

RFP Issues Matrix, Docket No. 07-035-94, May 1, 2008

Issue	Company	Utah IE	DPU	CCS	UAE	WRA	LS Power
1. Benchmarks vs self-build options	Originally, its proposal would be treated as another bidder; revised to have generation provide benchmark.	The IE is indifferent which option is chosen and presented the pros and cons of each option. The primary concern of the IE raised the concern that it would need at least two weeks prior to submission of the benchmarks to review and audit the costs and other characteristics of the benchmark options.	The Division is indifferent. However, we acknowledge potential logistical/practical problems with the Company's option being a bid. The Division recognizes the primary concern of the IE to adequately review the benchmark.	Agree Company should submit benchmark. Adopt IE's recommendation for review of benchmarks.			
2. Bid categories	<p>PacifiCorp has classified resources into three categories based on heat rate and capacity factors: baseload, intermediate load, and summer peak resources. Each category will have a separate initial short list.</p> <p>PacifiCorp has made slight revisions to the heat rate categories to ensure that parties are not prevented in participating due to</p>	The IE generally agrees with the Company on the development of bid categories. Under the Company's definition of resource categories, coal projects would not be classified as baseload resources. Recommend classifying resources by capacity factor or appropriately classify resources within the categories.	The Division generally agrees with the Company on the development of base, intermediate, and summer peak bid categories. Heat rate distinctions should be removed. The Division supports the IE's recommendation to clarify or reclassify the bid categories.	Agree with WRA/IE that capacity factor may be better than heat rate to define categories.		Heat rate may not be correct distinguishing parameter.	

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	the heat rate of an existing project.						
3. Credit	<p>The Company wants credit commitment letters that do not recognize the right of credit support providers to review the final terms of the winning bid before becoming bound.</p> <p>The Company provided a method for determining credit security requirements for all three Bid Categories.</p> <p>The Company has agreed to hold a credit workshop for bidders to address any credit issues and the calculation of the credit requirements.</p>	<p>The IE recommended that the credit commitment letters provide credit support providers the right to review the final terms of the winning bid before becoming bound.</p> <p>The IE also suggested the Company hold a technical conference on credit issues for bidders.</p>	<p>Looked to the Utah IE for proposed changes to credit language in the main RFP document and also with regard to changes in the terms of the commitment letters.</p>	<p>No credit issues raised.</p>	<p>Agree with LS Power. Bidders should be permitted to propose alternatives.</p>	<p>No credit issues raised.</p>	<p>Requirements are unreasonably high; timing a problem for bidders; both issues will limit bidder participation; bidders should be allowed to propose different credit terms; milestones are more appropriate than timelines.</p>
4. Submission of self-build proposals or benchmarks	<p>The Company modified the due date of the submission of the benchmarks to the Independent Evaluators from one day to two weeks.</p> <p>This will allow the</p>	<p>The IE requested a 2-week lead time to validate the benchmark options. The Company agreed and revised the RFP.</p> <p>There is no issue here based on PacifiCorp's</p>	<p>The Company has modified the due date for benchmark proposals (to 2 weeks prior to market bids). This should be adequate for IE validation of benchmarks.</p>				

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	IEs to validate the proposals and the Evaluation Team to complete the initial evaluation of the benchmarks.	response.					
5. Transmission assessment	PacifiCorp indicated it will hold a workshop on transmission.	The IE raised an issue about the increased cost of transmission and requested that PacifiCorp Transmission hold a workshop for bidders and meet with the IEs to discuss transmission assessment. The Company indicated that it would hold a workshop on transmission costs. The Company also expressed a willingness to facilitate a discussion with PacifiCorp Transmission. There is no issue here.	The Division is concerned with the increased cost of transmission. The Division recommends the transmission workshop.		Agree with IE.		
6. Eligibility for geothermal and biomass	The Company agreed to reduce the minimum size to 10 MW for geothermal and biomass.	The IE agreed with the Division that the minimum size requirement of geothermal and biomass should be 10 MW.	The minimum size requirement of geothermal and biomass should be 10 MW.				

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		There is no outstanding issue.					
7. Number of bids submitted (hard copies with a signed original) for each IE	RFP now has five hard copies submitted to each IE.	Five hard copies to each IE should be adequate.	Five hard copies to each IE should be adequate.				
8. Indexing	The Company has proposed maintaining the same percentages for indexing as contained in the 2012 RFP. The Company has proposed that it will consider requests for alternate indices as long as the proposed indices are transparent and easily measurable.	The IE proposed major revisions to the indexing options. The IE recommended that bidders could suggest alternative indices. The Company and IE would review the requests and approve if the index can be forecast and hedged. The IE also recommended that bidders could index up to 100% of their capital or capacity costs and identify the timeframe in which the index would terminate and the price locked-in. The IE also recommended that the risk assessment account for the amount, type and duration for indexing.	The Division defers to the IE on the issue of indexing.		Agree with IE and LS Power.		Bidders should be allowed to optimize their bids by indexing 0-100% to a number of indices.
9. Blinding of bids	The RFP does not	The IE is	The rules require	Rules require	Commission		

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	include blinding of bids.	indifferent and defers to the rules with regard to blinding. However, the IE noted that blinding was successful for the question and answer aspect of the bidding process but was cumbersome and not cost effective for the evaluation process	blinding. The Division recognizes that blinding was helpful for the question and answer aspect (IE website Q&A).	blinding.	Rules require blinded bids with a utility benchmark.		
10. Resource eligibility	All resources are eligible with the exception of Intermittent Resources, which is defined in the RFP. Coal only if proposals are consistent with multi-state requirements.	If coal is excluded, least-cost least-risk can not be demonstrated	Current RFP language effectively excludes coal. If coal is excluded, least-cost least-risk can not be demonstrated.		Disagrees with exclusion of coal. Request for and evaluation of all baseload options, including coal, should be a condition to resource pre-approval.	More appropriate to limit carbon footprint, but Company final draft is OK.	
11. Proposal options	The Company has provided for the flexibility for bidders to provide options.	The IE agrees with the Company's proposal to allow bidders to offer a base bid and two alternatives for the same bid fee or different pricing arrangements for \$1,000 per option. The IE wishes to encourage bidders to offer multiple pricing options,	The Division agrees with the Company's proposal options. The Division agrees with the IE recommendation to encourage bidders to offer multiple pricing options, including indexing and security.		Agree with LS Power.		Bidders should be allowed to submit more alternatives. Three additional alternatives for \$1,000 each is too restrictive.

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		including different indexing options. The IE also supports allowing bidders to offer pricing options for different levels of security.					
12. Flexibility of proposals	PacifiCorp has not addressed this issue. RFP still includes a wide range of milestone dates. Milestones need to be addressed by Bidders. The Company believes including more is better than fewer, because the bidder is the party who is providing the proposal.	The Division suggested that specific milestones for establishing deferral, acceleration, and buyout options should be identified in Form 2. The IE has recommended the following milestones: - 6 months after contract execution - Prior to securing major permits - Prior to securing major equipment - Pouring of the foundation - Performance testing	The Division supports the IE's recommended milestones. The Division recognizes that it may be too cumbersome for both the Company and the bidders to have costs provided for every milestone. The Division agrees with WRA that the RFP should provide flexibility to combine resources to have the effect of meeting base or intermediate load definitions.		Agree with IE.	Intermittent resource restriction should not preclude combinations of renewables and other.	
13. Schedule	Changed from 45 days to 60 days.	45 days for the evaluation process is too short; 60 days is more reasonable but may not be adequate.	45 days for evaluation is too short; 60 days may not be enough				
14. Price evaluation	The Company increased the price range for the Step 1 price comparison	The IE raised concerns about the price comparison metric in Step 1 of	The Division defers to the IE on this issue.		Agree with IE.		Benchmark resource should not automatically

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	metric, with bids less than or equal to 60% of adjusted price projections receiving the full 70% weight and bids equal to or greater than 140% of the adjusted price projections receiving 0%. Adjusted prices between the ranges will be linearly interpolated.	the evaluation process in both the previous RFP and in this RFP. Our concern is that the pre-specified price ranges could lead to non-price weights having the primary impact on short-list selection. We recommend readjusting the ranges after receipt of the proposals based on actual prices rather than pre-establishing the price ranges. The Company's revision to the ranges does not solve the potential problem.					make it to the final short list; should be subject to same process as other bidders.
15. Term sheets	The Company revised the RFP to account for this issue.	The IE recommended that the Company identify the use of term sheets in the RFP schedule. No remaining issue.	The term sheets proposal clarification process should be in the RFP schedule.				
16. Pre-qualification vs Notice of Intent	The Company is using Intent to Bid process in which capability and qualifications will be determined in addition to the submission of the	The IE has no issue with the use of a Notice of Intent process rather than Pre-qualification.	The Division has no issue with the use of a Notice of Intent process.				

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	bidder's financial statement. This will not be used be used to pre-qualify bidders.						
17. Risk of CO2 costs	Use of high, medium and low values as was done in the 2012 RFP evaluation.	The IE has suggested an option to address UAE's proposal regarding allowing a bidder to bear all or some of the CO2 cost risk. The IE's suggestion is that if a bidder wishes to bear all or a portion of the CO2 risk, it should do so via alternative proposals allowed in the RFP while bidding its base proposal assuming such costs are passed through to customers.	The Division agrees with the IE suggestion regarding UAE's proposal.		Alternative proposals should be solicited from bidders willing to assume part of the CO2 risk as per IE proposal.		
18. Economic evaluation models and methodologies	Same models and methodologies as used in the 2012 RFP.	No issues.	No issues.	Take appropriate action regarding the evaluation process to ensure that it can reasonably be expected to yield a defensible outcome.	IE must be given full access to operate models. Also agree with CCS and LS Power.	Indexing in a bid should be penalized.	Risk of benchmark price increases, and underperformance should be included.
19. Direct or inferred debt	Consistent with 2012 RFP.	No issue with the treatment of direct or inferred debt.	No issue.				
20. Comparability	The Company believes that RFP	The IE, in the absence of any	The Division feels that providing least		Agree with IE and LS Power.		Benchmark resources and

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	is fair and reasonable and consistent with current regulation. Benchmark resource will be entitled to cost-based pricing, which may be higher or lower than the cost the Company will seek approval for. Bidders will have market-based contracts with limited ability to adjust the price up. Bidders would not adjust the price down.	model which applies the same rules to utility and non-utility generators in RFPs, recommends addressing comparability via the bid evaluation process by including more pricing flexibility options and additional risk assessment measures to further move toward a more level playing field for utility and third-party bids.	cost, least risk resources is the key goal of this process. There needs to be an appropriate balance between creating an RFP that provides an opportunity for lowest cost (with risk of project default or locked-in higher costs) or relative stability and lower risk (but potentially higher prices) of permitting cost-of-service bids from the utility.				third-party bids lack comparability because benchmark bids are not binding and pass risk to ratepayers.
21. Other – Specific Comments on the RFP documents		The IE raised specific suggestions about the RFP on page 67 of its Report on the RFP. In particular, the IE questioned how a resolution of any resource decisions from the 2012 RFP will be conveyed to bidders in the All Source RFP. Also, the IE raised issues about the Company’s Reservation of Rights.					
22. Environmental					Disagree with	Environmental	

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Assessment					changing environmental weighting.	considerations should be expanded, and weighting should be increased to 25%.	
23. Bidder qualification						Experience requirement should be softened.	
24. IE Focus			Delivering a least cost, least risk resource is the primary goal of the IE. Refereeing the process is a part of this role but is not itself primary.	Clarify to the IE that the primary objective of the All Source RFP is lowest reasonable cost electricity for the Company's retail consumers.			
25. IE Reports				Adopt a plainly stated procedure for filing with the Commission, the records and reports documenting the IE's activities in connection with the All Source RFP and performance of assigned functions.			