

2025 All Source RFP

Exhibit D

Evaluation Methodology

This three-part methodology will be used to evaluate and rank proposals submitted as part of this RFP. The three parts of the methodology are:

- Initial Screen of General Qualifications
- Evaluation of Initial Proposals
- Evaluation of Detailed Proposals

These three parts are described in greater detail below and are also contained in the Sample Evaluation Matrix provided in Exhibit E.

Note: Avista reserves the right to modify scoring within these categories based on changes in federal, state, or local guidelines.

Initial Screen of General Qualifications:

Each proposal will be reviewed to verify it meets these General Qualifications which have been designed to identify proposals that do not follow the submittal guidelines or contain flaws and do not warrant further evaluation. A failure to meet any one of the General Qualification will result in dismissal of the proposal from consideration.

General Qualifications (please refer to Exhibit B-1 for additional information)

1. Demonstrate site control by ownership, leases, options, ownership or other proof of control. If site control spans multiple landowners, bidder must have an explanation of the site control plan.
2. A viable financial plan to bring project to completion.
3. Bidder must meet the minimum credit requirements.
4. For new generating resources, a major component procurement plan is in place practical for the project's proposed timeline.
5. Project meets the transmission and interconnection requirements.
6. The Proposal is well formed, was submitted on time, and generally provides the requested information in the manner specified in the RFP.

Evaluation of Initial Proposals:

Each Initial Proposal meeting the General Qualifications will be evaluated on six categories (Table 1)¹.

Table 1: Evaluation Criteria²

Category	Weighting (%)
1. Risk Management	5
2. Financial Analysis	60
3. Price Risk	10
4. Electric Risk Factors	10
5. Environmental Factors	10
6. Social and Community	5
Total	100

Points are assigned to different categories based on the information provided in the proposals. Each category (with the exception of Social and Community) begins with 100 points, and points can be subtracted depending on the details in the proposals. The importance of each subcategory has been assessed by Avista, which determines how points are allocated. The total points for each category will be calculated, and then a weighting will be applied to these totals. In each category, the points can range from 0 to 100, but cannot exceed 100 or be less than 0 for any subcategory.

The evaluation category “Social and Community” provides an opportunity for bidders to demonstrate the specific benefits associated with each proposal. In this category, points are additive, beginning at zero and up to 100 points available. The evaluation scoring may change depending upon proposals with circumstances not considered in this evaluation methodology.

1. **Risk Management (5%)**

This characteristic evaluates the bidder’s experience and development expertise to indicate the likelihood that the proposed project will be completed and operated in a viable and reliable manner.

Financial Performance

- Either the project is constructed; or will be balance sheet financed; or the project has secured a power purchase agreement (PPA) financing and bidder can verify

¹ Should the Company make adjustments to the weighting to the Evaluation Criteria, bidders will be notified and allowed an opportunity to update their proposals.

² Categories related to “price” represent 70% of the overall score and include Financial Analysis (60%) and Price Risk (10%). The remaining categories are considered “non-price” and make up the remaining 30% of the overall score.

- that such financing has been secured. Minus 0 points.
- Project needs to secure PPA financing. The bidder has experience obtaining financing for at least 1 project of similar technology and capacity. Minus 10 points.
- Project needs to secure PPA financing. The bidder has experience obtaining financing for at least 1 project of any technology and capacity. Minus 25 points.
- Neither of the above. Minus 50 points.

Project Development Experience in the United States

- The bidder has completed 2 or more projects of similar technology and capacity. Minus 0 points.
- The bidder has completed 2 or more projects of any technology and capacity (wholesale generation). Minus 10 points.
- The bidder's team (not bidder entity) has only one project of similar technology and capacity; or begun construction of at least one other similar project. Minus 25 points.
- The bidder's team (not bidder entity) has completed at least one project of any technology and capacity (wholesale generation); or begun construction of at least one other similar project. Minus 40 points.
- None of the above. Minus 50 points.

2. Financial Evaluation for Initial Proposals (60%)

Initial Proposals will be evaluated based on a detailed analysis of their combined cost and contributed value to Avista's resource portfolio. Proposals will be evaluated using a portfolio optimization approach to determine the mix of the lowest cost resources with the minimum impact on customers' energy burden. This analysis will include the following:

- Projected contracts costs using expected energy, capacity and contract pricing.
- Any capital recover costs (generation and transmission) required of Avista.
- Third party transmission costs if not included in the proposal price.
- Integration costs for variable energy resources.
- Health and safety non-energy impact costs determined by Avista based on the project emissions and impacts on its local geography (Washington assessment).
- Climate Commitment Act allowance costs (Washington assessment).
- Energy value contributed based on the expected wholesale market value of the project output. Dispatchable resources will be modeled in AURORA to optimize this value.
- Capacity value based on contributed capacity using the QCC methodology and forecasted capacity values.

- Value of provided ancillary services.
- Value of primary compliance RECs (Washington) and alternative compliance RECs (Washington and Idaho).

The combined net benefit will then be levelized and normalized against the energy and capacity provided over the term of the offered contract.

All bids will be ranked from lowest to highest and divided into three or four natural price breaks. The best price in each group will get the maximum points for the group, the remaining bids will get points awarded based on a percentage difference from the top bid in the group. Avista may utilize a simplified project evaluation to pre-screen proposals in advance of this methodology.

- Group 1: up to 100 points
- Group 2: up to 84 points
- Group 3: up to 59 points
- Group 4: up to 39 points (if necessary)

This grouping and scoring process will be applied separately to the capacity net benefit values and the energy net benefits. Each proposal will then be assigned the higher of their energy or capacity net benefit score.

3. **Price Risk (10%)**

Price risk is the risk of the project costing more than the expected price. Price variance can result from fuel supply, cost of construction, operations and maintenance, inflationary risks, or annual generation variance causing subsequent market energy/REC purchases.

Long-term Price Risk

- Fixed price over contract term (fixed escalator is acceptable). Minus 0 points.
- Cost-based pricing without price cap. Minus up to 50 points based on an assessment of relative cost increases.
- PPA tied to an index or other inflationary scale. Minus 50 points multiplied by the percentage of contract price tied to index.
- Pricing is subjected to the natural gas market. Minus up to 50 points subject to the percentage of the contract price tied to natural gas prices.

Energy Variability Risk

- Fixed price with variable energy risk is scored based on the proportion of the fixed cost as a percentage of the total project cost. Minus up to 10 points.

- Variable energy with a price per MWh is scored based upon the expected annual variation in generation. Minus up to 10 points.

Construction Risk

- Percentage of estimated construction costs that are not known as a proportion of the total cost of the project. Minus up to 20 points depending upon this risk applicable to Avista.

Fuel Supply Risk

- Bidder demonstrates that the resource can support the production profile. Minus 0 points. For example:
 - o Geothermal: Based on results of test wells, verified third party resource assessment or comparable facilities in the region.
 - o Wind: Based on meteorological tower data, verified third party resource or in-house assessment or comparable facilities in the region.
 - o Biomass: Sufficient quantities of fuel stock under control or contract for a minimum of five years.
 - o Solar: Based on verified third party resource assessment.
 - o Hydro: Based on long-term engineering assessment with credible water supply data.
 - o Natural Gas: Need to show adequate fuel transportation supply
 - o Demand Response: Aggregated loads available to be curtailed.
 - o Other (including storage): Demonstrate adequate source of supply.
- None of the above. Minus 40 points.

4. **Electric Risk Factors (10%)**

Quantifies the stage of the proposal's transmission/interconnect process, the commercial readiness of the proposed project technology, and the status of the major component procurement process.

Interconnection Process

- Interconnection Phase One or Feasibility Study not started. Minus up to 50 points.
- Interconnection Phase One or Feasibility Study completed, but Phase Two or System Impact Study not started. Minus up to 30 points.
- Interconnection Facilities Study not started. Minus up to 20 points.
- In LGIA negotiations or Facilities Study in progress: Minus up to 10 points.
- LGIA completed: Minus 0 points.

Transmission Service

- Bidder has requested and secured firm transmission for the project capacity to Avista's system. Bidder has requested NRIS or ERIS.
- Lack of firm transmission for the project capacity and/or has conditional firm.

Score deduction is dependent upon conditions identified in relevant transmission study. Minus up to 30 points.

- Lack of firm or conditional firm transmission. Minus 50 points or less if it is reasonably likely that firm transmission can be secured without major cost implications.
- Lack of non-firm transmission to Avista's system. Minus 100 points or less if it is reasonably likely that non-firm transmission or conditional firm can be secured without major cost implications. The deduction cannot be reduced below 50 points unless there is a likelihood that firm transmission can be secured (see above).
- Project connects to Avista but is on constrained path (see "transmission table" in RFP). Minus up to 100 points depending on solutions to resolve path constraints.

Project requiring upgrades to Avista's transmission system will be evaluated within the financial analysis and should not have deductions applied here.

Commercial Readiness of Technology

- Proposal will use commercialized technology that is currently in use at a minimum of two utility scale operating facilities without significant operational issues (excludes demand response). Minus 0 points.
- The proposal will use key components of commercialized technology, but in an application that has not yet been commercially proven. Minus 10 points.
- The proposal will not use commercialized technology, but the project feasibility is supported by a third-party independent engineer's report that verifies the cost and performance. Minus 20 points.
- Technology might be commercially feasible and such feasibility has not been verified by a third-party independent engineer. Minus 75 points.
- Technology is not commercially feasible within the proposed timeframe, as determined by Avista. Potential for removal from evaluation.

Major Component Procurement Process

- Major components have been procured. Minus 0 points.
- Bidder has provided financial assurance to or has a fully executed frame agreement with the major component suppliers. Minus up to 10 points.
- Bidder will be required to provide a letter of credit, other credit support, or a signed PPA in order to complete the major component supply agreements. Minus up to 20 points.
- The major components are subject to foreign adversary supply chain risk or at significant risk of increased US import tariffs. Minus up to 75 points.

5. Environmental Factors (10%)

This category quantifies the proposal's capability to meet local, state, and federal agency permit requirements and its ability to acquire land for rights of way or other uses. This section evaluates how a resource impacts the environment, including air quality among other things. This section also evaluates if the technology is proven to meet environmental laws and regulations. A project must be fully permitted and can meet project schedule to receive 100 points.

Permitting Status

- Bidder has a Conditional Use Permit (CUP) and all other permits required to construct and/or operate the project. Minus 0 Points.
- SEPA, CUP filed and pending approval. Minus 10 points.
- Brownfield sites requiring additional permits. Minus up to 50 points based on analysis of probability of completion.
- SEPA/CUP not yet filed. Minus up to 50 points. Projects may receive partial credit if similar projects have received permits in a timeline acceptable to meet the requirements of this RFP. This includes projects that have completed some of the applicable³ studies.
- No permitting begun. Minus up to 100 points.

6. Social and Community (5%)

This category assesses the benefits provided to and the burdensome impacts placed upon Avista's served communities. Proposals should demonstrate a substantive commitment to the equitable distribution of overall benefits and burdens based on an understanding of community needs. Consideration should be given to the reduction of burdens to vulnerable populations, long-term and short-term public health impacts, resiliency, security, and environmental benefits. Avista may consider how project may impact relevant metrics and indicators ("customer benefit indicators") when awarding points.

For projects located in Washington State, the Washington State Environmental Health Disparities map, published by Washington Department of Health should be utilized. Consideration should be given to how project development and delivery benefits those communities which meet the definition of Highly Impacted or Vulnerable via this map.

For purposes of this portion of the analysis, the evaluation begins at 0 and points may be awarded in each category up to a total of 100.

Community Support and Engagement

- Demonstrate that engagement efforts for the project have gained local support (e.g. public meetings, letter(s) of support from local government or project

³ Studies pertaining to the following categories: Avian, Bat, Wetlands, Habitat, Cultural, Visual, Microwave, FAA, Air emissions, or others.

neighbors) in an effort to avoid project delays and align with community interests. Add up to 25 points.

- Partial demonstration of support. Add up to 15 points.

Economic, Social Benefits

- Proposals that will deliver additional benefits which may impact customer affordability such as an increased tax base, economic impact from lodging, local suppliers, food services, etc. should also include plans to distribute the economic and social benefits associated with development and construction in a fair manner across local and regional communities. Add 10 points.
- Experience contracting with local workforce and a commitment to hire and train local residents as part of the construction and operation of the project. This may include pay above prevailing wages, competitive benefits, and paid training/tuition reimbursement. Add 10 points
- Developer intends on seeking out and using diverse businesses for supplies or contracts including women-, minority-, disabled- and veteran-owned organizations and businesses. Add 5 points.

Other Community and Regional Impacts

- Project is within Avista's service territory. Receive 25 points.
- Project not in Avista's service territory but located in Washington or Idaho. Receive 15 points.
- Project is not in Avista's service territory but directly connected. Receive 5 points.

Environmental & Health Benefits

- Project has a neutral or positive outdoor air quality impact in a named community. Add up to 15 points.
- Project does not pose a potential localized environmental risk to a named community. Add up to 10 points.

Evaluation of Detailed Proposals:

For proposals that have been selected for further evaluation, the bidder will be notified and be required to submit a Detailed Proposal. Proposals will be required to provide supplemental information pursuant to the outline provided in Exhibit C - Detailed Proposals.

Detailed Proposals include additional project information to provide Avista with a much more detailed understanding of the proposals. It is also an opportunity for bidders to update changes in information since the Initial Proposal was submitted.

Detailed Proposals will be evaluated using the same scoring matrix and weightings described above for the Initial Proposal Evaluation. In addition, Avista will study the proposals using its

portfolio and capacity addition model (PRiSM used in Integrated Resource Planning) to determine which Detailed Proposals provide the best financial value when added to the overall portfolio on a long-term basis. This analysis will not be substituted for the economic scoring of the resources as described above but rather is alternative and additional method to evaluate proposals. Differences between the spreadsheet analysis and the results of the PRiSM modeling will be considered when selecting finalists for negotiations.

Any material differences between Initial and Detailed Proposals in the areas of timeline, price, deliverability/location or other factors must be called out, explained and could result in a Project being eliminated from the Detailed Evaluation process.