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**Request for Proposals**

**Renewable Resources**

**(2019R UTAH RFP)**

**ISSUED: March 18, 2019**

**DUE DATE:**  **April 19, 2019**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**2019 UTAH RFP Responses:**

**Rocky Mountain Power**

**2019R UTAH RFP**

**Commercial Services**

**1407 West N Temple, Suite 310**

**Salt Lake City, UT 84116**

[rfp\_2019R-Utah@pacificorp.com](mailto:rfp_2019R-Utah@pacificorp.com)

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SECTION 1. INTRODUCTION

This 2019 Utah Request for Proposals for renewables energy resources (2019R Utah RFP), administered by PacifiCorp, d.b.a. Rocky Mountain Power (RMP or the Company), is seeking cost-competitive bids for wind, photovoltaic (PV) solar, or geothermal renewable energy located in Utah and interconnecting with or delivering to PacifiCorp’s system. The renewable energy resources must meet the criteria developed by the customers sponsoring this RFP. The customers sponsoring the RFP include Park City, Salt Lake City, Summit County, Park City Mountain Resort, Deer Valley Resort, and Utah Valley University (Participating Customers). The Participating Customers are seeking to purchase renewable energy from renewable resources through Rocky Mountain Power’s Utah Electric Service Schedule 32 or Schedule 34 (or any other applicable tariff allowed by Utah laws and regulations).

Proposals must demonstrate to the Company and Participating Customers’ satisfaction, and as determined in their sole discretion, that the proposed project(s) can successfully interconnect or be able to obtain third-party transmission service, and achieve commercial operation within the timeframe listed in Section 2. The Company and Participating Customers are not bound to accept any bids, and may cancel this solicitation at any time and at their own discretion.

Bids must include a project/projects that are discrete generating assets not located behind any load served by a utility or net-metered, and the project(s) must be individually metered and remotely monitored. Renewable Energy Credits (RECs) associated with the project(s) will become the property of Rocky Mountain Power and its Participating Customers. The minimum discrete project size is 20.0 MW AC, and Rocky Mountain Power is seeking a project or projects that meet the Participating Customers’ aggregate average annual forecasted demand of 205,000 MWhs in the project(s)’ first full calendar year of operation. Additional consideration will be given to projects that have the capability of increasing their AC generation capacity by 10 MW or more in future years.[[1]](#footnote-2)

The Company will accept proposals for new greenfield renewable energy resource projects in Utah capable of directly interconnecting with PacifiCorp’s PACE network transmission system in Utah or capable of delivering energy to PacifiCorp’s transmission system in Utah with the use of third-party firm transmission service. For the purposes of the 2019R Utah RFP, the Partcipating Customers are not seeking grid services frequency regulation, spinning reserves and/or ramp control, which some renewable facilities may be able provide, although bidders may elect to submit alternative structure proposals that include them as decribed in Section 4.D.

The Company will consider proposals for the two following transaction structures, both of which must be submitted by the bidder in their proposal:

1. “Build-Transfer” transaction whereby the bidder develops the project, assumes

responsibility for construction and ultimately transfers the operating asset to Rocky Mountain Power prior to the Commercial Operation Date (COD), all pursuant to the terms of a build transfer agreement (BTA). Bidder is responsible for all development, design[[2]](#footnote-3), generation equipment supply, balance of plant (BOP) equipment, construction, commissioning, and performance testing.[[3]](#footnote-4)

1. Power purchase agreement (PPA) for up to a twenty-five (25) year term with exclusive ownership by RMP and the Participating Customers of any and all environmental attributes associated with all energy generated.[[4]](#footnote-5) Respondents are urged to include PPA pricing for 15, 20 and 25 year terms for each individual project submitted.

Rocky Mountain Power and the Participating Customers are limiting the requested resource type to solar PV, wind, or geothermal energy sources, and will not accept bids that combine these sources with other technologies except for battery or other forms of storage. However, the Participating Customers are interested in creative proposal options that add value without creating additional technology or development risk. Rocky Mountain Power will allow bidders to propose alternative PPA and BTA structures that are in compliance with the restriction noted in this paragraph as well as with Utah Tariff Rate Schedule 32 and/or Schedule 34, however such proposals will be considered (or not considered) at the Company’s and Participating Customers’ sole discretion and they reserve the right to reject non-compliant bids.

At the bidder’s option, the PPA bid submittal can include the right for Rocky Mountain Power to purchase the project assets during or at the end of the proposed contract term at fair market value (FMV) to retain the value of the site for customers.

For longer-term contract offers (i.e., PPA terms of 20 to 25 years without PPA extensions, or PPA terms that, after consideration of extension options, would result in a PPA term of 20 to 25 years), bidders should carefully consider the potential book and tax lease accounting treatment or Variable Interest Entity (VIE) treatment implications. For these PPA offers of 20 years or greater (Long Term), bidders that are selected to the initial shortlist will be required, if requested by Rocky Mountain Power, to supply projected cash flows through the life of the underlying asset so that the Company can assess potential accounting implications. Potential accounting treatment impacts will be incorporated into the bid evaluation and selection process. For instance, if Rocky Mountain Power determines that a Long Term PPA offering would be treated as a capital lease for tax purposes, Rocky Mountain Power would be treated as the tax owner for the proposed facility. Please also refer to Section 5.F of this RFP.

Per Utah Code §54-17-807 and associated rules, the Company is required to demonstrate how the output from a renewable solar resource will be apportioned to different customers given this RFP is intended to solicit resources for more than one customer in a specific customer solicitation. The following table demonstrates how the output is intended to be divided amongst the Participating Customers.[[5]](#footnote-6)

|  |  |  |
| --- | --- | --- |
| **Customer** | **MWh/Year[[6]](#footnote-7)** | **MW Capacity[[7]](#footnote-8)** |
| Salt Lake City Municipal Ops | 100,000 | 38 MW |
| Park City Municipal Ops | 12,000 | 5 MW |
| Summit County Ops | 18,199 | 7 MW |
| Utah Valley University | 38,706 | 15 MW |
| Vail Resorts | 24,000 | 9 MW |
| Deer Valley Resort | 11,792 | 4 MW |

Also, per the rules for Utah Code §54-17-807, Bidders are permitted to place separate solar bids for each Participating Customer that meets the requirements of Utah Code §54‐17‐803 or Utah Code §54‐17‐806. If a Bidder bids on specific Participating Customers, each bid will be treated as a base proposal and will be subject to the fees outlined in **Section 2. Procedural Items**.

Per Utah Code §54-17-807 and associated rules, the Company is required to file an application for approval of the Utah Public Service Commission prior to entering into any BTA for a solar facility, and execution of any such BTA for a solar facility is contingent on the Company receiving such approval.

The Company is not required to conduct the RFP under the oversight of an independent evaluator (IE).

SECTION 2. PROCEDURAL ITEMS

Bids will be evaluated based on the following:

* Customer cost.
* Location within the state of Utah.
* Deliverability, including site control, development status (including status for all permits), developer’s experience, and demonstration that the project’s commercial operation date will be achieved between June 30, 2020 and December 31, 2022.
* Transmission access and interconnection status in conformance with the 2019R Utah RFP requirements outlined in Section 5.B. Direct Interconnection or Third-Party Interconnection and Transmission Service.
* Bidder must include “Build-Transfer” pricing as well as PPA pricing for each base proposal.
* Exceptions to the pro-forma PPA and Build-Transfer Agreement terms as represented in **Appendix** **E-2 and Appendix F-2** respectively. Note that any bids that include exceptions that significantly alter the structure of the pro-froma Build-Transfer Agreement as described in Section 4.B of this RFP may be rejected as non-complaint without regard to any other evaluation factors.
* Compliance with and verification of major equipment availability defined in **Appendix A – Technical Specification,** and as outlined in **Appendices A-1 through A-10** for each type of renewable technology.
* Ability to provide acceptable credit security for the bidder’s proposed obligation and conformance to the *pro forma* agreements attached as **Appendices E-2** and **F-2** to this RFP.

Each proposal will be prepared at the sole cost and expense of the bidder and with the express understanding that there will be no claims whatsoever for reimbursement from Rocky Mountain Power. The Company is not liable for any costs incurred by bidders in responding to this RFP, or for any damages arising out of or relating to the Company’s rejection of any proposal, or bidder’s reliance upon any communication received from Rocky Mountain Power, for any reason. Bidder shall bear all costs, expenses, and bidder fees of any response to Rocky Mountain Power in connection with its proposal for the 2019R Utah RFP, including providing additional information, the bidder fee and the success fee, if project is selected to the final shortlist, and bidder’s own expenses in negotiating and reviewing any documentation.

**Appendix E-1 – PPA Instructions to bidder** provides additional detail on preparation of bid document deliverables.

All proposals belong to Rocky Mountain Power and will not be returned. Confidentiality agreements (CA) and mutual nondisclosure agreements (NDAs) will be executed with initial short list projects as part of this RFP. Rocky Mountain Power will use reasonable efforts to protect information clearly and prominently marked as proprietary and confidential on the page it appears, but the Company reserves the right to release such information to the Participating Customers, agents or contractors to help evaluate the proposal, as well as to its regulators and non-bidding parties to regulatory proceedings subject to standard protective orders or confidentiality arrangements. Rocky Mountain Power shall not be liable for any damages resulting from any disclosure of such information, howsoever occurring.

Rocky Mountain Power will accept offers that include several different alternatives under the same proposal. For each bid proposal, bidders must submit a bid fee of $5,000 which allows a bidder to submit a base proposal (combined PPA and BTA prices) and two (2) alternatives for the same $5,000 bid fee. Bidders will also be allowed to offer up to three (3) additional alternatives to the base proposal at a fee of $3,000 per alternative.

SECTION 3. LOGISTICS

* 1. SCHEDULE (PrOVISIONAL)

|  |  |
| --- | --- |
| **Milestone** | **Date** |
| RFP Submitted to UT Public Service Commission for review | 12/28/18 |
| RFP issued to market | 3/18/19 |
| Bidders Conference Call | 3/25/19 |
| RFP Bids Due | 4/19/19 |
| Bid Eligibility Screening Completed | 5/02/19 |
| Initial Shortlist (ISL) Evaluation/Scoring Completed | 5/09/19 |
| Best and Final Offer (BAFO) Price Update Requested from ISL | 5/13/19 |
| ISL’s submit Pac Trans Consulting Study Requests | 5/16/19 |
| BAFO Due to Rocky Mountain Power | 6/05/19 |
| Final Shortlist (FSL) Evaluation Completed | 6/14/19 |
| Execute Agreements | 7/31/19 |

The indicative schedule above is subject to change. Actual dates may vary from the indicative schedule for reasons that include, but are not limited to, negotiation time, availability of key personnel, due diligence, the evaluation or negotiation of any issues unique to any bid, bidder, or project, bidder’s willingness to agree to forms of agreements desired by Rocky Mountain Power, the Company’s evaluation of bidder’s creditworthiness, and actions required by any third parties. Rocky Mountain Power accepts no liability to the extent the actual schedule varies from the indicative schedule. The Company is not obligated to develop a shortlist of bidders, to make a final selection, or to initiate or complete negotiations on any transaction.

**Bidders should note the condensed schedule and be available for calls and meetings regarding bid submittals and be responsive to questions in a timely manner. Rocky Mountain Power will attempt to complete the bid review and screening as efficiently as possible but may require very short turnaround times on bid clarifications in order to meet the RFP milestones and schedule.**

* 1. SUBMISSION OF QUESTIONS

Interested parties and bidders may submit questions related to this solicitation, and Rocky Mountain Power will respond in a timely fashion. All information, including pre-bid materials, questions, and Rocky Mountain Power’s response to questions, will be posted on the PacifiCorp website at http://www.pacificorp.com/sup/rfps.html

Email – Communications with Rocky Mountain Power can also be emailed directly at the following email addresses:

Rocky Mountain Power: [rfp\_2019R-Utah@pacificorp.com](mailto:rfp_2019R-Utah@pacificorp.com)

* 1. RFP ROLES AND TEAMS

The RFP teams will be established by Rocky Mountain Power prior to the final approval of the RFP as described in **Appendix N**. The Company will ensure that the internal team identified to analyze the PPA components of the bids will be functionally separate from the internal team identified to analyze the BTA components of the bids.

* 1. SUBMISSION OF BIDS

All submitted bids must be transmitted by express, certified or registered mail, or hand delivery to the following address:

**Rocky Mountain Power**

**2019R Utah RFP**

Attention: Commercial Services

1407 West N Temple, Suite 310

Salt Lake City, UT 84116

A signed original hard copy of the bid shall be submitted on standard 8 1/2 inch by 11 inch paper, duplex printed (2 sided). THE BID MUST BE ORGANIZED IN THE SAME ORDER AS THE INFORMATION IS REQUESTED IN THIS RFP and related Appendices. The hard copy bid should also include two (2) copies of the full proposal on individual USB flash drives or disks. Rocky Mountain Power may reject any bid that fails to follow these instructions**.**

In addition, bidders must submit one (1) electronic copy to Rocky Mountain Power at:

[rfp\_2019R-Utah@pacificorp.com](mailto:rfp_2019R-Utah@pacificorp.com)

Rocky Mountain Power will respond with a receipt email.

**Bids will be accepted until 5:00 p.m. Mountain Prevailing Time on March 29, 2019**

**Rocky Mountain Power will not accept any late proposals**. **Any bids received after this time will be returned to the bidder unopened.**

**All bid proposals shall have a bid validity date through 5:00 pm MPT, May 22, 2019.** Bids selected to the initial shortlist will be asked to update their bid prices as part of the negotiation process.

Bidders must submit complete proposals that include the following items:

1. One (1) signed original hard copy of each bid and two copies on USB drives with all required forms including all exhibit sheets required in **Appendix A** and **Appendices E-1** and **E-2 (PPA), and Appendices F-1 and F-2 (BTA).**
2. One (1) electronic copy of the bid sent to the email address provided, which should include any required forms in PDF format and Microsoft Excel format, as required, including all exhibit sheets required in **Appendix A**.
3. One (1) electronic copy of the **Appendix C – Bid Summary and Pricing Input Sheet** in original Microsoft Excel format, and a hard copy.

For wind, the bidder must provide one (1) electronic and hard copy of an independent third-party wind assessment analysis/report supported by a minimum of (a) two years of wind data from the proposed site for BTA proposals or (b) one year of wind data from the proposed site for PPA proposals, and one (1) electronic copy of the wind data that support the capacity factor. Wind proposals must supply a representative p-50 annual hourly (8760 hours) energy profile reflecting expected unit availability in Microsoft Excel format.

For pv solar, the bidder must provide a solar assessment analysis/report using PVSyst that supports the capacity factor. Bidder must provide a complete set of modeling input files in Microsoft Excel format that PacifiCorp can use to simulate the performance using PVSyst, PacifiCorp’s preferred solar performance model. The performance estimation report must meet the requirements in **Appendix A (Solar) – Paragraph A-1.1**. Solar proposals must supply a representative annual hourly (8760 hours) energy profile reflecting expected unit availability, but before accounting for degradation. The hourly energy profile must present performance as alternating current and be in Microsoft Excel format. In the event the bidder chooses to use different performance modeling software than specified, the bidder must provide sufficient data and inputs for PacifiCorp to validate the expected performance of the proposed resource.

1. One (1) redline including the bidder’s proposed variences to the pro-forma PPA (**Appendix E-2)**, and one (1) redline including the bidder’s proposed variences to the proforma Build-Transfer Agreement (**Appendix F-2)**. Any bid that proposes exceptions that significantly alter the structure described in Section 4.B of this RFP will be treated as non-compliant and may be rejected by the Company.
   1. BID EVALUATION FEES

Bidders shall pay a non-refundable fee (Bid Fee) of $5,000 for each base proposal (including up to three different terms of 15, 20, and 25 years) and two (2) alternatives submitted. Bidders will also be allowed to offer up to three (3) additional alternatives to the base proposal at a fee of $3,000 per alternative. Alternatives will be limited to different bid sizes, in service dates, and/or pricing structures. A bidder may submit more than one proposal. If a bidder submits the same proposal but with three different bid sizes, the proposal will be considered one proposal with two alternatives and the bidder will pay one bid fee. Rocky Mountain Power’s objective in offering bidders the opportunity to propose multiple alternatives is to allow Rocky Mountain Power to optimize the benefits from the solicitation by combining proposals of different sizes, terms and in-service dates. Proposals must be submitted in the legal name of the respondent who would be bound by any agreement with Rocky Mountain Power.

Payment of Bid Fees. Non-refundable Bid Fees shall be paid by wire transfer to Rocky Mountain Power. Rocky Mountain Power will email wire transfer instructions to bidders upon request, and such email requesting wire information will signify the bidder’s intent to bid. Bidders will be given specific labeling to include on their wire transfer. No cashier’s checks will be accepted. Bidder shall provide documentation of submitted bid fees, such as a receipt of the wire transfer or wire transfer confirmation number when bid is submitted. Rocky Mountain Power will not refund any bid fees associated with any bid, regardless of the success or failure of that bid.

* 1. MINIMUM ELIGIBILTY REQUIREMENTS FOR BIDDERS

Bidders may be disqualified for failure to comply with the RFP if any of the requirements outlined in this RFP are not met to the satisfaction of Rocky Mountain Power and/or the Participating Customers, as determined in their sole discretion. If proposals do not comply with these requirements, Rocky Mountain Power has the option to deem the proposal non-conforming and eliminate it from further evaluation. Reasons for rejection of a bidder or its proposal include, but are not limited to:

1. Receipt of any proposal after the response deadline.
2. Failure to meet the requirements described in this RFP and provide all information requested in **Appendix C –** **Bid Summary and Pricing Input Sheet** of this RFP.
3. Failure to demonstrate a commercial operation date within the timeframe listed in Section 2.
4. Failure to permit disclosure of information contained in the proposal to Rocky Mountain Power’s agents, contractors, regulators, or non-bidding parties to regulatory proceedings under appropriate confidentiality agreements.
5. Any attempt to influence Rocky Mountain Power/PacifiCorp in the evaluation of the proposals, outside the solicitation process.
6. Failure to provide a firm offer that includes a signed attestation from an officer of the bidder’s company through the bid validity date outlined in Section 3.F. of this RFP.
7. Failure to disclose the real parties of interest in the submitted proposal.
8. Failure to provide BTA pricing in addition to PPA pricing in the base proposal.
9. Bidder is in current material litigation or has threatened material litigation against Rocky Mountain Power/PacifiCorp. For the purpose of this provision, material litigation shall mean a dispute in excess of five (5) million dollars in which bidder has issued a demand letter to Rocky Mountain Power/PacifiCorp, the bidder and Rocky Mountain Power/PacifiCorp are currently in dispute resolution, the bidder and Rocky Mountain Power/PacifiCorp have an unresolved dispute pending or bidder has noticed a pending legal action against Rocky Mountain Power/PacifiCorp. Material litigation excludes bidder complaints before a state regulatory utility commission. Rocky Mountain Power/PacifiCorp will consider on a case-by-case basis whether the bidder should be excluded if the bidder is threatening litigation against or in active litigation with the company.
10. Failure to clearly specify all pricing terms for each alternative(s).
11. Failure to offer unit contingent (as generated) or system firm capacity and energy, directly interconnected with Company’s network transmission system in its PACE balancing areas or capable of delivering energy to PACE with the use of third-party firm transmission service (including appropriate contract term lengths and commercial operation dates).
12. Failure to provide all interconnection costs and transmission service costs, if applicable, in bid proposal. Costs estimates shall be performed and provided by the project if a transmission provider study has not been completed or is not available at the time of submittal.
13. Proposal presents unacceptable level of development or technology risk including multiple resource types combined under a single bid.
14. Failure to materially comply with technical specification requirements in **Appendix A.**
15. Failure to demonstrate a process to adequately acquire or purchase major equipment (i.e., wind turbine generators and related equipment, solar photovoltaic panels, inverters, tracking system, generator step-up transformers) and other critical long lead time equipment.
16. Failure to demonstrate, to Rocky Mountain Power’s and the Customer’s satisfaction, that it can meet the credit security requirements for the resource proposed.
17. Failure to submit information required by Rocky Mountain Power to evaluate the price and non-price factors described herein.
18. Failure to or inability to abide by the applicable safety standards.
19. Bidder submits an unacceptable contract structure, including but not limited to exceptions that significantly alter the structure of the pro-forma Build-Transfer Agreement (**Appendix F-2)** as described in Section 4.B of this RFP.
20. Collusive bidding or any other anticompetitive behavior or conduct exists.
21. Bidder or proposed project being bid is involved in bankruptcy proceedings.
22. Failure of the bidder’s authorized officer to sign the proposal.
23. Misrepresentation or failure to abide by Federal Trade Commission Green guidelines.
24. Any change in regulations or regulatory requirements that make the bidder’s proposal non-conforming.
25. Any matter impairing the bidder, the specified resource or the generation of power or environmental attributes of the renewable resource.
26. Failure to provide a performance model output including hourly output values as identified in **Appendix A**.

Failure to provide **Exhibit D – Bidder’s Credit Information**, and **Appendix C –Form 1 – Pricing Input Sheet.**

1. Any matter impairing bidder, specified resources or the generation of power or non-power attributes therefrom.
2. Failure to provide documentation of site control for the project excluding right-of-way or easements for transmission, roads, or access to the site.
   1. COMPANY RESERVATION OF RIGHTS AND DISCLAMERS

Rocky Mountain Power, in consultation with the Participating Customers, reserves the right, without limitation or qualification and in its sole discretion, to reject any or all bids, and to terminate or suspend this RFP in whole or in part at any time. Without limiting the foregoing, Rocky Mountain Power reserves the right to reject as non-responsive any or all bid proposals received for failure to meet any requirement of this RFP outlined herein. Rocky Mountain Power further reserves the right without qualification and in its sole discretion to decline to enter into any agreement with any bidder for any reason, including, but not limited to, change in regulations or regulatory requirements that impact Rocky Mountain Power, and/or any collusive bidding or other anticompetitive behavior or conduct of bidders.

Bidders who submit bid proposals do so without recourse against Rocky Mountain Power, its parent company, its affiliates and its subsidiaries, or against any director, officer, employee, agent, the Participating Customers or representative of any of them, for any modification or withdrawal of this RFP, rejection of any bid proposal, failure to enter into an agreement, or for any other reason relating to or arising out of this RFP. Bidders will be required to execute Appendix G - Confidentiality Agreement after the initial shortlist is identified and Appendix G - Non-Reliance Letter after being selected to the final shortlist, prior to entering into final negotiations.

* 1. ACCOUNTING

All proposals will be assessed by Rocky Mountain Power for appropriate accounting and tax treatment. Bidders must supply all information the Company reasonably requires in order to make these assessments if project is selected to the initial shortlist. According to Generally Accepted Accounting Principles, the Company will establish and maintain accounts for the revenue, expenses, assets, liabilities and owners’ equity associated with any and all solar renewable resources acquired through this solicitation and will ensure that all revenues and all expenses associated with the management and ownership of the resource(s) are properly recorded to these accounts. This will include expenses associated with work performed by the Company’s personnel. Additionally, the Company will account for the power costs associated with the resource(s) in a separate account(s).

* 1. CONFIDENTIALITY

Rocky Mountain Power will attempt to maintain the confidentiality of all bids submitted, to the extent consistent with law or regulatory order, as long as such confidentiality does not adversely impact a regulatory proceeding. It is the bidder’s responsibility to clearly indicate in its proposal what information it deems to be confidential. Bidders may not mark an entire proposal as confidential, but must mark specific information on individual pages to be confidential in order to receive confidential treatment for that information.

All information supplied to Rocky Mountain Power or generated internally by Rocky Mountain Power is and shall remain the property of Rocky Mountain Power. The bidder expressly acknowledges that Rocky Mountain Power may retain information submitted by the bidder in connection with this RFP. To the extent bidder receives information from Rocky Mountain Power, bidder shall maintain the confidentiality of such information and such information shall not be available to any entity before, during or after this RFP process unless required by law or regulatory order.

Only those Company and Participating Customer employees who are directly involved in the RFP process or with the need to know for business reasons will be afforded the opportunity to view submitted bids or bidder information.

Bidders should be aware that information supplied by bidders may be requested and supplied during regulatory proceedings, subject to appropriate confidentiality provisions applicable to that particular proceeding. This means that parties to regulatory proceedings may request and view confidential information. If such a request occurs, Rocky Mountain Power will attempt to prevent such confidential bidder information from being supplied to intervening parties who are also bidders, or who may be providing services to a bidder, but Rocky Mountain Power cannot promise success in that endeavor and accordingly cannot be held liable for any information that it is ordered to be released or that is inadvertently released.

Lastly, Rocky Mountain Power intends to utilize its internal, proprietary models in its evaluation process. These models, the assumptions used in these models, and the bid evaluation results will not be shared with entities external to Rocky Mountain Power or its consultants, including bidders, unless required to support regulatory proceedings, required by law, or required by regulatory order.

SECTION 4. RFP CONTENT

* 1. ALL PROPOSALS

This section outlines the content and format requirements for all proposal structures and alternative proposal structures. Proposals that do not include the information requested and in a form described in this section may be deemed ineligible for further evaluation if the bidder does not provide information within 24-hours of a request by Rocky Mountain Power or not relevant as determined by Rocky Mountain Power and the Participating Customers in their sole discretion. All sections must be complete and in compliance with the RFP in order for the bid to be accepted. In addition to the requirements listed here, bidders must meet the requirements of **Appendix B – Information Required in Bid Proposals**.

While bidders may submit alternative ownership proposals, such alternative ownership proposals beyond those requested will be considered by Rocky Mountain Power in its sole discretion to determine whether these alternatives provide an attractive benefit for the Participating Customers and comply with Rocky Mountain Power’s requirement that the bids are renewable only. The RFP Appendices format is outlined in the table below. Each bidder must provide complete information as requested in all appendices, forms and attachments as outlined in the table below that is relevant to its proposal and for any alternative, as applicable.

|  | **2019R Utah RFP Bid Applicability** | **PPA** | **Build/Transfer Agreement** |
| --- | --- | --- | --- |
| Appendix A | Renewable Resource Technical Specification | | |
| *Appendix A-1* | *Overview of Appendices* | -- | -- |
| *Appendix A-2* | *Interconnection Agreement* | X | X |
| *Appendix A-3* | *Permit-Matrix* | X | X |
| *Appendix A-4* | *Not used* | N/A | N/A |
| *Appendix A-5* | *Project One-line Drawing and Layout* | X | X |
| *Appendix A-6* | *Division of Responsibility* | N/A | X |
| *Appendix A-7* | *Owner Standards and Specification* | N/A | X |
| *Appendix A-8* | *Performance Summary Report* | X | X |
| *Appendix A-9* | *Product Data- Equipment Supply Matrix* | X | X |
| *Appendix A-10* | *Plant Performance Guarantee* | N/A | X |
|  |  |  |  |
| Appendix B | Intent to Bid | X | X |
| Appendix C | Bid Summary and Pricing Input Sheet for PPA, BTA and Other Alternative Structures | X | X |
| Appendix D | Bidder’s Credit Information | X | X |
| Appendix E-1 | PPA Instructions to Bidders | X | N/A |
| Appendix E-2 | PPA and Exhibits | X | N/A |
| Appendix F-1 | BTA Instructions to Bidders | N/A | X |
| Appendix F-2 | BTA and Appendices (A-Q) | N/A | X |
| Appendix G | Confidentiality Agreement and Non-Reliance Letter | X | X |
| Appendix H | Reserved – Intentionally Left Blank – see Appendix C for Pricing Input Sheet | N/A | N/A |
| Appendix I | FERC’s Standards of Conduct | X | X |
| Appendix J | QRE Agreement | X | N/A |

1. Build Transfer Agreement

A “Build-Transfer” is a transaction whereby the bidder develops the project, assumes full responsibility for construction and commissioning of the project, transfers title to the project, potentially in stages, to Rocky Mountain Power prior to mechanical completion and thereafter completes construction and commissioning of the project, all pursuant to the terms of the build transfer agreement (“BTA”).

**Appendix C – Bid Summary and Pricing Input Sheet** shows the form of project information required for a “Build-Transfer” transaction. This is an Excel-based worksheet that covers bid summary information, electrical interconnection information, 8760 energy production profile, PV degradation information, and pricing and other cost assumption inputs for the BTA. The bidder’s proposal must contain the information requested in **Appendix F-1 – BTA Instructions to Bidders**. The bidder must provide information, representations, and warranties sufficient to assure Rocky Mountain Power that any proposed project will successfully complete construction and achieve full commercial operation within the timeframe listed in Section 2. The bidder must also provide evidence that any new resource will be eligible to claim, as applicable, the full or partial federal PTC/ITC as interpreted by applicable guidelines and rules of the Internal Revenue Service. Under the BTA, the bidder will assume full responsibility for the loss of any PTC/ITC, including due to failure to achieve full commercial operation within the timeframe listed in Section 2 or to satisfy applicable guidelines and rules of the Internal Revenue Service.

The BTA *pro forma* documents are attached as **Appendix F-2 – Build Transfer Agreement (BTA)**. Bidders should include a redlined or marked up version of **Appendix F-2 Build Transfer Agreement** showing exceptions to the terms of the pro forma BTA document. Bidders objecting to terms should provide alternate language and context to the objections for Rocky Mountain Power to evaluate the alternate language. **Any exceptions to** **that significantly alter the structure described in this section of the RFP**  **may result in rejection of the bid as non-compliant. RMP will reject as non-compliant any bid which proposes to transfer to RMP the stock or membership interest (as opposed to assets) of one or more companies which own the project.**

The BTA is structured such that Rocky Mountain Power makes progress payments on an agreed-upon schedule in exchange for the developer meeting certain milestones and deliverables. All bidders in this category must complete the information requested in **Appendix C – Bid Summary and Pricing Input Sheet** (BTA tabs). Rocky Mountain Power will only accept BTA proposals in which Rocky Mountain Power purchases the project prior to “mechanical completion” (as further specified in the BTA) and the bidder retains full responsibility to complete construction and commissioning of the project thereafter through commercial operation.

The bidder will be responsible for, in accordance with the requirements of this RFP, all aspects of the development and construction of the facility, including, but not limited to, site control, permitting, engineering, procurement, construction, interconnection and all related costs up to achieving commercial operation. Without limiting the foregoing, the bidder will be responsible for obtaining all necessary real property interests, permits, rights and resources required to construct and provide an operational generation resource consistent with the bidder’s proposal. BTA bids must identify and provide all taxes including but not limited to property, sales and use incurred during construction and are the responsibility of the developer.

Bidders will be responsible for submitting an operation and maintenance (O&M) service proposal as part of the overall BTA bid submittal consistent with **RFP\_APP F-2e Solar OM Term Sheet**. **Any proposal that does not include an O&M proposal that provides pricing, scope and other key terms will be rejected as a nonconforming proposal.**

Bidders should note that any proposal submitted in this category that proposes new construction of a resource must comply with the applicable technical and construction specifications contained in **Appendix A – 2019 Utah Renewable Project Technical Specification** and must utilize the services of a single primary contractor.

To the extent the bidder uses a contractor or a separate legal entity other than the bidder itself, this entity must be experienced with the type of facility being proposed and meet credit criteria, all as deemed acceptable to Rocky Mountain Power in its sole discretion.

Bidders should indicate in their bid documents whether a purchase option for a BTA has already been negotiated or is in the process of being negotiated with the Company.

1. POWER PURCHASE AGREEMENT

Bidder’s proposal must contain all of the information requested in **Appendix E-1 – PPA Instructions to Bidders.** The term of the PPA shall range up to twenty-five (25) years, with or without the right for Rocky Mountain Power to purchase the project assets during or at the end of the proposed contract term at fair market value (FMV) to retain the value of the site for customers.

**Appendix C** – **Bid Summary and Pricing Input Sheet** shows the form of pricing information required for a bidder offering a PPA option. This is an Excel-based worksheet that covers bid summary information, electrical interconnection information, 8760 energy production profile, PV degradation information, and pricing for the PPA.

For longer-term contract offers (i.e., PPA terms of 20 to 25 years without PPA extensions, or PPA terms that, after consideration of extension options, would result in a PPA term of 20 to 25 years), bidders should carefully consider the potential book and tax lease accounting treatment or Variable Interest Entity (VIE) treatment implications. Bidders that make the initial shortlist and have PPA offers of 20 years or greater (Long Term), will need to supply projected cash flows through the life of the underlying asset so that Rocky Mountain Power can assess potential accounting implications. Potential accounting treatment impacts will be incorporated into the bid evaluation and selection process. For instance, if Rocky Mountain Power determines that a Long Term PPA offering would be treated as a capital lease for tax purposes, Rocky Mountain Power would be treated as the tax owner for the proposed facility. Please also refer to Section 5.F of this RFP.

The bidder’s proposal must contain the information requested in **Appendix E-1 PPA Instructions to bidders**. The bidder must provide documentation and information, representations, and warranties sufficient to assure Rocky Mountain Power that any proposed project will successfully complete construction and achieve full operation within the timeframe listed in Section 2, and that any new resource will be eligible to claim, as applicable, the full or partial federal PTC/ITC as interpreted by applicable guidelines and rules of the Internal Revenue Service. Rocky Mountain Power reserves the right to request bid cashflow information in order to complete its evaluation for capital lease accounting for tax purposes on Long Term PPAs if necessary.

Bidders are required to include a redlined or marked up version of **Appendix E-2 Power Purchase Agreement** showing exceptions to the terms of the pro forma PPA document, unless they inidicate that they will accept the PPA “as-is”. Bidders objecting to terms should provide alternate language and context to the objections for Rocky Mountain Power to evaluate the alternate language. Bidders should also submit comments to the pro forma agreement on issues that they have concerns with and identify alternatives to address the issues. Providing a redline is a requirement for eligilibilty; however substantive comments should also be provided to provide context to the redlined document.

Bidders should be aware, that if selected, each bidder will be required to complete **Appendix J – Qualifying Reporting Entity (QRE) Services Agreement** as part of the PPA which establishes WREGIS registration and reporting obligations for both parties.

1. ALTERNATIVE STRUCTURE PROPOSALS

As noted in Section 1, bidders may propose other alternative structures for sale of the output or the renewable asset to Rocky Mountain Power, such proposals will be considered (or not considered) at Rocky Mountain Power’s sole discretion and Rocky Mountain Power reserves the right to reject non-compliant bids. Such bids should not create additional technology or development risk. Rocky Mountain Power is limiting the resource type to wind, pv solar, and geothermal only and will not accept bids that combine these technologies with other technologies except for battery or other forms of storage. Bidders must submit the appendices that are relevant to the bidder’s proposed structure. Such proposals must include full documentation on the proposed structure.

SECTION 5. RESOURCE INFORMATION

* 1. PRICE INFORMATION

Bidders must supply Appendix C – Bid Summary and Pricing Input Sheet in its original Microsoft Excel format with all submitted proposals. Price information that must be supplied by the bidder includes:

| **Information Requested** | **PPA** | **PPA with Purchase Option** | **Build/ Transfer or Alternative Structures** |
| --- | --- | --- | --- |
| Term: start and end date of PPA | X | X | N/A |
| Point of delivery (POD) and Point of receipt (POR) | X | X | X |
| Expected annual dispatch pattern, or generation profile, that reflects availability[[8]](#footnote-9) | X | X | X |
| Availability rate and degradation assumed in annual dispatch or generation profile data | X | X | X |
| Designation of firm or unit contingent energy deliveries | X | X | N/A |
| Energy price ($/MWh) including fixed price for the term or 1st year price with escalation for the PPA. Energy price and related costs for each project should be stated using three separate term scenarios: 15, 20 and 25 years | X | X | N/A |
| Build Transfer price and milestone payment schedule ($ and dates, as applicable) | N/A | X | X |
| Variable O&M cost ($/MWh, as applicable)[[9]](#footnote-10) | N/A | X | X |
| Fixed O&M cost ($/Year, as applicable)[[10]](#footnote-11) | N/A | X | X |
| Ongoing capital ($/Year, as applicable) | N/A | X | X |
| Other variable costs, *i.e.,* royalties (% of energy revenue, or $/MWh, as applicable) | N/A | X | X |
| * Variable energy payment, with escalation ($/MWh escalating at X%/year, as applicable) | N/A | X | X |
| * Fixed capacity payment, with escalation ($/Month growing at X%/year, as applicable) | N/A | X | X |
| * Other fixed charges, *i.e.* land leases, with escalation ($/MWh, $/MW or $/Year growing at X%/year, as applicable) | N/A | X | X |
| * Taxes including but not limited to property, sales and use incurred during construction. | N/A | X | X |
| * Buyout dates and prices ($ or “fair market value,” as applicable if purchase option included in PPA) | X | X | N/A |
| * Qualifying costs and term for any incentives that reduce delivered costs, such as federal, state or local incentives including among others; federal PTC/ITC, bonus depreciation, property tax exemptions, or local economic incentives | X | X | X |

* 1. DIRECT INTERCONNECTION OR THIRD-PARTY INTERCONNECTION AND TRANSMISSION SERVICE

Rocky Mountain Power is seeking renewable resources physically located in Utah capable of: (1) directly interconnecting with PacifiCorp’s system in its PACE balancing area or (2) interconnecting with a third-party system and using third-party firm transmission service to deliver to the PACE transmission system. With either method, Rocky Mountain Power prefers bids that will not face significant transmission costs or constraints between: (1) the resource’s point of interconnection or the resource’s delivery point on PacifiCorp’s transmission system; and (2) PacifiCorp network load. Bidders are thus required to provide as much granularity and documentation as possible regarding their proposed point of interconnection/point of delivery. Bidders should also indicate with their bids whether their project will include any jointly owned generation tie lines or other shared facilities arrangements.

As noted above, bidders should include the provision of evidence that the proposed project has either: (1) requested a direct interconnection with PacifiCorp’s transmission system and executed an interconnection feasibility study agreement or system impact study (SIS) agreement with PacifiCorp’s transmission function; or (2) requested interconnection with a third party’s system, executed an interconnection feasibility study agreement with the third party transmission provider, and provided satisfactory evidence that long-term, firm third-party transmission service from the resource’s point of interconnection with the third party’s system to the proposed point of delivery on PacifiCorp’s system is available. A formal request to the third-party transmission provider for such transmission service will be the best evidence and will ultimately be required if and when a bidder is named to the initial shortlist. PacifiCorp will consider other types of bidder-proposed evidence in its sole discretion. Bids that do not include the foregoing information will not be disqualified, but lack of interconnection (or, as applicable, transmission availability documentation) from the transmission provider will negatively affect the bid score.

BTA proposals that will require a new electrical interconnection or an upgrade to an existing electrical interconnection, regardless of the project’s interconnection to either PacifiCorp’s system or to another utility’s system, must include a firm statement of the cost of interconnection (broken out between network upgrade costs and facility specific or direct assigned interconnection costs), together with a diagram of the interconnection facilities. The interconnection costs included in the bids from all bidders will be considered as firm costs and included in the bid evaluation. Interconnection costs should be clearly identified in the resource cost proposal and differentiate the portion of costs associated with network upgrades and that portion that are facility-specific.

Before executing any final transaction agreements with winning bidders PacifiCorp will require a completed interconnection system impact study (SIS) (for projects directly interconnected to the Company’s system) or a completed third-party interconnection SIS and a completed third-party transmission service study (for projects using third-party transmission) to determine the actual direct assigned cost for the interconnection or transmission services. Bids will be evaluated based on the direct assigned interconnection costs submitted in the bids, which will be considered firm costs for the initial shortlist evaluation. Bids that are selected to the initial shortlist will be held to their best and final pricing for final shortlist evaluation. If selected to the final shortlist, bidder’s agreement with Rocky Mountain Power, and any final transaction agreement, will include a condition precedent that states Rocky Mountain Power will compare the actual direct assigned and network upgrade costs associated with the interconnection from the completed SIS with the bidder’s firm estimate provided in their best and final price. In the event the actual direct assigned SIS cost exceeds the bidder’s interconnection cost in best and final pricing, bidder will be responsible for the cost above their best and final firm price. In the event the actual SIS direct assigned cost is less than the bidder’s firm interconnection cost estimate, Rocky Mountain Power will require an adjustment of the final PPA price to reflect the reduction in interconnection costs. The Company will also compare the commercial operation date in the interconnection SIS and any transmission service study issued by a third-party transmission provider with the commercial operation date in the agreement to confirm operation within the timeframe listed in Section 2. Rocky Mountain Power will examine critical study information such as: (1) whether the studies support a commercial operation date within the timeframe listed in Section 2; (2) interconnection direct assigned and network upgrade costs; and (3) whether any third-party transmission arrangements will be available to the bidder during the full term of the offer(s) proposed or include contractual roll-over options if available to the bidder.

Bidders choosing the third-party interconnection and third-party transmission option are responsible for any current or future third-party tariff requirements or tariff changes including, but not limited to, interconnection, variable energy resource, electric losses, reserves, transmission, integration, imbalance, scheduling, and ancillary service arrangements required to deliver to the point of delivery on PacifiCorp’s system. These costs will not be included in the evaluation of PPA proposals as they are assumed to be the responsibility of the bidder.

Bidders that propose bids relying on third-party transmission should also be aware that the use of transmission that is interruptible within the hour in any segment of the schedule or tagged from the source to the point(s) of delivery will require Rocky Mountain Power to evaluate the cost and need to carry reserves against the schedule, which can be up to 100% in the case of electricity moved from a third party control area to PacifiCorp’s network transmission system.

All proposals will require firm transmission on PacifiCorp’s network transmission system and proposed resources must be able to be designated by PacifiCorp’s Energy Supply Management (ESM) function as a Network Resource under the network service contract between PacifiCorp Transmission ([www.oasis.pacificorp.com](http://www.oasis.pacificorp.com)) and PacifiCorp ESM.

* 1. FERC’s STANDARDS OF CONDUCT

Each bidder responding to this RFP must conduct its communications, implementation and operations in compliance with FERC’s Standards of Conduct for Transmission Providers (see Appendix I), requiring the separation of its transmission and merchant functions. Any interconnection or transmission service is NOT a transmission service agreement with PacifiCorp’s ESM merchant function; rather, it is with PacifiCorp’s transmission function or other third-party transmission provider. As such, the bidder must follow the transmission provider’s OASIS process. If requested, bidders shall execute a customer consent form consistent with FERC requirements that enables PacifiCorp’s ESM merchant function to discuss the bidder’s interconnection and/or transmission service application(s) with the transmission interconnection or transmission service provider.

* 1. RESOURCE TYPES ELIGIBLE TO BID

Rocky Mountain Power is seeking new renewable energy resources capable of directly interconnecting and/or delivering energy to PacifiCorp’s network transmission system by June 30, 2020 to December 31, 2022. Rocky Mountain Power is limiting the resource type to wind, pv solar, and geothermal only and will not accept bids that combine these technologies with other technologies except for battery or other forms of storage. These resources must be capable of being interconnected with PacifiCorp’s transmission system, or capable of delivering energy to PacifiCorp’s transmission system with the use of third-party firm transmission service.

* 1. TAX CREDITS AND/OR PROJECT INCENTIVES

Bidders must bear all risks, financial and otherwise, associated with bidder’s or the facility’s eligibility to receive any state or federal energy tax credits, sales tax waivers or exemptions or any other identified tax credit or incentive, or qualify for accelerated depreciation for bidder's accounting, reporting or tax purposes, as applicable. The obligations of the bidder to perform under any executed agreement as a result of this solicitation shall be effective and binding regardless of whether the sale of or output from the bidder’s facility under such agreement is eligible for, or receives investment tax credits, or other identified tax credits/incentives.

Rocky Mountain Power will require written documentation of the amount, timing and control of any and all available tax credits/incentives that the bidder’s facility is eligible for, applied for, and/or received. Such documentation shall include but not be limited to ownership rights to the credit, grant or incentive, timing including expiration dates and milestones to achieve the credit, grant, or incentive.

* 1. ACCOUNTING

All contracts proposed to be entered into as a result of this RFP will be assessed by Rocky Mountain Power for appropriate accounting and tax treatment. Bidders shall be required to supply Rocky Mountain Power with any and all information that the Company reasonably requires in order to make these assessments if the bid is selected to the initial shortlist. Specifically, given the term length of the PPA or alternative ownership proposal, accounting and tax rules may require either: (i) a contract be accounted for by Rocky Mountain Power as a capital lease or operating lease[[11]](#footnote-12) for book purposes pursuant to ASC 840, (ii) a contract be accounted for by Rocky Mountain Power as a capital lease for tax purposes[[12]](#footnote-13), or (iii) the seller or assets owned by the seller, as a result of an applicable contract, be consolidated as a variable interest entity (VIE) onto Rocky Mountain Power’s balance sheet.[[13]](#footnote-14)

As a result, bidders may be required by Rocky Mountain Power to certify, with supporting information sufficient to enable the Company to independently verify such certification, that their proposals will not be subject to VIE treatment. Bidders should carefully consider the potential book and tax lease accounting treatment or VIE treatment implications associated with a Long Term PPA offers (i.e., PPA terms over 20 years). For these Long Term PPA offers, bidders will need to supply, if selected to the initial short list, projected cash flows through the life of the underlying asset so that Rocky Mountain Power can assess potential accounting implications. Potential accounting treatment impacts will be incorporated into the bid evaluation and selection process. For instance, if Rocky Mountain Power determines that a Long Term PPA offering would be treated as a capital lease for tax purposes, Rocky Mountain Power would be treated as the tax owner for the proposed facility.

Each bidder must also agree to make available in the bid evaluation process any and all financial data associated with the bidder PPA or BTA that Rocky Mountain Power requires to determine potential accounting impacts. Such information may include, but is not limited to, data supporting the economic life (both initial and remaining), the fair market value, executory costs, nonexecutory costs, and investment tax credits or other costs (including debt specific to the asset being proposed) associated with the bidder’s proposal. Financial data contained in the bidder’s financial statements (e.g., income statements, balance sheets, etc.) may also be required to be supplemented.

* 1. COST ASSOCIATED WITH DIRECT OR INFERRED DEBT

Rocky Mountain Power will not take into account potential costs to the Company associated with direct or inferred debt (described below) as part of its economic analysis in the shortlist evaluation. However, after completing the shortlist and before the final resource selections are made, Rocky Mountain Power may take direct or inferred debt into consideration. In so doing, the Company may obtain a written advisory opinion from a rating agency to substantiate PacifiCorp’s analysis and final decision regarding direct or inferred debt.

Direct debt results when a contract is deemed to be a capital lease pursuant to ASC 840 and the lower of the present value of the nonexecutory minimum lease payments or 100% of the fair market value of the asset must be added to PacifiCorp’s balance sheet.

Inferred debt results when credit rating agencies infer an amount of debt associated with a power supply contract and, as a result, take the added debt into account when reviewing PacifiCorp’s credit standing.

SECTION 6. BID EVALUATION AND SELECTION

* 1. OVERVIEW OF THE EVALUATION PROCESS

Rocky Mountain Power’s bid evaluation and selection process is designed to identify the combination and amount of new renewable projects bid into the 2019R Utah RFP that will maximize customer benefits. Rocky Mountain Power will not make any of the evaluation models available to bidders.

The bid evaluation process will occur in two phases. In the first phase, Rocky Mountain Power will establish an initial shortlist based on both price and non-price factors. During this phase of the bid evaluation process, Rocky Mountain Power will not ask for, or accept, updated pricing. Rocky Mountain Power will rely on the pricing and transaction structure as submitted into the 2019R Utah RFP for each bid. However, Rocky Mountain Power will contact bidders to confirm and clarify information presented in each proposal. Bids selected to the initial shortlist will be given an opportunity to provide best and final pricing, subject to certain limits as described later in this section.

In the second phase, initial shortlist bids, with updated pricing, will be analyzed. The customer cost and risk analysis, along with any other factors not expressly included in the formal evaluation process, but required by applicable law or commission order, will be used by Rocky Mountain Power to establish the final shortlist.

After the final shortlist is established Rocky Mountain Power will initiate negotiations with bidders that submitted proposals for projects selected to the final shortlist. Selection of a bid to the final shortlist does not constitute a winning bid. Only execution of a definitive agreement between Rocky Mountain Power and the bidder, on terms acceptable to Rocky Mountain Power, in its sole and absolute discretion, will constitute a winning bid proposal. Any definitive PPA or BTA will be in the form of the PPA or BTA contracts provided in **Appendices E-2** and **F-2,** respectively. If the bidder alters the PPA or BTA, or does not use it as the underlying agreement, bid evaluation and selection can be affected. Rocky Mountain Power welcomes bidders, at their own discretion, to provide written comments on the PPA or BTA provided in **Appendices E-2** and **F-2** as part of their bid. Rocky Mountain Power has no legal obligation to enter into any agreement of any kind with any bidder.

* 1. PHASE 1 – INITIAL SHORTLIST

1. Price Evaluation (up to 80%)

The Participating Customers are committed to procuring least cost/least risk renewable energy through this solicitation. Rocky Mountain Power will rank bids based on the difference between the $/MWh price of the PPA and the calculated avoided cost for the renewable energy resource using the revised Proxy/PDDRR method based on Utah Commission Order dated January 23, 2018 in Docket No. 17-035-37. This is the methodology suggested by the current Utah Schedule 34 to determine the final price existing customers will pay for energy purchased under this schedule. Alternatively, bids may also be ranked using the Schedule 32 pricing methodology, which places a greater emphasis on the absolute $/MWh price of the renewable resource PPA as well as the generation profile vs the customer’s load profile. The Price Evaluation will also take into account network upgrade costs associated with the interconnecting the resource if these costs have not already been incorporated into the PPA price and/or BTA bid. Bids must include documentation that demonstrates that the project(s) qualify for and will receive the full or partial value of the federal PTC or ITC as interpreted by applicable guidelines and rules of the Internal Revenue Service at commercial operation. The bids will be ranked to determine an initial shortlist, after also taking into account the Non-Price Evaluation, and the impact of network upgrade costs.

1. Non-Price Evaluation (Up To 20%)

The non-price analysis will gauge the development, construction and operational characteristics and associated risks of each bid. A matrix will be used for each non-price factor. For each non-price factor, proposals will be assigned one of three discrete scores: (1) 100% of the percentage weight; (2) 50% of the percentage weight; or (3) 0% of the percentage weight. Market bids will be evaluated based on their ability to demonstrate the proposal is thorough, comprehensive and provides limited risk to the buyer prior to Rocky Mountain Power performing due diligence on any given bid. Bidders that have a demonstrated track record and bids for mature proposals will receive higher scores. Any network upgrade costs that have been identified to date by PacifiCorp Tranmission in either an interconnection feasibility or system impact study when bids are submitted or the lack of such studies will be considered in the Non-Price Evaluation. The following table summarizes the basis for weighting each non-price factor.

NON-PRICE FACTOR WEIGHTING

| **Non-Price Factors** | **Non-Price Factor Weighting** |
| --- | --- |
| 1. Conformity to RFP Requirements:  * Bids provided all required RFP information pursuant to RFP instructions and schedule, including the accuracy of such information. * Bids provided complete and accurate required RFP information including, but not limited to, documentation of site control and permitting process, environmental compliance plan, and interconnection or transmission arrangements. * Bids in compliance with technical specifications as outlined in **Appendix A** (applicable primarily to BTA bids or PPA bids with a purchase option) * Bidder’s development and construction experience related to equivalent scale renewable projects. * Exceptions to the pro-forma agreements (**Appendix E-2 and Appendix F-2).** | 40% |
| 1. Project Deliverability:  * Bids demonstrate the commercial operation date will be achieved within the timeframe listed in Section 2. * Quality & level of detail, including schedule(s) and documentation, to demonstrate the ability of meeting all of the project’s environmental compliance, permits, and equipment procurement. * Quality and level of detail regarding access to generation equipment and well defined O&M plan and financing plan. | 30% |
| 1. Transmission Progression:  * Quality and level of detail, including schedule(s) and documentation, for completing project interconnection and securing any required third party transmission service to support a commercial operation date within the timeframe listed in Section 2. | 30% |

1. Initial Shortlist Selection

Rocky Mountain Power will seek to establish an initial shortlist that includes up to approximately 500 MW of aggregate renewable capacity. However, Rocky Mountain Power may establish an initial shortlist containing less or more aggregate capacity depending upon the relative total bid score among the bids. Rocky Mountain Power may select the base proposal and one or more bid alternatives proposed with any bid, as applicable, to the initial shortlist.

Rocky Mountain Power will use the combined price and non-price results to rank bids. Based on these rankings, Rocky Mountain Power will select an initial shortlist based on total bid score (maximum at 100%, with a maximum of 80% for price and a maximum of 20% for non-price factors).

Network customers of PacifiCorp transmission, including Rocky Mountain Power, can request non-binding studies to provide an estimate of potential, high-level costs related to adding a potential designated network resource at a particular location on the system. While intervening transmission service requests or other changes on the system could impact the accuracy of the non-binding study estimates, these nevertheless provide a reasonable tool to evaluate potential transmission service costs before a final agreement is reached with a bidder. Accordingly, for all ISL bidders, Rocky Mountian Power also reserves the right to request an informal study from PacifiCorp transmission to identify potential network upgrade costs that might be necessary in order for the bidder’s facility to be designated as a network resource on PacifiCorp’s transmission system. The cost of this non-binding study is to be paid by the bidder.

Rocky Mountain Power will assess initial short listed PPA bids for the appropriate accounting and tax treatment. PPA bids will be evaluated for: (i) whether a contract must be accounted for by Rocky Mountain Power as a capital lease or operating lease in accordance with ASC 840 for book purposes, (ii) whether a contract must be accounted for by Rocky Mountain Power as a capital lease for tax purposes, or (iii) whether the seller or assets owned by the seller, as a result of an applicable contract, shall be consolidated as a variable interest entity (VIE) onto PacifiCorp’s balance sheet. For Long Term PPA offers that would result in a PPA term over 20 years, bidders should carefully consider the potential book and tax lease accounting treatment or (VIE) treatment implications. For these Long Term PPA offers that are selected to the initial shortlist, bidders will be required to supply, with their bid, projected cash flows through the life of the underlying asset so that Rocky Mountain Power can assess potential accounting implications. Potential accounting treatment impacts will be incorporated into the bid evaluation and selection process. For instance, if Rocky Mountain Power determines that a Long Term PPA offering would be treated as a capital lease for tax purposes, Rocky Mountain Power would be treated as the tax owner for the proposed facility. Please also refer to Section 5.F of this RFP.

1. Best and Final Pricing

Bids notified of their selection to the initial shortlist will be given an opportunity to provide best and final pricing. Best and final pricing must be provided for the same site using the same or similar project equipment as original proposed. Best and final pricing shall not exceed 10% of the original total bid cost, which Rocky Mountain Power will assess on a present value cash flow basis. In the event that best and final pricing increases the total bid cost by more than 10%, Rocky Mountain Power reserves the right to either (a) reject the best and final proposal or, (b) replace the short-listed bid or bid alternative with a final proposal solicited from another bid not originally selected to the initial shortlist. Accordingly, Rocky Mountain Power may request that certain indicative bids, not initially selected to the initial shortlist, remain open after the initial shortlist is established and that those bidders be prepared to provide best and final pricing on an expedited basis.

* 1. Phase 2 – FINAL Shortlist

1. Processing of Best and Final Bids

After confirming that best and final pricing meets the requirements of the 2019R Utah RFP, as outlined above, Rocky Mountain Power will use the same method used for the initial shortlist price evaluation, with bids updated for best and final pricing, projected performance, and estimated network upgrade costs to process the Best and Final bids.

1. Other Factors: Applicable Law and Statuatory Requirements

The bid methodology has been designed to capture applicable law and statuatory requirements. Before establishing a final shortlist, Rocky Mountain Power may take into consideration other factors that are not expressly or adequately factored into the evaluation process outlined above, particularly any factor required by applicable law or Commission order to be considered.

1. Final Shortlist Selection

Rocky Mountain Power will summarize and evaluate the results of its price and non-price rankings. Based on these data and certain other factors as described above Rocky Mountain Power may establish a final shortlist. Once the final shortlist is established and bidders notified, Rocky Mountain Power will initiate negotiations with final-shortlist bidders.

1. BTA Bid Evaluation

Rocky Mountain Power will evaluate each BTA bid assuming a PPA sales price to the Participating Customers as either the highest scoring project, or set of projects, as determined in the final shortlist selection. Should a BTA bid be chosen by the Participating Customers, the PPA price as determined by the final shortlist selection(s) would be the applicable price between the customers and PacifiCorp for use in any Schedule 32 or Schedule 34 pricing calculation. Participating Customers may therefore choose a BTA bid as the winning bid despite that project not also having been the highest scoring project among PPA bids.

SECTION 7. INVITATION TO BID

* 1. INVITATION

This RFP contains only an invitation to make proposals to Rocky Mountain Power. No proposal is itself a binding contract unless the parties execute definitive and complete documentation providing otherwise.

Rocky Mountain Power may in its sole discretion do any one or more of the following:

1. Determine which proposals are eligible for consideration in response to this RFP.
2. Issue additional subsequent solicitations for information, and conduct investigations with respect to the qualifications of each bidder.
3. Supplement, amend, or otherwise modify this RFP, or cancel this RFP with or without the substitution of another RFP.
4. Negotiate with bidders to amend any proposal.
5. Select and enter into agreements with the bidders who, in Rocky Mountain Power’s sole judgment, are most responsive to the RFP and whose proposals best satisfy the interests of Rocky Mountain Power and its customers, and not necessarily on the basis of price alone or any other single factor.
6. Issue additional subsequent solicitations for proposals.
7. Waive any irregularity or informality on any proposal to the extent not prohibited by law.
8. Reject any or all proposals in whole or in part.
9. Vary any timetable.
10. Conduct any briefing session or further RFP process on any terms and conditions.
11. Withdraw any invitation to submit a response.
    1. CONFIDENTIALITY AGREEMENT

In addition to the confidentiality provisions set forth herein, bidders should note that all parties will be required to sign Appendix G – Confidentiality Agreement with Rocky Mountain Power upon bid submission, as well as a transmission voluntary consent notice to authorize the release of data to PacifiCorp’s ESM Market Function from PacifiCorp Transmission.

* 1. NON-RELIANCE LETTER

All parties will be required to sign Appendix G - Non-Reliance Letter if they qualify for the final shortlist prior to entering into negotiations with Rocky Mountain Power.

* 1. POST-BID NEGOTIATION

Rocky Mountain Power will further negotiate both price and non-price factors during post-bid negotiations. Rocky Mountain Power will also include in its evaluation any factor that may impact the total cost of a resource, including but not limited to all of the factors used in the final shortlist cost analysis plus consideration of accounting treatment and potential effects due to rating agency treatment, if applicable. Post-bid negotiation will be based on Rocky Mountain Power’s cost assessment. Rocky Mountain Power will continually update its economic and risk evaluations until both parties execute a definitive agreement acceptable to Rocky Mountain Power in its sole and absolute discretion.

Rocky Mountain Power shall have no obligation to enter into any agreement with any bidder to this RFP and Rocky Mountain Power may terminate or modify this RFP at any time without liability or obligation to any bidder. In addition, this RFP shall not be construed as preventing Rocky Mountain Power from entering into any agreement that Rocky Mountain Power deems prudent, in Rocky Mountain Power’s sole discretion, at any time before, during, or after this RFP process is complete. Finally, Rocky Mountain Power reserves the right to negotiate only with those entities who propose transactions that Rocky Mountain Power believes in its sole discretion to have a reasonable likelihood of being executed.

* 1. SUBSEQUENT REGULATORY ACTION

Unless mutually agreed between the parties or unless required by actual (or proposed) law or regulatory order, at the time of contract execution, Rocky Mountain Power does not intend to include a contractual clause whereby Rocky Mountain Power is allowed to adjust contract prices in the event that an entity who has regulatory jurisdiction over Rocky Mountain Power does not fully recognize the contract prices. As of the issuance date for this solicitation, Rocky Mountain Power is unaware of any such actual law or regulatory order.

1. Per Section 1 of this solicitation, Bidders may submit bids for solar projects with less than 20 MW of capacity for specific Participating Customers if the project(s) meets all other criteria specified in this RFP. [↑](#footnote-ref-2)
2. The renewable energy resource design must comply with PacifiCorp’s pro forma technical specification as identified in RFP Appendices. [↑](#footnote-ref-3)
3. H.B. 261 (as enacted UC §54-17-807) allows a utility in the state of Utah to acquire a solar resource >2 MW if the resource has been chosen by a customer through a competitive solicitation process and the acquisition is approved by the Public Service Commission of Utah. [↑](#footnote-ref-4)
4. As the term, Environmental Attributes, is defined in the pro-forma transaction documents for this RFP. [↑](#footnote-ref-5)
5. Based upon hypothetical solar PV facilties. [↑](#footnote-ref-6)
6. The MWh/Year apportioned to each customer is based on load forecasts provided by the customers and validated by the Company. [↑](#footnote-ref-7)
7. The MW capacity apportioned to each customer is based on a solar resource annual capacity factor in year 1 of 30%. [↑](#footnote-ref-8)
8. Section 3.E.3 of the 2019R Utah RFP describes the type of generation profiles required. [↑](#footnote-ref-9)
9. PacifiCorp may supply certain operational and maintenance costs for consistency across similar bids. [↑](#footnote-ref-10)
10. PacifiCorp may supply certain operational and maintenance costs for consistency across similar bids. [↑](#footnote-ref-11)
11. “Capital Lease” and “Operating Lease” - shall have the meaning as set forth in the Accounting Standards Codification (ASC) 840 as issued and amended from time to time by the Financial Accounting Standards Board. [↑](#footnote-ref-12)
12. See IRS Code Section 7701(e) describing the test for capital lease for tax purposes. [↑](#footnote-ref-13)
13. “Variable Interest Entity” or “VIE” - shall have the meaning as set forth in ASC 810 as issued and amended from time to time by the FASB. [↑](#footnote-ref-14)