

Emily Wegener (#12275)
Stephanie Barber-Renteria (8808)
1407 West North Temple, Suite 320
Salt Lake City, Utah 84116
Telephone: (801) 220-4526
Facsimile: (801) 220-3299
Email: emily.wegener@pacificorp.com

Attorneys for Rocky Mountain Power

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

<p>IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER FOR APPROVAL OF SOLICITATION PROCESS FOR 2022 ALL SOURCE REQUEST FOR PROPOSALS</p>	<p>Docket No. 21-035-52</p> <p>ROCKY MOUNTAIN POWER’S REPLY COMMENTS IN SUPPORT OF APPLICATION FOR APPROVAL OF SOLICITATION PROCESS</p>
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I. INTRODUCTION

In accordance with Utah Admin. Code R746-420-1(4)(a), PacifiCorp d/b/a Rocky Mountain Power (“Rocky Mountain Power” or “Company”) submits these reply comments to the Public Service Commission of Utah (“Commission”). The Company respectfully requests that the Commission issue an order approving the Company’s 2022 All Source Request for Proposals (“2022AS RFP”), as modified to respond to the comments received from the Division of Public Utilities (“DPU” or “Division”), the Office of Consumer Services (“OCS”), Interwest Energy Alliance (“Interwest”), and Utah Association of Energy Users (“UAE”) on March 14, 2022, and the March 22, 2022, report of Merrimack Energy Group, Inc., the Independent Evaluator (“Merrimack” or “IE”) appointed by the Division. The Company also addresses public comments that were filed by Laborers Local 295 on March 14, 2022. As outlined below, the 2022AS RFP solicitation process is in the public interest and complies with Utah Code Ann. § 54-17-201- 203

(the “Energy Resources Procurement Act” or the “Act”) and Utah Admin. Code R746-420 (the “Rule”), and the Commission should approve it.

II. REPLY

The Commission’s “task” in considering the Company’s application is to “evaluate the solicitation process that RMP has proposed” to determine whether it complies with the Energy Resources Procurement Act and related Commission Rule, including whether the process is in the public interest.¹ The Act and Rule both set forth specific factors for the Commission to consider in determining the public interest, including:

(A) whether it will most likely result in the acquisition, production, and delivery of electricity at the lowest reasonable cost to the retail customers of an affected electrical utility located in this state; (B) long-term and short-term impacts; (C) risk; (D) reliability; (E) financial impacts on the affected electrical utility; and (F) other factors determined by the Commission to be relevant.²

The Rule further provides that the process must be “sufficiently flexible,” “designed to solicit a robust set of bids,” and provide sufficient time to solicit and evaluate bids and fill the projected resource need.

The Independent Evaluator plays a significant role in the evaluation of a solicitation process.³ Specific to this stage in the process, the Independent Evaluator is required to “[m]onitor, observe, validate and offer feedback” to the Company, Commission, and Division concerning the “content of the solicitation.”⁴ Merrimack provided a written evaluation of the 2022AS RFP, stating that it was “generally consistent with the Utah Admin. Code, Regulations and Statutes pertaining to the requirements for the design and development of the competitive

¹ *Application of Rocky Mountain Power for Approval of Solicitation Process for 2020 All Source Request for Proposals*, Docket No. 20-035-05, Order Approving 2020 All Source RFP at 7 (Utah P.S.C. July 17, 2020).

² Utah Code Ann. § 54-17-201(2)(c)(ii); Utah Admin. R. R746-420-3(1)(b)(ii); *see also* Order Approving 2020 All Source RFP at 6-7.

³ The Independent Evaluator is required to participate under Utah Code Ann. § 54-17-202(1)(d) and the role of the Independent Evaluator is described in Utah Code Ann. § 54-17-202 and throughout Utah Admin. R. R746-420.

⁴ Utah Admin. Code R746-420-6(h).

bidding process.”⁵ Merrimack recommends approval of the 2022AS RFP after resolution of the issues raised in its report.

As part of its report, Merrimack noted several modifications already agreed to by the Company and made further recommendations, many of which the Company has already incorporated or will incorporate.⁶ Specifically, PacifiCorp agrees to the following IE recommendations:

- Benchmarks will be required to provide the same information as any market Build-Transfer Agreement (“BTA”) bid offering as appropriate and RFP documents will be updated to reflect this requirement.
- As discussed further below, PacifiCorp will add Appendix R - Bid Scoring and Modeling to clarify its price scoring process to be used for market and benchmark bids. PacifiCorp will clarify its benchmark scoring process within the main RFP documents in Section 3.A Schedule and Section 6.F Bid Evaluation and Selection, Benchmark Bid Considerations.
- Benchmark price scores will be determined at the same time and in comparison with market bids in accordance with Appendix R, and the main RFP document, Section 3.A Schedule and Section 6.F Bid Evaluation and Selection, Benchmark Bid Considerations. RFP documents will be updated to clarify that the initial benchmark scoring is informational only and benchmarks will receive their price

⁵ *Application of Rocky Mountain Power for Approval of a Solicitation Process for 2022 All Source Request for Proposals*, Docket No. 21-035-52, Report of the Utah Independent Evaluator (Task A7) Regarding PacifiCorp’s 2022 Draft All Source Request for Proposals (2022AS RFP) Docket No. 21-035-52 (“Merrimack Report”) at 5 (March 22, 2022).

⁶ Merrimack Report at 9-10.

scores only after market bids have been received because all price scores will be calculated as part of the same portfolio optimization analysis.

- PacifiCorp will extend the Commercial Operation Date (“COD”) to December 31, 2027, with a preference for a 2026 COD, and will update the RFP documents accordingly.
- PacifiCorp will conduct a workshop for bidders concerning the interconnection process and transmission process shortly after the issuance of the 2022AS RFP.
- The RFP will state that long-lead resources include nuclear, geothermal, or pumped storage hydro and will clarify that bidders may submit questions to PacifiCorp about eligibility to bid as a long-lead resource.
- PacifiCorp will seek only AC coupled systems in the 2022AS RFP and will reassess whether to consider proposals for DC coupled systems in future RFPs.
- As discussed further below, PacifiCorp will remove restrictions concerning the size of batteries relative to the nameplate rating of a collocated renewable facility.
- PacifiCorp will update its non-price scoring methodology for demand side resources, as discussed further below.
- The Company will update its Appendix N code of conduct and require employees to acknowledge the code of conduct and attend training similar to what was held in advance of previous solicitations.
- Bidder self-scoring will be audited and verified by PacifiCorp before a final non-price score is given.
- The Company will monitor the efficacy of self-scoring to determine whether it should be used in future RFPs.

- PacifiCorp will update the RFP to reflect its expectation that bidders include the cost of required security in their bid price.
- PacifiCorp will update its RFP to include website information if the Commission requires Merrimack to provide one.
- PacifiCorp will provide Merrimack with access to the output files for the PLEXOS portfolio optimization model and will schedule regular meetings with Merrimack to discuss the modeling results.

There is only one issue where the Company disagrees with Merrimack’s recommendation. The Company disagrees that the bidders should be allowed to submit two alternative bids to their primary bid because each bid iteration requires the same effort and diligence from the Company and the IE to evaluate. Bidders are in the best position to determine their preferred and most competitive contract terms, and a single price for each bid submitted encourages bidders to offer what they believe is their most competitive bid, or else pay for multiple bids.

Many of the issues raised in comments by the IE, DPU, OCS, UAE and Interwest overlap, therefore PacifiCorp has structured its reply comments by topic, noting the positions of the various commenting parties as appropriate.

A. COD Eligibility Requirement

PacifiCorp agrees with Merrimack’s recommendation to extend the required COD to December 31, 2027, but disagrees with commenters who urge a further extension. UAE supports an extension of the COD to December 31, 2027, to accommodate potential contingencies from network upgrades required by the cluster study.⁷ Interwest recommends the COD should be

⁷ Initial Comments of the Utah Association of Energy Users at 9 (March 14, 2022) (“UAE Comments”).

extended to December 31, 2028, for all resources, with bidders able to identify in which year their COD deadline falls. The Company does not oppose discussion relating to the interconnection process, but maintains that a December 31, 2027, COD date is appropriate for the following reasons:

1. The 2022AS RFP results from the resource need identified in the 2021 Integrated Resource Plan (“IRP”) process and is focused on the capacity need in the short-term through 2026. A December 31, 2027, date accommodates the concerns of parties about the lead time for COD while remaining focused on the short-term capacity need.

2. The farther out in time a bidder prices its bid, the more risk is associated with inflation and cost curve assumptions. Typically, equipment suppliers are unable to provide firm pricing more than three years in advance due to fluctuations in raw materials, commodity markets and inflation. If PacifiCorp contracts now for resources in 2028 and costs/inflation are lower than current expectations, Customers may miss out on lower costs and subsequently lower prices. If PacifiCorp contracts now for 2028 resources, and those resources fail to be delivered, Customers may be at risk if the resource is not able to meet its commitments.

3. Nearer term bidders are likely to have more mature bids with higher likelihood of viability and deliverability.

4. PacifiCorp expects to have additional resource needs following the next IRP cycle and can consider resources with 2028 in-service dates in subsequent RFPs that are better informed by the resource tables and market information available when those RFPs issue.

To accommodate resources with 2027 CODs, the Company proposes to add a non-price score to incentivize bids with a 2026 COD and to require additional security for bids with CODs in 2027 and 2028 for long-lead time resources to reflect the increased risk associated with bidders

who have offered bid prices based on forward-looking assumptions, which may or may not occur, for example cost reductions due to equipment efficiency improvements and inflation assumptions.

The Company agrees with Merrimack that the sequencing of the 2022AS RFP in relation to the 2022 cluster study will still result in a “very robust market response”⁸ and that the extension of the COD to December 31, 2027, resolves any concerns about timing. Additionally, as noted above, the Company will host a workshop for interested parties addressing transmission concerns.

Interwest claims that long interconnection timelines from cluster studies should justify the inclusion of wind and solar resources with longer-lead time commercial online dates.⁹ PacifiCorp disagrees with Interwest that there is a “timing mismatch” that elevates queue position over cost in bid selection.¹⁰ To the extent a signed interconnection agreement or the completion of an interconnection study gives one resource an advantage, it is appropriate because completion of these milestones indicates a more mature resource. The 2022 Cluster Study provides the opportunity for any bidders seeking to enter the 2022AS RFP to receive an interconnection study. Those resources in receipt of interconnection studies with interconnection timeframes less than 60 months are generally better suited to respond to a near-term RFPs; generally, those resources which receive cluster studies with 60- and 72-month interconnection processes often are reliant on new significant transmission upgrades, which inherently take more time to build and are more appropriately situated to bid into future RFPs.

UAE expresses concerns that a favorable result in the interconnection cluster study process may have resulted if PacifiCorp were to consider a shortlist process similar to the prior RFP process

⁸ Merrimack Report at 6.

⁹ Interwest comments at 3. In this section, Interwest incorrectly states that bids will be submitted this spring and evaluated in May 2023. The timeline for bid consideration remains as set forth in the 2022As RFP.

¹⁰ Id.

allowing bidders to selected prior to the deadline for readiness criteria.¹¹ Due to the Federal Energy Regulatory Commission (“FERC”) jurisdictional time consideration in the open access transmission tariff requirements (“OATT”), PacifiCorp is unable to schedule its RFP in a timeframe to facilitate this request. In response to these timing concerns, PacifiCorp clarifies that it provided Appendix H-3 as part of the filed 2022AS RFP to allow potential bidders to understand the current status of PacifiCorp’s publicly available interconnection queues and make better informed decisions about where to propose new resources for interconnection. Appendix H will be updated prior to the RFP issuance with the most current information available on the Company’s Open Access Same-time Information System (“OASIS”).

The current Appendix H-3 filed with the RFP indicates there should be a robust and competitive response to the 2022AS RFP with the Company’s proposed sequencing as indicated by the following:

1. There are sufficient number of signed large generator interconnection agreements (“LGIAs”) to infer that 2022AS RFP will have a robust and competitive response. Each of the signed LGIAs represent committed capacity on PacifiCorp’s system.
2. Over 12,000 megawatts (“MW”) of interconnection requests were made in the first annual cluster study in 2021, although some requests have been withdrawn. Those resources which have received 60-months or greater interconnection timelines as noted by UAE are located in areas of PacifiCorp’s service territory where a new transmission line would be required for interconnection; however, not all cluster study participants have received such a lengthy interconnection timeline.
3. Consistent with the results of the last two cluster studies, participants making

¹¹ UAE Comments at 11-12.

requests into the 2022 cluster study for 2026 and 2027 interconnection dates will receive results that are dependent on the unique location of their proposed resource as well as the number of other participants in the same cluster study area requesting interconnection.

While the number of participants requesting interconnection and the cluster study results are at the discretion of market participants and outside of PacifiCorp's control, PacifiCorp provided sufficient information for potential bidders to make informed decisions.

Finally, Interwest requests to be able to work with PacifiCorp and stakeholders "to figure out a way to better discuss options for integrating the RFP and interconnection processes, which it states will assure a more equitable and competitive result."¹² Although PacifiCorp appreciates Interwest's request, PacifiCorp's RFP and interconnection processes are subject to different state and FERC jurisdictional rules and therefore the Company does not think Interwest's suggestion is workable in practice.

B. Bid Fee – Free Alternatives and Contract Structure

Interwest proposes modifications to the 2022AS RFP bid fee structure to allow at least two different configurations of bids, Purchase Power Agreement ("PPA") and BTA, per project site without requiring the bidder to pay bid fees for each bid, arguing that this promotes the goal of allowing for cost and risk comparisons under Utah Admin. Code R746-420-3-(a)(b)(ii).¹³ Interwest's suggestion should be rejected for several reasons. First, in requiring resources to pay separate bid fees for PPA and BTA bids, PacifiCorp's current bid fee structure is consistent with its last two major RFPs where bidders were required to pay separate bid fees for PPA and BTA bids. During the prior 2020AS RFP, PacifiCorp received over 575 offer variants submitted from

¹² Initial Comments of the Interwest Energy Alliance at 4 (March 14, 2022) ("Interwest Comments").

¹³ Interwest comments at 6.

141 unique projects submitted by 44 counterparties.¹⁴ Some bidders spent material amounts of bid fees to offer more than a dozen different iterations of the same resource and more than one bidder provided bid fees in excess of \$250,000 as a result of providing individual project iterations. It has been PacifiCorp's experience that bid fees have not been a deterrent to bidders supplying separate bids for PPA and BTA proposals. Second, different contract structures for the same physical asset require very different evaluation methods, assumptions, and risk profiles to evaluate the bids on an "apples-to-apples" comparison for scoring and ranking. Therefore, PacifiCorp recommends continuing the practice of charging bidder fees for each bid submitted.

C. Benchmark Options

1. Purchase Options

The DPU requested that for each of the Market Benchmark Resources listed in Appendix O, PacifiCorp provide certain information. PacifiCorp is updating Appendix O to respond to DPU and clarify information that was provided in compliance with the rules. The DPU also recommended PacifiCorp clarify whether a "purchase option" consists of: (i) an option to purchase the project outright, thus resulting in a Company-owned project if the option is exercised; or (ii) the option to enter into a PPA, thus resulting in a PPA that would be similar to PPAs that the Company would enter into with non-Benchmark Option bidders (e.g., bids with no connection to the Company that bid into the RFP as a PPA); or (iii) something else. The DPU also requested clarity on when the exercise of the option to purchase would take place.

The Company clarifies that it views a "purchase option" as an option to purchase the project outright. Each of the purchase options may have different exercise dates based on the individual negotiations with the developer selling the resource option. Generally, PacifiCorp's preference is

¹⁴ Merrimack Report at 6.

to purchase development assets prior to a resource notice of intent to proceed (“NTP”), so that PacifiCorp would ultimately be responsible for completing development, procuring equipment, completing final engineering designs and entering into the construction contracts. The developer selling the option may or may not be contracted to perform some or all of the engineering, procurement and construction (“EPC”) services. For each of the Market Benchmark Resources listed in Appendix O, PacifiCorp’s purchase option is or will be an option to purchase the entire project. PacifiCorp will exercise options to purchase either prior to the submission of benchmark bids for the 2022AS RFP, or after the project is selected to the 2022 AS RFP final shortlist on a case-by-case basis. All market options will only be exercised subject to an agreed upon purchase and sale agreement for such development rights and prior to COD. If selected to the 2022 AS RFP final shortlist, PacifiCorp will be responsible for finalizing development and construction of the asset.

For each of the Market Benchmark Resources listed in Appendix O, procurement service options could be unique to each transaction. However, a Benchmark transaction usually includes well-developed land rights and many long-term site permitting requirements that may be underway. EPC and all equipment procurement would be the financial responsibility of PacifiCorp. Generally, if procurement service options were to be considered, they would likely take the form of a BTA, where the developer would deliver a completed project at or before COD (considering certain federal tax credit considerations).

2. R746-420-3(4) Compliance

The OCS questions whether PacifiCorp has met the requirements of Utah Admin. Code R746-420-3(4)(b), which requires the company provide specific information concerning any “Owned Benchmark.” The DPU questions whether the Company met R746-420-3(4)(a), which

requires the Company to disclose whether the Company is using an “Owned Benchmark Resource” or a “Market Benchmark Resource.” The DPU further requests the Company clarify what the R746-420-3(4)(b) requirement entails, especially regarding what information is required to be filed with the Solicitation. The DPU also requests that the Company explain its reading of Utah Admin Code R746-420-3(4)(c), which requires the Company to provide “[a] description and examples of the manner in which resources of differing characteristics or lengths will be evaluated.”

PacifiCorp’s draft 2022AS RFP complies with the rules. Although not included in the list (table) of resources Appendix O, PacifiCorp provided the required information for R746-420-3(4)(a) and (b) in the bullet points below the table. Specifically, the following bullet addressed the projected life requirement of the Owned Benchmark Options:

Benchmark Resources will include the following pro forma estimates for operations, maintenance and on-going capital expenditures:

- Wind: 30 years
- Solar & Solar plus Battery: 25 years
- Battery: 20 years¹⁵
- Pumped Hydro Storage: 40-50 years (or federal license term)

Because the 2022AS RFP was filed in January 2022 but benchmark bids are not due until November 2022, PacifiCorp has not yet identified all candidates for Owned Benchmark Resources and is including in its RFP a list of potential resources which PacifiCorp anticipates it may bid. Because the Benchmark resources are still months away from being ready for bid, specific details related to transmission requirements and efficiencies are not yet available for many resources. PacifiCorp believes that the information provided in Appendix O is sufficient to meet the rules at

¹⁵ This information is from the updated Appendix O filed with these reply comments.

this time.

The DPU states that the Solicitation should include any inputs that will be utilized in the evaluation of a Market Benchmark Option. This could be interpreted to mean a completed Appendix C-2 (“Pricing Input Sheet”) for each Company Market Benchmark Option. PacifiCorp believes it has met the requirement with the main RFP document Section 6.C, and specifically Table 4, where the Company lists the characteristics which will be used to determine the Net Cost of Benchmark bids. This is consistent with what the Company provided in prior RFPs including the 2017R RFP in Docket No. 17-035-23, which also considered benchmarks. PacifiCorp has clearly defined within the 2022AS RFP which inputs will be evaluated by the independent evaluator as part of the RFP evaluation process oversight. When Benchmark bids are due in November 2022, each Benchmark bid must include a complete bid offer, including a completed Appendix C-2.

PacifiCorp has provided or will provide the information required by R746-420-3(4)(b). Appendix O includes a description of the fuel type, technology, and location of Owned Benchmark Options. Because the final decision on which of the Benchmark options in Appendix O will in fact be bid into the 2022AS RFP will not be made until closer to November 2022, and because Cluster Study 1 is currently in restudy and Cluster Study 2 has not yet started, and also because due diligence and negotiations to acquire Benchmark options are not completed, the efficiency of such Benchmark resources is not yet known. For that reason, in the Appendix O bullet points, the Company included information on how the efficiencies will be established in coordination with experienced third-party engineers, for those resources which have efficiencies.¹⁶ The bullet points

¹⁶ Battery storage resources have round-trip efficiencies. Non-renewables have heat rates. It is unclear what efficiency measures are required for renewables as part of rules; the Company interprets the efficiency requirement for renewable generating facilities to mean net capacity factors.

also include the projected life assumptions for each technology. With respect to the operating and dispatch characteristics, the bullet points in Appendix O clarify: 1) that all solar generating resources may be bid as collocated battery storage component up to 100% of the nameplate capacity of the solar project and a four-hour duration and may be bid separately as standalone solar subject to applicable bid fee requirements, 2) that operating requirements and dispatch requirements for Benchmark Resources will be evaluated pursuant to applicable Large Generator Interconnection Agreement, 3) the Benchmark Resources will be constructed in compliance with PacifiCorp's specifications and technical standards which are included in Appendix A and 4) operations and maintenance ("O&M") buildings will be included at each site or an addition to an existing PacifiCorp O&M facility.

Finally, in response to DPU's question about how different bids will be compared, PacifiCorp will clarify in the RFP main document, Section 6, how bids with different price structures and terms will be normalized prior to uploading into PLEXOS to meet R746-420-3(4)(c).

3. Ability for Benchmark Options to Also be Bid as PPA or BTAs

The DPU requested the Company provide clarification as to whether a project can be submitted as both a benchmark bid and a third-party bid, and if so, details on how the procedure would work. The Company clarifies that where it has negotiated a purchase option to bid a Benchmark option, these same resources (projects) will not be permitted to be offered directly into the 2022AS RFP solicitation as either PPAs or BTAs.

4. Number of Benchmark Resources Included in Appendix O

Interwest and the OCS both note the relatively large number of benchmark resources listed in Appendix O. The Company explains that due to the long duration of time between when the

application for approval of the proposed solicitation is made to the Commission and the deadline for benchmark resources a year later, PacifiCorp has included a list of possible Benchmark options it is considering. However, following the completion of its due diligence and purchase option execution, the Company ultimately intends to only bid a subset of the most mature and viable resources currently included in Appendix O. The resources listed in Appendix O include both opportunities where the Company may purchase development rights and bid Ownership Benchmark Options as well as opportunities for the Company to enter into purchase options and bid Market Benchmark Options. For those resources listed in Appendix O where PacifiCorp has not completed due diligence, and has not executed purchase options, and for those resources which do not yet have completed interconnection studies, PacifiCorp has included estimates in the Appendix O. With this filing, PacifiCorp is updating Appendix O to remove resources it is no longer considering and adding new Benchmarks it is considering, including several pumped storage hydro resources. PacifiCorp respectfully requests the flexibility to add or subtract additional benchmark resources to Appendix O over the next six months prior to the notice of intent to bid (“NOI”) deadline on November 17, 2022.

5. Evaluation Process for Benchmarks

Interwest comments on Benchmark evaluation fairness and recommends adjusting selection criteria which it claims tilt the scale towards utility ownership via Benchmark and BTA projects. To support its argument, Interwest asserts that Benchmarks do not include contingency costs and states that interconnection processes, and in particular, commercial readiness criteria and withdrawal penalties, are not the same for Benchmark resources. Interwest also recommends removing terminal value assumptions for utility-owned resources, or assuming that PPAs will be renewed.

PacifiCorp disagrees with Interwest's assertion that the bid review is tilted towards utility ownership. First, Interwest's statement that utility-owned bids do not include contingency costs is inaccurate. Benchmark projects include reasonable contingency costs to help assure delivery on-time and on-budget. PacifiCorp also notes that whether BTA or PPA resources include contingency in their bid pricing is at the market bidder's discretion.

Interwest's comments are incorrect with respect to the applicability of OATT on utility resource interconnection requests. In particular, Interwest makes a vague and unsupported claim that benchmark bids have a "clearer line of sight to selection" and are therefore somehow exempt from the OATT's commercial readiness requirements and withdrawal penalties that apply to third-party resources under OATT 38.4 and 38.7. This is untrue. If PacifiCorp requests generator interconnection service under the OATT, it is subject to the same FERC-approved rules and regulations as interconnection requests by market participants, including commercial readiness requirements and withdrawal fees.

Similarly, Interwest's recommendation to remove terminal value from the evaluation of utility-owned resources should be rejected. The consideration for terminal values in the evaluation of utility-owned resources are appropriate because the terminal value calculations are reviewed by the IEs. By comparison, PPA bidders can and will likely incorporate terminal value assumptions, including renewal assumptions, into the prices they offer based on less certain expectations of value beyond the negotiated contract and long-term assumptions as to whether the resource will be available to extend or otherwise renegotiate a contract renewal. To remove terminal value from the BTA and benchmark valuations would not recognize the benefit to customers that the utility provides via long-term land rights and transmission upgrades.

D. Blind Bid Waiver

The DPU requests that the Company flag any rule requirements it believes would no longer be in effect because of a waiver of the blinding requirements. In response, PacifiCorp confirms it is unaware of any rule requirements which would no longer be in effect because of a waiver of the blinding requirement. The OCS questions whether the relatively large number of benchmark bids should warrant the additional step of blinding bids for a heightened level of oversight of the RFP. PacifiCorp disagrees with OCS that the blinding bids requirement should not be waived. Because of the long timelines for project development, many bidders and their resources can be easily identified by technology type, capacity and location. Therefore, bid blinding would provide additional complexity but little value.

Additionally, Appendix O makes market participants aware of what resources and the extent to which PacifiCorp's Project Development team is considering acquiring Benchmark bids.

E. Operating Capabilities and Energy Storage System Specifications

1. Dispatchable Resources

In Section I of the 2022AS RFP, PacifiCorp sets forth the desired operating capabilities and expresses a preference for dispatchable resources. UAE agrees with PacifiCorp's requirement to require full dispatch control of collocated energy storage systems.¹⁷ DPU requested clarification PacifiCorp's statement that it prefers resources which can be dispatched but will also accept non-dispatchable resources, given the stated goal of the RFP is to procure 1,345 MW of new wind and solar generation resources, and 600 MW of collocated energy storage resources.

As PacifiCorp increases the amount of renewables on its system and retires existing dispatchable thermal generation, it will need additional dispatchable resources. The IRP identified

¹⁷ UAE Comments at 3-4.

capacity deficits in the action window timeframe. Therefore, when comparing renewable resources with and without collocated energy storage, PacifiCorp prefers resources proposed with energy storage which can follow a four second automatic generation control (“AGC”) signal and be dispatched by PacifiCorp.

PacifiCorp’s IRP identified 600 MW of collocated energy storage resources based on the proxy resource available in the model, which assumed solar resources could be combined with 100% energy storage power capacity compared to the generating resource capacity. In order to ensure reliable system operation, this assumption was increased from 25% during the 2019 IRP process to 100% during the 2021 IRP process. This demonstrates the key reason for PacifiCorp’s specified preference for dispatchable resources. While this change was implemented using collocated resources in the 2021 IRP, as part of its evaluation and resource selection, the PLEXOS portfolio optimization model may select greater or fewer MW of collocated energy storage, stand-alone energy storage, or other resource types, based on the actual resource configurations submitted into the RFP, the expected need driven by updated load forecasts, and other updates to the model assumptions.

The PLEXOS model will dispatch energy storage resources based on their operating characteristics. As discussed above, given the needs for dispatchable resources in the 2021 IRP, PacifiCorp anticipates that significant dispatchable resources will be a necessary part of the least-cost, least-risk portfolio. The least-cost, least-risk portfolio may also include a variety of non-dispatchable resources, but these resources generally have a smaller contribution to reliable system operation. Within the PLEXOS performance optimization model, there is no preference given to any resource or resource configuration, but the underlying value of any resource is a function of the time of day and market conditions when it is available to PLEXOS, as reflected in its price

score. In other words, dispatchable resources will have more value and may receive a higher price score because they can be used at more valuable times. Fundamentally, PLEXOS will recognize flexible resources which can support system reliability.

2. AC-coupled systems

Merrimack and UAE both support the 2022AS RFP requirement that resources be AC-coupled, and the Company agrees with their recommendation to reassess this requirement in future RFPs. When receiving bids where energy storage is collocated with a generating resource, PacifiCorp has specified that the resources be coupled on the AC side of the inverter so that energy going into the storage system can be metered separately from energy going to the point of delivery via California Independent System Operator (“CAISO”) approved AC-meters. Interwest argues that the Company should consider DC-coupled systems as well because they may be lower cost and that the Company’s justification for excluding DC-coupled systems is insufficient.¹⁸ UAE would prefer that PacifiCorp’s bid requirement simply limit the bids to “centralized” rather than “de-centralized” energy storage configurations, as this limitation more accurately address the Company’s concerns.

PacifiCorp anticipates that the 2022AS RFP will be issued to market before May 1, 2022. Neither CAISO nor PacifiCorp Transmission have approved a DC revenue grade meter at this time and are not projected to do so before the 2022AS RFP issues. That means that any bid proposing a DC-coupled system would be at risk of not meeting its proposed interconnection date. The proposed 2022AS RFP includes appendices including pro forma contracts which have been designed for AC-coupled systems and do not contemplate DC-coupled systems. If CAISO approves a DC-side meter, PacifiCorp Transmission will then need to pursue a similar review

¹⁸ Interwest comments at 4-5.

process which could take up to one year. Because there are no approved DC-side meters, PacifiCorp will require that all collocated batteries be AC coupled as part of this solicitation and will reassess this requirement during future RFPs.

3. Power Capacity Rating of Collocated Energy Storage Resources

The Company agrees with Merrimack's recommendation that battery energy storage resources not be limited to resources that can provide a certain percentage of the capacity of the collocated generating resource. UAE comments that the 2021 IRP preferred portfolio was selected based on the assumption that energy storage resources would have a power capacity rating of 50% of the collocated generation resources and requests that the Company provide some detail regarding its preference for a higher power capacity rating.¹⁹

As an initial matter, PacifiCorp notes that its 2021 IRP preferred portfolio includes solar paired with 4-hour batteries with 100% of the solar power capacity, not 50% as identified by UAE. This change was made during the 2021 IRP development process and was discussed in the 2021 IRP.²⁰

As clearly stated in the RFP documents, PacifiCorp will review and evaluate all storage bids regardless of any stated preferences, so there will be no scoring criteria relating to whether the power capacity rating of battery storage matches the nameplate capacity of the collocated generation resource. Based on UAE's comments, PacifiCorp updated the RFP documents to remove language that could be misunderstood as pre-judging the RFP conclusion related to preferred storage configurations. PacifiCorp will also remove minimum requirements related to storage duration and battery storage energy capacity sizing of collocated systems. Bidders may

¹⁹ UAE Comments at 7.

²⁰ PacifiCorp's 2021 IRP. Volume I. Chapter 8. p. 229-230. Available at: <https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/energy/integrated-resource-plan/2021-irp/Volume I - 9.15.2021 Final.pdf>

review 2021 IRP preferred portfolio and resource tables to consider potential relative competitiveness of various storage configurations. The evaluation process of all bids, with and without storage, is identical; therefore, there are no potential biases. PacifiCorp's evaluation of storage bids will be overseen by three independent evaluators who will ensure there is no preferential treatment for one type of storage resource and/or configuration over another.

4. Requirements for PPA Bidders to Augment and Maintain Battery Storage Capacity Throughout Contract Term

UAE requests that the Company more fully explain the RFP requirement for augmented PPAs and un-augmented BTAs and how this preference will be reflected in its scoring or selection of submitted bids. PacifiCorp has requested "augmented" battery bids for all PPA offerings to assure a battery life consistent with the offered PPA term for the collocated generation assets. During the 2020AS RFP in Docket No. 20-035-05, PacifiCorp initially allowed PPAs to bid both augmented and unaugmented collocated energy storage. Resources could offer a product where their battery capacity would degrade over time such that the remaining battery capacity was fractional by the end of the PPA term. PacifiCorp's experience during the 2020AS RFP was that the option created confusion among bidders and inaccuracies and inconsistencies in their bid prices and bid assumptions included in Appendix C-2. As a result, during the 2020AS RFP, consistent with what is proposed for the 2022AS RFP, PacifiCorp required resources to bid augmented systems and maintain the collocated battery storage capacity throughout the PPA term. Resources have two options for how to manage the expected battery degradation over the PPA term: they can oversize their battery facility's capacity so the lack of augmentation over the PPA term does not compromise the contracted capacity available to PacifiCorp, or they can plan and design their facilities to allow for battery replacements and/or additional batteries throughout the PPA life as part of the ongoing operations and maintenance of the facility.

By comparison, PacifiCorp has requested “unaugmented” battery bids for BTAs where the bidder is not in the ownership position to maintain the battery capacity after COD. Therefore, BTA bidders are only required to bid the up-front battery price. PacifiCorp will assume degradation curves from bidder’s battery manufacture(s) to value BTA offering and value the unaugmented capacity throughout the resource’s usable life.

F. Resource Evaluation and Price Scoring

1. Initial Shortlist and Provision of Readiness Criteria for Cluster Study

UAE requests clarification as to why the Company changed its position on the relative timing of the 2022AS RFP vis-à-vis the 2022 cluster study, which was effectuated when the Company delayed its RFP application, and subsequently delayed the RFP bid deadline and eliminated the initial shortlist (“ISL”) step prior to the close of the cluster study request window on May 15, 2022. UAE claims the options to demonstrate “readiness” are the same now as they were when the Company sought to deviate from the statutory 60-day notice rule for solicitations to enable the procurement and interconnection processes to align. UAE recommends that future RFPs be designed to ensure that projects seeking interconnection through the first available cluster study window after an IRP be allowed to obtain “readiness” through selection into the RFP’s initial shortlist.

PacifiCorp eliminated the initial shortlist step for several reasons. First, PacifiCorp believes it is appropriate for bidders to complete their interconnection studies as a key indicator of resource development maturity. Second, the new portfolio optimization tool, PLEXOS, has additional capability allowing it to more easily value every bid in an RFP, eliminating the need for an initial shortlist. Third, PacifiCorp determined that its participation was not required to enable bidders to take part in the cluster study process necessary to participate in this RFP, based on the large number

of interconnection requests and megawatts proposed in the 2021 cluster study when there was no RFP process. Lastly, PacifiCorp was concerned about the extended duration bidders were asked to keep their bids open and potential for supply chain issues and “gaming” that can result from a procurement process where incomplete bids are received, and winners picked six months before the cluster study results and final shortlist evaluation.

In 2020, PacifiCorp Transmission transitioned from a serial queue interconnection queue to a cluster study process, in which there are approximately 180 days between when the cluster study request window closes (deadline for requesting a study) and when the cluster study results are available, including interconnection cost and schedule estimates. In addition, the 2020 Transitional Cluster Study, as the first cluster study, limited participants to resources who could demonstrate readiness criteria through either an executed term sheet or agreement or via being selected in a resource plan or resource selection process for or by a load serving entity or large end-use customer.²¹ For the 2021 and 2022 cluster studies, market readiness could be achieved by a bidder in several ways, including the posting of security, as articulated in the PacifiCorp Transmission OATT.

A final factor supporting PacifiCorp’s decision to eliminate the initial shortlist is the recent transition by the portfolio optimization team from using the SO and PaR models to PLEXOS.

²¹ OATT Section 2.1.1 Readiness Criteria Applicable to Transition Requests for Large Generating Facilities
(a) Executed term sheet (or comparable evidence) related to a contract for sale of (i) the constructed Generating Facility to a load-serving entity or to a commercial, industrial, or other large end-use customer, (ii) the Generating Facility’s energy where the term of sale is not less than five (5) years, or (iii) the Generating Facility’s ancillary services if the Generating Facility is an electric storage resource where the term of sale is not less than five (5) years;
(b) Executed contract binding upon the parties for sale of (i) the constructed Generating Facility to a load-serving entity or to a commercial, industrial, or other large end-use customer, (ii) the Generating Facility’s energy where the term of sale is not less than five (5) years, or (iii) the Generating Facility’s ancillary services if the Generating Facility is an electric storage resource where the term of sale is not less than five (5) years; or
(c) Reasonable evidence that the Generating Facility has been selected in a Resource Plan or Resource Solicitation Process by or for a load serving entity, or is being developed for purposes of a sale to a commercial, industrial, or other large end-use customer.
For the avoidance of doubt, the additional readiness criteria under Section 38.4.1(v) of the OATT do not apply to Transition Requests under this Attachment W.

PLEXOS has increased functionality in that it is able to consider many more resources and resource alternatives and can provide net benefit values for each individual bid. Previously, PacifiCorp needed the ISL step to prioritize bid alternatives; however, the ISL was imperfect because it used proprietary excel models to determine the resource net benefit before bids were entered in the model. Further, in the 2020AS RFP, because the ISL was selected prior to receiving interconnection studies, PacifiCorp asked bidders to submit their initial bid prices without the direct interconnection costs and PacifiCorp did not consider known transmission upgrades at the time of the ISL. PacifiCorp proposed this process because it wanted to be able to fairly evaluate resources which had not yet gone through the cluster study and did not yet have an interconnection study or expected interconnection costs. While this proposal made sense at the time the 2020AS RFP was proposed, it was realized over time that choosing the ISL before the cluster study created more challenges than benefits.

2. Benchmark and Non-Benchmark Bid Scoring

The DPU requests more detail on testing bids as portfolios and the possible asymmetry between the benchmark bids and the non-benchmark bids with respect to the portfolios used in PLEXOS modeling.

PacifiCorp is updating the RFP main document, Section 6 to clarify that Benchmark scoring for purposes of bid ranking is done in PLEXOS at the same time and in the same portfolio as market bid scoring and will occur only after market bids have been received. The purpose and use of any Benchmark analysis by PLEXOS prior to market bid receipt is for informational purposes only. This informational step is designed to fulfill a requirement of an Oregon rule.²² While the Company will run the benchmark bids with proxy resources in order to evaluate their

²² Oregon Admin. R. 860-089-0350(1).

relative performance, this analysis will not be used for price scoring.

Benchmark price scores will be determined at the same time and in comparison with market bids. While the schedule on page 12 of the RFP does allow for Benchmark bids to be evaluated in December 2022 and January 2023, before RFP bids are due from the market, this is only a preliminary ranking for informational purposes in order to meet regulatory requirements discussed above. The actual price scoring and bid ranking of Benchmark resources will be done along with market bids on an apples-to-apples basis after market bids are received. Therefore, the proposed RFP evaluation process does not create asymmetry since the earlier benchmark-only portfolio is only a preliminary evaluation and both the benchmark and non-benchmark bids will in fact be evaluated at the same time and in the same portfolio. For this reason, the Company believes that the DPU's concerns about different portfolios are unwarranted.

3. PLEXOS Modeling and Ranking of Bids

The OCS requests PacifiCorp provide more details regarding its modeling techniques in its RFP documents, and it states PacifiCorp should ensure the IE receives access to all important models that PacifiCorp uses in the RFP, including the PLEXOS model. In particular, OCS would like PacifiCorp to explain all of its modeling techniques, such as the use of micro-resources, in more detail in its RFP documents. OCS requests PacifiCorp provide examples of how its bid scoring process will work in the RFP document. The DPU requested PacifiCorp clarify whether Benchmark resources could be advantaged and non-Benchmark bids disadvantaged as a result of Utah Admin. Code R746-420-3(4)(f).

PacifiCorp is adding an additional RFP appendix (Appendix R – Bid Scoring and Modeling) about bid modeling techniques in response to these recommendations, including an example of how the bid scoring will work.

Regarding access to the PLEXOS model, the Company does not own the model and it is proprietary to Energy Exemplar. The Company acknowledges the importance of the IE having sufficient access to the modeling efforts by the Company to retain appropriate oversight. The Company commits to provide access to Merrimack to all inputs and export files from PLEXOS.

PacifiCorp has complied with Utah Admin. Code R746-420-3(4)(f) because the bid preparation models for Benchmark bids will be sent to the portfolio optimization team prior to receipt of market bids and the Benchmark Options will not be subject to change. The Benchmarks will be analyzed by PLEXOS against proxy resources; however, only as an informational step for IE oversight and Oregon rule compliance. This will not disadvantage non-Benchmark bids because the final price score will not be determined until market bids are received and all Benchmark and market bids are run together in PLEXOS with the resulting net system benefits out of PLEXOS being used to calculate price scores in accordance with Appendix R.

4. Sensitivities

OCS recommends PacifiCorp conduct the following sensitivity studies: 1) a Natrium nuclear plant sensitivity study if such technology is bid into the 2022AS RFP; 2) a scenario including combined cycle gas turbine (“CCGT”) units as a selectable proxy resources; and 3) an analysis of the Northern Tier Transmission Group (“NTTG”) transmission option as an alternative transmission option, including an explanation of how the costs of the 230 kV line are treated in the economic modeling of RFP bids.

In response to the request to model a Natrium sensitivity, PacifiCorp notes that it does not intend to offer the Natrium Nuclear Plant as a benchmark bid to the 2022AS RFP. In general, PacifiCorp will evaluate a range of resource and transmission options and associated risks before

identifying the final shortlist of bids. PacifiCorp expects to seek input from parties about this process, and will work with the IEs to identify appropriate sensitives prior to establishing the final shortlist.

G. Non-Price Scoring

1. Self-Scoring

The DPU suggests that bidders not be required, or even allowed, to submit their own non-price scoring as part of their own bid, stating that if self-scoring is a required part of the bid, it may lead to arguments about whether the self-scoring was correctly scored, causing unnecessary work for the Company and the IE. Merrimack supports self-scoring.

PacifiCorp disagrees with DPU's concerns and continues to support self-scoring. The Company has designed the Appendix L non-price score card to be objective and reasonably subject to self-scoring and also to highlight the new equity consideration in consideration of its multi-jurisdictional obligations to comply with other state's procurement rules.²³ By requiring self-scoring, PacifiCorp believes that bidders will submit more complete and compliant bid packages in consideration of the new and evolving procurement rules in Oregon and Washington, which will reduce the amount of time the Company has to spend with bidders curing their responses and clarifying certain details within their bid packages.

While PacifiCorp appreciates DPU's concern it believes the following reasons address the DPU's concerns:

- 1) PacifiCorp, in coordination with the IE, will have discretion in determining the final non-price score;

²³ See Oregon Admin.R. 860-089-0400(b).

- 2) The 2022AS RFP will benefit from three IEs performing oversight in three states – any ambiguous, misleading or controversial responses will be heavily reviewed and discussed with some degree of consensus required between the four parties (three IEs plus the Company);
- 3) The first section of the non-price score (Bid Submittal Completeness worth five points) serves as a checklist for bidders; PacifiCorp has designed a five point checklist to help bidders to submit complete bid packages, which aims to reduce the amount of time and resources previously required to cure bids and confirm eligibility. The second section and associated five points relate to contract terms, which PacifiCorp can compare to a bidder's redline and contract issues list submitted in Appendix E-2, E-3 or F-2; the third section and associated fifteen points relate to resource deliverability, including developer and development maturity, for which there are thirty questions – no single question is so material that bidders would be motivated to mis-represent their answer and risk being deemed ineligible;
- 4) PacifiCorp has included the ability for bidders to select “N/A” for any questions they deem not applicable and receive a full point of non-price score, and PacifiCorp has included a comment field so that the bidder can provide context to any answer.
- 5) In Section E.3 of the RFP's Main Document, PacifiCorp is proposing an update to the Cover Letter requirements where the Company will ask bidders to represent that self-scored non-price scoring “are true to the best of Bidder's knowledge and belief.” The Cover Letter is required to be signed by an officer of the bidding company. Further, PacifiCorp is proposing to add a point in the non-price score card for bidders who complete and submit Appendix L.

6) Finally, by having the bidders complete the non-price score, PacifiCorp believes that it is providing a level of subjectivity and transparency on how non-price scores are calculated that will be valuable to bidders and result in more complete bid packages and more mature projects likely to be deliverable. In areas where there is a misunderstanding or disagreement with the bidder over a certain non-price score line item, PacifiCorp believes that bidder's self-scoring will bring light to those areas and welcomes the opportunity for discussion in coordination with the Utah, as well as Oregon and Washington, IEs.

2. Weighting for Non-Price Scoring of Supply-Side Resources

Interwest recommends reducing the weighting of non-price scoring from 25% to 20% of the total score due to potential bias. Interwest claims PacifiCorp's non-price factors are inherently subjective and inject an opportunity to bias the evaluation of bids and limit the IE and the parties from applying, understanding, or relying on a quantitative analysis.

PacifiCorp has used the 75/25 split in its prior RFPs (2017R and 2020AS), which the Commission approved. The non-price scoring is not subjective. It asks detailed questions about a bidder's provision of key RFP documents; assesses the viability of the bid and the developer's ability to contract with the Company; and weights resources based on their maturity and ability to deliver by awarding points for bids that are more likely to be constructed and reach the required COD. The questions and points are transparent and will be fairly evaluated with the oversight of three IEs, which the Company believes addresses Interwest's concerns of potential for bias.

3. Differences in Demand Response Non-Price Score Weighting

The DPU requests the Company provide more information on the difference between the non-price scoring of demand response and generation resources. Specifically, DPU requested information on what policies or rules influenced the non-price scoring categories for demand

response and if the Company can align the non-price scoring categories for generation and demand response. Merrimack supported this recommendation.²⁴

Based on stakeholder comments, PacifiCorp is updating its non-price scoring for demand response (demand-side) resources to be equal to 25% of the total score, consistent with supply-side resources by adding an additional five-point category as follows:

Category	Points
Bid Submittal Completeness (new)	5
Workforce diversity	10
Community benefits/equity	10

The initially filed non-price scoring categories for demand response resources were derived from the Company’s previous 2021 demand response RFP. Those categories were developed in response to Washington’s Clean Energy Transformation Act,²⁵ and subsequent regulatory requirements to track certain non-energy customer benefits to communities resulting from demand side utility actions, and Oregon’s recently passed House Bill 2021,²⁶ which places additional emphasis on social, economic or environmental justice co-benefits that result from the electric company’s investments, contracts or internal practices. In response to DPU and other stakeholder comments, PacifiCorp has added an additional category and increased the non-price score weighting to be more consistent with supply-side resources.

Specifically, PacifiCorp is updating its RFP to show a 25-point total potential non-price score for demand response bids, consistent with total potential scores for supply side resources. Whereas non-price scoring for supply side resources is primarily around contracting viability, project maturity and deliverability, demand side resources can be deployed quickly and do not

²⁴ Merrimack Report at 12, ¶ 13, 67.

²⁵ WAC 480-100-610 and WAC 480-100-640

²⁶ House Bill 2021 Clean Energy Targets. Available <https://olis.oregonlegislature.gov/liz/2021R1/Downloads/MeasureDocument/HB2021/Enrolled>

require the same degree of construction or permitting. Similarly, whereas demand response contracting is often done within the context of local community impact with specific resources selected to meet individual state requirements and with costs allocated on a state-by-state basis, supply side resources are selected and allocated on a system basis. For that reason, it is appropriate for demand-side resources, such as demand response bids, to consider non-energy and community benefits in their non-price score categories whereas supply-side resource focus on viability and deliverability criteria.

H. PPA Contractual Provisions in Appendix E-2 and E-3

Interwest recommends a change to the pro forma agreement language in Exhibits E-2 and E-3 relating to performance guarantees, curtailment, and force majeure.

1. Performance Guarantees

Interwest asserts that the Company should not have termination rights related to performance guarantees because performance is a factor of weather, rather than failure of design or operations. Interwest further argues that resource performance is outside of a bidder's control and that initial projections of expected output are used when obtaining financing for a project and expresses concern that a production guarantee may pose serious challenges for projects to obtain financing by raising costs and risks.

The proposed 2022AS RFP Form PPA includes a performance guarantee of 90 percent of expected annual output, including conditions under which PacifiCorp could terminate the PPA and/or require generators to pay financial penalties if a wind or solar project produces less than 90 percent expected output as part of its bid in the RFP. These expectations are not new to bidders as their lenders have similar interests and impose similar guarantees as part of developer representations to obtain financing. PacifiCorp has imposed similar guarantees in the 2020AS

RFP, and in PPAs going back to 2018, and in current contract negotiations following the 2020AS RFP. The Commission should allow the Company to include this standard industry language.

2. Curtailment

Interwest argues that PPAs are disadvantaged because it claims PPA resources will have to assume some uncompensated curtailment and reflect that in pricing, whereas BTA projects and benchmark bids will not face those same costs, nor will they need to factor those costs into bids. In response to these concerns and other stakeholder feedback, PacifiCorp will be updating its curtailment language in the pro-forma contract drafts to revise and clarify that PacifiCorp will compensate PPA counterparties for curtailment associated with PacifiCorp's market-driven scheduling and economic dispatch decisions. As part of those changes, PacifiCorp will remove the concept of "Excused Compensable Curtailment Energy," as was originally proposed in the pro-forma contracts included in the draft 2022AS RFP.

3. Termination for Force Majeure

Interwest recommends extending the right to terminate a PPA under the force majeure provision to one year. Interwest asserts that delays due to the COVID-19 pandemic or other market-wide disruptions in equipment or labor supplies are likely to affect all developing projects. COVID-related development and supply chain concerns have existed in the market for several years now and cannot be reasonably argued as unforeseeable in this new development environment. PacifiCorp therefore fully expects all bidders to be developing their project schedule and procurement strategy with such concerns in mind. PacifiCorp understands how market conditions can impact project development risk, and that bidders will reflect those risk considerations in the bid price and requested commercial operation date. For those reasons, PacifiCorp recommends against any extension to the proposed termination right trigger associated

with force majeure. If a bidder has a unique circumstance or specific request, they will have the opportunity to provide a redline and issues list to the pro forma contract agreements listed in Appendix E-2 and F-2 with their bid for consideration in conjunction with their price and non-price scores.

I. Labor Considerations

Laborers' Local Union 295 ("Local 295") submitted public comments related to local employment growth, quality job creation and safety. Local 295 appears to misunderstand the 2022AS RFP scoring criteria when it states that bids located in California, Oregon and Washington receive preference by earning points in the non-price scorecard for projects that provide certain economic, employment, and workforce benefits to communities in those states. The Appendix L non-price score card does not give preference to these states for the state-specific line items. For each of the items referenced by Local 295 and specific to Oregon, California or Washington, any resource proposed outside of the referenced state will receive a full point for the associated question because the question is not applicable ("N/A") to them. PacifiCorp's intent in adding such questions to the non-price scorecard is threefold: first, to ensure resources sited within California, Oregon and Washington are aware of and compliant with certain equity regulations; second, to comply with such multistate jurisdictional requirements without harming those resources which are not subject to such regulations; and thirdly, to provide relative weightings between resources located within California or Washington, as applicable, when those states consider the application of their unique regulations. In summary, the Company does not prioritize workers from one jurisdiction over another in its scoring.

In response to Local 295's other concerns, the Company will ask bidders to identify the total employment of fossil fuel construction workers expected in Appendix P, and the pro forma

contracts will require quarterly reports detailing the number of local and state workers employed during construction projects, and incident notices when construction contractors commit health and safety environmental infractions. These reports will be available to the Commission on request.

J. Other RFP Updates

Since the January 26, 2022 application and filing of the draft 2022AS RFP with the Commission for approval, the Company has revised the draft 2022AS RFP to respond to comments received in its Washington and Oregon proceedings for approval of the 2022AS RFP. Specifically, the Company made the following changes:

1. Added language related to bats and wildlife;
2. Revised RFP to address Washington's demand-side and CETA concerns, including schedule and process related a voluntary targeted demand response RFP which may be issued by Q3 2022 to dovetail with the 2022AS RFP evaluation process;
3. Added references to small-scale and distributed energy resources in response to Oregon and Washington regulations;
4. Clarified that it will accept pumped storage hydro bids with terms up to the length of the operating license;
5. Clarified the Utah IE is Merrimack Energy and provided contact information;
6. Clarified the RFP Evaluation Team consists of the Valuation and Commercial Business team which includes Origination and Structuring and Pricing;

7. Updated Schedule in RFP main document, Section 3.A, to allow for more time for benchmark scoring and IE oversight by changing market bid deadline from January 16, 2023 to February 14, 2023;
8. Added the First Bidder's Conference on May 5, 2022 to the Schedule;
9. Changed the Notice of Intent Date to November 17, 2022 after the cluster study results have been posted to OASIS;
10. Clarifies PacifiCorp will validate bidder's non-price scoring and asks bidders to represent in the officer's cover letter that non-price scores are true;
11. Clarified in Appendix B-2, Section 5 that PPA and BTA bidders do not need to include pro formas but should include project financing strategy, including tax credit strategy;
12. Clarified Washington bidders are required to complete Appendix P Equity Questionnaire and all bidders are requested to complete first two tabs of the equity questionnaire;
13. Provided examples for how state regulatory considerations for equity in Washington and Oregon will be implemented;
14. Adds certain informational requests (diversity experience, local community engagement and support, staffing strategies), to Appendix B-2, Section 10 following stakeholder comments, specifically Washington commission staff;
15. Clarifies storage should be centralized;
16. Clarifies PacifiCorp will not pre-screen certain bids with different terms or price structures, but instead PLEXOS will evaluate all bids;

17. Removed the requirement for long-lead time resources to demonstrate notice to proceed for construction by 2023;
 18. Update pro forma PPA agreements in Appendix E-2 and E-3 with conforming changes consistent with the 2020AS RFP negotiations.
 19. Clarified PacifiCorp's requirement for bid consistency and what material modifications were allowed; and
 20. Other clerical and administrative changes consistent with these reply comments.
- These changes do not impact the Company's compliance with the Commission's rules.

III. CONCLUSION

PacifiCorp's 2022AS RFP will result in the procurement of least-cost, least-risk resources consistent with the public interest. Therefore, PacifiCorp respectfully requests that the Commission issue an order approving the company's solicitation, as edited and provided with these reply comments, for up to approximately 1,345 MW of new proxy wind and solar resources and 600 MW new proxy battery energy storage system capacity.

DATED this 1st day of April, 2022.

Respectfully submitted,

ROCKY MOUNTAIN POWER



Emily Wegener
1407 West North Temple, Suite 320
Salt Lake City, Utah 84116
Telephone: (801) 220-2233
Facsimile: (801) 220-3299
Email: emily.wegener@pacificorp.com

Attorney for Rocky Mountain Power