



# Oregon

Theodore R. Kulongoski, Governor

## Public Utility Commission

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April 21, 2005

OREGON PUBLIC UTILITY COMMISSION  
ATTENTION: FILING CENTER  
PO BOX 2148  
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RE: **OPUC Docket No. UM 1182** – INVESTIGATION INTO COMPETITIVE BIDDING PROCESS

Enclosed for filing in the above-captioned docket is the Public Utility Commission's UM 1182 Staff Issues List. This document is being filed by electronic mail with the PUC Filing Center.

*Judy Ogilvie*

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**UM 1182**  
**Investigation Regarding Competitive Bidding**

**Proposed Issues List**

**Big Picture Issues**

1. What are the purposes and objectives of the competitive bidding process?
2. Has the competitive bidding process failed? What aspects of Order No. 91-1983 remain viable? For example, identification of competitive bidding policy; procedural requirements; substantive guidelines, including scoring criteria and environmental weightings; relationship to integrated resource planning and avoided costs; non-participation of utility affiliates; the preclusion of “regulatory-out” clauses; and competitive bidding as one way for a utility to acquire resources.
3. What is the relationship between the integrated resource planning process, the competitive bidding process and prudence reviews, both substantively and procedurally? If market information gained through the competitive bidding process differs significantly from integrated resource plan (IRP) assumptions, then what constitutes “significant” and how should this new information impact the resource acquisition process? How do the Commission’s ratemaking policies affect resource acquisition and management? Should non-utility resources and long-term purchases that are identified in an acknowledged IRP and subsequently selected in a competitive bidding procedure receive a rebuttable presumption of reasonableness in an electric utility rate case in which cost recovery of the resource is an issue?
4. Should RFPs be dedicated to acquiring targeted levels of specific types of resources (e.g., fuel type, product type, tenor type) consistent with the utility’s IRP, or be all-source solicitations? If all-source solicitations, then how should bids of different resource types be compared and is it truly “all-source” or are there some resource types that will never be acceptable or only acceptable under certain conditions or requirements?
5. Should owned alternatives (such as utility self-build or turnkey options proposed by third parties) be considered within the competitive bidding process? Should utilities develop fall-back options (such as transmission alternatives or self build alternatives) in case the market does not respond with cost-effective proposals, and are the costs of developing those options (such as permitting, right-of-way acquisition, or site acquisition) recoverable if not needed?

6. When should competitive bidding be required for resource acquisition? Should there be an exceptions list that allows the utilities to acquire specific types, amounts and contract lengths of resources without competitive bidding? If so, what are the specific circumstances or types, amounts and contract lengths of resources that should be included on such an exceptions list, and what role does the obligation to serve play in determining such exceptions?
7. Should there be a waiver process that allows the utilities to acquire specific resources without competitive bidding? If so, what criteria and process should be established?
8. Should a utility be required to engage in the competitive bidding process before requesting a waiver of the market price rule for new resources [OAR 860-038-0080(1)(b)]?
9. What is the impact of procurement of a resource through an RFP process on defining "market" for purposes of the new resource standard under OAR 860-038-0080?
10. What should be the role and responsibilities of the utility during the competitive bidding process? For example, should the utility evaluate and score the bids?
11. What should be the role and responsibilities of the Commission and Commission Staff during the competitive bidding process? What is the role of non-bidding intervenors?
12. Should an independent monitor be used during the competitive bidding process? If so, what should be the role and responsibilities of the independent monitor? Should the utility or the Commission hire the independent monitor? How should the independent monitor be funded?
13. How do the roles of the Commission and the independent monitor affect the need for prudence reviews?
14. Should the evaluation methodology and/or scoring criteria address the effect of direct debt (due to accounting requirements) and debt imputation from a contract on the purchasing utility's balance sheet? If yes, how, and what tools may the Commission use to mitigate the effects of a project on the utility's balance sheet?
15. When and how should new competitive procurement guidelines developed in this docket be implemented? Should the new competitive bidding

guidelines that result from this docket be implemented in the Oregon Administrative Rules, rather than in a Commission order?

### **RFP Implementation Issues**

16. Should the Commission adopt any requirements pertaining to the contents of the RFP and if so, what should those requirements be?
  - Should the utilities be required to disclose specific resource requirements and contract terms in their solicitations? If so, what requirements and terms should be disclosed and could customers be disadvantaged if too much information is disclosed?
  - Is there utility information that should always be considered confidential or never confidential?
  - Is bidder information deemed confidential during a cost recovery proceeding?
  - What confidentiality and communications protocols should apply between and among the independent monitor, the utility, bidders, non-bidding intervenors and the Commission once an RFP is underway?
17. Should the bidding and evaluation processes differ depending on whether affiliate bids or owned alternatives (such as self-build options or turnkey options proposed by third parties) are allowed? If so, how?
18. Should the utility provide periodic reports to the Commission Staff on the bidding and evaluation process? If so, should the reports be oral or written, or both? How often should the reports be provided? What information should be included in these reports and how much of it should be treated as confidential? When should the Commission receive reports and what should they include?
19. What should be the minimum eligible size for participating in an RFP for different types of projects, including demand-side alternatives, renewable resources and combined heat and power facilities?
20. Should competitive bidding be used to set pricing for Qualifying Facilities greater than a certain size (e.g., larger than 100 MW) if the utility has recently completed an RFP, or a bidding process is in progress or imminent? If so, how?
21. For multi-state utilities, how should different procedural and substantive approaches to competitive procurement throughout the states be reconciled? For example, what if multiple states require the procurement of an independent monitor by each respective commission?

22. If Oregon has a competitive rule or requirement that conflicts with a FERC rule or requirement, and an RFP might result in a FERC jurisdictional transaction, should the RFP be re-designed to preclude FERC jurisdictional transactions or should the FERC rule or requirement take precedence over the Oregon rule or requirement?

### **Bid Scoring and Evaluation Issues**

23. Should both cost and risk be considered when evaluating bids and other options (e.g., self-build and turnkey options) within the competitive bidding process? If so, how should risk be measured? How should any tradeoff between cost and risk be made? Should utilities be required to assign an imputed cost for CO<sub>2</sub> in competitive resource bids? How should contract terms of different lengths be evaluated? How should transmission costs and availability be evaluated?
24. How should a utility score bidder qualifications, including credit quality, ability to collateralize damages due to default, capability to provide the promised resource, and experience in providing similar resources, in the RFP process?

**UM 1182  
Service List (Parties)**

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**UM 1182**  
**Service List (Continued)**

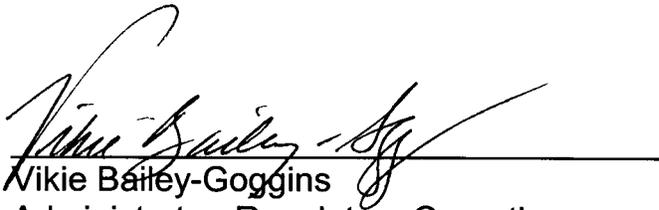
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## CERTIFICATE OF SERVICE

UM 1182

I **certify that I** have this day served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-13-0070, to all parties or attorneys of parties.

Dated at Salem, Oregon, this 21st day of April, 2005.

A handwritten signature in black ink, appearing to read "Vikie Bailey-Goggins", is written over a horizontal line.

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