



OREGON PUBLIC UTILITIES COMMISSION

INDEPENDENT EVALUATOR'S
ASSESSMENT OF PACIFICORP'S FINAL
DRAFT 2022AS REQUEST FOR
PROPOSALS

March 11, 2022

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Executive Summary

PA Consulting Group, Inc. (PA) is serving as the Independent Evaluator (IE) for PacifiCorp's 2022 All Source Request for Proposals (2022AS RFP or the RFP).

The first key objective of the Independent Evaluator activities is to provide the Oregon Public Utilities Commission (OPUC) with an independent assessment of PacifiCorp's Draft 2022AS RFP, prior to the issuance of the RFP. This report contains PA's assessment of the Draft 2022AS RFP.

The report provides:

- An introduction and background of the 2022AS RFP
- A summary of the assessment criteria used by PA to evaluate the RFP
- PA's evaluation of the draft RFP using those assessment criteria
- A summary of stakeholder comments received on the draft RFP
- A summary of the Independent Evaluator's findings and recommendations related to the RFP

Background and Overview of 2022AS RFP

PacifiCorp's 2021 IRP identified action items for PacifiCorp to follow through on. One such action item is the issuance of the 2022AS RFP. The 2022AS RFP will seek proposals from resources which would interconnect to PacifiCorp's transmission system. The RFP is based around the IRP's preferred portfolio which includes the following mix of capacity from new resources: 1,345 MW from wind and solar resources; 600 MW from co-located battery energy storage system (BESS) resources; and 274 MW from demand-side resources (demand response, DR) by the end of 2026

RFP Assessment Criteria and Areas of Evaluation

PA has developed the following three fundamental Assessment criteria which we applied to our evaluation of the RFP:

- Maximizing procurement opportunities
- Fair and equitable treatment of bidders
- Minimize utility bias

For the purposes of this report, PA surveyed various areas of the RFP and the bid evaluation process described therein and evaluated the RFP in the following areas:

- Compliance with OR Competitive Bidding Rules
- RFP Bidder Requirements
- Bid Price Scoring Methodologies
- Bid Non-Price Scoring Methodologies

Stakeholder Comments

PA reviewed all stakeholder comments filed in relation to the Draft RFP and considered them in the evaluation of the RFP. PA does not comprehensively describe those comments herein; we encourage readers to review those comments in their entirety. Section 3 of this report contains a summary of those comments PA considered material and a discussion of their disposition in the final draft RFP.

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1 Background and Overview of RFP

PacifiCorp (the Company) plans to issue an All-Source Request for Proposals (2022AS RFP or the RFP) on April 26, 2022, pending approval by the Oregon Public Utility Commission (OPUC or the Commission). The RFP will seek least-cost, least-risk resources consistent with the intent of the Company's 2021 Integrated Resource Plan (2021 IRP or IRP).

1.1 Background

PacifiCorp's 2021 IRP identified action items for PacifiCorp to follow through on. One such action item is the issuance of the 2022AS RFP. The 2022AS RFP will seek proposals from resources which would interconnect to PacifiCorp's transmission system. The RFP is based around the IRP's preferred portfolio which includes the following mix of capacity from new resources: 1,345 MW from wind and solar resources; 600 MW from co-located battery energy storage system (BESS) resources; and 274 MW from demand-side resources (demand response, DR) by the end of 2026.

1.2 RFP Overview

This RFP is an all-source RFP and PacifiCorp intends to evaluate all competitively priced bids across technology type within the capacity needs of the RFP.

The RFP will accept bids from new resources, as well as existing resources that meet certain conditions, including wind resources, solar resources, co-located BESS resources, and demand response resources. The RFP will only consider bids that are able to achieve a commercial operation date (COD) by December 31, 2026. Bids for long lead time resources like pumped storage hydro resources or nuclear will be allowed to submit into the RFP with a COD by December 31, 2028. The 2022AS RFP differs from PacifiCorp's previous 2020 All-Source RFP in that the deadline to request to participate in PacifiCorp's transmission cluster study as well as the results of the cluster study will be posted prior to bids being due for submittal into the 2022AS RFP. This change in process timeline allows PacifiCorp to know the associated transmission costs for a bid, as bidders will be required to include the estimated direct assigned interconnection cost in their bid price as well as provide the estimated network upgrades costs to PacifiCorp.

PacifiCorp stated that it plans to submit several self-build ownership proposals (benchmark resources) in the 2022AS RFP. Additionally, in the 2022AS RFP, PacifiCorp intends to accept bids of different structure types including benchmark bids; build-transfer agreement (BTA) bids; power-purchase agreement (PPA) bids; tolling agreement bids; and professional services agreements.

PacifiCorp intends to issue the RFP on April 26, 2022, pending approval by the Commission. PacifiCorp's cluster study request window closes on May 16, 2022, with cluster study results expected to be posted on November 12, 2022. During this period preceding cluster study results being posted, the Notice of Intent to bid is due on June 16, 2022, and PacifiCorp intends to hold their second bidder's conference. Benchmark bids are scheduled to be due November 12, 2022, with bids from the market due on January 16, 2023. After bid submittal, PacifiCorp and PA will complete a review of bids to determine eligibility, modelling in PLEXOS for portfolio optimization will begin, and non-price scoring will be completed. By April 14, 2023, PacifiCorp anticipates that PLEXOS will generate a price score for bids and create a list of preferred new resources from the RFP. A final shortlist will be identified by May 5, 2023, with PacifiCorp executing contractual agreements with shortlisted bidders by November 21, 2023.

1.3 PA Consulting's Role as an Independent Evaluator

PA was engaged by PacifiCorp to provide Independent Evaluator services associated with the RFP. As the Independent Evaluator, PA has completed a thorough assessment of the 2022AS RFP design and submit herein our assessment of the final draft RFP for the Oregon Public Utility Commission's consideration.

PA will also be evaluating PacifiCorp's bid evaluation process, which is to include PA's independent scoring analysis of the submitted and competing bids. PA will also provide a closing report documenting PA's Independent Evaluation of the entire RFP process, including the resources identified on the final shortlist.

2 RFP Assessment Criteria and Areas of Evaluation

This section summarizes PA's RFP Assessment Criteria and Areas of Evaluation and summarizes the stakeholder comments filed on the Draft RFP. PA generally adopts similar Assessment Criteria and Areas of Evaluation to the review of the 2020AS RFP.

2.1 Assessment Criteria

In developing the RFP Assessment Criteria, PA reviewed and incorporated the following:

- OPUC's Competitive Bidding Rules¹
- PacifiCorp's 2021 Integrated Resource Plan
- Stakeholder comments filed with the OPUC

In light of these and discussions with OPUC Staff, PA has developed the following three fundamental Assessment criteria which we applied to our evaluation of the RFP:

- Maximizing procurement opportunities
- Fair and equitable treatment of bidders
- Minimize utility bias

2.1.1 Does the RFP maximize opportunities to procure low-cost, low-risk generation?

This criterion is intended to evaluate the RFP in light of its likelihood to either encourage or discourage bidders with low-cost, low-risk projects to bid into the RFP. While the 2019 and 2021 IRPs identified a preferred portfolio of projects by resource technology and location, those portfolios were developed using assumptions about the ability and willingness of the market to provide those resources. The 202AS RFP saw robust participation by the market and in many ways validated those market willingness assumptions, though it identified market participation issues which remain yet today, as discussed further in this report. PA hereafter refers to this as the "Maximize Opportunities" criterion.

2.1.2 Does the RFP provide for fair and equitable treatment of bidders across resource type, location, and proposed contract structure?

Oregon's competitive bidding guidelines and rules emphasize the need for bidders to be treated fairly and equitably, relative to both PacifiCorp and to each other. For example, if PacifiCorp were to have a hidden preference for wind generation as opposed to solar generation, it could potentially build pro-wind or anti-solar provisions into the RFP and its requirements. Indeed, PacifiCorp's use of language such as "PacifiCorp has a strong preference ..." for a certain type of energy storage resource in the 2022AS RFP has generated some stakeholder concerns, as discussed further in this report. PA evaluated the RFP in light of this criterion by questioning each aspect of the RFP and whether it favored one bidder type over another. PA hereafter refers to this as the "Bidder Fairness" criterion.

2.1.3 Does the RFP minimize opportunities for utility bias to be introduced into the procurement processes?

PA understands that many stakeholders would view this as perhaps the most important criterion, and indeed we have seen this concern come through in stakeholder comments. While the other two criterion are important as well, PA knows that there is a long history in Oregon of concern over whether or not utilities have "gamed the system" during procurement exercises to secure utility investment earnings through ownership of resources. In the 2022AS RFP (as compared to the 2020AS RFP), with PacifiCorp submitting Benchmark Bids, this concern is heightened. While it is possible to identify overt instances of attempts by

¹ OPUC's Oregon Administrative Rules, Chapter 860, Division 089, *Resource Procurement for Electric Companies*, as modified in OPUC Order No. 18-234 in Docket AR 300. August 30, 2018.

utilities to do so through RFP design or bid evaluation practices, PA has found that identifying utility bias typically occurs on a case-by-case basis, requiring vigilance from the Independent Evaluator throughout the entire process. PA is committed to working with OPUC Staff in doing so; however, we have also evaluated the RFP design in the context of that vigilance. PA hereafter refers to this as the “Minimize Bias” criterion.

2.2 Areas of Evaluation

For the purposes of this report, PA surveyed various areas of the RFP and the bid evaluation process described therein. While the goal is to evaluate of these areas against each of the three Assessment Criteria, in practice one Criteria or another is more relevant than others to a particular area.

2.2.1 Compliance with OR Competitive Bidding Rules

While this area of evaluation is not a specific aspect of the RFP process, PA evaluated the RFP broadly in the context of Oregon’s Competitive Bidding Rules for power procurement, as well as in the context of concerns specifically related to PacifiCorp’s Draft 2022AS RFP. One specific rule, which requires PacifiCorp to provide bid scores for Benchmark Bids at two different points in the process, is further discussed below. The Rules themselves are generally straightforward and formal, and the criterion to apply is whether the draft RFP satisfies those specific requirements. PA does not explicitly list those Competitive Bidding Rules herein but encourages readers to obtain copies of the Rules from the OPUC website.

2.2.2 RFP Bidder Requirements

This area of evaluation relates to the bidder requirements incorporated in the Draft RFP. As will be seen in Section 3 of this report, this area generated the majority of stakeholder comments on the 2022AS RFP. These concerns relate to online timing requirements, AC- vs. DC-coupled system requirements, bid fee requirements, interconnection request requirements, and other requirements defined in the Draft RFP. In applying the Assessment Criteria, PA considered the extent to which the bidder requirements unduly or unfairly restrict the number or types of bids to be considered; whether they exclude certain categories of bids arbitrarily without good reason; whether they place an undue burden on prospective bidders; or any evidence that they had been communicated in advance to certain bidders but not others. For example, the RFP requirement that bid projects must achieve commercial operation by 2026 – or 2028 for long lead time resources - was evaluated in light of the three Criteria and how this requirement may impact the fairness of the RFP process.

2.2.3 Bid Price Scoring Methodologies

The Bid Price Scoring area is perhaps the most important area of evaluation. Additionally, PacifiCorp’s bid evaluation methodology for the 2022AS RFP differs significantly from the 2020AS RFP methodology, both in the process as well as the modeling software to be used. As such, Staff, PA, and stakeholder have identified a number of issues and concerns related to the Bid Price Scoring methodologies proposed in the Draft RFP. These may include but are not limited to:

- The requirement for and inclusion of interconnection study cost estimates in bid submittals
- The ability of the IE to access PacifiCorp’s models, rather than review inputs and outputs
- The elimination of the Initial Shortlisting process
- Performance assurances and terminal value considerations for BTA vs. PPA bids
- Asset lives normalization
- Bid evaluation sensitivities
- Transmission costs incorporated into bid modeling

2.2.4 Bid Non-Price Scoring Methodologies

This area of evaluation received less attention in the stakeholders’ comments as compared to the 2020AS RFP; however, PA identified the following issues and concerns related to this area of evaluation:

- Oregon House Bill 2021 and its impacts on the RFP

- Other states in PacifiCorp’s service territory, their clean energy policies, and synergies or lack thereof present in PacifiCorp’s proposed bid evaluation methodology

2.2.5 Power Purchase Agreement and BTA Termsheet Terms and Conditions

In the RFP, PacifiCorp provided a pro forma PPA and a BTA Termsheet for bidders to identify the draft contracting documents bidders would eventually negotiate with PacifiCorp upon final shortlisting. As with the bid non-price scoring methodologies, these documents generated fewer comments than with the 2020AS RFP; however, PA identified the following issues and concerns related to this area of evaluation, including:

- Performance vs. Availability guarantees
- Tolling agreement provisions

2.3 Stakeholder Comments

PA has reviewed all stakeholder comments filed in relation to the Draft 2022AS RFP and considered them in our evaluation of the RFP. PA does not comprehensively describe those comments herein; we encourage readers to review those comments in their entirety. Table 2-1 below provides a summary of the comments from each party, the RFP Assessment Criteria which PA feels the given comment relates to, and notes related to PacifiCorp’s incorporation or rejection of many of these comments:

Table 2-1. Stakeholder Comments on PacifiCorp’s Draft 2022AS RFP

Party	Comment	Sub-Comment	Notes
OPUC Staff	Bid Price Scoring		
	Elimination of Initial Shortlist	Completed cluster study requirement	
	Use of Plexos	IE access to Plexos model	
	Benchmark Bid Scoring	Timing of two different benchmark scores	
	Bid Evaluation Sensitivities	Full cost of transmission additions	
	Ratio of Price/Non-Price Scoring	80/20 vs. 75/25	
	Bid Non-Price Scoring		
	Multiple States Compliance Requirements	Oregon HB 2021	
	Bidder Requirements		
	Commercial Operation Date	Extended interconnection timelines	

Party	Comment	Sub-Comment	Notes
	Commercial Operation Date	Ability for bidders to bypass current LGIAs	
	AC-coupled vs. DC-coupled Systems	DC-coupled systems are prohibited	
	Firm vs. Conditional Firm Transmission	Limited use of conditional firm transmission rights	
NIPPC	Bidder Requirements		
	Commercial Operation Date	Extended interconnection timelines	
	AC-coupled vs. DC-coupled Systems	DC-coupled systems are prohibited	
	Firm vs. Conditional Firm Transmission	Limited use of conditional firm transmission rights	
	Bid Fees	Different configurations of bids for one bid fee	
	Nameplate Capacity	Must be consistent with interconnection studies	
	Off-System BTA bids	Off-system PPAs are allowed	
Renewable Northwest	Bidder Requirements		
	Commercial Operation Date	Extended interconnection timelines	
	Firm vs. Conditional Firm Transmission	Limited use of conditional firm transmission rights	
	Off-System BTA bids	Off-system PPAs are allowed	

Party	Comment	Sub-Comment	Notes
	Bid Fees	Different configurations of bids for one bid fee	
	Nameplate Capacity	Must be consistent with interconnection studies	
	Completed Interconnection Study	Surplus Interconnection Service studies	
	Interconnection Costs	Facility Studies costs	
PPA Terms and Conditions			
	Performance vs. Availability Guarantee	90% output-based guarantee	
Swan Lake	Bidder Requirements		
	Commercial Operation Date	Extended interconnection timelines	
	All-Source RFP	PacifiCorp's preferred type of storage	
	Benchmark Bids	Benchmark bid sites are "locked in"	
	Benchmark Bids	Benchmark bids are limited to PacifiCorp self-builds	
	RFP Timing	Notice to Proceed by 2023	
	Bid Fees	Different configurations of bids for one bid fee	
	Interconnection Service type	Firm transmission vs. interconnection service	
	Terminal Value	BTA valuation using a terminal value	

Party	Comment	Sub-Comment	Notes
	Missing Appendices		
NewSun	Bidder Requirements		
	Benchmark Bids	PacifiCorp should not be allowed to submit bids	
	Independent Evaluator	IE should contract with PUC, not the IOU	
	Off-System BTA bids	Off-system PPAs are allowed	
	Commercial Operation Date	Should not extend past 2026 for any resources	
	Firm vs. Conditional Firm Transmission	Limited use of conditional firm transmission rights	
	Nuclear Facilities	Nuclear facilities should be disallowed	
	PPA Terms and Conditions		
	Tolling Agreements	Should not be exclusive or annual requirements	
	General		
	Insufficient Review Time	More time needed for stakeholder review	
	HB 2021	New procurement policies	
OR&ID Council of Labor	Bidder Requirements		
	Uniform Bidder Requirements	State-by-state approach	
	Workforce Issues		
	Contractor Requirements	Minimum standards and best practices	

Party	Comment	Sub-Comment	Notes
	Skilled Local Labor	Lack of local workforce development plan	

3 RFP Assessment

This section addresses PA's areas of evaluation of the RFP, including PA's own comments related to the RFP, as well as PacifiCorp's incorporation or rejection of stakeholder comments on various aspects of the RFP. To the extent that PacifiCorp accepted suggestions and incorporated them into the Draft RFP, PA believes the process of stakeholder comments and PacifiCorp revisions has worked well and generally has not commented on these. PA has not specifically addressed every stakeholder concern below but focused on those PA feels are significant and/or those that generated significant stakeholder interest.

3.1 Compliance with OPUC Competitive Bidding Rules

PA believes the Draft 2022AS RFP, as filed by PacifiCorp on January 14, 2022, generally complies with Oregon's Competitive Bidding Rules.

PA in particular notes that in Order 18-234, the OPUC stated:

... the value in a proceeding created by IE is dependent on the level of engagement that the Commission and Commission Staff provide to the IE. Staff brings a detailed and extensive understanding of RFP and resource selection standards to the process, while the IE brings detailed technical, financial, and transactional knowledge and experience. In working together, we are confident that the engagement of an IE with active management from Staff will help lead to better procurements in partnership with utilities.

PA agrees with this statement and commends the OPUC Staff for its collaboration with PA thus far in the IE process for this RFP. Similar to the 2020AS RFP, Staff has consistently engaged with PA on all matters related to the RFP, routinely scheduling calls including the Commission, stakeholders, PacifiCorp, and Staff itself to clarify issues as they have arisen. PA and Staff have held several discussions between just PA's team and Staff's team; while our IE contract is technically with PacifiCorp, PA feels that in practice our working relationship with PacifiCorp is secondary to that of our relationship with Staff. PA not only appreciates the collaboration but notes the collaboration is likely to ensure continued alignment between PA and Staff, and indeed PacifiCorp and the stakeholders, on issues pertaining to this RFP and likely resource acquisition by PacifiCorp resulting from the RFP.

PA does note that PacifiCorp requested and received a partial waiver from the Commission related to the requirement in OAR 860-089-0250(2)(a) for Commission approval of a proposal for scoring and associated modeling prior to preparing a draft RFP. While PA understands the timing constraints which led PacifiCorp to request the waiver, we do note that in the 2020AS RFP process, PA recommended that in future RFP efforts, PacifiCorp make every effort to avoid requesting such a waiver and seek Commission approval of bid scoring in advance of preparing a draft RFP. In the 2022AS RFP, PacifiCorp has proposed a significant change in its scoring methodology, including the elimination of the Bid Scoring Models, elimination of the Initial Shortlisting process, and is moving to a different modeling software for use in the bid scoring and modeling. For future RFPs, PA again recommends that PacifiCorp should seek Commission approval of bid scoring in advance of preparing a draft RFP, and suggests that the Commission may consider denying such a waiver in future RFPs until PacifiCorp fully identifies and clarifies the proposed scoring and modeling for the RFP in question.

3.2 RFP Bidder Requirements

While the majority of the RFP's bidder requirements are straightforward and reasonable to both PacifiCorp and stakeholders, there are several requirements which warrant discussion and resolution. The stakeholder comments raised several of these issues, and PacifiCorp either incorporated stakeholder suggestions or rejected the suggestions for stated reasons.

PA generally believes the bidder requirements are appropriate and unbiased, with some exceptions; PA's specific recommendations related to certain stakeholder suggestions follow.

Table 3-1. IE Assessment of RFP Bidder Requirements

Assessment Criteria	IE Assessment
Maximize Opportunities	Requirements are generally appropriate with noted recommendations related to the COD requirements and bid fees
Bidder Fairness	Requirements are reasonable and equitable across bidder type
Minimize Bias	Requirements do not materially favor utility ownership vs. PPAs

3.2.1 Required Commercial Operation Date

This bidder requirement has generated significant concern and discussion between PacifiCorp, Staff, PA, and stakeholders. The Draft RFP requires that “The 2022AS RFP will consider new and existing resources so long as they can achieve commercial operation and/or begin deliveries to PacifiCorp by December 31, 2026. PacifiCorp will also consider bids for long-lead time resources, so long as commercial operation can be achieved by December 31, 2028.”²

Several stakeholders comments expressed opposition to these COD requirements. Generally, most comments indicated that stakeholders would prefer that PacifiCorp extend the COD requirement to 2028 for all resource types, while NewSun Energy argued that the 2026 COD requirement was sufficient to attract a more than sufficient market response to the RFP and requested that PacifiCorp keep the 2026 COD requirement for all bidders, including long-lead time resources.

In discussions and in its reply comments, PacifiCorp has indicated that there are multiple, compelling reasons for keeping the 2026 COD requirement for bids, excepting long-lead time resources, including but not limited to:

- Lengthy interconnection timing estimates. These lengthy estimates, which caused multiple bidders to be deemed ineligible in the 2020AS RFP, a scenario which will potentially occur in the 2022AS RFP, are typically due to the determination by PacifiCorp Transmission that the generator would require significant new or upgraded transmission lines.
- Market pricing and resource cost risks. PacifiCorp indicates that it believes that contracting with assets in 2023 with potential CODs of end of year 2028 introduces material risk in terms of project delivery as well as potential ratepayer cost risks as technology costs may evolve between contracting and project CODs.
- PacifiCorp feels that projects that can meet the 2026 COD requirement are likely to be more mature development proposals and as such are de-risked relative to projects who require additional time to achieve COD.
- PacifiCorp notes that as clean energy requirements evolve, it expects it will be conducting additional RFPs in the future, potentially every 2-3 years, giving bidders additional opportunities to advance the development of their projects for bidding into future RFPs.

PA appreciates the challenge in determining an appropriate COD requirement for this RFP. PacifiCorp has capacity needs beginning in 2026 which may impact system reliability and market purchase costs – or both – and is focused on ensuring its system remains both reliable while also on track to meet the clean energy goals of its various states. However, given the lengthy interconnection timelines estimated in the Transitional Cluster Study, PA understands the desire for bidders to ensure their projects aren’t deemed ineligible due to a factor largely out of their control. PA recommends that PacifiCorp maintain the 2026 COD requirement and the 2028 requirement for long-lead time resources; however, PA also recommends that prior to RFP finalization, PacifiCorp explore ways to accommodate bidders who are unable to meet the COD requirements due to lengthy interconnection timeline estimates. This could include evaluating those

² 2022AS Draft RFP, page 2

interconnection timelines on a case-by-case basis with PacifiCorp Transmission to determine whether they could potentially be reduced in order to allow the bidder to achieve the required COD.

3.2.2 Bid Fee Requirements

PacifiCorp revised its bid fee requirements from its 2020AS RFP to require a separate bid fee for every bid, including bids which were related to the same project site and technology but differ in proposed term, pricing, etc. Several stakeholders commented that this is unreasonable and requested that PacifiCorp allow alternate bids in association with a base bid at no additional bid fee.

PacifiCorp indicated that it believes the bid fees are not an unreasonable barrier to participation in the RFP, noting the several hundred bids and bid fees it received in the 2020AS RFP, and stated that the bid fees are necessary to account for the significant time and effort required to conduct a procurement of this size and appropriately evaluate all bids received.

PA understands the stakeholder concerns, particularly those that relate to the fact that the bid fees may represent a relatively higher barrier for smaller project developers relative to larger developers. As the IE, PA also appreciates the significant effort it takes to evaluate and model each bid, and that this effort is not materially reduced for any bid alternate. PA recommends that PacifiCorp explore alternate bid fees for the 2022AS RFP, potentially including bid fees for alternate bids relative to base bids, though at a reduced rate.

3.2.3 AC- vs DC-coupled Storage

Multiple stakeholders indicated that PacifiCorp's requirement for co-located energy storage bids to be AC coupled is onerous and could result in lower value to the PacifiCorp system by prohibiting the benefits that DC coupling can offer, including higher efficiencies, recovery of clipped energy, and lower costs.

PacifiCorp indicated that it does not wish to allow DC coupled storage because revenue grade DC meters have not been approved by PacifiCorp Transmission or CAISO. While stakeholders indicated that with CODs of 2026 and 2028 it is likely that such meters will be approved by then, Staff concurred with PacifiCorp on this issue, though Staff recommends this issue be revisited prior to any future RFPs.

PA believes this technical issue is a matter for PacifiCorp and its system engineers to determine and concurs with Staff in that PacifiCorp be allowed to require AC coupling.

3.2.4 Firm vs. Conditional Firm Transmission

PacifiCorp requires bidders to demonstrate it has or will obtain Firm transmission rights for any off-system projects, while several stakeholders indicated they believe PacifiCorp should allow Conditional Firm transmission rights.

PA concurs with PacifiCorp's contention that Conditional Firm transmission rights are fundamentally "interruptible" transmission rights, meaning that in times of congestion, the given project may be curtailed and unable to deliver to the PacifiCorp system. The purpose of this procurement is for PacifiCorp to obtain reliable generation to meet its capacity needs, and the very times that congestion occurs and curtailment may occur are likely to be during periods of peak demand, precisely when PacifiCorp is relying on those deliveries.

3.3 Bid Price Scoring Methodologies

PA has extensively reviewed the scoring methodologies and models proposed by PacifiCorp, in close collaboration with OPUC Staff. While there a significant issue discussed below, PA believes that the conceptual approach of PacifiCorp is reasonable. PA generally believes the bid price scoring methodologies could be improved to better Minimize bias. Table 3-2 below provides our assessment.

Table 3-2. IE Assessment of Bid Price Scoring Methodologies

Assessment Criteria	IE Assessment
Maximize Opportunities	Methodologies are reasonable and maximize opportunities
Bidder Fairness	Methodologies are reasonable and equitable across bidder type
Minimize Bias	Potential exists for Benchmark Bid scoring methodologies to materially favor utility ownership vs. PPAs

3.3.1 Use of Plexos

Staff and PA have identified a concern related to the Benchmark Bid evaluation and scoring. PacifiCorp has adopted the use of the Plexos software in its IRP planning and will use the Plexos software in its evaluation of bids.

After much discussion with PacifiCorp related to its planned representation of every bid in every portfolio, or different collections of resources which collectively meet PacifiCorp’s capacity requirements, PA is comfortable that PacifiCorp’s plan to use the Plexos software to independently score each bid’s pricing is reasonable and will achieve the intended results.

However, related to Benchmark Bids, PA and Staff have both identified that the methodology proposed by PacifiCorp may 1) not be in compliance with Oregon’s competitive bidding rules requiring Benchmark Bids to be scored in advance of opening third-party market bids; and 2) will not allow the Independent Evaluator to independently score each Benchmark Bid, also required by the rules.

Because the Benchmark Bids must be scored prior to opening the third-party bids, PacifiCorp has proposed to use generic resources included in IRP modeling as proxies for the third-party bids. PA has a concern with this approach in that generic resources often are materially different than actual market bids in both cost and performance characteristics.

Per the Oregon rules, the Independent Evaluator must independently score each Benchmark Bid as well as a sample of third-party bids. PacifiCorp’s proposed method of providing PA with detailed Plexos inputs and outputs will not allow PA to do so. PA and Staff have discussed the need for PA to obtain the Plexos model and PacifiCorp’s system information, allowing PA to conduct independent scoring of Benchmark as well as third-party bids.

3.4 Bid Non-Price Scoring Methodologies

PA found that the Non-Price scoring methodologies proposed by PacifiCorp are reasonable. PA found that PacifiCorp has improved the Non-Price scoring methodology relative to the 2020AS RFP, including their use of “self-scoring” sheets to be submitted with their bids, and a binary approach of either “met” or “not met” scoring for various categories, rather than a gradual scoring rubric.

3.5 Power Purchase Agreement and BTA Term sheet Terms and Conditions

PacifiCorp’s proposed PPA and BTA Term Sheet were met with few comments from stakeholders or Staff. One significant concern identified by Renewable Northwest related to PacifiCorp’s use of a performance guarantee instead of an availability guarantee for PPAs. The concern relates to typical weather variations from year to year and that bidders have no control over these variation.

PA recommends that PacifiCorp explore ways to mitigate these concerns through negotiations with shortlisted projects, including potentially relaxing the 90% performance guarantee currently included in the PPA term sheet.

4 Independent Evaluator's Findings

4.1 PA's Findings and Recommendations

This section summarizes PA's findings and recommendations related to PacifiCorp's draft 2022AS RFP.

PA recommends the following:

Independent Evaluator Findings and Recommendations on PacifiCorp's Draft 2022AS RFP	
Section Number	Recommendation
All	Except as specifically noted, PA concurs with PacifiCorp's recommended actions or inactions in response to bidder comments.
3.1	The Draft RFP, as modified by PacifiCorp on January 14, 2022, generally complies with Oregon's Competitive Bidding Rules.
3.2.1	PacifiCorp should maintain the 2026 COD requirement and the 2028 requirement for long-lead time resources, but explore ways to evaluate lengthy interconnection timeline estimates which may cause bids to be ineligible with PacifiCorp Transmission
3.2.2	PacifiCorp should explore alternate bid fees for the 2022AS RFP, potentially including reduced bid fees for alternate bids relative to base bids
3.3.1	PacifiCorp should clarify its use of generic resources as market proxy bids for use in the initial Benchmark Bid scoring; PA is not comfortable that the scoring resulting from this method will accurately represent the Benchmark Bid scores
3.3.1	PacifiCorp should work with Staff and PA in facilitating PA's use of the Plexos software to independently score all Benchmark Bids and some third-party bids



About PA.

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