
BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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

Notice of Intent to Resume All Source RFP and Request for Approval
DOCKET NO. 07-035-94

**PacifiCorp 2008 RFP
Comments of the Independent Evaluator
Rocky Mountain Power Notice of Intent to Resume All Source RFP and Request for Approval**

Merrimack Energy, as the Utah Independent Evaluator (IE) for Rocky Mountain Power's (a division of PacifiCorp) 2008 All Source RFP is submitting the following comments in response to Rocky Mountain Power's October 6, 2009 Notice of Intent to Resume the 2008 All Source RFP and Request for Approval. Merrimack Energy has served as Independent Evaluator for both the 2012 Base Load Resources RFP as well as the 2008 All Source RFP.

Merrimack Energy agrees with Rocky Mountain Power that it should not be necessary to go through a process to reexamine the entire 2008 All Source RFP and to re-approve it at this time. The RFP elicited a robust response from the market and it is our expectation that the response to a resumption of the RFP will also be robust as long as equitable and reasonable procedures are in place.

The purpose of these comments is to not only respond to Rocky Mountain Power's October 6, 2009 Request for Approval to Resume the 2008 All Source RFP but to make suggestions on specific processes and procedures associated with the resumption of the solicitation process.

Schedule

Rocky Mountain Power proposes a lengthy solicitation process from reissuance of the RFP to Commission approval of the selected resource(s). In particular, Rocky Mountain Power has included over seven months or 215 days from the re-issuance of the RFP to submission of bids. This timeframe is inconsistent with previous PacifiCorp RFPs and is a much longer timeframe from issuance of the RFP to submission of bids as compared to other RFPs and general industry practices. As illustrated in Attachment A, in the 2012 Base Load Resources RFP and the original 2008 All Source RFP processes, PacifiCorp allowed bidders approximately two and one-half months to submit proposals from the date of issuance of the RFP. Since bidders have already submitted detailed proposals in response to the 2008 All Source solicitation and would likely update or revise their bids, such a long period for resubmission of bids is not necessary and may

discourage bidding. A reasonable timeframe for bid submission should be mid-to-late February 2010, or approximately three months from re-issuance of the RFP. A bid submission date of three to three and one-half months after re-issuance of the RFP would also allow new bidder's adequate time submit proposals. Benchmarks should be submitted to the IEs fourteen days in advance of the submission of third-party bids as currently envisioned by Rocky Mountain Power in the proposed schedule. Based on past experiences with the 2012 and 2008 RFPs, it would appear that providing more flexibility to the schedule in other areas would be more beneficial than increasing the time for bid submission. Furthermore, the three year timeframe from Commission approval (i.e. 5/17/2011) to the initial commercial operation date requested by Rocky Mountain Power of June 2014 may be tight based on the time required to permit the project, secure equipment and construct the project. It is therefore preferable to allow additional time for other activities, if necessary, than to "borrow" time to allow for proposal resubmission, which we do not feel is necessary or in the best interest of the bidders and customers.

PacifiCorp states that this longer period to submit the benchmark and bids is proposed because the submission of non-firm indicative bids in the 2012 Request for Proposals for Base Load Resources resulted in a protracted process to negotiate firm bids. PacifiCorp also states that the Company's 2008 IRP, which will provide useful information for bidders, is currently under review and will not likely be acknowledged until January or February 2010.

The IE believes the extra time between issuance of the RFP and bid submission is irrelevant for securing firm bids. PacifiCorp's 2008 All Source RFP allows for negotiations of both price and non-price terms during the post-bid negotiations (see page 61 of the Utah version of the RFP), which on its face does not require or necessarily encourage entirely firm bids in any case.

With regard to the IRP, these documents have been publicly available for some time. Bidders who are following the IRP should have a detailed knowledge of the Company's requirements and projections. While final acknowledgement of the IRP is helpful to finalize the Company's resource plan and assumptions, bidders should still have sufficient time to reflect these considerations in their revised proposal.

Other Comments/Suggestions

Merrimack Energy has several additional comments and suggestions designed to enhance the effectiveness of the process.

1. We suggest that Rocky Mountain Power add a Notice of Intent to Bid process in the revised RFP schedule as required in the original 2008 RFP. Given the delay in the process, revisions to the IRP, the possibility for new bidders and the option for existing bidders to revise or restructure their proposals, inclusion of this process will allow Rocky Mountain Power to get a better handle on prospective bidders and their proposed projects and also ensures consistent information is provided by all bidders. Since some bidders to the 2008 solicitation requested a refund of their bid fees and others may decide not to maintain their previous proposals we feel this process will be important to maintain consistency in the process.

2. Rocky Mountain Power suggests that following approval to resume the RFP, the Company will provide notice to bidders of the resumption of the RFP and will reissue the RFP to the market. Since the timeframe for resource requirements and the Company's generation plan has changed based on the 2008 IRP, we would encourage Rocky Mountain Power to suggest to bidders that they review the 2008 IRP, if they have not already done so.
3. For the 2008 RFP, PacifiCorp held a workshop for bidders on the Company's transmission plans and associated transmission issues. Given the importance of and complications associated with transmission access and costs, we would suggest that Rocky Mountain Power either update the presentation on transmission or include information about transmission project status in the proposed Stakeholder and Bidder RFP meeting.
4. In January 2009, the Company convened a technical conference to discuss the criteria for selection of resources in the top performing portfolios for inclusion in the final short list. This was in response to the Commission's May 2008 Order in which 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 short list. To the extent another technical conference is required to finalize the criteria, such a conference should be included on the schedule.

Attachment A: Solicitation Schedules from Previous PacifiCorp RFPs

Event	2012 RFP Schedule	Days from Issuance	2008 RFP Schedule	Days from Issuance	Proposed Schedule	Days from Issuance
RFP issued	4/5/2007		10/2/2008		11/9/2009	
RFQ Form or Intent to Bid Forms Due	5/7/2007	Issue + 30 days	10/31/2008	Issue + 29 days		
Benchmarks Due			12/2/2008	Issue + 61 days	5/28/2010	Issue +201 days
Responses Due	6/19/2007	Issue + 75 days	12/16/2008	Issue + 75 days	6/11/2010	Issue +215 days
Evaluation Complete		Issue + 120 days	2/27/2009	Issue + 148 days	8/10/2010	Issue + 265 days
Bidder Negotiation		Issue + 240 days	6/15/2009	Issue + 256 days	1/10/2011	Issue + 388 days
PacifiCorp Decision		Issue + 270 days	6/30/2009	Issue + 271 days	1/17/2011	Issue + 395 days
Utah Public Service Commission Approval Proceeding		Issue + 450 days	10/30/2009	Issue + 391 days	5/17/2011	Issue + 515 days