Appendix 15
Evaluation Process

Parameters

There are four (4) "Categories" of Projects:

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

Parameters

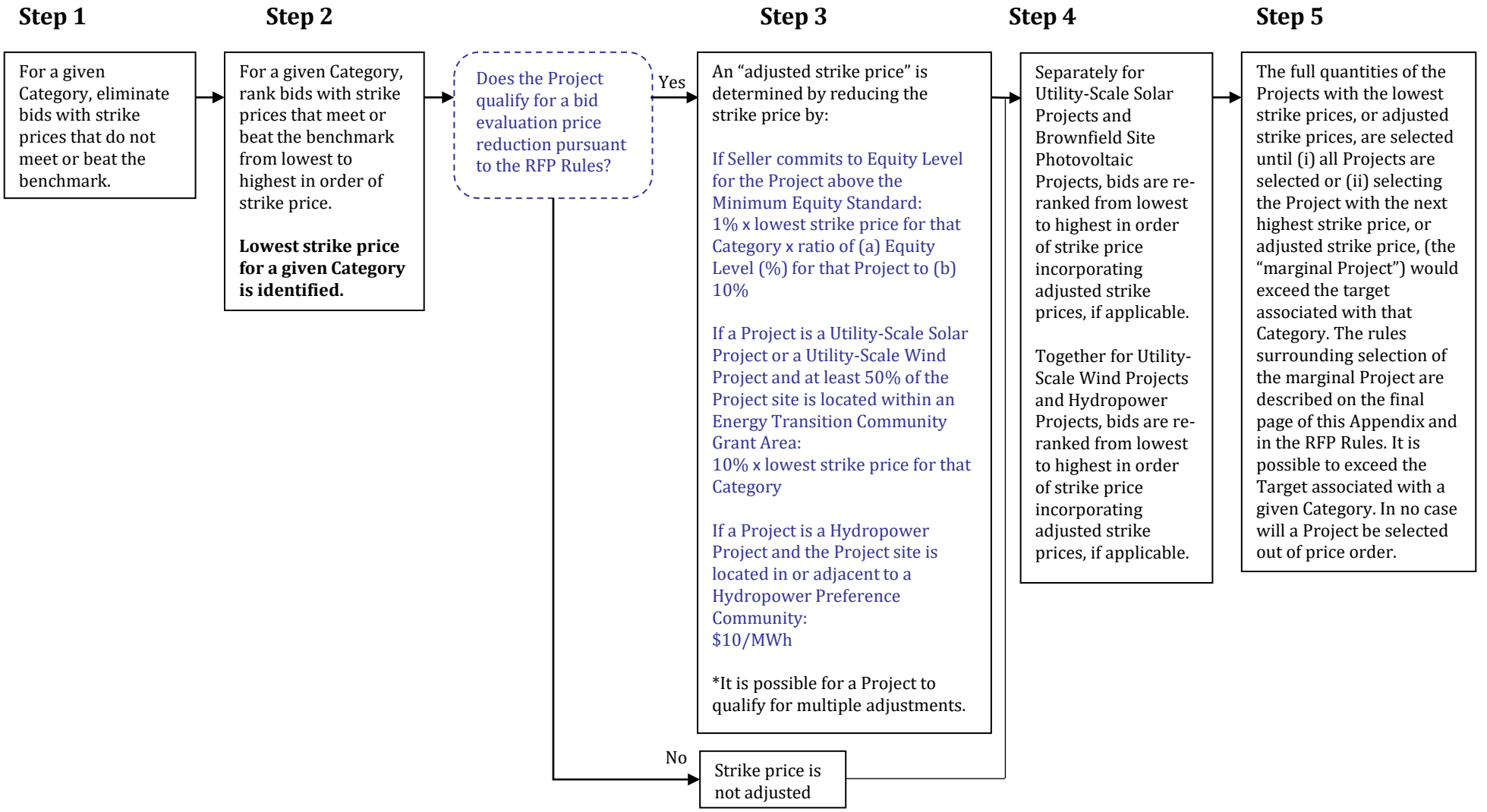
Bid Evaluation Price Reduction(s):

- 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.

- If the Project is a Utility-Scale Solar Project or a Utility-Scale Wind Project and at least 50% of the Project site is located within an Energy Transition Community Grant Area, then the strike price for such Project will be reduced by ten percent (10%) times the lowest strike price for that Category.

- If the Project is a Hydropower Project and the Project site is located in or adjacent to a Hydropower Preference Community, then the strike price for such Project will be reduced by $10/MWh.

Summary Flow Chart



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	$60.00
Project 3	$45.00
Project 4	$58.00
Project 5	$55.00
Project 6	$70.00

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

Lowest strike price =
$45.00/MWh

Step 2: Ranking of Bids for a Given Category

Example 2. Ranking of Bids for Hydropower Projects

(all numbers are for illustrative purposes only)

Unranked Bids	
Project	Strike Price ($/MWh)
Project 7	$80.00
Project 8	$57.00
Project 9	$48.00
Project 10	$85.00
Project 11	$64.00
Project 12	$67.00

Ranked Bids	
Project	Strike Price ($/MWh)
Project 9	$48.00
Project 8	$57.00
Project 11	$64.00
Project 12	$67.00
Project 7	$80.00
Project 10	$85.00

Lowest strike price =
$48.00/MWh

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

Three instances in which strike price is adjusted:

- 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**:

  one percent (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%)

- For a given Category, the following adjustment is made: if the Project is a Utility-Scale Solar Project or a Utility-Scale Wind Project and at least 50% of the Project site is located within an Energy Transition Community Grant Area, then the strike price for such Project will be **reduced by**:

  ten percent (10%) x the lowest strike price for that Category (identified in Step 2)

- If the Project is a Hydropower Project and the Project site is located in or adjacent to a Hydropower Preference Community, then the strike price for such Project will be **reduced by**:

  $10/MWh

A strike price that has been reduced is called an "adjusted strike price". It is possible for a Project to qualify for multiple adjustments.

An example of each adjustment follows on the next page.

Step 3: Adjusting Strike Price (when applicable)

Example 3. Adjusting Strike Price for Utility-Scale Wind Projects

(all numbers are for illustrative purposes only)

Project	Strike Price ($/MWh)	Energy Transition Community Grant Area	Calculation of price reduction related to Energy Transition Community Grant Area (if applicable)**	Equity Level (%)*	Calculation of price reduction related to Equity Level (if applicable)**	Strike price or "adjusted strike price"
Project 3	$45.00	No	--	15%	$0.45 x (15%/10%) = $0.68	$45.00 - $0.00 - $0.68 = $44.32
Project 1	$50.00	Yes	$45.00 x 10% = $4.50	20%	$0.45 x (20%/10%) = $0.90	$50.00 - $4.50 - $0.90 = $44.60
Project 5	$55.00	No	*Strike Price not Adjusted*	10%	*Strike Price not Adjusted*	$55.00 - $0.00 - $0.00 = $55.00
Project 4	$58.00	No	--	40%	$0.45 x (40%/10%) = $1.80	$58.00 - $0.00 - $1.80 = $56.20
Project 2	$60.00	Yes	$45.00 x 10% = $4.50	30%	$0.45 x (30%/10%) = $1.35	$60.00 - $4.50 - $1.35 = $54.15
Project 6	$70.00	Yes	$45.00 x 10% = $4.50	75%	$0.45 x (75%/10%) = $3.38	$70.00 - $4.50 – $3.38 = $62.12

Lowest strike price = $45.00/MWh

10% x $45.00/MWh = $4.50/MWh

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 3: Adjusting Strike Price (when applicable)

Example 4. Adjusting Strike Price for Hydropower Projects

(all numbers are for illustrative purposes only)

Project	Strike Price ($/MWh)	Hydropower Preference Community	Price reduction related to Hydropower Preference Community (if applicable)**	Equity Level (%)*	Calculation of price reduction related to Equity Level (if applicable)**	Strike price or "adjusted strike price"
Project 9	$48.00	No	--	20%	$0.48 x (20%/10%) = $0.96	$48.00 - $0.00 - $0.96 = $47.04
Project 8	$57.00	Yes	$10.00	20%	$0.48 x (20%/10%) = $0.96	$57.00 - $10.00 - $0.96 = $46.04
Project 11	$64.00	No	*Strike Price not Adjusted*	10%	*Strike Price not Adjusted*	$64.00 - $0.00 - $0.00 = $64.00
Project 12	$67.00	No	--	15%	$0.48 x (15%/10%) = $0.72	$67.00 - $0.00 - $0.72 = $66.28
Project 7	$80.00	Yes	$10.00	25%	$0.48 x (25%/10%) = $1.20	$80.00 - $10.00 - $1.20 = $68.80
Project 10	$85.00	Yes	$10.00	75%	$0.48 x (75%/10%) = $3.60	$85.00 - $10.00 – $3.60 = $71.40

Lowest strike price = $48.00/MWh

1% x $48.00/MWh = $0.48/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 bids associated with Utility-Scale Solar Projects or Brownfield Site Photovoltaic Projects, bids are ranked separately by Category from lowest to highest in order of strike price incorporating adjusted strike prices, if applicable.

For bids associated with Utility-Scale Wind Projects or Hydropower Projects, bids are ranked together 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

Example 5. Ranking Again of Bids for Utility-Scale Wind Projects and Hydropower Projects

(all numbers are for illustrative purposes only)

Ranked Strike Prices and Adjusted Strike Prices from Step 3		
Project	Category	Strike price or "adjusted strike price" ($/MWh)
Project 3	Utility-Scale Wind	$44.32
Project 1	Utility-Scale Wind	$44.60
Project 8	Hydropower	$46.04
Project 9	Hydropower	$47.04
Project 2	Utility-Scale Wind	$54.15
Project 5	Utility-Scale Wind	$55.00
Project 4	Utility-Scale Wind	$56.20
Project 6	Utility-Scale Wind	$62.12
Project 11	Hydropower	$64.00
Project 12	Hydropower	$66.28
Project 7	Hydropower	$68.80
Project 10	Hydropower	$71.40

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 associated with that Category. In the latter case, the difference between the target associated with that Category and the sum of the full quantities of the Projects already selected is calculated as the "remaining target". 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 associated with that Category. If the remaining target is less than the minimum quantity for the marginal Project, then the marginal Project is selected at the minimum quantity if this would result in exceeding the target associated with that Category by no more than 50%. Otherwise, the target associated with that Category remains unfilled.

Paragraph VI.2.10 of the RFP Rules describes the process to allocate RECs to one or more marginal Projects should there be multiple marginal Projects with Bids that include the same strike price or adjusted strike price.