

PacifiCorp 2017R Request for Proposals

Draft RFP - Stakeholder and Bidder
Workshop

August 2, 2017



Logistics

- Workshop Date
 - August 2, 2017, 10:00 – 12:00 PM (Pacific Prevailing Time)
- Location
 - PacifiCorp's Lloyd Learning Center – East End of Lloyd Center Mall, 3rd floor , next to Sears
 - Willamette Room
 - Portland, Oregon 97232
- Call-in Information
 - Phone Number = (646) 558-8656
 - Webinar ID = 863 497 342
 - Webinar = Zoom Webinar at <https://pacificorp.zoom.us/j/863497342>

Agenda

- Purpose
- Overview
- Regulatory Schedule
- Independent Evaluators (IEs)
- Resource Requirements
- 2017 R RFP
 - Bid Structures
 - Benchmark Resources
 - RFP Teams
 - Evaluation and Selection
- 2017R RFP Proposed Schedule
- Next Steps
- Questions and Comments

Purpose

- The Bidder and Stakeholder Workshop complies with Oregon Competitive Bidding Guidelines under Guideline 6.
- Draft renewable request for proposal (2017R RFP) was distributed the week of July 24, 2017 to the service lists of PacifiCorp's last Oregon general rate case, last IRP proceeding (2017 IRP) and last RFP (2016R RFP).
- Purpose of the workshop is:
 - Review the RFP process
 - Explain the timeline for stakeholders and Commission to review draft solicitation
 - Provide opportunities for input, including sending comments and/or questions to the Independent Evaluator (IE) and PacifiCorp
- Specific bids or questions related to specific bids will not be discussed. Comments and questions should be related to the draft 2017R RFP only.
- Bidder and stakeholder conference related to specific bid questions will be held September 12, 2017 after 2017R RFP is released to market on August 31, 2017.

Overview

- As stated in its 2017 IRP, PacifiCorp has identified plans to add new Wyoming wind resources in combination with a new 500 kV transmission line (Aeolus to Bridger/Anticline) that can achieve commercial operation by December 31, 2020.¹
- With the full production tax credit (PTC) eligibility, the new Wyoming wind, which requires the new transmission line to interconnect, yields all-in economic benefits for PacifiCorp's customers.
- The 2017R request for proposals (RFP) will seek up to approximately 1,270 MW of wind resources that can achieve a commercial operation date of no later than December 31, 2020.

1. Energy Gateway West sub-segment D2 is a new 140 mile 500 kV transmission line running from the Aeolus substation near Medicine Bow, Wyoming to the Jim Bridger power plant. See <http://www.gatewaywestmaps.com/>.

Regulatory Schedule

MILESTONE	TARGET DATE	DAY OF WEEK
Initial Draft RFP Distributed to Parties	07/27/2017	Thursday
Bidder and Stakeholder Workshop	08/02/2017	Wednesday
File Final Draft RFP with Oregon Commission	08/04/2017	Friday
IE Files Report on Draft RFP	08/10/2017	Thursday
Party Comments on Draft RFP	08/18/2017	Friday
PacifiCorp Reply Comments	08/23/2017	Wednesday
Final RFP Approval at Special Public Meeting	08/29/2017	Tuesday
Release RFP to market	08/31/2017	Thursday

(subject to change)

Independent Evaluators (IE)

- Two Independent evaluators (IE) selected for Oregon and Utah
 - Bates White, has been retained by PacifiCorp on behalf of Public Utility Commission of Oregon.
 - Merrimack Energy has been retained by Utah Public Service Commission.

Oregon - Bates White	Frank Mossburg	frank.mossburg@bateswhite.com	(202) 652-2194
Utah – Merrimack Energy	Wayne Oliver	waynejoliver@aol.com	(781) 856-0007

- Tasks
 1. Provide comments on draft RFP design
 2. Facilitate and Monitor communications between PacifiCorp and bidders
 3. Review and validate the assumptions and calculations of benchmarks evaluations
 4. Analyze the benchmarks for reasonableness and consistency with the RFP process
 5. Analyze, operate and validate models, assumptions and inputs used in the RFP process, including the evaluation of bids
 6. Ensure that all the bids are treated in a fair and non-discriminatory manner
 7. Monitor, observe, validate and offer feedback to PacifiCorp and the state regulatory commissions Solicit additional information on bids necessary for screening and evaluation purposes
 8. Perform other evaluations and tasks as directed by state regulatory commissions

Resource Requirements

- New Wyoming wind up to 1,270 MW.
- Projects do not necessarily have to qualify for production tax credits (PTCs); however, benchmark resources being proposed are 100% PTC-eligible and, as informed by PacifiCorp's 2017 IRP; it is likely that PTCs are needed to deliver all-in economic benefits for customers.
- Projects must achieve commercial operation no later than December 31, 2020
- Minimum resource size is 20 MW
- Securing transmission capacity to Wyoming's system would be the responsibility of the bidders. A project does not have to use the Gateway West D2 sub-segment, rather the wind project must interconnect with or deliver to PacifiCorp's Wyoming transmission system, which would include the D2 sub-segment.
- Bidders can visit interactive maps at the Gateway project website:
<http://www.gatewaywestmaps.com/>

2017R RFP

- Bid Fee(s) of \$10,000 will be required for each base proposal and one alternative. Bidders will also be allowed to offer up to three (3) additional alternatives at a fee of \$3,000 each.
- Intent to bid form and bidder credit information will be required prior to bid submittal(s) to assist in evaluating creditworthiness of bidder and expected number of bids.
- Bids will be accepted for build-transfer structures under a Build-Transfer Agreement (BTA) agreement and purchase of power and environmental attributes as a power purchase agreement (PPA).
- PacifiCorp plans to submit four (4) self-build ownership bids (“Benchmarks”).
- Benchmark bids will be scored by PacifiCorp and IEs and locked down prior to market bid submittals.
- Initial shortlist will be determined on price and non-price factors.
- Final shortlist will be determined using economic analysis and production cost modeling to determine the least cost/risk adjusted mix of bids in PacifiCorp’s resource portfolio.
- Post-bid negotiations on price & non-price issues will be limited.
- 2017R RFP will include pro forma agreements.

RFP Main Document

- Section 1. Introduction
- Section 2. Procedural items
- Section 3. Logistics
- Section 4. RFP content
- Section 5. Resource information
- Section 6. Bid evaluation and selection
- Section 7. Awarding of contracts

RFP Appendices

- RFP Appendix A 2017R Renewable Project Technical Specification
- RFP Appendix B Notice of Intent to Bid and Information Required in Bid Proposals
- RFP Appendix C Bid Summary and Pricing Input Sheet (Instructions)
- RFP Appendix D Bidder's Credit Information
- RFP Appendix E-1 PPA Instructions to Bidders
- RFP Appendix E-2 Power Purchase Agreement (PPA) Documents
- RFP Appendix F-1 BTA Instructions to Bidders
- RFP Appendix F-2 Build Transfer Agreement (BTA) Documents
- RFP Appendix G Confidentiality Agreement and Non-Reliance Letter
- RFP Appendix H [RESERVED – INTENTIONALLY LEFT BLANK]
- RFP Appendix I FERC's Standards of Conduct
- RFP Appendix J Qualified Reporting Entity Services Agreement
- RFP Appendix K General Services Contract-Operations & Maintenance Services for Project
- RFP Appendix L PacifiCorp's Company Owned Self-Build Alternatives (Benchmark Resource)
- RFP Appendix M Role of the Independent Evaluator
- RFP Appendix N Code of Conduct Governing PacifiCorp's Intra-Company Relationships for RFP Process
- RFP Appendix O Description of Proposed Gateway Segment D2

Bid Structures

- 1. Build-Transfer;** Bidder develops the project, assumes responsibility for construction and ultimately transfers the asset to PacifiCorp upon or prior to the in-service date, all pursuant to the terms of Build-Transfer Agreement (BTA). Projects bids under this structure must be designed and constructed materially compliant with PacifiCorp's specifications. Bidder is responsible for all development, design, wind turbine supply, balance of plant (BOP) equipment, construction, and commissioning.
- 2. Power Purchase Agreement;** a 20-year term with exclusive ownership by PacifiCorp of any and all environmental attributes associated with all energy generated. PPA structures can, but are not required to, include an option for PacifiCorp to purchase the project during, or at end of the contract term, to retain site value for PacifiCorp's customers.

Benchmark Resources

- PacifiCorp intends to submit four (4) benchmark resources with a combined capacity of approximately 860 MW. Potential benchmark resource sizes, tie-in locations and in-service years:
 - 110 MW, Foote Creek substation, 2020
 - 250 MW, Aeolus substation, 2020
 - 250 MW, Shirley substation, 2020
 - 250 MW, Shirley substation, 2020
- Benchmarks will be new greenfield wind resources located in Wyoming.
- Benchmarks will be built on property either currently leased by PacifiCorp or on property for which PacifiCorp has acquired development rights.
- Benchmarks will utilize safe harbor PTC qualified equipment to qualify for 100% of the PTC. Company will administer a separate solicitation to secure the remaining wind turbines for the benchmark resources.
- Company will administer a separate solicitation to firm fixed pricing to engineer-procure-construct and commission the balance of plant.
- Benchmarks will include 30-year pro-forma estimates for operations, maintenance and on-going capital expenditures
- Benchmark resources costs will include allocated development costs, fees, permitting, project management, and safe harbor equipment costs.

RFP Teams

Evaluation Team – Origination, Structuring & Pricing, Credit, Environmental, Legal

- Responsible to coordinate with the IE and all of the Evaluation Team members, perform the evaluation of the non-price components of the bid analysis and participate on the Intent to Bid Team
- Responsible for the economic analysis and modeling for the initial shortlist, validation of the inputs to the risk assessment of the bid, and the initial evaluation of the benchmark resource.
- Responsible for evaluation of the applicable environmental, siting and facilities permits and other environmental studies for the project bid.
- Responsible for credit screening, evaluation and monitoring throughout RFP process
- Responsible for confirming compliance and legal review of submitted bid documents

Benchmark Team -PacifiCorp employees isolated from Evaluation Team

- Responsible for development and submittal of Benchmark Resource Bid(s)

Intent to Bid Team - Origination, legal, credit.

- Responsible for working with IEs to assess bidder qualifications.

IRP Team

- Consistent with PacifiCorp's identification of shared employees under FERC's Standards of Conduct, the IRP Team will be treated as a shared resource to perform work for the Evaluation Team and the Benchmark Team in running SO and PaR models. The IRP Team will not share any information it obtains from either Team with the other Team and the IRP Team will not share any non-public transmission system information with either Team at any point in the process.

Communication Protocols

- The Evaluation Team, may not be members of the Benchmark Team, nor communicate with members of such team during the solicitation process about any aspect of the solicitation process except in the presence of the IEs. Internal company attorneys and credit analysis personnel may deliver legal or credit advice, as applicable, to either or both teams, or except as authorized.
- The IE must participate in any communications between members of the Benchmark Team and Evaluation Team and must retain a copy of all such correspondence to be made available in future Commission proceedings.
- The Evaluation Team shall have no direct or indirect contact or communication with any bidder except in the presence of an IE until such time as a final shortlist is selected by the PacifiCorp.
- Should any bidder or a member of the Benchmark Team attempt to contact a member of the Evaluation Team, such bidder or member of the Benchmark Team shall be directed to the IE for all information and such communication shall **promptly** be reported to the IE by the Evaluation Team.

Evaluation and Selection

PacifiCorp will evaluate proposals based on the following:

- Customer cost (revenue requirement)
- Deliverability, including demonstration that the commercial operation date will be achieved by December 31, 2020
- Transmission access and interconnection status
- Compliance with and verification of major equipment availability
- Ability to provide acceptable credit security for the bidder's proposed obligation and conformance to the *pro forma* agreements which will be provided with the RFP when issued

Initial shortlist score and ranking will be determined on:

- Price 80% (Force-ranked 0 to 80 points)
- Non-price 20% (up to 20 points)
- Price and non-price summed and ranked.

Evaluation Models

- Screening Model
 - Used to assess price score as part of the initial shortlist selection process
 - Spreadsheet based
 - Calculates delivered revenue requirement cost
 - Costs netted against customer benefits (*i.e.*, energy, capacity, terminal value)
 - Energy and capacity benefits developed from the SO model and PaR
- System Optimizer (SO model)
 - Used to develop energy and capacity benefits for the initial shortlist
 - Used to establish the final shortlist
 - Dynamically develops resource portfolios, less granularity on system operations (*i.e.*, operating reserves, unit commitment)
- Planning and Risk (PaR)
 - Used to develop energy and capacity benefits for the initial shortlist
 - Used to establish the final shortlist
 - Cannot modify resource portfolios, captures operating reserves, unit-commitment, and stochastic risk via Monte Carlo sampling of stochastic variables (*i.e.*, load, hydro, market, thermal outages)

2017R RFP Bid Evaluation & Selection



2017R RFP Proposed Schedule

MILESTONE	TYPE OF MILESTONE	DATE	DAY OF WEEK
RFP Issued to Market	RFP	08/31/2017	Thursday
Notice of Intent to Bid Due [1]	RFP	09/07/2017	Thursday
1st Bidder's Conference	RFP	09/12/2017	Tuesday
Benchmark Bids Due	RFP	10/06/2017	Friday
RFP Bids Due	RFP	10/13/2017	Friday
Bid Eligibility Screening Completed	RFP	10/20/2017	Friday
OR IE Files Status Report on Bid Eligibility Screening	OR - UM 1845	11/03/2017	Friday
Initial Shortlist (ISL) Evaluation/Scoring Completed	RFP	11/22/2017	Wednesday
IEs' Review of ISL Completed	RFP	12/06/2017	Wednesday
ISL Price Update [2]	RFP	12/13/2017	Wednesday
Final Shortlist (FSL) Evaluation Completed	RFP	01/08/2018	Monday
IEs' Review of FSL Completed	RFP	01/15/2018	Monday
Final Shortlist Filed with OR Commission for Acknowledgement	OR - UM 1845	01/16/2018	Tuesday
OR IE Files RFP Closing Report	OR - UM 1845	02/15/2018	Thursday
OR Party Comments on IE Closing Report	OR - UM 1845	02/22/2018	Thursday
OR Commission Public Meeting Acknowledging FSL	OR - UM 1845	03/13/2018	Tuesday
OR Commission FSL Acknowledgement Order	OR - UM 1845	03/20/2018	Tuesday
Execute Agreements	RFP	04/16/2018	Monday

Next Steps

- Questions or comments regarding this workshop should be sent to the following mailbox and/or the IEs, even if an answer was provided verbally in today's meeting, to ensure all Bidders receive responses:

rfp_2017R@pacificorp.com

Oregon - Bates White	Frank Mossburg	frank.mossburg@bateswhite.com	(202) 652-2194
Utah – Merrimack Energy	Wayne Oliver	wayneoliver@aol.com	(781) 856-0007

- Responses will be posted on PacifiCorp's 2017R RFP website within three (3) business days.
- The final draft 2017R RFP will be filed with Oregon Commission on August 4, 2017.
- Oregon IE will file comments on draft RFP on August 10, 2017.
- Comments from bidders and stakeholders are due August 18, 2017.
- PacifiCorp's reply comments are due August 23, 2017.
- Oregon Commission special public meeting proposed for August 29, 2017 to approve RFP.

Questions & Comments

- 2017R RFP information, including instructions for providing questions or comments to the independent evaluator, will be provided at www.pacificorp.com, as information is developed. From website main page, go to Suppliers, then RFPs, then 2017R RFP.
 - www.pacificorp.com/sup/rfps.html