**Procurement / RFO Best Practices**

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1. Know in advance whether you have a clear idea of what you want, if you have specific capacity needs, REC needs, Portfolio Content Category, energy requirements at particular times of day, etc. To the extent you know what you need specify it clearly and strictly screen bids for conformance to stated requirements. But you may also be "testing the market" or open to unexpected offer types. Then say that clearly and also clarify how much information you want an offer to convey -- for example, do you need land costs broken out separately?

2. Especially the first few times you run a solicitation, have a bidder conference or webinar call shortly after the RFO is released to familiarize them with you and your needs, and to let you have an idea of how many interested bidders there may be (and what type or experience level).

3. Place limits on the number of variations (price, start date, duration) allowed for a single base offer, and on the total number of offers allowed. Charge a nonrefundable bid fee to discourage frivolous offers.

4. Have a clear idea of what you have to spend to take advantage of an offer, especially in the case of new build. Who pays for permitting? Who arranges / pays for interconnection? Are any cost caps appropriate? Who pays for unexpected remediation?  Who is the scheduling coordinator?

5. Understand the costs of your own contract or any modifications that a bidder presents. Under what circumstances can the contract be terminated and how much will termination cost you?

6. Determine your evaluation criteria, and the methods or models you will use, before you see any bids. Don't tailor your evaluation to the bids, make the bidder tailor their offers to you. You don't have to have all your models and tools finished when the bids come in but you should have decide what they will do. But always test your tools before using, preferable on several artificial bids where you know what you prefer -- to make sure the evalautaion tool reflects that preference.

7. Have a method to determine bidder viability (success probability), especially for new-build offers, and creditworthiness / credit cost. These should be factored into your evaluation.

8. To the greatest extent possible avoid arbitrary evaluation parameters. If any assumptions are needed about a bid's properties -- capacity factor, delivery profile, outage rate -- make the bidders tell you in their offers, and design a contract and payment structure that motivates honesty. Do not publish evaluation parameters, except possibly criteria weights, and then just as ranges ("20-30%", not 25%).

 (The example I always have in mind is from the FSO4 auction, where one utility published its assumptions about wind capacity factors and bidders who realized those were biased low put in negative capacity prices and high energy prices so they looked good at the evaluation capacity factor but would have been very expensive to ratepayers at their actual expected capacity factors.)

9. Separate the "shortlisting" and "award" phases. You should shortlist more capacity than you want in order to (a) allow for some failure or withdrawal of bids; (b) give yourself some room to negotiate prices down.

10. Secure your communications, not just your internal communications about evaluation but also the external communications you use for bidders to submit commercially sensitive competitive information like offers and questions. Use some kind of web service specialized for procurement, like Ariba or PowerAdvocate. Especially if you use your own server make sure there is an alternative bid submission method; but if you have a deadline, timestamp all files on receipt -- you can always allow a slightly late bid if it seems reasonable  but you need to have the ability to reject it.

11. Have a dedicated email address if bidders are going to email you, don't have them write to specific individuals. But, discourage the use of open email.

12. Answer every bidder question, or tell them you can't answer it, promptly, and publish the answers (removing bid-specific info).

13. Act to prevent and reject collusive bidding.

14. Determine in advance whether you will give any flexibility to late submissions.

15. After your solicitation, get feedback from participants to help you improve the process.

16. "Be the boss" and apply any rules like these judiciously.