluate proposals based on the following: Bid Eligibility, Price Criteria, and Non-Price Criteria.

Bid Eligibility

Consistent with prior RFPs, PacifiCorp plans to evaluate bids and their ability to meet certain eligibility criteria, based on conformance with 2022AS RFP requirements related to minimum criteria, compliance with and verification of major equipment availability defined in the RFP specifications, and bidders' ability to provide acceptable credit security as determined by Bidder's credit information.

One notable criterion which will NOT be considered a minimum criterion for RFP eligibility is having an interconnection request filed with PacifiCorp Transmission by a cut-off date. That eligibility criteria, which was the reason a number of bids into the 2020AS RFP were deemed ineligible, is no longer applicable, given that any bids must have a completed interconnection study prior to bidding.

PA believes the broad bid eligibility categories are reasonable, subject to review in the Draft RFP.

Non-Price Scoring

As with the 2020 RFP, the 2022 RFP will include the Non-Price Scoring in the RFP, and PacifiCorp anticipates that bidders will be able to reasonably "self-score" their bids in an objective manner. The scoring categories will be Bid Completeness, Contracting Progress and Viability, and Project Readiness and Deliverability.

As with the Bid Eligibility criteria, PA believes the Non-Price Scoring criteria are reasonable, subject to review in the Draft RFP. We do note, however, that PacifiCorp's bid evaluation process includes a step during which the bid economic modeling results will be reviewed in light of the Non-Price Scoring of each bid, with the Non-Price Scoring results being potentially used to revise the final Shortlist selection of bids. PA believes this is an important step in the development of the final Shortlist of bids, as it will incorporate development and counterparty risk into consideration of the final Shortlist. As such, PA anticipates extensive discussions with PacifiCorp relating to the Non-Price Scoring results, prior to the completion of the Price Scoring.



Price Scoring

Consistent with the 2020 RFP, PacifiCorp will require bidders to complete a bidder inputs spreadsheet form with their bids, known as the Appendix C-2 form. This form will provide PacifiCorp with a “numbers-based” overview of each bid, and also provides PacifiCorp with a form for developing each bid’s representation in PacifiCorp’s Plexos IRP modeling tools.

The bids will be evaluated on an economic basis in PacifiCorp’s models, considering the bid’s production shape, pricing, energy storage characteristics - such as cycling limitations, degradation and ramp rate, etc. – and other operational characteristics of each bid. The models will produce a quantitative ranking of each bid submitted, regardless of its inclusion or exclusion from the optimal portfolio; these scores will be normalized to a 75 point scale. The Non-Price Scoring for each bid will be added to the Pricing score to create a Total Score and a ranked list of bid values.

PacifiCorp’s models will select an optimal portfolio, which will then be subject to extensive review by PacifiCorp and PA, including incorporation of the Total Score for each bid. If necessary, PacifiCorp and PA will identify those bids which have excellent Total Scores yet were not included in the optimal portfolio and PacifiCorp will conduct further modeling to confirm or revise Final Shortlist.

During PA’s review of PacifiCorp’s proposed Evaluation and Scoring methodology, PA posed several clarifying questions to PacifiCorp. Several questions and PacifiCorp’s responses are summarized below:

- Are there any transmission expansions (e.g., Boardman-Hemingway) represented as decisions in PLEXOS, in the way that Gateway South was treated in the prior RFO?
 - **PacifiCorp response:** Yes. All transmission expansions are represented as options within PLEXOS. Transmission expansions can include incremental transfer capability (among multiple points) and/or incremental interconnection capability for new resources. To the extent a transmission cost is specific to a single resource and does not impact any other transfer or interconnection capability, that cost can be embedded within the cost inputs assigned to a specific resource, as was done with most network upgrades in the 2020AS RFP. If the associated transmission upgrades do relate to other interconnection options or transfer capability, they can be modeled as appropriate.
- Does PLEXOS attribute any value to capacity contribution (LCC)?
 - **PacifiCorp response:** Capacity contribution is not an input to the PLEXOS model. PLEXOS attributes value to resources based on marginal energy and operating reserve values. Implicitly in hours with limited resources and a risk of capacity shortfalls, marginal energy and operating reserves will be high. The renewable resource profiles developed in the 2021 IRP ensure that a range of weather conditions are reflected across each month of the study period, and that the alignment between renewable resource output and load is comparable to that seen historically.
- What will be the time horizon of the PLEXOS runs?
 - **PacifiCorp response:** The Company is planning to run studies through 2040, which was the final year in the 2021 IRP.

PA believes PacifiCorp’s overall Price Scoring methodology and their overall process for Evaluation and Scoring of the 2022AS RFP are reasonable. However, we yet have some



concerns about the Plexos model's ability to evaluate energy storage facilities appropriately. These concerns include the model's ability to appropriately evaluate energy storage daily vs. annual cycling limitations and the model's ability to appropriately constrain resources from "grid-charging" vs. charging from the host renewable generator for paired renewable-storage bids. PA anticipates that these and other evaluation and scoring methods will be further reviewed and discussed as the RFP itself is being developed and reviewed, with potential revisions to be considered and commented upon during PA's Draft RFP Report, to be filed in March 2022.