

Central Station Matrix of Straw Man Proposals

July 30 Draft

Issue	Energy Coalition (Strawman #3)	Industrial Customers (Strawman #1)	Alternative Suppliers (Strawman #2)	Utilities (Strawman #4)
Identification of Need Process				
Type of Customer load included in the planning process.	Utility Service Territory	Utility Service Territory	State wide planning. Maybe even regional planning.	Full Service Customers (Customers served under a tariffed rate)
Timing of filing to initiate process	As needed	2 years	5 years or as needed	As needed
Resources Included	All	All	All	All, but manner in which they are addressed depends on regulatory model
Should there be a filing and a contested case requirement for the process	Yes	Yes	yes	Yes
Commission Case Process	Non-Contested, Comments only (Commission Order Required)	Contested case	Contested case process used when capacity needed for reliability.	Contested case process used when capacity needed for reliability.
Type of information filed in identification of need filing	Needs Assessment, Resource type, Draft RFP, Evaluation Model, Schedule, 3rd Party Reviewer, Draft Contract	Needs Assessment, Resource type, Draft RFP, Evaluation Model, Schedule, 3rd Party Reviewer, Draft Contract	Needs Assessment, Resource type, Evaluation Model, 3rd Party Reviewer (clarification: rules to analyze bids would be handled in a separate proceeding, but contemporaneous with the needs assessment).	Needs assessment, Energy Supply Plan (short, intermediate and long-term plans), Preliminary Siting Information, Interconnection Strategy, Permitting Strategy, General Costs, proposed utility option to meet needs & cost of utility option
RFP Included	Required	Separate RFP for each resource type	Not in this case. Handle the RFP process in a separate proceeding, which would develop permanent process.	No RFP at this stage, but include detailed information on EPC (engineering, procurement, and construction) contracting strategy
Commission Decision	Identifies: Resources, Schedule, Contract Conditions. Authorizes 3rd Party Reviewer Issues Final RFP.	Identifies: Resources, Schedule, Contract Conditions. Authorizes 3rd Party Reviewer Issues Final RFP.	Identifies: Resources, Schedule, Contract Conditions. Authorizes 3rd Party Reviewer Issues Final RFP.	Determination of Need & Necessity, General Plant Characteristics, Issue an order approving the Comprehensive Plan. Order will address full rate recovery if plan implemented prudently.

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Process Requirements				
Process Initiation	Utility	Utility	Process would come up for assessment periodically, and then would be triggered by a utility filing.	Utility
Open Process	Yes	Yes	Yes	Yes
Competitive Procurement	Yes	Yes	Yes	Partial, Competitively bid the EPC contract
Commission Regulatory Process	Full Oversight	Full Oversight	Full Oversight	Full Oversight
Process implemented	Utility by Utility	Utility by Utility	Utility by Utility	Utility by Utility
Regulatory Certainty	Required	Winners selected in contested case	Required	Required
Risk Assignment		Utility responsible for overall planning risk. Contractor who wins bid will be responsible for risks associated with meeting the terms of the bid.	Assign to the party who has the ability to mitigate each risk. Winner of RFP process bears risk for all the things contracted for. Contractor would push those risks down to those with the best ability to mitigate each risk.	Proper allocation of risk to Customer and to EPC Contractor.
Resource Options				
Supply Side Resources	Need Dependent	Need Dependent	Need Dependent	Need Dependent
Demand Side Resources	Highest Priority/Set aside	Based upon forecast model.	Set aside, to the extent these resources are cost effective.	Only include cost effective.
Renewables Resources	Highest Priority/Set aside	Based on Planning Model	Set aside, to the extent these resources are cost effective	Cost effective
Resource location	In-State (at least a very strong preference)	All locations	Regional (should be included in analysis of need). Option for purchase power contracts outside of state.	In state preferred. This question should be considered during RFP/procurement process. .
Future Clean Air Impacts	Include all impacts.	Include Economic Cost Penalties. RFP would be based on current emissions requirements plus any "known" forthcoming standards. Determination of emissions requirements would come out of contested case.	Commission would decide in contested case. Also note need to include transmission upgrades as resources in planning process.	Meet current requirements using economic value of known emission requirements

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Acquisition Process				
RFP	Yes	Yes	Yes	Yes, for EPC Contract
Resource Type	All (powerplants, PPAs).	All (powerplants, PPAs).	All (powerplants, PPAs).	Depends on what is being acquired. Resources to be considered will depend on what is being sought.
Competitively Neutral	Demand Side & Renewables Advantage. Recognizing market distortions. Need for set-asides may go away once market distortions are removed.	Yes	Yes	Yes
Evaluation Criteria	Cost, Economic, Environmental & System	Price, Reliability, Longevity	Commission Determined. Contested case proceeding to establish these criteria, ending with a Commission determination. Any/all criteria could be considered.	Price, Reliability, Longevity, Operability, Constructability, Environmental, Effects on Transmission System
Set Asides	Demand Side & Renewables	None	If cost competitive.	May depend on regulatory model that is chosen.
Utility Participation	Only through Independent Affiliate (fully separated subsidiary, subject to code-of-conduct rules)	Yes	Only through Independent Affiliate (fully separated subsidiary, subject to code-of-conduct rules)	Yes
Treatment of utility property used in the project.		Transferred at fair market value	Transferred at fair market value	Incremental Only (cost of developing on an existing site)
3rd Party Evaluation of the bidding process.	Required	Required	Required	Not Required for EPC
Binding	Binding & capped	If schd determined used & useful Winning bidder selected by Commission would be responsible for meeting requirements in bid, which would be capped at winning-bid price. "Used & useful" means going into service.	Binding & capped with guarantees	Binding EPC contracts

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Cost Recovery				
Utility	Next rate Case	Contested case (which would happen very quickly after bid winners selected, in a single purpose, expedited contested case.)	Contested case. This process would happen at the outset, not at the end. Utility would recover costs automatically through Act 304 treatment, as long as contract met all prior decisions for need, type of power, criteria for RFP, etc. .	Next rate Case
Contract Entity	Utility - PPA	Utility - PPA	Utility - PPA	EPC Contract with Utility
Cost Recovery	Upon delivery of power	Act 304 process	Act 304 process	Rate Case/Act 304 process
New Resource Procurement Process				
Capacity Plan	Need to minimize process time	Contested case/Pre-Approval	Contested case/Pre-Approval	Contested case/Pre-Approval
Capacity Procurement	Overseen by 3rd party, no contested case. Contested case up front, then winning bidder goes ahead.	Contested case	Expedited review by Commission in expedited single-purpose case to conclude rules followed correctly, etc.	Traditional
Cost Recovery	Upon delivery of power	Contested Case	Upon delivery of power	Rate Case/304 Process/PA 141 Process
Open Access		Keep current "hybrid" market structure.	Reliability component of new plant assessed to all ratepayers of major utilities, regardless of plant location. Return of service addressed by market priced tariff, minimum stay or bid ro provider of las resort service.Need to change "Hybrid " Market structure.	Need to change "Hybrid " Market structure. Rates have to be cost-based. Obligation to serve needs to be revisited. Customers don't have the right to come back at cost-based rates. Obligations would have to be the same for all LSEs (e.g. reserve requirements, social obligations, etc.). .

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Incorporation into Rates				
Cost Responsibility	Rate payers	Rate payers	Rate payers/Customer	Rate payers
Rate Design	Cost based rates	Cost based rates	Cost based rates	Cost based rates
New Resource Costs	Upon delivery of power	Winning bids Just & reasonable	Winning bids Just & reasonable	Traditional utility ratemaking approach
Other Issues				
Transmission Issues	Cost Issues			
Interconnection Process	Need to shorten			Generators must do their own
Return to service		Allowed, no penalty	Eliminate 12 month notice, return at market rates. Can return with a 12 month stay. Bid out obligation to serve.	Electricity consumer must make commitment. Return at market rates.