

January 16, 2015

Via Federal Express

Pamela Knotts  
Delaware Public Service Commission  
861 Silver Lake Blvd,  
Cannon Building, Suite 100  
Dover, DE 19904

Dear Ms. Knotts,

Boston Pacific is pleased to submit this proposal to provide assistance to the Delaware Public Service Commission Staff by performing a review of the current Standard Offer Service (SOS) procurements conducted by Delmarva Power & Light. Boston Pacific is the ideal choice for this work based on both our long experience designing and monitoring SOS procurements in multiple jurisdictions in PJM, including Delaware, and our track record of providing advice to State Public Utility Commissions in the area of resource choice.

As requested, enclosed please find one original and one electronic copy of our proposal. Boston Pacific has no exceptions to the requirements of the RFP and no activity related to this proposal will take place outside of the United States. If you have any questions regarding the proposal please contact me at 202-296-5520.

Sincerely,



Frank Mossburg

Enclosures

**A PROPOSAL  
TO PROVIDE TECHNICAL CONSULTANT  
SERVICES**

**PRESENTED TO**

**THE STAFF OF THE PUBLIC SERVICE COMMISSION OF  
DELAWARE**

**by**

**BOSTON PACIFIC COMPANY, INC.**

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## I. EXECUTIVE SUMMARY

Boston Pacific Company, Inc. (Boston Pacific) appreciates the opportunity to respond to this Request for Proposals (RFP) to provide consulting services to the Staff of the Delaware Public Service Commission (Commission Staff or Staff).<sup>1</sup>

Staff is seeking the help of an expert to perform a review of the current Standard Offer Service (SOS) procurements conducted by Delmarva Power & Light (Delmarva). Staff is looking for a consultant who can perform a broad review of retail electric supply prices and approaches and consider long range alternative supply options for Delmarva's residential and small commercial customers. The goal of the work is to suggest potential actions that could reduce the cost of electricity for these customers while not giving up the current levels of risk protection offered by SOS service.

Boston Pacific is the best choice for this work. We possess extensive experience in the area of resource choice, specifically in helping State Public Utility Commissions in both deregulated and traditional markets make the best choices for their ratepayers in terms of price, risk, reliability, and policy goals.

In PJM we are the experts in designing and monitoring competitive procurements for default service. We have served or are serving as Commission monitors for default service procurements in Maryland, New Jersey, Pennsylvania, Ohio, Illinois, and the District of Columbia. The Delaware Commission knows the high quality of our work as we served as the Commission's Technical Monitor for SOS procurements from 2006 through 2010. We help design, monitor, and evaluate these important procurements, ultimately giving Commissions a recommendation as to whether to accept or reject the results of the bid. This expertise ensures that we are up to date with a wide variety of methods for procuring default service as well as the results those methods produce. In addition, we have developed sophisticated tools such as our Benchmark Pricing Model, which allows us to develop price expectations for SOS bids.

We also have expertise in advising State Commissions on resource choice decisions in more traditionally regulated markets. For example, in Oregon we helped design, monitor and evaluate several procurements for unit-contingent supply from conventional and renewable resources. In California, we serve as an Independent Evaluator for the Commission monitoring procurements and transactions by Pacific Gas & Electric. In Oklahoma we have assisted the Commission with a host of resource choice related issues, including designing and evaluating unit-contingent procurements for conventional and renewable supplies and reviewing and evaluating utility resource plans to comply with environmental regulations. In addition, we have performed unit-specific evaluations for new technologies such as offshore wind and integrated-gasification combined-cycle (IGCC) in order to assess the costs, risks, and benefits to ratepayers.

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<sup>1</sup> Boston Pacific has worked in Delaware in the past and, if selected, will initiate the process of application for a State of Delaware Business Licensure.

Beyond our knowledge of resource choice we possess a wide range of skills and knowledge that will help us fully evaluate all options for Delaware ratepayers. We have expertise in policy, serving as an Advisor to the Southwest Power Pool (SPP) Board of Directors on market design, and providing them with an annual overview of long-term issues affecting the energy market. We also serve the DC Commission as a technical consultant on issues related to default service policy, rates, and procurement. Furthermore, we possess the technical skills to assess bid results, including a sophisticated model to predict and evaluate prices, and the expert witnessing skills to explain all of our findings in plain English.

In sum, we can bring our full knowledge of every aspect of resource choice, competitive procurements, policy and market design and give the Commission Staff a well-informed and thorough considering of all options to ensure the Delaware ratepayers are getting the best deal possible.

## **II. QUALIFICATIONS AND EXPERIENCE**

Boston Pacific is a consulting firm that specializes in the electricity and natural gas businesses. Since our incorporation 28 years ago, we have worked for the full range of stakeholders.

We have all the expertise necessary to guarantee a successful outcome for Delaware ratepayers. This includes: (a) a total understanding of default service procurements in deregulated markets, including experience in Delaware, (b) expertise in helping Commissions in traditional regulated markets evaluate competitive procurement results and resource choice decisions, and (c) the ability to evaluate long-term market trends on a broad level and provide policy advice to Commissions and Regional Transmission Organizations.

### **A. DEFAULT SERVICE PROCUREMENTS IN DEREGULATED MARKETS**

The consultant selected for this work must have a complete understanding of default service procurements. Boston Pacific brings years of hands-on experience as the monitor for most of the major full requirements solicitations in the country and especially in the PJM region. Our monitoring engagements include:

- Delaware – Delmarva Power and Light’s 2006-2007 through 2009-2010 SOS solicitations;
- Maryland – SOS RFPs for all four utilities in 2004 to 2006 and 2010 to 2015;
- New Jersey – 2007 through 2015 Basic Generation Service Auctions for all four utilities;
- Ohio – FirstEnergy’s 2009 through 2015 Standard Service Offer (SSO) Auctions, Duke’s 2011 through 2013 SSO Auctions, Dayton Power and Light’s 2013 and 2014 Auctions, and AEP’s 2014 Auctions;
- Pennsylvania – West Penn Power’s RFPs in its Pennsylvania service territory held from 2009 to 2012
- District of Columbia – PEPCO’s 2004 through 2015 SOS RFPs;
- Illinois – 2006 Auction and 2008 through 2014 RFPs for both Ameren and ComEd utilities; and
- Virginia – Delmarva Power’s 2007 RFP.

In total we have monitored or are currently monitoring over 200,000 MW of full requirements procurements. These engagements reflect different markets (Eastern PJM, Western PJM and MISO) and a range of procurement methods, from the uniform price descending clock auctions of Ohio and New Jersey to the sealed-offer pay-as-bid solicitations of the District of Columbia, Illinois, Maryland, and Pennsylvania, to the reverse auction currently used in Delaware.

This breadth of experience puts us in prime position to evaluate Delmarva’s current procurement design and make recommendations for potential improvements. While all of these jurisdictions have the same goal – to procure market-competitive supply for default service ratepayers – the methods are all different, each reflecting different allocations of risk due to different policy choices for each state. We have a full understanding of each jurisdiction and utility’s specific policies, procurement methods and results so we see how design changes can affect participation and offer prices. We also have a complete understanding of PJM market rules and the wholesale suppliers who offer the SOS service. Moreover, we have the technical skills to review and evaluate bid results – our Benchmark Pricing Model is a powerful tool that can generate a range of reasonable bid prices using current data, just as a bidder might.

Because we have been doing this for many years we have seen how changes in wholesale markets, RTO market rules and state policies have affected default service offers in each jurisdiction. For example, this fall we worked with multiple jurisdictions to assess the threat caused by PJM’s Capacity Performance proposal and develop responses based on current procurement types and state policy goals.

We are, of course, intimately familiar with the Delmarva RFP process itself, including the Full Requirements Service Agreement (FSA) and the World Energy bidding platform. In addition to our previous experience as technical monitors in Delaware, we have worked with DP&L personnel to monitor the SOS RFPs in the District of Columbia from 2004 through the present and in Maryland from 2004 to 2006 and from 2009 through the present.

Our typical scope of work for these engagements includes (a) reviewing the procurement design and documents to ensure that the procurement is open, fair and transparent, (b) reviewing the bidder qualification process, pre-bid conference and questions and answers to ensure that all bidders are treated fairly, (c) participating in trial auctions as both a bidder and an evaluator to ensure a smooth bid day, and (d) developing a range of prices using our Benchmark Pricing Model to predict and evaluate offers. On bid day we independently monitor the bidding to ensure that all bidders are treated equally and that we agree with the selection of winning bidders. Once the bidding is completed we appear before the Commission to make a recommendation to accept or reject the offers. Once the procurement is completed we make recommendations to improve the process for the next go-around.

## **B. PROCUREMENTS IN TRADITIONAL MARKETS**

In order to give a full and complete analysis of the choices available to DP&L the selected consultant should also be able to draw on knowledge regarding resource choice actions in non-deregulated markets.

Boston Pacific has extensive experience as an evaluator of unit-contingent procurements for baseload and renewable generation. We currently serve the California Commission as an Independent Evaluator for transactions for Pacific Gas & Electric. In this role we recently monitored the Renewable Auction Mechanism (RAM V) Request For Offers, which secured wind and solar resources under long-term contracts for PG&E's portfolio. We also monitored negotiations for energy and renewable energy credit sales and contract restructuring as the result of an acquisition. We also have served as the Independent Evaluator on behalf of the Oregon Commission for five unit-contingent RFPs for baseload and renewable generation issued by PacifiCorp. We also served as the Independent Evaluator for two baseload RFPs in Oklahoma and a wind energy RFP.

For these projects our scope of work encompasses all the steps necessary for a successful RFP and executed agreement. Our efforts typically begin with an initial assessment of the design of the RFP and whether it is transparent, fair, in compliance with regulations, and will lead to a positive result. We also review the key documents and communication protocols, monitor information dissemination, author multiple reports or provide testimony on the solicitation's status including key issues, and RFP results, and participate in various informational and procedural meetings. On the technical side, our tasks include reviewing the outputs of cost models, asset valuation models and full production cost simulations, evaluating bids for an initial and final shortlist, and monitoring the utility's negotiation with the winner to confirm that the terms of the bid did not change.

We also evaluate the feasibility of projects outside of procurements, including new and more risky technologies. We evaluated the economic and technical viability of offshore wind proposals on behalf of the New Jersey Board of Public Utilities (BPU). We developed procedures and a framework that will be used to objectively and consistently evaluate all offshore wind projects that apply to sell their RECs to New Jersey. We also advised the BPU in revising their existing regulations to improve the manner by which the offshore wind application process will work, the obligations of applicants, and the content required in each application. Finally, we completed an evaluation of a proposed 25 MW offshore wind farm off the coast of Atlantic City. In addition, as an Independent Market Advisor for the Department of Energy's loan guarantee program, Boston Pacific assessed the ability of loan guarantee applicants to successfully construct energy projects being proposed within the indicated cost and time estimates. We also have performed work for both the Mississippi Public Service Commission and the Illinois Commerce Commission regarding proposed IGCC or Clean Coal facilities in their territory, evaluating the risks and rewards of this technology and recommending ratepayer protections.

### **C. POLICY ADVISOR TO COMMISSIONS AND RTOs**

The design of any resource choice program should be a reflection of state policy goals. Therefore, one major task for the consultant will be to review Delaware's existing policy

to understand how the current system was developed and ensure that any recommendations made are in line with that policy. In addition, the consultant needs to know if there are any modifications to existing regulations that would be needed to enact any recommendations.

Boston Pacific understands and has seen firsthand how policy choices interact with procurements. For example, this winter PJM has proposed changes to its capacity market in order to shore up reliability. These changes affect SOS procurements because they will revise the already-established prices for capacity. The end result has been a decrease in bidder participation for default service procurements. Boston Pacific has worked with several Commissions over the last few months to address this issue, in each case working to craft a solution that fits in with the state policy goals and procurement design. For example, New Jersey has a lengthy process for acquiring default service that requires high levels of participation. Because of this, the state had less tolerance for a failed procurement than other states. In response, we helped design a pass-through addendum to the standard contract in order to attract as many bidders as possible.

Boston Pacific also has unique experience having served as the independent advisor to the Southwest Power Pool RTO's Board of Directors for ten years, from the day SPP created its energy imbalance market in 2004 through today. In that role: (a) we served as the turnkey market monitor for SPP's energy market, producing several *State of the Market Reports*; (b) we assisted in the design, implementation, monitoring, and troubleshooting of a real time energy market, which successfully came on-line in February of 2007, including active participation in the RTO stakeholder process on behalf of the Board; (c) in 2010, we produced a comprehensive, independent analysis of SPP's proposed "Integrated Marketplace," reviewing SPP's proposed day-ahead and real-time energy markets, co-optimized operating reserves procurement, reliability unit commitment process, virtual bidding rules, and financial transmission rights; (d) we have advised SPP's Board of Directors and Staff on a variety of market-related issues, including demand response integration, bid cost recovery and resettlements, and FERC compliance issues; and (e) since 2011, we have issued our *Annual Looking Forward Report* to aid the SPP Board in its strategic planning effort.

We also have experience in performing reviews for Commissions of regulations and policy. We have and are currently assisting the Oklahoma Commission in evaluating resource plans by regulated utilities to comply with environmental regulations – looking to select the combination of resources that achieve environmental policy goals while providing ratepayers access to reasonably-priced power. For the DC Commission we serve as a technical consultant on matters relating to SOS procurement and rates. In this role we frequently review the District's energy policy legislation and review proposed changes to that legislation. These changes include proposed changes to the SOS process itself as well as changes to incorporate new rules and regulations regarding issues like Renewable Portfolio Standards, advanced metering and community renewable projects.

### **III. PROPOSED SCOPE OF WORK**

Boston Pacific is eager to again provide service to the Delaware Commission Staff in this important work. We are prepared to perform all of the tasks requested in the RFP. The culmination of our work will be the submittal of a report to the Commission.

Throughout the engagement we will be available to discuss any issues that may arise with Staff. We believe in effective communication between all parties since this is the best way to ensure that the final product we deliver is meeting the needs of the client.

The four tasks we will perform are laid out in the RFP. We discuss each in detail below. This scope of work does not include presenting our report to the Commission, therefore, this task is not included in our budget, shown later in this report. However, if requested, we would be happy to include this task in our work.

#### **Task 1: Electricity Supply Procurement Assessment**

For this task we will review electric supply procurement approaches in Delaware and other states. The goal of this exercise is to identify key choices made by policy makers with regard to how residential and small commercial customers are served and the risks and rewards that each choice brings.

We will begin with a review of Delaware's current strategy for procurement. We are very familiar with this, having served as the Commission's monitor for SOS procurements from 2006 through 2010. Delaware currently uses a "three-year rolling average" structure for its residential customers, with one-third of SOS supply needs being procured each year in the form of three-year contracts from wholesale suppliers. The actual method of procurement is a reverse auction. Unlike some other States, Delaware procures its Renewable Portfolio Standard (RPS) needs separately, mostly via long-term contracts, rather than bundling the requirement in with its SOS product.

In our review we will not only focus on the SOS procurement process, but also the current rules for retail choice in Delaware. This is an important area, since retail suppliers effectively compete with the SOS rate. In many states the structure of the SOS rate is often influenced by the State policy toward retail competition. For example, in New Jersey the BPU has generally favored a strong and stable rate and trusted markets to beat that rate when possible while in Pennsylvania the desire to push more customers to retail suppliers has led to the creation of more volatile and "market reflective" (i.e. short-term) procurements.

Perhaps the single biggest "game changer" in this regard is municipal aggregation, which has the potential to move large numbers of residential customers to competitive supply, this has happened in places such as Illinois and Ohio. While we understand there is

already a review of municipal aggregation underway we will at a minimum consider the effect of current aggregation rules and policies on the SOS process.

Once we have completed our review of Delaware we will move on to other states. We will first focus on states most similar to Delaware, that is, states in PJM with retail competition where generation has been divested and where some sort of competitive default service is procured. This includes states like New Jersey, Maryland, Pennsylvania, Ohio, Illinois and the District of Columbia. We are very familiar with all these states, having worked in them as monitors for SOS procurements and, in many cases, assisting these Commissions with other tasks related to resource choice.

We will start by looking at how each state procures SOS service. While all states have the same goal – to acquire competitively-priced service for those who “choose not to choose” a competitive retail supplier – the ways in which they choose to go about it can have an effect on ratepayers. One of the most basic choices has to do with the structure of the product. Some states (e.g. New Jersey) use a three year rolling average like Delaware. Maryland, on the other hand, replaces roughly 50% of its residential supply each year with two-year contracts. This makes rates more volatile but possibly subject to a smaller risk premium. While a shorter term is less desirable when market prices are increasing, it is more beneficial when prices are decreasing.

A second choice has to do with how the SOS product is procured. Delaware uses a “reverse auction” process. New Jersey and Ohio use a “descending clock” process, which provides more information to potential suppliers and can lead to more aggressive offers, but also requires a healthy level of competition in order to provide successful results. Maryland and DC use sealed-bid RFPs (as did Delaware prior to 2008), which work more effectively with low levels of competition, but do not provide the type of immediate bidder feedback which can lead to lower prices.

A third major choice is the composition of the product, specifically, what customers and which components of full requirements service are included in the product. For example, the RPS component in New Jersey and Maryland is bundled into the SOS product, whereas in Delaware and Ohio it is not. Procuring RPS requirements with the product can be simpler, but removes some degree of price transparency and policy flexibility from the process. Another example is the fact that most states procure SOS supply for residential customers separately but in Ohio the SOS product is a “slice of system”, with all classes of customer lumped in together. Most radically, in Illinois the SOS product is not a “full requirements” product at all, but “blocks” of energy, with other components procured in separate processes. Again, all these choices have both benefits and drawbacks.

Note that these are just three major choices, but there are many other issues that affect the SOS process and the rates that are paid by customers. These other choices include things like credit requirements, timing of procurements, number of bid days, load caps and other competitive safeguards. We will consider all of these issues in our analysis.

As mentioned above, this review will also look at how the SOS product interacts with competitive retail suppliers. Each state has its own rules with regard to items such as switching speed, minimum stay provisions, and municipal aggregation. These rules often reflect a balance between the goal of getting customers to shop for supply and the goals of protecting customers from deceptive practices and understanding the risks they assume with each supply choice.

This review will also consider how the choice to use an SOS process has benefited states as well as the drawbacks to such a process. For example, while the process has brought stable rates it does depend on effective wholesale markets to make it work. The recent proposal from PJM to change its capacity market, a change which will retroactively change established prices for capacity, has led many wholesale suppliers to retreat from offering supply in SOS procurements. Also, because SOS procurements offer contracts of no more than three years, the process is not conducive to attracting new generation. This can be an issue in light of state reliability concerns and the difficulty of PJM wholesale markets in attracting long-term resources.

To the extent that we feel it is valuable, we will then look farther afield to both deregulated states in other RTOs and states under more traditional regulation. These latter states have more control over customer rates, more flexibility and ability to pursue new technologies, but lack the competition and price stability afforded by the SOS process. While we would not consider a full return to regulation for Delaware, there are still some lessons from these states, particularly in their pursuit of new technologies such as IGCC and renewable facilities, which could be beneficial to Delaware.

Throughout this task we would compile the best and worst features of each state's strategy. We will prepare our findings in a report to the Commission. We will share one draft of the report with Staff to ensure that we are on the right path.

## **Task 2: Electric Supply Procurement Options Recommendation**

In this task we will use the findings from our Task One research to lay out recommendations for the State regarding electric procurement for residential and small commercial customers. Per the RFP, we will look for recommendations that provide cost effective supply while still maintaining appropriate levels of price stability.

We will evaluate the benefits and costs of each strategic choice. In our experience there is not necessarily a "right" or "wrong" choice. Instead there are choices that reflect various policy goals. The goal of this exercise, then, would be to make sure that Delaware makes the electric supply choices that best reflect its policy goals.

We will very clearly lay out the risks and rewards of each strategic choice and explain, in plain English, why various choices might be appropriate for Delaware. Some of the choices we will likely discuss include;

- SOS contract length – should Delaware continue with the current three-year average, or would it be more appropriate to shorten contract lengths to provide pricing that more reflects current market conditions?
- SOS product structure – should SOS continue as a full requirements product? Would it make more sense to further unbundle the product or should even more components (RPS, Network Integration Transmission Service) be added into the product?
- Procurement style – Is the reverse auction process still the right process for the State? Would a sealed-bid or descending clock style auction be more effective? Should Delmarva continue to be the provider of SOS service or should that function be bid out to another party? Should there be more bids days or fewer?
- Relationship with third-party suppliers – Can third-party suppliers effectively compete with the SOS product? Does the product offer a reasonable competitive offer for ratepayers? Are there additional rules that would improve both the SOS process as well as third-party competition?
- Additional considerations – Are there any additional actions that could be taken outside the SOS process to secure less expensive, more reliable supply for ratepayers and achieve other policy goals? For example, should Delmarva offer a long-term contract to encourage development of new generating facilities, demand response offerings, or energy efficiency products?

Our recommendations will be informed by our knowledge of Delaware state policies, which we will review in Task Three. To the extent appropriate, we will supplement this Task with data from our modeling exercises in Task Four. Please see our description of that task for more information.

### **Task 3: Review of Legislation and Change Recommendations**

In this Task, we will review the current Delaware legislation with a focus on identifying two elements. First we will look for legislation that is unnecessary and costly for ratepayers. While most legislation is typically enacted with a necessary or desirable purpose, it can be the case that the legislation either does not work as intended or has outlived its usefulness. For example, New Jersey at one point placed restrictions on switching on and off the default service for larger customers. Specifically, they added a minimum stay requirement for customers who left the default service and returned after being served by a third-party supplier. The goal of this legislation was to lessen the risk

of migration – a risk that SOS bidders have to account for in their bids. The hope was that by lowering this risk suppliers could offer lower prices. In practice, however, the price effect was minimal at best and customers did not like the restrictions on movement, so the rule was scrapped.

Second, we will look for elements of the legislation that would need to be changed in order to enact our recommendations in Task Two. Again, this is something we do for other Commissions. For example, for the DC Commission we regularly must consider whether proposed changes to the SOS process or other legislative actions are in compliance with their current legislation which lays out requirements for how the process will run. Just recently we worked with DC Commission Staff to develop a set of proposed edits to the current SOS legislation that take into account the recent passing of DC’s Community Renewable Energy Act (CREA), an Act which establishes the use of shared renewable facilities – e.g. solar panels on an apartment building – in DC. This required us to review the new legislation and the DC SOS rules and suggest edits to make sure that the two documents worked together effectively.

#### **Task 4: Provide Modeling to Support Recommendations**

In this Task we will develop analyses to support our recommendations. We will clearly spell out the parameters and implications of any analyses so that all can understand just what we did, why we did it, and what our results mean. We will look to keep everything as clear as possible and avoid relying on any “black box” models.

Again, the “right” answer is usually one that fits best with State policy. The goal of the modeling is to provide some backing for the discussion. For example, we know that shortening the SOS contract period will make rates more volatile, but how volatile would they be?

For this task we will rely on a couple of tools, one of which is unique to Boston Pacific. Our Benchmark Pricing Model is a tool that we use in our SOS monitoring that allows us to set price expectations and test the reasonableness of bids received. This model uses current and historical market data to put us in the shoes of a bidder in order to forecast a range of reasonable bid prices. The model is an Excel-based model and very transparent.

The model will allow us to undertake a number of analyses should we choose to do so. For example we could look back over the last few years and see what prices and rate changes might have been like if we scrapped the three-year rolling average for a one-year residential product. We could also experiment with removing or adding components to the SOS product. For example, we could create a product that is simply a load-following energy price hedge, with other components (capacity, ancillary services) being purchased at spot market prices. By paring the outputs of our model with historical data we can simulate the effectiveness of different supply strategies for Delaware ratepayers.

We can also create analyses using more traditional tools like Excel and employing historical data. For example, we could look at historical LMPs to determine the cost of serving all or part of the residential load at spot prices (with part of the load served by SOS suppliers). We could also look at more complicated actions. For example, would it make sense for Delmarva to procure new capacity as a hedge against capacity prices rising?

The results of this Task will be incorporated into our report to the Commission.

## IV. PROPOSED RESOURCE COMMITMENT

The following individuals will be the key team members performing Technical Consultant services.

**Frank Mossburg**, a Managing Director, has over 12 years of experience in energy consulting. He will lead this project, a role he has filled since 2007 in many of Boston Pacific's procurement and monitoring engagements. He was the day-to-day lead for Boston Pacific's monitoring of Delmarva Power and Light's 2006-2007 through 2009-2010 SOS solicitations, and has managed Boston Pacific's monitoring efforts for full requirements procurements in the District of Columbia, Maryland, New Jersey, Ohio, and Pennsylvania. For these engagements he participates in all bid phases, including RFP design, bid evaluation, technical analysis, and process improvement. He has also led work monitoring unit-contingent procurements in Oregon, Oklahoma, and California for both conventional and renewable resources. He has formally or informally appeared before Commissions and Staff in DC, Delaware, Maryland, New Jersey, Ohio, Pennsylvania and Oregon to make recommendations on procurement design, process, and results. He has submitted testimony to commissions in Maryland, Oklahoma, and Pennsylvania concerning topics such as procurement results and the risk protections of PPAs for renewable resources and to the Minnesota Commission regarding the cost of generating technologies. Frank received his MBA from the University of Virginia's Darden Business School and a BS in Economics, cum laude, with a concentration in Finance, from the University of Pennsylvania's Wharton Undergraduate School of Business.

**Andrew Gisselquist** is a Project Director at Boston Pacific with nearly a decade of professional experience. He leads Boston Pacific's day-to-day work as procurement monitor in Illinois, where he has worked since 2008. He has also worked on the Boston Pacific teams monitoring RFPs for SOS in Delaware, the District of Columbia, New Jersey and Ohio. In total he has monitored more than 50 auctions and RFPs that have procured billions of dollars of contracts to supply default utility service. Each engagement has covered the scope of work required of the Technical Consultant in Delaware. Products solicited include full requirements electricity, energy, capacity, and renewable energy credits (RECs). Andrew has also worked on Boston Pacific's engagements as the Independent Evaluator for unit-contingent RFPs to acquire renewable resources or baseload generating capacity. In this role he: (1) monitored a RFP to procure renewable generation in Oregon, reviewing bids' price and non-price characteristics, draft RFP documents, and the utility's bid evaluation models, (2) evaluated Public Service Company of Oklahoma's response to EPA regulations on sulfur dioxide and other emissions from its coal plants, and (3) monitored two separate RFPs by Public Service Company of Oklahoma to procure baseload generation, including reviewing bid proposals price and non-price terms, independently modeling the cost of bids, and monitoring detailed contract negotiations. He has also written about the state of carbon legislation and EPA environmental regulations for the Board of the Southwest Power Pool from 2008 through 2014. Prior to joining Boston Pacific, Andrew was an

analyst for the Congressional Budget Office (CBO) in the macroeconomic analysis division. Andrew holds a B.A. in economics from Swarthmore College and a Master of Public Administration from the School of International and Public Affairs at Columbia University.

**Katherine Gottshall** is a Project Manager with over a decade of experience, the majority of which is focused in the electricity industry. She specializes in designing and monitoring electricity procurements, evaluating utility resource planning decisions, and data analysis. She has monitored over 75 auctions and RFPs ranging from long-term baseload or renewable energy RFPs in Oklahoma, Illinois, and Mississippi as well as short-term standard offer service (SOS), energy, capacity, or renewable energy credits (REC) in the District of Columbia, Delaware, Illinois, Maryland, Ohio, and Pennsylvania. Katherine also worked on a transmission capacity auction for TransCanada's merchant line open season. She developed many of Boston Pacific's in-house models used to evaluate these procurements, from models to verify and rank uniform bids to more complex models that assess all the details of unit-contingent bids. In addition, she provides valuable insight into the drivers of winning prices. Katherine regularly presents the results of SOS Request for Proposals (RFP) in DC and Maryland to the commissions in confidential sessions and has publicly testified before the Maryland Commission on the RFP results. She has expertise across all stages of SOS RFPs, including reviewing draft RFP and contract documents, testing auction software, monitoring bid days, confirming compliance of the auction with regulations, and writing and data checking the final reports. She also has expertise in areas surrounding SOS procurements, including rates and drafting regulations. In our District of Columbia work in particular, she monitors PEPCO's calculation of the retail rates and helps draft and comment on regulation for the DC Commission. Katherine joined Boston Pacific from the Quantitative Research Group at Cambridge Associates, bringing extensive experience building sophisticated quantitative models. Katherine received a BA, with double majors in Economics and Mathematics, from Wellesley College.

Additionally, there are other consultants and administrative staff who will play supporting roles in this engagement.

## **V. BUDGET**

Boston Pacific would be pleased to serve as outlined in the scope of work based on our hourly rate schedule, and will agree not to exceed a fee of \$108,060. This is an overall cap, not a cap by task. We will only bill for hours worked.

Expenses incurred directly in this work would be billed separately and not exceed 5% of the total budget. Please see the attached detailed budget for more information.

Please note that this budget assumes a single draft is sent to Staff and does not include costs for appearing to present the final report to the Commission. We would be happy to perform this latter task, but may request additional funds to do so.

**BUDGET FOR ASESMENT  
BY TASK AND BY LABOR CATEGORY**

		Managing Director		Project Director		Project Manager		Research Analyst		TOTAL	
		Rate (\$/hour)		255		215		150			
TASKS		Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
1	Electricity Supply Procurement Assessment	20	6,800	60	15,300	0	0	40	6,000	120	28,100
2	Electricity Supply Procurement Options Recommendation	20	6,800	70	17,850	70	15,050	0	0	160	39,700
3	Review of Legislation and Change Requirements	12	4,080	16	4,080	0	0	0	0	28	8,160
4	Provide Modeling to Support Recommendations	20	6,800	20	5,100	80	17,200	20	3,000	140	32,100
<b>TOTAL</b>		72	24,480	166	42,330	150	32,250	60	9,000	448	108,060

*Budget represents Cap in total amount spent, not by task or hours  
Expenses billed at cost, as incurred*

# ATTACHMENTS

STATE OF DELAWARE  
Public Service Commission Staff

Attachment 2

CONTRACT NO.: STA15129PSCDPLSOSR  
 CONTRACT TITLE: Consulting Services to Review Utility Standard Offer Service Electricity Procurement  
 OPENING DATE: January 16, 2015 at 4:30 PM (Local Time)

**NON-COLLUSION STATEMENT**

This is to certify that the undersigned Vendor has neither directly nor indirectly, entered into any agreement, participated in any collusion or otherwise taken any action in restraint of free competitive bidding in connection with this proposal, **and further certifies that it is not a sub-contractor to another Vendor who also submitted a proposal as a primary Vendor in response to this solicitation** submitted this date to the State of Delaware, Public Service Commission.

It is agreed by the undersigned Vendor that the signed delivery of this bid represents the Vendor's acceptance of the terms and conditions of this solicitation including all specifications and special provisions.

**NOTE:** Signature of the authorized representative **MUST** be of an individual who legally may enter his/her organization into a formal contract with the State of Delaware, Public Service Commission.

COMPANY NAME Boston Pacific Company, Inc. Check one)

<input checked="" type="checkbox"/>	Corporation
<input type="checkbox"/>	Partnership
<input type="checkbox"/>	Individual

NAME OF AUTHORIZED REPRESENTATIVE  
 (Please type or print) Craig R. Roach

SIGNATURE Craig R. Roach TITLE President

COMPANY ADDRESS 1100 New York Ave. NW Suite 490 East, Washington, DC 20005

PHONE NUMBER 202-296-5520 FAX NUMBER 202-296-5531

EMAIL ADDRESS Croach@bostonpacific.com

FEDERAL E.I. NUMBER 52-1513111 STATE OF DELAWARE LICENSE NUMBER \_\_\_\_\_

COMPANY CLASSIFICATIONS:  CERT. NO.:	Certification type(s)	Circle all that apply	
	_____	Minority Business Enterprise (MBE)	Yes
	Woman Business Enterprise (WBE)	Yes	No
	Disadvantaged Business Enterprise (DBE)	Yes	No
	Veteran Owned Business Enterprise (VOBE)	Yes	No
	Service Disabled Veteran Owned Business Enterprise (SDVOBE)	Yes	No

[The above table is for informational and statistical use only.]

PURCHASE ORDERS SHOULD BE SENT TO:  
 (COMPANY NAME) Boston Pacific Company, Inc.

ADDRESS 1100 New York Ave. NW Suite 490 East, Washington, DC 2005

CONTACT Glenn W. Stevens

PHONE NUMBER 202-296-5520 FAX NUMBER 202-296-5531

EMAIL ADDRESS gstevens@bostonpacific.com

**AFFIRMATION:** Within the past five years, has your firm, any affiliate, any predecessor company or entity, owner, Director, officer, partner or proprietor been the subject of a Federal, State, Local government suspension or debarment?

YES \_\_\_\_\_ NO X if yes, please explain \_\_\_\_\_

**THIS PAGE SHALL HAVE ORIGINAL SIGNATURE, BE NOTARIZED AND BE RETURNED WITH YOUR PROPOSAL**

SWORN TO AND SUBSCRIBED BEFORE ME this 15<sup>TH</sup> day of January, 20 15

Notary Public Glenn W. Stevens My commission expires 12-14-2016

City of WASHINGTON, D.C. County of \_\_\_\_\_ State of \_\_\_\_\_





STATE OF DELAWARE  
Public Service Commission Staff

Attachment 5

Contract No. **STA15129PSCDPLSOSR**

Contract Title: Consulting Services to Review Utility Standard Offer Service Electricity Procurement

BUSINESS REFERENCES

List a minimum of three business references, including the following information:

- Business Name and Mailing address
- Contact Name and phone number
- Number of years doing business with
- Type of work performed

Please do not list any State Employee as a business reference. If you have held a State contract within the last 5 years, please provide a separate list of the contract(s).

1.	<b>Contact Name &amp; Title:</b>	Frank Perrotti, Senior Energy Analyst
	<b>Business Name:</b>	New Jersey Board of Public Utilities
	<b>Address:</b>	44 Clinton Ave. 7th Floor Trenton, NJ 08625
	<b>Email:</b>	frank.perrotti@bpu.state.nj.us
	<b>Phone # / Fax #:</b>	609-341-2836
	<b>Current Vendor (YES or NO):</b>	Yes
	<b>Years Associated &amp; Type of Work Performed:</b>	Since 2006 Boston Pacific has served as the Board Advisor for the Annual Basic Generating Service (BGS) Auctions, which procures default service for the State of NJ
2.	<b>Contact Name &amp; Title:</b>	Calvin Timmerman, Assistant Executive Director
	<b>Business Name:</b>	Maryland Public Service Commission
	<b>Address:</b>	6 St. Paul Street, 16th Floor, Baltimore, MD 21202
	<b>Email:</b>	Calvin.timmerman@maryland.gov
	<b>Phone # / Fax #:</b>	410-767-8010
	<b>Current Vendor (YES or NO):</b>	YES
	<b>Years Associated &amp; Type of Work Performed:</b>	Since 2009 Boston Pacific has served as the Technical Consultant for the SOS RFP for all four Maryland utilities. We also designed and ran the MD RFP for Long-Term capacity and defended the program in Federal Court.
3.	<b>Contact Name &amp; Title:</b>	Grace Hu, Chief Economist
	<b>Business Name:</b>	District of Columbia Public Service Commission
	<b>Address:</b>	1333 H Street NW, 2nd Floor West Tower, Washington DC 20005
	<b>Email:</b>	GHu@psc.dc.gov
	<b>Phone # / Fax #:</b>	202-626-5148
	<b>Current Vendor (YES or NO):</b>	YES
	<b>Years Associated &amp; Type of Work Performed:</b>	Since 2004 Boston Pacific has served as the Technical Monitor for the Pepco SOS RFP. We have also provided technical help on issues regarding SOS regulations and rate filings.

**STATE OF DELAWARE PERSONNEL MAY NOT BE USED AS REFERENCES.**

STATE OF DELAWARE  
Public Service Commission Staff

Attachment 9

Contract No. **STA15129PSCDPLSOSR**

Contract Title: **Consulting Services to Review Utility Standard Offer Service Electricity Procurement**

EMPLOYING DELAWAREANS REPORT

As required by House Bill # 410 (Bond Bill) of the 146<sup>th</sup> General Assembly and under Section 30, No bid for any public works or professional services contract shall be responsive unless the prospective bidder discloses its reasonable, good-faith determination of:

1. Number of employees reasonable anticipated to be employed on the project: 4
2. Number and percentage of such employees who are bona fide legal residents of Delaware: 0  
Percentage of such employees who are bona fide legal residents of Delaware: 0
3. Total number of employees of the bidder: 10
4. Total percentage of employees who are bona fide resident of Delaware: 0

If subcontractors are to be used:

1. Number of employees who are residents of Delaware: \_\_\_\_\_
2. Percentage of employees who are residents of Delaware: \_\_\_\_\_

“Bona fide legal resident of this State” shall mean any resident who has established residence of at least 90 days in the State.