

**Competitive Solicitation Framework Working Group
Spectrum of Oversight, Time Requirements and Role Coordination Subgroup
Meeting #3
July 7, 2016, 1-3pm, CPUC Hearing Room E**

Worksheet #2

Informal stakeholder position checklist to guide discussion on the **independent professional engineer (IPE) or expanded Independent Evaluator (IE) roles.**

Stakeholder Name _____

1. Should all DER deferral projects require the use of an IPE? (yes/no) _____

If not, what are the limiting criteria _____

2. What are the technical requirements of an IPE? (see IE reference #2)

Are there standards for distribution planning engineers to reference? (see IE reference #3) (e.g. knowledge germane to the field of distribution planning, including all aspects of hardware related to distribution feeders, substations and hardware/software required for remote sensing, control and operation of DER.)

- i. _____
- ii. _____
- iii. _____
- iv. _____
- v. _____

3. What is the IPE's work product? (check all that apply)

____ Report of DER Deferral Solicitation (as needed)

Example: IPE Report Template (adapted from IE report template, see Ref #4) (please edit template language)

- 1. Describe in detail the role of the IPE throughout the need determination and subsequent solicitation.
- 2. Is the IOU's methodology for the DER deferral project evaluation and selection designed fairly?
- 3. Were the contracts selected in reasonable calculated to defer the wires-only distribution planning need? (This should include a thorough analysis of the RFO results.)
- 4. Describe the DER deferral and state the wires solution deferred with particularity. The IPE report must indicate how and where the DER deferral relates to expenditures previously authorized in the IOU general rate case (GRC) for accounting purposes.
- 5. Does the contract merit Commission approval?

____ Presentation to DPRG on specific distribution deferral need authorization

____ Presentation to PRG on bid contracts' ability to meet distribution

____ Report supplement contiguously with GRC application summarizing distribution grid assets deferred through DER and giving accounting.

____ Other _____

4. How can the Commission ensure the impartiality of the IPE? (check all that apply)

- Create a pool of IPEs (Requires creation of pro-form contract)
- Conflict Checks for IPEs (Requires creation of standard conflict of interest form)
- Other _____

5. Does the presence of a IPE change the Market Participant’s confidence distribution deferral process such that less MP participation is necessary?

yes/no? _____
 Why? _____

6. What are the costs and benefits associated with the use of an IPE? (check all that apply)

- Use for all distribution deferral projects
- Use for distribution deferral projects above a minimum threshold.
 State threshold _____
- Other _____

7. How should the IPE costs be recovered? (see IE reference #5)

- Through the Energy Resource Recovery Account (ERRA)
- Direct contracting and payment through CPUC Energy Division
- Other _____

IE References

#1 Questions to consider regarding an IE. D.07-12-052, pp. 131-132.

- Should all competitive solicitations require an IE?
- Should solicitations that do not have affiliate transactions, or involve a utility-owned or utility-turnkey bid require an IE?
- How can the Commission ensure the impartiality of the IE?
- What are the costs and benefits associated with the use of an IE, and how do these benefits directly affect procurement outcomes?

#2 Expertise of IE. D.04-12-048, p. 220, (FOF # 95).

IEs should come equipped with technical expertise germane to evaluating resource solicitation power products... IEs should be familiar with the various standard contracts and industry practices. IEs should have experience analyzing the relative merits of various types of PPAs. IEs should be able to evaluate PPAs, turn-keys and IOU-builds on a side-by-side basis. An IE should make periodic presentations regarding their findings to the IOU and to the PRG. The IOUs may contract directly with IEs, in consultation with their respective PRGs. The IOUs shall allow periodic oversight by the Commission's ED. Alternatively, ED can contract with IEs directly, but we will not require this given that this may result

in unacceptable delays in the procurement process. IEs shall coordinate to a reasonable degree with assigned ED and staff as a check on the process.

#3 Expertise of IE (Guidelines referenced in D.07-12-052). D.04-12-048, p. 130.

As noted by WPTF, FERC has recently set forth Guidelines for Reviewing Future Section 203 Affiliate Transactions, which include guidelines for IEs in 108 FERC 61,081 (July 29, 2004). FERC explained that to the extent to which a utility demonstrates that its RFP process follows the stated guidelines, its application processing time (including litigation) will likely be reduced, thus increasing the possibility of more timely Commission approval through an adequate showing under the *Edgar* standard. In short, guidelines will allow FERC to more easily identify transactions that are consistent with the public interest, and, therefore, expedite their approval.

#4 IE Work Product. [D.07-12-052, pp. 140-142.]

IE work product is report and occasional presentations to the PRG.

IE report needs to be filed if contract is > 3 months.

If report is <5 years, IE report filed with the QRC.

IE Report Template

1. Describe in detail the role of the IE throughout the solicitation.
2. Is the IOU's methodology for bid evaluation and selection designed fairly?
3. Was the least cost, best fit (LCBF) contract evaluation process fairly administered? (This should include a thorough analysis of the RFO results.)
4. Did the IOU do adequate outreach to bidders, and was the solicitation robust?
5. Were project-specific negotiations fair?
6. Does the contract merit Commission approval?

#5 IE Consultation Parameters. [D.04-12-048, p. 136.]

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