

Competitive Procurement Guidelines for Rate-Regulated Electric Utilities DRAFT Stakeholder Comments

DTE

- IM language clarity and reiterating that utility will maintain final selection of all proposals and other language added that these guidelines aren't intended to restrict the utility's
- Objective language added to clarify that a utility may not always use a competitive procurement to acquire resources
- Opposed to using an IA
- Does not support providing value/score details
- Code of conduct compliance section is unnecessary

EIBC/AEE

- Review process to judge the success of these guidelines in the form of a report created by the utilities
- Guiding process is meant to cover all resource needs as defined under comp. Procurement definition, correct?
- Explicitly state that if a utility does not use an IA then they must use an IM
- Terminal value analysis language added
- Moved sections/bullets around in an order that they deemed made more sense

ABATE

- Definitions section should better define various party roles
- Objective should state that the fundamental principle of minimizing customer costs and ensuring reasonable rates is paramount and that these guidelines will ensure a level playing field
- Should not be limited to exclude demand side resources
- Add language that includes customer stakeholders
- Import not to design these requirements so as not to bias the process against non traditional providers with less capital and shorter records
- More detail regarding the value of non-price factors
- Guidelines should list other overarching principles:
 - Consistency
 - Simplicity
 - Executable
 - Technology Agnostic
- Guidelines should be more specific on how the guidelines lower the procurement barriers for emerging technologies

MEGA

- Requiring an IA is expensive. Costs may be burdensome on small utilities.
- Define “non-affiliated, unbiased entity” in regard to IA and IM
- Consider limiting these rules to long-term assets may assist smaller utilities or those looking for non-generating resources
- Procurement for VGPs may not align on timing and have additional goals for customers. VGP procurement may need additional flexibility. VGP should be evaluated based on how long-term it is.
- Guidelines should be aligned through MCL 460.6t(4) allowing different procedures for small and multi-state utilities
- No catch-alls: Commission should specifically delineate other items considered under guidelines.
- Giving a QF the “right of first refusal” would place additional risk on bidders and subsequently increase their price.
- PURPA QF bids should be “after completion of the competitive bidding process”. “Competition in the PURPA process would include execution of contracts with the winning bidder and would set the energy only avoided cost rate somewhere between LMP and the contract price depending on the terms and conditions of the specific contract.”

Pinegate

- Decide if the IA/IM should be hired by utility or Commission
- Form contracts should be preferred over negotiated contracts
 - Negotiable terms make it impossible to compare bid prices
 - If bidders can comment on form contracts, terms can be established on transparent considerations
- Language corrections to description sections
- Should be only one “track” assumed for competitive bid in the objective
- Utility coordination with Staff in development of the RFP is unnecessary if there is an IA/IM
 - IA/IM should help design the RFP and process
 - IA should be included in the document wherever IM is included (language edits)
- If assumed product cost will increase after contract term, terminal value does not make sense.
 - CO rules assume contract price continues
 - There are no rules for how to calculate the terminal value in f(iv).
 - Terminal value analyzed in (i)
- MPSC should maintain existing MISO PRA clearing price for capacity at times when the utility does not have a capacity need. [Direct quotes from Pine Gate comments]

- Michigan utilities have access to MISO’s capacity market and can readily re-sell any unneeded capacity at the MISO PRA clearing price.
- If the rate is zero, rather than the MISO PRA clearing price, then there should be no conveyance of capacity to the utility. The QF should be able to keep the capacity and bid it into MISO’s PRA itself.
- With that said, rates should not be specified in guidelines. Rates should be determined in utility-specific proceedings via a contested case process.

EC, ELPC, MEC, and VS

- “Not for PURPA Compliance” in the headline
- Problem with competitive procurement definition in Guiding Principles
- Do not agree with 2a.
- Language added that requires utilities to explain why they did not use an IA if that is the case
- Concerns over “standardized” language for non-price factors
- Many points of confusion over language used
 - Is 2c.v. a meeting that gives the utility an overview of what the IA or IM did?
 - Terminal value analysis language

I&M

- IA should not perform/review economic, financial, or risk analysis.
- If there is an IA, IA approval should be conclusive and preclude future challenges
- Not every solicitation should be “ownership neutral”, as it removes utility optimization of assets and end-of-life options and prevents utility flexibility
- Document should not remove a utilities ability to procure outside an RFP. Situations where this is needed include:
 - Procurements in emergency situations
 - Short-term acquisitions to maintain system reliability
 - Other system procurements for energy delivery, such as transmission, fuels, or fuel transport
 - Unique opportunities utilities encounter for power supply resource acquisitions
- IRP should not be a restraint on resource procurement. Other information may have changed since the IRP was approved.
 - Multistate or small utilities might not have a most recent IRP
- Potential bidders should not be able to ask questions, provide comments, or suggest edits to solicitation documents. It would undermine the competitiveness of the project bidding and potentially cause solicitation to “drift” from the utility’s needs.
- Commission IM, if used, should not “substantiate” but only review/evaluate. All decisions regarding bids should respect utility authority over business matters.

- Commission guidelines should be prescriptive and carry assurance of cost recovery
- Open, all-source bidding takes away utilities' rights to internal goals and objectives
- Weighting of resources needs management discretion to be responsive
- Determining which items are negotiable and non-negotiable ahead of times restricts contract negotiation.
- Transmission and distribution should not be specified as they are highly locational.
- BTAs and PPAs are not equivalent, and commercial issues with each should be addressed by the utility.
- IA's are not required specifically under FERC
- Resource planning need requirements also need to follow MCL 460.6t(4). MI should recognize unique requirements of multistate utilities.
- IA's should also be independent from any bidders
- "The IA will remove from the bid-data provided to the utility any non-essential information which might reveal the identity of the bidder" is beyond FERC Allegheny standards and should be stricken. I&M considers all information to be essential.
- IA scores should not be determinative

Consumers

- Supports only of "guidelines" and not rules or requirements
- Utilities should not be required to solicit all resource types in competitive bidding
 - will nullify Commission approved resource selection in IRPs
 - makes it difficult to compare resources with very different attributes (dispatchability, locational impacts, resources that also provide distribution value)
 - FERC allows utilities to take required operating conditions when issuing solicitations
- Utilities need to maintain management discretion on final proposal decisions
 - [Author's note: does this cover Commission not allowing rate recovery because the IA/IM report recommended a different project?]
- Proposed pre-RFP meeting would be burdensome for annual solicitations. Either remove to allow exceptions
- Price and non-price factor release should have exceptions as to avoid gaming. The choice should be solicitation-specific.
- IM description in 2.c.iv is not needed and should be removed
- More than BTAs should be allowed for utility ownership
- Section 4.f needs to clarify terminal value calculation and definitions