Technical Conference in Docket No. 07-035-94[1]
January 26, 2009, 10:00 am
Heber Wells Building, Room 401

AGENDA

- Purpose of Technical Conference
- Introductions
- Background
- Commission staff questions for Wayne Oliver, Independent Evaluator (IE)
- Questions by others for Utah IE
- Commission staff questions for PacifiCorp
- Questions by others for PacifiCorp
- Process/next steps

Purpose: The purpose of this technical conference is to discuss:

1) The comments provided by Wayne Oliver, IE on December 29, 2008;

2) The letter filed in this case on January 5, 2009, by PacifiCorp, dba Rocky Mountain Power (Company); and,

3) The process or next steps for resolution of the two issues raised in the May 23, 2008, "Commission's Suggested Modifications and Order" (May Order) related to the Company's evaluation of bids.

Background: In its May Order, the Commission directed the Company to meet with the IE, Division and other interested parties, and, prior to bid evaluation, to report its conclusions to the Commission on two issues; first, a method for comparison of alternative portfolios and second, the criteria for the selection of resources in the top performing portfolios for inclusion in the final shortlist.

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[1] "In the Matter of the Application of PacifiCorp, by and through its Rocky Mountain Power Division, for Approval of a Solicitation Process for a Flexible resource for the 2012-2017 Time Period, and for Approval of a Significant Energy Resource Decision." This relates to the Company's All Source Request for Proposals issued in 2008.

On December 11, 2008, the Company convened a workshop to discuss the issues and solicit comments. On December 29, 2008, the IE provided the Company with comments. These comments are now posted on the Commission's website and can be found at the following link:

http://www.psc.utah.gov/utilities/electric/elecindx/documents/60467CommentsofMerrimackEnergy.doc

For context, PacifiCorp's bid/benchmark evaluation process involves three steps: 1-Screening of bids; 2-selection of least-cost bids/benchmarks through the development of optimal portfolios using a computer model; 3a-stochastic analysis of the optimal portfolios; 3b-deterministic scenario analysis of the optimal portfolios. Today's discussion will focus on the criteria the Company applies to identify a shortlist of resources using its analysis in Steps 2, 3a, 3b.

Commission Staff questions for Wayne Oliver, IE

1. The IE questioned the comparability of portfolios because portfolios may be of different size due to the underlying assumptions in different cases. At the 12/11 workshop, the Company explained that all portfolios are balanced through the use of Front Office Transactions. The IE requested the Company affirm that this means that any excess capacity and/or energy is sold into the market and any capacity/energy shortages are acquired from the market to balance resource requirements with load so that all portfolios (selected resources plus additional purchases and minus additional sales) are roughly the same size and comparability is not an issue. Is this a correct interpretation and can the Company confirm this?

2. On page 5 of your comments, you outline two alternatives to develop criteria for selecting preferred portfolios: 1) summing the ranking of all the portfolios for all cases and selecting the portfolio with the lowest sum; 2) variations around selecting portfolios in the top quartile in all cases, in both steps 3a and 3b, and consistent performers or top ranked portfolios would be eligible for consideration.

    2a. Is the intent of these alternatives that the criteria for inclusion on the final shortlist is that shortlisted resources will be drawn from the preferred portfolio or portfolios?

    2b. Would both the methods yield the same outcome?

Questions by others for the IE

Commission staff has the following questions regarding the Company's January 5, 2009, letter:

1. Did the Company intend for this letter to constitute the Company's "report of its conclusions" to the Commission per the Commission's May Order?

2. If yes, what is the Company's proposed method for comparing alternative portfolios of

different size? (This question may have been answered in the first question to the IE above.)

3. What is the Company’s proposed criteria for identifying the short list of resources?

4. Please provide an overview of steps 2, 3a and 3b and discuss any differences with the process and criteria used in the 2012 RFP (Docket No. 05-035-47).

5. How does this criteria incorporate the metrics associated with least cost, risk and reliability which are produced in steps 2 and 3 of the evaluation process.

6. Discussion around the Company’s proposed evaluation process and criteria.

Questions by others for the Company

Process/Next Steps