
Application of Rocky Mountain Power for Approval of Solicitation Process for 2020 All Source Request for Proposals	<u>DOCKET NO. 21-035-52</u> <u>ORDER APPROVING 2022</u> <u>ALL SOURCE RFP</u>
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ISSUED: April 22, 2022

1. Procedural Background

On August 31, 2021, PacifiCorp, doing business as Rocky Mountain Power (RMP), filed notice of its intent (the “NOI”) to seek approval of a solicitation process pursuant to Utah Code Title 54, Chapter 17, Energy Resource Procurement Act (the “Act”), and Utah Admin. Code R746-420-1, *et seq.* (the “Rule”) through which RMP will solicit bids for approximately 1,345 megawatts (MW) of renewable and non-renewable resources and 600 MW of battery storage to be delivered to RMP’s system for service on or before December 31, 2026. On October 8, 2021 and again on December 14, 2021, RMP filed revised notices that it would seek approval of a solicitation process as provided in the NOI on or around January 7, 2022, and on January 26, 2022, respectively. In response to the NOI and the two revised notices, the Public Service Commission (PSC) promptly appointed Merrimack Energy Group as Independent Evaluator (“IE”) to monitor the solicitation.¹

RMP filed its Application for Approval of a Solicitation Process (“Application”) on January 26, 2022, attaching its 2022 All Source Request for Proposals (“RFP”). Consistent with the NOI, the Application seeks PSC approval to procure 1,345 MW of new renewable wind and solar resources, including 600 MW of new storage resources. RMP is seeking bids that can

¹ Utah Admin. Code R746-420-1(3)(a) and Utah Code Ann. § 54-17-203 require the PSC to promptly appoint an independent evaluator to monitor any solicitation conducted under the Act and the Rule.

deliver energy and capacity to RMP's system by December 31, 2027.² The RFP extends this commercial operation date ("COD") for "long-lead time resource types . . . such as nuclear and pumped storage hydro" to December 31, 2028. RMP represents it "intends to propose site-specific, self-build and purchase resource options" as benchmark options.³

The Application also requests a waiver of Utah Admin. Code R746-420-3(10)(a), which otherwise requires the IE to "blind" all bids for the evaluation process, and requests the PSC set a schedule for the RFP consistent with the Rule. RMP proposes to issue the RFP to market by April 26, 2022.

The PSC conducted a virtual scheduling conference on February 8, 2022. The participating parties stipulated to a schedule for the filing of comments and reply comments and a date for a technical conference, but no party requested a hearing. In its Scheduling Order, issued February 15, 2022, the PSC approved and adopted the parties' proposed schedule. The PSC held a virtual technical conference on February 17, 2022.

The PSC later granted three parties' requests for intervention in this docket: the Utah Association of Energy Users (UAE); the Interwest Energy Alliance (IEA), and Western Resource Advocates (WRA).

The Division of Public Utilities (DPU), the Office of Consumer Services (OCS), UAE, and IEA filed comments on March 14, 2022. The PSC also received public comments from the

² Initially, RMP's proposed process required commercial operation by the end of 2026. In response to stakeholder feedback, RMP agreed to revise the RFP to require commercial operation by December 31, 2027. RMP Reply at 4.

³ Application at 8. A benchmark option is defined in Utah Code Ann. § 54-17-102(2) as "an energy resource against which bids in an open bid process may be evaluated that . . . could be constructed or owned by" an electrical utility.

Western Power Trading Forum and Laborers Local 295 on January 24, 2022 and March 14, 2022, respectively.

The IE filed its “Task A7 Report of the Utah Independent Evaluator Regarding PacifiCorp’s 2022 Draft All Source Request for Proposals” (hereafter, “IE’s Report”) on March 22, 2022. The IE’s Report evaluates the RFP’s compliance with the Act and the Rule, analyzes the RFP for general fairness and public interest considerations, and discusses logistical issues for RMP and RFP bidders.

On April 1, 2022, RMP filed its Reply Comments, attaching a revised version of the RFP that incorporates certain changes (“Revisions”) RMP made to the RFP in response to issues the IE and other parties raised. For simplicity, any later reference to the “RFP” in this Order refers to the revised version RMP attached to its Reply Comments.

2. Legal Background and Standard for Approving a Solicitation Process

Broadly, the Act requires electric utilities to obtain approval from the PSC prior to acquiring a resource that produces significant energy.⁴ Generally, this entails two distinct approvals from the PSC. First, having identified a need for energy, the utility develops and proposes a solicitation process to meet that need, which the utility must submit to the PSC for approval (“Solicitation Approval Requirement”).⁵ Second, once the utility has used the PSC-

⁴ See Utah Code Ann. § 54-17-302. The Act defines a “significant energy resource” as a resource that consists of 100 MW or more of new generating capacity with a dependable life of 10 or more years. Utah Code Ann. § 54-17-102(4). Statutory exceptions exist and a utility may seek a waiver of the requirement to obtain the PSC’s approval, though doing so forfeits certain cost recovery advantages the utility would otherwise enjoy under the Act. See *id.* at § 54-17-501. As RMP has not sought such a waiver here, the conditions for and ramifications of qualifying for such a waiver are outside the scope of this order.

⁵ *Id.* at § 54-17-201.

approved process to identify the particular resource it wants to procure, the utility must submit the resource it selects to the PSC and obtain approval to procure that specific resource (“Resource Approval Requirement”).⁶ This Order evaluates the RFP only under the Solicitation Approval Requirement, and any resource RMP selects via an approved RFP remains subject to the Resource Approval Requirement.

In evaluating a solicitation process, the Act requires the PSC to determine whether the proposed process (i) complies with the Act and applicable administrative rules; and (ii) is in the public interest.⁷

3. Discussion, Findings, and Conclusions

In response to RMP’s initial filing, DPU, OCS, UAE, and IEA each submitted comments expressing numerous concerns and recommending various changes. The IE also identified several issues and proposed certain revisions in its report. RMP subsequently amended the RFP to incorporate many of the parties’ and the IE’s recommendations. To the extent material disagreement continues to exist, we address it in the course of our analysis that follows.

a. The RFP Complies with the Procedural Requirements of the Act and Rule.

While the Act enumerates certain factors the PSC must consider in determining whether a solicitation is in the public interest (discussed *infra* at Section 3.b.), it does not provide detailed requirements related to a utility’s design or performance of a solicitation process. Instead, the

⁶ *Id.* at § 54-17-302.

⁷ *Id.* at § 54-17-201(2)(c). The Act enumerates factors the PSC is required to consider in determining whether a solicitation is in the public interest, which are discussed *infra* at Section 3.b.

Act directs the PSC to make rules outlining the requirements for a solicitation process, addressing allowable screening criteria and mandating certain disclosures.⁸

Consequently, the Rule provides detailed requirements related to the utility's screening criteria,⁹ evaluation of bids,¹⁰ and mandatory disclosures regarding any benchmark options.¹¹ The Rule also provides general fairness and timing requirements¹² and additional safeguards related to benchmark options (e.g., segregating personnel involved in developing benchmark options from those who will evaluate bids).¹³

The IE Report concludes that RMP generally complied with these procedural requirements.¹⁴

- i. The RFP complies with disclosure rules related to benchmark options, provided that RMP obtains PSC approval to add or subtract benchmark resources from the RFP's Appendix O.

DPU and OCS each raise concerns about whether the RFP complies with the Rule's disclosure requirements related to benchmark options.¹⁵ Specifically, OCS argues the RFP (i) fails to include the efficiency, transmission requirements, and operating and dispatch characteristics of RMP's proposed owned benchmark options, and (ii) fails to identify inputs used in the evaluation of RMP's proposed market benchmark options.¹⁶

⁸ *Id.* at § 54-17-202(1).

⁹ Utah Admin. Code R746-420-3(2) and (3).

¹⁰ *Id.* at R746-420-3(3).

¹¹ *Id.* at R746-420-3(4).

¹² *Id.* at R746-420-3(7).

¹³ *Id.* at R746-420-3(8).

¹⁴ IE Report at 5.

¹⁵ *See* Utah Admin. Code R746-420-3(4)(b).

¹⁶ OCS Comments at 4–5.

Similarly, DPU asserts the RFP fails to comply with Utah Admin. Code R746-420-3(4)(b) and (c) because the RFP does not include the required information within the RFP itself, and questions whether subsection (4)(b) requires RMP to fill out an Appendix C-2 Pricing Input Sheet¹⁷ for each market benchmark option.¹⁸ At minimum, DPU argues, the RFP should provide the projected life and transmission requirements and interconnection status of each owned benchmark option disclosed by RMP in its Appendix O.¹⁹

In reply, RMP emphasizes it provided information regarding the projected life requirement of owned benchmark options in bullet points below the table in Appendix O, including pro forma estimates for operations, maintenance and on-going capital expenditures. RMP further argues certain information about benchmark options will not be available to RMP until November of 2022, when benchmark option bids are due under the RFP. RMP represents it “has not yet identified all candidates for Owned Benchmark Resources and is including in its RFP a list of potential resources which [RMP] anticipates it may bid,” but that “specific details related to transmission requirements and efficiencies are not yet available for many resources.”²⁰

RMP maintains “the information provided in Appendix O is sufficient to meet the rules at this time,” in that it includes “a description of the fuel type, technology, and location” of owned benchmark options,” and that, in the Appendix O bullet points, RMP “included information on how the efficiencies will be established in coordination with experienced third-party

¹⁷ See RFP Umbrella Document.

¹⁸ DPU Comments at 7–8.

¹⁹ DPU Comments at 8.

²⁰ RMP Reply at 12.

engineers.”²¹ In response to DPU’s comments related to market benchmark option inputs, RMP states that “each benchmark bid must include a complete bid offer, including a completed Appendix C-2.”

We conclude the RFP contains sufficient information with respect to benchmark options to comply with the Rule. We conclude further, however, that RMP’s Appendix O list of benchmark option resources, including the bullet point information that RMP provided related to likely benchmark option efficiencies, should be reasonably representative of the benchmark options actually bid into the RFP by the November 2022 deadline. Therefore, RMP may not add or subtract a benchmark option resource from Appendix O or submit a final list of benchmark resources that is otherwise inconsistent with the information disclosed in Appendix O without first seeking and obtaining approval from the PSC to do so.

ii. The RFP otherwise complies with the Act and Rule.

Having reviewed the RFP, comments, reply comments, and the IE’s Report, we find the RFP satisfies the Rule’s disclosure and documentation requirements and its design is consistent with the Rule. Notably, the IE Report concludes the initial “RFP documents and processes are generally consistent with [the Rule and the Act] pertaining to the requirements for the design and development of the competitive bidding process.”²² In its Reply Comments, RMP committed to providing extensive additional information to supplement the initial filing. No party nor the IE

²¹ RMP Reply at 12–13.

²² IE Report at 5. While the IE Report observed RMP had “not met the specific requirements of [the Rule] to provide the IE with data, information and models necessary for the IE to analyze and verify the models,” RMP committed in its reply to provide the IE with “access to the output files for the PLEXOs portfolio optimization model” and to “schedule regular meetings with [the IE] to discuss the modeling results.” *Id.* at 8; RMP Reply at 5.

has identified any failure to comply with any provision of the Act or Rule that RMP has failed to correct. Accordingly, we find the RFP complies with the Act and Rule.

b. The RFP is in the Public Interest.

The Act enumerates factors the PSC is required to consider in determining whether a solicitation is in the public interest: (i) whether the process “will most likely result” in the delivery of electricity at the lowest reasonable cost; (ii) long-term and short-term impacts; (iii) risk; (iv) reliability; (v) financial impacts on the utility; and (vi) other factors the PSC determines are relevant.²³

The Rule echoes the Act in requiring a solicitation be in the public interest, providing that “[a]ll aspects of a Solicitation and Solicitation Process must be fair, reasonable and in the public interest.”²⁴ In addition, the Rule provides that a solicitation must be “sufficiently flexible,” “designed to solicit a robust set of bids to the extent practicable,” and “commenced sufficiently in advance of the time of the projected resource need to permit and facilitate ... a reasonable evaluation of resource options that can be available to fill the projected need.”²⁵

Though it can benefit from modifications around its perimeter, the RFP is generally designed to fairly solicit bids from numerous bidders proposing resources representing a wide array of generation technologies, resource locations, and contract structures, including with the participation of RMP itself through as many as 31 benchmark options. In addition to being designed to generate a robust response, the evaluation tools and safeguards built into its design

²³ Utah Code Ann. § 54-17-201(2)(c)(ii)(A)-(F).

²⁴ Utah Admin. Code R746-420-3(1)(a).

²⁵ *Id.* at R746-420-3(1)(b)(iii)-(v).

are reasonably likely to result in the selection of resources that provide RMP customers with the most reliable resources for the least cost, and at the lowest risk. This Order generally analyzes the RFP according to those two broad categories of bid response and bid evaluation. This Order does not discuss every requirement and attribute of the RFP, but instead highlights those aspects of the RFP that are most relevant to the Order's ultimate determination, including those issues for which the Order requires modifications.

- i. The RFP is designed to solicit a large number of bids from a diverse mix of generation resources and is likely to solicit bids from lowest cost, least risk alternatives.

The IE's Report makes clear the RFP is reasonably designed to solicit a large number of bids from a wide array of generation resource types and bidders. The RFP should provide RMP the flexibility to pick from the resulting sample a combination of resources that are the lowest cost while serving the Act's and Rule's other public interest factors.

- A. RMP commenced the RFP sufficiently in advance of the time of its projected resource need.

We find RMP commenced the RFP with sufficient time under the Rule. The Rule requires a solicitation process to be commenced with sufficient time to "permit and facilitate compliance with the Act and [the Rule,] and a reasonable evaluation of resource options."²⁶ RMP generally provided satisfactory responses to parties' and the IE's timing concerns. Among other timing considerations, the RFP provides that bids are due in February of 2023, giving potential bidders sufficient time to respond and prepare competitive bid packages. RMP also commits in its Reply Comments to conducting a workshop for bidders concerning the

²⁶ *Id.* at R746-420-3(1)(v).

interconnection process shortly after issuance of the RFP, and to accepting questions from bidders related to long-lead time resources, each facilitating bidder compliance with RFP requirements during the required time frame. Further, RMP intends to offer the RFP to market on April 26, 2022 to solicit resources with a commercial operation date of December 31, 2027 (and December 31, 2028 for long-lead time resources), over five years in the future.

B. We direct RMP to allow each bidder to submit, per bid fee, two alternatives associated with different contract term options and pricing structures.

Though the RFP is generally designed to solicit a robust bid response, it creates an unnecessary barrier by requiring a base bid fee of \$15,000 per bid while not permitting bidders to submit alternative contract structures within a single bid.

The IE disagreed, commenting that, under RMP's approach, bidders would be strongly incentivized to offer a bid term of 30 years to compete with benchmark options and build-transfer agreement (BTA) proposals.²⁷ Allowing bidders to offer a 20-year PPA and a 30-year PPA in the same bid (and for a single fee), the IE opined, will "enhance the opportunity for a better-balanced portfolio."²⁸

We find RMP's argument that "each bid iteration requires the same effort and diligence from [RMP] and the IE to evaluate"²⁹ unpersuasive given its assertion elsewhere that PLEXOS, its evaluation model, "has increased functionality in that it is able to consider many more

²⁷ Status Report of Merrimack Energy, Independent Evaluator, Remaining Issues filed April 11, 2022 at 1.

²⁸ *Id.*

²⁹ RMP Reply at 5.

resources and resource alternatives.”³⁰ We conclude that having two different term and price structure alternatives for a given bid will facilitate the public interest by creating a robust pool of bids and provide more resource cost information at the bid evaluation stage. And each bid alternative is not likely to create additional analytical labor for other portions of the evaluation, including self-bid vetting and non-price scoring. Accordingly, we direct RMP to modify the RFP to allow a bidder to submit two alternative contract lengths and pricing structures for a given type of contract (PPA or BTA) with each \$15,000 bid fee.³¹

C. The RFP is reasonably designed to generate a large number of bids from a diverse mix of resources.

As modified by this Order, the RFP is well designed to comply with the Rule’s requirement that the RFP generate a robust enough pool of bids to allow RMP to select resources that best serve the public interest.

The IE Report states that the RFP “will lead to a robust response from the market with a range of resource options and contract types” because (1) the RFP is a supply-side RFP with a range of eligible resource options; (2) the RFP is similar to the 2020 All Source Request for Proposals, which generated a robust response; (3) the RFP’s evaluation process is designed to evaluate bids for all resource types, ensuring that all eligible resource options have the opportunity to compete; (4) the RFP has no minimum size bid; (5) the RFP is a reasonably transparent process, informing bidders in decisions regarding resource selection and proposal

³⁰ *Id.* at 23–4.

³¹ We are not requiring RMP to accept multiple bids of different contract types (PPA or BTA) under a single bid fee.

options; and (6) RMP included a number of safeguards, including related to benchmark options, to demonstrate to bidders the process will be fair and equitable.³²

Consistent with the IE Report, we find the RFP satisfies the Rule in creating a solicitation process that is effectively designed to solicit a large number of bids from a wide array of generation resource types and bidders, such that RMP will have the flexibility to select the lowest cost, least risk, most reliable resources available. The RFP accommodates a wide variety of resource types including renewable and non-renewable, legacy and emerging technologies, and certain resource types with a longer development time. Also, in moving its desired commercial operation date back to December 31, 2027, RMP satisfied party concerns that certain projects earlier in the development stage would be discouraged from bidding. The RFP further makes improvements to earlier RFPs by mitigating timing differences between RFP bid deadlines and transmission interconnection milestones, including longer lead time, coordination with the 2022 PacifiCorp Transmission Cluster Study, and RMP hosting a workshop to help bidders resolve interconnection issues. These improvements over prior RFP processes should provide RFP evaluators the options necessary to develop a lowest cost, least risk, and most reliable resource selection.

- ii. The RFP utilizes evaluation tools that are reasonably likely to result in selection of lowest cost, least risk resources from the resulting bids.

The RFP is reasonably designed to evaluate bid resources, model their likely cost and contribution to RMP's system, and select the resources that are most likely to represent the resources that are the lowest cost, least risk, and most reliable available. RMP generally

³² See IE Report at 79–80.

evaluates bids first for compliance with RFP rules and screens bids for eligibility, then scores eligible bids under non-price related criteria. For this RFP, RMP asks bidders to provide a “self-score,” which acts as a worksheet that, according to RMP, helps “bidders ... submit more complete and compliant bid packages.”³³ Once RMP determines a list of eligible resources, RMP performs a number of quantitative analyses of each bid, culminating in performance optimization modeling via RMP’s PLEXOS resource planning software.³⁴ This performance optimization step measures a bid project’s likely contribution and cost to RMP’s existing and future system given likely system needs, including energy, capacity, reliability, dispatch, and other characteristics. According to RMP, all bids, including benchmark option bids, will be evaluated in this optimization modeling step simultaneously.³⁵

The IE Report concludes the RFP’s evaluation and selection process is a “reasonably comprehensive process designed to evaluate the net cost implications associated with different resource options and portfolios,” commenting that it “includes non-price factors and criteria ... that influence project viability, and assessment of risk parameters associated with the various portfolios.”³⁶ In addition, the IE concludes the “portfolio evaluation and risk assessment

³³ RMP Reply at 27.

³⁴ PLEXOS is the same software used by RMP to develop the 2021 IRP preferred portfolio. *See PacifiCorp’s 2021 Integrated Resource Plan*, Docket No. 21-035-09, PacifiCorp’s 2021 Integrated Resource Plan filed Sep. 15, 2021.

³⁵ *See* RMP Reply at 25 (Explaining that the RFP allows “[b]enchmark bids to be evaluated ... before RFP bids are due from the market,” but that “this is only a preliminary ranking for informational purposes,” and that “[t]he actual price scoring and bid ranking of [b]enchmark resources will be done along with market bids on an apples-to-apples basis after market bids are received”).

³⁶ IE Report at 79.

methodology utilizing the PLEXOS model is reasonable and consistent with industry practices.”³⁷

Similarly, we find the RFP employs adequate safeguards to prevent bias in resource selection and uses robust quantitative and qualitative analysis tools that are capable of assessing bids both in isolation and in their likely contribution to RMP’s unique system needs and costs. RMP’s new PLEXOS resource planning tool is a particular improvement over previous RFP cycles because it allows the analysis of bids in the context of RMP’s system nearly simultaneously, eliminating multiple steps in the analysis and thereby reducing opportunities for bias. In addition, the RFP utilizes disclosure and other transparency mechanisms to ensure that parties can be alerted to any analytical errors at multiple stages of the RFP process.

A. The RFP’s use of self-scoring is appropriate.

The RFP requires bidders to complete self-score matrices for non-price factors related to bid completeness, bid eligibility, project readiness, project maturity, and other factors.

DPU disagrees with RMP’s use of self-scoring, commenting that the “self-scored matrices for non-price scoring should not be submitted with bids,” and arguing that bidders will “judge questions in their favor in borderline cases,” resulting in “protracted arguments between the bidder, [RMP], and the IE.”³⁸ In reply, RMP emphasizes that RMP and the IE will have discretion in determining a bidder’s non-price score and multiple IEs from multiple states will evaluate bidder responses. RMP also argues the non-price score helps to serve as a “checklist for

³⁷ *Id.*

³⁸ DPU Comments at 6.

bidders,” potentially reducing the amount of time required to cure deficient bids and confirm bid eligibility.³⁹

We find the self-scoring process is likely to improve bidder engagement with the RFP’s eligibility requirements, helping them understand what non-price factors could improve their bid, and avoiding the impression of arbitrary denial for nonconforming bids. We approve RMP’s use of self-scoring in the RFP.

B. RMP should include additional sensitivities in its resource optimization analysis of RFP bids.

In RMP’s resource optimization analysis process, RMP includes certain “sensitivities,” or settings in PLEXOS, that allow the software to factor in certain cost consequences, system topologies, reliability needs, and future contingencies.

OCS argues RMP should include additional sensitivities related to RMP’s planned Gateway South (GWS) transmission line,⁴⁰ the planned Natrium Nuclear Plant, a scenario including combined cycle gas turbine units as selectable proxy resources, and a sensitivity analyzing the Northern Tier Transmission Group transmission option as an alternative transmission option. OCS comments that RMP plans to analyze bids contingent on the construction of GWS assuming a \$1.4 billion system “economic benefit to all ... RFP bids that require GWS to be built.”⁴¹ RMP responds that it “does not intend to offer the Natrium Nuclear Plant as a benchmark bid,” and that it “expects to seek input from parties” regarding other

³⁹ RMP Reply at 27–28.

⁴⁰ *See Application of Rocky Mountain Power for a Certificate of Public Convenience and Necessity for the Gateway South Transmission Project*, Docket No. 21-035-54, Order issued April 8, 2022.

⁴¹ OCS Reply at 2.

sensitivities used in its portfolio optimization modeling, and that it will “work with the IEs to identify appropriate [sensitivities] prior to establishing the final shortlist.”⁴²

We find the RFP’s evaluations will be more thorough and better serve the public interest if RMP analyzes RFP bids based on multiple possible future contingencies. RMP touts the analytical capability of PLEXOS in its comments related to the RFP, allowing the analysis of all realistic contingencies. Accordingly, we direct RMP to conduct, at minimum, the sensitivity studies requested by OCS not related to the Natrium Nuclear plant.

- C. RMP should fairly and consistently evaluate PPA and BTA bids with battery storage, and shall include augmentation costs in any benchmark bid for a collocated renewable and energy storage resource.

For bids that include battery storage features, RMP requires bidders offering a PPA to bid as an augmented system capable of maintaining the system’s original capacity and duration for the contract term.⁴³ RMP states that resources can “oversize their battery facility’s capacity so the lack of augmentation over the PPA term does not compromise the contracted capacity ... , 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.” BTA bidders, in contrast, are required only to bid the up-front price of the facility, because, according to RMP, the “bidder is not in the ownership position to maintain the battery capacity after COD.”⁴⁴

⁴² RMP Reply at 26-27.

⁴³ See IE Report at 64–65.

⁴⁴ RMP Reply at 21–22.

In its comments, UAE requested additional clarification about this requirement, raising concern whether PPAs and BTAs could be fairly compared given the discrepancy related to augmentation costs.⁴⁵ The IE Report also recognizes this issue, and recommends that BTA and benchmark bids with battery storage be carefully scrutinized to “ensure all projects are treated fairly and consistently,” and suggests that RMP include augmentation costs in its analysis of benchmark bids with battery storage.⁴⁶

We recognize that the flexibility afforded to RMP by owning a battery storage resource and therefore being able to choose whether or not to augment the resource could provide legitimate system benefits unrelated to any potential bias for a BTA or benchmark bid. We also conclude that fair and consistent treatment of all energy storage bids is of paramount importance. We find RMP’s explanation to be reasonable that it will assume degradation curves from BTA offerings and value unaugmented capacity throughout the life of the resource. We have confidence the IE will monitor RMP’s application of those degradation curves and will inform us at the resource approval stage whether PPA and BTA energy storage bids were evaluated fairly and consistently. With respect to benchmark bids, though, for which RMP will have the operational control that is not available to BTA bidders, we adopt the IE’s recommendation and direct RMP to “include augmentation costs in its benchmark cost analysis should [RMP] propose any collocated renewable and energy storage resource.”⁴⁷

⁴⁵ UAE Comments at 7–8.

⁴⁶ IE Report at 12.

⁴⁷ *Id.*

c. The PSC Waives the Blind Bidding Requirement.

The Rule provides the IE “shall ‘blind’ all bids and supply blinded bids” to the soliciting utility (“Blind Bidding Requirement”).⁴⁸ Citing numerous PSC orders granting waivers under similar circumstances, RMP asks us to waive the requirement.⁴⁹ RMP argues that “blinding bids in the 2022AS RFP will provide limited value because the detailed project information included in each bid (e.g., the proposed location of the resource) will effectively identify the bidder,” and that “[b]linding bids imposes additional burdens on the IE and [RMP] that will have no impact on the overall fairness of the solicitation process.”⁵⁰

The IE comments that it “has no objections to [RMP’s] request for a waiver of the bid blinding requirement,” and concludes that “there is no certainty that the bidder could remain anonymous,” even with blinding, and that blinding “could be very time consuming and costly with limited value.”⁵¹ DPU also supports RMP’s request, stating that blinding would entail additional work for the IE and RMP for very limited benefit.⁵² OCS agrees with waiver in general, but cautions that, given the sheer number of benchmark bids, additional oversight created by bid blinding could be helpful.⁵³

Because of the time constraints and the apparent futility of blinding such project-specific bids, we find the burden the Blind Bidding Requirement would impose on the IE and RMP

⁴⁸ Utah Admin. Code R746-420-3(10)(a).

⁴⁹ Application at 8–9.

⁵⁰ *Id.* at 9.

⁵¹ IE Report at 57–58.

⁵² *See* DPU Comments at 5.

⁵³ *See* OCS Comments at 5.

significantly outweighs any benefit to blinding the bids under these circumstances. We grant RMP's request for a waiver consistent with our prior orders and Utah Admin. Code R746-1-109.

d. The PSC directs the IE to establish a website.

Task B3 of the IE Scope of Work listed in the PSC's RFP for Independent Evaluator Services, through which the IE was appointed, requires the IE to set up and maintain a webpage or database for information between bidders, potential bidders, and RMP, only if directed by the PSC.

We recognize the potential benefits of a webpage to the RFP process and direct the IE to set up and maintain a webpage that provides information to bidders and facilitates communication between bidders, potential bidders, and RMP.

ORDER

Pursuant to our authority and obligations under Utah Code Ann. §§ 54-17-201 through 203 and Utah Admin. Code R746-420, we approve the RFP with the conditions and modifications described in this Order:

1. RMP will not add or subtract a benchmark option from Appendix O of the RFP or submit a final list of benchmark resources that is inconsistent with the information disclosed in Appendix O without first seeking and obtaining approval from the PSC to do so.
2. RMP will modify the RFP to allow a bidder to submit two alternative contract lengths and pricing structures for a given type of contract (PPA or BTA) for a single \$15,000 bid fee.
3. In addition to any sensitivities already enumerated in the RFP, RMP will conduct, at minimum, these additional sensitivity analyses: (i) a scenario where the Gateway South transmission line is not built; (ii) a scenario including combined cycle gas turbine units as selectable proxy resources; and (iii) a scenario analyzing the Northern Tier Transmission Group transmission option as an alternative to Gateway South without assuming retail customers will bear the cost to construct the 230 kV line referenced in the OCS's Comments.

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4. RMP will include augmentation costs in its benchmark cost analysis should RMP propose any collocated renewable and energy storage resource as a benchmark resource, and will include augmentation costs in the cost analysis of any build-transfer agreement bid.

RMP's request to waive the Blind Bidding Requirement otherwise applicable under Utah Admin. Code R746-420-3(10)(a) is granted.

The PSC directs the IE to set up and maintain a webpage or database for information exchange between potential bidders and RMP consistent with the IE's scope of work and the IE's Report.

DATED at Salt Lake City, Utah, April 22, 2022.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#323712

Notice of Opportunity for Agency Review or Rehearing

Pursuant to §§ 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing of this Order by filing a written request with the PSC within 30 days after the issuance of this Order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the PSC does not grant a request for review or rehearing within 30 days after the filing of the request, it is deemed denied. Judicial review of the PSC's final agency action may be obtained by filing a petition for review with the Utah Supreme Court within 30 days after final agency action. Any petition for review must comply with the requirements of §§ 63G-4-401 and 63G-4-403 of the Utah Code and Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on April 22, 2022, a true and correct copy of the foregoing was delivered upon the following as indicated below:

By Email:

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