**PROCUREMENT BEST PRACTICES / LESSONS LEARNED**

**FROM CA INDEPENDENT EVALUATORS**

1. Avoid hard-and-fast rigid point scoring and weighting factor ranking processes.  The corporate procurement folks tend to favor these processes because they are straightforward, but for major power procurement activities, they don’t work well.  Instead, come up with a good valuation approach that models and captures the net benefits that each offer is likely to provide to the buyer, ranking those net benefits (usually on a $/kW-mo basis), and then select a reasonable set of offers for shortlisting and negotiation discussions.
2. Don’t just select the top-ranked offers.  Carefully evaluate the viability and qualitative factors of all of the upper-ranked offers.  The selection committee should have the flexibility to jump over offers that have negative qualitative features that outweigh their quantitative benefits.  And similarly, they should feel free to reach down below what appears to be a good cut-off point in the ranking and select slightly lower-ranked offers/projects that have favorable viability or qualitative attributes.
3. Try to issue the RFP with a proforma contract or at least a term sheet with the desired primary terms and conditions that the buyer is seeking.  Ask for a redline with offer submission so you know what the offer is based on.
4. Consider a two-step offer submission process in which indicative offers are submitted initially and evaluated for a short list, then final repricing (and final evaluation/selection) of shortlisted offers occurs after negotiations are complete.  This can help speed up negotiations.  Sellers who complain that their indicative offer did not include certain requirements that the buyer is not willing to concede can be told to simply “price it in to the final offer price, but realize that the process is still very competitive (with the buyer negotiating with more counterparties than it needs) and the seller may price itself out of selection.”  A one-step approach usually faces major challenges when the two parties disagree over a key contract provision – and frequently devolves into a repricing process anyway – so you might as well formalize it in a two-step process.  Also, a lot of additional due diligence can occur during the negotiation process that can provide important information for the final evaluation and selection process.