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REECE McALISTER
EXECUTIVE DIRECTOR

SALLIE TANNER
EXECUTIVE SECRETARY

Georgia Public Service Commission

(404) 656-4501
(800) 282-5813

244 WASHINGTON STREET, SW
ATLANTA, GEORGIA 30334-5701

FAX: (404) 656-2341
psc.ga.gov

DOCKET NO. 44942

IN RE: GEORGIA POWER COMPANY'S 2023 DISTRIBUTED GENERATION REQUESTS FOR PROPOSALS

ORDER MODIFYING FINAL DRAFT DOCUMENTS

On August 3, 2023, Georgia Power Company ("Georgia Power" or "Company") filed the final drafts of Georgia Power's 2023 Distributed Generation ("DG") Request for Proposals ("RFP") and Pro Forma Power Purchase Agreement ("PPA") for Georgia Public Service Commission ("Commission") approval. As approved by the Commission in its Order Adopting Stipulation in Docket No. 44160 ("2022 IRP Final Order") regarding Georgia Power's 2022 Integrated Resource Plan ("IRP"), Georgia Power will procure up to 200 megawatts ("MW") of DG. Further, under the 2019 Final IRP Order in Docket No. 42310, the unfilled procurement target from Georgia Power's 2020 DG RFP and the Renewable Energy Development Initiative Customer-Sited ("REDI CS") II program (approximately 93 MW) will be added to the 2023 DG RFP procurement target. Georgia Power will issue two RFPs to meet the DG procurement requirements set forth in the 2022 IRP Final Order.

The 2023 DG RFP seeks to procure approximately 193 MW of energy from solar photovoltaic (fixed-tilt or tracking) DG resources with facilities sized greater than 250 kilowatts ("kW") up to 6 MW. A facility must interconnect to the Company's distribution system. If the

facility is located outside of Georgia Power's service territory, a three-party agreement with the service territory's electric service provider (e.g., an Electric Membership Cooperative ("EMC") or municipality) will be required. All environmental attributes produced by or related to the facility must be bundled with the energy procured under this DG RFP. The second RFP, the 2024 DG RFP, is expected to be issued in 2024 after the 2023 DG RFP closes.

Accion Group, LLC was selected by the Commission as the Independent Evaluator ("IE") for this solicitation. The role for this RFP will be an IE instead of an independent monitor ("IM") since Georgia Power provided notification during the Distributed Generation Working Group ("DGWG") meetings that it intended to submit Company-Owned Proposals into this RFP. All communications and submission of bids will be through https://gpcdgrfp.accionpower.com/ ("IE Website"). The evaluation of the bids received will primarily focus on a bid's economic net benefits, but other qualitative and non-price attributes, such as use of union labor and diversity, equity, and inclusion will be considered, especially where one or more bids offer a substantially similar economic benefit.

Bidders are required to submit with each bid a non-refundable "Bid Fee" of $4 per kW ($4,000/MW). There will also be a Winner's Fee of $10/kW ($10,000/MW) to cover the IE cost and a portion of the costs to administer this DG RFP. Bidders can elect a project term of 15, 20, 25, 30 or 35 annual periods. Once a bid is submitted, the bidder will not be allowed to adjust the PPA term length. For the evaluation of proposals with unequal contract term lengths, the Company will utilize its projected avoided costs in order to evaluate bids on an equivalent basis. This method is consistent with what was done in prior RFPs. Following the initial Net Benefit ranking, Georgia Power will review with Commission Staff ("Staff") and the IE the Solar weighted Projected Avoided Costs for a single Georgia Power generic single axis tracking solar profile modeled in one or more Georgia Power planning scenarios (e.g., MG0, HG0, MG20, etc.) relative to the initial Net Benefit ranking to determine the Best Cost Threshold, which will determine the bids that move forward. Once the Best Cost Threshold is determined in coordination with Staff and the IE, Bid ranking will be finalized. For each unique bid submitted, a bidder will be permitted to provide one levelized pricing option and one escalating pricing option for one bid fee.

On May 30, 2023, draft RFP and PPA documents were posted to the IE Website to allow potential bidders the opportunity to submit comments and offer revisions to the documents. On June 8, 2023, Georgia Power conducted an online Bidder's Conference for potential Bidders and

interested parties to discuss the 2023 DG RFP process and the draft RFP Documents with Georgia Power, Staff, and the IE. There were 98 attendees that participated. There were 2 parties that provided a total of 15 comments (14 on the RFP and 1 on the PPA) regarding the draft documents. Each of the comments received were reviewed by Staff, Georgia Power, and the IE and responses to the comments were provided by the IE to every commenter on July 21, 2023.

On August 3, 2023, the Final Draft of the RFP and PPA documents were posted to the IE website and filed with the Commission for consideration and approval. The Final Draft RFP and PPA documents reflect some minor modifications from the initial draft documents.

The proposed timeline for the 2023 DG RFP activities is as follows:

Solicitation Schedule (2023 DG RFP)	
Activity	**Date**
Draft RFP Documents Posted on the IE Website	May 30, 2023
Comment Period Begins	May 30, 2023
Bidders Conference (Via Webinar)	June 8, 2023
Comment Period Ends	June 16, 2023 **12:00 PM ET**
Final draft of 2023 DG RFP, including the pro forma PPA, filed with Commission for Approval and Posted on IE Website	August 3, 2023
Anticipated Commission Approval of Final RFP Documents	No later than August 15, 2023
RFP Released via the IE Website	August 28, 2023
Company-Owned Proposals Submission Deadline – Company-Owned Proposals must be electronically submitted by 12:00 PM ET	September 5, 2023 12:00 PM ET
Bid Period Opens	September 12, 2023
Bid Due Date (Bid Period Closes and Bid Fees Due) – Bids must be electronically submitted by 12:00 PM ET	September 26, 2023 **12:00 PM ET**
Bid Evaluation Period Begins	September 27, 2023
Contracting Period Begins	July 2024

Although Commission Rule 513-3-4.04 (3) permits the Company to submit a Company-owned Proposal, throughout the DGWG process, developers expressed their concerns regarding how the Company will have advantages in the bidding process that will lead to unfair practices and create an unlevel playing field which ultimately could limit developer participation. Potential

advantages include: the Company not being required to pay bid fees or bid development costs, the Company not being required to post security, the Company having the ability to request cost overrun recovery, the Company not having to pay liquidated damages, and the Company having expert knowledge of the system and other information that will assist it in siting and pricing of projects. Developers pointed out that PPAs provide protections for ratepayers from cost risks of third-party projects underperforming that will not be in place for Company projects such as how long the project would actually produce energy.

In response to a Q&A from the IE website, if a Company-Owned Proposal advances, Georgia Power will cover its portion of the Winner's Fee. The Bid Fee is paid to Georgia Power to defray costs Georgia Power incurs for administration of the RFP. Georgia Power will not pay itself a Bid Fee. Regarding Interconnection Agreement ("IA") Fees, Georgia Power similarly will not enter an IA with itself. Delay Liquidated Damages ("LDs") are damages paid to Georgia Power to make it whole in the event a generator fails to deliver the facility by the time promised in the PPA. Georgia Power will not enter a PPA with itself and LDs and Performance Security are PPA terms. LDs are damages that are owed in the event of PPA breach. Performance Security is a form of collateral that secures a Generator's obligation to pay. Georgia Power will not enter a PPA with itself, so LDs and Performance Security are not applicable to Georgia Power.

Commission Rule 515-3-4-.04(3)(d) (Standards of Conduct) incorporates measures to segregate the Company's Evaluation Team ("Evaluation Team") and any Affiliate Bid Team. The lists identifying the Evaluation Team and, if applicable, Affiliate Bid Team members can be located on the Commission's filing log under Docket No. 44942 and on the "Documents" page of the IE Website. However, this Commission rule does not apply to the Company itself. In section 1.3.2. B of the Final Draft RFP, Georgia Power plans to voluntarily impose the Affiliate communications restrictions as set forth in Commission Rule 515-3-4-.04(3) to restrict communications between the Evaluation Team and the Company-Owned Proposal Team, except as noted regarding Specialized Technical Support Personnel in Section 1.3.2.C (*Company-Owned Proposal Team and Specialized Technical Support Personnel*). No Company-Owned Proposal Team member may share with any Primary Evaluation Team member any Company-Owned Proposal information related to the costs or specific characteristics of any aspect of the Company-Owned Proposal or its proposed Facility, except for communications facilitated by the IE and necessary for evaluation of a Company-Owned Proposal.

Regarding potential cost overruns, Section 8.2 of the Final Draft RFP includes language that states in accordance with O.C.G.A. § 46-3A-5, and under Commission Rule 515-3-4-.07(2), if a Company-Owned Proposal advances, it will be submitted for Certification together with other winning Bids, and the IE will testify regarding its evaluation of the Company-Owned Proposal. The Commission's certificate approving any Company-Owned Proposal will set forth the not-to-exceed cost, which, similar to the certified cost of any PPA or asset purchase agreement under which Georgia Power acquires a Facility, may not otherwise change, except as allowed by law under O.C.G.A. § 46-3A-7, and only with the Commission's express approval.

Regarding the evaluation of Company-Owned Proposals, Section 7.5 of the Final Draft RFP states the IE, Staff, and Georgia Power will agree on a methodology to compare Company-Owned Proposals to bids which will include calculating a revenue requirement using Georgia Power's proprietary revenue requirement model that will be locked down before bids are received. The revenue requirement will be converted into a price stated in cents per kilowatt-hour (¢/kWh) to provide Company-Owned Proposal information to the Primary Evaluation Team in a manner that will not identify the submission as a Company-Owned Proposal and to allow the Company-Owned Proposal to be evaluated on the same basis as other bids. Following the IE's conversion, the IE will release Bids and Company-Owned Proposals to the Primary Evaluation Team. The Primary Evaluation Team will then proceed with the evaluation and ranking of Bids and Company-Owned Proposals in the manner described in Section 7.3 (*Initial Bid Evaluation Criteria*) and the development of Bid Lists described in Section 7.6 (*Bid Lists*).

At Energy committee on August 10, 2023, the attorney for Georgia Power stated that the Company would not be submitting any Company Owned Proposals into this RFP but preserved their right to do so in a future RFP. In addition, Inman Solar stood up and provided comments regarding the Company's participation in future DG RFPs. Inman Solar stated that Georgia Power proposals could have unfair advantages in the RFP process and asked the Commission to impose restrictions on any Geogia Power participation.

On August 10, 2023, Inman Solar renewed its request in a letter filed with the Commission. The letter had three requests for the Commission's consideration: 1. require Georgia Power to participate through a Southern Company unregulated subsidiary; 2. if allowed to participate directly as the regulated entity, Georgia Power must clearly point out that all the lifetime costs are included in their proposals, and should commit to not seeking cost recovery on their projects; and,

3. if allowed to rate base their projects, limit Georgia Power proposals to 20% of the overall program capacity. This should not be taken as a carveout, but to limit the disruption to the program.

At the August 15, 2023 Administrative Session, Staff stated that since Georgia Power had notified the Commission that it would not be submitting Company Owned Proposals in the 2023 DG RFP, the issue of whether any restrictions or limitations would be necessary if the Company made such a proposal need not be decided in this order. Such issues could be addressed during the next DG RFP since the RFP and PPA documents would come before the Commission for approval at that time. Staff recommended approval of the Final Draft documents with the following modifications:

1. Section 1.3.2. D should be amended such that both the IE and Staff are made aware of the nature and scope of communications between the Evaluation Team and Company-Owned Proposal Team.
2. Section 7.5 should be amended such that Staff will oversee the IE's conversion of Company-Owned Proposals from a Revenue Requirement to a cents per kWh.

The Commission approved Staff's recommendation at the August 15, 2023, Administrative Session.

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WHEREFORE IT IS ORDERED that the Final Draft 2023 Request for Proposals and Power Purchase Agreement documents with the modifications recommended by Commission Staff are hereby approved.

ORDERED FURTHER, that all findings, conclusions, statements, and directives made by the Commission and contained in the foregoing sections of this Order are hereby adopted as findings of fact, conclusions of law, statements of regulatory policy, and orders of this Commission.

ORDERED FURTHER, that a motion for reconsideration, rehearing, or oral argument or any other motion shall not stay the effective date of this Order, unless otherwise ordered by the Commission.

ORDERED FURTHER, that jurisdiction over this matter is expressly retained for the purpose of entering such further Order or Orders as this Commission may deem just and proper.

The above by action of the Commission in Administrative Session on the 15th day of August 2023.

Sallie Tanner
Executive Secretary

8/22/23
Date

Jason Shaw
Chairman

8-22-23
Date