



Portland General Electric Company

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Assistant General Counsel

July 8, 2011

Via Electronic Filing and U.S. Mail

Oregon Public Utility Commission

Attention: Filing Center

550 Capitol Street NE, #215

PO Box 2148

Salem OR 97308-2148

Re: UM 1535

Attention Filing Center:

Enclosed for filing in the above-captioned docket are an original and five copies of:

- **REPLY COMMENTS OF PORTLAND GENERAL ELECTRIC COMPANY**

This is being filed by electronic mail with the Filing Center.

An extra copy of the cover letter is enclosed. Please date stamp the extra copy and return to me in the envelope provided. Thank you in advance for your assistance.

Sincerely,

A handwritten signature in black ink that reads "Denise Saunders" with a stylized flourish at the end.

V. DENISE SAUNDERS

denise.saunders@pgn.com

VDS:cbm

Enclosures

cc: UM 1535 Service List

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1535

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC COMPANY)	REPLY COMMENTS OF PORTLAND GENERAL ELECTRIC
)	
Request for Proposal for Capacity Resources)	

Portland General Electric Company (PGE) submits these Reply Comments pursuant to the April 15, 2011, Prehearing Conference Memorandum. PGE submitted its Final Draft RFP to the Oregon Public Utility Commission (OPUC or Commission) for approval on May 23, 2011. On June 3, 2011 the Independent Evaluator (IE) provided OPUC Staff with an assessment of the Final Draft RFP (IE Assessment) concluding that the RFP is being conducted in a fair and unbiased manner and is consistent with the Commission's guidelines. IE Assessment at 2. The Citizens' Utility Board of Oregon (CUB), the Industrial Customers of Northwest Utilities (ICNU), the Northwest and Intermountain Power Producers Coalition (NIPPC), and the Renewable Northwest Project (RNP) submitted comments on the Final Draft RFP. The comments addressed issues related to: technology; timing; gas transport risk; company-owned sites; imputed debt; transmission; disclosure of staffing lists; and proposed changes to the RFP. PGE provides responses to each of these issues below.

1. PGE Will Consider All Commercially Deployed Technologies that can Meet its Capacity Needs

NIPPC expresses concern that the pre-qualification section of the online bid form excludes frame units as an eligible technology in the RFP. NIPPC at 18. NIPPC asks the Commission to "expressly require PGE to agree that any technology that meets the

dispatchability, ramp rate, or other performance requirements should not be excluded from the bidding.” NIPPC at 18-19. ICNU echoes NIPPC’s concerns. ICNU at 4.

PGE has no objection to changing its online bid form to indicate that it will consider any technology that has demonstrated that it can meet PGE’s needs. The Final Draft RFP includes a list of such technologies but states that the list is not intended to limit participation. Final Draft RFP at 2. PGE would like to avoid having bidders pay the \$10,000 bid fee only to submit a bid for a technology which PGE knows will not meet its needs. Accordingly, PGE has tried to be as open as possible by informing bidders of the types of technology likely to meet its needs. At the IE’s suggestion, PGE invited potential bidders interested in submitting a bid using a technology other than those identified in the RFP to provide information about the technology on the RFP website for PGE’s consideration. *See*, IE Assessment at 4. PGE remains open to considering any new technologies that will meet its needs.

PGE has, however, identified some types of technology that will not meet its needs. For example, in response to a question posted on the RFP website, PGE has stated that PGE will not accept new technologies that are not utility scale or have not been commercially deployed and utilized for a reasonable period of time by electric utilities. *See*, Attachment A. Examples of such technologies include batteries and recent models of unmodified and modified frame unit simple cycle combustion turbines.

PGE disagrees with NIPPC when it states that frame units can have “equivalent performance useful for integrating intermittent resources, but at a lower cost.” NIPPC at 18. Unmodified frame simple cycle combustion turbines such as that described in footnote 8 of NIPPC’s comments are only being commercially used as peaking units. While such units may meet PGE’s seasonal peaking needs, there is no certainty that they can provide intra-hour

ancillary services needed for load following and integration of variable energy resources. In addition, these units cannot turn down past 50% of their nameplate capacity. Thus, given a unit with 200 MW nameplate capacity, only 100 MW would count towards PGE's 200 MW need.

PGE is aware of only five units of unmodified frame technology that are currently used for peaking generation. It would not be prudent for PGE to use untested technology to meet its customers' needs. If the unit does not perform as intended, it will jeopardize PGE's ability to meet its system reliability requirements. While a PPA structure insulates customers financially, it is not a hedge for system reliability.

Modified frame units with new rapid response technology currently do not have engineering certification and PGE is not aware of any commercial deployment of frame technology with rapid response package as of this date.

PGE also disagrees with NIPPC that frame units are at a lower cost than aero-derivative turbines. *See*, NIPPC at 18. Frame units may be cost-effective when considering only the overnight capital expenditures. However, when evaluating bids, PGE will consider life cycle costs including, but not limited to, operating and maintenance costs (fixed and variable) over time and heat rate performance under continuous operation to provide ancillary services rather than peaking energy. In addition, frame units are likely to have added capital expenditures for cooling steam exhaust.

In short, PGE will not exclude from bidding any technology that has been commercially deployed and has demonstrated that it can meet our dispatchability, ramp rate, or other performance requirements. We believe, however, that recent models of both modified and unmodified frame unit simple cycle combustion turbines are not likely to meet PGE's needs.

2. Timing

a. PGE's Benchmark Resource has no Informational or Timing Advantage

NIPPC expressed concern that PGE had an “informational” and timing advantage over Independent Power Producers (IPPs) in developing the benchmark resource. NIPPC at 5-7. In preparing its IRP, PGE is required to “[i]dentify any Benchmark Resources it plans to consider in competitive bidding.” OPUC Order No. 07-002, IRP Guideline 13. The Commission requires utilities to describe the size, general technology and site of the proposed resource. OPUC Order No. 08-246 at 21-22. PGE is therefore required to disclose with some specificity information regarding a planned benchmark resource. In order to comply with the Commission’s requirements, PGE has to do preliminary engineering and describe a technology that would best meet its identified need. PGE complied with these requirements in its 2009 IRP.

Prospective bidders are not harmed by the early start by PGE. Rather, as NIPPC itself noted in comments filed during the development of the Commission’s IRP Guidelines, advance disclosure of benchmark resource information sends “valuable signals to potential bidders.” *See*, OPUC Order No. 07-002 at 23. Accordingly, in complying with the Commission’s IRP and RFP Guidelines, PGE’s benchmark resource has gained no informational or timing advantage.

b. PGE has Allowed Adequate time for Bidder Review of RFP Requirements

NIPPC argues that PGE should allow more time for bidders to review the final RFP requirements prior to submitting bids. NIPPC at 9. NIPPC suggests that the RFP should provide at least six weeks from the date it is released in final version after the Commission’s order. *Id.* PGE first released its proposed RFP when the RFP website launched on April 21, 2011. PGE then held two workshops on May 11th and 12th to review the RFP and responded to questions

from bidders and stakeholders. In addition, PGE has responded to numerous questions concerning its RFP on the IE's RFP website. Thus, PGE has already provided potential bidders with over two months' time to review and ask questions about its proposed RFP.

In addition, NIPPC's request to allow six weeks between the final RFP issuance and the due dates for bids is accommodated in the RFP schedule. There are approximately six weeks (July 26 to September 2, 2011) between final RFP issuance and the due date for bids. PGE disagrees with NIPPC that the Final Draft RFP is missing any important items. *See, Id.* The IE Assessment notes that the RFP documents clearly and completely identify the products sought by PGE, the terms and conditions for participation in the RFP process, and the expected terms for any future contract for delivery of energy. IE Assessment at 7. Furthermore, the IE found that PGE was more open in its disclosures and in the provision of Company data than is usual in the industry. *Id.* There is no need to provide any additional time for prospective bidders to review the RFP.

c. The Capacity RFP Should Not be Delayed to Overlap with the Energy RFP

NIPPC and ICNU suggest that the RFP schedule should be adjusted to enable IPPs to bid a lower price to develop both a capacity resource and a baseload energy resource on the same site. NIPPC at 10-11. NIPPC notes that PGE will be developing a proposed benchmark on or adjacent to its existing sites for Boardman and Port Westward. *Id.* NIPPC states that for the RFPs to be competitive, IPPs should also be allowed to achieve these economies of scale of using a single site to locate technology capable of meeting both requirements. NIPPC at 10.

The fact that capacity and energy RFPs may not overlap does not provide PGE with an unfair advantage. Bidders who currently have capacity or energy resources sited may take

advantage of the economies of scale offered by developing on those or adjacent sites. Thus, this opportunity is not available exclusively to PGE.

Furthermore, even if bids for greenfield projects are not be able to compete with such proposals on cost, they may have other positive scoring factors, such as diversity of fuel supply or transmission risk. It is also possible for a bidder with two new projects on one site to win both RFPs.

In addition, PGE currently envisions some possible overlap of the capacity and baseload energy RFPs, in which case bidders could submit proposals that assume economies of scale, as long as their capacity proposal is on the initial shortlist. That is, a bidder could submit a resource in the baseload energy RFP with pricing contingent on the outcome of the capacity RFP¹.

Finally, PGE's 2009 IRP action plan identifies the need and timing for an additional capacity resource. IRP Addendum at 126-127, 129. The Commission acknowledged PGE's request to procure a capacity resource to meet this need. *See*, OPUC Order No. 10-457 at 30. Any delay in the RFP will jeopardize our ability to meet our capacity needs and will not be consistent with our acknowledged IRP action plan.

d. The RFP Should Not be Delayed Until the Wind Integration Study is Complete

RNP suggests that PGE consider delaying the RFP schedule for selecting the flexible capacity resource until the modeled dispatch profile is finalized through the wind integration study (WIS) process. RNP at 7. PGE is using the WIS to determine the amount of capacity it will need. It is not using the costs identified by the WIS to evaluate any particular bid. The WIS modeling process itself will not undergo changes from the current version. The only changes

¹ A bidder could not do the reverse and submit a resource in the capacity RFP with pricing contingent on the outcome of the energy RFP.

being contemplated are changes to the cost assumptions and these changes will have no impact on the RFP scoring process.

PGE will use the RFP price scoring criteria to determine which bids can meet our capacity need at the lowest cost. Because the WIS has no impact on how PGE evaluates any given bid, there is no need to delay the RFP to complete the WIS.

This conclusion is supported by the IE Assessment. The IE reviewed PGE's use of the WIS in the RFP process and noted that it does not expect the overall RFP process to change significantly or have any impact on bidders' ability to bid competitive projects. IE Assessment at 12. The IE stated that it will assess the application of the results of the WIS to the bids being scored. *Id.* Accordingly, there is no need to delay the RFP.

3. PGE Will Not Have Sufficient Information to Assume Gas Transport Risk when the Bidder's Point of Receipt Differs from the Point of Delivery

NIPPC, ICNU and CUB believe that PGE should assume fuel supply risks and provide intra-day gas scheduling for all bidders. NIPPC at 17; ICNU at 3-4; CUB at 5. NIPPC comments that the draft RFP appears to preclude a typical tolling agreement where PGE provides the gas, including storage and necessary delivery rights, while the IPP contracts to build and operate the electric generating plant. NIPPC at 16.

The tolling agreement included in Appendix H contains terms commonly used in the industry². Under the agreement, PGE does in fact intend to assume the gas risk associated with the commodity scheduling and price. As the buyer of the tolling agreement, PGE will procure and schedule the physical gas commodity to the seller if the proposed resource's point of receipt

² The IE reviewed all of the pro forma contracts included in the RFP and found them to be consistent with industry standards, and to be without apparent bias towards or against any bidder, bid type or structure, while presenting reasonable specifications for the products and technologies that will be accepted for consideration. IE Assessment at 7.

is located at a liquidly traded hub (in the template contract, if the Point of Receipt is the same as the Point of Delivery of the gas commodity).

However, while PGE will provide the gas commodity, PGE cannot be responsible for the procurement of gas transport rights if the Point of Receipt is different than the Point of Delivery as PGE will not have adequate information about potential transport options to evaluate the bid. This is particularly true in cases where transport may be dependent on the construction of new laterals. In these cases, the evaluation of transport arrangements would require detailed information about the proposed resource, its permit and location of the associated gas lateral. The bidder would have information about these arrangements, not PGE.

If bidders were not required to provide gas storage and transport arrangements, PGE would be required to research and develop a custom solution for each bid. This would significantly delay the RFP process. In addition, PGE would likely dismiss any bids that it believed were on sites with no realistic prospect of providing cost effective fueling solutions. Such dismissal would likely result in disgruntled bidders and second-guessing of PGE's evaluation. A fairer and more efficient process is one in which the bidders submit gas transport and storage arrangements as part of their bids.

4. PGE Cannot be Required to Make its Site or Gas Storage Available to Bidders

NIPPC and ICNU ask the Commission to allow bidders to submit bids to build at the Company's Port Westward site. NIPPC at 19-20; ICNU at 3. CUB likewise states that PGE should make its company-owned sites available to bidders. CUB at 7.

The Commission considered and rejected these recommendations when it issued its Competitive Bidding Guidelines. OPUC Order No. 06-446 at 5-6. The Commission noted legal concerns with compelling utilities to provide independent bidders with access to their sites. *Id.*

These legal issues remain. In addition, the advantage of siting a proposal on an already developed site is not unique to PGE. Some developers throughout the Northwest have access to already permitted sites exhibiting economies of scale similar to PGE's proposal. As a matter of fairness, if the Commission were to require PGE to make its site available to bidders, then the Commission should also require bidders to make their sites available to PGE and other bidders. The Commission has considered and ruled on this issue and should not revisit it here³.

For the same reasons, the Commission should not require PGE to make its gas storage available to bidders⁴. *See*, CUB at 5.

5. PGE's Treatment of Imputed Debt is Consistent with the Commission's Competitive Bidding Guidelines

Guideline 9c of the Commission's Competitive Bidding Guidelines states that "[c]onsideration of ratings agency debt imputation should be reserved for the selection of final bids from the initial short-list of bids."

In OPUC Order No. 11-001, the Commission examined two incentive mechanisms to mitigate a perceived bias of utilities for self-build resources stemming in part from the fact that some rating agencies may consider PPAs as long-term commitments that have debt-like obligations. The Commission decided not to adopt either incentive mechanism but stated that it would allow utilities to raise the impact of debt imputation on credit ratings and earnings in individual rate proceedings. OPUC Order No. 11-001 at 6. The Commission stated that it believed that this issue is more appropriately addressed in the context of an overall examination

³ If PGE's benchmark is selected in the RFP then PGE will solicit bids for the development of the resource on its site. This will be done in the context of an RFP for an Engineering Procurement Construction provider (EPC). For that process, PGE will provide the site, permits, gas transport, transmission and technical specifications for prospective EPC bidders to submit proposals.

⁴ PGE does not have any excess gas storage that it could make available to bidders. As with all bids, PGE's benchmark resource will need to include the incremental costs of gas storage necessary to support its operations.

of a utility's cost of capital. *Id.* CUB, ICNU and NIPPC interpret the Commission's statement as overturning Commission RFP Guideline 9c. CUB at 8; ICNU at 4; NIPPC at 20-21. We disagree and believe that the Commission's comment, when read in the context of the Order, was intended to mean that the impacts of debt imputation on credit earnings and ratings are more appropriately addressed in the context of individual rate proceedings rather than in either of the incentive mechanisms proposed in the docket. We do not believe the Commission intended to revoke Competitive Bidding Guideline 9c. PGE's RFP states that it will consider imputed debt when selecting the shortlist and is therefore consistent with the Competitive Bidding Guidelines.

6. Transmission

a. PGE Will Include the Costs of Transmitting Energy From its Benchmark Resource to Load in its Benchmark Resource Bid

CUB, NIPPC and ICNU contend that the cost of the 230 kV Trojan line should be allocated to PGE's benchmark resource. CUB at 3; NIPPC at 12; ICNU at 3. PGE will include the costs of transmitting energy from its benchmark resource to load in its benchmark resource bid. The IE notes in its Assessment that it is aware of this issue and has stated that it "has worked with PGE to ensure that the evaluation process will capture all applicable costs and that bids will be scored fairly." IE Assessment at 11. The IE will independently score the benchmark resource and can therefore insure that all incremental [transmission] costs associated with the benchmark resource are appropriately accounted for when scoring the bids. *See*, RFP Guideline 10d.

b. Dynamic Transfer Capability

NIPPC believes that dynamic transfer will be difficult to establish with BPA or PacifiCorp without PGE's assistance and that bids should be evaluated on a bidder's "best efforts" to establish a dynamic transfer or other cross BA arrangement. NIPPC at 14-15. RNP

acknowledges that dynamic transfer rights should be awarded to a bidder before a final contract is signed. RNP at 5. However, RNP asks the Commission to recognize that BPA's interim Dynamic Transfer Capability (DTC) business practice cannot promptly award transmission rights for scoring in PGE's RFP process. *Id.*

A proposed resource must be able to be dynamically scheduled and operated in order for it to meet PGE's capacity needs. PGE's 2009 IRP states that the flexible capacity RFP is to "fill a dual function of providing capacity to maintain supply reliability during peak demand periods and other contingencies, while also providing needed flexibility to address variable load requirements and increasing level of intermittent energy resources." IRP Addendum at 126-127. The ability to dynamically deliver the output of the generating facility is essential to responding to variable load requirements and the increasing level of intermittent energy resources.

An executed dynamic transfer agreement is not a threshold requirement for PGE acceptance of a bid. However, the Final Draft RFP states that dynamic transfer rights will be the subject of negotiation and confirmation prior to the execution of any contracts. Final Draft RFP at 12. When evaluating bids, PGE will consider a bidder's ability to dynamically deliver the output of a resource to PGE load if its bid is selected. For example, PGE may consider the following types of documentation (ranked in ascending order of scoring value) when evaluating bids:

- A pending request for firm transmission service that allows the generating resource to be dynamically scheduled
- Evidence of conditional firm transmission service (used as a bridge to long-term firm transmission service) from BPA with a pending request to BPA for Dynamic Transfer Capability (DTC)
- Evidence of conditional firm transmission service (used as a bridge to long-term firm transmission service) that allows the generating resource to be dynamically scheduled
- Evidence of firm transmission service from BPA with a pending request to BPA for DTC

- Evidence of firm transmission service that allows the generating resource to be dynamically scheduled

When selecting bids to move from the initial shortlist to the final shortlist, PGE will assess whether prospective resources on the initial shortlist are likely to obtain both firm transmission and the ability to dynamically schedule and operate the resource. PGE will remove from the shortlist those proposals that are unlikely to be granted firm transmission with the ability to dynamically schedule and operate the resource.

7. PGE is Willing to Disclose Names of RFP Evaluation and Benchmark Employees

PGE has provided the IE with lists of employees assigned to the RFP evaluation and benchmark resource teams. IE Assessment at 4. The IE has recommended that PGE post the lists on the RFP website. *Id.* PGE has been reluctant to post the lists out of concern that potential bidders might contact employees on the evaluation team in attempt to obtain information or exert influence. NIPPC finds PGE's reluctance to post the lists "troubling." NIPPC at 7. After further consideration, PGE will post the lists on the RFP website with a statement that potential bidders may not contact members of the RFP evaluation team. PGE will discuss with the IE whether any safeguards are necessary to discourage potential bidders from contacting members of PGE's RFP evaluation team.

8. No Material Changes are Required to the RFP

a. PGE has Provided as Much Information as it Can About Credit Requirements

NIPPC comments that the RFP should state the minimum performance assurance necessary to meet the Credit Requirements. NIPPC at 21. PGE's RFP includes a relatively low credit threshold for qualifying bids: bidders (or the parental company) must have minimum investment grade credit ratings or be willing to provide a guarantee, letter of credit, or cash.

Actual credit requirements will be finalized during the negotiation phase. We understand that any negotiated credit requirements could have a significant impact on the bid. Security requirements will vary greatly depending on many factors, including the credit rating of the counterparty, the size and length of the deal, the size of the deal in relationship to size of counterparty, etc. Given the number of factors that can affect security requirements, it is very difficult to come up with pre-set requirements that could cover all potential scenarios. If PGE were forced to provide specific credit requirements up-front, we would likely err on the side of requiring higher credit thresholds for participation in the RFP rather than lowering them.

b. PGE has Provided Sufficient Specificity on Scoring Detail

NIPPC comments that the RFP's evaluation criteria should provide a greater level of specificity for the scoring value of individual characteristics of a bid and requests that Commission require that the final RFP released for bidding include the completed final scorecard for all attributes. NIPPC at 23-25. PGE has discussed this issue with the IE and understands that the IE believes that gaming could occur if complete scoring details were made public. The IE has concluded that the price and non-price factors used in evaluating bids "are defined in adequate detail for bidders to understand how their bids will be evaluated, without providing too much detail so as to provide opportunities for gaming the process." IE Assessment at 11.

c. PGE has Posted its Dispatch Profile, thereby Providing Sufficient Information to Bidders.

The IE Assessment noted that the IE and PGE agree that additional information concerning dispatch should be provided. IE Assessment at 6. RNP urges PGE to formally include its dispatch profile in the RFP accompanied with greater clarity as to how the dispatch profile will be used for scoring. RNP at 6. Based on discussions with the IE, PGE has posted the dispatch profile on the RFP website. *PGE 2011 Capacity Power Supply Resources*

Independent Evaluator Home, <https://portlandgeneralrfp.accionpower.com/capacity2011/home.asp>. PGE would be willing to formally incorporate it in the RFP if the Commission so directs. The dispatch profile is an input to the underlying price scoring model. By providing the dispatch profile and information on transmission, gas transport and preferred technology, PGE believes it has provided prospective bidders with all that is needed to prepare a qualified bid. Any further public release of the detailed hourly information to bidders could provide opportunities for gaming. For the same reasons discussed in the section above, we do not believe it is prudent to release such information.

RNP also comments that “[b]y providing this dispatch profile, bidding opens to a power marketer aggregating a portfolio of dispatchable resources to satisfy PGE’s flexible capacity request.” RNP at 7. RNP asks of the Commission to request clear language in the RFP enabling portfolio bids to satisfy PGE’s flexible capacity request. *Id.* PGE believes that, as drafted, the RFP allows for “a power marketer to aggregate a portfolio of dispatchable resources.” Inclusion of the dispatch profile in the RFP is not relevant for purposes of determining who can bid. Marketers can aggregate resources from several sources so long as they in aggregate meet PGE’s minimum threshold, and PGE’s bid form allows for a bidder to submit multiple resources to back up its bid.

NIPPC believes that PGE’s dispatch profile is out of line with the resource PGE announced in the IRP because “the capacity factor and starts per year are far in excess of what one would expect for a peaking plant used to integrate intermittent resources.” NIPPC at 22-23. PGE’s IRP called for a benchmark resource that would maintain flexibility and load-following capability in order to meet the needs of our increasing level of intermittent energy resources. PGE 2009 IRP at 204. A simple peaking resource will not meet the demands generated by the

increased amount of intermittent energy resources needed to meet PGE's Regional Portfolio Standards and expiration of the Mid-Columbia contracts. The WIS has demonstrated PGE's need for flexibility, multiple starts, and quick ramping, both incremental and decremental. In addition to the dispatch for intra-hour needs as shown, PGE also intends to use the resource during times of high demand due to cold fronts or heat waves as well as when economic conditions are present. PGE's needs are dictated by its load-resource balance and are described in the acknowledged IRP. It would be imprudent to modify them in order to match products that bidders may want to submit in the RFP.

d. Bids for Existing Resources or Those in Advanced Stages of Construction are Scored Appropriately

NIPPC is concerned that a plant that is already operating or sufficiently advanced in construction will receive more points in the RFP evaluation than a plant that is in early development stages. NIPPC at 8. NIPPC argues that this criterion is not tied to the timing of PGE's need for capacity and that it "clearly" provides an advantage to the self-build benchmark resource. *Id.* From a risk perspective, a plant in advanced stages of development or online today is more valuable than a plant in the early stages of development. There is no construction risk associated with a current resource as there is with one on the drawing board. A bid backed by an existing resource, as offered by a marketer, would have less risk than any proposals with a yet to be constructed resource, which is the case for the Benchmark Resource. Contrary to NIPPC's assertion, it is not clear that this criterion will benefit the benchmark resource, which is not in advanced stages of development.

RNP asserts that the Pacific Northwest is flush with capacity resources and that PGE and its ratepayers would therefore be well-served by "rigorously reviewing the option of acquiring PPA's [stet] with existing regional resources...." RNP at 2. As discussed above, PGE will score

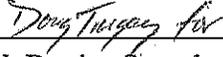
existing resources higher than projects in early stages of development. However, PGE disagrees with RNP's premise. Due to high water flows and increasing amounts of wind energy, the Pacific Northwest is currently flush with energy but is actually very tight on capacity. This is further exacerbated by the fact that hydro and wind generators are the only two types of resources online this spring. In this case, both are "must take" energy and none can provide capacity. The current market conditions actually demonstrate the lack of capacity in the region and thus put a premium on the kind of capacity PGE is seeking.

9. Conclusion

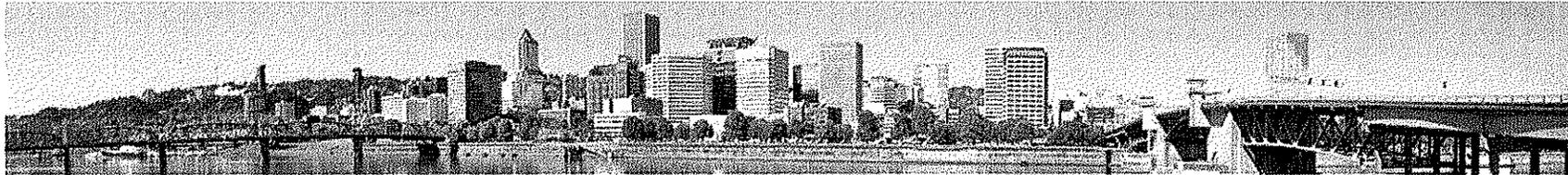
PGE has submitted a Final Draft RFP that aligns with its acknowledged IRP and satisfies the Commission's Competitive Bidding Guidelines. The IE did not identify any bias in the documents or process towards or against any prospective bidder, and believes that a fair and transparent RFP can be conducted using the RFP protocols and documents prepared by PGE. IE Assessment at 16. PGE therefore respectfully requests that the Commission approve its Final Draft RFP, as filed.

DATED this 8th day of July, 2011.

Respectfully submitted,



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Ref #: 31

Category: Technology

Asked: 6/16/2011 12:12p

Posted: 6/21/2011 4:52p

Question: Announcement #2, Ref. #5, listed the simple cycle combustion turbine as a resource able to meet PGEs capacity requirements, while the Pre-Qualification to Bid Form appears to limit simple cycle combustion turbine proposals to aero derivative units. Can you confirm that proposals are limited to aero derivatives? If so, can you explain the rationale for limiting proposals to aero derivatives, when manufacturers are now offering other flexible simple cycle turbine units for wind integration and load following at a lower installed cost to rate payers?

Answered: 6/21/2011 4:52p

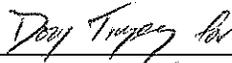
Answer: PGE will accept bids meeting the criteria described in the Draft RFP and further discussed below. Our internal assessment of the technologies available for ancillary services identified aero derivative CTs and reciprocating engine technologies to be suitable for our intended use. PGE will not accept as compliant with this RFP, new technologies, even if it is considered evolutionary by the manufacturer, that have not been commercially deployed. As shown, as part of the answer to question 16, the generation profile of PGEs capacity need is intermittent. This need is not driven by price or hour to hour load variations, but rather by the intra hour shape of load and wind generation. Aero derivative units and reciprocating engines have been traditionally used by utilities to provide regulation for the forecasted ramp rate and start and stop requirements associated with the intermittent load and wind generation needs. For choices of technologies, PGE considers the following criteria, to be pertinent when considering life cycle costs to customers, following is not an exhaustive list. 1. Mechanical design must match the intended use 2. Manufacturer performance guarantee of technology for the intended use 3. Length of commercial deployment of the technology, and must be utility scale and widely used 4. Documentation of reliability over time, including operating and maintenance cost estimates 5. Capital cost as well as on going operating costs, which will include dispatch to provide ancillary services as well as energy.

[Close](#)

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **REPLY COMMENTS** to be served by electronic mail to those parties whose email addresses appear on the attached service list for OPUC Docket UM 1535.

Dated at Portland, Oregon, this 8th day of July, 2011.



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**SERVICE LIST –
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