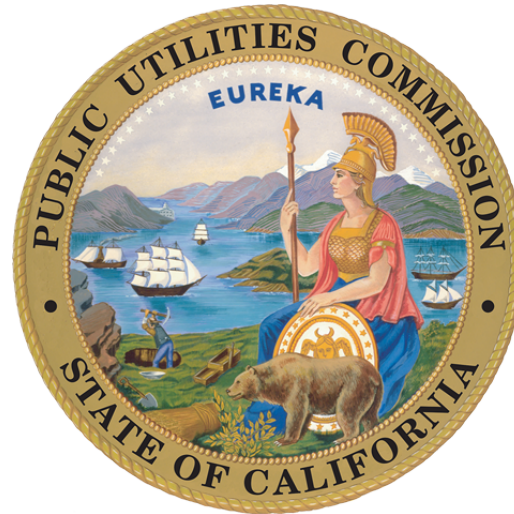




CPUC Supply-side Procurement Processes



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Supply-side Procurement Process

- Commission authorizes an amount to be procured by the IOUs – Resource Adequacy, Renewable Portfolio Standards, Combined Heat and Power, Demand Response Auction Mechanism, Energy Storage
- IOU assembles Request for Offer (RFO) documents, consults with the Procurement Review Group (PRG) on evaluation criteria
- IOU issues the RFO
- IOU conducts a bidder's conference and answers bidders' questions
- IOU receives bids and performs conformance checks





Supply-side Procurement Process

- IOU ranks the bids using quantitative and qualitative evaluation methodologies, shortlists the bids and consults with the PRG on the shortlisted bids





Supply-side Procurement Process

➤ Quantitative Evaluation

- Least Cost Best Fit Methodology - Methodology for taking into account both the cost of offers received from bidders and the extent to which the offers provide energy or other attributes needed by the buyer.
- Net Present Value analysis = Present Value of the Contract Benefits – Present Value of the Contract Cost
- Contract Benefits: Energy and Ancillary Services Benefit, Resource Adequacy Capacity Benefit
- Contract Cost: Dispatch and Energy Costs, Capacity Payment, Transmission Cost, GHG Cost, etc.





Supply-side Procurement Process

➤ Qualitative Evaluation

- Permitting and interconnection
- Project financing status
- Project development experience
- Site control
- Reasonableness of commercial operation date
- Portfolio fit of energy, capacity, and term





Supply-side Procurement Process

- IOU negotiates with the shortlisted bidders on contract terms
- IOU executes contracts with bidders
- IOU files Application or Advice Letter with the contracts to the CPUC for approval



Procurement Review Group

- Ordered by Commission Decision to review current procurement activities, proposed contracts, and provide feedback to an IOU *prior to* a filing.
- The PRG consultation process is advisory and non-binding.
- The IOUs are required to consult with the PRG for contracts longer than 90 days in duration.
- Non-market participants – Energy Division, ORA, TURN, Sierra Club, etc.





Independent Evaluators

- Consultants who help Energy Division oversee the IOUs' RFOs (for contracts ≥ 2 years) to ensure that they are fair and transparent
- IEs are involved in the entire RFO process, they brief the PRG on the results of the RFO, produces a report on the RFO
- Each IOU must maintain a pool of at least three independent evaluators
- Independent evaluators are re-evaluated every three years by the PRG and IOUs to remain in the pool





Thank you!
For Additional Information:

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