



To: Energy and Telecommunications Interim Committee (ETIC) members
From: Renewable Northwest Project (RNP)
Re: RNP's Principles of Competitive Solicitation

On August 21, 2012, RNP participated in a panel, hosted by the Montana Public Service Commission (PSC), to discuss Montana's energy planning and procurement processes. From that discussion, and from observations throughout the region, RNP offers three distilled principles that we recommend the ETIC consider when evaluating how to improve future energy solicitations.

1) Prudent Procurement Requires Competitive Solicitations

As highlighted by the 2012 Procurement Options Report, the state should reaffirm its commitment to use the competitive solicitation process when procuring energy resources. Competitive solicitations allow purchasing utilities to evaluate the widest range of offers designed to meet utility needs in the most tailored way and at the least cost. When resources are acquired through competitive processes, ratepayers benefit. If energy resources are procured without competition, it is exceedingly difficult to determine if the acquisition represents the least cost resource available.

2) A Robust Competitive Solicitation Process Includes Recognized Guidelines

Before releasing a request for proposals (RFP), a robust competitive solicitation process requires the formation of recognized guidelines identifying how bids will be evaluated. Whenever possible, the guidelines should be quantitative and should define the scoring criteria and scoring methodology to be used. These guidelines must be consistent with the resource plan previously reviewed and approved by the PSC.

Before the RFP is finalized, the competitive solicitation process should include opportunities for stakeholder, bidder, and PSC review. Bidders and other parties should be given the opportunity to clarify RFP guidelines and the PSC should determine whether the resource preferences identified in the draft RFP are consistent with the resource strategy developed in the utility's previous resource plan.

3) Active Participation in Competitive Solicitation Requires Adherence to RFP Guidelines and Independent Review

In order for the maximum amount of bidders to participate in competitive solicitation processes, bidders must be confident that the selection process will follow the established guidelines. The competitive solicitation process should include an independent third party to review the confidential bidding information in order to ensure that bids are scored according to the previously

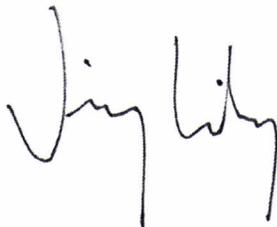
- 3Degrees
- American Wind Energy Assoc.
- Atkins
- Blattner Energy
- Bonneville Environmental Foundation
- BP Wind Energy
- Calpine
- Center for Energy Efficiency & Renewable Technologies
- Christenson Electric
- Citizens' Utility Board
- Climate Solutions
- Columbia Gorge Community College
- Community Renewable Energy Association
- E.ON Climate & Renewables
- EDF Renewable Energy
- EDP Renewables
- Element Power
- Environment Oregon
- Environment Washington
- Eurus Energy America
- FirstWind
- Gaelectric
- Gamesa Energy USA
- GE Energy
- Geothermal Resources Council
- GL Garrad Hassan
- Green Mountain Energy
- HDR Engineering, Inc.
- Iberdrola Renewables
- Jones Stevedoring
- K&L Gates, LLP
- Kapla Law, PLLC
- Lane Powell, PC
- MAP
- Montana Environmental Information Center
- MontPIRG
- Natural Capital Partners
- Natural Resources Defense Council
- NextEra Energy Resources
- Northwest Environmental Business Council
- Northwest SEED
- NW Energy Coalition
- OneEnergy Renewables
- Oregon Tech
- Oregon Solar Energy Industries Association
- OSPIRG
- Portland Energy Conservation, Inc.
- REC Silicon
- REpower USA
- RES America Developments
- SolarCity
- Solar Oregon
- Stoel Rives, LLP
- SunPower Corporation
- SWCA Environmental Consultants
- Tonkon Torp, LLP
- Vestas Americas
- Warm Springs Power & Water Enterprises
- Washington Environmental Council
- WashPIRG
- Western Resource Advocates

defined guidelines. With independent review, bidders can be assured that the process will be fair, and will be encouraged to invest in the resources necessary to develop a compelling bid.

RNP has observed robust competitive solicitation processes throughout the Northwest. When these three principles have been fully incorporated into the resource procurement process, utilities and their ratepayers have been the beneficiaries of lowest cost procurement. This success was most recently demonstrated in Portland General Electric's 2012 Renewable RFP, where the utility was able to acquire a resource that exhibited wind resource diversity and low costs. RNP recommends that the ETIC consider these three principles when considering how to best improve Montana's resource procurement rules.

Sincerely,

Jimmy Lindsay

A handwritten signature in black ink, appearing to read "Jimmy Lindsay". The signature is written in a cursive, somewhat stylized font with a large initial "J" and "L".

Regulatory Analysis Manager
Renewable Northwest Project