

Response to Utah Independent Evaluator (Merrimack Energy) Questions

<p>1. Based on our review of the 2022 AS RFP Main Document list of Appendices, it appears that several Appendices were not included in the document list posted by Rocky Mountain Power to Docket No. 21-035-52 on January 26, 2022 including several appendices in the file Appendix A-Q. This includes at least the following: Appendix B-2 Proposal Instructions; C-1 Bid Summary and Pricing Input Sheet Instructions; C-3 Energy Performance Report; D Bidder’s Credit Information; E-1 PPA and Tolling Agreement Instructions to Bidders; F-1 BTA Instructions to Bidders; G-1 Confidentiality Agreement; G-2 Non-Reliance Letter; H-1 2021 PacifiCorp IRP Preferred Portfolio Transmission Upgrade Selections; H-2 2021 PacifiCorp IRP Preferred Portfolio Proxy Resource Selections; I Standards of Conduct; Separation of Functions; J PacifiCorp Transmission Waiver; M Role of the Independent Evaluator; N PacifiCorp’s Organization for RFP Process; O PacifiCorp’ Company Alternative (Benchmark Resource). We did note that these documents were included on the Washington Commission’s Docket page for the RFP. Please let us know if we are missing documents. [Issue Resolved – We assume PacifiCorp will re-post a complete set of Draft Appendices].</p>	<p>The appendices mentioned were filed but a clerical error resulted in a delay in their being posted to the docket document list. It has been corrected.</p>
<p>2. Does PacifiCorp intend to retain a separate IE for the Demand-Side Resource RFP? What is the intended role of the IEs for the 2022 AS RFP regarding the Demand-Side Resource RFP, if any? Please explain how the Demand-Side Resources RFP will be integrated with the 2022 AS RFP from the IEs perspective.</p>	<p>The receipt and review of demand-side resources will be similar to the receipt and review of demand response resources stemming from the 2021 demand response RFP that was concurrent with the 2020 all source RFP. The demand-side resources will be evaluated by a different PacifiCorp team (customer solutions) for their non-price score. The demand-side resources will similarly have their costs and energy profiles summarized in a PLEXOS bid input tool and included in the portfolio optimization model for equal consideration in the final, recommended portfolio. Since Utah procurement rules do not require IE oversight of the demand-side resources, PacifiCorp does not intend to</p>

	engage an IE in connection with the Demand-Side Resources RFP , beyond the general level of oversight that are applicable to other modeling assumptions, e.g. load or market prices.
3. Page 2 of the Draft RFP – With regard to long-lead time resources, will compressed air energy storage be another example of a long-lead time resource? Could long-duration battery storage also qualify. How will prospective bidders know if they have an option that may qualify. Should the RFP state something on the order of “bidders who are contemplating proposing a resource option that may qualify as a long-lead time resource should submit a question to PacifiCorp asking for feedback on whether or not the resource would qualify” as a long lead-time resource. Our thinking is that, if possible, it may be beneficial to define whether a resource meets the criteria for a long-lead time resource at the front-end of the process rather than deciding after the bidders submit a Notice of Intent.	PacifiCorp will clarify the qualification in an RFP footnote as “Nuclear, geothermal or pumped storage hydro for example. Other long-lead resources approved on a case-by-case basis via request to the RFP inbox and in consultation with the IEs. Resources are considered long-lead time resources if they require a state or federal licensing process and a prolonged construction cycle outside the normal scope of wind/solar renewable development cycle projects. Such federal licensing requirement do not include pursuing federal (BLM) land rights.”
4. Top of page 3. It states that bids must include at least a completed interconnection study and then identifies three options. Are all the options identified equal relative to opportunity for selection or would a project with a signed interconnection agreement have any preference, other than demonstrating the ability to begin deliveries by December 31, 2026.	All options discussed in this section will have equal weighting specific to our evaluation of bids provided.
5. Page 4 – Will PacifiCorp consider BTA options for all resource options including Renewables, Renewable with storage, standalone storage, pumped storage hydro, etc. We would suggest either identifying what resource options for a BTA PacifiCorp will accept or alternatively include the Table on page 5 of the January 11, 2022 Pre-Issuance Bidders Conference in the RFP document similar to the table included in the 2020AS RFP.	The Company will consider BTA options for all resource types.  PacifiCorp will clarify within the RFP draft.
6. Page 4 – The lead sentence and three bullet points at bottom of page 4 referring to eligibility for existing resources could be moved to bottom of page 3 after the first sentence under Transaction Type or at the end of the paragraph. It would seem that this reference would flow better in this section of the RFP.	PacifiCorp will move the sentence within the RFP draft.

<p>7. Page 5 – Operating Capabilities of the Resource – based on the statements in this paragraph, two-hour duration batteries would not be eligible even though there was one such project selected in the 2020 AS RFP. We would suggest allowing someone to bid a two-hour duration battery but state that PacifiCorp has a preference or strong preference for four-hour duration or longer.</p>	<p>Based on multiple stakeholder feedback, PacifiCorp will update the RFP to reflect no preference for or minimum requirements related to storage duration or storage energy capacity as compared to the renewable resource generating resource.</p>
<p>8. We have a few questions on Section 2B on page 8 regarding application of Safeguards given the presence of the Benchmark Bids.</p> <p>a. Are members of teams identified (e.g., RFP Evaluation Team, Project Development Team, Shared Resources) required to sign a Non-Disclosure or Confidentiality Agreement? Does PacifiCorp intend to hold training sessions for the affected personnel similar to previous solicitations?</p> <p>b. Please describe the role of the Shared Resource teams/individuals in more detail. Are these employees not directly involved in either the RFP Evaluation Team or Benchmark Team? Can a member of the Shared Resource team work for both the Evaluation and Benchmark teams or once a shared resource assists one team that resource would always assist just that one team?</p> <p>c. Are members of the PacifiCorp Transmission team only assisting the RFP Evaluation Team or can they also provide assistance to the Benchmark team?</p>	<p>a. PacifiCorp will identify members of the teams and will sign code of conduct acknowledgement forms.</p> <p>PacifiCorp will hold training sessions for the affected personnel similar to previous solicitations.</p> <p>b. Shared Resources are not directly involved in either the RFP Evaluation Team or Benchmark Team.</p> <p>Members of the Shared Resource team can work for both the Evaluation and the Benchmark Team.</p> <p>c. Members of the PacifiCorp Transmission team are subject matter experts on transmission matters for PacifiCorp and are therefore considered shared resources and can, subject to the restrictions below, assist members of both the RFP Evaluation or the Benchmark Team. That said, members of PacifiCorp Transmission are obligated by the FERC Standards of Conduct to not share non-public transmission function information in a manner that can preference the company’s energy supply function, nor may it share with the company’s energy supply function any information associated with its interconnection service or transmission service customers.</p>

<p>d. What is the expected role of the IRP team in performing work for the Project Development or Benchmark team? Will the IRP team conduct PLEXOS runs for the Project Development team? If so, what type of PLEXOS information will be made available to the benchmark team?</p> <p>e. What does the last sentence in the first paragraph on page 9 mean – “Results by the RFP evaluation team prepared for use in PLEXOS will be submitted to the IEs for their retention prior to PLEXOS modeling.”</p>	<p>d. The IRP team will perform work in coordination with the RFP Evaluation team but not the Project Development (Benchmark) team.</p> <p>e. Consistent with what was done in the 2020AS RFP process, this sentence it intended to mean that the RFP Evaluation Team will set up a share drive (or Drop Box) to provide the IEs will all of the PLEXOS bid preparation models.</p>
<p>9. In past RFPs, given the importance of transmission and interconnection considerations for a successful solicitation process, Merrimack Energy has suggested inclusion of a Transmission workshop to assist bidders understand the transmission and interconnection process and transmission plans of the Company and to ask questions. We would encourage PacifiCorp to hold a Transmission Workshop shortly after the RFP is issued but before the Cluster Study Request Window closes on May 16, 2022.</p>	<p>PacifiCorp will consider hosting a Transmission Workshop. Merrimack to clarify request by proposing an agenda or set of questions to be addressed during the Workshop.</p>
<p>10. Section 3A – include the date for the First Bidders Conference of May 6, 2022 in the schedule in this section of the RFP document. Given our suggestion above in question 10, perhaps PacifiCorp could include the Transmission Workshop along with or as part of the first Bidders Conference. Page 13 of the RFP document would have to be revised to reflect the schedule and times for the Transmission workshop.</p>	<p>Corrected.</p>
<p>11. Page 17 – Bid Fees – We have some suggestions with the Bid Fee structure and number of options allowed. First, the bid fee of \$15,000 per proposal is the highest we have seen except for off-shore wind RFPs. In addition, not allowing alternatives as part of the bid fee could limit the potential competition and</p>	<p>The 2022AS RFP process now includes three independent evaluators representing three states (UT, OR, WA). Therefore, our bid fee structure was revised to provide some reasonable assurance that these expected costs</p>

<p>evaluation of the best options available. For example, as currently proposed for a single bid fee of \$15,000 a bidder would have to decide what bid term, project size, pricing structure, COD date, etc. should be included in its proposal. We would not expect that many bidders would submit multiple offer variations at this price. As a result, bidders for PPAs may essentially be forced to offer 30-year contracts to be competitive with a BTA which is 30 years. However, 20-year PPAs or a portfolio of 20 and 30-year PPAs may be preferable for PacifiCorp. Our suggestion is to include at least one alternative (or ideally two) with the fee of \$15,000 and allow the alternative(s) to be either a different term, project size, and/or pricing structure (fixed vs escalating) structure. Alternatives should not affect the non-price assessment since the remaining aspects of the project should be the same (site, technology, permitting, interconnection (with perhaps the exception of project size), etc.</p>	<p>would be covered in conjunction with the 2022AS RFP process.</p> <p>In our experience, bidders have misunderstood bid alternatives and we have spent considerable time and resources auditing their alternatives to ensure the proper bid fee is received for the number of bids. PacifiCorp decided that our prior bid fee methodologies required simplification, from both a bidder and IE scope of work perspective, to eliminate misunderstandings encountered in the 2020AS RFP process.</p> <p>In the 2020 all source RFP, PacifiCorp received approximately 140 compliant bids from approximately 70 different bidders. Bid fees were not a deterrent as some bidders offered up to 14 different iterations per resource (facility). More than one bidder provided bid fees in excess of \$250K as a result of providing individual project iterations.</p> <p>The price evaluation effort (and to some degree the non-price evaluation) by PacifiCorp and IEs for each bid iteration requires the same effort and diligence because each iteration is treated as a unique individual bid.</p>
<p>12. Page 17 – Bid Limitations/Bid Attribute Table. What is the rationale for allowing multiple project sites to bid as a combined bid, or combining LGIAs to submit proposals? As I recall, in the 2020 RFP these were the exact type of issues that the Company attempted to avoid by informing bidders that combined bids were not acceptable after the registrations were submitted. There would appear to be a similar issue with multiple transactions structures (i.e., PPA and BTA for the same project). We would expect that allowing such combined bids could create complications in evaluation and contracting these resources.</p>	<p>In the 2020AS RFP, PacifiCorp prohibited projects from submitting bids that were contingent upon other bids. Bidders were allowed to combine and offer a single bid.</p> <p>Multiple project sites and/or LGIAs will be allowed to bid so that distributed resources may be bid using economies of scale, which is a goal of some states evolving clean energy goals.</p>

	<p>Similarly, some developers will break a larger project into chunks in order to mitigate risk of triggering a massive upgrade in the interconnection study process or having a resource passed over because it is too big. No single bid can be contingent upon another, but bidders may elect to submit multiple bids with different iterations of the same project site.</p> <p>PacifiCorp will evaluate all iterations of a facility/site that are bid and will only pick one iteration/option (regardless of size, contract price, transaction structure) of the available bids.</p> <p>Transaction structure combinations (combined BTAs and PPAs) were previously allowed but were terribly challenging for the bidders to offer in a single, clean package. PacifiCorp will consider eligible bids which combine transaction structures so long as their bids documents and requirements clearly identify the pricing and resource assumptions for each portion of the bid and yet have a single cleanly articulated bid.</p>
<p>13. Page 18 – Standalone Storage proposals are required to provide pricing based on a \$/MW-month toll payment. In other solicitations, for dispatch purposes stand-alone storage resources are allowed to offer a Variable O&amp;M charge (“VOM”) to cover operating costs that may vary depending how often the resource is dispatched. Will bidders be allowed to offer a VOM price as well (\$/MWh) or are they limited to a fixed charge only?</p>	<p>Yes, bidders be allowed to offer a VOM price (\$/MWh).</p> <p>See Appendix C-2, Tab 4 Column AD.</p>
<p>14. Page 20 - Minimum Eligibility Requirements – in #4 since long-lead time resources get an exemption from the COD date, what may qualify as a long-lead time resource needs to be better defined.</p>	<p>Noted. We have added a footnote to clarify. See response to #3 above</p>
<p>15. Page 23 – In Section 4A, the second sentence states that if the bidder does not provide information within 24 hours of a request by PacifiCorp it may be</p>	<p>This has been changed to 2 business days.</p>

<p>deemed ineligible for further evaluation. This is too harsh and the timeline for submitting information should be increased. On page 13 it states at the top of the page in Bold that bidders have 2 business days to respond. In our view, 2 business days is more reasonable. Within 24 hours is too short.</p>	
<p>16. Page 23 – General Organization of the Bid Submittal. In the previous RFP, PacifiCorp asked Bidders (after the bids were already submitted) to identify their tax credit strategy and how they intended to conform to the strategy. We would suggest asking for that information in the proposal either as a separate section (i.e., Section 11) or include such information in Section 5 as part of the project financing section.</p>	<p>A change has been made to the main RFP document and the umbrella document to reflect this recommendation.</p>
<p>17. Page 24 – Fifth paragraph under Part C regarding material modification. This paragraph seems to imply that projects that require material modification will not be allowed. As I recall from the 2020AS RFP, PacifiCorp Transmission stated that material modifications were not an issue if the addition of a battery to a solar project did not exceed the interconnection capacity sought and the battery was charged from the solar project. Is this still accurate or have there been revisions to Pac Trans views?</p>	<p>PacifiCorp is requiring that bidders submit interconnection documentation for their project that is consistent with how the project is described in their bid. In the event the documents are inconsistent, then PacifiCorp requires the bidder to provide documentation from PacifiCorp Transmission (or the applicable third-party interconnection provider) that a material modification (as defined in the OATT) is not required which could potentially impact the project costs or estimated in-service date.</p>
<p>18. Page 25 – Section D – second paragraph – The first sentence states that BTA bids will be accepted for proposed resources that directly interconnect to PacifiCorp’s system. In another section of the RFP it clearly states PacifiCorp would not accept any proposal for a BTA option located on a third-party system or not directly connected to the PacifiCorp system. While this is stated in other sections of the RFP, we suggest adding that statement in this section after the initial sentence which identifies what is acceptable for a BTA.</p>	<p>A change has been made to the RFP document to reflect this recommendation.</p>
<p>19. Page 26-27 – Demand Side RFP – Will the PacifiCorp evaluation team for the All Source RFP conduct the evaluation of the 2022 All Source RFP conduct the evaluation of the Demand Side Proposals as well or will there be a separate team doing the analysis of the Demand Side Proposals? What is the role of the IE in reviewing the evaluation of demand-side proposals selected, if any?</p>	<p>The Customer Solutions team, is a separate group from the PacifiCorp evaluation team, will conduct the due diligence and non-price scoring for the demand-side resource bids. The Utah IE is not expected to review the evaluation of the demand-side proposals.</p>

<p>20. Page 27 – Demand Side RFP – Could you please clarify what the paragraph at the top of page 27 means. We aren’t sure if you meant 2022 AS RFP instead of 2021 Demand Response RFP in line 2.</p>	<p>This will be clarified in the next iteration of the RFP draft.</p>
<p>21. Page 31 – It states under Table 2 “Price scores are determined using PLEXOS model outcomes. Page 37 states that “PLEXOS will calculate the relative system costs and benefits of each resource included in the model for evaluation. The operational characteristics of every bid will be included in the model so that PLEXOS will generate a value stream specific to each bid that will be used to calculate a price score.” Please explain the process for modeling each bid. In other words, will PacifiCorp essentially replace a generic resource with a bid resource in “modeling each bid.” Does this mean that every proposal is evaluated using PLEXOS to determine the price score and not the Excel model?</p>	<p>Every proposal is evaluated using PLEXOS to determine a price score; - not excel models. The portfolio optimization team, as part of its PLEXOS preparation, will upload to the PLEXOS ST models miniature versions of each bid received and considered. The miniature version are immaterial to PLEXOS overall LT portfolio expansion models but provide a provide a unique price score for each bid based on the marginal value PLEXOS assigns to the resource’s output at its point of delivery. The PLEXOS model will also optimize the dispatch of the miniature resource, thus identifying the appropriate value for any storage capability.</p>
<p>22. What is the metric for comparison and scoring each bid using PLEXOS? Is it Net Benefits for each proposal?</p>	<p>Yes. Scoring will reflect the net cost of each bid, by subtracting the benefits for each bid identified by PLEXOS from its cost.</p>
<p>23. Page 32 – 3<sup>rd</sup> box under Cluster Study – “Bidders notify PacifiCorp Transmission regarding Facilities Study and/or Cluster Restudy”. Could you please explain what this specific requirement means?</p>	<p>According to the OATT, at the end of the cluster study, interconnection customers who receive their cluster study results must elect to move forward. In the event some resources withdraw, then PacifiCorp Transmission may determine whether a re-study is required, and if so, the impacted resources will have to confirm their desire to continue participation in the re-study.</p>
<p>24. Page 33 – Last paragraph states “in compliance with OAR 860-089-0400(2), non-price factors have been converted to price factors where practicable.” Which non-price factors have been converted to price factors?</p>	<p>PacifiCorp didn’t convert any items, and PacifiCorp is simply confirming compliance its compliance with rule OAR 860-089-0400(2). This will be clarified in the next iteration of the RFP draft.</p>
<p>25. Page 33 – Second paragraph under Section B – “Bidder will have, as part of their bid-self-scored their bids using the non-price scorecard, which will be audited (and I would also recommend adding the words “and verified”) by PacifiCorp prior to giving each bid a non-price score.” What is the process if</p>	<p>PacifiCorp will perform its own reasonable assessment of the bidder’s self-score. PacifiCorp has added a point to the non-price score for completing the non-price scorecard in order to incentivize bidders to complete and submit it;</p>



<p>PacifiCorp and the bidder disagree on the non-price score for specific criteria? What is the IE's expected role (i.e., (1) review those scores for each bid where there is disagreement between the bidder and PacifiCorp and essentially serve as a referee during the non-price scoring process; (2) conduct an independent assessment of all or a select group of bids; or (3) review all scores developed by PacifiCorp after the evaluations occur to verify results.</p>	<p>however, it is not considered a minimum requirement. PacifiCorp has also added a line to the cover letter asking an officer of the bidder's company to attest to the accuracy of their non-price score representation.</p> <p>If PacifiCorp disagrees with a non-price score provided by a bidder, it will submit clarifying questions to the bidder and allow the bidder two (2) business days to cure. In the event bidder does not cure or otherwise substantiate or represent their self-score, then PacifiCorp will notify bidder that it intends to replace bidder's score with the one PacifiCorp deems more correct. This decision will be made in consultation with the IE(s). The IE's expected role is (1) review those scores for each bid where there is disagreement between the bidder and PacifiCorp and essentially serve as a referee during the non-price scoring process; and (2) conduct an independent assessment of all or a select group of bids;</p>
<p>26. Page 34 – First paragraph under Section C header – Will the Excel model (RFP Model we assume) still be used for any evaluation or to prepare the data inputs for PLEXOS only? The paragraph states that PacifiCorp's proprietary excel file will be used to prepare supply side bids by creating levelized costs for each eligible bid to be included in PLEXOS. Does this mean that the only role for the Excel model is to create the data and calculate the levelized cost for each bid?</p>	<p>The excel model will provide bidder data inputs to the PLEXOS model and calculate the levelized cost for each bid.</p>
<p>27. Page 35 – The write-up on page 35 associated with Table 4 looks like the proprietary excel model will be used to calculate <b>components</b> of the benefits and costs of each proposal for purposes of calculating the net benefits of each proposal for price scoring and ranking. Is that accurate? However, there is no reference to capacity or energy benefits in this Table. How are those components calculated and included in the evaluation? Are they generated using PLEXOS? Why are capacity and energy benefits not included in Table 4?</p>	<p>The proprietary model is used to calculate components of cost only. Energy benefits are calculated in PLEXOS and reported directly for each resource in each scenario result. Capacity benefits are embodied by a resource's contribution to reliability, based on its availability in periods with potential resource shortfalls. Periods with potential resource shortfalls are also identified using PLEXOS, but this requires lengthy stochastic analysis so it is not repeated for</p>

	every scenario result. The contribution of all resources will be determined using the same resource shortfall data.
28. Page 35 – the third paragraph states that PacifiCorp will submit to PLEXOS the proposals with the COD, term and price structure offering the lowest levelized cost by calculating the net present value using PacifiCorp’s discount rate. Will PacifiCorp select the final portfolio of proposals on the basis of costs initially and then adjust for non-price scores? Does PacifiCorp have any preference for a portfolio with different proposal terms such as 20-year vs 30-year proposals.	<p>This is incorrect and will be updated in the RFP draft. All bids will be included in PLEXOS.</p> <p>PacifiCorp will do no initial screening and has no preference for bid terms. Instead PLEXOS will price, value and select from the available proposal terms (for example term lengths) provided by bidder.</p>
29. Appendices H-1 and H-2 – Appendix H-2 indicates that the proxy resources selected in the 2021 IRP are located in NW Oregon or Idaho. It is surprising that no resources were selected for Utah given the pricing relationships between regions and PacifiCorp’s response to a question by Merrimack Energy in the 2020 AS RFP regarding Gateway South that in order to enable significant additional interconnection capacity in Utah South, Gateway South would be required. Could you please explain the basis for resource selection in the IRP for those areas identified?	No incremental transmission options in Utah were assumed to be available to be built in the near-term in the 2021 IRP, so no resources were selected in that time frame. The Company is aware that a number of resources in Utah have signed LGIAs or interconnection study results supporting a near-term online date and may choose to participate in the RFP.
<p>30. PLEXOS Related Questions</p> <ul style="list-style-type: none"> <li>• Evaluation of Energy Storage proposals using PLEXOS – Explain how PLEXOS evaluates storage options for either standalone or combined solar plus storage options. For combined solar plus storage proposals, it’s my understanding that PLEXOS accepts the solar generation profile for a project and either charges or discharges the facility based on hourly pricing and load requirements for that day based on the operating constraints of the project. Charging and discharging are based on optimization of charging and dispatch. Is that correct?</li> </ul>	Please refer to the Company’s slide deck presented at the 2/17/22 workshop. PLEXOS optimizes both charging and discharging for storage resources based on hourly marginal costs and demand, and accounting for a number of constraints, including storage power and duration and solar output.
31. PacifiCorp Organization for RFP Process – Appendix N – for non-price scoring will the Evaluation Team be responsible for verifying the self-scores or is the evaluation team also comprised of subject-matter experts who will also assist in the evaluation and validation of the scores?	The Evaluation Team will be responsible for verifying the self-scores. In the event assistance is needed with respect to a technical line item in the non-price score, than the evaluation team will consult, in consultation with the IE(s),

	with the appropriate subject-matter experts to assist in the evaluation and validation of the scores.
<p>32. Benchmark Resources – Appendix O</p> <ul style="list-style-type: none"> <li>• What is the distinction between Market and Owned Resources for Benchmark options? Does a market resource mean that PacifiCorp is a partner in the project instead of full owner?</li>   <li>• Please explain the following – “Procurement of equipment for Market Benchmark Resources will be conducted by third-party developers in coordination with PacifiCorp.”</li>   <li>• We assume that the benchmark resource costs including allocated development costs, fees, permitting, project management, and any other internal PacifiCorp costs associated with specific owned benchmark resources will be provided to the IEs as part of the inputs for the evaluation. Is that accurate?</li> </ul>	<p>*Per UT Admin Code R746-420 (4)(a), a Benchmark Option may consist of a Soliciting Utility self-build or owned option (Owned Benchmark Resource) or a purchase option (Market Benchmark Resource).</p> <p>Market does not imply “partner” but rather implies that the resource is still owned and controlled by a 3<sup>rd</sup> party developer with whom PacifiCorp has a purchase option rather than owing the resource outright at the time the benchmark is bid into an RFP.</p> <p>*Per UT Admin Code R746-420 (4)(a), Market Benchmark Resource’s are benchmark bids premised on purchase options whereby the third-party developer offers some procurement services as part of the purchase option.</p> <p>It is correct that benchmark resource costs will include development and permitting costs, project management and other internal costs. The level of detailed provided to the IE will be consistent with what was provided in 2017R.</p>