

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1368

In the Matter of)	
)	
PACIFICORP, dba PACIFIC POWER)	ORDER
)	
Request for Approval of a 2008R-1 Solicitation)	
Process for New Renewable Resources.)	

DISPOSITION: APPLICATION APPROVED

On March 4, 2008, PacifiCorp, dba Pacific Power (Pacific Power), filed an application with the Public Utility Commission of Oregon (Commission) for a solicitation process to fulfill a portion of the renewable resources in Pacific Power's 2007 Integrated Resource Plan. The application included a draft Request for Proposals for an Oregon Independent Evaluator. A description of the filing and its procedural history is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

At its Public Meeting on May 6, 2008, the Commission adopted Staff's recommendation.

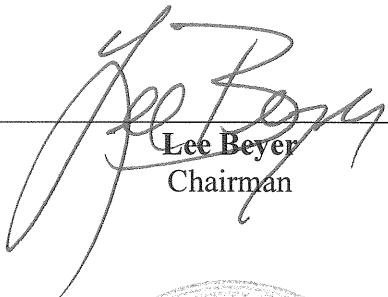
ORDER

IT IS ORDERED that:

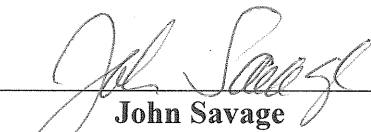
1. Boston Pacific Company shall be selected to serve as Oregon's Independent Evaluator for Pacific Power's 2008R-1 Solicitation Process for New Renewable Resources.

2. Commission Staff is directed to review the final draft negotiated contract, prior to its execution by Pacific Power and the selected Independent Evaluator, to ensure conformance with Order No. 06-446.


Made, entered, and effective MAY 12 2008 .



Lee Beyer
Chairman



John Savage
Commissioner



Ray Baum
Commissioner



A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 6, 2008

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: April 29, 2008

TO: Public Utility Commission

FROM: Lisa Schwartz 

THROUGH: ^{li} Lee Sparling and ^{EB} Ed Busch

SUBJECT: PACIFIC POWER & LIGHT: (Docket No. UM 1368) Recommendation for Oregon Independent Evaluator for 2008R-1 Solicitation Process for New Renewable Resources.

STAFF RECOMMENDATION:

Staff recommends the Commission select Boston Pacific Company to serve as Oregon's Independent Evaluator for PacifiCorp's 2008R-1 Solicitation Process for New Renewable Resources. Staff further recommends the Commission direct staff to review the final draft negotiated contract, prior to its execution by PacifiCorp and the selected Independent Evaluator, to ensure conformance with Order No. 06-446.

DISCUSSION:

On March 4, 2008, PacifiCorp filed an application for a solicitation process to fulfill a portion of the renewable resources in the company's 2007 Integrated Resource Plan (IRP) Action Plan. The application included a draft Request for Proposals (RFP) for an Oregon Independent Evaluator (IE), requesting comments from interested parties. The company satisfactorily incorporated all comments from staff. No other parties provided comments. PacifiCorp issued the final IE RFP on March 20, 2008.

On April 28, 2008, PacifiCorp filed its draft RFP for renewable resources. The company is seeking up to 500 MW of renewable resources through this solicitation, with a minimum size of 100 MW and a term of at least five years. Resources must be on-line by 2011.¹

¹ Earlier this year, the company issued an RFP for renewable resources less than 100 MW or a term no longer than five years. Projects must be on-line by 2009.

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Guideline 5 of the Commission's competitive bidding order addresses the IE selection and contracting process:

... Commission Staff, with input from the utility and interested, non-bidding parties, will recommend an IE to the Commission, which will then select or approve an IE for the RFP. The IE must be independent of the utility and likely, potential bidders, and also be experienced and competent to perform all IE functions identified in these Guidelines. The IE will contract with and be paid by the utility. The IE should confer with Commission staff as needed, on the IE's duties under these Guidelines. The utility may request recovery of its payments to the IE in customer rates. See Order No. 06-446 at 6.

In its discussion of the guideline, the Commission stated: "We believe the utility and non-bidders should participate in the process and provide input to Staff. Staff, however, should make a final recommendation to the Commission for approval, which could be accomplished at a public meeting." *Id* at 7.

Minimum Qualifications

The IE solicitation included the following mandatory minimum qualifications:

- Proposer shall be experienced and competent to perform all IE functions identified in the competitive bidding guidelines.
- Proposer shall disclose all business conducted with PacifiCorp or its affiliates, past or present.
- Proposer shall re-confirm, upon receipt of the bidder list, that proposer has no conflict of interest with any of the bidders or their affiliates.
- Proposer shall disclose any conflict, or potential conflict of interest, that might arise during the course of the project, including any potential bidders in PacifiCorp's 2008R-1 RFP.
- Proposer shall demonstrate its experience and competence in assessment, evaluation and monitoring related to competitive bidding for electricity supplies.
- The Oregon IE should perform its duties independently of any consultant hired by the Public Service Commission of Utah. However, the Oregon IE should work with Commission Staff and PacifiCorp to coordinate activities for administrative efficiency.

Scoring Criteria

The solicitation included the scoring criteria for selecting the IE:

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A. Understanding of the Scope of Work (Maximum 100 points)

This category includes, but is not limited to:

1. The proposer's description of the tasks in its deliverables (50 points)
2. Whether the proposer appears to have sufficient knowledge and understanding of the functions to be performed (50 points)

B. Demonstrated Ability of Proposer to Perform the Proposed Work (Maximum 300 points)

This category includes, but is not limited to:

1. Specific experience reviewing an RFP for renewable resources, including experience with evaluating market bids and utility self-build proposals (200 points)
2. Experience evaluating another type of electricity resource RFP or other related experience in the Western Electricity Coordinating Council (WECC) (50 points)
3. Experience evaluating another type of electricity resource RFP or other related experience (50 points)

C. The Soundness, Professionalism and Feasibility of the Proposer's Methodology (Maximum 200 points)

The soundness, professionalism and feasibility of the methods and techniques which shall include data collection, data analysis, project management and planning

D. Price Proposal (Maximum 400 points)

This category includes, but is not limited to:

1. The cost of the project, the overall elements of that cost (200 points)
2. The overall appropriateness of the cost in relation to the project as proposed (200 points)

Basis for Staff's Recommendation

PacifiCorp received proposals from four companies:

- Accion Group
- Boston Pacific Company
- London Economics International
- Navigant Consulting

Staff invited UM 1368 parties to review the bids and complete a scoring sheet using the above criteria.² No party other than PacifiCorp chose to review the proposals.

² Subject to provisions of the protective order issued in this proceeding.

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Staff ranked the Boston Pacific Company proposal highest using the scoring criteria in the solicitation. The proposal received high scores in all four areas. The proposal reflected a thorough understanding of the work to be performed, including PacifiCorp's evaluation models. The assigned staff has deep experience in bid evaluation and how to conduct a fair RFP process. Boston Pacific Company has been involved in all aspects of solicitations for renewable resources in the U.S. Virgin Islands and Columbia. The company is currently monitoring procurement of 1.2 million Renewable Energy Credits to meet renewable portfolio standards (RPS) in Illinois. As monitor of auctions for full requirements service in PJM³ markets, Boston Pacific Company also must understand RPS requirements in those states.

Boston Pacific Company's experience in the WECC includes serving as the independent market monitor for the Southwest Power Pool Regional Transmission Organization and jointly serving as the Oregon IE for PacifiCorp's 2012 base load RFP and 2008 all-source RFP. Boston Pacific Company's experience with other unit-contingent RFPs includes its current work for the Oklahoma Corporation Commission to help design and monitor a solicitation for base load generation.

Staff scored Boston Pacific Company's price proposal highest among the bids. The proposal was the second least-cost overall, but the best value considering the number of hours to be devoted to the project. Further, the proposal reflected an appropriate amount of time to be devoted to each task and the process overall – neither overestimating nor underestimating the work that staff expects to be done.

Staff has determined that Boston Pacific's proposal meets the minimum mandatory qualifications of the solicitation.

PacifiCorp does not oppose staff's recommendation. PacifiCorp ranked Boston Pacific Company second among the proposals received. PacifiCorp's top-ranked proposal was not among staff's top two choices.

Industrial Customers of Northwest Utilities (ICNU) contacted staff to advise that it could support any of the bidders except for Navigant. ICNU previously raised concerns regarding Navigant.⁴ Navigant served as PacifiCorp's independent monitor for the RFP resulting in the company's Currant Creek plant.

Staff recommends the Commission direct PacifiCorp to negotiate a contract with Boston Pacific Company that conforms with Order No. 06-446 as well as the IE solicitation.

³ The PJM Interconnection is the regional transmission organization for all or parts of 13 Eastern and Midwestern states and the District of Columbia.

⁴ See staff's report for the public meeting on September 19, 2006.

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PacifiCorp agrees to have staff review its final draft negotiated contract with the selected IE prior to execution. The Commission should explicitly direct staff to do so to ensure compliance with Order No. 06-446.

PROPOSED COMMISSION MOTION:

Boston Pacific Company be selected to serve as Oregon's Independent Evaluator for PacifiCorp's 2008R-1 Solicitation Process for New Renewable Resources. Further, staff be directed to review the final draft negotiated contract, prior to its execution by PacifiCorp and the selected IE, to ensure conformance with Order No. 06-446.

UM 1368 IndependentEvaluator.doc