Appendix 15
Evaluation Process

Parameters

There are three (3) "Categories" of Projects:

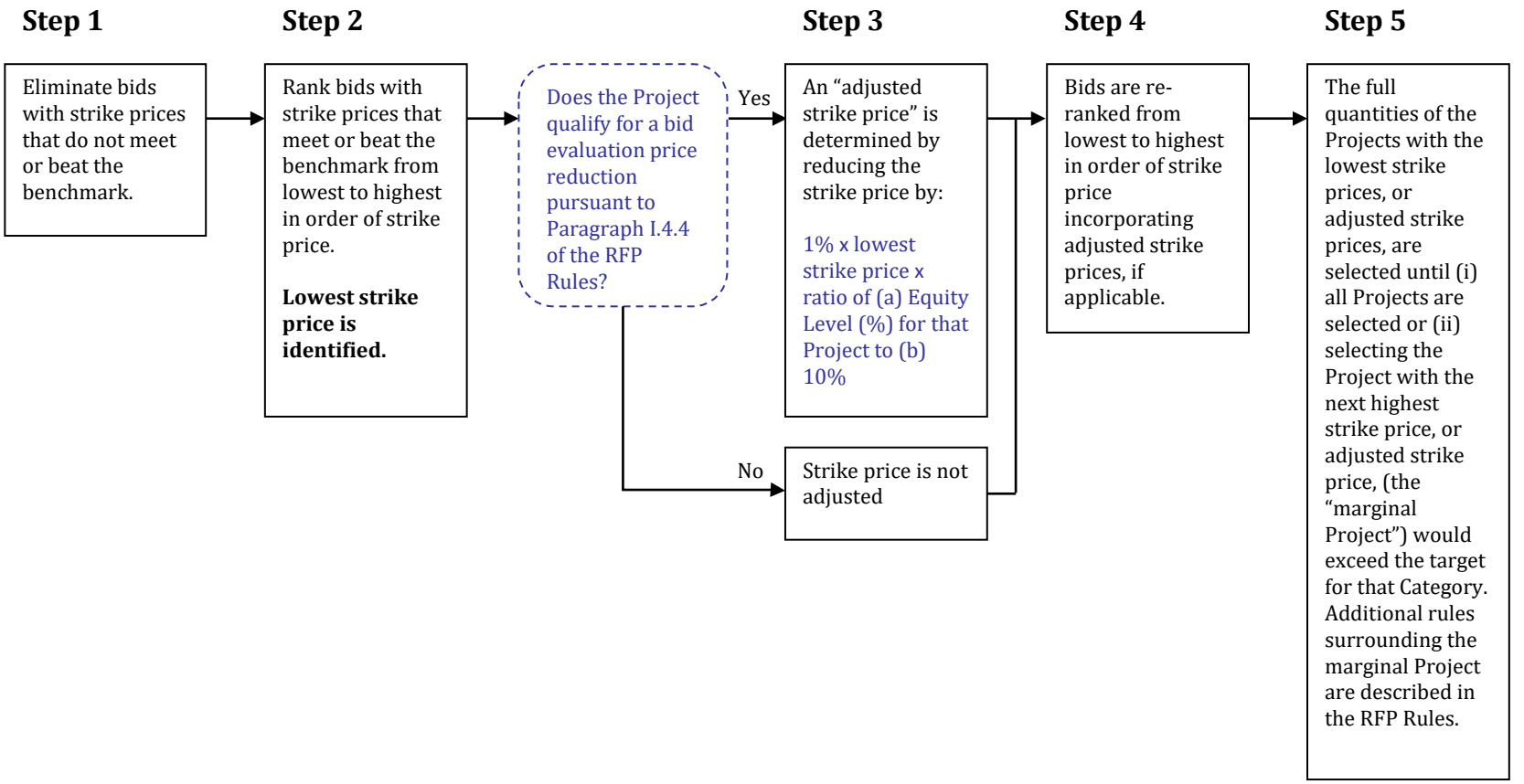
- **New utility-scale wind projects**
  - Nameplate capacity greater than 5,000 kW (AC rating)
- **New utility-scale solar projects**
  - Nameplate capacity greater than 5,000 kW (AC rating)
- **New brownfield site photovoltaic projects**
  - No minimum size requirement

The evaluation of bids proceeds independently for each Category.

Bid Evaluation Price Reduction: If Construction Activities for a Project have not begun as of the submission of the Part 1 Proposal, the Seller may commit to an Equity Level (%) for a Project greater than the Minimum Equity Standards ("MES") of 10% in order to qualify for a bid evaluation price reduction. The Procurement Administrator will notify the Bidder whether all requirements related to such commitment have been met, and if so, will confirm that the Project qualifies for the bid evaluation price reduction.

Summary Flow Chart

(all steps for each Category separately)



Step 1: Application of Benchmarks

Benchmarks are established by the Procurement Administrator, in consultation with the IPA, the Procurement Monitor, and the ICC Staff. The benchmarks are confidential and are subject to review and approval by the ICC.

For a given Category, Bids with strike prices that fail to meet or beat the benchmark are eliminated. If there are no Bids with strike prices that meet or beat the benchmark, then the evaluation ends and no Projects are selected.

Step 2: Ranking of Bids for a Given Category

For a given Category, Bids with strike prices that meet or beat the benchmark are ranked from lowest to highest in order of strike price and the lowest strike price is identified.

An example follows on the next page.

Step 2: Ranking of Bids for a Given Category

Example 1. Ranking of Bids for Utility-Scale Wind Projects

(all numbers are for illustrative purposes only)

Unranked Bids	
Project	Strike Price ($/MWh)
Project 1	$50.00
Project 2	$55.00
Project 3	$45.00
Project 4	$60.00
Project 5	$58.00
Project 6	$70.00

Ranked Bids	
Project	Strike Price ($/MWh)
Project 3	$45.00
Project 1	$50.00
Project 2	$55.00
Project 5	$58.00
Project 4	$60.00
Project 6	$70.00

Lowest strike price =
$45.00/MWh

Step 3: Adjusting Strike Price(s) (when applicable)

For a given Category, the following adjustment is made: if in the Part 1 Proposal, the Seller commits to an Equity Level (%) for the Project above the Minimum Equity Standard of 10% and is notified by the Procurement Administrator that all requirements related to such commitment have been met, then the strike price for such Project will be **reduced by**:

1% x the lowest strike price for that Category (identified in Step 2) x the ratio of (a) the Equity Level (%) for that Project to (b) ten percent (10%)

A strike price that has been reduced is called an "adjusted strike price".

An example follows on the next page.

Step 3: Adjusting Strike Price(s) (when applicable)

Example 2. Adjusting Strike Price(s) for Utility-Scale Wind Projects

(all numbers are for illustrative purposes only)

Project	Strike Price ($/MWh)	Equity Level (%)*	Calculation of price reduction (if applicable)**	Strike price or "adjusted strike price"
Project 3	$45.00	15%	$0.45 x (15%/10%) = $0.68	$44.32
Project 1	$50.00	20%	$0.45 x (20%/10%) = $0.90	$49.10
Project 2	$55.00	30%	$0.45 x (30%/10%) = $1.35	$53.65
Project 5	$58.00	10%	*Strike Price not Adjusted*	$58.00
Project 4	$60.00	45%	$0.45 x (45%/10%) = $2.03	$57.97
Project 6	$70.00	75%	$0.45 x (75%/10%) = $3.38	$66.62

Lowest strike price = $45.00/MWh

1% x $45.00/MWh = $0.45/MWh

*The Equity Level (%) will be noted for the Project in the Bid Form.

**Price reduction will be rounded to the nearest cent.

Step 4: Ranking Again of Bids for a Given Category

For a given Category, bids are again ranked from lowest to highest in order of strike price incorporating adjusted strike prices, if applicable.

An example follows on the next page.

Step 4: Ranking Again of Bids for a Given Category

Example 3. Ranking Again of Bids for Utility-Scale Wind Projects

(all numbers are for illustrative purposes only)

Unranked Strike Prices and Adjusted Strike Prices from Step 3	
Project	Strike price or "adjusted strike price" ($/MWh)
Project 3	$44.32
Project 1	$49.10
Project 2	$53.65
Project 5	$58.00
Project 4	$57.97
Project 6	$66.62

Ranked Strike Prices and Adjusted Strike Prices from Step 3	
Project	Strike price or "adjusted strike price" ($/MWh)
Project 3	$44.32
Project 1	$49.10
Project 2	$53.65
Project 4	$57.97
Project 5	$58.00
Project 6	$66.62

Step 5: Selection of Winning Projects

In order of strike price, or adjusted strike price, the full quantities of the Projects with the lowest strike prices, or adjusted strike prices, are selected until all Projects are selected or until selecting the Project with the next highest strike price, or adjusted strike price, (the "marginal Project") would exceed the target for that Category. In the latter case, the difference between the target for that Category and the sum of the full quantities of the Projects already selected is calculated as the "remaining target" for that Category. If the remaining target is equal to or exceeds the minimum quantity for the marginal Project, the marginal Project is selected to meet the remaining target for that Category. Otherwise, the target for that Category remains unfilled.