

**EXH. GA-5  
DOCKETS UE-240004/UG-240005  
2024 PSE GENERAL RATE CASE  
WITNESS: GILBERT ARCHULETA**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY,**

**Respondent.**

**Docket UE-240004  
Docket UG-240005**

**FOURTH EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF**

**GILBERT ARCHULETA**

**ON BEHALF OF PUGET SOUND ENERGY**

**FEBRUARY 15, 2024**



# 2022 DISTRIBUTED ENERGY RESOURCES

Request for Proposals

February 7, 2022

2022 Distributed Energy Resources RFP

TABLE OF CONTENTS

Table of Contents

**Acronyms and Definitions..... iv**

**1. Introduction..... 1**

    Overview..... 1

    Acquisition Categories..... 2

    Resource Need ..... 3

    PSE’s Preferred DER Portfolio from Clean Energy Implementation Plan (CEIP) ..... 5

    About Puget Sound Energy..... 6

    PSE Core Values ..... 6

**2. Category A: Turnkey Resource Acquisition ..... 7**

    Eligible Resources and Performance Requirements ..... 7

    Implementation Plan ..... 16

    IT/OT Requirements ..... 20

    Pricing ..... 25

**3. Category B: Vendor Service Components ..... 28**

    DER Program Types and PSE’s CEIP Preferred Portfolio ..... 28

    Component Descriptions and Requirements ..... 31

    Pricing for Vendor Service Components ..... 36

    Key Considerations for Respondents ..... 39

**4. Schedule and Process..... 41**

    RFP schedule..... 41

    Evaluation process..... 41

    Quantitative modeling..... 44

    Independent evaluator..... 45

    Negotiations and contracts ..... 47

**5. Proposal Requirements ..... 49**

    Summary of Proposal Submission Requirements ..... 49

2022 Distributed Energy Resources RFP

TABLE OF CONTENTS

Confidentiality agreement..... 50

DER RFP Proposal Requirements..... 50

Signatures and certifications ..... 56

Code of conduct, eligibility and conflict of interest disclosure ..... 57

Validity, deadlines and regulatory approval ..... 58

**6. Credit Requirements.....60**

**7. Proposal Submission.....61**

Submission process, deliverables and deadlines ..... 61

Proposal requirements forms (Exhibit B and Exhibit C) ..... 62

2022 Distributed Energy Resources RFP

LIST OF EXHIBITS

**List of Exhibits**

Evaluation Criteria and Scoring ..... A

Proposal Requirements Forms (Category A Excel Forms) ..... B

Proposal Requirements Forms (Category B Forms) .....C

Mutual Confidentiality Agreement ..... D

Schedule of Estimated Avoided Cost..... E

Prototype Ownership Agreement Term Sheet .....F

Prototype Capacity and/or Energy Agreement Term Sheet ..... G

Prototype Clean Energy Power Purchase Agreement (“PPA”) Term Sheet..... H

Master Services Agreement..... I

Demand Response Addendum.....J

Requirements List..... K

Resources.....L

Co-branding and Customer Interaction Requirements ..... M

IT Security Questionnaire ..... N

Vendor Questionnaire for Non-SaaS Provider ..... O

PSE Customer Consent Letter..... P

2022 Distributed Energy Resources RFP

ACRONYMS AND DEFINITIONS

Acronyms and Definitions

Term	Definition
ADMS	Advanced Distribution Management System
BESS	Battery Energy Storage System
BTM	Behind-the-Meter (BTM) refers to customer-sited resources (e.g., solar and BESS) that are connected to the distribution system on the customer’s side of the utility’s service meter.
CAISO	California Independent System Operator
CBI	Customer Benefits Indicator
Clean Energy Implementation Plan (“CEIP”)	The Clean Energy Implementation is a four-year roadmap that guides PSE’s clean electricity actions, programs, and investments for the years 2022-2025.
Clean Energy Transformation Act (“CETA”)	PSE is obligated to meet the requirements of the Clean Energy Transformation Act (“CETA”), Chapter 19.405 RCW. CETA sets statewide policy goals for the elimination of coal-fired resources by December 31, 2025, 80 percent carbon free generation and overall carbon neutral electricity by 2030, and 100 percent carbon free electricity by 2045.
COD	Commercial Operation Date
DEI	Diversity, Equity, and Inclusion
DER	Distributed Energy Resource
Distribution System	Medium-voltage (12.5 kV-55 kV) infrastructure that carries electricity from a substation to customers; includes the substation transformer
DR	Demand Response
EIM	Energy Imbalance Market
ELCC	Effective Load Carrying Capability
EMS	Energy Management System
EV	Electric Vehicle
EVSE	Electric Vehicle Supply Equipment
FTM	Front-of-the-Meter (FTM) resources are interconnected to the distribution and transmission system.
Highly Impacted Community (“HIC”)	As defined by CETA, “a community designated by the department of health based on the cumulative impact analysis required by RCW 19.405.140 or a community-located in census tracts that are fully or partially on “Indian country,” as defined in 18 U.S.C Sec. 1151” [WAC 480-100-605]
IRP	Integrated Resource Plan
LI	Low-Income
Named Communities	Overarching term covering “Highly Impacted Communities” and “Vulnerable Populations”.
PPA	Power Purchase Agreement

2022 Distributed Energy Resources RFP

ACRONYMS AND DEFINITIONS

Term	Definition
SCADA	Supervisory Control and Data Acquisition: a system of remote control and telemetry used to monitor and control the transmission and distribution system including substations, transformers, and other electrical assets.
VPP	Virtual Power Plant
Vulnerable Populations	As defined by RCW 19.405.020 (40), communities that experience a disproportionate cumulative risk from environmental burdens due to (a) Adverse socioeconomic factors, including unemployment, high housing and transportation costs relative to income, access to food and health care, and linguist isolation; and (b) Sensitivity factors, such as low birth weight and higher rates of hospitalization.
WUTC	Washington Utilities and Transportation Commission

:

## 2022 Distributed Energy Resources RFP

### SECTION 1. INTRODUCTION

## 1. Introduction

### Overview

This Distributed Energy Resources (“DER”) Request for Proposals (“the DER RFP”) seeks bids from qualified parties (“respondents” or “Respondents”) to collectively supply a minimum of 129 MW of DERs by 2025 and 522 MW of DERs by 2031 to Puget Sound Energy (“PSE” or “the Company”) to fulfill the Clean Energy Transformation Act (“CETA”) compliance requirements,<sup>1</sup> and consistent with the Washington Utilities and Transportation Commission’s (“WUTC”) Order 05 issued in [Docket UE-200413](#) on March 25, 2021. This RFP includes procurement of **distribution interconnected solar PV generation (includes ground and rooftop solar PV), Battery Energy Storage System (“BESS”), and Demand Response (“DR”)** located within PSE’s service area that can meet all or part of the Company’s resource need, consistent with the requirements described herein. The DER RFP will be available on PSE’s website at the following link: <http://www.pse.com/RFP>.

PSE’s priorities for the DER RFP are as follows:

- Identify opportunities to add DERs to the PSE grid to meet system level capacity needs, increase PSE’s clean energy portfolio, and explore additional DER grid benefits;
- Maximize customer benefits of DERs in every stage from procurement through the life-cycle of the DER equipment, focusing on Highly Impacted Communities<sup>2</sup> and Vulnerable Populations<sup>3</sup> (“named communities”), and
- Learn from Respondent submissions and resulting programs to inform future RFPs and program development.

---

<sup>1</sup> PSE is obligated to meet the requirements of the Energy Independence Act, Chapter 19.285 RCW and the Clean Energy Transformation Act (“CETA”), Chapter 19.405 RCW. The Energy Independence Act, also known as Washington State’s renewable portfolio standards, requires PSE to acquire qualifying eligible renewable resources and/or renewable energy credits to meet 15 percent of its load. CETA sets statewide policy goals for the elimination of coal-fired resources by December 31, 2025, 80 percent carbon free generation and overall carbon neutral electricity by 2030, and 100 percent carbon free electricity by 2045.

<sup>2</sup> Highly Impacted Communities as defined at <https://www.doh.wa.gov/DataandStatisticalReports/WashingtonTrackingNetworkWTN/ClimateProjections/CleanEnergyTransformationAct>

<sup>3</sup> Pursuant to RCW 19.405.020 (40), “Vulnerable populations” means communities that experience a disproportionate cumulative risk from environmental burdens due to: (a) Adverse socioeconomic factors, including unemployment, high housing and transportation costs relative to income, access to food and health care, and linguist isolation; and (b) Sensitivity factors, such as low birth weight and higher rates of hospitalization. PSE further defined Vulnerable Populations in Chapter 3 of the [draft 2021 CEIP](#).

**2022 Distributed Energy Resources RFP**

**SECTION 1. INTRODUCTION**

**Acquisition Categories**

Through this RFP, PSE plans to acquire DERs under two broad categories: 1) Turnkey Resources (**Category A**), which are complete resources ready for deployment, and 2) Vendor Service Components (**Category B**) as described in Table 1 below.

*Table 1. Acquisition Categories*

<b>Category A: Turnkey Resource Acquisition</b>
<b><i>Applies to solar, DR, and BESS resources</i></b>
<p>Under this category, PSE requests bids for <b>turnkey pay-for-performance</b> for DR and BESS, <b>ownership contracts</b> for solar and BESS, or <b>Power Purchase Agreements (PPA)</b> for solar; refer to Table 4 for additional details.</p> <p>The purpose for obtaining bids under this category is to acquire:</p> <ul style="list-style-type: none"> <li>• Turnkey DR and BESS programs that maximize grid and customer benefits</li> <li>• Aggregated and individual solar and other DER resources that are accessible across multiple customer types</li> </ul>
<b>Category B: Vendor Service Components</b>
<b><i>Applies to future PSE DER Programs, including solar, DR, and BESS programs</i></b>
<p>Under this category, PSE requests bids for providing <b>program services where Respondents could select one or more service components</b> to bid on. PSE will use the bids to develop a portfolio of programs as outlined in the Company’s Clean Energy Implementation Plan (“CEIP”).  <sup>4</sup> The purpose for obtaining bids under this category is to:</p> <ul style="list-style-type: none"> <li>• Apply diversity, equity and inclusion (“DEI”) best practices by providing opportunities for small, diverse businesses to participate in the procurement process and maximize impact on the local economy</li> <li>• Leverage community organizations to maximize benefits to named communities.</li> </ul>

Respondents can submit proposals under either Category A or Category B or can submit bids under both categories A and B. Multiple proposals under each or both categories are acceptable, but each proposal requires a separate response.

<sup>4</sup> The complete draft of PSE’s CEIP and instructions for providing comments are at <https://www.cleanenergyplan.pse.com/ceip-documents>

## 2022 Distributed Energy Resources RFP

### SECTION 1. INTRODUCTION

Respondents should note that PSE issued an All-Source RFP on June 30, 2021, which included DERs, however, no DER or DR proposals were received.<sup>5</sup> PSE will compare all resources in a combined analysis with the shortlists from both RFPs to ensure an optimal portfolio, consistent with WAC 480-107-009(4). PSE will pursue a resource procurement process that is accessible and fair for all Respondents and values Respondents with similarly equitable procurement processes. PSE encourages all Respondents able to meet the requirements of this DER RFP to participate, including Respondents representing minority-, women-, disabled- and veteran-owned businesses.

This DER RFP process may or may not result in one or more transactions by PSE. PSE reserves the right to modify and/or cancel this DER RFP to comply with changes to regulatory policy or federal, state, or local laws.

#### Resource Need

The integrated resource planning analysis, which evaluates and establishes the Company's capacity (physical reliability) and renewable energy (policy driven) needs, consistent with WAC 480-100-620, guides PSE's electric resource acquisition process. PSE's most recent Integrated Resource Plan (the "2021 IRP") includes a discussion of the electric planning standard and describes the methodology for analyzing the Company's resource needs. PSE filed the 2021 IRP in April 2021. The 2021 IRP includes an assessment of PSE's resource needs and can be found on PSE's website at the following link: <http://www.pse.com/irp>.<sup>6</sup>

Washington's new Clean Energy Transformation Act ("CETA") sets a trajectory for electric utilities, including PSE, to provide electricity that is carbon neutral by 2030 and 100 percent carbon-free by 2045. PSE's 2021 IRP modeling shows DERs as a growing part of PSE's electricity resource portfolio to "achieve targets at the lowest reasonable cost", per CETA requirements. PSE anticipates that in addition to new large-scale resources, a diversified portfolio of DERs, including distributed renewable generation, distributed BESS, and flexible DR resources will be necessary, at scale, to affectively execute its approach. PSE's 2021 CEIP has the same DER targets as the IRP, with the exception of DR. The CEIP does not include time-of-use programs in its DR target calculation because PSE is actively developing a time-of-use pilot to identify these savings. The targets identified in this DER RFP are aligned with the 2021 CEIP DER additions, as shown in Table 2 below.

---

<sup>5</sup> See PSE's 2021 All-Source RFP: Proposal Summary Report at Docket UE-210220 (October 1, 2021), or at this [link](#).

<sup>6</sup> See also WUTC Docket Nos. UG-200305 (natural gas) and UE-200304 (electric).

2022 Distributed Energy Resources RFP

SECTION 1. INTRODUCTION

*Table 2. PSE’s 2021 CEIP Incremental DER Additions through 2045*

Distributed Energy Resource Type	Incremental Resource Additions			Total
	2022-2025	2026-2031	2032-2045	
Solar	80 MW	180 MW	420 MW	680 MW
Battery Energy Storage	25 MW	175 MW	250 MW	450 MW
Demand Response	24 MW	167 MW	21 MW	212 MW
<b>Total</b>	<b>129 MW</b>	<b>522 MW</b>	<b>691 MW</b>	<b>1,342 MW</b>

This RFP seeks to add DERs to PSE’s portfolio, particularly the following types:

- **Distributed Solar (ground and rooftop):** PSE is seeking to acquire a minimum of 80 MW of distributed solar capacity by 2025 through this DER RFP. The longer-term goal is to acquire 180 MW of distributed solar capacity by 2031. These include both Front-Of-The-Meter (“FTM”) and Behind-The-Meter (“BTM”) solar installations from ground and rooftop solar installations.
- **Distributed Battery Energy Storage System (“BESS”) (standalone or paired with solar):** PSE is seeking to acquire a minimum of 25 MW of BESS capacity by 2025 through this DER RFP. The longer-term goal is to acquire 175 MW of distributed BESS by 2031. This includes both FTM and BTM BESS installations that are either standalone resources or paired with solar installations. Distributed BESS is treated as a dispatchable resource.
- **Demand Response (“DR”):** PSE is seeking to acquire a minimum of 24 MW of DR for winter peak reduction by 2025 through this DER RFP. The longer-term goal is to achieve 167 MW of DR for winter peak reduction by 2031. This includes any type of curtailable load at customer premises (e.g., space heating/cooling, water heating, lighting, EV charging, etc.) and dispatch of BTM batteries for load shifting during DR events. DR acquisition will cover all customer sectors (residential, commercial, and industrial).

To be considered eligible under this RFP, all individual solar and BESS projects must interconnect to PSE’s distribution system.<sup>7</sup>

PSE anticipates selecting one or more Proposals for all three resource types. PSE will evaluate any commercially viable distributed solar, distributed BESS, and DR that complies with all applicable laws and regulations and meets the minimum qualification requirements described in Section 5 of this DER RFP.

<sup>7</sup> See [Schedule 152](#) and PSE’s [Small Generation Technical Specification 160.70](#) for requirements for distribution interconnected generators

2022 Distributed Energy Resources RFP

SECTION 1. INTRODUCTION

**PSE’s Preferred DER Portfolio from Clean Energy Implementation Plan (CEIP)**

PSE’s 2021 CEIP preferred DER portfolio modeled a scenario that meets the 2021 IRP DER targets while balancing cost, customer benefits (especially for named communities), and a mix of customer participation structures. PSE expects this RFP to result in the acquisition of programs that provide the same benefits as in the preferred portfolio, but may not align fully with the specified program mix. PSE encourages Respondents, especially those responding under Category B, to use the preferred portfolio as informative as to the type and mix of programs PSE is interested in offering to customers. The programs listed in Table 3 below are representative examples and convey PSE’s priorities, but are not a limitation of what programs PSE will accept. PSE currently offers “Green Power”, “Solar Choice”, “Net Metering”, and “Community Solar” programs. Information on these programs is available at PSE’s Renewable Energy Programs [website](#).

**Table 3. PSE’s 2021 CEIP Preferred Portfolio**

PSE 2021 CEIP Preferred Portfolio	
Program	Program Description
PSE Customer-sited Solar + Storage Offering	PSE enrolls customers’ solar + storage systems in an incentive program that can offset customers' load from the grid in response to operating settings or dispatch signals from PSE.
Commercial and Industrial (C&I) and Multi-Family Roof-top Solar Incentive	PSE offers upfront incentive to C&I and Multi-Family (MF) customers, discounting their upfront cost to install and own distributed solar generation throughout service territory.
3rd Party Distributed Solar PPA	3rd party installs/provides rooftop solar panels to customers throughout service territory. PSE off-takes Renewable Energy via PPA while the 3rd party is responsible for managing program and financing equipment.
Residential PSE Battery Leasing + Targeted Low Income (LI)	PSE installs batteries in customer homes. Customers pay a fee for backup power services; PSE uses battery to manage system/local peaks.
Residential and Commercial Roof-top Solar Leasing + Targeted LI	PSE offers to lease residential and commercial customers' rooftop space to install solar PV. Customer receives a recurring lease payment; PSE generates RE to supply grid.
Multi-Family Solar Partnership	PSE facilitates installation of solar PV at Multi-Family Unit buildings by connecting with technology providers and/or billing support to share production across units.
Additional Community Solar (MF Focus)	PSE offers customers the ability to subscribe to the output of solar panels. Customers pay a monthly fee and receive a monthly credit for generation.

**2022 Distributed Energy Resources RFP**

**SECTION 1. INTRODUCTION**

PSE 2021 CEIP Preferred Portfolio	
Program	Program Description
C&I Space for Batteries - Leasing	PSE leases space from/at C&I customers to deploy BESS to improve power quality and/or resiliency and manage system/local peak. Backup power for host customer as additional integration.
Demand Response Programs	Programs utilizing technologies to reduce customer loads during peak load events.

**About Puget Sound Energy**

Puget Sound Energy, a subsidiary of Puget Energy, is Washington State’s oldest local energy company, providing electric and natural gas service to homes and businesses primarily in the vibrant Puget Sound area. PSE serves approximately 1.1 million electric customers and more than 790,000 natural gas customers in 10 counties. PSE meets the energy needs of its customers, in part, through cost-effective energy efficiency, procurement of sustainable energy resources, and far-sighted investment in the energy-delivery infrastructure. PSE employees are dedicated to providing great customer service and delivering energy that is safe, dependable, and efficient.

Please visit the company website at [www.pse.com](http://www.pse.com) for more detailed information. A service area map depicting PSE’s service coverage area as well as other pertinent company information may be found under the “Who We Are” tab.

**PSE Core Values**

PSE is committed to its core values of safety, honesty, responsibility, and integrity and has specific expectations of entities with which we do business. As such, PSE expects all suppliers to comply with all applicable laws and regulations, such as those pertaining to the environment, safety and employment, discrimination, and labor laws.

For more information, please review PSE’s Responsible Contractor Guidelines and Corporate Ethics and Compliance Code:

- <http://pse.com/aboutpse/VendorsSuppliers/Pages/Supplier-Contractor-Guidelines.aspx>
- <http://www.pugetenergy.com/pages/codeethics.html>.

## 2022 Distributed Energy Resources RFP

### SECTION 2. CATEGORY A: Turnkey Resource Acquisition

## 2. Category A: Turnkey Resource Acquisition

In order for a proposal to be considered, the bidding entity must demonstrate that it currently owns or has legally binding rights to develop or market the resource(s). The Respondent must also demonstrate an ability to meet the minimum requirements for eligibility, which can be found in Section 5 of this DER RFP.

PSE will accept responses from consortiums or multiple parties in partnership to complete a Turnkey Resource. Proposals from consortiums or multiple parties must clearly identify the relationship (actual or proposed) among the parties for the purposes of a transaction with PSE, including the party (or parties) with whom PSE will have the contractual relationship.

### Eligible Resources and Performance Requirements

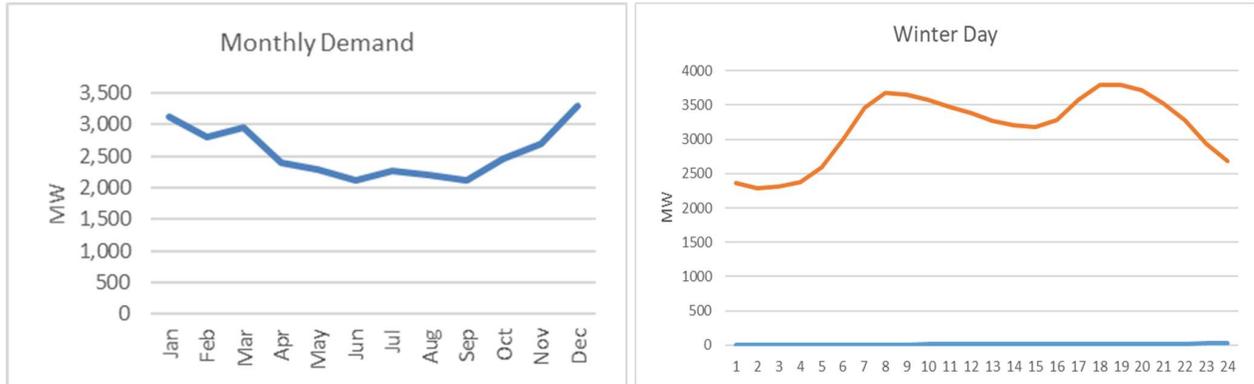
Under Category A, PSE will consider turnkey contracts and ownership agreements for distributed solar, distributed BESS, and demand response. PSE has a dual need for resources to help meet the CETA requirement to achieve an 80 percent renewable or non-emitting resource portfolio by 2030, and to help meet the capacity need described in the IRP.

PSE's capacity needs are greatest in winter; therefore, PSE will evaluate DERs based on their ability to fill winter deficits while minimizing off-peak surpluses. Although PSE's resource need is expressed as a winter peak, PSE also has seasonal and daily capacity needs. PSE's effective load carrying capability ("ELCC") quantitative analysis will favor resources with production shapes that align well with PSE's load or that offer the ability to dispatch to meet load. Figure 1 below illustrates PSE's typical monthly load shape and its hourly load shape for a typical winter day. Proposals that can help meet seasonal (Nov.-Feb., Dec.-Feb. or Nov.-Mar.), heavy load hour (HE 0700-2200), and super peak (HE 0700-1000 and 1800-2100, Nov.-Feb.) needs, while reducing surpluses off peak, will benefit in PSE's quantitative analysis. Exhibit E: Schedule of Estimated Avoided Cost is provided as a reference for information on avoided cost by time and resource.

**2022 Distributed Energy Resources RFP**

**SECTION 2. CATEGORY A: Turnkey Resource Acquisition**

**Figure 1. PSE’s typical monthly and hourly shapes**



Resources that are dispatchable (BESS and DR), shaped to meet winter peak needs, or have generation profiles (for solar) that align well with PSE’s load shape will perform best in PSE’s analysis. PSE will consider the seasonality of the generation, the ability to control the resource’s output to match PSE’s resource needs (up to and including real-time dispatch and displacement), and contractual mechanisms to shape project output to need. Proposals must be consistent with the proposal requirements described in Section 5 of this RFP: Minimum Proposal Requirements, Exhibit B: Proposal Requirements Forms, and Exhibit K: Requirements List. PSE encourages qualified respondents representing individual projects interconnected to PSE’s distribution system to participate in this DER RFP. Table 4 below lists the resource types PSE plans to acquire under Category A. PSE anticipates selecting one or more proposals to meet the cumulative need for each resource type.

**Table 4. Resource Types**

Resource	Description	Ownership
Solar	<ul style="list-style-type: none"> <li>Minimum 80 MW cumulative needed by 2025</li> <li>Includes Front-Of-The-Meter (FTM) and Behind-the-Meter (BTM) solar</li> <li>FTM projects must interconnect to PSE’s distribution system</li> </ul>	PPA / Ownership
Battery Energy Storage System (BESS)	<ul style="list-style-type: none"> <li>Minimum 25 MW cumulative needed by 2025</li> <li>Includes FTM and BTM BESS</li> <li>BESS could be either standalone or paired with solar for both BTM and FTM systems.</li> <li>FTM projects must interconnect to the distribution system</li> </ul>	Pay-for-performance contract / Ownership

**2022 Distributed Energy Resources RFP**

**SECTION 2. CATEGORY A: Turnkey Resource Acquisition**

Demand Response	<ul style="list-style-type: none"> <li>• Minimum 24 MW cumulative needed by 2025</li> <li>• Includes any type of curtailable BTM load at customer sites that could be dispatched (load shed and/or load shift) during DR events in response to grid needs</li> <li>• Includes distribution and transmission interconnected customers</li> </ul>	Pay-for-performance contract
-----------------	---	------------------------------

Resources currently taking service under Schedule 91 or Schedule 92 PPAs must complete the full term they selected under those Schedules and as noted in those PPAs. These resources may bid into an RFP for the years after/outside the obligated term under those Schedule 91 and Schedule 92 PPAs.

***Type of Connection and Control***

The type of connection and control for the three types of DERs listed above in Table 4 vary by resource size and whether the resource is FTM or BTM aggregated resource. Figure 2 below represents the types of control for the different types of DERs, differentiated by size and whether they are FTM or BTM resources.

To prepare for the significant amount of DERs, PSE is currently developing a virtual power plant (“VPP”) platform for the operational integration of a sizeable DER presence on PSE’s system as dispatchable network resources. In order to monitor, dispatch, and track these resources, it is PSE’s preference that all resources (particularly dispatchable resources) be integrated into PSE’s VPP platform, see the energy delivery section of the qualitative scoring rubric in Exhibit A: Evaluation Criteria and Scoring.

The two types of control for DERs are (1) SCADA or (2) PSE’s VPP.

- **SCADA control:** PSE requires that all FTM DERs of greater than or equal to 2 MW capacity be SCADA controlled.
- **VPP integration:** PSE requires that all aggregated BTM DERs be integrated with PSE’s VPP, except for solar less than 0.5 MW. FTM solar greater than 0.5 MW and less than 2 MW, and FTM BESS less than 2 MW, also require integration with PSE’s VPP.

PSE is in the process of updating its “Technical Specifications for Small Generation Interconnections” for generation interconnecting to PSE’s distribution system, and PSE anticipates that the updated version will be published and publicly available in mid-February 2022. Capacity thresholds for SCADA interconnection will not change in the updated Technical Specifications. Respondents with bids subject to the Technical Specifications for Small Generation Interconnections are required to adhere to the published version of the Technical Specifications and interconnection process.

**2022 Distributed Energy Resources RFP**

**SECTION 2. CATEGORY A: Turnkey Resource Acquisition**

PSE does not require monitoring and control of FTM solar resources with less than 0.5 MW capacity. These resources need to be metered but do not need to be monitored and controlled using either PSE’s SCADA or VPP platform.

**Figure 2. Types of Control for Acquired DERs**

Resources Acquired via DER RFP			
<b>VPP</b>		<b>SCADA</b>	<b>No Visibility / Control</b>
<b>3<sup>rd</sup> Party VPP / Aggregator</b>	<b>Direct Control</b>		
<ul style="list-style-type: none"> <li>All BTM DR</li> <li>All BTM BESS</li> <li>All EV / EVSE</li> </ul>	<ul style="list-style-type: none"> <li>FTM BESS &lt;2 MW</li> <li>Solar ≥ 0.5 – 2 MW</li> </ul>	<ul style="list-style-type: none"> <li>All FTM generating resources ≥ 2 MW</li> </ul>	<ul style="list-style-type: none"> <li>BTM Solar &lt; 0.5 MW</li> <li>FTM Solar &lt; 0.5 MW</li> </ul>

The specific requirements by resource type are listed below. Also refer to Exhibit K: Requirements List for general requirements across the different DERs. Not being able to meet the requirements labeled “Must Have” in Exhibit K and Exhibit B: Proposal Requirements Forms (Tab 4) will not automatically eliminate a respondent. PSE requests that respondents unable to meet the requirements in Tab 4 of Exhibit B provide an explanation as to how their proposal still meets PSE’s needs. PSE will compare respondent capabilities with PSE requirements in its evaluation.

**Solar**

Distributed solar resources acquired through this RFP can be either FTM or BTM solar resources. Table 5 below lists the type of connection for distributed solar resources.

**Table 5. Distributed Solar Connection Type**

Category	Type of Connection
FTM Solar ≥ 2MW	Connected to PSE’s SCADA system
FTM Solar ≥ 0.5MW and <2MW	Connected to PSE’s VPP
FTM Solar < 0.5 MW	Metered; not connected to either SCADA or VPP
BTM Solar < 0.5 MW	Control not applicable.  PSE does not require visibility through VPP platform.

**2022 Distributed Energy Resources RFP**

**SECTION 2. CATEGORY A: Turnkey Resource Acquisition**

Requirements for the above-referenced solar categories are as follows:

- Solar Resources must interconnect as Tier 1, Tier 2, or Tier 3 under [Schedule 152: Interconnection with Electric Generators](#).
- All resources will require interconnection following PSE’s established processes and technical standards, linked at the [Distributed Renewables website](#).
- Respondents for solar generation must have the capability to measure performance and communicate performance data to PSE.

PSE’s cross-Cascades transmission path, the Intermountain Power (“IP”) line, which crosses the Cascade Mountains to Kittitas County is fully subscribed. System upgrade costs from previously proposed distributed renewable projects in Kittitas County have proven to be cost-prohibitive because they trigger an upgrade to the IP line. PSE expects that solar projects proposed in Kittitas County will likely result in the same cost-prohibitive system upgrades. The Hosting Capacity Map, linked in Exhibit L: Resources, shows the location of capacity for generation resources on PSE’s system, which reflects lower interconnection costs.

The Information and Operation Technology (IT/OT) specific requirements, depending on the type of connection and control are described under the IT/OT Requirements section as well as in both Exhibit B: Proposal Requirements Forms (Tab 4) and Exhibit K: Requirements List.

***Battery Energy Storage System (BESS)***

PSE will evaluate BESS on a value add basis, and based on the evaluation process described in Section 4 and Exhibit A: Evaluation Criteria and Scoring of this DER RFP. The evaluation of BESS will consider the additional benefits BTM BESS provides in terms of providing back-up power to customers, and allowing customers to load shift in response to time-varying rates.

Table 6 below lists the type of connection and control for distributed BESS.

**Table 6. *BESS Characteristics***

Category	Type of Control
FTM BESS ≥ 2 MW	Directly controlled using PSE’s SCADA
FTM BESS < 2 MW	Integrated with PSE’s VPP platform
BTM BESS	Aggregated BTM batteries, controlled either by an aggregator VPP or individual APIs, which in turn communicate with PSE’s VPP.

**2022 Distributed Energy Resources RFP**

**SECTION 2. CATEGORY A: Turnkey Resource Acquisition**

The requirements for these BESS categories are described below.

The proposed FTM BESS configuration (pricing, O&M costs, lifecycle, and warranties) in Exhibit B: Proposal Requirements Forms (Tab 3b) should reflect the following operating characteristics (shown in Table 7 below); however, PSE will consider other operating characteristics proposed by respondents. Respondents choosing other operating characteristics should describe them thoroughly in their response.

- Full cycle – PSE may charge and discharge all usable energy<sup>8</sup> on average one time per day 365 days per year.

**Table 7. BESS configuration characteristics**

Full Cycles Per Year	Maximum Annual MWh Discharged
Average 1 cycle/day & 365 days/year	1,752 MWh per installed MW

Due to the unique risks associated with ownership of BESS and PSE’s limited experience, PSE prefers lithium ion technology for ownership proposals for FTM BESS resources acquired through this RFP, see the technology risk section of the qualitative scoring matrix in Exhibit A: Evaluation Criteria and Scoring. Proposals must describe the BESS they propose to deploy and provide information regarding the following:

- Installation information: Proposed targeted customer sites for installing the BESS and a conceptual site layout
- BESS characteristics, including:
  - forecasted charge and discharge cycles,
  - roundtrip efficiency and losses,
  - proposed energy management and control systems, and
  - methods of communication to ensure they can be reliably dispatched and controlled using PSE’s SCADA or PSE’s VPP (see Table 6).
- Proposals should include only batteries and associated equipment (transformers, inverters, controllers, etc.) from industry-recognized top-tier battery suppliers and integrators.<sup>9</sup>
- Proposals should include a full description of the battery technology proposed including history of successful implementation for the application proposed.

<sup>8</sup> Usable energy will be evaluated as the total energy available to be discharged, without voiding the warranty or minimum state of charge requirements, and is defined as rated MW capacity multiplied by hours of run time at rated capacity.

<sup>9</sup> Some examples of top-tier battery manufacturers include Samsung, BYD, LG Chem, Tesla, A123, Beacon Power, NEC, Saft, NGK and Toshiba.

## 2022 Distributed Energy Resources RFP

### SECTION 2. CATEGORY A: Turnkey Resource Acquisition

- Proposals should indicate the names of the manufacturers of all the major system components along with their history in providing equipment in similar applications.
- Proposals should state the design life of the batteries selected and detail plans for operation as they degrade in performance, as well as a plan for ultimately replacing and recycling the batteries upon end of life.
- Proposal should include a fire protection system and address fire and explosive gas detection, prevention, and mitigation.
- Proposals should include a description of the manufacturer warranties/guarantees for all major equipment in the system including batteries, inverters, control systems, generator step-up (“GSU”) transformers, etc.
- Proposals should include a conceptual description of the proposed cooling system.
- Proposals should include documentation including system and equipment compliance with appropriate governing agencies and standards including Federal Energy Regulatory Commission (“FERC”), North American Electric Reliability Corporation (“NERC”), Western Electric Coordinating Council (“WECC”), Underwriters Laboratories (“UL”), Institute of Electrical and Electronics Engineers (“IEEE”), National Electrical Code (“NEC”), Industry Foundation Classes (“IFC”), etc., as applicable.
- All proposed design engineering firms and project constructors should have proven expertise and experience in projects of similar scope and size.

Additionally, the supplier will be required to fulfill the following general requirements:

- Conduct a site inspection to determine the feasibility and safety of installing BESS at the provided customer location.
- Obtain all permits associated with any work required.
- All FTM BESS systems must be interconnected on the utility-side of the revenue meter and operate in parallel with PSE’s electric system and must meet the interconnection requirements per [Schedule 152](#): Interconnection with Electric Generators.

The IT/OT specific requirements, depending on the type of connection and control are described under the IT/OT Requirements section as well as in both Exhibit B: Proposal Requirements Forms (Tab 4) and Exhibit K: Requirements List.

#### ***Demand Response***

PSE is seeking bids from qualified firms to develop DR resources covering all customer sectors – residential, commercial, and industrial. PSE’s primary objective through the DR resource acquisition is to achieve winter peak demand reduction. Through this DER RFP, PSE seeks to

**2022 Distributed Energy Resources RFP**

**SECTION 2. CATEGORY A: Turnkey Resource Acquisition**

acquire a minimum 24 MW of DR by 2025 for winter peak reduction, with a longer-term goal of developing 167 MW of DR by 2031 for winter peak reduction. PSE’s secondary objectives for DR resource acquisition are to achieve summer peak demand reduction and to utilize DR for providing additional types of grid services (e.g., ancillary and load following services) with flexible loads that are available year-round. There is no minimum size threshold requirement for stand-alone or aggregated DR resources to be eligible for the DER RFP.

Additional details on Demand Response are available in Exhibit J: Demand Response Addendum.

Respondents are required to respond to the DR-specific items listed in Exhibit B: Proposal Requirement Forms (Tab 3c). Respondents should provide responses for a five-year contract period of 2023-2028. Respondents may also propose alternate proposals with a longer contract period (e.g., 10-year contract over 2023-2033). PSE expects a ramp up rate for all resources, especially behind-the-meter customer-sited resources. The minimum 5 year contract for DRs might be executed in early 2023, but PSE is not expecting full capacity to be achieved in that same year and will work with respondents on what a fair ramp rate that aligns with its 2025 targets.

DR will include the customer segments and combinations of end-uses and enabling technologies represented below in Table 8. Aggregate customer information (count and sales) is provided in Exhibit J: Demand Response Addendum. Respondents are not restricted to the types of DR represented in Table 8 and can propose additional types of DR beyond those listed here. **PSE will consider any type of end use control technology** (e.g., switches, thermostats, etc.), **delivery mechanism** (e.g., direct install, bring-your-own-device [BYOD], etc.), **or combination of technologies and delivery mechanisms**, provided the proposed solution meets PSE’s primary objectives.

**Table 8. Demand Response Characteristics**

Type of DR	Eligible Customer Classes / Devices	Controlled End-Uses and Enabling Technologies
Direct Load Control	<ul style="list-style-type: none"> <li>• Residential</li> <li>• Small/Medium Commercial Customers with ≤ 150 kW max. demand<sup>10</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Space heating/cooling control via thermostats</li> <li>• Water heating controls</li> </ul> <p>These devices would be directly controlled by aggregators communicating with PSE’s VPP.</p>
Behavioral DR	Residential	No control: customers are free to make any type of load adjustments.

<sup>10</sup> Customers in Rate Schedules 24 and 25.

2022 Distributed Energy Resources RFP

SECTION 2. CATEGORY A: Turnkey Resource Acquisition

Type of DR	Eligible Customer Classes / Devices	Controlled End-Uses and Enabling Technologies
C&I Curtailment	Large C&I customers with >150 kW max. demand	<ul style="list-style-type: none"> <li>• Custom curtailment strategies, depending on the type of facility (can be either manual curtailment or Auto-DR).</li> <li>• Facilities could also shift load to back-up generators as long as emissions regulations are fulfilled.</li> </ul> <p>Controlled by aggregators communicating with PSE’s VPP.</p>
Electric Vehicle (“EV”) Managed Charging	Passenger and Fleet EVs	<ul style="list-style-type: none"> <li>• Control of EVs/EVSEs during DR events at home (single-family and multi-family) and at workplaces</li> <li>• Managed charging of fleet vehicles.</li> </ul> <p>Controlled by aggregators communicating with PSE’s VPP.</p>
BTM Battery Dispatch	BTM batteries across all customer classes (Residential, Small/Medium C&I, Large C&I)	<ul style="list-style-type: none"> <li>• Dispatch of BTM batteries during DR events for home/facility load shifting.</li> </ul> <p>Controlled by aggregators communicating with PSE’s VPP.</p>

PSE plans to utilize DR resources to fulfill the Company’s primary and secondary objectives outlined below. In addition to calling DR events for fulfilling PSE’s primary and secondary objectives, DR events can be triggered at any time due to system emergency conditions.

DR Performance Requirements for Fulfilling PSE’s Primary Objective

PSE’s primary objective is to utilize the DR resources for achieving winter peak load reduction. In order to fulfill this objective, DR resources must meet the following minimum performance requirements:

- Be available to provide load reduction during winter events that typically occur during weekday peak hours, between 6 a.m. to 10 a.m., and 5 p.m. to 9 p.m., from November 1

## 2022 Distributed Energy Resources RFP

### SECTION 2. CATEGORY A: Turnkey Resource Acquisition

through February 28 (29).<sup>11</sup> PSE may call DR events outside these time windows, but Respondents will not necessarily be expected to provide the same level of curtailment.

- The combined total duration of events from November 1 through February 28/29 shall be no more than 40 hours per individual device, and PSE shall call up to 10 events.
- A maximum of one event per day per device may be called, and event duration shall be a minimum of 1 hour and a maximum of 4 hours per device.
- Capacity must be dispatchable with one of the following notification options: (1) hour ahead, (2) day ahead, or (3) a combination of hour ahead and day ahead.
- Provide real-time ( $\leq 15$  seconds) resource delivered data in MW

Payments for contracted capacity will be dependent on the respondent's ability to deliver contracted capacity during a dispatch event. Failure to deliver all or a portion of contracted capacity will result in a reduction of payment, terms of which will be discussed during contract negotiations.

#### DR Performance Requirements for Fulfilling PSE's Secondary Objectives

PSE's secondary objectives for DR are as follows:

- Year-round availability to enable load curtailment during summer and shoulder months, if needed.
- Develop flexible DR capability that provides fast response (10 minutes or less) and greater integration of DR dispatch with grid monitoring.
- Schedule DR Resources in wholesale market operations and bid DR in CAISO's Energy Imbalance Market (EIM) and accordingly follow the EIM performance requirements.
- Offer potential for energy arbitrage by shifting consumption from high-priced to low-priced periods.
- Provide additional products/services (other than EE) that could be bundled with the DR program offering to enhance customer engagement, service, and satisfaction.

These performance requirements related to fulfilling PSE's secondary objectives are further described in Exhibit J: Demand Response Addendum.

Additionally, Exhibit J: Demand Response Addendum presents additional details relevant for DR proposal submission.

#### Implementation Plan

---

<sup>11</sup> PSE uses a daily forecast high below 40 degrees Fahrenheit and/or a forecast low below 30 degrees Fahrenheit to trigger a higher state of readiness for peak load. DR events can also be triggered at any time to address system emergency conditions within the program parameter constraints.

**2022 Distributed Energy Resources RFP****SECTION 2. CATEGORY A: Turnkey Resource Acquisition**

The Respondent should include a detailed plan for implementing customer resources necessary to acquire and deliver the DERs to PSE. When preparing the Implementation Plan, Respondents should refer to the Implementation Plan requirements provided by resource type in Exhibit B. The Respondent should highlight plans to contract and partner with local businesses that align with their goals. The Implementation Plan should provide the manner and timing in which Respondent and its subcontractors plan to conduct the implementation activities described below and address, at a minimum, the following subsections:

***Marketing, Customer Recruitment and Enrollment***

Respondent shall perform tasks related to recruiting customers, including marketing, advertising and execution of a Participant Services Agreement. PSE values its relationships with customers. Service partners should understand these relationships, and combine a high degree of technical expertise with superior customer-focused awareness and service during planning and implementation. It is PSE's preference to 'own' the customer relationship with the selected Respondent and co-coordinate DER implementation efforts with the selected respondent(s) and PSE's Product and Services teams and other customer service and program implementation conduits, see Exhibit A: Evaluation Criteria and Scoring for scoring implications for owning the customer relationship.

Each Proposal must describe how Respondent will market participation in any proposed resource to PSE's customers, further details of which are listed in Section 3 (Customer Outreach and Enrollment), and how Respondent will coordinate program outreach and education activities with PSE to ensure consistent messaging. At a minimum, PSE must be able to review and approve all customer-facing marketing materials, which may include PSE branding or co-branding of programs (see Exhibit M: Co-Branding and Customer Interaction Requirements). Each Proposal should also describe how Respondent will support a seamless and positive customer experience for all resource participants throughout all aspects of their participation including pre-enrollment, enrollment, incentive payments, notifications, operations and events, and un-enrollment processes. If available, proposal should include proposed evaluation metrics and any required data that would be needed to monitor success. If a Respondent chooses to do so, a Respondent could offer minimal marketing, and rely on PSE to provide marketing support as required. Respondents shall perform tasks related to scheduling customer visits for audits and/or installation and testing.

The Respondent's Implementation Plan must include a Customer Acquisition Plan that clearly identifies the customer classes to be targeted for recruitment and specifies their marketing strategy. The Implementation Plan must highlight the Respondent's capabilities and experience in marketing customer-side programs to utility customers. Respondents must provide the methodology used to project the number of customers and plans to recruit and enroll customers in customer-side programs. The Plan must also identify the tasks required before the recruitment process begins, including a timeline. Respondent should articulate if and how local entities will be performing customer recruitment, especially for named communities.

## 2022 Distributed Energy Resources RFP

### SECTION 2. CATEGORY A: Turnkey Resource Acquisition

#### ***Technology Provision***

Respondent shall provide the customer-sited device (if applicable), Virtual End Node (VEN), and Virtual Top Node (VTN), as follows:

- *Customer-sited Device* - The device, which is connected to the VEN on the customer side of the meter, is the equipment that ultimately provides the response that results in a grid service. This applies to all BTM dispatchable resources.
- *VEN - Virtual End Node*, also known as a gateway. The VEN is a device that allows communication between the customer-sited devices and the Respondent's VTN, which will participate during a DR event by connecting to PSE's VPP Platform. The VEN could be at the device itself (e.g., thermostat) or it could be a cloud-based VEN.
- *VTN - Virtual Top Node*, also known as a head-end. The VTN signals customers VEN to start and end event participation. VTN can also send price signals to VEN's. In this instance, there are two types of VTNs: Respondent VPP platform/individual APIs and PSE's VPP platform.

At a minimum, the Plan should cover the following (if applicable):

- *Installation of Customer-sited Devices*: All efforts associated with the installation of, or retrofitting of, a customer-sited device such that the device is enabled and can perform to an event signal from the Respondent's VEN or VTN. Respondent should articulate if and how local entities will be performing the installation or retrofit.
- *Commission VEN*: Respondent shall perform tasks related to purchasing VEN, installing VEN, connecting VEN with VTN, and verifying VTN to VEN connection and resource response during test events. Respondent should articulate if and how local entities will be performing the VEN commissioning.
- *Operation of VTN*: Operations performed by a VTN include, but are not limited to, provisioning of VENs, execution of events, contacting participants, tracking participant information, and reporting related to events and participation.

The Company has specified technical design principles for the architecture. These are described under IT/OT Requirements in this section and identified in Exhibit K: Requirements List. The Respondent's technology solution must adhere to those principles and requirements. They include:

- Cyber Security
- Scalable Solution
- Leverage Industry Protocols
- Interoperability

## 2022 Distributed Energy Resources RFP

### SECTION 2. CATEGORY A: Turnkey Resource Acquisition

The Respondent's Implementation Plan should clearly explain the technical solutions to be employed by the Respondent. PSE reserves the right to require a field demonstration of technical solutions proposed by Respondents if they are unproven technologies.

The Plan should also explain how the Respondent's systems are logistically operated including staffing levels, server locations, communications requirements, and the availability of secure communications networks.

In the Plan, the Respondent should clearly identify the responsibilities of PSE, if any, necessary to implement the technical solution, including required integration with the Company's back-office systems.

#### ***Operations and Maintenance***

- *Customer Maintenance*: Respondent shall perform tasks related to the customer premise, maintaining customer devices and/or VEN's, addressing customer inquiries and performing baseline calculations for purposes of determining customer performance. Respondent should articulate if and how local entities will be performing the customer maintenance, if applicable.
- *Measurement & Verification (M&V)* – For all dispatchable BTM resources, M&V is the use of data to quantify customer performance when the resources are dispatched. PSE is currently deploying AMI meters across all customer classes, and deployment is scheduled to be complete by the end of 2023. AMI interval meter data can be used to measure customers' performance, which in turn can be used for incentive payments. For customers with pending AMI meter installation by PSE, M&V requirements will be waived until their AMI meter is installed. Respondents should provide a sub-meter or on-board resource telemetry for measurement purposes, where applicable.
- *Settlement* – Respondent shall perform tasks related to settlement of compensation for the provision of DERs. Respondent shall submit settlement results to PSE for delivery of customer incentive.

The Respondent's Implementation Plan should address its plan for the installation of VENS/gateways and other in-premise devices, including personnel requirements, transportation requirements, scheduling practices, customer service level requirements, installation status reporting practices and safety training and practices. The Plan must identify any subcontractors to be used for this work, or if such subcontractors have not yet been identified, then a plan for identifying and retaining subcontractors. Respondent should articulate if and how local entities will be performing the installation or retrofit.

The Respondent must describe its plan for providing service related to customer and/or Company-initiated trouble calls, repairs and other field services. Respondents are expected to meet all industry standards.

## 2022 Distributed Energy Resources RFP

### SECTION 2. CATEGORY A: Turnkey Resource Acquisition

#### *Continuity of Business Plan*

A Continuity of Business Plan will be required, and must demonstrate how the enabled devices will be capable of containing the delivery of grid services in accordance with contractual obligations in the event of a Respondent's default or bankruptcy. The Continuity of Business Plan will elaborate on how the Respondent will provide the Source Code, which provides the compilation, linking, packaging and platform requirements of equipment (inverters, energy storage system, DVAR equipment and additional applicable equipment), or other means to provide surety of operations for PSE.

#### *Achieving Performance Requirements*

The Respondent shall prepare information in the Implementation Plan to clearly depict the overall approach to portfolio design and management such that the Respondent can be reasonably expected to meet the bid and the contractual obligations as set forth in this DER RFP. The Respondent may include information about the expected load shapes of the customers and load profiles of associated participating devices, the analysis employed to derive the quantity of services to be committed, the risk adjustments made and applied to the assumptions to minimize exposure to failure to meet obligations, and so forth.

#### *DER System Support and Maintenance*

The respondent should provide details in the Implementation Plan of their system support structure including staffing, response and resolution Service Level Agreements, process for opening and tracking incident tickets, process for maintaining SW currency, periodic maintenance and upgrades.

The respondent should provide details regarding their long term plans to keep currency of their compliance to communication and control standards related to their technology such as (but not limited to) openADR, Sunspec, IEEE 2030.5, etc. as these standards are likely to evolve. PSE wants to make sure the respondents are able to support evolutions of these standards in their roadmap.

The respondent should provide details of their data and records retention and disposal policies in relation to the solution they propose to PSE.

#### *DER System Customer References*

The respondent should provide a list of reference customers that PSE can contact in order to gather information regarding their experience with the respondent's system integration and support services performance.

#### **IT/OT Requirements**

## 2022 Distributed Energy Resources RFP

### SECTION 2. CATEGORY A: Turnkey Resource Acquisition

There are two main types of DER connection types that PSE is requesting in this RFP. The first is aggregated DERs interfacing with PSE's VPP. The second type is direct connected DERs to PSE's system with monitoring and control through PSE's VPP or EMS / ADMS depending upon size and electrical level of connection. There is a common set of requirements that apply across both cases, as well as requirements specific to each case. The common and specific requirements are described in Exhibit K: Requirements List, including requirements tagged "IT" and "Operations". In addition, the Respondent must complete the questions found in Exhibit B: Proposal Requirements Forms (Tab 4). Not being able to meet the requirements labeled "Must Have" in Exhibit K and Exhibit B: Proposal Requirements Forms (Tab 4) will not automatically eliminate a respondent. PSE requests that respondents unable to meet the requirements in Tab 4 of Exhibit B provide an explanation as to how their proposal still meets PSE's needs. PSE will compare respondent capabilities with PSE requirements in its evaluation.

The connection types are described below with graphical representations of each type. Note that the types here apply to the different types of DERs shown in Figure 2 "Types of Control for Acquired DERs" and Table 4 "Resource Types".

#### ***System Descriptions and Diagrams by Types of Control***

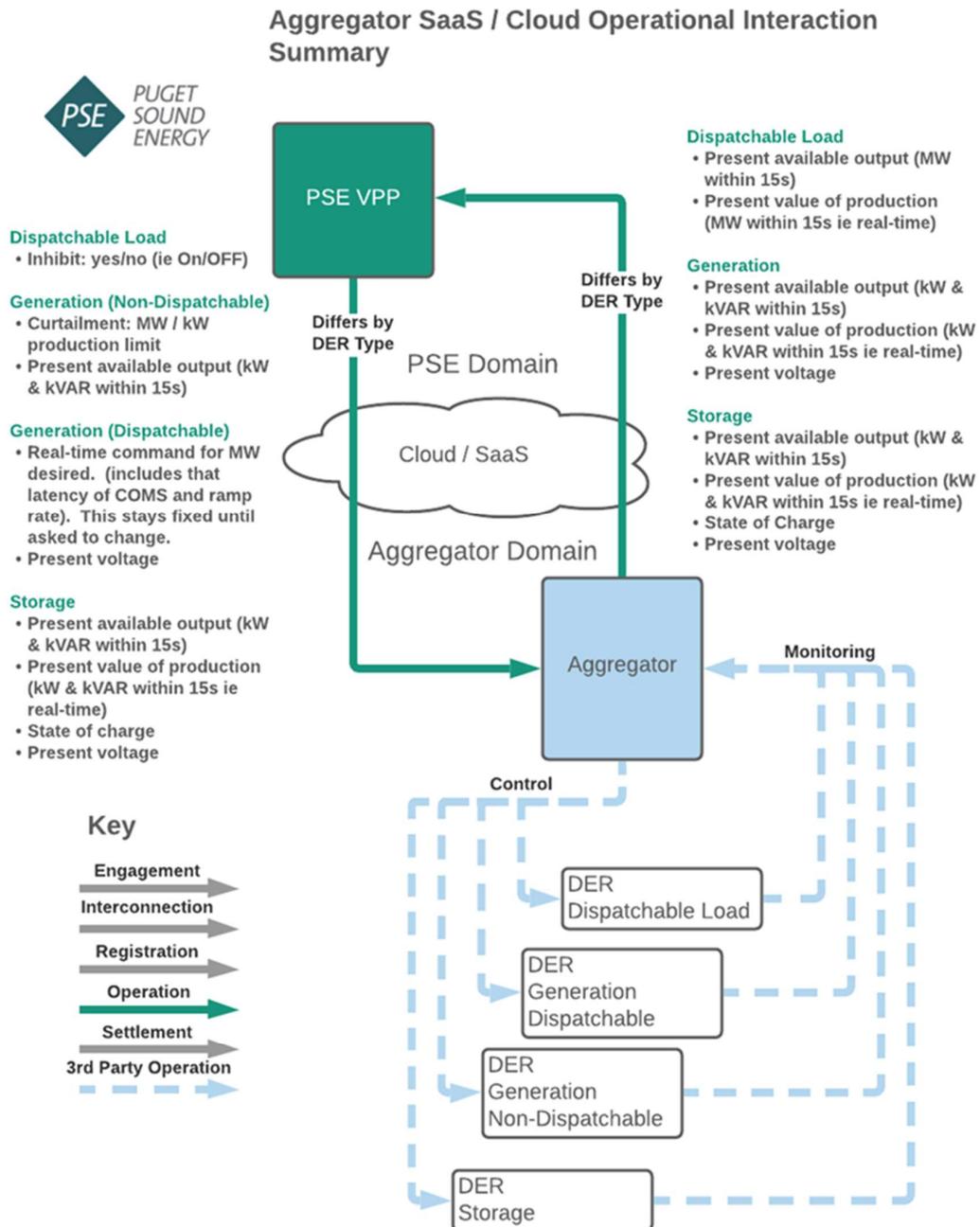
##### Aggregated DER

The Aggregated DER case is for BTM DERs that are connected to PSE's system and that PSE has indirect visibility, control, or influence over. The DER aggregator will respond to the commands from the PSE VPP shown on the left in Figure 3 below by DER type. In addition, the DER aggregator will provide a variety of forecasting, presently available, and current production information by DER type (see Figure 3). Respondents should respond to any requirement in Exhibit K: Requirements List tagged with "Aggregator" for this type of DER control.

2022 Distributed Energy Resources RFP

SECTION 2. CATEGORY A: Turnkey Resource Acquisition

Figure 3. DER Aggregator



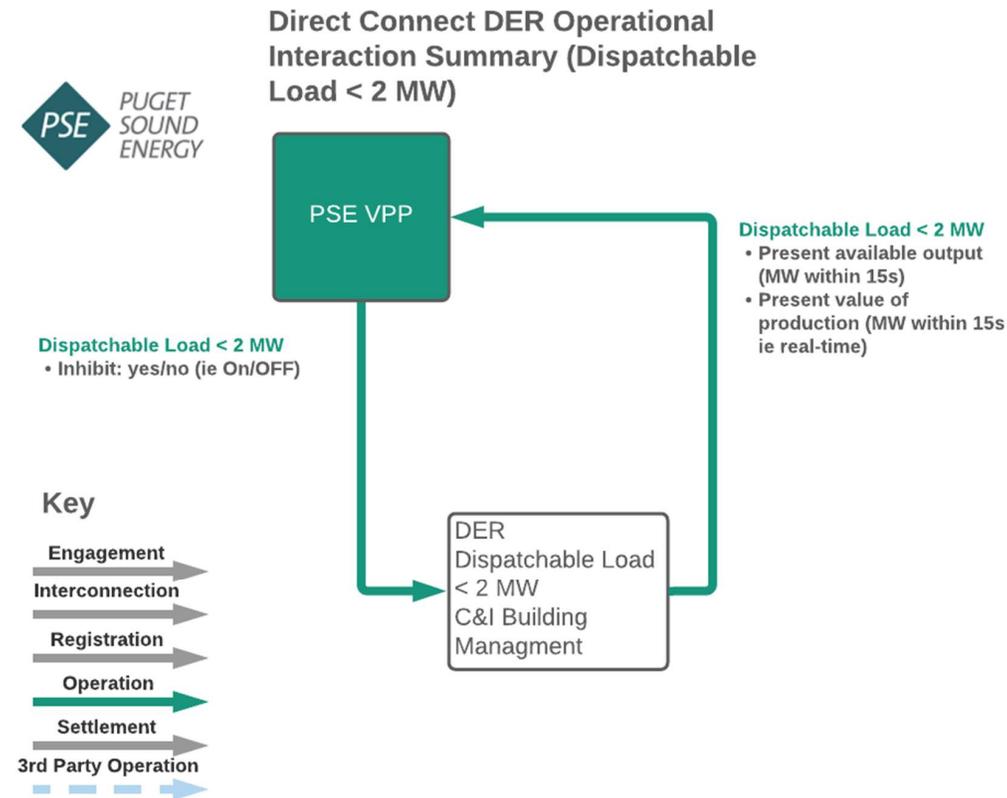
2022 Distributed Energy Resources RFP

SECTION 2. CATEGORY A: Turnkey Resource Acquisition

Direct Connect DER with monitoring & control in PSE’s VPP

Monitoring and control for directly connected solar resources greater than or equal to 0.5 MW and less than 2 MW, or BESS less than 2 MW, are shown in Figure 4 below. The interactions for these types of DERs consist of control and forecasting interactions. Respondents should respond to any requirement in Exhibit K: Requirements List tagged with “Direct Connect” for this type of DER control.

**Figure 4.** *Direct Connect < 2 MW*



Direct Connect DER with monitoring & control in PSE’s EMS / ADMS

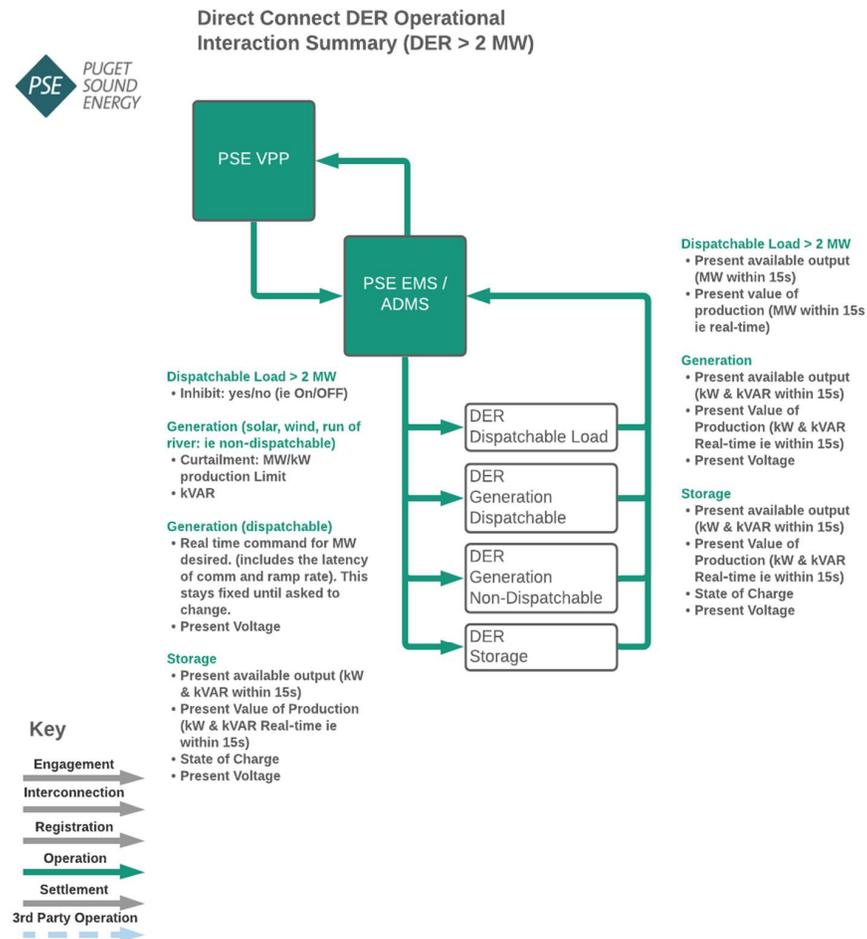
Monitoring and control for directly connected resources that are greater than or equal to 2 MW are shown in Figure 5. These types of resources require monitoring, control, and protection from PSE’s EMS and/or ADMS systems. The interactions for these types of DER are more complicated and consist of control and forecasting interactions separated by type. Please respond to any

2022 Distributed Energy Resources RFP

SECTION 2. CATEGORY A: Turnkey Resource Acquisition

requirement in Exhibit K: Requirements List that is tagged with “Direct Connect” for responses with DERs greater than or equal to 2 MW.

Figure 5. Direct Connect ≥ 2 MW



**Requirements by Category Type**

The requirements in Exhibit K: Requirements List are separated by functional areas including Business, Engineering, IT, Load Office, Operations, and Planning. Each requirement is tagged by the primary type of DER control: Aggregator or Direct Connect. In general, most of the business and load office requirements apply to all DER control types, while engineering, IT, operations, and planning requirements apply to one or more DER control types. These two different aspects of the requirements, as shown below, introduce complication but are intended to meet the

## 2022 Distributed Energy Resources RFP

### SECTION 2. CATEGORY A: Turnkey Resource Acquisition

Commission's goal of broadly enabling interconnection of DER into PSE's system to meet the long-term energy goals.

Please review each requirement by functional group and respond to any requirement in Exhibit K: Requirements List that is tagged for the applicable type of DER resource. Note that the Direct Connect can apply to DER < 2 MW and to DER  $\geq$  2 MW. The primary difference is that PSE expects that DER  $\geq$  2 MW will be monitored and controlled in PSE's EMS or ADMS system depending upon a variety of factors including size, interconnect voltage, and type of DER.

#### Pricing

Respondents should refer to the pricing sheets by resource type in Exhibit B: Proposal Requirements Forms and must follow the pricing structure outlined below. Respondents are encouraged to review Exhibit E: Schedule of Estimated Avoided Cost.

#### ***Solar and Battery Energy Storage System (BESS)***

The price for solar and FTM BESS must be expressed in one of the following three options outlined below. Pricing for BTM BESS is included under Demand Response.

- *A fixed capacity (\$/kW-year) and energy charge (\$/MWh) for the term of the PPA:* In this case, respondents need to specify the fixed charges and the PPA term start and end dates for which the fixed charges are valid.
- *A first-year capacity (\$/kW-year) and energy charge (\$/MWh) with an annual escalation rate for the PPA term:* In this case, Respondents are required to provide the start year capacity and energy charges, an annual escalation rate, and specify the PPA term start and end dates.
- *Market Index premium/discount:* In this case, respondents need to specify the premium or discount over the Mid-C price forecast (\$/MWh), see Exhibit E: Schedule of Estimated Avoided Cost.

For BESS, Respondents should indicate whether the pricing is for BESS paired with solar or standalone BESS.

The offer price should be inclusive of equipment prices, installation, and O&M charges. Additionally, Respondents need to separately specify the fixed O&M costs (\$/kW-yr.) and variable O&M costs (\$/MWh), which include maintenance and repair costs.

Respondents may also specify a buyout price and timeframe as part of their response.

For solar and FTM BESS where the ownership option applies, in which assets are transferred over for PSE's ownership, Respondents should specify the ownership start year and the ownership price.

**2022 Distributed Energy Resources RFP****SECTION 2. CATEGORY A: Turnkey Resource Acquisition**

For PPAs, Respondents are required to include underlying fixed and variable cost of production. In PSE's view, a pricing structure that closely mirrors the actual cost structure of the project aligns the Respondent's and PSE's interests with respect to scheduling and dispatch.

***Demand Response***

Respondent should provide pricing for the collective products and services being offered under DR in sufficient detail such that PSE will understand precisely what is being proposed and how much the proposed products and services will cost. Respondents should provide this pricing information with the understanding that products and services must fulfill DR-specific performance requirements in fulfillment of PSE's primary and secondary objectives.

The Respondents shall reflect pricing in the Pricing Section Exhibit B: Proposal Requirements Forms (Tab 3c). Respondents are required to provide firm pricing for a five-year contract term as indicated in this pricing section. Respondents can submit alternate pricing proposals for a longer contract term if they choose to in addition to the required pricing for a five-year contract term for providing DR.

For DR, Respondents are required to provide pricing in the following format, broadly under two sections that correspond to PSE's primary and secondary objectives for DR (specified in Exhibit B (Tab 3c)):

**Pricing for Fulfillment of PSE's Primary Objectives for DR**

- *Pricing for Winter Capacity Events (\$/kW-event)*: Respondents are required to provide an all-inclusive \$/kW-event capacity charge for achieving winter peak demand reduction in fulfillment of PSE's primary objectives and the corresponding annual MWs for winter peak demand curtailment for each year of the contract period. Separately, Respondents must indicate the normalized customer incentive charges (\$/kW-event), which is included in the capacity charges. This needs to be specified for every year over a five-year contract duration.
- *Pricing for Delivered Energy (\$/MWh)*: Respondents can provide an optional energy charge (\$/MWh) associated with achieving the winter peak demand reductions for the actual energy reduced during winter DR events.
- *Estimated Breakdown of Costs by Category*: PSE's BCA model uses disaggregated resource costs from respondents as inputs to cost tests, used in evaluation. Respondents are required to provide costs for providing winter curtailment capacity by the following categories.
  - *Program Startup Costs (\$/kW)*: Respondents are required to provide a summary of total capital costs corresponding to the installation of equipment necessary to achieve stated capacity and energy reductions.

## 2022 Distributed Energy Resources RFP

### SECTION 2. CATEGORY A: Turnkey Resource Acquisition

- *Program Administration Costs (\$/kW-year)*: Respondents are required to provide a summary of ongoing administration and/or management costs corresponding to the duration of the 5-year contract.
- *Program Marketing Costs (\$/new participant)*: Respondents are required to provide a summary of one-time marketing costs corresponding to the acquisition of new customers to program.
- *Customer Incentives Payments for Winter Peak Events (\$/kW-event)*: Respondents are required to provide a summary of program event incentive payments to customers necessary to achieve stated capacity and energy reductions.

#### Pricing for Additional Products/Services

Under this item, Respondents may provide pricing for year-round DR capacity in fulfillment of PSE's Secondary Objectives. This includes meeting capacity requirements during summer and shoulder months, and for providing the additional grid services identified as PSE's secondary objectives. PSE does not require that Respondents provide year-round curtailment capability, but the value of proposals may be enhanced by competitively priced curtailment capability beyond just the winter months. Respondents' pricing for additional products/services must specify the following:

- *Capacity charges, by event, for summer and shoulder months (\$/kW-event)*: Respondents should indicate the pricing by event for providing seasonal capacity in terms of \$/kW-event for summer and shoulder months.
- *Pricing for additional grid services, as identified in PSE's secondary objectives*: Respondents should indicate the additional grid services that DR resources can provide (e.g., different types of ancillary and load following services) and the incremental capacity charges for providing these services. Respondents should specify the type of grid service and the associated pricing for that type.

**2022 Distributed Energy Resources RFP****SECTION 3. CATEGORY B: Vendor Service Components****3. Category B: Vendor Service Components**

PSE's goal under this category is to secure responses to support the implementation of existing and new DER offerings, programs, and services to provide demand savings, renewable energy and related services to all PSE customers. PSE is seeking proposals for new and existing DER programs<sup>12</sup> and/or program support services that will produce electric demand savings and/or renewable energy from both residential and business customer sectors throughout PSE's service area. The purpose of Category B is to encourage and seek responses from local and diverse firms that specialize in providing specific types of services or working with specific communities, but may not be equipped to offer turnkey solutions for deployment of DERs under Category A. Such services may include customer outreach and enrollment, equipment installation and/or maintenance, and program administration amongst others. Category B services will be integrated with PSE's internal capabilities to develop programs such as space leasing, partnerships, and DER equipment incentives. Respondents may provide proposals under both categories A and B.

Respondents to Category B are expected to provide indicative pricing (discussed further in the Pricing for Vendor Service Components section), and can expect to engage in negotiations with PSE to revise and finalize the proposal if selected for the short list. Respondents should anticipate a delay in contract development as compared to turnkey solutions due to the additional program evaluation step.

PSE will accept, and encourages, responses from consortiums or multiple parties in partnership. Proposals from consortiums or multiple parties must clearly identify the relationship (actual or proposed) among the parties for the purposes of a transaction with PSE, including the party (or parties) with whom PSE will have the contractual relationship.

PSE is committed to making this RFP accessible to small, diverse and local respondents. In order to encourage participation in this RFP from these types of respondents, PSE will be reaching out to potential respondents to notify them of the upcoming RFP and seek their interest in providing a proposal. This is not meant to show preference or limit applicants to those who are contacted, but to proactively build engagement with under-represented respondents pursuant to WAC 480-107-015(2).

**DER Program Types and PSE's CEIP Preferred Portfolio**

Table 9 below lists the representative DER programs in PSE's 2021 CEIP-preferred DER portfolio that PSE wishes to develop. PSE does not expect this RFP to result in the acquisition of all programs in the preferred portfolio, but the Company encourages Respondents to use the

---

<sup>12</sup> See PSE's Renewable Energy Programs [website](#)

**2022 Distributed Energy Resources RFP**

**SECTION 3. CATEGORY B: Vendor Service Components**

preferred portfolio as an informative guide as to the type and mix of programs PSE is interested in offering to customers.

2022 Distributed Energy Resources RFP

SECTION 3. CATEGORY B: Vendor Service Components

Table 9. DER Program Types in PSE’s CEIP Preferred Portfolio

Type of DER	Position	Customer Segments	Representative Program Types in Priority Areas
Solar	FTM	Residential ( <i>multifamily and low income are priority segments</i> ) C&I	PSE Community Solar- Multifamily PSE Community Solar – Low Income Rooftop Solar Leasing-Low Income 3 <sup>rd</sup> Party Distributed Solar PPA
	BTM	Residential ( <i>multifamily is a priority area</i> ) C&I	Multifamily Solar Partnership C&I Roof-top Solar Incentive
BESS (standalone or paired with solar)	FTM	Residential C&I	C&I Space Leasing for Batteries
	BTM	Residential C&I	Residential PSE Battery Leasing-Low Income PSE Customer-Sited Solar+Storage Offering
Demand Response	BTM	Residential C&I	Direct Load Control- Smart Thermostats (Residential and Small C&I) Direct Load Control- Water Heaters (Residential and Small C&I) C&I Curtailment (Large C&I) BTM Battery Dispatch (all sectors) EV Managed Charging (passenger and fleet vehicles)

Table 3 in Section 1 provides brief descriptions of the programs in PSE’s 2021 CEIP preferred portfolio listed above.

The program components for which PSE is seeking implementation support services are:

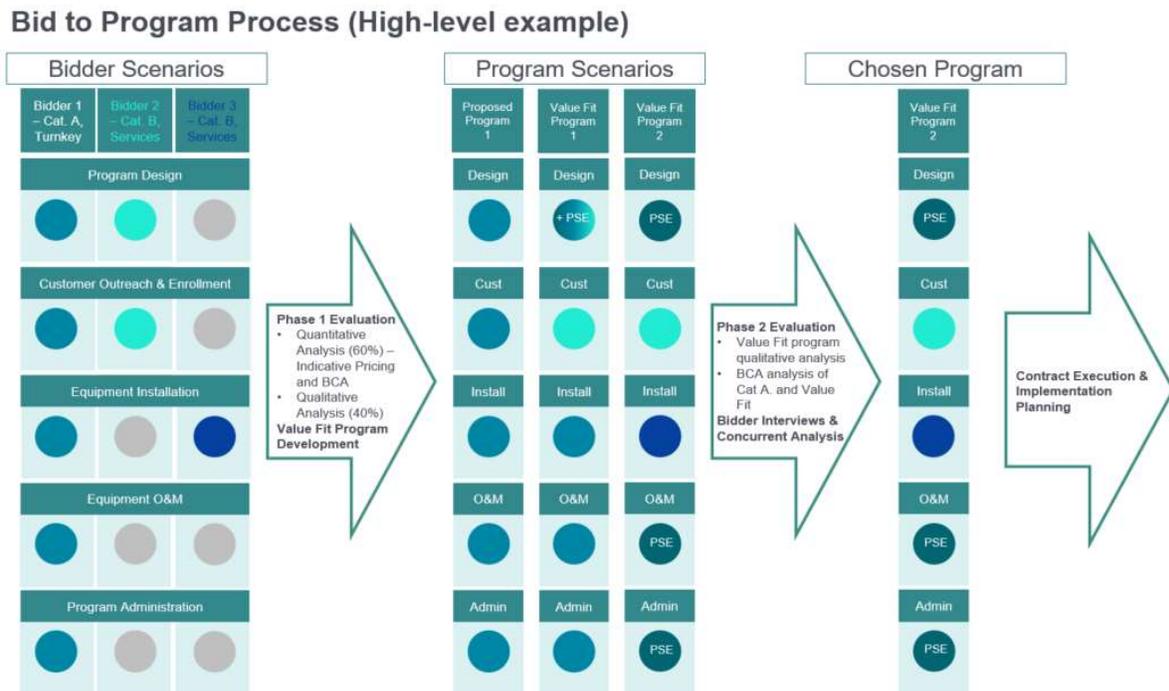
- Program Design
- Customer Outreach and Enrollment
- Equipment Installation
- Equipment O&M
- Program Administration
- Other

**2022 Distributed Energy Resources RFP**

**SECTION 3. CATEGORY B: Vendor Service Components**

Respondents may submit proposals for providing one or more service components listed above. PSE will evaluate the service components together with the Turnkey bids and PSE’s internal capabilities to develop a portfolio of best solutions (represented in Figure 6 below). Respondents can propose a separate ‘other’ component if the services being proposed do not fit the above-mentioned service types.

**Figure 6. Bid to Program Process (High-Level Example)**



Respondents should refer to Exhibit C: Proposal Requirements Forms for the proposal requirements.

**Component Descriptions and Requirements**

**Program Design**

PSE’s 2021 CEIP Preferred Portfolio includes representative DER programs PSE would like to develop as part of the Company’s DER Portfolio, and highlights priority areas in which PSE is seeking development and deployment of DERs. PSE is also open to innovative and new DER program design ideas beyond those listed in PSE’s CEIP Preferred Portfolio. Specifically, PSE seeks new offerings designed to help customers reduce peak grid loads, increase customer participation in clean energy programs, and maximize customer benefits from DERs in every stage, from procurement through the life-cycle of the DER equipment, focusing on Highly Impacted Communities and Vulnerable Populations (collectively, “Named Communities”).

## 2022 Distributed Energy Resources RFP

### SECTION 3. CATEGORY B: Vendor Service Components

In this RFP, the key elements of Program Design are:

- a) Type of DERs included (either singly or in combination) for the proposed program(s),
- b) Targeted customer segments for the proposed program(s),
- c) Incentive design for the proposed program(s), and
- d) Implementation plan for the proposed program(s).

Respondents should describe their experience in providing program design with a focus on innovative DER program design.

Written responses should demonstrate market readiness for an innovative idea and provide additional detail on the need for the program, savings sources and/or estimates, data supporting the need for the new approach, and any best practices or examples from other utilities implementing similar programs.

#### ***Customer Outreach and Enrollment***

Respondents proposing Customer Outreach and Enrollment services shall perform tasks related to recruiting customers, including marketing, advertising, and executing Participant Services Agreements. PSE values its relationships with customers. Service partners should understand these relationships and combine a high degree of technical expertise with superior customer-focused awareness and service during planning and implementation. It is PSE's preference to 'own' the customer relationship with the selected Respondent and co-coordinate DER implementation efforts with the selected respondent(s) and PSE's customer-facing program implementation teams. See Exhibit A: Evaluation Criteria and Scoring for scoring implications for owning the customer relationship.

Respondent should articulate if and how local entities will be performing the customer recruitment and enrollment. The proposal should indicate to what extent the Respondent would rely on PSE to provide marketing support as required.

The key elements of an Implementation Plan for providing Customer Outreach and Enrollment services are as follows:

- Customer Acquisition Plan that clearly identifies the customer sectors and segments to be targeted for recruitment with sector/segment specific marketing strategies.
- Types of DERs by customer segment (e.g., Community Solar for multi-family customers) and DER programs being considered (either from PSE's 2021 CEIP Preferred Portfolio and/or other programs not represented in the Preferred Portfolio).

## 2022 Distributed Energy Resources RFP

### SECTION 3. CATEGORY B: Vendor Service Components

- Respondent’s capabilities and experience in marketing customer-side programs to utility customers.
- A description of the methodology used to project the number of customers that can be recruited and enrolled in customer-side programs over a certain period.
- Tasks required before the recruitment process begins, including a timeline.
- New or innovative ways of targeting specific customer segments, focusing on named communities.
- Eligibility recommendations, and how customers will be contacted and selected, or rejected, for participation.
- Customer communication channels and specific recruitment strategies that the Respondent has successfully utilized and proposes to employ in this proposal.
- Marketing assistance the respondent expects PSE to provide. This may include customer lists, customer billing records, letters of introduction, or support by PSE’s customer service representatives.
- Overview of customer interaction points and expectations of customer and PSE. Selected Respondents must agree to the Customer Interaction Requirements found in Exhibit M: Co-branding and Customer Interaction Requirements. Respondents must explicitly state any exceptions that may be required for the proposal.
- Process used to track and report customer information to PSE.

PSE reserves the right to implement and/or coordinate all marketing activities. Specific and final Marketing Plans will be defined with PSE during contract negotiations. All marketing plans, materials, messaging, and deliverables must be reviewed and vetted through the DER program’s designated PSE Marketing representative prior to implementation. The use of any third-party contractors or vendors must be reviewed and approved by the PSE marketing team. Respondent may include specific marketing activities, labor, and third-party vendor costs within budget and response, but all costs are subject to review and approval during the negotiation period.

Respondent’s marketing and outreach strategies should consider how a DER program directly improves customer experience and satisfaction with PSE. If available, proposal should include proposed evaluation metrics and any required data that would be needed to measure success.

#### ***Equipment Procurement and Installation***

Respondents may submit proposals for providing “Equipment Procurement and Installation” service for a single type of DER (e.g., solar) or combinations of DERs (e.g., solar + BESS), and indicate the customer segments for which the Respondent proposes to provide this service.

## 2022 Distributed Energy Resources RFP

### SECTION 3. CATEGORY B: Vendor Service Components

Respondents may refer to PSE's 2021 CEIP Preferred Portfolio (see Table 9 above) for information on PSE's priorities on combinations of types of DERs and customer segments that PSE is seeking to target. Respondents may submit proposals for providing Equipment Procurement and Installation Services only or consider providing this in combination with other services listed in Category B: Vendor Service Components.

Respondents should articulate if and how local entities will be performing the equipment installation.

PSE expects the following from Respondents proposing Equipment Procurement and Installation services:

- Respondent must possess a valid State of Washington contractor license of the appropriate classification(s) required to perform the work for this Project and have a good safety record for at least the last three years. The license shall be valid for the entire term of the awarded contract.
- Respondent is responsible for obtaining any necessary approvals from the customer and property owner to install, maintain, and operate the DER (e.g., installing a rooftop PV on single family residential customers).
- Respondent must conduct a site inspection to determine the feasibility and safety of installing a DER System at the provided customer location and must obtain all permits associated with equipment installation. For example, if a Respondent is installing a rooftop PV system and if the roof at the customer location is under a warranty, Respondent is responsible for performing all work in a manner that is consistent with the requirements of such warranty and will be solely liable for any act or omission that voids such warranty.
- Respondent shall perform tasks related to scheduling customer visits for audits and/or installation and testing.
- Respondent is responsible for interconnection of the DER system consistent with the requirements of Schedule 152, and ensuring that IT/OT requirements are fulfilled. For dispatchable DERs, the Respondent is responsible for ensuring that the installed equipment is enabled and can respond to dispatch signals.
- For PSE-owned resources, Respondent must remove the DER system if, and when, required by PSE.
- Respondent must include details of all PSE obligations necessary for Equipment Procurement and Installation. Additionally, proposals should indicate any customer share of the cost of the installed equipment, and other fees or costs for participation, estimates of customer's time involvement, use of customer premises, etc.
- Respondent must include an overview of customer interaction points and expectations of customer and PSE. Selected Respondents must agree to the Customer Interaction

## 2022 Distributed Energy Resources RFP

### SECTION 3. CATEGORY B: Vendor Service Components

Requirements found in Exhibit M: Co-Branding and Customer Interaction Requirements. Explicitly state any exceptions that may be required for the proposal.

- Include any and all written or implied warranties that will be provided to customers regarding quality of materials and installation.
- Include the process used to track and report customer information to PSE.

#### ***Equipment O&M***

Respondents may submit proposals for providing “Equipment O&M” service for a single type of DER (e.g., solar) or combinations of DERs (e.g., solar + BESS), and indicate the customer segments for which the Respondent proposes to provide this service. Respondents may refer to PSE’s 2021 CEIP Preferred Portfolio (see Table 9 above) for information on PSE’s priorities on combinations of types of DERs and customer segments that PSE is seeking to target. Respondents may submit proposals for providing Equipment O&M service only or consider providing this in combination with other services listed under Category B: Vendor Service Components. Respondent should articulate if and how local entities will be providing the O&M services.

Key considerations for Respondents proposing Equipment O&M services are listed below:

- Indicative pricing should include performing all tasks related to O&M of installed DERs, including addressing customer inquiries related to equipment O&M.
- Include details of all PSE obligations necessary for Equipment O&M. Additionally, proposals should indicate any customer share of the equipment O&M cost, and other fees or costs for participation, estimates of customer's time involvement, use of customer premises, etc.
- Provide an overview of customer interaction points, and expectations of customer and PSE. Selected Respondents must agree to the Customer Interaction Requirements found in Exhibit M: Co-Branding and Customer Interaction Requirements. Explicitly state any exceptions that may be required for the proposal.
- Include any and all written or implied warranties that will be provided to customers regarding quality of O&M services.
- Describe process used to track and report customer information to PSE.

#### ***Program Administration***

Respondents may submit proposals for providing “Program Administration” service for DER programs. Respondents may refer to PSE’s 2021 CEIP Preferred Portfolio (see Table 9), for information on representative DER programs that indicate PSE’s priorities. Respondents may propose to provide program administration services across multiple DER programs.

**2022 Distributed Energy Resources RFP****SECTION 3. CATEGORY B: Vendor Service Components**

Selected Respondent will collaborate with PSE program team to achieve specific DER program targets (budgets & capacity/energy), forecasting, strategic planning, and customer issue resolution. Procedure changes may take place during the contract duration warranting a contract amendment or scope change. Selected Respondent(s) will oversee program implementation services which may include the following:

- Administrative support
  - Manage subcontractors, trade allies, and cross vendor coordination to ensure efficient delivery of program services.
  - Ensure the safety of Respondent staff, sub-contractors, trade-allies, and customers being served.
  - Undertake incentive processing for DER programs.
- Training
  - Provide appropriate training to Respondent staff, subcontractors, and trade allies needed to provide the DER program services.
  - Provide training to inform trade allies and necessary parties (e.g., contractors and property managers) of program procedures, and provide new contractors the training necessary to perform work for a given DER program.
  - Coordinate with PSE's Trade Ally program staff to plan contractor meetings, and cross-program contractor messaging, where applicable.
- Reporting and evaluation
  - Be responsible for verification of DER measures, tracking DER performance, and conducting evaluation studies.
  - Collect, store, and track data on customer's DER energy use and customer workflow through program implementation steps. Interface with PSE, as required, to allow for secure, automated data transfers of key program metrics meeting PSE data transfer protocols.
- Customer service
  - Collect, store, and track data on customer satisfaction metrics.
  - Manage a call center according to PSE customer interaction standards found in Exhibit M: Co-Branding and Customer Interaction Requirements.
  - Provide timely resolution to customer complaints and issues, with documented call center scripting and complaint escalation processes.

**Pricing for Vendor Service Components**

**2022 Distributed Energy Resources RFP**

**SECTION 3. CATEGORY B: Vendor Service Components**

Respondents must submit indicative pricing for the proposed components and provide responses to the items listed in Exhibit C: Proposal Requirements Forms. The pricing requirements vary by service component. Respondents should clearly state the assumptions on which the proposed prices are based, and any caveats and/or considerations related to the proposed pricing.

Respondents may specify component pricing for providing services across multiple DER programs and should refer to PSE’s 2021 CEIP Preferred Portfolio for a list of representative DER programs in PSE’s priority areas. As noted previously, Respondents may indicate other DER programs not listed in the Preferred Portfolio. The pricing assumptions should clearly state the DER program types for which the Respondent proposes to provide services, and the customer segments to be served. Respondents should indicate whether the prices by component are for providing bundled services across multiple components, or for providing services for individual components. If providing pricing by individual component, Respondents should indicate how the pricing would vary if Respondents were to combine multiple components into a bundled offer.

Table 10 below shows the indicative pricing structure by service component that Respondents should use as a guideline to provide pricing for each component. Respondents may suggest additional pricing structures not specified below, and should include clear descriptions of assumptions and considerations for the proposed pricing.

**Table 10. Indicative Pricing Structure by Service Component**

Service Component	Indicative Pricing Structure
Program Design	<ul style="list-style-type: none"> <li>• Provide pricing for undertaking a representative program design for proposed DER program(s) which includes:               <ul style="list-style-type: none"> <li>○ Blended hourly rates for key staff</li> <li>○ Hours and cost estimate</li> </ul> </li> </ul>
Customer Outreach and Enrollment	<ul style="list-style-type: none"> <li>• Specify customer segments and the types of DERs for which the Respondent is providing the pricing for Customer Outreach and Enrollment services.</li> <li>• Provide unit pricing (e.g., \$/1000 enrolled customers) for a hypothetical case (e.g., Solar PV installation for Res SF homes) and state the pricing assumptions for the types of DERs and customer segments being targeted.               <ul style="list-style-type: none"> <li>○ Clearly describe the unit for the proposed pricing</li> <li>○ Indicate how pricing varies by customer segments being targeted and by the type of DER.</li> <li>○ State the program scale (in terms of number of customers and/or units being targeted) for which the indicated pricing</li> </ul> </li> </ul>

2022 Distributed Energy Resources RFP

SECTION 3. CATEGORY B: Vendor Service Components

Service Component	Indicative Pricing Structure
	<p>applies and describe to how the pricing would change at a different scale of the program.</p>
<p>Equipment Procurement/ Installation</p>	<ul style="list-style-type: none"> <li>• Provide the price for one installed system (unit price) and describe the configuration of the installed system by DER type and customer segment (e.g., a rooftop solar PV system with 4 kW peak output, installed at single family homes).</li> <li>• Indicate underlying assumptions on the scale (number of units proposed to be installed) for different types of DERs (Solar, BESS, DR) and applicable customer segments.</li> <li>• Indicate price per unit for equipment installation.               <ul style="list-style-type: none"> <li>○ Equipment cost</li> <li>○ Installation costs with required labor hours for equipment installation</li> <li>○ Include any additional cost items related to equipment procurement and installation</li> <li>○ Indicate variations in unit price by customer segment, if applicable.</li> </ul> </li> </ul>
<p>Equipment O&amp;M</p>	<ul style="list-style-type: none"> <li>• Indicate pricing for providing O&amp;M services for one installed system (unit system) and describe the configuration of the system by DER type and customer segment (e.g., a rooftop solar PV system with 4 kW peak output, installed at single family homes).</li> <li>• Indicate underlying assumptions on the scale (number of units assumed for providing O&amp;M services) for different types of DERs (Solar, BESS, DR) and applicable customer segments               <ul style="list-style-type: none"> <li>○ Describe O&amp;M items included in services</li> <li>○ Include any additional cost items related to equipment procurement and installation</li> <li>○ Indicate variations in unit price by customer segment, if applicable.</li> </ul> </li> </ul>
<p>Program Administration</p>	<ul style="list-style-type: none"> <li>• Describe the specific services being proposed under Program Administration and the DER programs being considered.</li> <li>• Provide blended hourly rates by staff with hours and cost estimate for providing program administration services, with clear descriptions of underlying assumptions on the DER program types for which the administration services are being proposed.</li> </ul>

## 2022 Distributed Energy Resources RFP

### SECTION 3. CATEGORY B: Vendor Service Components

#### Key Considerations for Respondents

- Any services bid through this RFP should be available for implementation starting January 1, 2023 and ending December 31, 2024.
- PSE will determine from the list of responding interested parties, those vendors and contractors with whom PSE, in its sole judgment, wishes to engage in further discussion and/or negotiate a contract.
- PSE is under no obligation to select any proposal or move forward with any proposed services.
- For all awarded contracts, the Respondent must collect and provide to PSE staff: data on individual customers, DERs being proposed, and fulfill requirements related to DER evaluation, measurement & verification (EM&V). PSE must approve EM&V, marketing, IT infrastructure, sales and/or promotional plans.
- All DERs included in a program and service offering must produce CETA-compliant energy or capacity that can be reliably measured or estimated with accepted M&V methods.
- Written response should highlight integration with other PSE programs, products and/or services such as (but not limited to): energy efficiency programs, existing renewable customer-facing programs, electric vehicle programs, myPSE, paperless billing, autopay, etc.
- PSE requires successful respondents to use PSE branding in activities contracted by the parties. Co-branding helps PSE customers recognize that program activities are authorized by, and performed on behalf of PSE. Include in proposal those areas that might be considered for co-branding if company is a successful respondent. Co-branding Guidelines are found in Exhibit M: Co-Branding and Customer Interaction Requirements.
- If the proposal includes a digital user interface, it should be integrated with established PSE digital architecture, providing a seamless and consistent digital experience across all channels (i.e. website, mobile applications, interactive voice response systems, etc.) The interface should include single sign-on capability through PSE's myPSE Account login.
- Respondents must respond to the IT security questions in Exhibit N: IT Security Questionnaire and must be willing and able to adhere to PSE's data security requirements.
- Any customer data (including all transaction and interaction data) collected or generated through the idea or created as part of the program shall be the property of Puget Sound Energy and must be accessible to PSE at all times in near real time as necessary via secure automated means. This includes data such as (but not limited to) customer contact information and the customer journey across all channels. If data collection is part of the product, program and/or support service, written response should include detailed requirements related to data inventories and movement.

## 2022 Distributed Energy Resources RFP

### SECTION 3. CATEGORY B: Vendor Service Components

Vendor will be required to demonstrate adherence to PSE's Co-Branding and Customer Interaction Requirements and IT Security Requirements as outlined in Exhibits M and N.

- Outside of the Service Level Agreements outlined by PSE, Key Performance Indicators (KPIs) specific to the program will be developed in collaboration with the selected respondent and the Program planning teams to ensure operational efficiency and a high level of customer satisfaction.
- All respondents must submit Exhibit I: Master Services Agreement with a statement of acceptance or must identify area(s) for discussion with suggested language modifications. Include the specific Section and Item number for clarity.
- PSE anticipates selecting a short list in Q3 2022. Unless a bid is withdrawn, PSE will assume that it is valid through completion of the RFP. PSE further assumes that proposals will remain valid for a period that would allow for negotiation and execution of definitive agreements, including any applicable management and regulatory approvals.

2022 Distributed Energy Resources RFP

SECTION 4. SCHEDULE AND PROCESS

4. Schedule and Process

RFP schedule

The following schedule (Table 11) is subject to adjustment based on Commission review and the actual pace of the evaluation process. Updates will be posted online at <http://www.pse.com/RFP>.

**Table 11. 2022 DER RFP Schedule**

Date	Milestone
November 15, 2021	Draft DER RFP filed with WUTC
December 30, 2021	Public comment period ends <sup>13</sup>
January 31, 2022	WUTC review period ends; decision anticipated
February 7, 2022	PSE issues final DER RFP
Late February 2022	PSE hosts Respondents' conference <sup>14</sup>
March 21, 2022	Offers due to PSE
April 20, 2022	PSE posts compliance report to its RFP website, consistent with the requirements of WAC 480-107-035(5)
Q2 2022	PSE completes Phase 1 screening process and selects Phase 2 candidates, notifies Respondents
Q3 2022	PSE selects DER RFP short list, notifies Respondents
End of Q3 – Start of Q4 2022	Concurrent Evaluation begins

Evaluation process

PSE will follow a structured evaluation process designed to screen and rank individual proposals based on an evaluation of costs, risks, and benefits. These include resource cost, market-volatility risks, demand-side uncertainties and benefits, resource dispatchability, effects on system operation, customer benefits, credit and financial risks to the utility, the risks to ratepayers, public policy, and Washington State and federal government requirements. PSE will consider a number of quantitative and qualitative factors to compare proposals with diverse attributes. PSE will evaluate each proposal based on its compliance with this DER RFP and according to the

<sup>13</sup> WAC 480-107-017(3) allows interested parties to submit comments within 45 days after a draft RFP is filed. Based on a November 15, 2021 filing date, this period will close on December 30, 2021.

<sup>14</sup> The DER RFP Respondents' conference details and registration instructions will be posted at [www.pse.com/rfp](http://www.pse.com/rfp) as they become available.

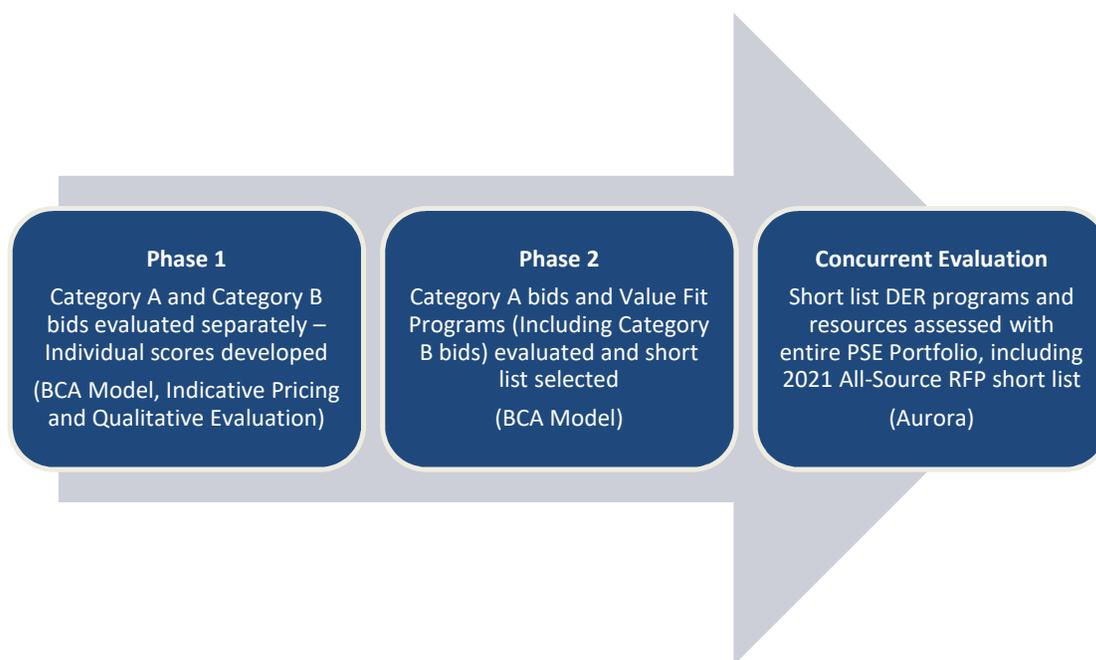
## 2022 Distributed Energy Resources RFP

### SECTION 4. SCHEDULE AND PROCESS

criteria described in Section 5: Minimum Requirements and Exhibit A: Evaluation Criteria and Scoring to this DER RFP.

The evaluation process will be divided into two phases, followed by a concurrent evaluation with the All-Source RFP in Docket UE-210220. Phase 1 is a screening phase, Phase 2 is the Value Fit program building and portfolio design phase, and the Concurrent Evaluation is an assessment of the entire PSE portfolio across the All-Source RFP and DER RFP, see Figure 7 below.

**Figure 7.** *2022 DER RFP Evaluation Process*



#### ***Intake process***

PSE’s evaluation process will begin with the intake of proposals through a web platform. Respondents will download the RFP forms from PSE’s RFP website ([www.pse.com/rfp](http://www.pse.com/rfp)) and submit the completed forms and attachments through the platform. The platform will be accessible by a link from the RFP website when the final RFP is issued.

Category A proposals will be tested for completeness and adherence to minimum criteria requirements (described in Section 5) in two ways during the intake process. First, an automated system performs real-time validation of proposal completeness and adherence to certain minimum criteria. If the automated system determines that a proposal is incomplete or fails to meet required criteria, it will generate an error-specific response, allowing the Respondent to adjust the proposal and resubmit it by the due date. Second, because certain minimum criteria may be difficult to confirm with a simple algorithm, PSE’s DER acquisition team will perform a preliminary eligibility screening to verify that all proposals accepted by the system appear to

**2022 Distributed Energy Resources RFP****SECTION 4. SCHEDULE AND PROCESS**

meet the minimum requirements. Category B proposals will not go through the automated screening and will be reviewed by PSE's DER acquisition team. If a proposal is determined to be ineligible based on the screening, PSE will notify the Respondent and the Respondent will be given three business days to remedy the proposal (the "cure period").

***Phase 1: Screening phase***

Once the intake process is complete, PSE will begin Phase 1 of the evaluation. In Phase 1, PSE will conduct a preliminary cost analysis and qualitative risk screening to produce a list of the most promising resources for further consideration. In this phase only, Category A and Category B bids will be evaluated separately. PSE will use its benefit-cost analysis ("BCA") model, Qualitative analysis, and the scoring approach for price and non-price factors presented in Exhibit A: Evaluation Criteria and Scoring to screen and rank proposals based on the Respondent's responses to Exhibit B/C: Proposal Requirements Forms. Upon completing its evaluation, the DER acquisition team will combine its quantitative and qualitative screening results to produce a Phase 1 individual score and ranking for each proposal. See Exhibit A: Evaluation Criteria and Scoring for the ranks and weights associated with price and non-price factors considered by PSE, and a description of PSE's approach to scoring individual proposals.

At the end of Phase 1, PSE will select a candidate list of proposals that will proceed to Phase 2 for portfolio design (the "Candidate List"). PSE will select a pool of resources that represents the best-performing proposals from different resource types and vendor service components, and for different programs in the preferred portfolio. PSE will stack resources by type and advance proposals to Phase 2 that are price-competitive within each resource stack. Examples of resource stacks for Category A include smart thermostat DR, FTM solar, BTM BESS, etc. For Category B, each vendor service component (e.g. program design, customer outreach & enrollment, etc.) is a separate resource stack. Resource stacks will also take into account responses that target specific communities and overlapping market potential. In determining price-competitiveness, PSE will look for scoring gaps and establish cut-off points, with the goal of advancing as many proposals as needed such that the resources included in Phase 2 amount to at least 150 percent of the resource need, see Table 2. PSE may also hold in reserve a certain number of proposals that fall short of the cut-off point, in the event that one or more of the selected proposals are subsequently withdrawn or eliminated for any reason, including unacceptable risks or fatal flaws identified during the course of additional due diligence.

Proposals that fail to substantiate a viable resource, lack credible detail, involve unacceptable risks or prohibitive costs, or otherwise fail to meet the minimum proposal requirements defined in Section 5 of the DER RFP will not be further considered. Any proposal that does not meet the minimum requirements of this RFP in the preliminary eligibility screening will be disqualified and will not receive a Phase 1 price or non-price score.

All Respondents will be notified of their selection status at the end of Phase 1. Respondents whose proposals have been selected to proceed to Phase 2 will be given an opportunity to submit an updated best and final offer price ("BAFO"). The BAFO may not be higher than the original

## 2022 Distributed Energy Resources RFP

### SECTION 4. SCHEDULE AND PROCESS

price, and no other aspect of the proposal may be changed. By the end of Phase 1, PSE may have chosen its VPP vendor. If a Respondent has an existing platform or service that is compatible with the chosen VPP vendor, PSE encourages price adjustments to be made to reflect those synergies. If no BAFO is submitted, the original bid price will be used in Phase 2.

#### **Phase 2: Program Building and Design Phase**

During Phase 2 of the RFP evaluation process, PSE will design a suite of programs for evaluation from the candidate list developed in phase 1 of Category A “turnkey” and Category B, Value Fit programs, further described in Exhibit A: Evaluation Criteria and Scoring. PSE will then use the BCA tool and qualitative metrics to compare different portfolio mixes to determine the shortlisted portfolio of DERs. Exhibit A provides further details on how PSE will quantitatively evaluate programs and resources, and qualitatively evaluate the customer benefit plans submitted by respondents and associated CBIs.

At the end of Phase 2, PSE will develop a short list of proposals that best align with the Company’s overall objective to select a portfolio of resources delivered to its system that balances lowest reasonable cost<sup>15</sup> considering risk, customer benefits, and broad customer class inclusion. The risks associated with determining lowest reasonable cost include compliance with all applicable state laws and regulations, including CETA. The costs and risks associated with compliance with CETA include the customer benefit and equity considerations outlined in RCW 19.405.040(8).

#### **Concurrent Evaluation of the DER and All-Source RFPs**

The analysis of the DER and All-Source RFPs will be coordinated to create the most holistically optimized portfolio. Each RFP is separately evaluated through short list selection (Phases 1 and 2 above for the DER RFP). The short list from the targeted DER RFP will be included in a combined portfolio analysis with the short list from the All-Source RFP. Phase 2 of the All-Source RFP evaluation will include a sensitivity that considers optimized portfolio scenarios in which the DER RFP targets are and are not fully met. Aurora will be used for this portfolio optimization and will compare different combinations of resources over a variety of future pricing scenarios. This approach allows for a fair comparison and concurrent evaluation to identify the best resources from both RFPs.

#### **Quantitative modeling**

The RFP will use modeling tools and methodologies that are consistent with the 2021 CEIP. In Phase 2 of the DER RFP, the BCA will be used to evaluate all proposals; PSE will use the Aurora

---

<sup>15</sup> *Lowest reasonable cost is defined in WAC 480-107-007 and 480-100-605 to mean “the lowest cost mix of generating resources and conservation and efficiency resources determined through a detailed and consistent analysis of a wide range of commercially available resources. At a minimum, this analysis must consider resource cost, market-volatility risks, demand-side resource uncertainties, resource dispatchability, resource effect on system operation, the risks imposed on the utility and its customers, public policies regarding resource preference adopted by Washington or the federal government, and the cost of risks associated with environmental effects, including emissions of carbon dioxide. The analysis of the lowest reasonable cost must describe the utility’s combination of planned resources and related delivery system infrastructure and show consistency with chapters 19.280, 19.285, and 19.405 RCW.”*

## 2022 Distributed Energy Resources RFP

### SECTION 4. SCHEDULE AND PROCESS

model only for the Concurrent analysis. Aurora is a production cost model that will be used for optimal resource selection (also known as long-term capacity expansion modeling) and hourly economic dispatch. Consistent with RCW 19.280.030(3)(a)(iii) and the 2021 IRP, the social cost of greenhouse gases (“SCGHG”) is included as a cost adder to emitting resources in the long-term capacity expansion model.

#### Independent evaluator

In early February 2021, following Commission approval in Docket UE-210037, PSE hired Bates White to provide independent evaluator (“IE”) services for the All-Source RFP. For information about PSE’s IE selection process and the qualifications of Bates White, please see PSE’s petition dated January 19, 2021 in Docket UE-210037, found on the WUTC [website](#). Subsequently, PSE hired Bates White as the IE for the DER RFP to leverage the knowledge gained on PSE’s internal processes and priorities through their work on the All-Source RFP.

Frank Mossburg <a href="mailto:Frank.mossburg@bateswhite.com">Frank.mossburg@bateswhite.com</a>	Vincent Musco <a href="mailto:Vincent.musco@bateswhite.com">Vincent.musco@bateswhite.com</a>
--	---

#### ***Role and scope of the IE***

Consistent with the requirements in WAC 480-107, the following sections describe the role and scope of the IE: (i) Role and expectations, (ii) Responsibilities and tasks, and (iii) Deliverables.

#### Role and expectations

The function of the IE is to consult with PSE, as needed, on the procurement activities in the 2022 DER RFP as described below. The IE will:

- ensure that PSE’s 2022 DER RFP process is conducted fairly, transparently, and properly;
- participate in the design of the 2022 DER RFP;
- evaluate the unique risks, burdens, and benefits of each bid;
- provide to PSE the IE’s minutes of meetings and the full text of written communications between the IE and PSE and any third-party related to the IE’s execution of its duties;
- verify that PSE’s inputs and assumptions, including capacity factors and capital costs, are reasonable;
- assess whether PSE’s process of scoring the bids and selection of the initial and final shortlists is reasonable;
- prepare a final report to the WUTC after reconciling rankings with PSE in accordance with WAC 480-107-035(3) that must:

## 2022 Distributed Energy Resources RFP

### SECTION 4. SCHEDULE AND PROCESS

- include an evaluation of the competitive bidding process in selecting the lowest reasonable cost acquisition or action to satisfy the identified resource need, including the adequacy of communication with stakeholders and Respondents; and
- explain ranking differences and why the IE and PSE were or were not able to reconcile the differences.

The IE will participate in meetings with the WUTC and PSE, on an as-needed basis, to discuss its findings. If called upon to testify, the IE may serve as an expert witness in proceedings.

The IE will be given reasonable access to information, meetings and communications related to offers submitted by all respondents. The IE will immediately report to PSE and the WUTC any perceived attempt by any individual or party, including any PSE self-build or affiliate Respondents, to improperly influence any findings determined by the IE, or to challenge or interfere with their independent role in the solicitation process. See also Section 5 subsection Eligibility and Conflict of Interest Disclosure for more information about self-build and affiliate bids.

#### Responsibilities and tasks

In support of the functions discussed above, the IE responsibilities and tasks will include the following:

- Review and provide feedback and recommendations on PSE's draft 2022 DER RFP, including stakeholder comments. Assess the 2022 DER RFP's design, including review of the adequacy, accuracy and completeness of solicitation materials to ensure compliance with the WUTC's Purchase of Electricity Rules and consistency with accepted industry standards and practices. The IE will participate in the design of the RFP and provide feedback to PSE on the draft 2022 DER RFP prior to their release.
- Advise on the consistency of solicitation activities with the WUTC's rules and procedures and PSE's WUTC-approved 2022 DER RFP.
- Advise on the evaluation process, including recommending data requests, as needed, to supplement the information requested from Respondents in the 2022 DER RFP to allow for a full and fair evaluation of proposals.
- Assess whether the quantitative and qualitative bid evaluation criteria and methodologies are applied to all bids in a fair and non-discriminatory manner and whether PSE's process of scoring the bids and selection of the initial and final shortlists is reasonable. The IE will be provided reasonable access to the evaluation meetings and documentation of PSE's DER acquisition and cross-functional teams, in order to credibly assess the bid evaluation and selection processes.
- Verify that PSE's inputs and assumptions, including capacity factors and capital costs, are reasonable. The IE will be provided with a description of how the evaluation models

## 2022 Distributed Energy Resources RFP

### SECTION 4. SCHEDULE AND PROCESS

function, including the inputs and outputs of all models used during the evaluation process.

- Assess whether PSE's process of scoring the bids and selection of the initial and final shortlists is reasonable. The IE will score and rank qualifying bids based on PSE's modeling output and an independent qualitative assessment using the RFP's ranking criteria and methodology and consult with PSE to reconcile any ranking differences. If a Respondent makes material changes to its bid after shortlist selection, PSE and the IE will re-rank bids according to the revised bid.
- Monitor the evaluation processes and promptly submit recommendations to PSE's DER manager to ensure that no Respondent has an information advantage and that all respondents or counterparties, if applicable, receive access to relevant communications in a non-discriminatory manner.

#### Deliverables

- Prepare a final written report as to whether or not PSE's competitive bidding process, evaluation process and decisions were reasonable and appropriate and were applied in a transparent, fair and non-discriminatory manner for all offers received. The report will explain why the IE and PSE were (or were not) able to reconcile any ranking differences. The IE will protect confidential Respondent information subject to the terms of the confidentiality agreement included in the IE RFP and consistent with the terms of the confidentiality agreement included in the 2022 DER RFP.
- Provide to PSE the IE's minutes of meetings and the full text of written communications between the IE and the utility and any third-party related to the IE's execution of its duties.
- Participate as an independent witness or in an advisory capacity during administrative hearings, as required, before the WUTC in any associated proceedings.

#### **Negotiations and contracts**

PSE may elect to negotiate price and non-price factors with any Respondent whose proposal has been shortlisted. During negotiations, PSE will continue to update its economic and risk analysis on an as-needed basis to reflect any additional or revised factors that may impact the total cost of a proposed resource.

PSE has no obligation to enter into definitive agreements with any respondent to this DER RFP and may terminate or modify the DER RFP at any time without liability or obligation to any Respondent. This DER RFP shall not be construed as preventing PSE from entering into any agreement that it deems appropriate at any time before, during, or after the DER RFP process is complete. PSE reserves the right to negotiate only with those Respondents and other parties who

**2022 Distributed Energy Resources RFP**

**SECTION 4. SCHEDULE AND PROCESS**

propose transactions that PSE believes, in its sole opinion, to have a reasonable likelihood of being executed substantially as proposed.

2022 Distributed Energy Resources RFP

SECTION 5. PROPOSAL REQUIREMENTS

## 5. Proposal Requirements

### Summary of Proposal Submission Requirements

Table 12 below lists required exhibits for Category A and Category B proposal submission. The primary proposal submission documents are Exhibit B for Category A respondents, and Exhibit C for Category B respondents. In addition, Respondents are required to address the requirements included in other specified exhibits as part of the proposal submission. A few of the exhibits (as indicated below in Table 12) are for reference only and do not include any submission requirements.

**Table 12. Summary of Required Exhibit Submissions**

Exhibit	Required Submission for Category A Respondents	Required Submission for Category B Respondents	For Reference Only
Exhibit A: Evaluation Criteria and Scoring			✓
Exhibit B: Proposal Requirements Forms (Category A)	✓		
Exhibit C: Proposal Requirements Forms (Category B)		✓	
Exhibit D: Mutual Confidentiality Agreement	✓	✓	
Exhibit E: Schedule of Estimated Avoided Cost			✓
Exhibit F: Prototype Ownership Agreement Term Sheet	If Applicable		
Exhibit G: Prototype Capacity and/or Energy Agreement Term Sheet	If Applicable		
Exhibit H: Prototype Clean Energy PPA Term Sheet	If Applicable		
Exhibit I: Master Services Agreement	✓	✓	
Exhibit K: Requirement List			✓
Exhibit L: Resources			✓
Exhibit M: Co-Branding and Customer Interaction Requirements			✓
Exhibit N: IT Security Questionnaire		✓	

2022 Distributed Energy Resources RFP

SECTION 5. PROPOSAL REQUIREMENTS

Exhibit	Required Submission for Category A Respondents	Required Submission for Category B Respondents	For Reference Only
Exhibit O: Vendor Questionnaire for Non-SaaS Provider <sup>16</sup>			✓
Exhibit P: PSE Customer Consent Letter	If Applicable	If Applicable	

**Confidentiality agreement**

Each bid submittal shall include a signed and scanned copy of Exhibit D: Mutual Confidentiality Agreement, which is due no later than March 21, 2022. PSE will return one fully executed scanned Mutual Confidentiality Agreement to the respondent.

Consistent with the requirement in WAC 480-107-023, PSE must provide the IE with all data and information necessary to perform a thorough investigation of the bidding process and responsive bids. Consistent with the requirements of WAC 480-107-035, PSE will make available on its website a summary of all proposals received within 30 days of the close of the bidding period.<sup>17</sup> PSE will also file a final summary report with the WUTC pursuant to WAC 480-107-145.

Additionally, in accordance with the requirements of WAC 480-107-145, PSE will retain all information pertinent to this DER RFP process for a period of seven (7) years or until PSE concludes its next general electric rate case, whichever is later. Except to the extent required by law or regulatory order, PSE shall have no obligation under this DER RFP to provide the models and data used in its evaluation process to respondents or other third parties.

**DER RFP Proposal Requirements**

PSE expects respondents to provide complete information in their original submittals. PSE will not consider proposals that provide insufficient information to substantiate the project or offer. Minimum qualifying criteria are defined later in this section.

<sup>16</sup> This is provided for reference only and applies to non-SaaS providers. PSE will require Respondents to fill this out in the post selection stage.

<sup>17</sup> PSE will post a non-confidential summary of proposals consistent with the requirements of WAC 480-107-035. Past proposal summaries have included a PSE-assigned Project ID#, the state in which the proposed resource is located, the resource type, the operating status of the resource, project COD, term start/end, commercial structure (contract type) and nameplate capacity. For storage resources, PSE includes both capacity (MWh) and duration (hours). For DR resources, PSE typically includes a capacity range (over the program life) and the customer class. Unless otherwise required by law or regulatory order, PSE will not include any specific confidential information (e.g., bid price, owner/developer name, project name, or specific project location) in any non-confidential summary of proposals.

## 2022 Distributed Energy Resources RFP

### SECTION 5. PROPOSAL REQUIREMENTS

To ensure that all proposals are thorough and complete, PSE has developed Exhibit B and Exhibit C for proposal requirements forms, Exhibit B (Tab 1) includes a checklist of required items for respondents to complete (see Figure 8 below), and Exhibit C (Section VII) includes a list of additional exhibits for respondents to complete. All respondents must complete a set of Exhibit B or Exhibit C forms, including any required attachments identified therein, for each proposal submitted. Additional information, such as a cover letter or other attachments not specifically required in Exhibit B/C, may be provided as part of a respondent’s proposal and will be considered supplementary information to the required Exhibit B/C forms.

Exhibit B/C shall be considered the primary proposal document. While it is the Respondent’s responsibility to ensure that all information provided in Exhibit B/C is true and accurate, if PSE identifies an inconsistency between the Exhibit B/C forms and other proposal contents, PSE will seek to clarify the discrepancy with the respondent with a data request. The respondent will be given three business (3) days to correct the discrepancy.

Category A Respondents must complete Exhibit B: Proposal Requirements Forms. PSE has designed the Exhibit B Excel file to be an automated key input to PSE’s DER RFP proposal database and models. Respondents may not add, remove or modify tabs in Exhibit B. PSE will reject Exhibit B forms if respondents add, remove or modify tabs in the Exhibit B file. Any changes to the integrity, or failure to complete the required fields of Exhibit B will result in a validation error response and the web platform will not accept the proposal until the error is corrected.

**Figure 8. Proposal content checklist (Exhibit B, Tab 1)**

1. Proposal Content Checklist			
Required for all RFP proposals submitted under Category A: Turnkey Resource Acquisition (Do not remove tabs)			
Proposal element	Required for	Section	Select response from drop-down list
Required proposal contents	All proposals	Exhibit B	
Proposal Content Checklist	All proposals	Tab 1	<input type="text"/>
Commercial Details	All proposals	Tab 2a	<input type="text"/>
Offer Details	Proposals including Solar and BESS; Not applicable to Demand Response	Tab 2b	<input type="text"/>
Facility	Proposals including Solar and BESS; Not applicable to Demand Response	Tab 3	<input type="text"/>
Solar	Proposals including Solar	Tab 3a	<input type="text"/>
Battery Energy Storage System (BESS)	Proposals including BESS	Tab 3b	<input type="text"/>
Demand Response	Proposals including DR	Tab 3c	<input type="text"/>
IT/OT Requirements	All Proposals	Tab 4	<input type="text"/>
Energy Output (8780)	Proposals including Solar	Tab 5a	<input type="text"/>
Solar Irradiance (8780)	Proposals including Solar	Tab 5b	<input type="text"/>
Interconnection	Proposals that include Schedule 152 interconnection	Tab 6	<input type="text"/>
Development - Projects Detail	Development or construction project proposals	Tab 7	<input type="text"/>
Ownership - Capital Costs	Proposals including asset sale offers	Tab 8	<input type="text"/>
Ownership - Operating Costs	Proposals including asset sale offers	Tab 9	<input type="text"/>
Bid Certification and contacts	All proposals	Tab 10	<input type="text"/>
Mutual Confidentiality Agreement	All proposals	Exhibit D	<input type="text"/>
Prototype Term Sheet (by offer structure)	All proposals	Exhibit F, G and H	<input type="text"/>
PSE Customer Consent Letter	Proposals for projects with a pending request for or agreement for PSE distribution interconnection	Exhibit P	<input type="text"/>

Proposals must be substantially complete consistent with the requirements of this RFP.  
Proposals that do not provide sufficient information to substantiate a project or offer will not be considered in this RFP.

## 2022 Distributed Energy Resources RFP

### SECTION 5. PROPOSAL REQUIREMENTS

Category B Respondents must complete Exhibit C: Proposal Requirements For Category B. The Exhibit C file asks Respondents for information about their vendor service component proposal, as well as background information about the Respondent and their capabilities. Respondents may not modify Exhibit C in any way. Additional information not required as part of Exhibit C may be included with the proposal and will be considered supplementary. Exhibit C is intended to be accessible to small and medium sized respondents as well as providing broader information to PSE about the respondent's capabilities and potential to be part of a Value Fit program. More information may be needed for later-stage evaluation; Category B respondents who are selected for Phase 2 will be asked for more information at that time.

If any Respondents are interested in providing bids for both Category A and B resources, they must provide separate proposals for each resource with the correct Exhibit completed for each.

#### ***Minimum qualifying criteria***

PSE considers a variety of evaluation criteria when making resource decisions, as described in Exhibit A: Evaluation Criteria and Scoring to this DER RFP. PSE has also identified a set of minimum qualifying criteria to help respondents craft proposals designed to best meet the objectives of this solicitation. Proposals must meet the minimum criteria outlined below for consideration in this RFP.

For all proposals (as applicable)

- Respondents must submit a complete proposal by the due date specified in Section 7 of the DER RFP, including either Exhibit B or C: Proposal Requirements Forms<sup>18</sup> and all required attachments indicated therein, and all the relevant Exhibits, as stated in Table 12 above. PSE has provided respondents with a proposal contents checklist in Exhibit B: Proposal Requirements Forms (Tab 1), and an additional exhibits list in Exhibit C: Proposal Requirements Forms (Section VII). PSE will not consider proposals that do not provide sufficient information to substantiate a project or offer.
- Each proposal (if applicable) shall acknowledge and state that PSE disclaims and shall not assume any risk associated with the potential expiration of (or the respondent's or other project entity's ability to utilize) any then applicable federal or state tax incentives, cash grant programs, or similar programs meant to support a relevant resource.
- All proposals shall state that there will be no assignment of proposals during the evaluation or negotiation stage of this DER RFP and that, in the event the respondent and PSE negotiate and execute definitive agreements based on the respondent's proposal, the definitive agreements and obligations thereunder shall not be sold, transferred, or assigned, or pledged as security or collateral for any obligation, without the prior written permission of PSE. Any project lender who takes an assignment of the definitive

---

<sup>18</sup> Respondents may not modify the contents or structure of the Exhibit B forms in any way. The forms are designed to be inputs to our modeling process. Validation errors in the submission process will result from attempting to modify the forms or a failure to complete the forms, and the proposal will not be accepted by PSE's online platform until the errors are corrected.

## 2022 Distributed Energy Resources RFP

### SECTION 5. PROPOSAL REQUIREMENTS

agreements for security and exercises any rights under such agreements will be bound to perform such agreements to the same extent.

- At a minimum, all qualifying Category A responses must:
  - Demonstrate site control consistent with guidance in the non-price scoring matrix in Exhibit A: Evaluation Criteria and Scoring for both the project and any other project-related infrastructure.
  - For proposals requiring interconnection, submit an interconnection application on or before June 1, 2022.
  - Use commercially viable technology.
- To align with PSE's first CEIP, PSE is seeking renewable resources beginning no later than December 31, 2025. Proposals must include a plan to deliver energy and/or capacity by this date.
- All resources proposed must be CETA compliant and connected to PSE's system.
  - FTM BESS resources must demonstrate the ability to charge and discharge as required to meet the need. (PSE requires batteries to be studied additionally as a load. These resources will need to establish both a generation interconnection and a means to charge the load either through retail load service or otherwise.)
- PSE reserves the right to request additional data and engage third-party consultants to independently verify project data.
- For development projects, proposals must describe the respondent's labor plan. As specified in Exhibit A: Evaluation Criteria and Scoring, preference will be given to projects constructed with high labor standards, including family-level wages, benefits and opportunities for local workers and businesses.<sup>19</sup>
- All proposals must state that all environmental attributes<sup>20</sup> associated with the proportionate share of the subject project, if any, will accrue to the ownership and beneficial use of PSE. PSE will not accept REC-only proposals at this time.
- Respondent must provide a customer benefit plan consistent with the provisions in RCW 19.405.040(8). See Exhibit B: Proposal Requirements Forms, Tab 2a. Commercial Details, "CETA Equity Plan and Company Commitments" section or Exhibit C: Proposal Requirements Forms, Section VI: Equity Plan, which guide Respondents to describe a

---

<sup>19</sup> As referenced in Exhibit A, PSE prefers projects that utilize a Project Labor Agreement or Community Workforce Agreement for major construction activities associated with the construction of the project. Respondents shall make commercially reasonable efforts to ensure that such Project Labor Agreement or Community Workforce Agreement is eligible to be certified by the Washington Department of Labor and Industries under the standards of the Washington State Clean Energy Transformation Act (RCW 19.405).

<sup>20</sup> "Environmental attributes" means generally credits, benefits, reductions, offsets and other beneficial allowances with respect to fuel, emissions, air quality, or other environmental characteristics, resulting from the use of certain generation resources or the avoidance of emissions.

## 2022 Distributed Energy Resources RFP

### SECTION 5. PROPOSAL REQUIREMENTS

proposed plan. Respondents may also provide a separately attached written diversity commitment, policy, or plan in addition to their responses to Exhibit B/C.

- All proposals must comply with all applicable laws, regulations and executive orders, including environmental laws, such as the Emissions Performance Standards<sup>21</sup>, and labor regulations such as prevailing wage regulations and, if applicable, Clean Energy Labor Standards Certification<sup>22</sup>.
- PSE will not accept credit requirements imposed on PSE by the respondent.
- Respondents must certify to adhere to all applicable safety laws, guidelines and industry practices. If proposal is selected for acquisition, PSE reserves the right to review and assess at least the previous three (3) year safety performance of companies responding to this RFP to ensure that they meet acceptable standards. A corporate safety plan and corporate drug and alcohol plan will be required in the proposal.
- Proposal will certify that if selected for acquisition, the respondent will be responsible for meeting its scheduled deadlines. PSE will require the respondent to accept the risk and agree to pay liquidated damages for failing to meet contractual milestones, except in the case of DR resources, the terms of which will be discussed during contract negotiations. An example situation of liquated damage restitution would be a Respondent not achieving commercial operation by the agreed upon date and PSE collecting liquated damages to cover the cost of procuring that lost capacity through other means. PSE may impose credit requirements based on the respondent's credit rating.
- Applicable proposals for standalone projects must identify the geographical boundaries of the overall project by map, sketch or drawing, depict all property ownerships within those boundaries on the map, sketch or drawing and provide real estate agreements demonstrating respondent's degree of project site control for the purposes of the proposed project. Per PSE's qualitative scoring matrix shown in Exhibit A: Evaluation Criteria and Scoring, proposals that demonstrate more site control will score higher.
- Proposals must identify required permits and approvals, their status, and provide a schedule for completion as part of the overall project schedule. As discussed in Exhibit A: Evaluation Criteria and Scoring, PSE prefers proposals that further demonstrate a respondent's permitting acumen (e.g. providing a permitting plan or demonstrating progress, identifying required studies and status, successful outreach to lead agencies and stakeholders, indicating past success permitting other projects in the area). Respondents should have begun permitting or long lead-time studies, such as habitat studies. If

---

<sup>21</sup> System PPAs longer than five years are eligible to participate in this DER RFP; however, they must comply with the Emissions Performance Standards (Chapter 173-407 WAC) and Chapter 480-100 WAC, which require disclosure of the underlying resource or resource pool to verify compliance with the standards.

<sup>22</sup> Washington State Labor & Industries is in the process of adopting WAC 296-140 to create a Clean Energy Labor Standards certification program that allows tax breaks for contractors who use diverse labor. As of the filing of this RFP, it is not in effect, but respondents are encouraged to certify for applicable responses when it does go into effect.

## 2022 Distributed Energy Resources RFP

### SECTION 5. PROPOSAL REQUIREMENTS

permitting or studies have not begun, Respondents should present a plan for receiving or completing the aforementioned, respectively.

- Development proposals must include sufficient detail to substantiate a viable project and to adequately assess risk. For example, community solar proposals must also provide the information listed below. Other resource types should plan to provide a similar level of detail and expect a similar level of scrutiny.
  - Proposals should include only PV panels from industry-recognized top-tier suppliers.
  - Proposals should include full description of PV panels to be used. Proposals should indicate anticipated date of third-party certification of proposed PV panels along with the name of the recognized industry third-party providing certification.
    - Proposals should include documentation of a site-suitability review performed by a third-party.
  - Proposals should include documentation indicating the plant's ability to comply with IEEE 1547, CA-21, and UL-1741 for ride-through.
- All cloud-based software solutions must have a SOCII Type 2 audit completed. Vendors who are in the process of a SOC2 audit will be considered if a letter is provided from their auditor stating they are in a SOC2 audit and have an estimated completion date on or before July 1, 2022. PSE expects cloud-based vendors will provide a SaaS agreement, including SLAs, during contracting to cover the licensing terms, and expects all other services to be covered by the MSA provided in Exhibit I.

#### ***For ownership proposals***

In addition to the minimum qualifying criteria required for all proposals listed above, PSE has identified the following additional criteria for ownership proposals:

- PSE will only accept proposals for ownership at or after COD.
- If project is selected, PSE will require comprehensive engineering design documents and drawings well in advance of project construction. Projects will be required to meet all PSE requirements and specifications.
- Respondents shall certify that all proposed design engineering firms and project constructors will have proven expertise and experience in projects of similar scope and size.
- Proposals should include a description of the manufacturer warranties/guarantees for major equipment and the GSU/step-up transformers. Proposals should also include the maintenance requirements to maintain manufacturer warranties.

#### ***Additional requirements***

## 2022 Distributed Energy Resources RFP

### SECTION 5. PROPOSAL REQUIREMENTS

In addition to the applicable requirements in the sections above, proposals for Solar, BESS, or Demand Response should provide the following items:

#### Category A

- Solar
  - Respondents seeking to bid a solar resource must respond to solar-specific requirements in tab '3a. Solar' of Exhibit B.
  - To inform the planning process, Respondents must provide an 8760 generation forecast for the proposed resource (tab '5a. Energy Output' in Exhibit B) and one year of solar irradiance data (tab '5b. Solar Irradiance (8760)' in Exhibit B).
- BESS
  - Respondents seeking to bid a BESS resource must respond to BESS-specific requirements in tab '3b. BESS' of Exhibit B.
    - If available at the time of bid submittal, provide comprehensive engineering design documents and drawings well in advance of project construction. If available, Respondents should also provide one-line diagrams, three-line schematics, communication plans and protocols used, and a list of tags and alarms used in the battery management system ("BMS"). If unavailable at the time of bid submittal, PSE will request this information during the evaluation or negotiation process. Projects will be required to meet all PSE requirements and specifications. These items are described in tab '3b. BESS' of Exhibit B.
- DR
  - Respondents seeking to bid DR resources must respond to DR-specific requirements in tab '3c. DR' of Exhibit B.

#### Category B

- All Category B respondents must submit a completed Exhibit C: Proposal Requirements Forms, along with the other required exhibits as indicated in Table 12.

#### **Signatures and certifications**

Each electronic proposal must include a scanned copy of the Bid Certification Form: Exhibit B (Tab 10) or Exhibit C (Section VIII), signed by a duly authorized officer or agent of the respondent submitting the proposal. By signing the form, the respondent's duly authorized officer or agent certifies that:

## 2022 Distributed Energy Resources RFP

### SECTION 5. PROPOSAL REQUIREMENTS

- The respondent's proposal is genuine; not made in the interest of, or on behalf of, any undisclosed person, firm, or corporation; and is submitted in conformity with any anti-competitive agreement or rules.
- The respondent has not directly or indirectly induced or solicited any other respondent to submit a false or sham proposal.
- The respondent has not solicited or induced any other person, firm, or corporation to refrain from proposing.
- The respondent has not sought to obtain for itself any advantage over any other respondent by collusion.

#### **Code of conduct, eligibility and conflict of interest disclosure**

This DER RFP will accept proposals from all third-party project developers or owners, marketing entities, or other utilities that meet the minimum requirements and comply with the process guidelines described in this DER RFP. All respondents shall disclose in their proposals any and all relationships between themselves, the project and/or members of their project team and PSE, its employees, officers, directors, subsidiaries, or affiliates.

#### ***Code of conduct***

PSE is committed to a culture of ownership, accountability, honesty, integrity and trust. In conducting this RFP, PSE will follow its [Code of Conduct](#). This Code of Conduct outlines the honest and ethical manner in which all employees and board of directors at Puget Energy, Inc., Puget Sound Energy, and related subsidiaries are expected to behave, with each employee having a duty to uphold the Code of Conduct.

The Federal Energy Regulatory Commission's ("FERC") regulations governing the sales of energy and/or capacity at market-based rates impose restrictions on transactions between "market-regulated power sales affiliates" and their affiliated traditional franchised public utilities with captive wholesale or retail customers. Under FERC regulations, "affiliate" is defined in [18 C.F.R. section 35.36\(a\)\(9\)](#).

Washington state law and regulations define what constitutes an "affiliated interest," which is different than how FERC defines "affiliate." In Washington, affiliated interest is defined in [RCW 80.16.010](#).

#### ***Self-build proposals***

PSE does not plan to submit a self-build proposal in the 2022 DER RFP.

#### ***Subsidiary or affiliate proposals***

**2022 Distributed Energy Resources RFP****SECTION 5. PROPOSAL REQUIREMENTS**

Subsidiaries or affiliates of PSE will be eligible to submit proposals in response to this DER RFP. Each respondent to PSE's DER RFP must disclose any subsidiary or affiliate relationship to PSE in Exhibit B (Tab 2a) to this DER RFP or Exhibit C (Section II). All respondents, including affiliates and subsidiaries of PSE, shall follow a consistent process for submittal. PSE will treat all respondents, including affiliates and subsidiaries of PSE, in a fair and consistent manner throughout the evaluation. Consistent with the provisions in WAC 480-107-023 and -024, the DER RFP evaluation team will neither give preferential treatment or special consideration to any subsidiary or affiliate of PSE to ensure no unfair advantage occurs, nor will PSE or its independent evaluator disclose the contents of its DER RFP evaluation or competing proposals to subsidiaries or affiliates of PSE prior to the information becoming publicly available. The IE will immediately report to PSE and the WUTC any perceived attempt by any individual or party to improperly influence any findings determined by the IE, or to challenge or interfere with their independent role in the solicitation process.

**Validity, deadlines and regulatory approval*****Bid validity and deadlines***

PSE anticipates selecting a short list in Q3 2022. Unless a bid is withdrawn, PSE will assume that it is valid through completion of the RFP. PSE further assumes that proposals will remain valid for a period that would allow for negotiation and execution of definitive agreements, including any applicable management and regulatory approvals.

***Regulatory approvals***

Regulatory approvals for resources acquired may not be obtained until the latter half of 2023 or later. PSE may seek post-closing regulatory review of any resource purchases, exchanges, acquisitions, or associated costs that result from this RFP. Such regulatory review could include receipt by PSE from the WUTC of approvals and orders, as applicable, pertaining to and confirming the inclusion of the full amount of any asset purchase price plus PSE's transaction costs and other amounts allocable to the construction, start-up, testing and commissioning of the project, as applicable, in PSE's rate base. Such approvals and/or orders to be in form and substance satisfactory to PSE in its sole discretion.

In addition to being subject to the jurisdiction of the WUTC, PSE is also regulated by the FERC. FERC's jurisdiction and authority over the activities of PSE are defined in the Federal Power Act and include certain aspects of the acquisition of electric power. In particular, Sections 203 and 205 of the Federal Power Act require, respectively, (i) approval by FERC prior to transferring FERC-jurisdictional assets a value in excess of \$10,000,000; and (ii) certain filings by PSE to support its authorization to sell power and related products at market-based rates.

Pursuant to Section 203 of the Federal Power Act, FERC has approval authority over any acquisition by PSE of public utility facilities subject to FERC jurisdiction with a value in excess of

**2022 Distributed Energy Resources RFP**

**SECTION 5. PROPOSAL REQUIREMENTS**

\$10,000,000. In reviewing filings under Section 203 of the Federal Power Act, FERC considers the effect on competition, rates, and regulation. FERC's approval of such an acquisition will be based on a finding that it is "consistent with the public interest."

FERC has authorized PSE to sell power at market-based rates pursuant to Section 205 of the Federal Power Act. As a condition of its authority to sell power at market-based rates, PSE must demonstrate to FERC that it does not possess market power in the relevant markets. Acquisition by PSE of generation or power resources may require PSE to demonstrate that it continues to lack market power after the resource acquisition. In addition, FERC's regulations prohibit PSE from engaging in the wholesale purchase of energy or capacity from an affiliate without first seeking FERC authorization. As a result, PSE may be required to seek prior FERC approval of any transaction with an affiliated entity.

Accordingly, PSE will evaluate all proposals in light of the requirements of the Federal Power Act and the effect that such regulatory requirements and review may have on PSE.

## 2022 Distributed Energy Resources RFP

### SECTION 6. CREDIT REQUIREMENTS

#### 6. Credit Requirements

PSE will not accept collateral thresholds, credit ratings triggers, general adequate assurances language or similar language that might require PSE to provide performance assurance. PSE developed this policy in order to protect its customers and to avoid undue costs, especially in the event of an industry-triggered credit downgrade.

PSE will require respondents to provide performance assurance. PSE will expect respondents with sub-investment-grade credit ratings (or being of similar creditworthiness), or whose credit ratings drop below investment grade, to provide performance assurance acceptable to PSE. Non-investment grade entities have inherent default risks. Collateral requirements are utilized to mitigate such risks. When certain PPAs are in default, physical supply will be affected. The collateral gives PSE an option to purchase market power to bridge the gap and, in turn, protect its ratepayers from both cost and reliability risks. This is consistent with standard industry practices.

In addition to any provisions included in the prototype term sheets for ownership agreements (Exhibit F to this DER RFP), capacity and/or energy agreements (Exhibit G to this DER RFP), or clean energy power purchase agreements (Exhibit H to this DER RFP) PSE may require negative control provisions<sup>23</sup> in any definitive agreements.

---

<sup>23</sup> "Negative control provisions" means covenants restricting respondent business practices that could jeopardize respondent's ability to perform its obligations.

**2022 Distributed Energy Resources RFP**

**SECTION 7. PROPOSAL SUBMISSION**

## 7. Proposal Submission

### Submission process, deliverables and deadlines

PSE is developing a web platform for respondents to confidentially submit electronic proposals to this DER RFP. PSE will provide a link to the platform and instructions for proposal submission on the RFP web site ([www.pse.com/rfp](http://www.pse.com/rfp)) once the final RFP is issued, or soon thereafter.

Questions or comments about the DER RFP may be submitted to [DERRFPmailbox@pse.com](mailto:DERRFPmailbox@pse.com). PSE will post answers to questions on its RFP website. RFP schedule updates and any supplemental informational updates associated with this RFP will also be posted to PSE’s [RFP website](#). Table 13 outlines the relevant deliverables and deadlines.

**Table 13. Deliverables and Deadlines**

Deliverable	Date Due	Format
<b>DER RFP proposal</b> <i>(See Section 5 and Exhibit B/C for Proposal Requirements)</i>	March 21, 2022	<ul style="list-style-type: none"> <li>• One electronic copy of the proposal via PSE’s confidential electronic proposal submission web platform (instructions will be provided on <a href="http://www.pse.com/rfp">www.pse.com/rfp</a> when the final RFP is issued)               <ul style="list-style-type: none"> <li>○ Proposal must include one complete Excel copy of the Exhibit B or C: Proposal Requirements Forms and all required attachments (as indicated therein)<sup>24</sup></li> <li>○ Proposal must include one signed scanned copy of Exhibit D: Mutual Confidentiality Agreement</li> <li>○ Proposal must also include a signed scanned copy of the Bid Certification Form, Exhibit B (Tab 10) or Exhibit C (Section VIII) in addition to the live version included in the form</li> </ul> </li> </ul>

<sup>24</sup> Respondents may not add, remove or modify tabs in Exhibit B (Proposal Requirements Forms). PSE has designed this Excel file to be a key input to PSE’s DER RFP proposal database and models. PSE will reject Exhibit B forms, if respondents add, remove or modify tabs in the Exhibit B file. Any changes to the integrity of, or a failure to complete the required fields of, the Exhibit B file will result in a validation error response and the web platform will not accept the proposal until the error is corrected.

## 2022 Distributed Energy Resources RFP

### SECTION 7. PROPOSAL SUBMISSION

#### Proposal requirements forms (Exhibit B and Exhibit C)

PSE is committed to providing Respondents with the guidance needed to successfully complete Exhibit B or C and to navigate the newly designed proposal submission process. Only Exhibit B will be subject to the automatic intake and data validation processes. PSE will not simply reject bids due to a data entry error or a misunderstood direction for a specific field. To help Respondents successfully submit their proposals, PSE will provide the following:

- a downloadable user instruction manual on how to navigate and use the RFP submission portal and its core features and functions,
- a downloadable user reference on typical expected data validation error messages,
- a live demonstration at the Respondents' conference to show Respondents how to submit a proposal and what to expect with the automated screening,
- unlimited access to submit and resubmit proposals during the RFP submission window, and
- a three-day curing period after the RFP due date to allow Respondents to remedy an unacceptable term or condition, or other non-conforming criteria or fatal flaw in a proposal.

Respondents may also reach out to DER RFP team staff through the DER RFP mailbox ([DERRFPmailbox@pse.com](mailto:DERRFPmailbox@pse.com)) with questions about Exhibit B or C, and the automated submission process.

Respondents should note that the bid submittal deadline is not subject to the three-day cure period. It is expected that respondents will plan ahead to submit their bids on time, allowing for sufficient time to seek advice from the DER RFP team, in the event of any data entry errors. Respondents are encouraged to submit early to confirm that their proposal forms will be accepted by the automated system. Respondents will have until the due date to delete and resubmit forms and other supporting files from the portal.



*2022 Distributed Energy Resources RFP:*

# Exhibit A. Evaluation Criteria and Scoring

2022 Distributed Energy Resources RFP

EXHIBIT A: EVALUATION CRITERIA AND SCORING

*Evaluation Criteria and Scoring*

PSE’s evaluation of new DERs is based on a combined quantitative and qualitative assessment of all proposals that meet the minimum requirements of the DER RFP. Taken together, the quantitative and qualitative evaluation criteria assess the feasibility of proposals and measure each proposal’s ability to satisfy compatibility with resource need, cost minimization, contribution to Clean Energy Transformation Act (“CETA”) customer benefit and equity provisions, risk management, and strategic and financial considerations.

As described in Section 4 of the DER RFP, PSE divides its evaluation process into two phases, a screening phase (Phase 1), and the Value Fit program building and portfolio design phase (Phase 2), followed by a concurrent evaluation with the All-Source RFP shortlist in Docket UE-210220.

In Phase 1, proposals are evaluated and scored based on the quantitative and qualitative metrics described in this exhibit. The proposals are then ranked according to the weighted average of their price (quantitative) and non-price (qualitative) scores. The weights of the price and non-price scores in the combined scoring are 60 percent and 40 percent, respectively. Only those proposals that satisfy the RFP minimum requirements will receive a qualitative or quantitative score. The evaluation team will continue to check for any non-conforming criteria or fatal flaws throughout the evaluation process. PSE will use the results of the individual quantitative portfolio analysis and qualitative evaluation to identify the candidate list of proposals selected to advance to the portfolio design in Phase 2. The candidate list will comprise of the best-in-class response(s) from each response type (e.g. for Category A: smart thermostats, residential batteries, etc. and for Category B: program design, customer outreach and enrollment, etc.)

In Phase 2, Value Fit programs will be built from the candidate list of Category B responses plus PSE program resources. Value Fit programs are essentially hybrid programs combining Category B vendor services with PSE resources to create a complete turnkey program. The Value Fit programs will then be added to the candidate list of Category A bids to test the portfolio impacts of potential resource combinations, and determine the best mix of proposals to meet PSE’s resource needs at the lowest reasonable cost and highest customer benefit. The results of the portfolio design phase will determine the preferred resource portfolio to be selected for the preliminary short list.

Phase 2 will be followed by a concurrent evaluation of the preliminary short lists from both the DER and All-Source RFPs in Aurora to ensure an optimal total resource portfolio.

## 2022 Distributed Energy Resources RFP

## EXHIBIT A: EVALUATION CRITERIA AND SCORING

## Intake Process

After proposals pass through the automated intake process (described in Section 4 of the DER RFP), the evaluation team will conduct a preliminary qualitative screening to verify that the minimum criteria have been met, and to check for non-conforming criteria or fatal flaws that would eliminate proposals from further consideration. Common examples of non-conforming criteria or fatal flaws include, but are not limited to: proposals with insurmountable or otherwise prohibitive feasibility constraints, resources that are not CETA-compliant, SaaS solutions without a completed or in progress SOCII Type 2 audit, commercially unproven technology, excessive counterparty risk, safety risk, and regulatory or legal risk associated with noncompliance that could adversely affect PSE. Any proposal identified to have non-conforming criteria or fatal flaws will be notified and given three (3) business days to remedy (the “cure period”).

## Phase 1 Screening

In Phase 1, PSE will conduct a preliminary cost analysis and qualitative screening to produce a list of the most promising resources for further consideration. For this DER RFP, the quantitative cost analysis will account for 60% of the score, and the qualitative analysis will account for 40% of the score. PSE’s 2021 All-Source RFP used a 70%/30% quantitative/qualitative split, but because DERs have higher impact on equitable distribution of benefits than utility-scale resources, PSE determined that a 60%/40% split was appropriate for this DER RFP.

### ***Quantitative metrics and price score (60%)***

In Phase 1, quantitative scoring for Category A (turnkey) proposals will be conducted separately from Category B (vendor service component) proposals.

**For Category A proposals**, the quantitative metrics assessed in Phase 1 are expected costs associated with the capacity and energy prices offered for each response. PSE will use the DER Benefit Cost Analysis (“BCA”) tool developed for the 2021 CEIP to model the costs and benefits of each proposal. The BCA model analyzes both the utility’s and customers’ economic perspectives and the interdependencies between the two. The BCA was selected as the primary modeling tool for the DER RFP for this ability to model both customer and utility economic impact as well as calculate cost tests that align with practices outlined in the National Standard Practice Manual (NSPM).<sup>1</sup> To align with existing PSE modeling practices, where possible, the BCA utilizes the same base Aurora modeling assumptions used to develop the 2021 IRP. Table 1 lists major elements quantified in the BCA model, the host customer, utility, and societal costs and benefits.

---

<sup>1</sup> See *National Standard Practice Manual For Benefit-Cost Analysis of Distributed Energy Resources August 2020*, [https://www.nationalenergyscreeningproject.org/wp-content/uploads/2020/08/NSPM-DERs\\_08-24-2020.pdf](https://www.nationalenergyscreeningproject.org/wp-content/uploads/2020/08/NSPM-DERs_08-24-2020.pdf)

**2022 Distributed Energy Resources RFP**

**EXHIBIT A: EVALUATION CRITERIA AND SCORING**

The BCA model was constructed to quantify each of these costs and benefits, when applicable, and apply cost tests consistent with the NSPM.

**Table 1. *BCA Model Costs and Benefits***

Costs	Benefits
Utility initial capital outlay	Utility reduced system peak capacity
Utility grossed-up return on asset base	Utility reduced transmission peak capacity
Utility O&M costs	DER generation hedge value
Utility PPA payments	Utility flexibility benefit and frequency response offset value
Utility owned/operated battery energy storage system charging costs	Customer backup power savings
Host customer initial capital outlay	Societal greenhouse gas benefits
Host customer program participation costs	
Host customer battery energy storage system market purchase charging costs	
Host customer O&M	

PSE expects that not all cost categories will be applicable for all responses. See [Appendix D](#) of the CEIP for more details on the BCA model.

PSE will score responses based on the cost metrics shown in Table 2 from the BCA analysis. For this RFP, PSE does not envision differentiating between the value of capacity and energy at different locations.

**Table 2. *Metrics calculated by BCA to assess RFP proposals***

Metric	Description	Value
<b>Net Resource benefit (\$)</b>	Difference between the net present value of bid resource and the net present value of equivalent generic resource. Projects may have a portfolio benefit by displacing higher cost DERs	Higher is better. Useful for comparing projects of similar size and technology type. Used to determine the optimal combination of resources that meets PSE’s resource needs.
<b>Net Resource benefit per offered</b>	Net present value of a proposed project’s net resource benefit divided by the net present value of the project’s offered nameplate capacity.	Higher is better. Useful for comparing different project sizes and technologies. Used along with qualitative metrics in

**2022 Distributed Energy Resources RFP**

**EXHIBIT A: EVALUATION CRITERIA AND SCORING**

Metric	Description	Value
<b>Nameplate (\$/MW)</b>		establishing an initial ranking of projects for inclusion in the portfolio design.
<b>Cost Test Output (ratio)</b>	The ratio of net present value of benefits over net present value of costs with different cost tests using different specific costs, benefits, and discount rates.	Higher is better. Useful for comparing project cost and benefits from different perspectives.

Quantitative scoring for **Category B proposals** will consider the indicative pricing for each service or bundle of services offered. This pricing may be for specific hypothetical scenarios identified in the RFP, or for bidder-proposed scenarios per instructions in the RFP. See Section 3, Pricing for Vendor Service Components, in the RFP for examples of indicative pricing.

***Qualitative metrics and non-price score (40%)***

PSE has developed a qualitative rubric designed to assign value and score certain key non-price elements of resource proposals that meet the following minimum requirements. The qualitative review will include an assessment of the risks, benefits and viability factors set forth in the qualitative evaluation rubric provided in Exhibit A, including: counterparty and project viability, status of site control, status of permitting, deliverability, and contribution to CETA customer benefit and equity considerations. PSE will score proposals based on the information provided by Respondents and any further due diligence required to verify that the information provided is accurate and complete. In conducting due diligence and risk assessment, the DER acquisition team will consult as necessary with subject matter experts from specific functional areas throughout the company. Certain elements in the qualitative rubric may not apply in the same manner to all types of resources.

In Phase 1, PSE will perform additional due diligence, where necessary, to understand the unique risks and merits of particular proposals, verify proposal claims, clarify offer details, and answer any outstanding questions. To do this, the evaluation team may:

- submit data requests to respondents for clarification of proposal details or for further information to help illuminate the particular risks and benefits of proposals,
- discuss elements of the proposals with respondents by phone,
- draw on publicly available and non-confidential information as per the Mutual Confidentiality Agreement (Exhibit D) to better understand key elements of the proposals,
- utilize a third-party consultant to help assess the reasonableness of resource data.

The resource evaluation team will assign qualitative scores based on the information that respondents provided in their proposals, as well as PSE’s experience in the market, as a resource owner/operator and program implementer, and on publicly available information. The

2022 Distributed Energy Resources RFP

EXHIBIT A: EVALUATION CRITERIA AND SCORING

evaluation team will also consult as necessary with subject matter experts from specific functional areas throughout the company.

PSE's qualitative scoring rubric is provided as Table 3 for Category A and Table 4 for Category B beginning on page A-8. Respondents should note the following:

- All cloud-based software solutions must have a SOCII Type 2 audit completed. Vendors who are in the process of a SOC2 audit will be considered if a letter is provided from their auditor stating they are in a SOC2 audit and have an estimated completion date on or before July 1, 2022.
- Any proposal that receives a score of "0" in the Project Viability, Site Control Status, Energy Delivery or the CETA customer benefit plan category will be deemed to have failed to meet the minimum criteria of the 2022 DER RFP and disqualified from further consideration (provided that such failure to meet minimum criteria has not been remedied within the three-business-day cure period).
- For categories that require a greater degree of judgement in assessing risk (Counterparty Viability, Project Viability and CETA customer benefit plan), the rubric indicates factors that the evaluation team will consider when assigning appropriate scores. Respondents should therefore ensure that the information in their responses adequately addresses these factors.

PSE will use information provided by the respondent as well as information available in the public domain to make an informed evaluation of the maturity and readiness of the proposal in the categories of counterparty viability, project viability, site control/customer acquisition status, permitting status, energy delivery, and CETA equity plan. PSE will evaluate each proposal based on the merits of the quality and completeness of information sought in each of those categories. The information provided below serves to aid respondents to build as complete a proposal as possible in order to achieve the highest qualitative score attainable for their project.

A. Counterparty viability

Experience

- Direct experience implementing similar size and technology deployment in the United States
  - Summary CV of all key project team members
  - Company structure and organization
  - List of previous projects and technology types, linking key project team members if applicable
- Previous safety performance record

Counterparty stability

- Credit history and stability
- Financial reports/10K/ CPA certified for previous 3 years

2022 Distributed Energy Resources RFP

EXHIBIT A: EVALUATION CRITERIA AND SCORING

- Material legal proceedings within past five years. (PSE will generally consider legal breaches of greater than \$5 million to be material)

B. Project viability

Financing plan [Category A only]

- Project financing
- Project's development history
- Project's ownership taxonomy
- Interconnection and transmission cost with studies complete

Execution plan

- OEM fleet monitoring statistics
- Program design
- Management
- Performance guarantees

Technology risk [Category A only]

- Installed project lists

C. Site control / Customer acquisition status

FTM Resources [Category A only]

- Description of how sites will be identified
- Evidence of local community support for the proposed project
- For larger sites or those further along in planning
  - Binding letters of land use agreement
  - Non-binding letters of land use agreement
  - Ownership documentation

BTM or customer-sited proposals

- Description of how customers will be identified
- Marketing tactics
- Market potential assessment
- Acquisition timeline

D. Permitting and studies [Category A only]

- Engineering studies
- Habitat studies
- Environmental impact studies

## 2022 Distributed Energy Resources RFP

### EXHIBIT A: EVALUATION CRITERIA AND SCORING

- State and/or federal discretionary permits
- Commercial and/or residential permits

#### E. Energy delivery [Category A only]

##### FTM Resources

- Preliminary Site Assessments
- Interconnection request and/or agreements
- Feasibility, system impact, and/or facilities study
- SaaS or on premise interface with PSE

##### Aggregated BTM Resources

- Experience interfacing with VPPs
- Viability of interfacing with PSE's VPP
- SaaS or on premise interface with PSE

#### F. CETA Equity Plan

##### CETA customer benefit indicators and Business Values

The 2022 DER RFP requires respondents to submit an equity plan that at a minimum addresses the questions in the CETA Equity Plan and Company Commitments section: Tab 2a of Exhibit B for Category A respondents, and Section VI of Exhibit C for Category B respondents. Respondents are strongly encouraged to submit additional material with more detail, as appropriate, to help PSE assess the credibility and viability the respondent's equity plan. The Equity Plan should be guided by the principles set forth in RCW 19.405.040(8) of the Clean Energy Transformation Act, which states:

*(8) In complying with this section, an electric utility must, consistent with the requirements of RCW [19.280.030](#) and [19.405.140](#), ensure that all customers are benefiting from the transition to clean energy: Through the equitable distribution of energy and non-energy benefits and reduction of burdens to vulnerable populations and highly impacted communities; long-term and short-term public health and environmental benefits and reduction of costs and risks; and energy security and resiliency.*

PSE will evaluate a respondent's Equity Plan based on the degree to which it identifies and explains specific plans and/or ways that the proposal addresses the CETA customer benefits and incorporates diversity, equity and inclusion in its business practices and program. PSE will also look for commitments from respondents to carry out those plans and/or track the contributions of the proposed project. Respondents are encouraged to include in their Equity Plan the methods by which non-energy benefits may be quantified, which the evaluation team may consider in the qualitative evaluation.

The five customer benefit indicators ("CBI") categories in the qualitative rubric are: 1) environmental 2) economic 3) health 4) energy and non-energy benefits and 5) energy

**2022 Distributed Energy Resources RFP**

**EXHIBIT A: EVALUATION CRITERIA AND SCORING**

security and resiliency. These are based on indicators presented by PSE’s IRP team in its February 10, 2021 public presentation to stakeholders. PSE partnered with its Equity Advisory Group to identify CBI’s in each of these categories. CBIs are discussed in detail in [Chapter 3 of PSE’s 2021 CEIP](#), including Table 3-15, which shows how PSE scored CBIs for its Preferred Portfolio.

As described above, PSE may perform analyses in the Phase 2 portfolio design phase aimed at producing a resource portfolio that meets the capacity and renewable need while maximizing CBIs prioritized by the ongoing public participation and advisory group process with stakeholders.

Named Communities Enrollment [Category A only]

For customer facing resources, respondents should state their commitment to enrolling customers in named communities, and describe their strategy to achieve the commitment. For standalone resources, respondents should state if they intend to build in a named community, and describe potential barriers and mitigation strategies. This is not applicable to Category B responses because it is not applicable to all vendor service components.

**Table 3. Category A Qualitative scoring rubric**

Evaluation Categories	Weight	Points
<b>Counterparty Viability</b> <i>Screening based on 2 key areas listed below. The total sum is applied towards this category.</i>	10% x 0	_ / 8
<i>Experience Level</i>		
Bidding Entity (company) has no demonstrable experience implementing <b>at least 1</b> similar size and technology deployment		1
Bidding Entity (company) has demonstrable experience implementing <b>&lt; 3</b> similar size and technology deployment		2
Bidding Entity (company) has demonstrable experience implementing <b>≥ 3</b> similar size and technology deployments		3
<b>Direct team working on project (at least one member)</b> has demonstrable experience implementing <b>≥ 3 and ≤ 5</b> similar size and technology deployments		4
<b>Direct team working on project (at least one member)</b> has demonstrable experience implementing <b>&gt; 5</b> similar size and technology deployments		5
<i>Counterparty Stability</i>		
Bidder assessed to have weak or limited financial profile and/or has been engaged in recent material disputes or legal proceedings		1
Bidder assessed to have an acceptable financial profile and/or has not been engaged in recent material disputes or legal proceedings		2
Bidder assessed to have a strong financial profile and has not been engaged in recent material disputes or legal proceedings		3
* Material legal proceedings within past five years. PSE will generally consider legal breaches of greater than \$5 million to be material		

**2022 Distributed Energy Resources RFP**

**EXHIBIT A: EVALUATION CRITERIA AND SCORING**

<b>Project Viability</b>	10%	x	0	_ / 9
<i>Screening based on applicable areas listed below. The total sum of the respective applicable areas is applied towards this category.</i>				
<b>Financing Plan</b>				
Plan provided but no actionable progress made				1
Project Financing yet to be achieved but in progress				2
Balance Sheet Financed or Financial arrangement established				3
<b>Execution Plan</b>				
Plans provide little or no details to evaluate robustness of execution plan				1
Plans provide general overview without necessary details to evaluate some areas of the robustness of outlined execution				2
Detailed plans describing among other items, overall program design and management, system integration, operations, dispatch, and performance guarantees.				3
<b>Technology Risk</b>				
Non-commercial / unproven technology				0
Commercial scale technology with minimal fleet deployment history (for ownership proposals: minimal operational experience of similar technology at PSE)				1
≥5 deployments with similar asset with ≥ 5 years of fleet deployment history (for ownership proposals: successful pilot programs with similar technology at PSE)				2
≥10 deployments with similar asset with ≥10 years of fleet deployment history (for ownership proposals: operational experience of similar technology at PSE) * PSE may differentiate between technology upgrades and new classes of technology in assigning scores for deployment				3
<b>Site Control / Customer Acquisition Status</b>	20%	x	0	_ / 3
<b>Project Site (single POI distribution projects)</b>				
No executed land agreements / Not feasible				0
≥25% Executed land agreements / Low probability of complete site control				1
≥50% Executed land agreements / Demonstrated consistent progress in complete site control				2
≥75% Executed Land agreements / High probability of complete site control				3
<b>Customer / Site Acquisition Plan (DR and Aggregated DER only)</b>				
Plan provides little or no detail about how sites / customers will be identified, what constitutes a qualifying site, or what marketing tactics will be utilized.				0
Plan provides a general overview without necessary details to evaluate some areas on the robustness; may not include an assessment of market potential within PSE service territory.				1
Detailed plan describing how sites will be identified, customer acquisition timeline and tactics, market potential, and timeline of resource additions.				2
Detailed plan and some customers / sites already identified.				3
<b>Permitting and Studies</b>	5%	x	0	_ / 5
<i>If Applicable</i>				
Permitting or long lead-time studies (such as Habitat Studies) not begun / no plan submitted				0
Permitting or long lead-time studies (such as Habitat Studies) not begun / plan submitted				1
Permitting and long lead-time studies (such as Habitat Studies) begun				2
Discretionary permits filed				3
Discretionary permits obtained / Only Non-discretionary permits required				4
All permits obtained/Not required*				5

**2022 Distributed Energy Resources RFP**

**EXHIBIT A: EVALUATION CRITERIA AND SCORING**

<b>Energy Delivery</b>	10%	x	0	_ / 15
<i>For applicable resources, a completed application for schedule 152 is not required to bid into this RFP, but any resource without a submitted application by June 1, 2022 will be considered ineligible for this RFP</i>				
<i>DER/DR projects interconnected to the distribution system (on PSE system only)</i>				
Deliverability not feasible				0
No interconnection submitted				1
Submitted Preliminary Site Assessment application				2
Completed application for Schedule 152				3
Preliminary review indicates delivery is feasible				4
Transmission distribution study complete (if applicable) -or- Interconnection approved -or- Not required (DR)				5
<i>DER/DR aggregators and BESS dispatch if applicable</i>				
Interface with PSE through an on premise application or similar deployment				1
Interface with PSE through a SaaS platform				5
<i>BTM DER/DR aggregators if applicable</i>				
Interface with PSE VPP not feasible				0
Interface with PSE VPP feasible				5
<b>CETA Equity Plan</b>	25%	x	0	_ / 20
<i>Customer Benefits from Transition to Clean Energy Plan</i>				
Does the project reduce air pollution by decreasing carbon emissions and deploying renewable resources?				
May produce more annual metric tons of CO2				0
Not likely to reduce annual metric tons of CO2				1
Reduces annual metric tons of CO2				2
Does the program mitigate the impacts of climate change eg. Wildfires, droughts through reduced peak demand?				
Increases impacts of climate change				0
Does not mitigate				1
Can measurably mitigate				2
Does the program improve outdoor air quality and help abate health issues (eg. asthma, heart disease)?				
May produce more annual metric tons of NOx, SOx, and PMP2.5				0
Not likely to reduce annual metric tons of NOx, SOx, and PMP2.5				1
Reduces annual metric tons of NOx, SOx, and PMP2.5				2
Does the program help abate health and safety issues, including indoor air quality (e.g., asthma, heart disease, and heat-related illnesses)? - Health factors like mortality, hospital admittance, work loss days				
% increase				0
No discernable % increase/decrease				1
% decrease				2
Does the program decrease the percentage of customers' income dedicated to energy costs for highly impacted communities and vulnerable populations?				
Non-measurable % decrease				0
Measurable % decrease, but only for targeted or participating customers				1
Measurable % decrease for all customers				2

2022 Distributed Energy Resources RFP

EXHIBIT A: EVALUATION CRITERIA AND SCORING

Does the program provide additional, higher quality career opportunities to highly impacted communities or vulnerable populations?				
No new full-time clean energy jobs				0
<20 new full-time clean energy jobs in named communities				1
≥20 new full-time clean energy jobs in named communities				2
Does the program increase outreach and accessibility for highly impacted communities or vulnerable populations by providing materials in non-English languages?				
No effort made				0
Partial effort with at least one to two additional translations				1
Significant effort made with three or more translations made				2
Does the program decrease the number of and frequency of outages through the use of distributed resources?				
No discernable impact or decrease				0
May help to mitigate risk or lessen impact of potential number and/or duration of outages for direct customers				1
Measurable % decrease for all customers				2
Does the program increase access to reliable clean energy for highly impacted communities or vulnerable populations?				
No impact				0
Minimal impact				1
Significant impact				2
Does the project improve home comfort for highly impacted communities or vulnerable populations including heating and cooling, and indoor air quality?				
No impact				0
Minimal impact				1
Significant impact				2
<b>CETA Equity Plan</b> <i>Business Values</i>				10% x 0 = 0 / 12
Has your firm adopted an Environmental, Social, Corporate Governance - ESG/sustainability policy, implementation process and business procedures?				
No action plan				0
Partial action plan touching on at least one element				2
Comprehensive action plan touching on social, environmental and additional topics				4
Commitment to contracting with small businesses and minority, women and veteran owned business enterprises				
No commitment to contracting with SMWBE				0
<20% contract value subbed to SMWBE				1
≥20-<30% contract value subbed to SMWBE				2
>30% contract value subbed to SMWBE				3
Respondent is certified by the Washington State Office of Minority & Women's Business Enterprises (OMWBE), Washington State Department of Veterans Affairs (WDVA) and/or U.S. Small Business Administration				4
Does the developer intend to comply with the labor standards in RCW 82.08.962 and 82.12.962? If yes, provide a summary description.				
No, the developer does not intend to comply with labor standards consistent with RCW 82.08.962 and 82.12.962				0
The developer intends to comply with labor standards consistent with RCW 82.08.962(1)(c)(i) and RCW 82.12.962(1)(c)(i).				1
The developer intends to comply with labor standards consistent with RCW 82.08.962(1)(c)(ii) and RCW 82.12.962(1)(c)(ii).				2
The developer intends to comply with labor standards consistent with RCW 82.08.962(1)(c)(iii) and RCW 82.12.962(1)(c)(iii).				4
<b>Named Communities Enrollment</b>				10% x 0 = 0 / 2
Commitment to enrolling customers in named communities ( <i>For Aggregated Resources</i> )				
No commitment to enrolling customers in named communities				0
<30% enrollment of customers in named communities				1
≥30% enrollment of customers in named communities				2
Standalone projects located in named communities ( <i>For Standalone Resources</i> )				
Not located in named community				0
Located in named community				2

**2022 Distributed Energy Resources RFP**

**EXHIBIT A: EVALUATION CRITERIA AND SCORING**

**Table 4. Category B Qualitative scoring rubric**

Evaluation Categories	Weight			Points
<b>Counterparty Viability</b>	15%	x	0	_ / 8
<i>Screening based on 2 key areas listed below. The total sum is applied towards this category.</i>				
<i>Experience Level</i>				
Bidding Entity (company) has no demonstrable experience implementing <b>at least 1</b> similar size and technology deployment				1
Bidding Entity (company) has demonstrable experience implementing <b>&lt; 3</b> similar size and technology deployment				2
Bidding Entity (company) has demonstrable experience implementing <b>≥ 3</b> similar size and technology deployments				3
<b>Direct team working on project (at least one member)</b> has demonstrable experience implementing <b>≥ 3 and ≤ 5</b> similar size and technology deployments				4
<b>Direct team working on project (at least one member)</b> has demonstrable experience implementing <b>&gt; 5</b> similar size and technology deployments				5
<i>Counterparty Stability</i>				
Bidder assessed to have weak or limited financial profile and/or has been engaged in recent material disputes or legal proceedings				1
Bidder assessed to have an acceptable financial profile and/or has not been engaged in recent material disputes or legal proceedings				2
Bidder assessed to have a strong financial profile and has not been engaged in recent material disputes or legal proceedings				3
* Material legal proceedings within past five years. PSE will generally consider legal breaches of greater than \$5 million to be material				
<b>Project Viability</b>	15%	x	0	_ / 9
<i>Screening based on applicable areas listed below. The total sum of the respective applicable areas is applied towards this category.</i>				
<i>Execution Plan</i>				
Plans provide little or no details to evaluate robustness of execution plan				1
Plans provide general overview without necessary details to evaluate some areas of the robustness of outlined execution				2
Detailed plans describing among other items, overall program design, management and performance guarantees.				3
Detailed plans as described above, but also include plans for integration of operations with other parties for completion of program				4
<b>Site Control / Customer Acquisition Status</b>	15%	x	0	_ / 3
<i>If Applicable</i>				
<i>Customer / Site Acquisition Plan (DR and Aggregated DER only)</i>				
Plan provides little or no detail about how sites / customers will be identified, what constitutes a qualifying site, or what marketing tactics will be utilized.				0
Plan provides a general overview without necessary details to evaluate some areas on the robustness; may not include an assessment of market potential within PSE service territory.				1
Detailed plan describing how sites will be identified, customer acquisition timeline and tactics, market potential, and timeline of resource additions.				2
Detailed plan and some customers / sites already identified.				3

**2022 Distributed Energy Resources RFP**

**EXHIBIT A: EVALUATION CRITERIA AND SCORING**

<b>CETA Equity Plan</b> <i>Customer Benefits from Transition to Clean Energy Plan</i>	35%	x	0	_ / 20
Does the service enhance the program's ability to reduce air pollution by decreasing carbon emissions and deploying renewable resources? Not Applicable No (annual metric tons of CO2) Yes (annual metric tons of CO2)				N/A 0 2
Does the service enhance the program's ability to mitigate the impacts of climate change eg. Wildfires, droughts through reduced peak demand? Not Applicable No (%) Yes (%)				N/A 0 2
Does the service enhance the program's ability to outdoor air quality and help abate health issues (eg. asthma, heart disease)? Not Applicable No (annual metric tons of NOx, SOx, and PMP2.5) Yes (annual metric tons of NOx, SOx, and PMP2.5)				N/A 0 2
Does the service enhance the program's ability to abate health and safety issues, including indoor air quality (e.g., asthma, heart disease, and heat-related illnesses)? - Health factors like mortality, hospital admittance, work loss days Not Applicable No (%) Yes (%)				N/A 0 2
Does the service enhance the program's ability to decrease the percentage of customers' income dedicated to energy costs for highly impacted communities and vulnerable populations? Not Applicable No (%) Yes (%)				N/A 0 2
Does the service enhance the program's ability to provide additional, higher quality career opportunities to highly impacted communities or vulnerable populations? Not Applicable No (F/T, training and short term jobs) Yes (F/T, training and short term jobs)				N/A 0 2
Does the service increase outreach and accessibility for highly impacted communities or vulnerable populations by providing materials in non-English languages? Not Applicable No (%) Yes (%)				N/A 0 2
Does the service enhance the program's ability to decrease the number of and frequency of outages through the use of distributed resources? Not Applicable No (%) Yes (%)				N/A 0 2
Does the service enhance access to reliable clean energy for highly impacted communities or vulnerable populations? Not Applicable No Yes				N/A 0 2
Does the service improve home comfort for highly impacted communities or vulnerable populations including heating and cooling, and indoor air quality? Not Applicable No Yes				N/A 0 2

**2022 Distributed Energy Resources RFP**

**EXHIBIT A: EVALUATION CRITERIA AND SCORING**

<b>CETA Equity Plan Business Values</b>	20%	x	0	_ / 20
Has your firm adopted an Environmental, Social, Corporate Governance - ESG/sustainability policy, implementation process and business procedures?				
No action plan				0
Partial action plan touching on at least one element				2
Comprehensive action plan touching on social, environmental and additional topics				4
Is the Respondent a small business or minority, women and veteran owned business enterprise (SMWVBE)?				
Respondent is not a SMWVBE				0
Respondent is certified by the U.S. Small Business Administration				6
Respondent is certified by the Washington State Office of Minority & Women's Business Enterprises (OMWBE) and/or Washington State Department of Veterans Affairs (WDVA)				12
Does the developer intend to comply with the labor standards in RCW 82.08.962 and 82.12.962? If yes, provide a summary description.				
No, the developer does not intend to comply with labor standards consistent with RCW 82.08.962 and 82.12.962				0
The developer intends to comply with labor standards consistent with RCW 82.08.962(1)(c)(i) and RCW 82.12.962(1)(c)(i).				1
The developer intends to comply with labor standards consistent with RCW 82.08.962(1)(c)(ii) and RCW 82.12.962(1)(c)(ii).				2
The developer intends to comply with labor standards consistent with RCW 82.08.962(1)(c)(iii) and RCW 82.12.962(1)(c)(iii).				4

**Phase 2 Portfolio Design**

**Comparison of bids across Category A and Category B.** PSE envisions that some Category B respondents may be selected to support future PSE programs that could deliver DERs at a greater value than those offered by Category A respondents. In order to facilitate a comparison of bids across bid categories, PSE intends to build upon individual Category B service bids to construct Value Fit program offerings addressing all required services, utilizing internal program cost data and secondary data sources. Value Fit programs will be prepared by a separate team without access to Category A proposals to provide impartiality in the evaluation process. The IE will be incorporated in the Value Fit program development to ensure a fair and equitable approach is taken. Chosen service bids will be initially categorized for Value Fit development, with review from the IE. Final development of Value Fit programs will include review by the IE, with any pertinent data being provided to the IE for verification. If a Category B respondent is selected as part of a Value Fit program, the respondent may be required to provide more information for the Phase 2 analysis, such as any additional information needed to get Value Fit programs closer to what their actual cost will be. PSE will contact Category B bidders about additional pricing and proposal information to better equate the overall bid price and determine how PSE resources best fit. Value Fit programs will then be compared amongst each other using the same Phase 1 qualitative analysis. PSE will use the BCA model in Phase 2 to compare the entire pool of programs from successful Category A proposals and Value Fit programs.

PSE envisions that some of DER programs may be delivered through a combination of Category B responses and PSE’s internal program resources. Additionally, some Category B respondents may be selected to work with Category A respondents, for example to more effectively recruit low-income participants or to provide local labor from named communities. PSE will directly notify both Category A and Category B respondents if there is the potential for a partnership between bids. The proposed partnership is not a requirement for either party’s continued

## 2022 Distributed Energy Resources RFP

### EXHIBIT A: EVALUATION CRITERIA AND SCORING

participation in the RFP. The intent of the partnership is to provide Category A respondents with potential subcontractors or partners aligned with Category A respondents' proposals.

During Phase 2, the combined impact of a portfolio of programs will be used to ensure the total DER portfolio meets PSE's stated resource needs while minimizing costs, maximizing benefits and providing opportunities for participation to all PSE customers.

In Phase 2, PSE reserves the right to conduct additional due diligence, as necessary, on the candidate list proposals. This may include engaging with respondents regarding various aspects of the proposals to verify proposal claims with supporting data and documents from the respondent, engaging third-party consultants to independently verify resource performance, or using other publicly available information. PSE will assess proposed edits to the term sheets submitted from respondents by screening for terms and conditions that present unreasonable or excessive risk to PSE or its customers. PSE will assess such risk on a pass/fail basis. If PSE determines that a proposal contains such unacceptable terms or conditions, the Respondent will be given three business days to remedy, consistent with the cure period allowed for the correction of other non-conforming criteria or fatal flaws. Term sheet redlines that pass the screening should not be deemed as having been accepted by PSE in any subsequent negotiation with a shortlisted Respondent; final terms will be determined through negotiations with selected counterparties. PSE reserves the right to suspend negotiations with any Respondent and initiate discussions with an alternate Phase 2 candidate at its sole discretion and in the best interests of the Company and its customers.

Prior to short-list selection, bidders may be interviewed in order to clarify aspects of their business and offer including, but not limited to: demonstrated competence and experience, management structure and assigned personnel, quality of proposed equipment and services, pricing, and performance guarantees. Proposals that are unable to meet the "Must Have" requirements listed in Exhibit K and Exhibit B: Proposal Requirements Forms (Tab 4), will have their capabilities compared to determine those that best meet PSE requirements. Proposals that pass the Phase 2 evaluation will be placed on the short list. Short listed proposals may lead to negotiations of the terms and conditions of definitive agreements. Proposals that PSE determines present unacceptable risks, or that otherwise fail to meet the minimum proposal requirements defined in Section 5 of the DER RFP will not be selected for the short list. Proposals that are not cost-competitive with other alternatives will not be selected for the short list. There will be a diversity of resource types chosen, targeting at least the values listed in Table 2 of the RFP. All Respondents will be notified of their selection status at the end of Phase 2.

If available at the time of the Phase II evaluation, PSE will incorporate new avoided cost values, ELCCs and additional metrics being updated for the 2023 Electric progress report.

#### All-Source and DER RFP Concurrent Evaluation

At the end of the evaluation process, the short list from the 2022 DER RFP will be included in a combined portfolio analysis with the short list from the 2021 All-Source RFP for a concurrent evaluation, consistent with WAC 480-107-009(4). This approach allows for a fair comparison of

**2022 Distributed Energy Resources RFP**

**EXHIBIT A: EVALUATION CRITERIA AND SCORING**

resources meeting the specific requirements identified in the CEIP, and subsequently bid into this DER RFP, and of resources meeting the broader electric portfolio need identified in the All-Source RFP, regardless of the RFP into which the resources were bid. The Concurrent Evaluation will not remove any DER proposals by the end of the evaluation, but is instead used to inform the All-Source chosen bids; if DER RFP shortlist resources are displacing All-Source shortlist resources in lowest reasonable cost, PSE will perform additional co-optimization with Phase 2 DER resources to ensure cost-effective programs are not excluded. PSE expects to use the Aurora model to complete this concurrent evaluation. The metrics calculated by the Aurora model to assess the relative competitiveness of individual proposals are described in Table 5.

Aurora is a production cost model that will be used for optimal resource selection (also known as long-term capacity expansion modeling) and hourly economic dispatch. For the All-Source RFP and concurrent analysis between the DER and All-Source RFPs, PSE adds individual proposals to the power portfolio and uses the Aurora model to re-optimize generic resource selection and portfolio dispatch to meet the needs while satisfying all of the constraints. This creates a new portfolio and portfolio cost that can be compared to the all-generic portfolio. The portfolio benefit of each proposal is calculated by taking the cost of the all-generic portfolio less the cost of the portfolio with the new proposal. Consistent with RCW 19.280.030(3)(a)(iii) and the 2021 IRP, the social cost of greenhouse gases (“SCGHG”) is included as a cost adder to emitting resources in the long-term capacity expansion model. Proposals with a positive portfolio benefit reduce the net electric portfolio costs relative to a generic-only portfolio, whereas proposals with a negative portfolio benefit increases the net electric portfolio costs.

**Table 5. Metrics calculated by Aurora to assess RFP proposals**

Metric	Description	Value
<b>Portfolio benefit (\$)</b>	Difference between the net present value portfolio revenue requirement with the proposed project in the portfolio replacing an equivalent amount of generic resource, and the net present value portfolio revenue requirement of the all-generic portfolio. Projects may have a portfolio benefit by displacing higher cost capacity resources, renewable resources, or a combination of both.	Higher is better. Useful for comparing projects of similar size and technology type. Used to determine the least cost combination of resources that meets PSE’s resource needs.
<b>Portfolio benefit per offered Nameplate (\$/MW)</b>	Net present value of a proposed project’s portfolio benefit divided by the net present value of the project’s offered nameplate capacity.	Higher is better. Useful for comparing different project sizes and technologies. Used along with qualitative metrics in establishing an initial ranking of projects for inclusion in the portfolio optimization.

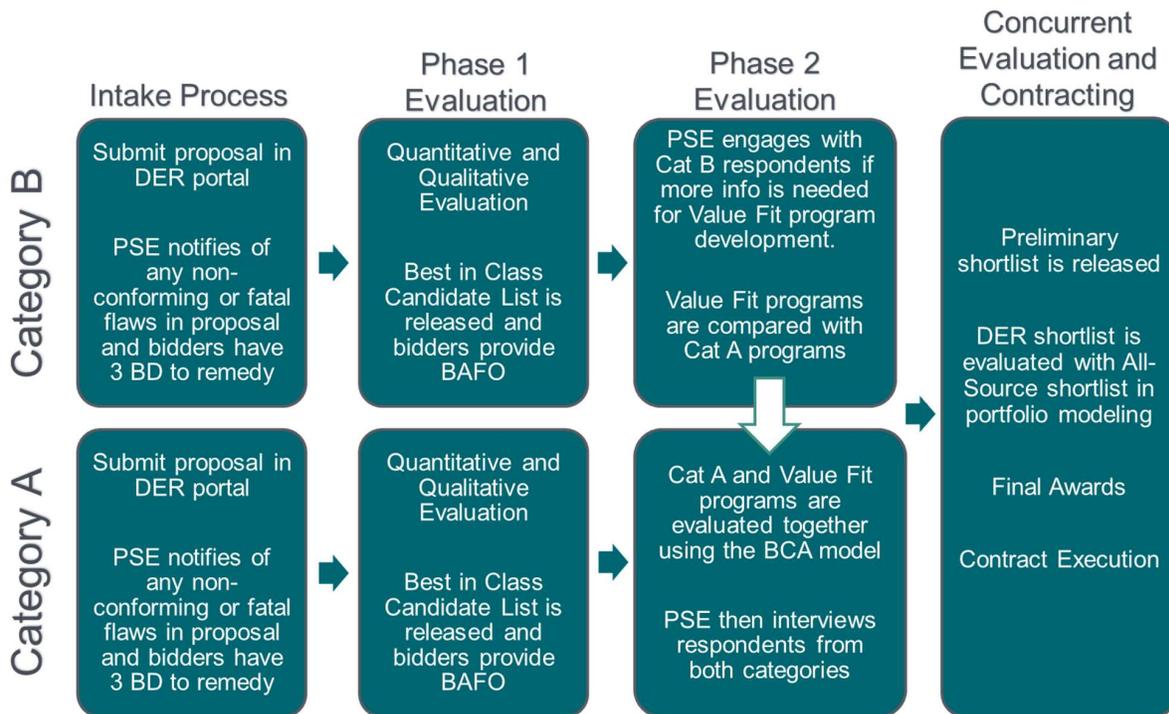
**2022 Distributed Energy Resources RFP**

**EXHIBIT A: EVALUATION CRITERIA AND SCORING**

Metric	Description	Value
<b>Levelized cost of energy (\$/MWh)</b>	Net present value of a proposed project's revenue requirement divided by the net present value of the project's generation.	Lower is better. Useful for comparing projects that have the same or similar operating characteristics. Less useful for projects with low or no generation.

Figure 1 below is a summarization of the evaluation process. The timeline of key milestones is provided in Table 11 of the RFP.

**Figure 1. Evaluation Process**





*2022 Distributed Energy Resources RFP:*

# Exhibit C. Proposal Requirements for Category B

2022 Distributed Energy Resources RFP

EXHIBIT C: PROPOSAL REQUIREMENTS FOR CATEGORY B

***Exhibit C: Proposal Requirements for Category B***

**Introduction**

Respondents to Category B, detailed in Section 3 of the RFP, should submit a proposal that addresses each of the below Sections, must be submitted in the order outlined below, and must adhere to the page limitations. Page limitations designate maximum length, responses may be shorter. Proposals that do not follow this format are at risk of being disqualified. If a template is provided as an Exhibit, the same format must be used for the related section. Please place company name and the page number on each page.

Written response should demonstrate market readiness for an innovative idea and provide additional detail on the need for the program, capacity/energy sources and/or estimates (where applicable), data which supports the need for the new approach, and any best practices or examples from other utilities implementing similar programs.

**Section I - Summary Information**

- Proposal Cover Letter (1 page)
- Executive Summary (1 page)
- IT Security Questionnaire – See Exhibit N (1 page)

**Section II – Company Overview**

- Company Profile, as described in Table 1
- History & Overview of Company Products and Services (2 pages)
- Company Qualifications (2 pages)
  - General description of the organization, background and experience in programs similar to the proposal, including experience in communities in PSE’s service area
  - Resume of respondent’s program manager and others being proposed for the program team (as applicable). One paragraph maximum per individual, full resumes may be included as an attachment to the proposal.
  - If Company or key management team members have worked with any similar organizations which provided similar services to those listed in the proposal, provide a list of prior organizations, with a focus on local organizations. Specifically note any services provided to PSE or its predecessors.
  - Describe top distinctions between company and others providing a similar function to the market.
- References (3 pages)
  - Provide three references from current or past clients for whom company has provided similar programs in the last 3 years. (References will be contacted for short-listed respondents only.)

2022 Distributed Energy Resources RFP

**EXHIBIT C: PROPOSAL REQUIREMENTS FOR CATEGORY B**

- References may also include customers for whom the respondent has provided services similar to those included in the proposal.
- Reference should include:
  - Name of Reference Company
  - City/State
  - Type of Business
  - Describe relationship to respondent
  - Contact name/title
  - Contact phone and e-mail
  - Short description of programs/services provided
- Financial Qualification & Full Disclosure (1 page)
  - Provide form of business classification (i.e., sole proprietorship, partnership, or corporation) and Dun's number, if assigned.
  - Quick ratio (current assets - current liabilities),
  - Corporate Website address (including annual report if available)
  - Identify pending litigation and the final resolution or present status of such matters.
  - Conflict of Interest - All respondents shall disclose in their proposal any and all relationships between themselves, the program and/or members of their program team and PSE, its employees, or its customers.

**2022 Distributed Energy Resources RFP**

**EXHIBIT C: PROPOSAL REQUIREMENTS FOR CATEGORY B**

Table 1. *Company Profile*

Company Name:	
Headquarters (City / State):	
Branches (City / State):	
Does your firm have a local presence to the Puget Sound area (Western Washington) or in the Northwest? If no, provide closest location.	
Number of continuous years in business?	
Total Number of Employees (note Full Time, Part Time or Other)	
Is your firm Certified as a diverse organization (i.e. Women, Minority, or Veteran owned)? If yes, identify category.	
Dun and Bradstreet Number	
Yearly Revenue/Sales Figures (2018, 2019, 2020 estimated, and 2021 projected)	
Do you have experience working with regulated entities (e.g. phone companies, gas or electric utilities, etc.) and their customers?	
Has your company declared bankruptcy in the past 36 months? If yes, explain.	

**Section III – General Requirements**

For all service components being offered, provide a description of how the Respondent meets or plans to meet the requirements presented in Section 3 under “Component Descriptions and Requirements” and “Key Considerations for Respondents” of this DER RFP.

2022 Distributed Energy Resources RFP

**EXHIBIT C: PROPOSAL REQUIREMENTS FOR CATEGORY B**

**Section IV – Component Specific Requirements**

Complete the section(s) for the vendor service component(s) the Respondent is proposing.

**Program Design**

- Provide a description of the proposed Program(s), including:
  - Type of DERs included (either singly or in combination) for the proposed program(s)
  - Targeted customer segments for the proposed program(s)
  - Incentive design for the proposed program(s)
  - Implementation plan for the proposed program(s)
- Describe the Respondent's experience in providing program design with a focus on innovative DER program design.
- Describe the need for the program, energy and/or capacity estimates, data which supports the need for the new approach, market readiness for an innovative idea, and any best practices or examples from other utilities implementing similar programs.

**Customer Outreach and Enrollment**

- Describe if and how local entities will be performing the customer recruitment and enrollment. Indicate to what extent the Respondent would rely on PSE to provide marketing support as required.
- Provide an Implementation Plan for providing Customer Outreach and Enrollment services referencing the requirements listed in Section 3 of this DER RFP
- Describe how the Respondent's marketing and outreach strategies consider how a DER program directly improves customer experience and satisfaction with PSE. If available, include proposed evaluation metrics and any required data needed to monitor success.

**Equipment Procurement and Installation**

- Indicate the customer segments for which the Respondent proposes to provide this service.
- Indicate the type(s) or combinations of DERs for which the Respondent proposes to provide this service.
- Describe if and how local entities will be performing the equipment installation.
- Provide a description of how the Respondent meets or plans to meet the requirements for equipment procurement and installation presented in Section 3 of this DER RFP.

**Equipment O&M**

- Describe if and how local entities will be providing the O&M services.
- Provide a description of how the Respondent meets or plans to meet the requirements for equipment O&M installation presented in Section 3 of this DER RFP.

2022 Distributed Energy Resources RFP

EXHIBIT C: PROPOSAL REQUIREMENTS FOR CATEGORY B

**Program Administration**

- Indicate how the Respondent will provide the implementation services listed in section 3 of this DER RFP. Describe how the Respondent plans to implement that service, and what credentials and experience they have with that service. Describe experience conducting similar services for other utilities.

**Section V – Indicative Pricing**

Describe indicative pricing for the relevant vendor service component(s) proposed in the table presented Section 3 “Pricing for Vendor Service Components” in this DER RFP.

**Section VI – Equity Plan**

Please submit a CETA Equity Plan limited to 4 pages that details how the proposal addresses:

Each of the following CBI Categories:

- Improve the equitable distribution of energy and non-energy benefits to highly impacted communities and vulnerable populations
- Reduce burdens to highly impacted communities and vulnerable populations
- Produce long-term and/or short-term public health impact
- Produce long-term and/or short-term environmental impacts
- Help maintain or strengthen the energy security and resiliency of PSE's service area

Business Values:

- Has the developer adopted an Environmental, Social, Corporate Governance – ESG/sustainability policy, implementation process and business procedures? If yes, provide a summary description.
- What is the developer’s historic practices in regards to utilizing diverse businesses, including (but not limited to), women-, minority-, disabled-, and veteran-owned businesses and providing diversity training for its employees?
- Will the project have a community impact in regards to apprenticeships, workforce development and local employment?
- Does the developer intend to comply with the labor standards in RCW 82.08.962 and 82.12.962? If yes, provide a summary description.
- Is the bidding entity a women-, minority-, disabled-, and veteran-owned business (per WAC Chapter 480-107-145(2)(f))? If yes, specify relevant demographic.
- If the bidding entity is not a women-, minority-, disabled-, and veteran-owned business (per WAC Chapter 480-107-145(2)(f)), what is the entity’s commitment

## 2022 Distributed Energy Resources RFP

### EXHIBIT C: PROPOSAL REQUIREMENTS FOR CATEGORY B

(based on the % contract value) to subcontract with women-, minority-, disabled-, and veteran-owned businesses?

#### Survey Questions:

- Is your organization certified as a diverse business enterprise through the Washington State Office of Minority and Women’s Business Enterprises?
- If certified, what is the classification and when does it expire?

#### **Section VII – Additional Exhibits and Deliverables**

- All proposals must submit a completed Exhibit D: Mutual Confidentiality Agreement
- All proposals must submit a statement accepting Exhibit I: Master Services Agreement
- All proposals must submit a completed Exhibit N: IT Security Questions
- Proposals with a pending request for or agreement for PSE transmission or distribution must submit a completed Exhibit P: PSE Customer Consent Letter
- Corporate Safety Plan, and Drug and Alcohol Plan
- Continuity of Business Plan

#### **Section VIII – Bid Certification and Contacts**

##### **Bid Certification**

*The respondent hereby certifies that this proposal is genuine; not made in the interest of, or on behalf of, any undisclosed person, firm or corporation; and is submitted in conformity with any anti-competitive agreement or rules. The respondent has not directly or indirectly induced or solicited any other bidder to submit a false or sham proposal. The respondent has not solicited or induced any other person, firm or corporation to refrain from proposing. The respondent has not sought by collusion to obtain for itself any advantage over any other respondent. False certification will result in disqualification of bid and forfeiture of the bid fee.*

- Proposal name
- Submitted by (full legal name of entity)
- Name of respondent entity (if different from above)
- Signature of an officer of respondent entity
- Name of signatory
- Title of signatory
- Date signed

2022 Distributed Energy Resources RFP

EXHIBIT C: PROPOSAL REQUIREMENTS FOR CATEGORY B

**Contacts**

Primary Contact

- Contact name
- Contact title
- Name of company
- Mailing address
- City
- State/Province
- Zip code
- Primary phone
- Email

Alternate Contact (optional)

- Contact name
- Contact title
- Name of company
- Mailing address
- City
- State/Province
- Zip code
- Primary phone
- Email

*Category B bidders will fill out this document (Exhibit C) for Phase 1. If selected for Phase 2, Category B bidders may be requested to provide additional information as needed.*



*2022 Distributed Energy Resources RFP:*

# Exhibit D. Mutual Confidentiality Agreement

2022 Distributed Energy Resources RFP

EXHIBIT D. MUTUAL CONFIDENTIALITY AGREEMENT

*Mutual Confidentiality Agreement*

This Agreement, dated as of \_\_\_\_\_, 2022, is entered into between Puget Sound Energy, Inc. ("PSE") and \_\_\_\_\_ ("\_\_\_\_\_"). PSE and \_\_\_\_\_ are sometimes referred to in this Agreement as "Party," and collectively as "Parties."

1. The Parties intend to enter into discussions regarding one or more potential transactions between the Parties involving the acquisition of electrical generation output or an interest in distributed energy resource facilities (or both). In the course of these discussions, each Party may disclose Confidential Information to the other. For the purposes of this Agreement, "Confidential Information" means any information or data disclosed in connection with such discussions in any form or media whatsoever by either Party (the "Disclosing Party") to the other Party (the "Receiving Party") which (a) if in tangible form, or other media that can be converted to readable form, is clearly and conspicuously marked as proprietary, confidential or private on each page thereof when disclosed; or (b) if oral or visual, is identified in writing as proprietary, confidential or private at the same time it is disclosed. "Confidential Information" includes all originals, copies, notes, correspondence, conversations and other manifestations, derivations and analysis of the foregoing.

2. Confidential Information shall not include information that (a) is or becomes generally available to the public other than by reason of the Receiving Party's breach of this Agreement; (b) the Receiving Party can reasonably demonstrate (i) was known by the Receiving Party, prior to its disclosure by the Disclosing Party, without any obligation to hold it in confidence, (ii) is received from a third party free to disclose such information without restriction, (iii) is independently developed by the Receiving Party without the use of Confidential Information of the Disclosing Party; (c) is approved for release by written authorization of the Disclosing Party, but only to the extent of such authorization; or (d) is related to the transmission of power, including but not limited to, any information which must be disclosed to the transmission function of a Party as part of any transmission request or information exchange that is required to be made public pursuant to Federal Energy Regulatory Commission or other governmental rules and regulations. Notwithstanding anything to the contrary set forth in this Agreement, the Receiving Party shall not be obligated to keep confidential any Confidential Information that (A) is required by law or regulation to be disclosed (including, without limitation, any summary or ranking of any proposal by the Disclosing Party constituting Confidential Information that PSE is required by law or regulation to make available to the public), but only to the extent and for the purposes of such required disclosure or (B) is required to be disclosed in response to a valid order or request of a court or other governmental authority having jurisdiction or in pursuance of any procedures for discovery or information gathering in any proceeding before any such court or governmental authority, but only to the extent of and for the purposes of such order, provided that the Receiving Party, who is subject to such order or discovery, gives the Disclosing Party reasonable advance notice (e.g., so as to afford the Disclosing Party an opportunity to appear, object and obtain a protective order or other appropriate relief regarding such disclosure). The

2022 Distributed Energy Resources RFP

**EXHIBIT D. MUTUAL CONFIDENTIALITY AGREEMENT**

Receiving Party, who is subject to such order or discovery, shall, at the Disclosing Party's expense, use reasonable efforts to assist the Disclosing Party's efforts to obtain a protective order or other appropriate relief; provided, that the Disclosing Party acknowledges and agrees that the Receiving Party shall have no obligation or responsibility to appear before, or to make any showing to, any court or any other governmental authority in connection with protecting any Confidential Information from disclosure by such court or governmental authority, and such responsibility shall be solely that of the Disclosing Party.

3. The Parties acknowledge that PSE is a public utility regulated by the Washington Utilities and Transportation Commission ("Commission") and that its decisions regarding one or more potential transactions between the Parties involving the acquisition of electrical generation output or an interest in power generation facilities, together with related Confidential Information, may be subject to review by the Commission. Notwithstanding the provisions of Section 2, in the event that such PSE decisions are at issue in a proceeding before the Commission, PSE will seek, at its own expense, a protective order from the Commission with "highly confidential provisions" to protect against the disclosure of Confidential Information to competitors and the public. Disclosure of Confidential Information by either of the Parties to the Commission, its staff, counsel for the Commission or Public Counsel in the Attorney General's Office, or their internal advisors, in connection with any such proceeding will not violate this Agreement, nor will the filing with the Commission of generic bid summaries made in compliance with WAC 480-107-035 or -145.

4. Each party acknowledges and agrees that it has no proprietary or exclusive right to any tax matter, tax idea, tax structure or tax treatment related to any potential transaction or transaction between the Parties and that no such tax matter, tax idea, tax structure or tax treatment shall be deemed to be the Confidential Information of either Party.

5. The Receiving Party shall, subject to the other provisions of this Agreement, (a) use the Confidential Information only for purposes of evaluating one or more potential transactions between the Parties involving power generation facilities or the output thereof; (b) restrict disclosure of the Confidential Information only to employees, advisors, contractors (including any independent evaluator engaged pursuant to WAC 480-107-023), agents, representatives and active or potential investors or lenders of the Receiving Party and affiliates ("Representatives") with a "need to know"; (c) advise such Representatives of the confidential nature of the Confidential Information and their obligation to keep such information confidential; and (d) copy the Confidential Information only as necessary for those Representatives who are entitled to receive it, and ensure that all confidential notices are reproduced in full on such copies. A "need to know" means that the Representatives require the Confidential Information to perform their responsibilities in evaluating or pursuing one or more potential transactions between the Parties involving power generation facilities or the output thereof.

2022 Distributed Energy Resources RFP

**EXHIBIT D. MUTUAL CONFIDENTIALITY AGREEMENT**

6. Confidential Information shall be deemed to be the property of the Disclosing Party. This Agreement shall not be interpreted or construed as granting any license or other right under or with respect to any patent, copyright, trademark, trade secret or other proprietary right. The Receiving Party shall, within 30 days of a written request therefor by the Disclosing Party, either return all of the Disclosing Party's Confidential Information (or any designated portion thereof) to the Disclosing Party or destroy all such Confidential Information (or any designated portion thereof) and provide an officer's certificate as to the destruction of such Confidential Information; provided, that PSE, as a Receiving Party, shall not be obligated to return to the Disclosing Party any proposal by the Disclosing Party, or any information related thereto, constituting Confidential Information, and PSE will retain all such proposals and information for the period set forth in Washington Administrative Code 480-107-145(1), which requires PSE to retain such materials for a period of at least seven (7) years from the completion of the RFP process, or the conclusion of PSE's next general electric rate case, whichever is later.

7. Neither this Agreement nor any discussions or disclosure hereunder shall (a) be deemed a commitment to any business relationship or contract for future dealing with another Party or (b) prevent either Party from conducting similar discussions with any third party, so long as such discussions do not result in the use or disclosure by the Receiving Party of Confidential Information protected by this Agreement. If the Parties elect to proceed with any transaction, then all agreements, representations, warranties, covenants and conditions with respect thereto shall be only as set forth in a separate written agreement to be negotiated and executed by the Parties.

8. Each of the Parties acknowledges that the Confidential Information received from another Party constitutes valuable confidential, commercial, business and proprietary information of the Disclosing Party and serious commercial disadvantage or irreparable harm may result for the Disclosing Party if the Receiving Party breaches its nondisclosure obligations under this Agreement. In such event or the threat of such event, the Disclosing Party shall be entitled to injunctive relief, specific performance and other equitable relief without proof of monetary damages. In any action to enforce this Agreement or on account of any breach of this Agreement, the prevailing Party shall be entitled to recover, in addition to all other relief, its reasonable attorneys' fees and court costs associated with such action.

9. This Agreement may not be assigned by either Party without the prior written consent of the other Party. No permitted assignment shall relieve the Receiving Party of its obligations hereunder with respect to Confidential Information disclosed to it prior to such assignment. Any assignment in violation of this Paragraph 9 shall be void. This Agreement shall be binding upon the Parties' respective successors and assigns.

2022 Distributed Energy Resources RFP

EXHIBIT D. MUTUAL CONFIDENTIALITY AGREEMENT

10. This Agreement shall be deemed to be effective as of the date first above written, and shall continue thereafter for a period of seven (7) years or, if later, upon the conclusion of PSE's next general electric rate case.

11. No Party shall be liable to another Party for any consequential, indirect, incidental, special, exemplary or punitive damages arising out of or related to this Agreement.

12. This Agreement shall be interpreted, construed and enforced in accordance with the laws of the state of Washington, without regard to such state's choice of law principles to the contrary. Each of the Parties irrevocably consents to the exclusive jurisdiction and venue of any state or federal court located in King County, Washington, with regard to any legal or equitable action or proceeding related to this Agreement.

13. This Agreement represents the entire understanding between the Parties with respect to the confidentiality, use, control and proprietary nature of any information disclosed by the Disclosing Party to the Receiving Party and the subject matter hereof and supersedes all prior communications, agreements and understandings relating thereto. The provisions of this Agreement shall not be modified, amended or waived, except by a written instrument duly executed by both of the Parties.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of \_\_\_\_\_, 2022.

PUGET SOUND ENERGY, INC.

By \_\_\_\_\_

Its \_\_\_\_\_

[OTHER PARTY]

By \_\_\_\_\_

Its \_\_\_\_\_



*2022 Distributed Energy Resources RFP:*

## Exhibit E. Schedule of Estimated Avoided Cost

2022 Distributed Energy Resources RFP

EXHIBIT D. SCHEDULE OF ESTIMATED AVOIDED COST

*Schedule of Estimated Avoided Cost*

This schedule of estimated avoided cost, as prescribed in WAC 480-106-040 and filed with the WUTC in Docket No. UE-190665, identifies the estimated avoided cost and does not provide a guaranteed contract price for electricity. The schedule only provides general information to potential respondents about the avoided costs. The schedule of estimated avoided costs includes the following two tables:

- **Table 1:** 2022-2041 avoided energy costs, based on the Company’s forecast of market prices for the Mid-C Market in PSE’s 2021 Integrated Resource Plan (“IRP”) filed on April 1, 2021, pursuant to WAC 480-106-040(a).
- **Table 2:** 2021-2041 avoided capacity costs by resource type, as estimated in the Company’s 2021 IRP filed on April 1, 2021. Pursuant to WAC 480-106-040(b)(ii), the 2021 IRP results for 2022-2025 are replaced with the "projected fixed costs of a simple-cycle combustion turbine".

Table 1. *2021 IRP forecast of Mid-C market prices*

(Nominal \$/MWh)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg.
2022	26.56	27.65	20.55	15.10	9.49	11.31	21.01	22.88	24.31	23.59	24.69	27.53	21.19
2023	25.24	26.50	19.77	14.79	9.70	10.29	20.13	21.93	23.68	23.11	24.42	27.09	20.53
2024	24.49	25.82	18.79	13.88	7.17	9.23	18.46	22.35	24.00	22.97	24.39	26.06	19.79
2025	24.49	25.82	18.97	12.83	7.53	9.73	18.21	22.47	24.22	22.79	23.80	26.50	19.75
2026	24.38	26.73	18.20	13.87	7.99	9.55	18.67	22.57	24.01	23.09	23.99	26.99	19.97
2027	28.08	28.91	19.71	15.44	9.14	10.75	22.01	26.84	28.62	28.87	29.00	31.20	23.19
2028	28.71	29.47	19.64	16.52	9.08	11.20	23.79	28.14	32.15	31.02	30.01	33.37	24.42
2029	29.33	31.29	19.63	20.07	8.87	11.50	23.61	30.20	35.24	32.07	28.96	34.85	25.44
2030	29.05	30.29	18.28	18.75	8.06	10.96	22.71	29.93	34.66	32.94	30.73	34.61	25.05
2031	28.42	30.42	18.22	18.19	8.55	11.12	22.13	29.98	34.53	32.65	29.03	34.49	24.78
2032	28.24	29.21	18.31	19.43	10.21	10.67	23.05	29.05	33.67	34.86	32.28	35.65	25.38
2033	29.08	31.54	19.17	19.67	9.61	11.64	24.84	29.95	34.57	37.49	36.03	37.07	26.69
2034	29.79	32.26	19.17	19.69	10.51	12.34	27.12	30.25	36.25	37.68	35.17	38.81	27.40
2035	31.00	35.33	19.95	22.93	11.60	12.60	27.03	32.04	37.97	36.64	32.09	40.27	28.25
2036	31.90	35.40	20.49	21.57	11.51	13.52	29.25	34.32	39.07	38.76	38.04	42.85	29.71
2037	32.89	35.55	19.90	20.06	11.58	12.92	30.46	34.47	38.51	38.58	35.59	42.87	29.43
2038	33.05	34.31	19.61	20.59	12.34	12.73	30.02	34.49	38.54	38.11	34.60	43.72	29.33
2039	31.29	33.46	18.20	19.01	10.72	12.48	30.87	34.28	40.25	38.63	36.81	43.64	29.12
2040	31.22	33.69	17.21	18.62	10.00	12.67	30.73	33.44	41.90	38.88	37.62	46.67	29.38
2041	32.16	35.50	18.23	21.07	10.60	12.79	29.37	38.67	45.79	37.02	35.39	48.41	30.39

**2022 Distributed Energy Resources RFP**

**EXHIBIT D. SCHEDULE OF ESTIMATED AVOIDED COST**

Table 2. *2021 IRP forecast of avoided capacity cost*

(Nominal \$/kw-yr)			
	Baseload resource	Wind resource	Solar resource
2022	\$ 95.27	\$ 16.96	\$ 3.81
2023	\$ 95.27	\$ 16.96	\$ 3.81
2024	\$ 95.27	\$ 16.96	\$ 3.81
2025	\$ 95.27	\$ 16.96	\$ 3.81
2026	\$ 95.27	\$ 16.96	\$ 3.81
2027	\$ 95.27	\$ 16.96	\$ 3.81
2028	\$ 95.27	\$ 16.96	\$ 3.81
2029	\$ 95.27	\$ 16.96	\$ 3.81
2030	\$ 95.27	\$ 16.96	\$ 3.81
2031	\$ 95.27	\$ 14.67	\$ 3.43
2032	\$ 95.27	\$ 14.67	\$ 3.43
2033	\$ 95.27	\$ 14.67	\$ 3.43
2034	\$ 95.27	\$ 14.67	\$ 3.43
2035	\$ 95.27	\$ 14.67	\$ 3.43
2036	\$ 95.27	\$ 14.67	\$ 3.43
2037	\$ 95.27	\$ 14.67	\$ 3.43
2038	\$ 95.27	\$ 14.67	\$ 3.43
2039	\$ 95.27	\$ 14.67	\$ 3.43
2040	\$ 95.27	\$ 14.67	\$ 3.43
2041	\$ 95.27	\$ 14.67	\$ 3.43
2042	\$ 95.27	\$ 14.67	\$ 3.43
2043	\$ 95.27	\$ 14.67	\$ 3.43
2044	\$ 95.27	\$ 14.67	\$ 3.43
2045	\$ 95.27	\$ 14.67	\$ 3.43



*2022 Distributed Energy Resources RFP:*

# Exhibit F. Prototype Ownership Term Sheet

2022 Distributed Energy Resources RFP

EXHIBIT F. PROTOTYPE OWNERSHIP TERM SHEET

*Prototype Ownership Term Sheet*

**Background**

This Prototype Ownership Term Sheet ("Term Sheet") sets forth the current requirements that PSE wants the Respondent to address or incorporate into any proposal made to PSE that contemplates the ultimate ownership of Respondent's project by PSE. It is intended to identify certain, but not all, of the elements of a potential transaction that would be embodied in Definitive Agreements (defined below). This Term Sheet may serve as the basis for a project in development or in operation. The terms presented and bracketed herein are indicative of PSE's expectations and may be subject to negotiation depending upon the particular nature of the proposal and other factors.

PSE has endeavored to identify in this Term Sheet those provisions that would be applicable generally to all Respondents and relevant to any potential transaction arising out of a proposed PSE ownership arrangement involving the sale of a project to PSE. PSE recognizes, however, that the particular facts and circumstances relevant to Respondent's project may vary from the transaction structure described in this Term Sheet, so certain proposals may not incorporate all elements of a PSE ownership arrangement outlined in this Term Sheet.

PSE also recognizes that Respondent may have other reasons (whether legal, regulatory or relating to financing) that may cause Respondent to propose that PSE purchase equity interests (such as limited liability company interests or limited partnership interests) in a project company that owns a generation project, rather than sell the project outright to PSE. By submitting its proposal, Respondent acknowledges that the RFP, including this Term Sheet, has been prepared by PSE as part of PSE's ongoing process of integrated resource planning and that PSE is considering alternative arrangements for the procurement of generation resources. This Term Sheet is an integral part of, and subject to, the terms and conditions of the RFP. This Term Sheet shall not be interpreted as an offer, agreement or commitment by PSE to acquire any generation resource. Also, this Term Sheet shall not limit, restrict or obligate PSE with regard to the conduct of its integrated resource planning process, the potential implementation of any plan or program of resource procurement or the actual procurement of any generation resources.

PSE reserves the right to reject any and all proposals received in response to the RFP, request the submission of different proposals for other

2022 Distributed Energy Resources RFP

EXHIBIT F. PROTOTYPE OWNERSHIP TERM SHEET

generation resources and/or seek to acquire generation resources from one or more parties other than any Respondent. PSE may also modify, change, supplement or delete any and all provisions of this Term Sheet, or withdraw and cancel the RFP.

**General  
Ownership  
Structure**

“PSE ownership arrangement” means a proposal pursuant to which PSE would ultimately own the resource. Ownership shall be transferred to PSE on or after the Commercial Operations Date (“COD”) and using a variety of approaches. Possibilities include, for example, development by Respondent followed by the transfer to PSE, an initial purchase of power by PSE from a generation resource with transfer of ownership later, or other mutually beneficial approaches. PSE will not acquire an ownership interest in a Project (as defined below under “*Respondent and the Project*”) prior to COD.

This Term Sheet sets forth certain terms and conditions which would be embodied in a purchase and sale agreement (the “PSA”) pursuant to which PSE would acquire 100% of all assets, properties and rights of the Project from Respondent.<sup>1</sup>

If Respondent's proposal contemplates a PSE ownership arrangement, in addition to containing the other submissions required by the RFP, Respondent will need to set forth in its proposal substantial additional details. PSE will need to review supporting documents, information and data regarding the timing, price, terms and conditions of a proposed sale of the Project to PSE and, in the case of a Project under development, a budget, schedule and other information regarding the funding of construction, operation and maintenance of the Project.

---

<sup>1</sup> *These assets, properties and rights of the Project would include all of the associated real and personal property, tangible and intangible property, assets, equipment, components, facilities, interconnections, systems, spare and replacement parts, permits, intellectual property, and contractual, expansion and other rights currently held or acquired in the future that are necessary, useful, held for use or appropriate for the ownership, planning, development, permitting, design, engineering, construction, interconnection, transmission, use, operation, maintenance, repair and expansion of the Project.*

2022 Distributed Energy Resources RFP

EXHIBIT F. PROTOTYPE OWNERSHIP TERM SHEET

**Respondent and the Project** This Term Sheet assumes that Respondent is the owner of a generation project currently operating or under development (the "Project").

In its response to the RFP, in addition to the other submissions that should accompany a proposal that contemplates the sale of all of the Project to PSE, Respondent needs to specify the date by which the Project will be placed in service, which shall be no later than [\_\_\_\_\_] (consistent with Section 1 of the RFP). At the placed in service date, the Project shall be in full compliance with all technical, performance and operating criteria and standards and the requirements of the RFP, applicable laws, regulations, permits and governmental authorities having jurisdiction over the parties or the Project.

**Certain Definitive Agreements** PSE expects that the agreements necessary to complete the potential transaction described in this Term Sheet (the "Definitive Agreements") would include, among others: (1) a PSA for the sale by Respondent to PSE of all of the Project, (2) if required, a power purchase agreement ("PPA") and (2) if PSE deems it necessary due to the credit position of Respondent, a guaranty by a creditworthy affiliate of Respondent acceptable to PSE (the "Guarantor"), which would guaranty Respondent's obligations and those of Respondent's affiliates under the Definitive Agreements (the "Respondent Guaranty").

The execution and delivery of the Definitive Agreements would be subject, among other things, to PSE's completion of due diligence to its satisfaction and the approval of the transaction by each party's board of directors (or other appropriate management body).

**Closing** The Closing would occur after receipt by the parties of all consents, authorizations and approvals and the satisfaction or waiver of conditions precedent specified in the Definitive Agreements. At the Closing, PSE would purchase the Project from Respondent, free and clear of all liens, charges, encumbrances, and conflicting or competing claims.

**Early Termination** At any time before Closing, the Definitive Agreement may be terminated upon the occurrence of any of the following events:

- By mutual written consent of the Parties;

2022 Distributed Energy Resources RFP

EXHIBIT F. PROTOTYPE OWNERSHIP TERM SHEET

- By Purchaser or Seller in the event any non-appealable law becomes effective, or a final order is issued, which prohibits the completion of the Proposed Transaction;
- By Purchaser or Seller, as applicable, if
  - (i) the other Party breaches any representation, warranty or covenant in the Build Transfer Agreement,
  - (ii) such breach would result in a failure of, or inability of the other Party to satisfy the applicable Closing conditions(s), and
  - (iii) such breach has not been cured to Purchaser's or Seller's, as applicable, reasonable satisfaction within thirty (30) days following receipt of written notice of such breach or an extended cure period not to exceed the Outside Closing Date;
- By either Party, upon the bankruptcy of the other Party;

If validly terminated, then all further obligations of the Parties will end (other than those which are intended to survive termination), and the Parties will be entitled to pursue all rights or remedies available at law or in equity.

**Default**

The definitive agreements shall include customary events of default ("Events of Default") including for failure to make payments when due, failure to perform a material obligation, breach of representation or warranty, bankruptcy, failure to maintain required credit support, etc.

In addition to customary Events of Default, the following shall be additional Events of Default, subject to extension for delays caused by Buyer or force majeure events and compliance by Seller of its obligation to mitigate such delays:

Failure to achieve a certain Development Milestones within [180] days after the guaranteed date therefor (as described above).

Failure to achieve the Commercial Operation Date within [180] days after the Guaranteed Commercial Operation Date (as described above).

2022 Distributed Energy Resources RFP

EXHIBIT F. PROTOTYPE OWNERSHIP TERM SHEET

<b>Termination</b>	<p>Buyer may terminate the Definitive Agreements if Seller fails to achieve Commercial Operation by the date that is [180] days after the Guaranteed Commercial Operations Date.</p> <p>If an Event of Default shall have occurred, the non-defaulting Party shall have the right to terminate the Definitive Agreements and, in such case, each Party shall pay the other all amounts due for all periods prior to termination. In addition, the defaulting Party shall make a termination payment to the non-defaulting party.</p> <p>Any termination payment under the Definitive Agreements shall be based on a comparison of NPV of payments that non-defaulting Party reasonably expects to be applicable in the market under a replacement contract covering the same services to the NPV of the then remaining payments under the Definitive Agreements, plus the reasonable transactional costs of the non-defaulting Party entering into a new ownership arrangement. Calculations based on reasonable assumptions as to future Generating Facility operations, differences between a replacement contract and the Definitive Agreements, discount rate and similar considerations, as reasonably determined by the non-defaulting Party.</p>
<b>Transaction Taxes</b>	<p>Respondent would be responsible for the payment of all sales, conveyance, transfer, excise, real estate excise, business and occupation or similar transaction taxes assessed with respect to or imposed on either party relating to PSE's purchase of the Project or otherwise in connection with a potential transaction. PSE would agree to cooperate with Respondent to minimize the parties' respective transaction taxes.</p>
<b>Regulatory Approvals</b>	<p>PSE expects that the following regulatory approvals, among others, might be required prior to Closing to implement a proposed transaction:</p> <p>Receipt of FERC approval under Section 203 of the Federal Power Act; and Expiration of any waiting period (or obtaining of any approval required) under Hart-Scott-Rodino.</p>
<b>Representations, Covenants &amp; Warranties</b>	<p>The Definitive Agreements would contain representations, covenants and warranties of each party that are customary for similar transactions</p>
<b>Terms and Conditions For</b>	<p>If Respondent's proposal involves a development Project, PSE requires that the Respondent keep responsibility for its completion, start-up and commissioning pursuant to a separate engineering, procurement and</p>

## 2022 Distributed Energy Resources RFP

### EXHIBIT F. PROTOTYPE OWNERSHIP TERM SHEET

**Projects Under Development** construction or similar contract arrangements (collectively, “EPC”) in accordance with PSE requirements.

In either case, the Definitive Agreements would include detailed schedules showing the Project’s design, engineering and construction status. These schedules will need to include:

- performance and technical specifications of the Project;
- performance guarantees;
- major equipment and systems and vendors;
- major subcontractors;
- the status of development activities including real estate, permitting, interconnection and transmission, etc. ;
- the status of contractors' and vendors' obligations and warranties; and,
- the schedule for completion of the Project and other related information and data.
- labor agreements

The Definitive Agreements would also require Respondent to provide access to the Project to certain designated PSE employees, representatives and agents so that they can observe and monitor the manufacture, fabrication, assembly, installation, construction, start-up, testing and commissioning of the Project and any parts or components of it. PSE's employees, representatives and agents would also be permitted access to the premises of contractors, vendors and consultants and attend meetings and review and copy information, data and documents in connection with PSE's due diligence review. PSE's employees, representatives and agents would be required to observe Respondent's (and Respondent's contractors') rules regarding safety, security and confidentiality and would not interfere with or hinder the construction of the Project, unless in cases of imminent threat. Respondent will be required to make contractors, equipment suppliers, and vendors or personnel available to provide necessary training to PSE personnel who will be responsible for operation of the project after hand over.

#### **Labor**

To the greatest extent possible and subject to any collective bargaining agreement of Seller or its affiliates, if any, Seller shall hire local workers

2022 Distributed Energy Resources RFP

**EXHIBIT F. PROTOTYPE OWNERSHIP TERM SHEET**

(particularly local unionized workforce) during construction of the Generating Facility and as permanent employees for the operation of the Generating Facility and performance of Seller's obligations under the terms of the definitive agreement. Seller shall use commercially reasonable efforts to use apprenticeship labor to meet the Washington State Apprenticeship and Training Council requirements so as to allow Purchaser to qualify for the statutory one and two-tenths (1.2) multiplier for quantifying the Attributes from the Generating Facility.

As required by WAC 480-107-075, Respondent shall furnish to Purchaser from time to time, upon Purchaser's reasonable request, and in any event not more than once annually, a report detailing the use by Seller of diverse businesses, including but not limited to women-, minority-, disabled-, and veteran-owned businesses, and a report detailing the application of the labor standards in RCW 82.08.962 and 82.12.962.

***Respondent's Completion of the Project***

Subject to certain approval rights of PSE, Respondent would be responsible for the direction of, and the cost and expense necessary, incidental to or appropriate for, the construction, completion, start-up and commissioning of the Project, including mobilization, design, engineering, procurement, supply, supervision, and testing expenses (with the exception of such expenses related to fuel for certain tests as set forth below). Guarantor would unconditionally guarantee Respondent's payment, performance, warranty and other obligations with respect to the design, engineering, construction and completion of the Project in accordance with the criteria set forth in the Definitive Agreements. Respondent would cause construction of the Project to be performed or supervised by an EPC contractor experienced in the design, engineering and construction of electric generating facilities similar to the Project and in accordance with applicable laws, regulations, permits, the standards and criteria of original equipment manufacturers, good industry practices and insurance requirements. PSE may require that labor agreements be in place for construction of the project.

Respondent shall use commercially reasonable efforts to achieve the agreed upon Development Milestones for the Generating Facility, which shall include "interim" major milestones, such as receipt of all applicable permits, EPC contract execution, commencement of physical construction, commencement and completion of generation tie-line construction, completion of construction of foundations, generation equipment commitment date, energization date, and test energy date. The

2022 Distributed Energy Resources RFP

**EXHIBIT F. PROTOTYPE OWNERSHIP TERM SHEET**

guaranteed major Development Milestone dates shall be subject to extension for delays caused by PSE or force majeure events, subject to compliance by Respondent of its obligation to mitigate such delays. In the event Respondent fails to achieve a major Development Milestone on or before the guaranteed date therefor, Respondent shall be required to pay to PSE "interim" liquidated damages for each day of delay beyond the applicable guaranteed date in an amount per day of [\$200] per MW of the Generating Facility's Planned Nameplate Capacity. If certain major Development Milestones have not been achieved within [180 days] after the guaranteed date therefor, it shall be an Event of Default under the Definitive Agreements and PSE shall be entitled to terminate the Definitive Agreements and seek damages or exercise other remedies at law or equity. Interim liquidated damages shall be credited against the amount of any delay liquidated damages payable for a failure to achieve the Commercial Operation Date by the Guaranteed Commercial Operation Date and if any such credits are not fully utilized as of the Commercial Operations Date, Buyer shall refund such remaining amount of interim liquidated damages to Respondent. If the Guaranteed Commercial Operation Date ultimately is achieved despite Seller's failure to satisfy one of more of the other major Development Milestones, Buyer shall refund such interim liquidated damages to Seller.

Respondent shall not be permitted to achieve Commercial Operation of the Project unless the Final Nameplate Capacity equals or exceeds [ninety-five percent (95%)] of the Planned Nameplate Capacity. If the Commercial Operation Date is achieved, but the Final Nameplate Capacity is less than one hundred percent (100%) of the Planned Nameplate Capacity, Seller shall make a one-time payment of liquidated damages to Purchaser in the amount of [Two Hundred Thousand Dollars (\$200,000)/MW] for each MW

that the Final Nameplate Capacity is below the Planned Nameplate Capacity.

Respondent shall provide a Guaranteed Commercial Operation Date for the Generating Facility. The Guaranteed Commercial Operation Date shall be extended for delays caused by PSE or force majeure events (with extensions for force majeure events not to exceed [180] days in the aggregate), subject to compliance by Respondent of its obligation to mitigate such delays. In the event Respondent fails to achieve Commercial Operation on or before the Guaranteed Commercial Operation Date, Respondent shall be required to pay to PSE liquidated damages for each day of delay beyond the Guaranteed Commercial Operation Date in the

2022 Distributed Energy Resources RFP

**EXHIBIT F. PROTOTYPE OWNERSHIP TERM SHEET**

amount per day of [\$200] per MW of the Generating Facility's Planned Nameplate Capacity. If the Commercial Operation Date has not been achieved within [180] days after the Guaranteed Commercial Operation Date, it shall be an Event of Default under the Definitive Agreements and Buyer shall be entitled to terminate the Definitive Agreements and seek damages or exercise other remedies at law or equity.

***Change Orders:***

In completing the construction of the Project, Respondent would notify PSE, in writing, prior to making any proposed change order or any other modification to the design, component parts or equipment or operational characteristics of the Project that (A) (i) involves individually an amount in excess of \$[\_\_\_\_\_] or (ii) is proposed after the aggregate value of prior change orders or modifications is \$[\_\_\_\_\_] or (B) which would reasonably be expected to adversely affect the operational characteristics, reliability or costs of operation and maintenance of the Project. PSE would have ten (10) days to notify Respondent in writing that PSE does not consent to the proposed change order or modification described by Respondent in such notice; otherwise PSE would be deemed to concur with the proposed change order or modification.

Otherwise, Respondent shall have the right, without PSE's consent, to make such substitutions of parts, materials and/or equipment in completing the construction of the Project as would not be reasonably expected to adversely affect the operational characteristics, reliability or costs of operation or maintenance of the Project. Respondent agrees to provide PSE with a list of such substitutions on a monthly basis and at Substantial Completion and Final Completion (each as defined below). In the event Respondent fails to provide timely notice to PSE of any proposed change order or modification of the nature or effect described above, and such change order or modification results in a material adverse change to the operational characteristics, reliability or costs of operation and maintenance of the Project, the Definitive Agreements would set forth mutually agreed upon rights and remedies.

For purposes of this Term Sheet, "Substantial Completion" means the completion of the Project, the completion of the facilities necessary to interconnect the Project to the electric grid and to receive water, fuel supplies and other supplies and services, and the delivery of all permits, interim manuals sufficient for interim operations during the period between Substantial Completion and Final Completion, and other deliverables necessary for PSE to operate the Project on a commercial basis

2022 Distributed Energy Resources RFP

**EXHIBIT F. PROTOTYPE OWNERSHIP TERM SHEET**

in accordance with the requirements of the Definitive Agreements at an electrical output not less than and, if applicable, a heat rate not greater than certain “Minimum Performance Guarantees” to be agreed to in the Definitive Agreements. “Final Completion” shall mean the final completion by Respondent of all items of work remaining at Substantial Completion, delivery of all outstanding deliverables, including manuals and lien releases from contractors and vendors, clean-up of the site and removal of all equipment.

No later than at Final Completion, Respondent would provide PSE with statutory lien releases from the EPC contractor and its subcontractors furnishing services, equipment or goods used in the design, engineering, equipping, construction and completion of the Project, evidencing that all amounts due to such parties have been paid or bonded around, such that PSE and the Project would not be liable for payment of any such amounts owed.

Subsequent to Closing, PSE would be the owner of and receive one hundred percent (100%) of all energy products produced in connection with the start-up, testing and commissioning of the Project.

***Development Milestones***

Seller shall use commercially reasonable efforts to achieve the agreed upon Development Milestones for the Generating Facility, which shall include “interim” major milestones, such as receipt of all applicable permits, EPC contract execution, commencement of physical construction, commencement and completion of generation tie-line construction, completion of construction of foundations, generation equipment commitment date, energization date, and test energy date. The guaranteed major Development Milestone dates shall be subject to extension for delays caused by Buyer or force majeure events, subject to compliance by Seller of its obligation to mitigate such delays.

In the event Seller fails to achieve a major Development Milestone on or before the guaranteed date therefor, Seller shall be required to pay to Buyer “interim” liquidated damages for each day of delay beyond the applicable guaranteed date in an amount per day of [\$200] per MW of the Generating Facility’s Planned Nameplate Capacity. If certain major Development Milestones have not been achieved within [180] days after the guaranteed date, it shall be an Event of Default under the Definitive Agreements and Buyer shall be entitled to terminate the PPA and seek damages or exercise other remedies at law or equity.

2022 Distributed Energy Resources RFP

**EXHIBIT F. PROTOTYPE OWNERSHIP TERM SHEET**

Interim liquidated damages shall be credited against the amount of any delay liquidated damages payable for a failure to achieve the Commercial Operation Date by the Guaranteed Commercial Operation Date and if any such credits are not fully utilized as of the Commercial Operations Date, Buyer shall refund such remaining amount of interim liquidated damages to Seller. If the Guaranteed Commercial Operation Date ultimately is achieved despite Seller's failure to satisfy one of more of the other major Development Milestones, Buyer shall refund such interim liquidated damages to Seller.

***Additional Representations, Warranties and Covenants of Respondent***

PSE expects that the Definitive Agreements will include the following additional representations, warranties and covenants:

- (1) Respondent will cause the Project to be developed, designed, engineered, equipped and constructed in accordance with the provisions of the Definitive Agreements so as to meet the Minimum Performance Guarantees and other criteria set forth in the Definitive Agreements and be Substantially Complete and commercially operable on or before a guaranteed Substantial Completion date;
- (2) Respondent will provide a full “wrap” of obligations with respect to the Project and all equipment warranties and cause Guarantor to guarantee Respondent's obligations;
- (3) Respondent would at all times maintain sufficient rights and entitlements to such services and facilities as may be necessary to develop, construct and complete the Project so that upon Substantial Completion the Project may be operated on a commercial basis;
- (4) Respondent would obtain and maintain during the construction of the Project, at Respondent's cost and expense, builder's risk insurance, the terms, conditions, limits of coverage and other provisions of which are normal and customary;
- (5) Respondent, with PSE's commercially reasonable cooperation and assistance, would at Respondent's cost be responsible for applying for, obtaining and maintaining and complying with all permits and other governmental authorizations necessary or appropriate for the construction, start-up, testing, ownership, occupancy, use, operation and maintenance of the Project; and

2022 Distributed Energy Resources RFP

EXHIBIT F. PROTOTYPE OWNERSHIP TERM SHEET

(6) Respondent would cause all equipment warranties (the terms and conditions of which PSE will have the right to approve) to be in full force with the respective contractors and vendors and fully assignable to PSE, and Respondent will assign such warranties to PSE as of Substantial Completion of the Project.

***Project Managers and Independent Engineer***

Each of the parties would designate a construction project manager no later than the date of Closing. Notices, correspondence and other communication required or contemplated by the Definitive Agreements relating to the construction of the Project would be made through the parties' respective construction project managers, except as otherwise agreed.

An independent engineer would be retained, at Respondent's expense, to verify Respondent has achieved the performance levels and other criteria required to meet Substantial Completion and Final Completion under the Definitive Agreements. PSE and Respondent would select the independent engineer from a mutually agreed list of qualified engineers included in the Definitive Agreements.

**Availability  
Guarantee**

For Projects which include an initial purchase of power by PSE from a generation resource with transfer of ownership later, the availability guarantee shall be as set forth in the relevant provision of the Prototype Clean Energy PPA Term Sheet found in Exhibit G to this RFP.

**Respondent  
Guaranty  
Requirements**

If PSE determines that Respondent alone is not sufficiently creditworthy, PSE will require Respondent to have Guarantor provide PSE with the Respondent Guaranty, pursuant to which Guarantor would guarantee the performance by Respondent and Respondent's affiliates of Respondent's obligations to or for the benefit of PSE under the Definitive Agreements. The Guarantor would also guaranty the payment of any damages, losses, liabilities, costs and expenses incurred by PSE and payable by Respondent or Respondent's affiliates) under the Definitive Agreements. The parties would address in the Definitive Agreements the circumstances, if any, in which PSE might require adequate assurance by Respondent or Guarantor of Respondent's performance under the Definitive Agreements, and the nature of such assurance.

**Limitations on  
Liability**

The Definitive Agreements shall provide that notwithstanding anything to the contrary, in the event of a breach of the obligations of one of the parties or otherwise, such party would be liable for direct damages only, and under

2022 Distributed Energy Resources RFP

EXHIBIT F. PROTOTYPE OWNERSHIP TERM SHEET

no circumstances shall such party be liable to the other party for consequential (including, without limitation, lost profits, business interruption and the like), incidental, punitive, exemplary or similar damages.

**Indemnification** The Definitive Agreements would also set forth provisions by which each party would indemnify, hold harmless and defend the other party and its affiliates, directors, officers, employees, representatives and agents from and against certain losses with respect to false or inaccurate representations and warranties or breaches of covenants and obligations under the Definitive Agreements.

**Due Diligence** For a specified period commencing on the date PSE notifies Respondent that Respondent's proposal has been selected as a potential transaction (this period, and any extensions to it that the parties may agree upon, the "Due Diligence Period"), PSE would be entitled to conduct an in-depth due diligence review of the Project, Respondent, Guarantor and any affiliate of Respondent that would be a party to a Definitive Agreement. Respondent agrees to fully cooperate (and cause Respondent's affiliates to fully cooperate) with PSE and to facilitate this process.

PSE expects that PSE's due diligence would include a review of the following, among other things:

- all technical matters relating to the Project;
- construction, engineering and transmission agreements, and any other commercial arrangements relating to the Project;
- legal and regulatory matters (including the availability and terms of all required permits and licenses);
- information systems, human resources (subject to applicable legal confidentiality and other restrictions), insurance matters; and
- any other matters associated with the development, permitting, design, safety, engineering, construction, interconnection, start-up, commissioning, operation and maintenance of the Project.

PSE agrees that its due diligence review shall not unreasonably disrupt Respondent's (or Respondent's affiliates') business or the business of Respondent's directors, officers, employees and agents. The Due Diligence Period would terminate automatically in the event of the termination of the Term Sheet by either party.

2022 Distributed Energy Resources RFP

**EXHIBIT F. PROTOTYPE OWNERSHIP TERM SHEET**

During the Due Diligence Period, Respondent and Respondent's affiliates would provide access to the Project to certain designated PSE employees, representatives and agents so that they could observe, monitor, and assess the manufacture, fabrication, assembly, installation, construction, start-up, testing and commissioning of the Project and any of its parts or components. PSE's employees, representatives and agents would also be permitted access to the premises of contractors, vendors and consultants, attend meetings and review and copy information, data and documents in connection with PSE's due diligence review. PSE would be subject to and would be required to observe Respondent's (and Respondent's contractors') rules regarding safety, security and confidentiality and PSE would not interfere with or hinder the construction of the Project.

**Dispute  
Resolution**

The Definitive Agreements would contain provisions for the resolution of disputes, and the exclusive forum for the resolution of any dispute arising under or in connection with this Term Sheet or the Definitive Agreements would be King County, Washington or if no such court will accept jurisdiction, in any state or federal court of general jurisdiction in the State of Washington, or if no such court will accept jurisdiction, in any court of competent jurisdiction in the United States) with respect to any proceeding relating to the Definitive Agreements.

**Expenses**

Unless otherwise provided for in the RFP, Each party would bear its own legal, accounting, regulatory and other professional fees and expenses and other costs associated with the RFP and a potential transaction, regardless of whether a transaction is consummated.

**Assignability**

The parties would not be permitted to assign the Definitive Agreements or their respective rights and obligations under them without the prior written consent of the other party, such consent not to be unreasonably withheld or delayed.



*2022 Distributed Energy Resources RFP:*

# Exhibit G. Prototype Capacity and/or Energy Agreement Term Sheet

2022 Distributed Energy Resources RFP Resources

EXHIBIT G. PROTOTYPE CAPACITY AND/OR ENERGY AGREEMENT TERM SHEET

*Prototype Capacity and/or Energy Agreement Term Sheet<sup>1</sup>*

**Background**

This Prototype Capacity/Energy Agreement Term Sheet (“Term Sheet”) sets forth the current requirements that PSE wants the Respondent to address or incorporate into any proposal made to PSE that contemplates generating energy products for PSE from a [Generation / Storage] facility (“Facility”). It is intended to identify certain, but not all, of the elements of a potential transaction that would be embodied in a definitive Capacity/Energy Agreement. This Term Sheet may serve as the basis for a proposal involving a Facility in development or in operation. The terms presented and bracketed herein are indicative of PSE’s expectations and may be subject to negotiation depending upon the particular nature of the proposal and other factors.

By submitting its proposal, Respondent acknowledges that the RFP, including this Term Sheet, has been prepared by PSE as part of PSE's ongoing process of integrated resource planning and that PSE is considering alternative arrangements for the procurement of energy products. This Term Sheet is an integral part of, and subject to, the terms and conditions of the RFP. This Term Sheet shall not be interpreted as an offer, agreement or commitment by PSE to acquire any energy product. Also, this Term Sheet shall not limit, restrict or obligate PSE with regard to the conduct of its integrated resource planning process, the potential implementation of any plan or program of resource procurement or the actual procurement of any energy product.

PSE reserves the right to reject any and all proposals received in response to the RFP, request the submission of different proposals for other energy products and/or seek to acquire energy products from one or more parties other than any Respondent. PSE may also modify, change, supplement or delete any and all provisions of this Term Sheet, or withdraw and cancel the RFP.

**Parties**

Puget Sound Energy, Inc. (“Buyer”) and [\_\_\_\_\_] (“Seller”).

**[Generating /  
Storage /  
System**

A [generation/storage facility or system purchase] with a [planned/operational] nameplate capacity of [\_\_\_\_] MW [to be developed

<sup>1</sup> This indicative term sheet lays out key terms for capacity and/or energy proposals in response to PSE’s 2022 Distributed Energy Resources RFP. The terms assume bidders are proposing a Capacity Agreement.

2022 Distributed Energy Resources RFP Resources

EXHIBIT G. PROTOTYPE CAPACITY AND/OR ENERGY AGREEMENT TERM SHEET

<b>Purchase] Facility</b>	and] owned by Seller and located [_____]. With a monthly capacity guarantee and dispatchability as outlined in [Schedule II]
<b>Transaction</b>	<p>Seller shall provide to Buyer the Capacity/Energy Services beginning [_____] (the "Delivery Date") through the expiration of the Term. If the Facility is under development, the Delivery Date shall be the Commercial Operation Date. Energy generated shall be delivered to Buyer at the Energy Delivery Point pursuant to this Capacity/Energy Agreement. Buyer prefers to be the exclusive recipient of capacity/energy services from the Facility, but will consider non-exclusive arrangements.</p> <p>All ancillary services from the [_____] Facility], as further described and defined in Schedule II, as well as any associated electrical capacity rights shall accrue to Buyer.</p>
<b>Term</b>	The Capacity/Energy Agreement shall be effective when signed and shall terminate [_____] years from the Delivery Date (the "Term").
<b>Energy Delivery Point</b>	[_____] ("Energy Delivery Point").
<b>Contract Price</b>	The Contract Price, and the components thereof, are set forth in Schedule I attached hereto.
<b>Commercial Operation<sup>2</sup></b>	Commercial Operation shall mean, with respect to the Facility, that date designated by Seller and confirmed by Buyer on which at least [ninety-five percent (95%)] of the nameplate capacity constituting the Facility has been placed in commercial operation, as evidenced by an officer's certificate of Seller and a confirmation from Buyer (which confirmation shall not be unreasonably withheld or delayed), but such date shall be no earlier than the date upon which the following have occurred: (i) the interconnection agreement for the Facility has been executed, (ii) the Facility has been satisfactorily tested and (iii) all related facilities and rights have been completed or obtained, including all interconnection facilities and substations, to allow for continuous operation of the Facility and the sale of energy, capacity and Ancillary Services therefrom ("Commercial Operation").

<sup>2</sup> To be included if the Facility is under development or construction.

2022 Distributed Energy Resources RFP Resources

**EXHIBIT G. PROTOTYPE CAPACITY AND/OR ENERGY AGREEMENT TERM SHEET**

Seller shall provide a Guaranteed Commercial Operation Date for the Facility. The Guaranteed Commercial Operation Date shall be extended for delays caused by Buyer or force majeure events, subject to compliance by Seller of its obligation to mitigate such delays. In the event Seller fails to achieve Commercial Operation on or before the Guaranteed Commercial Operation Date, Seller shall be required to pay to Buyer liquidated damages for each day of delay beyond the Guaranteed Commercial Operation Date in the amount per day of [\$200] per MW of the Facility's expected nameplate capacity. If the Commercial Operation Date has not been achieved within [180] days after the Guaranteed Commercial Operation Date, Seller shall be in default under the Capacity/Energy Agreement and Buyer shall be entitled to terminate the Capacity/Energy Agreement and seek damages or exercise other remedies at law or equity.

If the Commercial Operation Date is achieved, but the Final Nameplate Capacity is less than one hundred percent (100%) of the Planned Nameplate Capacity, Seller shall make a one-time payment of liquidated damages to Purchaser in the amount of [Two Hundred Thousand Dollars (\$200,000)/MW] for each MW that the Final Nameplate Capacity is below the Planned Nameplate Capacity.

**Development  
Milestones<sup>3</sup>**

Seller shall use commercially reasonable efforts to achieve the agreed upon Development Milestones for the Facility, which shall include "interim" major milestones, such as receipt of all necessary permits, EPC contract execution, achieving financial closing, the commencement of physical construction, commencement and completion of generation tie-line construction, completion of construction of foundations, generation equipment commitment date, energization date, and test energy date. The guaranteed Development Milestone dates shall be subject to extension for delays caused by Buyer or force majeure events, subject to compliance by Seller of its obligation to mitigate such delays. In the event Seller fails to achieve the agreed upon major Development Milestones on or before the prescribed guaranteed date therefore, Seller shall be required to pay to Buyer "interim" liquidated damages for each day of delay beyond the prescribed date in the amount per day of [\$200] per MW of the Facility's expected nameplate capacity. If certain major Development Milestones have not been achieved within [180] days after the guaranteed date therefor, it shall be an Event of Default under the Capacity/Energy Agreement and Buyer shall be entitled to terminate the Capacity/Energy Agreement and seek damages or exercise other remedies at law or equity. Interim liquidated damages shall be credited against the amount of any

<sup>3</sup> To be included if the Facility is under development.

2022 Distributed Energy Resources RFP Resources

**EXHIBIT G. PROTOTYPE CAPACITY AND/OR ENERGY AGREEMENT TERM SHEET**

delay liquidated damages payable for a failure to achieve the Commercial Operation Date by the Guaranteed Commercial Operation Date and if any such credits are not fully utilized as of the Commercial Operations Date, Buyer shall refund such remaining amount of interim liquidated damages to Seller. If the Guaranteed Commercial Operation Date ultimately is achieved despite Seller's failure to satisfy one of more of the other major Development Milestones, Buyer shall refund such interim liquidated damages to Seller.

**Labor** To the greatest extent possible and subject to any collective bargaining agreement of Seller or its affiliates, if any, Seller shall hire local workers (particularly local unionized workforce) during construction of the Facility and as permanent employees for the operation of the Facility and performance of Seller's obligations under the terms of the Capacity/Energy Agreement. Seller shall use commercially reasonable efforts to use apprenticeship labor to meet the Washington State Apprenticeship and Training Council requirements so as to allow Purchaser to qualify for the statutory one and two-tenths (1.2) multiplier for quantifying the Attributes from the Facility. As required by WAC 480-107-075, Seller shall furnish to Purchaser from time to time, upon Purchaser's reasonable request, and in any event not more than once annually, a report detailing the use by Seller of diverse businesses, including but not limited to women-, minority-, disabled-, and veteran-owned businesses, and a report detailing the application of the labor standards in RCW 82.08.962 and 82.12.962.

**Standard of Operation** Seller shall operate the Facility in accordance with the practices, methods, acts, guidelines, standards and criteria of relevant system operators or reliability councils, and all applicable Laws. Seller shall obtain all certifications, permits, licenses and approvals necessary to construct, operate and maintain the Facility and to perform its obligations under the Capacity/Energy Agreement.

**Transmission Services; Interconnection** During the Term, Seller shall be responsible for delivery of the energy generated by the Facility (less applicable transmission losses) to the Energy Delivery Point and Buyer shall be responsible for arranging, at Buyer's expense, all transmission services from the Energy Delivery Point. Seller shall be responsible for all costs of interconnection of the Facility and any associated network upgrades required by Buyer's transmission function or any other transmission provider. It shall be the specific responsibility of Seller to have secured transmission necessary to deliver the energy to Buyer's system. Buyer shall consider arrangements whereby Seller secures such transmission rights from the Facility to Buyer's system and assigns

2022 Distributed Energy Resources RFP Resources

EXHIBIT G. PROTOTYPE CAPACITY AND/OR ENERGY AGREEMENT TERM SHEET

those transmission rights to Buyer, with Buyer taking on responsibility for the costs of transmitting such energy to Buyer's system.

**Capacity Tests** Prior to the Delivery Date, Seller shall establish the tested capacity (the "Tested Capacity") of the Facility pursuant to a performance test conducted in accordance with procedures to be agreed upon by the Parties. Each Party shall have the right to request a limited number of additional performance tests at the expense of the requesting party to re-determine the Facility's Tested Capacity. If as the result of any performance test, the Tested Capacity of the Facility is less than [\_\_\_\_] MW (the "Minimum Capacity"), the Monthly Capacity Payment shall be appropriately reduced until such time that Seller shall have demonstrated, to Buyer's reasonable satisfaction, that the Tested Capacity shall have been restored.

**Metering** Subject to the requirements of the interconnection agreement for the Facility, Seller shall be responsible for the provision, maintenance, reading and testing of all electric metering equipment in conformance with all applicable regulatory requirements, with Buyer having rights to inspect, observe tests and conduct its own tests in its reasonable discretion.

**Scheduling Coordinator; Imbalances** Buyer shall be responsible for arranging all scheduling services necessary to ensure compliance with applicable regional power scheduling regulations and protocols. Buyer and Seller shall prepare and put in place certain mutually acceptable scheduling protocols to be followed by Buyer, including the nature and extent of information to be utilized to prepare schedules and the policies and practices to be applied to such information by Buyer in connection therewith ("Agreed Scheduling Practices").

Seller shall arrange and be responsible for any transmission services required to deliver energy to the Energy Delivery Point and shall schedule or arrange scheduling services with its transmission providers to so deliver the energy to the Energy Delivery Point. Buyer shall arrange and be responsible for transmission services at and from the Energy Delivery Point and shall schedule or arrange for scheduling services with its transmission providers to receive energy at the Energy Delivery Point.

Buyer shall be responsible for all transmission charges, ancillary service charges, electrical losses and any other transfer-related charges (collectively, "Charges") attributable to or assessed for energy delivered to Buyer at and after the Energy Delivery Point. Seller shall be responsible for

2022 Distributed Energy Resources RFP Resources

EXHIBIT G. PROTOTYPE CAPACITY AND/OR ENERGY AGREEMENT TERM SHEET

all Charges applicable to the Facility's output prior to the Energy Delivery Point.

Seller shall be obligated to pay, or reimburse Buyer for the payment of, any generation imbalance charges related to the over-generation or under-generation of energy scheduled to be generated by the Facility to the extent that such imbalance was caused by the operation of the Facility, the failure of the Facility to operate or Seller's failure to comply with the Agreed Scheduling Practices.

**Resource Adequacy Program**

Purchaser may participate in the regional Resource Adequacy (RA) Program to be administered by a regional organization, which is yet to be determined. In such case, Purchaser would intend for the Seller to be designated as a participating RA resource in the RA program, with Purchaser acting as RA Coordinator. Seller anticipates working with Purchaser to enable Seller to qualify as a participating resource in the RA program.

**Energy Imbalance Market**

Purchaser participates in the Energy Imbalance Market ("EIM") operated by the CAISO. For resources within Purchaser's Balancing Authority Area ("BAA") Purchaser may intend for the Seller to be designated as a participating resource (or its equivalent from time to time) in the Energy Imbalance Market, with Purchaser acting as Scheduling Coordinator (as defined in the CAISO Open Access Transmission Tariff) for the Facility. In such case, Purchaser and Seller should expect to work together to complete the technical review described in Section 3.3 of the EIM BP, which shall identify improvements to the Facility required for the Facility to be designated as a participating resource in the Energy Imbalance Market. Upon conclusion of the technical review, Seller shall cause any required improvements to the Facility to be implemented, at Seller's sole cost and expense. Seller anticipates working with Purchaser to enable Seller to qualify as a participating resource in the Energy Imbalance Market and, if applicable, the Extended Day Ahead Market.

**Taxes**

Seller shall be responsible for and shall pay all taxes incurred by Seller or Buyer on the energy, capacity and Ancillary Services produced and sold prior to the Delivery Point. Buyer shall be responsible for and shall pay all taxes incurred by Seller or Buyer on energy, capacity and Ancillary Services produced and sold at and beyond the Delivery Point. Buyer shall be responsible for and shall pay all taxes incurred by Seller or Buyer associated with the acquisition and delivery of fuel to the Facility.

2022 Distributed Energy Resources RFP Resources

EXHIBIT G. PROTOTYPE CAPACITY AND/OR ENERGY AGREEMENT TERM SHEET

<b>Operation and Maintenance</b>	<p>Seller and Buyer shall endeavor to develop written operating procedures (“Operating Procedures”) for the Facility before the Delivery Date which shall set forth the protocol under which the Parties shall perform their respective obligations under the Capacity/Energy Agreement and shall include, without limitation, procedures concerning the following: (i) the method of day-to-day communications, (ii) key personnel lists for Seller and Buyer, including an appointed authorized representative for each Party, and (iii) forced outage and planned outage reporting.</p> <p>During the Term, the Facility shall be operated and maintained by Seller or its designee in accordance with those practices, methods, and acts, that are commonly used by a significant portion of the [_____] industry in prudent engineering and operations to design and operate such electric equipment lawfully and with safety, dependability, efficiency, and economy, including any applicable practices, methods, acts, guidelines or standards and criteria of governing regulatory bodies and reliability councils and all applicable requirements of law.</p>
<b>Outages</b>	<p>No later than ninety (90) days prior to the beginning of each calendar year during the Term, Seller shall provide Buyer with a non-binding detailed planned outage schedule for the forthcoming year and Seller shall be excused from providing electricity during any planned outage.</p> <p>Seller shall furnish Buyer with as much advance notice as practicable of any proposed or necessary maintenance outages. The Parties shall work to plan such outage to mutually accommodate, as practicable, the reasonable requirements of Seller and the reasonable requests of Buyer, taking into account the desire of Buyer to have the Facility available during peak periods.</p> <p>Seller shall promptly provide written notice to Buyer, to the extent information is available, of the reason, timing, expected duration and the impact upon the energy output of any forced outage. Seller also shall provide to Buyer, in a form reasonably acceptable to Buyer, a monthly report of forced outages.</p>
<b>Availability/ Round-trip Efficiency Guarantee</b>	<p>Seller shall provide Buyer with a guarantee that the Facility availability shall be no less than the percentages indicated on Schedule III for each month after the Delivery Date (the “Minimum Monthly Availability”). Facility availability shall be calculated using a methodology agreed to by the Parties that is generally consistent with the method prescribed by the Facility’s equipment manufacturers. Seller shall pay to Buyer liquidated damages if</p>

2022 Distributed Energy Resources RFP Resources

**EXHIBIT G. PROTOTYPE CAPACITY AND/OR ENERGY AGREEMENT TERM SHEET**

the Facility fails to meet the Minimum Monthly Availability in any contract year after the Commercial Operation Date.

If the Facility fails to meet the Minimum Monthly Availability in any month after the Delivery Date, the Monthly Capacity Payment for such month, if applicable, shall be reduced as determined pursuant to Schedule III.

Seller's failure to cause the Project to achieve an Availability Factor of at least [eighty five percent (85%)] for any two consecutive Contract Years, commencing on the first anniversary of the Commercial Operation Date will be grounds for default. For storage projects, Seller guarantees a [\_\_\_\_\_] round-trip efficiency guarantee throughout the terms of the agreement.

**Credit Support**

Upon execution of the Capacity/Energy Agreement Seller shall maintain an investment grade credit rating. If Seller does not have or cannot maintain the required credit rating, Seller shall provide Buyer with a guaranty, cash collateral and/or letter of credit in forms acceptable to Buyer in the amount of [\$125,000 per MW]. In addition to the foregoing security, Seller shall furnish Buyer with a lien on its interest in the Facility to secure Seller's obligations to Buyer. Buyer shall agree to subordinate such lien as may be reasonably necessary to accommodate Seller's first lien construction and/or permanent financing of the Generation Facility. Buyer shall not be required to provide credit support or performance assurance of any kind to Seller.

**Default**

The Capacity/Energy Agreement shall include customary events of default ("Events of Default") including for failure to make payments when due, failure to perform a material obligation, breach of representation or warranty, bankruptcy, failure to maintain required credit support, etc.

In addition to customary Events of Default, the following shall be additional Events of Default, subject to extension for delays caused by Buyer or force majeure events and compliance by Seller of its obligation to mitigate such delays:

Subsequent to the Delivery Date, Seller fails to achieve the Minimum Monthly Availability for any [\_\_\_\_\_] consecutive contract months or for any [\_\_\_\_\_] contract months during the Term.

The Facility fails to demonstrate a Tested Capacity at least equal to the Minimum Capacity in three successive capacity tests performed after the Delivery Date; provided that Seller is provided a reasonable period of time

2022 Distributed Energy Resources RFP Resources

**EXHIBIT G. PROTOTYPE CAPACITY AND/OR ENERGY AGREEMENT TERM SHEET**

after any failure to achieve the Minimum Capacity in any capacity test to resolve the problem prior to conducting a subsequent capacity test.

Each Party shall have a duty to mitigate damages and covenants that it shall use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's default or non-performance of the Capacity/Energy Agreement.

**Termination** Buyer may terminate the Capacity/Energy Agreement if Seller fails to achieve Commercial Operation by [\_\_\_\_\_].<sup>4</sup>

If an Event of Default shall have occurred, the non-defaulting Party shall have the right to terminate the Capacity/Energy Agreement and, in such case, each Party shall pay the other all amounts due for all periods prior to termination. In addition, if applicable, the defaulting Party shall make a termination payment to the non-defaulting party.

Any termination payment under the Capacity/Energy Agreement shall be based on a comparison of the net present value of the payments that the non-defaulting Party reasonably expects to be applicable in the market under a replacement contract covering the same services to the net present value of the then remaining payments under the Capacity/Energy Agreement, plus the reasonable transactional costs of the non-defaulting Party entering into a new capacity/energy arrangement. Any such calculations shall be based on reasonable assumptions as to future Facility operations, differences between a replacement contract and the Capacity/Energy Agreement, discount rate and similar considerations, as reasonably determined by the non-defaulting Party.

**Indemnification** The Capacity/Energy Agreement shall include customary indemnification obligations between the Parties including for liabilities related to energy once delivered to Buyer at the Energy Delivery Point.

**Limitation of Liability** Unless expressly provided in the Capacity/Energy Agreement, a Party's liability shall be limited to direct actual damages only, which direct actual damages shall be the sole and exclusive remedy and all other remedies or damages at law or equity are waived. Neither Party shall be liable to the other Party for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, whether such damages are allowed or provided by statute, in tort, under any indemnity provisions or otherwise except and only to the extent that any

<sup>4</sup> To be included if the Facility is under development

2022 Distributed Energy Resources RFP Resources

**EXHIBIT G. PROTOTYPE CAPACITY AND/OR ENERGY AGREEMENT TERM SHEET**

actual or liquidated damages expressly provided for in the Capacity/Energy Agreement include an element of profit or other type of damages which are otherwise disclaimed and except to the extent required through indemnification on account of third party claims.

**Dispute  
Resolution**

The Capacity/Energy Agreement would contain provisions for the resolution of disputes, and the exclusive forum for the resolution of any dispute arising under or in connection with this Term Sheet or the Capacity/Energy Agreement would be King County, Washington or if no such court will accept jurisdiction, in any state or federal court of general jurisdiction in the State of Washington, or if no such court will accept jurisdiction, in any court of competent jurisdiction in the United States) with respect to any proceeding relating to the Capacity/Energy Agreement.

**Expenses**

Unless otherwise provided for in the RFP, Each party would bear its own legal, accounting, regulatory and other professional fees and expenses and other costs associated with the RFP and a potential transaction, regardless of whether a transaction is consummated.

**Governing Law**

The Capacity/Energy Agreement shall be governed by the laws of the State of Washington, without regard to conflicts of laws principles. Venue shall be in King County, Washington.

**Assignment**

Neither Party shall assign any of its rights or obligations under the Capacity/Energy Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed, except that either Party may, without the other Party's consent, (i) transfer, sell, pledge, encumber or assign the Capacity/Energy Agreement or the revenues or proceeds thereof in connection with any financing, (ii) transfer or assign the Capacity/Energy Agreement to an affiliate or (iii) transfer or assign the Capacity/Energy Agreement to any person or entity succeeding to all or substantially all of the assets of such Party; provided that in the case of clauses (ii) or (iii) above, the assignee agrees to be bound by all terms and conditions and, in the case of an assignment by Seller, either the assignee or its guarantor possesses the same or better credit rating as Seller or provides credit support reasonably acceptable to Buyer.

2022 Distributed Energy Resources RFP Resources

EXHIBIT G. PROTOTYPE CAPACITY AND/OR ENERGY AGREEMENT TERM SHEET

*Schedule I*  
*Contract Price<sup>5</sup>*

<b>Monthly Capacity Payment</b>	<b>Variable O&amp;M Charge</b>	<b>Start-Up Charge</b>
(\$ per MW of Tested Capacity)	(\$ per MWh)	(\$ per start)

---

<sup>5</sup> Illustrative pricing structure only, actual pricing structure will be based on capacity resource type proposed. Respondent may propose an alternative structure.

**2022 Distributed Energy Resources RFP Resources**

**EXHIBIT G. PROTOTYPE CAPACITY AND/OR ENERGY AGREEMENT TERM SHEET**

*Schedule II*  
*Monthly Capacity and Dispatch Schedule<sup>6</sup>*

<b>Month</b>	<b>Monthly Capacity</b>	<b>Dispatch Parameters / Operating Characteristics</b>
January		
February		
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

---

<sup>6</sup> Illustrative only, actual capacity and dispatch structure will be based on capacity resource type proposed. Respondent may propose an alternative structure.

2022 Distributed Energy Resources RFP Resources

EXHIBIT G. PROTOTYPE CAPACITY AND/OR ENERGY AGREEMENT TERM SHEET

*Schedule III*  
*Availability Guarantee and Liquidated Damages<sup>7</sup>*

---

<sup>7</sup> To be provided by Respondent.



*2022 Distributed Energy Resources RFP:*

# Exhibit H. Prototype Clean Energy PPA Term Sheet

2022 Distributed Energy Resources RFPResources

EXHIBIT H. PROTOTYPE CLEAN ENERGY PPA TERM SHEET

*Prototype Clean Energy<sup>1</sup> PPA Term Sheet*

**Background**

This Prototype Clean Energy PPA Term Sheet (“Term Sheet”) sets forth the current requirements that PSE wants the Respondent to address or incorporate into any proposal made to PSE that contemplates the sale of clean energy products to PSE, either on a unit-contingent or not unit-contingent basis. It is intended to identify certain, but not all, of the elements of a potential transaction that would be embodied in a definitive power purchase agreement (“PPA”). This Term Sheet may serve as the basis for a proposal involving a clean energy generating facility [and/or a storage facility] in development or in operation. The terms presented and bracketed herein are indicative of PSE’s expectations and may be subject to negotiation depending upon the particular nature of the proposal and other factors.

By submitting its proposal, Respondent acknowledges that the RFP, including this Term Sheet, has been prepared by PSE as part of PSE's ongoing process of integrated resource planning and that PSE is considering alternative arrangements for the procurement of energy products. This Term Sheet is an integral part of, and subject to, the terms and conditions of the RFP. This Term Sheet shall not be interpreted as an offer, agreement or commitment by PSE to acquire any energy product. Also, this Term Sheet shall not limit, restrict or obligate PSE with regard to the conduct of its integrated resource planning process, the potential implementation of any plan or program of resource procurement or the actual procurement of any energy product.

PSE reserves the right to reject any and all proposals received in response to the RFP, request the submission of different proposals for other energy products and/or seek to acquire energy products from one or more parties other than any Respondent. PSE may also modify, change, supplement or delete any and all provisions of this Term Sheet, or withdraw and cancel the RFP.

**Parties**

Puget Sound Energy, Inc. (“Buyer”) and [\_\_\_\_\_] (“Seller”).

**Generating Facility**

For unit-contingent agreements:

A clean energy electric generating facility [and/or a storage facility] with a planned nameplate capacity of [\_\_\_\_\_] MW [and with a storage capacity of

<sup>1</sup> Clean energy means energy produced by a renewable or non-emitting generating facility.

2022 Distributed Energy Resources RFPResources

EXHIBIT H. PROTOTYPE CLEAN ENERGY PPA TERM SHEET

[ ] MW x [ ] hours] to be developed by Seller and located [\_\_\_\_\_] .<sup>2</sup> [The anticipated inverter load ratio (DC/AC) is [ ].]

For non-unit-contingent agreements:

A shaped clean energy alternative product.

**Product**

For unit-contingent agreements:

Clean electrical energy from the Generating Facility as delivered to the Point of Delivery and all Green Attributes associated with the generated energy, as further described and defined below, as well as any associated electrical capacity rights shall accrue to Buyer.

For non-unit-contingent agreements:

The shaped 8760 clean energy alternative product is as follows: [ ].

**Term**

The PPA shall be effective when signed and shall terminate [10/12/15/20]<sup>3,4</sup> years from the Commercial Operation Date (as defined below under “Commercial Operation”) (the “Term”).

**Point of Delivery**

[ ] in e-tag scheduling documentation (“Point of Delivery”).

**Contract Quantity**

100% of the net electrical output of the Generating Facility, and any capacity rights, as well as all Green Attributes (as described below).

**Contract Price**

\$( [ ]) per MWh of energy delivered to the Point of Delivery and all Green Attributes (defined below) associated therewith (the “Contract Price”). The Contract Price shall (i) become applicable on the Commercial Operation Date, (ii) remain in effect for the Term and (iii) not be subject to change by Seller or Buyer for any reason.

<sup>2</sup> This Term Sheet generally contemplates offers for clean energy generation from facilities to be constructed; however, Buyer also shall entertain offers from existing facilities and non-unit-contingent offers and, in such case, certain provisions of this Term Sheet pertaining, for example, to construction obligations of Seller, shall not apply.

<sup>3</sup> Non-unit contingent market PPAs must comply with Washington State’s emission performance standards. PPAs with term lengths five years or longer must specify the associated resource or pool of resources and demonstrate compliance with the standards.

<sup>4</sup> PSE will consider contract terms longer than 20 years if the developer can demonstrate the asset has useful life longer than 20 years.

2022 Distributed Energy Resources RFPResources

EXHIBIT H. PROTOTYPE CLEAN ENERGY PPA TERM SHEET

- Green Attributes** All environmental, renewable energy or green attributes of any kind or nature, current or future, whether in the form of renewable energy credits or certificates (“RECs”), green tags, emissions credits or allowances or other credits or allowances similar to the foregoing (“Green Attributes”) shall be conveyed to Buyer and are included in the Contract Price.
- Electrical Output** Buyer agrees to buy all of the energy delivered by Seller to the Point of Delivery in accordance with the PPA (the “Delivered Energy”), subsequent to the Commercial Operation Date and also as stipulated in the “Test Power” section below.
- Test Power and Green Attributes** Subsequent to the commissioning of the first [wind turbine generator/PV module] included in the Generating Facility, but before the Commercial Operation Date, Buyer shall purchase the electric power (and associated Green Attributes) produced by the Generating Facility prior to the Commercial Operation Date (collectively, “Test Products”). The price for such Test Products shall be equal to [70% of the applicable Intercontinental Exchange Mid-Columbia day ahead index price for power at the time of purchase].
- Commercial Operation<sup>5</sup>** Commercial Operation shall mean, with respect to the Generating Facility, that date designated by Seller and confirmed by Buyer on which at least [ninety-five percent (95%)] of the nameplate capacity constituting the Generating Facility have been placed in commercial operation, as evidenced by an officer’s certificate of Seller and a confirmation from Buyer (which confirmation shall not be unreasonably withheld or delayed), but such date shall be no earlier than the date upon which the following have occurred: (i) the interconnection agreement for the Generating Facility has been executed, (ii) the Generating Facility has been satisfactorily tested and commissioned, and (iii) all related facilities, governmental approvals, permits and land rights have been completed or obtained, including all interconnection facilities and substations, to allow for continuous operation of the Generating Facility at its expected output and the sale and delivery of energy and Green Attributes therefrom (“Commercial Operation”). The “Commercial Operation Date” shall be the date that the Generating Facility achieves Commercial Operation. Seller shall use commercially reasonable efforts achieve Commercial Operation for any remaining [wind turbines/PV modules] as soon as reasonably possible thereafter. If the Commercial Operation Date is achieved, but the Final Nameplate Capacity is less than one hundred percent (100%) of the

<sup>5</sup> To be included if the Facility is under development or construction.

2022 Distributed Energy Resources RFPResources

EXHIBIT H. PROTOTYPE CLEAN ENERGY PPA TERM SHEET

Planned Nameplate Capacity, Seller shall make a one-time payment of liquidated damages to Purchaser in the amount of [Two Hundred Thousand Dollars (\$200,000)/MW] for each MW that the Final Nameplate Capacity is below the Planned Nameplate Capacity.

Seller shall provide a Guaranteed Commercial Operation Date for the Generating Facility. The Guaranteed Commercial Operation Date shall be extended for delays caused by Buyer or force majeure events (with extensions for force majeure events not to exceed [180] days in the aggregate), subject to compliance by Seller of its obligation to mitigate such delays. In the event Seller fails to achieve Commercial Operation on or before the Guaranteed Commercial Operation Date, Seller shall be required to pay to Buyer liquidated damages for each day of delay beyond the Guaranteed Commercial Operation Date in the amount per day of [\$200] per MW of the Generation Facility's Planned Nameplate Capacity. If the Commercial Operation Date has not been achieved within [90] days after the Guaranteed Commercial Operation Date, it shall be an Event of Default under the PPA and Buyer shall be entitled to terminate the PPA and seek damages or exercise other remedies at law or equity.

**Development  
Milestones<sup>6</sup>**

Seller shall use commercially reasonable efforts to achieve the agreed upon Development Milestones for the Generating Facility, which shall include "interim" major milestones, such as receipt of all applicable permits, EPC contract execution, commencement of physical construction, commencement and completion of generation tie-line construction, completion of construction of foundations, generation equipment commitment date, energization date, and test energy date. The guaranteed major Development Milestone dates shall be subject to extension for delays caused by Buyer or force majeure events, subject to compliance by Seller of its obligation to mitigate such delays. In the event Seller fails to achieve a major Development Milestone on or before the guaranteed date therefor, Seller shall be required to pay to Buyer "interim" liquidated damages for each day of delay beyond the applicable guaranteed date in an amount per day of [\$200] per MW of the Generating Facility's Planned Nameplate Capacity. If certain major Development Milestones have not been achieved within [180] days after the guaranteed date therefor, it shall be an Event of Default under the PPA and Buyer shall be entitled to terminate the PPA and seek damages or exercise other remedies at law or equity. Interim liquidated damages shall be credited against the amount of any delay liquidated damages payable for a failure to achieve the Commercial Operation Date by the Guaranteed Commercial

<sup>6</sup> To be included if the Facility is under development.

2022 Distributed Energy Resources RFPResources

EXHIBIT H. PROTOTYPE CLEAN ENERGY PPA TERM SHEET

Operation Date and if any such credits are not fully utilized as of the Commercial Operations Date, Buyer shall refund such remaining amount of interim liquidated damages to Seller. If the Guaranteed Commercial Operation Date ultimately is achieved despite Seller's failure to satisfy one or more of the other major Development Milestones, Buyer shall refund such interim liquidated damages to Seller.

**Labor**

To the greatest extent possible and subject to any collective bargaining agreement of Seller or its affiliates, if any, Seller shall hire local workers (particularly local unionized workforce) during construction of the Generating Facility and as permanent employees for the operation of the Generating Facility and performance of Seller's obligations under the terms of the PPA. Seller shall use commercially reasonable efforts to use apprenticeship labor to meet the Washington State Apprenticeship and Training Council requirements so as to allow Purchaser to qualify for the statutory one and two-tenths (1.2) multiplier for quantifying the Attributes from the Generating Facility.

As required by WAC 480-107-075, Seller shall furnish to Purchaser from time to time, upon Purchaser's reasonable request, and in any event not more than once annually, a report detailing the use by Seller of diverse businesses, including but not limited to women-, minority-, disabled-, and veteran-owned businesses, and a report detailing the application of the labor standards in RCW 82.08.962 and 82.12.962.

**Standard of Operation**

Seller shall operate the Generating Facility in accordance with the practices, methods, acts, guidelines, standards and criteria of relevant system operators or reliability councils, and all applicable laws. Seller shall, at its sole cost and expense, obtain all certifications, permits, licenses and approvals necessary to construct, operate and maintain the Generating Facility and to perform its obligations under the PPA.

**Curtailments**

Under no circumstances shall Buyer have any liability or owe any damages to Seller due to any curtailment of the Generating Facility; provided, however, that if Buyer requests Seller to curtail energy deliveries for economic reasons, Buyer shall pay to Seller the Contract Price for the lost energy production based on actual availability data during the period of curtailment. Seller shall use reasonable efforts to sell energy and Green Attributes generated by the Generating Facility during any such curtailment at the best price reasonably available in the market at the time of sale in order to minimize negative financial impacts to Buyer. Seller may sell the energy at a negative prices in Seller's sole discretion; provided that

2022 Distributed Energy Resources RFPResources

EXHIBIT H. PROTOTYPE CLEAN ENERGY PPA TERM SHEET

in no event will Buyer be required to credit or true-up Seller for any costs or losses associated with the sale of energy at a negative price. Any amounts received by Seller as a result of such mitigation sale shall be credited to the account of Buyer and applied as a credit in favor of Buyer in the invoice for the immediately succeeding month. Notwithstanding the foregoing, in the event that Seller is required to curtail energy deliveries from the Generating Facility in response to a force majeure event, an "emergency condition," or any other event or circumstance declared by BPA or any other transmission provider (including the transmission function of Buyer), Buyer shall have no liability to Seller on account of any such curtailment.

**Transmission Services;  
Interconnection**

During the Term, Seller shall be responsible for delivery of the energy to the Point of Delivery and Buyer shall be responsible for arranging, at Buyer's expense, all transmission services from the Point of Delivery. Seller shall be responsible for all costs of interconnection of the Generating Facility and any associated network upgrades required by BPA, Buyer's transmission function or any other transmission provider. It shall be the specific responsibility of Seller to have secured transmission necessary to deliver the energy to Buyer's system. Buyer shall consider arrangements whereby Seller secures such transmission rights from the Generating Facility to Buyer's system and assigns those transmission rights to Buyer, with Buyer taking on responsibility for the costs of transmitting such energy to Buyer's system. Buyer shall also consider alternative arrangements where the Point of Delivery shall be at an appropriate point on Buyer's system.

**Metering**

Subject to the requirements of the interconnection agreement for the Generating Facility, Seller shall be responsible for the provision, maintenance, reading and testing of all metering equipment in conformance with all applicable regulatory requirements, with Buyer having rights to inspect, observe tests and conduct its own tests in its reasonable discretion.

**Scheduling Coordinator;**

**Imbalances; and  
Integration Charges**

Seller shall be responsible for arranging all scheduling services necessary to ensure compliance with applicable regional power scheduling regulations and protocols. Seller shall prepare and put in place certain mutually acceptable scheduling protocols to be followed by Seller, including the nature and extent of information to be supplied to Buyer in connection with the scheduling of the Generating Facility.

2022 Distributed Energy Resources RFPResources

EXHIBIT H. PROTOTYPE CLEAN ENERGY PPA TERM SHEET

Seller shall arrange and be responsible for any transmission services required to deliver energy to the Point of Delivery and shall schedule or arrange scheduling services with its transmission providers to deliver the energy to the Point of Delivery. Buyer shall arrange and be responsible for transmission services from the Point of Delivery and shall schedule or arrange for scheduling services with its transmission providers to receive energy at the Point of Delivery. Seller shall be responsible for all charges for transmission or wheeling services, ancillary services, imbalance, control area services, congestion, location marginal pricing differentials, electrical losses, and any other transfer-related charges (collectively, "Charges") attributable to or assessed for energy delivered to Buyer at the Point of Delivery. Buyer shall be responsible for all Charges from and after the Point of Delivery.

Seller shall be obligated to pay, or reimburse Buyer for the payment of (in the event any obligation is imposed in this respect on Buyer), any generation imbalance charges related to the over-generation or under-generation of energy scheduled to be generated by the Generating Facility, except if such charges directly result from the unexcused failure of Buyer to receive scheduled energy.

Seller shall be responsible for and obligated to pay any integration charge or similar charge imposed by BPA or any other transmission provider, including charges resulting from or attributable to the integration of resources into the transmission system of such transmission provider.

**Resource Adequacy Program**

Purchaser may participate in the regional Resource Adequacy (RA) Program to be administered by a regional organization, which is yet to be determined. In such case, Purchaser would intend for the Seller to be designated as a participating RA resource in the RA program, with Purchaser acting as RA Coordinator. Seller anticipates working with Purchaser to enable Seller to qualify as a participating resource in the RA program.

**Energy Imbalance Market**

Purchaser participates in the Energy Imbalance Market ("EIM") operated by the CAISO. For resources within Purchaser's Balancing Authority Area ("BAA") Purchaser may intend for the Seller to be designated as a participating resource (or its equivalent from time to time) in the Energy Imbalance Market, with Purchaser acting as Scheduling Coordinator (as defined in the CAISO Open Access Transmission Tariff) for the Facility. In such case, Purchaser and Seller should expect to work together to complete the technical review described in Section 3.3 of the EIM BP,

2022 Distributed Energy Resources RFPResources

EXHIBIT H. PROTOTYPE CLEAN ENERGY PPA TERM SHEET

which shall identify improvements to the Facility required for the Facility to be designated as a participating resource in the Energy Imbalance Market. Upon conclusion of the technical review, Seller shall cause any required improvements to the Facility to be implemented, at Seller's sole cost and expense. Seller anticipates working with Purchaser to enable Seller to qualify as a participating resource in the Energy Imbalance Market and, if applicable, the Extended Day Ahead Market.

**Taxes**

Purchaser shall pay all Washington State sales and use taxes arising out of or with respect to the purchase or sale of energy and/or Green Attributes that are imposed by any taxing authority at or after the Point of Delivery (regardless of whether such Washington State sales and use taxes are imposed on Purchaser or Seller). Seller shall pay all other taxes, including taxes arising out of or with respect to the purchase or sale of energy and/or Green Attributes that are imposed by any taxing authority prior to the Point of Delivery, taxes based on or measured by net income, business and occupation taxes, public utility taxes, property taxes, replacement taxes and/or special assessments that may be levied upon the Generating Facility as well as state or local sales taxes applicable to the construction, maintenance, repair or operation of the Generating Facility.

**Operation and Maintenance**

Seller shall develop written operating procedures ("Operating Procedures") for the Generating Facility before the applicable initial delivery date which shall set forth the protocol under which the Parties shall perform their respective obligations under the PPA and shall include, without limitation, procedures concerning the following: (i) the method of day-to-day communications, (ii) key personnel lists for Seller and Buyer, including an appointed authorized representative for each Party and (iii) forced outage and planned outage reporting.

During the Term, the Generating Facility shall be operated and maintained by Seller or its designee in accordance with those practices, methods, and acts that are commonly used by a significant portion of the clean energy powered electric generation industry in prudent engineering and operations to design and operate such electric equipment lawfully and with safety, dependability, efficiency, and economy, including any applicable practices, methods, acts, guidelines or standards and criteria of governing regulatory bodies and reliability councils and all applicable requirements of law.

2022 Distributed Energy Resources RFPResources

EXHIBIT H. PROTOTYPE CLEAN ENERGY PPA TERM SHEET

**Outages**

No later than ninety (90) days prior to the beginning of each calendar year during the Term, Seller shall provide Buyer with a non-binding detailed planned outage schedule for the forthcoming year.

Seller shall furnish Buyer with as much advance notice as practicable of any proposed or necessary maintenance outages. The Parties shall work to plan such outage to mutually accommodate, as practicable, the reasonable requirements of Seller and the reasonable requests of Buyer.

Except to the extent necessary or advisable in accordance with prudent operating practices, no planned outages or routine maintenance shall be scheduled during the months of November, December, January, or February.

Seller shall promptly provide written notice to Buyer, to the extent information is available, of the reason, timing, expected duration and the impact upon the energy output of any forced outage. Seller also shall provide to Buyer, in a form reasonably acceptable to Buyer, a monthly report of forced outages.

**Availability/  
Output  
Guarantees**

For unit-contingent offers from wind projects:

Seller shall provide Buyer with a guarantee that the overall Generating Facility production-based availability shall be no less than [95%] (the "Minimum Annual Availability"). Seller shall pay to Buyer liquidated damages if the Generating Facility fails to meet the Minimum Annual Availability in any contract year after the Commercial Operation Date. Annual wind turbine availability shall be calculated using a methodology agreed to by the Parties.

For unit-contingent offers from solar projects:

Seller shall provide Buyer with an annual output guarantee (the "Minimum Annual Output") in an amount equal to [ ] MWh. Seller shall pay to Buyer liquidated damages if the Generating Facility fails to meet the Minimum Annual Output in any contract year after the Commercial Operation Date.

For all unit-contingent offers:

In addition to the availability/output guarantee described above, Seller shall provide Buyer with an availability guarantee during the months of November, December, January, and February (the "Guaranteed Winter

2022 Distributed Energy Resources RFPResources

EXHIBIT H. PROTOTYPE CLEAN ENERGY PPA TERM SHEET

Period Availability”) of [95%]. Seller shall pay to Buyer liquidated damages if the Generating Facility fails to meet the Guaranteed Winter Period Availability in any contract year after the Commercial Operation Date.

Seller’s failure to cause the Project to achieve an Availability Factor of at least [eighty five percent (85%)] for any [two consecutive Contract Years, commencing on the first anniversary of the Commercial Operation Date will be grounds for default.

**Credit Support**

Upon execution of the PPA, if Buyer deems it necessary due to Seller's credit position, Seller shall provide Buyer with a guaranty, cash collateral and/or letter of credit in forms and amounts acceptable to Buyer in the amount of [\$125,000 per MW]. In addition to the foregoing security, Seller shall furnish Buyer with a lien on its interest in the Generating Facility to secure Seller’s obligations to Buyer. Buyer shall agree to subordinate such lien as may be reasonably necessary to accommodate Seller’s first lien construction and/or permanent financing of the Generation Facility. Buyer shall not be required to provide credit support or performance assurance of any kind to Seller.

**Default**

The PPA shall include customary events of default (“Events of Default”) including for failure to make payments when due, failure to perform a material obligation, breach of representation or warranty, bankruptcy, failure to maintain required credit support, etc.

In addition to customary Events of Default, the following shall be additional Events of Default, subject to extension for delays caused by Buyer or force majeure events and compliance by Seller of its obligation to mitigate such delays:

Failure to achieve certain Development Milestones within [180] days after the guaranteed date therefor (as described above).

Failure to achieve the Commercial Operation Date within [180] days after the Guaranteed Commercial Operation Date (as described above).

Subsequent to the Commercial Operation Date, Seller fails to achieve the Minimum Annual Availability/Minimum Annual Output for any [ ] consecutive contract years or for any [ ] contract years during the Term.

2022 Distributed Energy Resources RFPResources

EXHIBIT H. PROTOTYPE CLEAN ENERGY PPA TERM SHEET

Subsequent to the Commercial Operation Date, Seller fails to achieve the Guaranteed Winter Period Availability for any [ ] consecutive contract years or for any [ ] contract years during the Term.

Each Party shall have a duty to mitigate damages and covenants that it shall use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's default or non-performance of the PPA.

**Termination**

Buyer may terminate the PPA if Seller fails to achieve Commercial Operation by the date that is [180] days after the Guaranteed Commercial Operations Date.

If an Event of Default shall have occurred, the non-defaulting Party shall have the right to terminate the PPA and, in such case, each Party shall pay the other all amounts due for all periods prior to termination. In addition, the defaulting Party shall make a termination payment to the non-defaulting party.

Any termination payment under the PPA shall be based on a comparison of the net present value of the payments that the non-defaulting Party reasonably expects to be applicable in the market under a replacement contract covering the same products (e.g., energy and Green Attributes) to the net present value of the then remaining payments under the PPA, plus the reasonable costs of the non-defaulting Party arising as a result of such Event of Default, including the costs of entering into a new supply or sales arrangement. Any such calculations shall be based on reasonable assumptions as to future Generating Facility operations, differences between a replacement contract and the PPA, discount rate and similar considerations, as reasonably determined by the non-defaulting Party.

**Indemnification**

The PPA shall include customary indemnification obligations between the Parties including for liabilities related to energy once delivered to Buyer at the Point of Delivery.

**Insurance**

Seller shall be expected to maintain insurance in an amount customary for the industry.

**Limitation of Liability**

Unless expressly provided in the PPA, a Party's liability shall be limited to direct actual damages only, which direct actual damages shall be the sole and exclusive remedy and all other remedies or damages at law or equity are waived. Neither Party shall be liable to the other Party for

2022 Distributed Energy Resources RFPResources

EXHIBIT H. PROTOTYPE CLEAN ENERGY PPA TERM SHEET

consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, whether such damages are allowed or provided by statute, in tort, under any indemnity provisions or otherwise except and only to the extent that any actual or liquidated damages expressly provided for in the PPA include an element of profit or other type of damages which are otherwise disclaimed and except to the extent required through indemnification on account of third party claims.

**Dispute  
Resolution**

The PPA would contain provisions for the resolution of disputes, and the exclusive forum for the resolution of any dispute arising under or in connection with this Term Sheet or the PPA would be King County, Washington or if no such court will accept jurisdiction, in any state or federal court of general jurisdiction in the State of Washington, or if no such court will accept jurisdiction, in any court of competent jurisdiction in the United States) with respect to any proceeding relating to the PPA.

**Expenses**

Unless otherwise provided for in the RFP, Each party would bear its own legal, accounting, regulatory and other professional fees and expenses and other costs associated with the RFP and a potential transaction, regardless of whether a transaction is consummated.

**Governing Law**

The PPA shall be governed by the laws of the State of Washington, without regard to conflicts of laws principles. Venue shall be in King County, Washington.

**Assignment**

Neither Party shall assign any of its rights or obligations under the PPA without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed, except that either Party may, without the other Party's consent, (i) transfer, sell, pledge, encumber or assign the PPA or the revenues or proceeds thereof in connection with any financing, (ii) transfer or assign the PPA to an affiliate or (iii) transfer or assign the PPA to any person or entity succeeding to all or substantially all of the assets of such Party; provided that in the case of clauses (ii) or (iii) above, the assignee agrees to be bound by all terms and conditions. In addition, with respect to any proposed assignment by Seller: (a) either the assignee or its guarantor must possess the same or better credit rating as Seller, or provide credit support reasonably acceptable to Buyer; and (b) the assignee or its affiliates must have a minimum of three (3) years' experience in the clean energy generation and operation business, including owning, controlling or operating for at least three (3)

**2022 Distributed Energy Resources RFPResources**

**EXHIBIT H. PROTOTYPE CLEAN ENERGY PPA TERM SHEET**

years a minimum of [five hundred (500) MW] of clean energy generation capacity.



**MASTER SERVICES AGREEMENT**  
**No. \_\_\_\_\_**

This Master Services Agreement (“MSA”), dated as of \_\_\_\_\_ (“Effective Date”), is by and between **Puget Sound Energy, Inc.**, a Washington corporation (“PSE”) and \_\_\_\_\_, a \_\_\_\_\_ (“Supplier”). PSE and Supplier are referred to individually as a “Party” and collectively as the “Parties”. Unless earlier terminated pursuant to Section 11, this MSA will continue through \_\_\_\_\_ (“Term”).

In consideration of the mutual covenants and agreements set forth herein, the Parties agree as follows:

---

**SECTION 1. SERVICES**

---

- 1.1** Supplier will perform for PSE those services (“Services”) set forth in any one or more statements of work entered into by the Parties under this MSA (each, an “SOW”). Unless otherwise agreed upon by the Parties, each SOW will be in substantially the form attached as Exhibit A. Any such SOW may include the following: (a) detailed description of Services, which may include Deliverables; (b) a schedule for the performance of the Services (and delivery of the Deliverables); (c) compensation details; (d) identity of key personnel who will work on the SOW; and (e) items to be provided by PSE.
- 1.2** “Deliverables” means any and all inventions, processes, methods, concepts, documents, drawings, specifications, calculations, maps, sketches, notes, reports, data, estimates, models, samples, designs, recommendations, results, methods, photographs, computer programs, software code, prototypes, data, and other tangible or intangible items to be delivered by Supplier to PSE in connection with the Services.
- 1.3** “Agreement” means this MSA and all SOWs entered into hereunder and any Information Security Requirements Addendum that may be entered into between the Parties under this MSA (“Security Addendum”).
- 1.4** Except as otherwise set forth in an SOW or otherwise provided by PSE in writing, Supplier will provide all facilities, equipment, supplies or other items required to perform the Services and prepare and develop the Deliverables.

---

**SECTION 2. COMPENSATION**

---

- 2.1** Subject to the terms and conditions of the Agreement, PSE will pay Supplier the compensation described in the applicable SOW as full compensation for the satisfactory performance of the Services and delivery of the Deliverables.

- 2.2** Supplier will submit invoices to PSE as specified below, as applicable, via the submission method specified in the applicable SOW. Each invoice must reference the SOW number. Supplier will provide any supporting documents as reasonably requested by PSE.
- a. Any amounts payable for time and material Services rendered during a calendar month must be submitted within thirty (30) days after the end of such calendar month. Each invoice must set forth a detailed description of the Services performed in such period and the dates and number of hours spent by Supplier's personnel in performing such Services.
  - b. Deliverable-based invoices must be submitted within thirty (30) days after PSE's Acceptance (as defined in Section 3.7) of the applicable Deliverable, and must include a detailed description of the accepted Deliverable.
  - c. All invoices must include an itemization of reimbursable expenses incurred in connection with the Services performed or Deliverable(s) delivered, as pre-approved by PSE in writing.

PSE reserves the right to reject any invoice submitted more than ninety (90) days after completion of the applicable Services, Acceptance of the applicable Deliverable, or incurrence of the otherwise reimbursable expense.

- 2.3** Any sales, service, use, consumption or other similar taxes imposed upon the Services must be separately itemized and added to each invoice unless PSE provides Supplier with appropriate evidence of a tax exemption claimed for the relevant jurisdiction(s). In no event will PSE be obligated to pay or reimburse Supplier for any taxes based on Supplier's net income, gross receipts or property, or for withholding and payroll taxes with respect to any wages or other compensation payable to Supplier's personnel.
- 2.4** PSE will pay each of Supplier's invoices, submitted in accordance with this Section 2, within sixty (60) days after PSE's receipt and verification thereof; provided, however, that if PSE elects to pay Supplier's invoices within ten (10) days after PSE's receipt thereof, Supplier agrees that a 2% discount from the invoice pricing will apply. If PSE disputes any portion of an invoice it may withhold payment in respect of such disputed amount, provided it pays the undisputed portion of the invoice within 60 days. PSE will be entitled to set-off any amount due and payable by it from and against amounts held to the credit of Supplier on any account, whether under the Agreement or otherwise. This is without prejudice to any other rights or remedies available to PSE under the Agreement or otherwise.
- 2.5** No payment by PSE will constitute acceptance of, or a waiver of PSE's rights with respect to, any Services or any Deliverable not performed or delivered in accordance with the terms of the Agreement.

---

### **SECTION 3. PERFORMANCE BY SUPPLIER**

---

- 3.1** Supplier will not subcontract, or use any third-party vendor for, any Services except for those third-party vendors set forth in the applicable SOW (the "Subcontractors"). Any failure to abide by the preceding sentence will constitute a material default of the

Agreement and will immediately entitle PSE to terminate this MSA, any underlying SOW, or both. At PSE's request, Supplier will provide to PSE documentation related to a proposed subcontractor's qualifications to perform the Services. If Supplier subcontracts Services, Supplier will be responsible for Subcontractor's compliance with the Agreement and performance hereunder. PSE may require Supplier to remove or replace any Subcontractor whose performance is deemed unacceptable by PSE in its sole discretion.

- 3.2** The Parties acknowledge and agree that Supplier will at all times be an independent contractor. The Agreement will not create the relationship of employer and employee, a partnership, joint venture, or other relationship between PSE and Supplier. Supplier will have no authority to bind, obligate, or commit PSE by any promise or representation without the prior written consent of PSE.
- 3.3** Supplier will perform the Services and deliver the Deliverables, if any, as specified in the applicable SOW. In performance of the Services, including, where applicable, development of the Deliverables, Supplier will: (a) conform to the highest commercial standards accepted in the Supplier's industry; (b) maintain complete and accurate records relating to the provision of the Services, including, if applicable, records of the time spent and materials used by Supplier or its Subcontractors in providing the Services ("Books and Records"). Supplier represents and warrants that: (y) PSE will receive good and marketable title to all Deliverables, free and clear of all encumbrances and liens of any kind; and (z) to Supplier's knowledge, none of the Services, Deliverables, and PSE's use thereof, infringe, or will infringe, any Intellectual Property Rights (as defined in Section 6.1) of any third party. Supplier will conduct (and will cause all Subcontractors to conduct) general employer screening background checks on all personnel engaged to perform under the Agreement, and will, if requested by PSE, certify compliance.
- 3.4** Supplier will fully cooperate with PSE and coordinate its performance of the Services with related work to be performed by PSE or third parties. If any Services depend upon the results of work to be performed by PSE or others, Supplier will, prior to commencing such Services, notify PSE of any actual or apparent deficiencies or defects in such other work that render such other work unsuitable for performance of the Services.
- 3.5** Supplier will not hire any employee of PSE to perform any of the Services. Supplier will employ persons to perform the Services who are fully experienced and properly qualified, and do not have disqualifying factors resulting from a background check as referenced in Section 3.3 of this MSA. In certain circumstances Supplier may be required to, and will agree to, assign performance of the Services to certain key personnel specifically listed in an SOW. In such event, Supplier will not (for so long as these individuals remain in Supplier's employ) reassign or remove any such individual from working under the SOW without PSE's prior written consent. If any such individual leaves Supplier's employ or, with PSE's approval, is reassigned or removed by Supplier, Supplier will replace such individual with personnel approved by PSE in writing.
- 3.6** Supplier will promptly pay all Subcontractors and promptly secure the discharge of any liens asserted by Subcontractors. Supplier will furnish to PSE such releases of claims

and other documents as may be requested by PSE to evidence such payment and discharge.

- 3.7** Acceptance of each of the Deliverables (“Acceptance”) will be determined in accordance with the Acceptance procedures set forth in the applicable SOW. If no Acceptance procedure is set forth in the SOW, then Acceptance will be deemed to have occurred fourteen (14) calendar days after receipt of a Deliverable, unless PSE has notified Supplier of nonconformance with the specifications or other requirements of the SOW. In order for “Acceptance” to have occurred, Supplier must provide PSE an acceptance form in substantially the form provided by PSE, clearly identifying the Deliverable(s) by name, the date of delivery (which must be no earlier than the date the form is delivered to PSE), and including a space for comments by PSE and PSE’s acceptance signature.

---

#### **SECTION 4. COMPLIANCE WITH LAWS**

---

- 4.1** Supplier will comply, and will cause all Subcontractors to comply, with all applicable laws, ordinances, rules, regulations, orders, licenses, permits (“Laws”) and other requirements, now or hereafter in effect, of any governmental authority that are applicable to Supplier or the performance of the Services (including such requirements as may be imposed upon PSE and applicable to the Services). Supplier will furnish such documents as may be required to effect or evidence such compliance by Supplier or any applicable Subcontractor.
- 4.2** Supplier will at all times during the Term comply with the terms of PSE’s Responsible Supplier and Contractor Guidelines (“Contractor Guidelines”), which is available at <https://www.pse.com/pages/contractors-and-suppliers/responsible-supplier-and-contractor-guidelines> as well as other supplier policy, guideline or other documentation PSE institutes from time to time, each of which is incorporated herein and made a part of the Agreement as if fully set forth herein.
- 4.3** Supplier will not, and will ensure that its Subcontractors will not, directly or indirectly, offer, promise, authorize or give anything of value to a government official, a political party, a candidate for political office or any other person connected to a government in any way, or authorize the giving of anything of value to a government official, a candidate for political office, or any other person connected to a government in any way, for the purposes of: (a) influencing an act or decision of that government official (including a decision not to act) in connection with PSE's business or in connection with Supplier's business with PSE; or (b) inducing such a person to use his or her influence to affect any government act or decision in connection with PSE's business or in connection with Supplier's business with PSE. Supplier further warrants that neither it nor any of its Subcontractors have offered or given, or will offer or give, any gifts or gratuities to PSE employees, agents, or representatives for the purpose of securing the Agreement or securing favorable treatment under the Agreement. In addition, Supplier will notify PSE immediately if any of its employees, officers, or principals are officials or representatives of any government or are candidates for such government positions. Any breach of this provision by Supplier or any Subcontractor will constitute a material breach of the Agreement and will immediately entitle PSE to terminate this MSA, any underlying SOW, or both.

- 4.4** Except as may be restricted by Law or PSE's security policies, PSE will grant Supplier access to PSE's premises or IT systems as necessary to perform the Services. Supplier agrees and acknowledges that certain portions of PSE's premises may have restricted access and require prior authorization or a PSE designated escort to allow Supplier access. If notified by PSE that access is restricted, Supplier will comply, and will cause its Subcontractors to comply, with any required background checks in addition to those required pursuant to Section 3.3, and drug and alcohol testing of employees. Any such additional screening required under this Section 4.4 will be conducted at PSE's expense. Supplier understands that no work can begin under the Agreement until these requirements have been met.
- 4.5** PSE has entered into the Agreement with Supplier based upon PSE's reasonable belief that Supplier adheres to the strictest of ethical standards. In connection therewith, Supplier has reviewed PSE's Corporate Ethics and Compliance Code at <http://www.pse.com/aboutpse/CorporateInfo/Pages/Our-Ethics.aspx>.

---

## **SECTION 5. INSPECTION; EXAMINATION OF RECORDS**

---

- 5.1** Supplier's performance in connection with any Deliverables to be provided under any SOW will at all times be subject to review by PSE, including a review of all Books and Records related to such Deliverables. The making of (or failure or delay in making) any inspection will not relieve Supplier of responsibility for performance of the Services, including delivery of Deliverables, notwithstanding PSE's knowledge of defective or noncomplying Deliverables or Services. Supplier will provide PSE sufficient, safe, and proper facilities and equipment for such inspection, and free access to such facilities.
- 5.2** During the Term and for a period of three (3) years thereafter, Supplier, upon PSE's request, will allow PSE or its representative to inspect and copy Supplier's Books and Records and interview Supplier's representatives in connection with the performance provision of the Services. PSE will provide Supplier with at least three (3) business days' advance written notice of the planned inspection. Any such inspection will take place during regular business hours and no more than once annually, except if irregularities are discovered in which case PSE may audit more frequently.

---

## **SECTION 6. INTELLECTUAL RIGHTS AND CONFIDENTIAL INFORMATION**

---

- 6.1** PSE will be the sole owner of all right, title, and interest in and to all Deliverables and all other items authored, collected, conceived, reduced to practice, invented, created, developed, discovered, made, or produced by Supplier in connection with the Services ("Work Product"), together with any and all patent, copyright, trade secret, trademark, and other intellectual property rights in any Work Product ("Intellectual Property Rights"). To the extent applicable, PSE will be deemed to be the "author" of all Work Product and all such Work Product will constitute "works made for hire" under the U.S. Copyright Act (17 U.S.C. §§101 et seq.) and any other applicable copyright law. Supplier hereby waives any and all moral rights (including rights of integrity and attribution) in and to the Work Product.

Without limiting the ownership of “works-made-for-hire” stated above, Supplier upon receipt of payment for such Deliverables, assigns and transfers to PSE, without separate compensation, all right, title, and interest (including all Intellectual Property Rights) that Supplier may have or acquire in the Deliverables. Supplier will take such action (including the execution, acknowledgment, and delivery of documents) as may be requested by PSE to effect, perfect, or evidence PSE’s ownership of the Deliverables and Intellectual Property Rights. Without limiting the foregoing, Supplier will obtain, at its expense, such assignments to PSE from Supplier’s employees, agents, and Subcontractors as necessary to effectuate PSE’s ownership rights in and to the Deliverables and Intellectual Property Rights.

- 6.2** If Supplier or any Subcontractor uses, provides, or incorporates into any Deliverables any pre-existing items or other tangible or intangible materials of any nature that are not covered by Section 6.1, then PSE is hereby granted a worldwide, non-exclusive, perpetual, irrevocable, royalty free, fully paid up, sub-licensable right to: (a) make, use, copy, modify, and create derivative works of such items; and (b) publicly perform or display, import, broadcast, transmit, distribute, license, or lend copies of such items (and derivative works thereof).
- 6.3** Except to the extent the Deliverables contain Confidential Information of PSE (as defined in Sections 6.4 and 6.5), Supplier reserves a permanent, non-assignable, non-exclusive, royalty-free license to use in its performance of services for others any Intellectual Property Rights licensed to PSE in Sections 6.1 and 6.2.
- 6.4** All non-public, confidential, or proprietary information of a Party (“Confidential Information”) including information that, by the nature of the circumstances surrounding the disclosure, reasonably would be considered proprietary or confidential, whether disclosed orally or accessed in written, electronic, or other form or media in connection with the Agreement is confidential and, with respect to PSE, PSE Information (as defined below), is solely for the receiving Party’s use in performing under the Agreement. Such Confidential Information may not be disclosed or copied unless authorized by the disclosing Party in writing. Confidential Information does not include information the receiving Party can prove: (a) was or becomes generally available to the public through no breach of an obligation of confidentiality; (b) was already in the possession of the receiving Party at the time it was received in connection with the Agreement without any prior obligation of confidentiality; (c) was lawfully obtained by the receiving Party from a third party without breach of an obligation of confidentiality; or (d) was independently developed by the receiving Party without use of or reference to any of the Confidential Information. The receiving Party will: (x) maintain the other Party’s Confidential Information in confidence; (y) use the Confidential Information exclusively for such Party’s performance (or the performance of Subcontractors or third parties engaged by PSE) in connection with any applicable SOW; and (z) will take all precautions necessary to prevent the Confidential Information from being disclosed to any unauthorized third party. Notwithstanding the foregoing, the receiving Party may disclose Confidential Information to the limited extent required by applicable law or by order of a court of competent jurisdiction; provided, however, that to the extent permitted by applicable law, the receiving Party must promptly notify the disclosing Party in writing in advance of such required

disclosure and reasonably cooperate so that the disclosing Party may take appropriate action to prevent or limit the scope of such required disclosure and protect its Confidential Information.

- 6.5** “PSE Information” means: (a) any project, design, roadmap, and architecture plans of PSE; (b) any personally identifiable information about persons or entities that Supplier obtains from any source, whether disclosed orally or accessed in written, electronic, or other form or media in connection with the Agreement, which concerns prospective and existing customers or employees of PSE, or any third party PSE has a business relationship with, including names, addresses, telephone numbers, e-mail addresses, social security numbers, credit card numbers, call-detail information, purchase information, product and service usage information, account information, credit information and demographic information; and (c) any aggregate data created or derived from the previously described personally identifiable information. In addition to those disclosure and usage restrictions set forth in Section 6.4, Supplier: (y) will collect, access, use, maintain, and disclose PSE Information solely for Supplier’s use in performing under the Agreement; and (z) will not disclose PSE Information, whether or not it is publicly available.
- 6.6** Supplier will return, or at PSE’s option destroy, any and all Confidential Information upon: (a) expiration or earlier termination of this MSA, any underlying SOW, or both; or (b) upon request by PSE. Upon PSE’s request, Supplier will certify in writing the completion of such return or destruction.
- 6.7** Except as may be required by Law, neither Party will, without the prior written consent of the other make any news release, public announcement, or place any advertisement or similar communications (collectively, “promotional material”) stating that: (a) PSE and Supplier have contracted for the products or Services specified in the Agreement; or (b) have entered into any business relationship. Use of any PSE name, trademark, or service mark in any promotional materials of Supplier requires PSE’s prior written approval, which PSE may withhold in its sole discretion. In the event PSE approves the use of its name, trademark, or service mark in any promotional materials of Supplier, all of the content must be submitted to PSE’s Corporate Communications Department for review prior to each publication.

---

## **SECTION 7. RELEASE, INDEMNITY AND HOLD HARMLESS**

---

- 7.1** Supplier releases and will defend, indemnify, and hold harmless PSE, its subsidiaries and affiliates, and each of their respective shareholders, directors, officers, employees, representatives, and agents from and against any and all claims, costs, losses, liabilities, damages, fines, and expenses of any nature (including reasonable attorneys’ fees and costs) (“Losses”) arising out of or resulting from any claim of a third party, arising out of or occurring in connection with:
- (a)** the fault, negligence, professional error or omission, strict liability or product liability of Supplier or any Subcontractor in connection with the Agreement;

- (b) a lien asserted by any Subcontractor or any supplier or vendor of Supplier upon any PSE property in connection with the Agreement;
- (c) infringement or misappropriation of any patent, copyright, trade secret, trademark, or other Intellectual Property Right by any Deliverable or the Services;
- (d) an act, error, or omission of any Subcontractor that, if done by Supplier, would be a breach or default under the Agreement; or
- (e) breach or default under the Agreement by Supplier.

Supplier's indemnification of PSE will not be subject to the insurance coverage specified in Section 8 and will not be capped at any limits of insurance required by the Agreement.

- 7.2** In connection with any action to enforce Supplier's obligations under this Section 7, and to the extent permitted by Law, Supplier waives any immunity, defense or protection under any workers' compensation, industrial insurance, or similar laws (including the Washington Industrial Insurance Act, Title 51, of the Revised Code of Washington).
- 7.3** Supplier acknowledges that the foregoing provisions regarding indemnification and waiver are an important part of the consideration for PSE to enter into the Agreement, and that the foregoing waiver provision has been mutually negotiated.

---

## **SECTION 8. WORKERS' COMPENSATION AND INSURANCE**

---

- 8.1** At all times during the Term, Supplier will procure and maintain, at its sole cost and expense, insurance with provisions, coverages, and limits as specified below, and will require all Subcontractors providing the Services on its behalf to maintain such insurance as applicable to their performance in connection with the Agreement. Supplier will maintain the insurance and coverages described herein in full force and effect at all times: (i) until all of Supplier's obligations under the Agreement have been fully performed and all operations of Supplier have been completed; and (ii) in the case of completed operations and product liability, professional liability, and any "claims made" umbrella or excess insurance, until the expiration of three (3) years after the end of the Term, through continued policy renewals or purchase of "tail coverage."
- a. **Workers Compensation and Employer's Liability.** With respect to all persons performing the Services, Statutory workers' compensation benefits as required for all employees by Title 51 of the Revised Code of Washington and Employer's Liability Insurance, including Occupational Disease coverage, in the amount not less than \$1,000,000 for bodily injury by accident, \$1,000,000 for bodily injury by disease, and \$1,000,000 in the aggregate. Such insurance must provide coverage for all persons employed by Supplier who will be performing any aspect of performance of Supplier hereunder.
  - b. **Commercial General Liability Insurance.** On an occurrence-basis, with limits of no less than \$1,000,000 per occurrence, \$2,000,000 in the aggregate for products/completed operations, and \$2,000,000 in the aggregate. The policy will be written on an occurrence basis on a form no less broad than ISO CG 0001 04

13 and will provide coverage for, but not limited to, premises and operations, products and completed operations, independent contractors, personal and advertising injury, medical expenses, broad form property damage, and blanket contractual coverage.

- c. Automobile Liability Insurance. Covering all owned, hired and non-owned vehicles to be used in the performance of the Services in an amount no less than \$1,000,000 per occurrence combined single limit for bodily injury (including death) and property damage (including loss of use).
- d. **(OPTIONAL for smaller contracts with low liability risk)** Umbrella (Excess) Liability Insurance in excess of the insurance in Sections 8.1(b) and (c). Such coverage will follow the terms of and provide coverage at least as broad as the underlying policies, with limits of not less than \$4,000,000 per occurrence and \$4,000,000 in the aggregate.
- e. **(OPTIONAL for contracts with privacy or tech liability risk – i.e. network access, SAS, etc.)** Professional Liability. Technology Errors & Omissions and Privacy Liability insurance, including coverage for liabilities arising from errors, omissions, or negligent acts in rendering or failing to render computer or information technology services and technology products, and also including coverage for violation of software copyright. The policy will also insure: (1) loss, disclosure and theft of data in any form; (2) media and content rights infringement and liability, including software copyright infringement; and (3) network security failure, including but not limited to, denial of service attacks and transmission of malicious code. Technology services should cover liabilities, punitive damages, and claim expenses arising from acts, errors, and omissions, in rendering or failing to render all Services and in the provision of all Deliverables in the performance of the Agreement. Coverage must include data breach regulatory fines and penalties, the cost of notifying individuals of a security or data breach, the cost of credit monitoring services, and any other causally-related crisis management expense for up to one (1) year. Coverage will contain severability for the insured organization for any intentional act exclusions. This coverage will contain a retroactive date no later than the Effective Date of this MSA with limits of not less than \$5,000,000 per claim and \$5,000,000 in the aggregate.
- f. **(or; OPTIONAL for contracts involving professional services – legal, engineering, design, etc.)** Professional Liability. Professional liability insurance providing coverage for any negligent acts, errors, or omissions of Supplier in the performance of Services with a retroactive date that is no later than the Effective Date of this MSA with limits of not less than \$2,000,000 per claim and \$2,000,000 annual aggregate.

**8.2** Prior to performing any Services and within ten (10) days after execution of this MSA, **(OR - FOR LOW RISK:** upon PSE's request,) Supplier shall furnish PSE with a certificate of insurance and copies of relevant endorsements demonstrating the insurance required in Section 8.1. Subject to Section 8.3(f), within thirty (30) days after any renewal, material modification, or any notice of termination, cancellation, or expiration of any policy of insurance required under the Agreement, Supplier will deliver to PSE a certificate of insurance with respect to any replacement policy. If requested by PSE, Supplier will

provide PSE a copy of any policy of insurance required to be maintained under this Section 8, including all endorsements thereto.

**8.3** All policies of insurance required under this MSA must:

- (a) be placed with an insurance carrier maintaining an AM Best rating of at least A- VII and licensed to do business under the laws of the State of Washington;
- (b) with the exception of workers' compensation, employer's liability, and professional liability insurance, be endorsed to name PSE, its subsidiaries and affiliates, and each of their respective shareholders, directors, officers, employees, representatives, and agents (the "Owner Parties") as additional insureds;
- (c) with the exception of workers' compensation, employer's liability, and professional liability insurance, state that the "Insured v. Insured" exclusion does not preclude coverage if an additional insured brings a claim against the named insured;
- (d) be primary insurance with respect to the interests of the Owner Parties; any insurance or self-insurance maintained by any of the Owner Parties will be excess and non-contributory insurance with respect to the insurance required herein;
- (e) include a provision providing a waiver of the insurer's right to subrogation against each of the Owner Parties. To the extent permitted by its policies of insurance, Supplier hereby waives all rights of subrogation against each of the Owner Parties;
- (f) with the exception of workers' compensation, employer's liability, and professional liability insurance, apply severally and not collectively to each insured against whom any claim is made or suit is brought, except that the inclusion of more than one insured shall not operate to increase the insurance company's limits of liability as set forth in the insurance policy; and
- (g) provide that the policies will not be canceled or their limits reduced or restricted to a level below the requirements of this Section 8 without giving at least thirty (30) days' prior written notice to the Procurement Department of Puget Sound Energy, Inc., PO Box 97034, (BOT-01O) Bellevue, WA 98009-9734.

**8.4** Supplier will be solely responsible for any premium, deductible, self-insured retention, and similar self-insurance mechanism amounts contained in its insurance program and for any deficiencies in the amounts of insurance maintained. Supplier will have no right to call upon or seek contribution from the Owner Parties for deductibles, self-insured retentions, similar self-insurance mechanisms, or insurance premiums associated with policies of insurance required in this MSA. Any deductible, self-insured retention, or similar self-insurance mechanism greater than \$50,000 requires PSE's prior written approval.

**8.5** The requirements of this MSA as to insurance and acceptability to PSE of insurers and insurance to be maintained by Supplier are not intended to and will not in any way limit or qualify any other obligation of Supplier under the Agreement. Supplier will be held accountable for all insurance coverage, including that of any Subcontractors hired by Supplier. Insurance will be independent of the indemnity provisions of this MSA, and insurance hereunder is not designed solely to guarantee payment of Supplier's indemnity obligations. The limits of liability set out in this Section 8 may be increased or decreased by mutual consent of the Parties, which consent will not be unreasonably withheld by either

Party, in the event of any factors or occurrences, including changes in work scope, substantial increases in the level of jury verdicts or judgments, or the passage of state, federal, or other governmental compensation plans, or Laws that would materially increase or decrease Supplier's and/or PSE's exposure to risk.

- 8.6** Supplier will comply with all OSHA Recordkeeping and injury reporting requirements. Supplier will report to PSE within 24 hours any OSHA recordable injuries that occur while performing work on behalf of PSE. A "recordable injury" includes any injury that results in treatment beyond first aid, restricted workdays, and/or lost workdays. Supplier must provide the following details via email to [safety@pse.com](mailto:safety@pse.com): Supplier's formal legal name, date and location of incident, a short description of the incident, and whether the recordable injury includes one or more lost workdays (not including the date of injury).

---

## **SECTION 9. CHANGES**

---

- 9.1** Subject to Section 9.2, PSE may at any time by written notice thereof to Supplier, without liability or penalty, modify any Services as defined in any SOW (including additions to or deletions from any Services, suspension of performance and changes in the schedule, and location of performance) with or without cause effective immediately or as otherwise specified in such notice.
- 9.2** If any change under Section 9.1 would result in an increase or decrease in Supplier's cost for performance of the Services or delivery of the Deliverables, the Parties will follow the change procedure set forth in the applicable SOW.

---

## **SECTION 10. WARRANTIES**

---

- 10.1** Supplier warrants that all Services will be performed in a professional manner with professional skill and care and in compliance with the terms and conditions of the Agreement.
- 10.2** Each Party warrants to the other that: (a) it has full power and authority to enter into and to perform its obligations under the Agreement; (b) the Agreement does not violate any Law or breach any other agreements to which it is a party or is otherwise bound; and (c) it will comply with all Laws in performing its obligations under the Agreement.
- 10.3** EXCEPT AS EXPRESSLY SET FORTH IN THE AGREEMENT AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS, NEITHER PSE NOR SUPPLIER MAKES ANY OTHER WARRANTIES WITH RESPECT TO THE AGREEMENT, WHETHER WRITTEN, ORAL, EXPRESS OR IMPLIED, AND EACH PARTY EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USAGE OF TRADE, WITH RESPECT TO THE AGREEMENT.

---

## **SECTION 11. TERMINATION**

---

- 11.1** PSE may at any time, by written notice thereof to Supplier, terminate this MSA, any underlying SOW, or both, as to all or any portion of the Services not then performed, whether or not Supplier is then in breach or default. Upon receipt of any such notice of termination Supplier will, except as otherwise directed by PSE, immediately stop performance of the Services to the extent specified in such notice and deliver to PSE any work in process or Deliverables, regardless of their level of completion.
- 11.2** In the event of termination pursuant to Section 11.1 for PSE's convenience, upon PSE's review and approval of a fully supported invoice to be submitted within thirty (30) days after the date of termination, an equitable adjustment will be made in the compensation payable to Supplier under the Agreement, provided that such compensation as so adjusted will in no event exceed a percentage of the total compensation otherwise payable under the Agreement equal to the percentage of the Services satisfactorily completed, including Deliverables delivered, at the time of termination. Further, Supplier will not be entitled to any reallocation of cost, profit or overhead. Supplier will not in any event be entitled to anticipated profit on Services not performed on account of such termination. Supplier must use its best efforts to minimize the compensation payable under the Agreement in the event of such termination.
- 11.3** The obligations of the Parties under Sections 5, 6, 7, 8, 10, 11, and 12, and all provisions of the Agreement that may reasonably be interpreted or construed as surviving the completion, termination, expiration, or cancellation of the Agreement will survive the completion, termination, expiration, or cancellation of the Agreement.

---

## **SECTION 12. MISCELLANEOUS**

---

- 12.1** Any notice, request, designation, direction, statement, or other communication under the Agreement must be made in writing and delivered by courier or registered or certified mail, return receipt requested, postage paid to the addresses for legal notices in the signature block hereunder. Notices related to SOWs will be sent via email to the Parties' contacts identified in the applicable SOW (with a hard copy to the legal notice recipient if appropriate), return receipt requested. All notices will be effective upon receipt. Either Party may change its address by giving the other Party notice of such change in accordance with this Section 12.1.
- 12.2** Supplier may not (by contract, operation of law, or otherwise) assign, transfer, delegate, or subcontract any of its rights or obligations under the Agreement without the prior written consent of PSE. For the purposes of the foregoing, any transfer of a controlling interest in Supplier (e.g., by a transfer of securities or otherwise) will not be deemed an assignment of the Agreement. Any purported assignment or delegation in violation of this Section 12.2 will be voidable at PSE's option. No such assignment will relieve Supplier from any of its obligations hereunder. The Agreement is binding on and inures to the benefit of the Parties and their successors and permitted assigns.
- 12.3** No waiver by any Party of any of the provisions of the Agreement will be effective unless explicitly set forth in writing and signed by the Party so waiving. Except as otherwise set forth in the Agreement, no failure to exercise, or delay in exercising, any right, remedy,

power, or privilege arising from the Agreement will operate or be construed as a waiver hereof, will any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

- 12.4** No Party will be liable or responsible to the other Party, nor be deemed to have defaulted under or breached the Agreement, for any failure or delay in fulfilling or performing any term of the Agreement (except for any obligations to make payments to the other Party hereunder), when and to the extent such failure or delay is caused by or results from the following (each, a "Force Majeure Event"): (a) acts of God; (b) epidemic, flood, fire, earthquake, or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot, or other civil unrest; (d) government order or law; (e) actions, embargoes, or blockades in effect on or after the date of the Agreement; (f) action by any governmental authority; (g) national or regional emergency; (h) strikes, labor stoppages or slowdowns, or other industrial disturbances; or (i) shortage of adequate power or transportation facilities. The affected Party must give notice to the other Party ("FME Notice") within twenty-four (24) hours of the Force Majeure Event, stating the period of time the occurrence is expected to continue. The affected Party must use diligent efforts to end the failure or delay and ensure the effects of such Force Majeure Event are minimized, and will resume performance of its obligations as soon as reasonably practicable after the removal of the cause. Notwithstanding anything herein to the contrary, PSE will not be liable for payment for any Services or Deliverables it does not receive due to a Force Majeure Event affecting Supplier's performance of its obligations under the Agreement.
- 12.5** Each Party acknowledges and agrees that a breach or threatened breach by a Party of any of its obligations under Section 6 would give rise to irreparable harm to the other Party for which monetary damages would not be an adequate remedy. In the event of such breach or threatened breach the non-breaching Party will, in addition to all other rights and remedies that may be available to it at law, at equity, or otherwise, be entitled to equitable relief (including injunctive relief or specific performance) without posting bond in addition to any other available remedies, including damages. In any litigation concerning a breach of Section 6, the prevailing Party will be entitled to recover all reasonable expenses of litigation, including reasonable attorney fees at trial and on any appeal.
- 12.6** Except as otherwise specifically stated in the Agreement, the rights and remedies of a Party set forth in any provision of the Agreement are in addition to and do not in any way limit any other rights or remedies afforded to that Party by any other provision of the Agreement, or by law.
- 12.7** This MSA together with any related exhibits and SOWs set forth the entire agreement and supersedes any and all prior and contemporaneous oral or written communications, understandings and agreements with regard to the Services and development of the Deliverables, including, for the avoidance of doubt, any confidentiality agreement between the Parties. In the event of a conflict between this MSA and any SOW, the terms of this MSA will prevail unless an SOW expressly provides that certain provisions therein will control over certain specified provisions in this MSA. In the event of a conflict between this

MSA and a Security Addendum, the terms of the Security Addendum will govern except that the confidentiality provisions in the Security Addendum are intended to supplement the confidentiality and security obligations of Supplier as set forth in this MSA. No amendment or modification of any provision of the Agreement will be valid unless set forth in a written amendment signed by the Parties.

- 12.8** If any term or provision of the Agreement is found by a court of competent jurisdiction to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability will not affect any other provision hereof or invalidate or render unenforceable such provision in any other jurisdiction.
- 12.9** Neither Party will commence or prosecute any action, suit, proceeding, or claim arising under or by reason of the Agreement other than in the state and federal courts sitting in King County, Washington. The Parties hereby irrevocably consent to the jurisdiction of the courts of the State of Washington with venue laid in King County, Washington and of the U.S. District Court for the Western Division District of Washington in Seattle, Washington.
- 12.10** The Agreement will be construed as if prepared by the Parties. Accordingly, any rule of law or legal decision that would require interpretation of any ambiguities in the Agreement against the Party that has drafted it is not applicable and is waived. The Agreement will be interpreted, construed and enforced in accordance with the laws of the State of Washington without reference to its choice of law rules.
- 12.11** The headings used in the Agreement are for convenience and ease of reference only and will not be used to construe, interpret, expand or limit the terms of the Agreement. The words “include,” “includes,” and “including” are to be read as if they were followed by the phrase “without limitation.” This MSA, any underlying SOW, or both may be executed in one or more counterparts, each of which will be deemed an original, and all together will constitute the Agreement in its entirety. Notwithstanding anything to the contrary in Section 12.1, a signed copy of this MSA or any underlying SOW or Security Addendum, or any amendment thereto, delivered by facsimile, email, or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy.

*--Signature page follows--*

Intending to be legally bound, PSE and Supplier have caused their duly authorized representatives to execute this Master Services Agreement in the space provided below.

**PSE:**  
**Puget Sound Energy, Inc.**

**Supplier:**  
\_\_\_\_\_

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Address for Legal Notices:  
Puget Sound Energy, Inc.  
Attn: Procurement  
PO Box 97034, (BOT-01G)  
Bellevue, WA 98009-9734

Address for Legal Notices:

**EXHIBIT A**  
**STATEMENT OF WORK**

Master Services Agreement No.  
Exhibit A

147572079.10



**MASTER SERVICES AGREEMENT**  
**No. \_\_\_\_\_**

This Master Services Agreement (“MSA”), dated as of \_\_\_\_\_ (“Effective Date”), is by and between **Puget Sound Energy, Inc.**, a Washington corporation (“PSE”) and \_\_\_\_\_, a \_\_\_\_\_ (“Supplier”). PSE and Supplier are referred to individually as a “Party” and collectively as the “Parties”. Unless earlier terminated pursuant to Section 11, this MSA will continue through \_\_\_\_\_ (“Term”).

In consideration of the mutual covenants and agreements set forth herein, the Parties agree as follows:

---

**SECTION 1. SERVICES**

---

- 1.1** Supplier will perform for PSE those services (“Services”) set forth in any one or more statements of work entered into by the Parties under this MSA (each, an “SOW”). Unless otherwise agreed upon by the Parties, each SOW will be in substantially the form attached as Exhibit A. Any such SOW may include the following: (a) detailed description of Services, which may include Deliverables; (b) a schedule for the performance of the Services (and delivery of the Deliverables); (c) compensation details; (d) identity of key personnel who will work on the SOW; and (e) items to be provided by PSE.
- 1.2** “Deliverables” means any and all inventions, processes, methods, concepts, documents, drawings, specifications, calculations, maps, sketches, notes, reports, data, estimates, models, samples, designs, recommendations, results, methods, photographs, computer programs, software code, prototypes, data, and other tangible or intangible items to be delivered by Supplier to PSE in connection with the Services.
- 1.3** “Agreement” means this MSA and all SOWs entered into hereunder and any Information Security Requirements Addendum that may be entered into between the Parties under this MSA (“Security Addendum”).
- 1.4** Except as otherwise set forth in an SOW or otherwise provided by PSE in writing, Supplier will provide all facilities, equipment, supplies or other items required to perform the Services and prepare and develop the Deliverables.

---

**SECTION 2. COMPENSATION**

---

- 2.1** Subject to the terms and conditions of the Agreement, PSE will pay Supplier the compensation described in the applicable SOW as full compensation for the satisfactory performance of the Services and delivery of the Deliverables.

- 2.2** Supplier will submit invoices to PSE as specified below, as applicable, via the submission method specified in the applicable SOW. Each invoice must reference the SOW number. Supplier will provide any supporting documents as reasonably requested by PSE.
- a. Any amounts payable for time and material Services rendered during a calendar month must be submitted within thirty (30) days after the end of such calendar month. Each invoice must set forth a detailed description of the Services performed in such period and the dates and number of hours spent by Supplier's personnel in performing such Services.
  - b. Deliverable-based invoices must be submitted within thirty (30) days after PSE's Acceptance (as defined in Section 3.7) of the applicable Deliverable, and must include a detailed description of the accepted Deliverable.
  - c. All invoices must include an itemization of reimbursable expenses incurred in connection with the Services performed or Deliverable(s) delivered, as pre-approved by PSE in writing.

PSE reserves the right to reject any invoice submitted more than ninety (90) days after completion of the applicable Services, Acceptance of the applicable Deliverable, or incurrence of the otherwise reimbursable expense.

- 2.3** Any sales, service, use, consumption or other similar taxes imposed upon the Services must be separately itemized and added to each invoice unless PSE provides Supplier with appropriate evidence of a tax exemption claimed for the relevant jurisdiction(s). In no event will PSE be obligated to pay or reimburse Supplier for any taxes based on Supplier's net income, gross receipts or property, or for withholding and payroll taxes with respect to any wages or other compensation payable to Supplier's personnel.
- 2.4** PSE will pay each of Supplier's invoices, submitted in accordance with this Section 2, within sixty (60) days after PSE's receipt and verification thereof; provided, however, that if PSE elects to pay Supplier's invoices within ten (10) days after PSE's receipt thereof, Supplier agrees that a 2% discount from the invoice pricing will apply. If PSE disputes any portion of an invoice it may withhold payment in respect of such disputed amount, provided it pays the undisputed portion of the invoice within 60 days. PSE will be entitled to set-off any amount due and payable by it from and against amounts held to the credit of Supplier on any account, whether under the Agreement or otherwise. This is without prejudice to any other rights or remedies available to PSE under the Agreement or otherwise.
- 2.5** No payment by PSE will constitute acceptance of, or a waiver of PSE's rights with respect to, any Services or any Deliverable not performed or delivered in accordance with the terms of the Agreement.

---

### **SECTION 3. PERFORMANCE BY SUPPLIER**

---

- 3.1** Supplier will not subcontract, or use any third-party vendor for, any Services except for those third-party vendors set forth in the applicable SOW (the "Subcontractors"). Any failure to abide by the preceding sentence will constitute a material default of the

Agreement and will immediately entitle PSE to terminate this MSA, any underlying SOW, or both. At PSE's request, Supplier will provide to PSE documentation related to a proposed subcontractor's qualifications to perform the Services. If Supplier subcontracts Services, Supplier will be responsible for Subcontractor's compliance with the Agreement and performance hereunder. PSE may require Supplier to remove or replace any Subcontractor whose performance is deemed unacceptable by PSE in its sole discretion.

- 3.2** The Parties acknowledge and agree that Supplier will at all times be an independent contractor. The Agreement will not create the relationship of employer and employee, a partnership, joint venture, or other relationship between PSE and Supplier. Supplier will have no authority to bind, obligate, or commit PSE by any promise or representation without the prior written consent of PSE.
- 3.3** Supplier will perform the Services and deliver the Deliverables, if any, as specified in the applicable SOW. In performance of the Services, including, where applicable, development of the Deliverables, Supplier will: (a) conform to the highest commercial standards accepted in the Supplier's industry; (b) maintain complete and accurate records relating to the provision of the Services, including, if applicable, records of the time spent and materials used by Supplier or its Subcontractors in providing the Services ("Books and Records"). Supplier represents and warrants that: (y) PSE will receive good and marketable title to all Deliverables, free and clear of all encumbrances and liens of any kind; and (z) to Supplier's knowledge, none of the Services, Deliverables, and PSE's use thereof, infringe, or will infringe, any Intellectual Property Rights (as defined in Section 6.1) of any third party. Supplier will conduct (and will cause all Subcontractors to conduct) general employer screening background checks on all personnel engaged to perform under the Agreement, and will, if requested by PSE, certify compliance.
- 3.4** Supplier will fully cooperate with PSE and coordinate its performance of the Services with related work to be performed by PSE or third parties. If any Services depend upon the results of work to be performed by PSE or others, Supplier will, prior to commencing such Services, notify PSE of any actual or apparent deficiencies or defects in such other work that render such other work unsuitable for performance of the Services.
- 3.5** Supplier will not hire any employee of PSE to perform any of the Services. Supplier will employ persons to perform the Services who are fully experienced and properly qualified, and do not have disqualifying factors resulting from a background check as referenced in Section 3.3 of this MSA. In certain circumstances Supplier may be required to, and will agree to, assign performance of the Services to certain key personnel specifically listed in an SOW. In such event, Supplier will not (for so long as these individuals remain in Supplier's employ) reassign or remove any such individual from working under the SOW without PSE's prior written consent. If any such individual leaves Supplier's employ or, with PSE's approval, is reassigned or removed by Supplier, Supplier will replace such individual with personnel approved by PSE in writing.
- 3.6** Supplier will promptly pay all Subcontractors and promptly secure the discharge of any liens asserted by Subcontractors. Supplier will furnish to PSE such releases of claims

and other documents as may be requested by PSE to evidence such payment and discharge.

- 3.7** Acceptance of each of the Deliverables (“Acceptance”) will be determined in accordance with the Acceptance procedures set forth in the applicable SOW. If no Acceptance procedure is set forth in the SOW, then Acceptance will be deemed to have occurred fourteen (14) calendar days after receipt of a Deliverable, unless PSE has notified Supplier of nonconformance with the specifications or other requirements of the SOW. In order for “Acceptance” to have occurred, Supplier must provide PSE an acceptance form in substantially the form provided by PSE, clearly identifying the Deliverable(s) by name, the date of delivery (which must be no earlier than the date the form is delivered to PSE), and including a space for comments by PSE and PSE’s acceptance signature.

---

## **SECTION 4. COMPLIANCE WITH LAWS**

---

- 4.1** Supplier will comply, and will cause all Subcontractors to comply, with all applicable laws, ordinances, rules, regulations, orders, licenses, permits (“Laws”) and other requirements, now or hereafter in effect, of any governmental authority that are applicable to Supplier or the performance of the Services (including such requirements as may be imposed upon PSE and applicable to the Services). Supplier will furnish such documents as may be required to effect or evidence such compliance by Supplier or any applicable Subcontractor.
- 4.2** Supplier will at all times during the Term comply with the terms of PSE’s Responsible Supplier and Contractor Guidelines (“Contractor Guidelines”), which is available at <https://www.pse.com/pages/contractors-and-suppliers/responsible-supplier-and-contractor-guidelines> as well as other supplier policy, guideline or other documentation PSE institutes from time to time, each of which is incorporated herein and made a part of the Agreement as if fully set forth herein.
- 4.3** Supplier will not, and will ensure that its Subcontractors will not, directly or indirectly, offer, promise, authorize or give anything of value to a government official, a political party, a candidate for political office or any other person connected to a government in any way, or authorize the giving of anything of value to a government official, a candidate for political office, or any other person connected to a government in any way, for the purposes of: (a) influencing an act or decision of that government official (including a decision not to act) in connection with PSE's business or in connection with Supplier's business with PSE; or (b) inducing such a person to use his or her influence to affect any government act or decision in connection with PSE's business or in connection with Supplier's business with PSE. Supplier further warrants that neither it nor any of its Subcontractors have offered or given, or will offer or give, any gifts or gratuities to PSE employees, agents, or representatives for the purpose of securing the Agreement or securing favorable treatment under the Agreement. In addition, Supplier will notify PSE immediately if any of its employees, officers, or principals are officials or representatives of any government or are candidates for such government positions. Any breach of this provision by Supplier or any Subcontractor will constitute a material breach of the Agreement and will immediately entitle PSE to terminate this MSA, any underlying SOW, or both.

- 4.4** Except as may be restricted by Law or PSE's security policies, PSE will grant Supplier access to PSE's premises or IT systems as necessary to perform the Services. Supplier agrees and acknowledges that certain portions of PSE's premises may have restricted access and require prior authorization or a PSE designated escort to allow Supplier access. If notified by PSE that access is restricted, Supplier will comply, and will cause its Subcontractors to comply, with any required background checks in addition to those required pursuant to Section 3.3, and drug and alcohol testing of employees. Any such additional screening required under this Section 4.4 will be conducted at PSE's expense. Supplier understands that no work can begin under the Agreement until these requirements have been met.
- 4.5** PSE has entered into the Agreement with Supplier based upon PSE's reasonable belief that Supplier adheres to the strictest of ethical standards. In connection therewith, Supplier has reviewed PSE's Corporate Ethics and Compliance Code at <http://www.pse.com/aboutpse/CorporateInfo/Pages/Our-Ethics.aspx>.

---

## **SECTION 5. INSPECTION; EXAMINATION OF RECORDS**

---

- 5.1** Supplier's performance in connection with any Deliverables to be provided under any SOW will at all times be subject to review by PSE, including a review of all Books and Records related to such Deliverables. The making of (or failure or delay in making) any inspection will not relieve Supplier of responsibility for performance of the Services, including delivery of Deliverables, notwithstanding PSE's knowledge of defective or noncomplying Deliverables or Services. Supplier will provide PSE sufficient, safe, and proper facilities and equipment for such inspection, and free access to such facilities.
- 5.2** During the Term and for a period of three (3) years thereafter, Supplier, upon PSE's request, will allow PSE or its representative to inspect and copy Supplier's Books and Records and interview Supplier's representatives in connection with the performance provision of the Services. PSE will provide Supplier with at least three (3) business days' advance written notice of the planned inspection. Any such inspection will take place during regular business hours and no more than once annually, except if irregularities are discovered in which case PSE may audit more frequently.

---

## **SECTION 6. INTELLECTUAL RIGHTS AND CONFIDENTIAL INFORMATION**

---

- 6.1** PSE will be the sole owner of all right, title, and interest in and to all Deliverables and all other items authored, collected, conceived, reduced to practice, invented, created, developed, discovered, made, or produced by Supplier in connection with the Services ("Work Product"), together with any and all patent, copyright, trade secret, trademark, and other intellectual property rights in any Work Product ("Intellectual Property Rights"). To the extent applicable, PSE will be deemed to be the "author" of all Work Product and all such Work Product will constitute "works made for hire" under the U.S. Copyright Act (17 U.S.C. §§101 et seq.) and any other applicable copyright law. Supplier hereby waives any and all moral rights (including rights of integrity and attribution) in and to the Work Product.

Without limiting the ownership of “works-made-for-hire” stated above, Supplier upon receipt of payment for such Deliverables, assigns and transfers to PSE, without separate compensation, all right, title, and interest (including all Intellectual Property Rights) that Supplier may have or acquire in the Deliverables. Supplier will take such action (including the execution, acknowledgment, and delivery of documents) as may be requested by PSE to effect, perfect, or evidence PSE’s ownership of the Deliverables and Intellectual Property Rights. Without limiting the foregoing, Supplier will obtain, at its expense, such assignments to PSE from Supplier’s employees, agents, and Subcontractors as necessary to effectuate PSE’s ownership rights in and to the Deliverables and Intellectual Property Rights.

- 6.2** If Supplier or any Subcontractor uses, provides, or incorporates into any Deliverables any pre-existing items or other tangible or intangible materials of any nature that are not covered by Section 6.1, then PSE is hereby granted a worldwide, non-exclusive, perpetual, irrevocable, royalty free, fully paid up, sub-licensable right to: (a) make, use, copy, modify, and create derivative works of such items; and (b) publicly perform or display, import, broadcast, transmit, distribute, license, or lend copies of such items (and derivative works thereof).
- 6.3** Except to the extent the Deliverables contain Confidential Information of PSE (as defined in Sections 6.4 and 6.5), Supplier reserves a permanent, non-assignable, non-exclusive, royalty-free license to use in its performance of services for others any Intellectual Property Rights licensed to PSE in Sections 6.1 and 6.2.
- 6.4** All non-public, confidential, or proprietary information of a Party (“Confidential Information”) including information that, by the nature of the circumstances surrounding the disclosure, reasonably would be considered proprietary or confidential, whether disclosed orally or accessed in written, electronic, or other form or media in connection with the Agreement is confidential and, with respect to PSE, PSE Information (as defined below), is solely for the receiving Party’s use in performing under the Agreement. Such Confidential Information may not be disclosed or copied unless authorized by the disclosing Party in writing. Confidential Information does not include information the receiving Party can prove: (a) was or becomes generally available to the public through no breach of an obligation of confidentiality; (b) was already in the possession of the receiving Party at the time it was received in connection with the Agreement without any prior obligation of confidentiality; (c) was lawfully obtained by the receiving Party from a third party without breach of an obligation of confidentiality; or (d) was independently developed by the receiving Party without use of or reference to any of the Confidential Information. The receiving Party will: (x) maintain the other Party’s Confidential Information in confidence; (y) use the Confidential Information exclusively for such Party’s performance (or the performance of Subcontractors or third parties engaged by PSE) in connection with any applicable SOW; and (z) will take all precautions necessary to prevent the Confidential Information from being disclosed to any unauthorized third party. Notwithstanding the foregoing, the receiving Party may disclose Confidential Information to the limited extent required by applicable law or by order of a court of competent jurisdiction; provided, however, that to the extent permitted by applicable law, the receiving Party must promptly notify the disclosing Party in writing in advance of such required

disclosure and reasonably cooperate so that the disclosing Party may take appropriate action to prevent or limit the scope of such required disclosure and protect its Confidential Information.

- 6.5** “PSE Information” means: (a) any project, design, roadmap, and architecture plans of PSE; (b) any personally identifiable information about persons or entities that Supplier obtains from any source, whether disclosed orally or accessed in written, electronic, or other form or media in connection with the Agreement, which concerns prospective and existing customers or employees of PSE, or any third party PSE has a business relationship with, including names, addresses, telephone numbers, e-mail addresses, social security numbers, credit card numbers, call-detail information, purchase information, product and service usage information, account information, credit information and demographic information; and (c) any aggregate data created or derived from the previously described personally identifiable information. In addition to those disclosure and usage restrictions set forth in Section 6.4, Supplier: (y) will collect, access, use, maintain, and disclose PSE Information solely for Supplier’s use in performing under the Agreement; and (z) will not disclose PSE Information, whether or not it is publicly available.
- 6.6** Supplier will return, or at PSE’s option destroy, any and all Confidential Information upon: (a) expiration or earlier termination of this MSA, any underlying SOW, or both; or (b) upon request by PSE. Upon PSE’s request, Supplier will certify in writing the completion of such return or destruction.
- 6.7** Except as may be required by Law, neither Party will, without the prior written consent of the other make any news release, public announcement, or place any advertisement or similar communications (collectively, “promotional material”) stating that: (a) PSE and Supplier have contracted for the products or Services specified in the Agreement; or (b) have entered into any business relationship. Use of any PSE name, trademark, or service mark in any promotional materials of Supplier requires PSE’s prior written approval, which PSE may withhold in its sole discretion. In the event PSE approves the use of its name, trademark, or service mark in any promotional materials of Supplier, all of the content must be submitted to PSE’s Corporate Communications Department for review prior to each publication.

---

## **SECTION 7. RELEASE, INDEMNITY AND HOLD HARMLESS**

---

- 7.1** Supplier releases and will defend, indemnify, and hold harmless PSE, its subsidiaries and affiliates, and each of their respective shareholders, directors, officers, employees, representatives, and agents from and against any and all claims, costs, losses, liabilities, damages, fines, and expenses of any nature (including reasonable attorneys’ fees and costs) (“Losses”) arising out of or resulting from any claim of a third party, arising out of or occurring in connection with:
- (a)** the fault, negligence, professional error or omission, strict liability or product liability of Supplier or any Subcontractor in connection with the Agreement;

- (b) a lien asserted by any Subcontractor or any supplier or vendor of Supplier upon any PSE property in connection with the Agreement;
- (c) infringement or misappropriation of any patent, copyright, trade secret, trademark, or other Intellectual Property Right by any Deliverable or the Services;
- (d) an act, error, or omission of any Subcontractor that, if done by Supplier, would be a breach or default under the Agreement; or
- (e) breach or default under the Agreement by Supplier.

Supplier's indemnification of PSE will not be subject to the insurance coverage specified in Section 8 and will not be capped at any limits of insurance required by the Agreement.

- 7.2** In connection with any action to enforce Supplier's obligations under this Section 7, and to the extent permitted by Law, Supplier waives any immunity, defense or protection under any workers' compensation, industrial insurance, or similar laws (including the Washington Industrial Insurance Act, Title 51, of the Revised Code of Washington).
- 7.3** Supplier acknowledges that the foregoing provisions regarding indemnification and waiver are an important part of the consideration for PSE to enter into the Agreement, and that the foregoing waiver provision has been mutually negotiated.

---

## **SECTION 8. WORKERS' COMPENSATION AND INSURANCE**

---

- 8.1** At all times during the Term, Supplier will procure and maintain, at its sole cost and expense, insurance with provisions, coverages, and limits as specified below, and will require all Subcontractors providing the Services on its behalf to maintain such insurance as applicable to their performance in connection with the Agreement. Supplier will maintain the insurance and coverages described herein in full force and effect at all times: (i) until all of Supplier's obligations under the Agreement have been fully performed and all operations of Supplier have been completed; and (ii) in the case of completed operations and product liability, professional liability, and any "claims made" umbrella or excess insurance, until the expiration of three (3) years after the end of the Term, through continued policy renewals or purchase of "tail coverage."
- a. **Workers Compensation and Employer's Liability.** With respect to all persons performing the Services, Statutory workers' compensation benefits as required for all employees by Title 51 of the Revised Code of Washington and Employer's Liability Insurance, including Occupational Disease coverage, in the amount not less than \$1,000,000 for bodily injury by accident, \$1,000,000 for bodily injury by disease, and \$1,000,000 in the aggregate. Such insurance must provide coverage for all persons employed by Supplier who will be performing any aspect of performance of Supplier hereunder.
  - b. **Commercial General Liability Insurance.** On an occurrence-basis, with limits of no less than \$1,000,000 per occurrence, \$2,000,000 in the aggregate for products/completed operations, and \$2,000,000 in the aggregate. The policy will be written on an occurrence basis on a form no less broad than ISO CG 0001 04

13 and will provide coverage for, but not limited to, premises and operations, products and completed operations, independent contractors, personal and advertising injury, medical expenses, broad form property damage, and blanket contractual coverage.

- c. Automobile Liability Insurance. Covering all owned, hired and non-owned vehicles to be used in the performance of the Services in an amount no less than \$1,000,000 per occurrence combined single limit for bodily injury (including death) and property damage (including loss of use).
- d. **(OPTIONAL for smaller contracts with low liability risk)** Umbrella (Excess) Liability Insurance in excess of the insurance in Sections 8.1(b) and (c). Such coverage will follow the terms of and provide coverage at least as broad as the underlying policies, with limits of not less than \$4,000,000 per occurrence and \$4,000,000 in the aggregate.
- e. **(OPTIONAL for contracts with privacy or tech liability risk – i.e. network access, SAS, etc.)** Professional Liability. Technology Errors & Omissions and Privacy Liability insurance, including coverage for liabilities arising from errors, omissions, or negligent acts in rendering or failing to render computer or information technology services and technology products, and also including coverage for violation of software copyright. The policy will also insure: (1) loss, disclosure and theft of data in any form; (2) media and content rights infringement and liability, including software copyright infringement; and (3) network security failure, including but not limited to, denial of service attacks and transmission of malicious code. Technology services should cover liabilities, punitive damages, and claim expenses arising from acts, errors, and omissions, in rendering or failing to render all Services and in the provision of all Deliverables in the performance of the Agreement. Coverage must include data breach regulatory fines and penalties, the cost of notifying individuals of a security or data breach, the cost of credit monitoring services, and any other causally-related crisis management expense for up to one (1) year. Coverage will contain severability for the insured organization for any intentional act exclusions. This coverage will contain a retroactive date no later than the Effective Date of this MSA with limits of not less than \$5,000,000 per claim and \$5,000,000 in the aggregate.
- f. **(or; OPTIONAL for contracts involving professional services – legal, engineering, design, etc.)** Professional Liability. Professional liability insurance providing coverage for any negligent acts, errors, or omissions of Supplier in the performance of Services with a retroactive date that is no later than the Effective Date of this MSA with limits of not less than \$2,000,000 per claim and \$2,000,000 annual aggregate.

**8.2** Prior to performing any Services and within ten (10) days after execution of this MSA, **(OR - FOR LOW RISK:** upon PSE's request,) Supplier shall furnish PSE with a certificate of insurance and copies of relevant endorsements demonstrating the insurance required in Section 8.1. Subject to Section 8.3(f), within thirty (30) days after any renewal, material modification, or any notice of termination, cancellation, or expiration of any policy of insurance required under the Agreement, Supplier will deliver to PSE a certificate of insurance with respect to any replacement policy. If requested by PSE, Supplier will

provide PSE a copy of any policy of insurance required to be maintained under this Section 8, including all endorsements thereto.

**8.3** All policies of insurance required under this MSA must:

- (a) be placed with an insurance carrier maintaining an AM Best rating of at least A- VII and licensed to do business under the laws of the State of Washington;
- (b) with the exception of workers' compensation, employer's liability, and professional liability insurance, be endorsed to name PSE, its subsidiaries and affiliates, and each of their respective shareholders, directors, officers, employees, representatives, and agents (the "Owner Parties") as additional insureds;
- (c) with the exception of workers' compensation, employer's liability, and professional liability insurance, state that the "Insured v. Insured" exclusion does not preclude coverage if an additional insured brings a claim against the named insured;
- (d) be primary insurance with respect to the interests of the Owner Parties; any insurance or self-insurance maintained by any of the Owner Parties will be excess and non-contributory insurance with respect to the insurance required herein;
- (e) include a provision providing a waiver of the insurer's right to subrogation against each of the Owner Parties. To the extent permitted by its policies of insurance, Supplier hereby waives all rights of subrogation against each of the Owner Parties;
- (f) with the exception of workers' compensation, employer's liability, and professional liability insurance, apply severally and not collectively to each insured against whom any claim is made or suit is brought, except that the inclusion of more than one insured shall not operate to increase the insurance company's limits of liability as set forth in the insurance policy; and
- (g) provide that the policies will not be canceled or their limits reduced or restricted to a level below the requirements of this Section 8 without giving at least thirty (30) days' prior written notice to the Procurement Department of Puget Sound Energy, Inc., PO Box 97034, (BOT-010) Bellevue, WA 98009-9734.

**8.4** Supplier will be solely responsible for any premium, deductible, self-insured retention, and similar self-insurance mechanism amounts contained in its insurance program and for any deficiencies in the amounts of insurance maintained. Supplier will have no right to call upon or seek contribution from the Owner Parties for deductibles, self-insured retentions, similar self-insurance mechanisms, or insurance premiums associated with policies of insurance required in this MSA. Any deductible, self-insured retention, or similar self-insurance mechanism greater than \$50,000 requires PSE's prior written approval.

**8.5** The requirements of this MSA as to insurance and acceptability to PSE of insurers and insurance to be maintained by Supplier are not intended to and will not in any way limit or qualify any other obligation of Supplier under the Agreement. Supplier will be held accountable for all insurance coverage, including that of any Subcontractors hired by Supplier. Insurance will be independent of the indemnity provisions of this MSA, and insurance hereunder is not designed solely to guarantee payment of Supplier's indemnity obligations. The limits of liability set out in this Section 8 may be increased or decreased by mutual consent of the Parties, which consent will not be unreasonably withheld by either

Party, in the event of any factors or occurrences, including changes in work scope, substantial increases in the level of jury verdicts or judgments, or the passage of state, federal, or other governmental compensation plans, or Laws that would materially increase or decrease Supplier's and/or PSE's exposure to risk.

- 8.6** Supplier will comply with all OSHA Recordkeeping and injury reporting requirements. Supplier will report to PSE within 24 hours any OSHA recordable injuries that occur while performing work on behalf of PSE. A "recordable injury" includes any injury that results in treatment beyond first aid, restricted workdays, and/or lost workdays. Supplier must provide the following details via email to [safety@pse.com](mailto:safety@pse.com): Supplier's formal legal name, date and location of incident, a short description of the incident, and whether the recordable injury includes one or more lost workdays (not including the date of injury).

---

## **SECTION 9. CHANGES**

---

- 9.1** Subject to Section 9.2, PSE may at any time by written notice thereof to Supplier, without liability or penalty, modify any Services as defined in any SOW (including additions to or deletions from any Services, suspension of performance and changes in the schedule, and location of performance) with or without cause effective immediately or as otherwise specified in such notice.
- 9.2** If any change under Section 9.1 would result in an increase or decrease in Supplier's cost for performance of the Services or delivery of the Deliverables, the Parties will follow the change procedure set forth in the applicable SOW.

---

## **SECTION 10. WARRANTIES**

---

- 10.1** Supplier warrants that all Services will be performed in a professional manner with professional skill and care and in compliance with the terms and conditions of the Agreement.
- 10.2** Each Party warrants to the other that: (a) it has full power and authority to enter into and to perform its obligations under the Agreement; (b) the Agreement does not violate any Law or breach any other agreements to which it is a party or is otherwise bound; and (c) it will comply with all Laws in performing its obligations under the Agreement.
- 10.3** EXCEPT AS EXPRESSLY SET FORTH IN THE AGREEMENT AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS, NEITHER PSE NOR SUPPLIER MAKES ANY OTHER WARRANTIES WITH RESPECT TO THE AGREEMENT, WHETHER WRITTEN, ORAL, EXPRESS OR IMPLIED, AND EACH PARTY EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USAGE OF TRADE, WITH RESPECT TO THE AGREEMENT.

---

## **SECTION 11. TERMINATION**

---

- 11.1** PSE may at any time, by written notice thereof to Supplier, terminate this MSA, any underlying SOW, or both, as to all or any portion of the Services not then performed, whether or not Supplier is then in breach or default. Upon receipt of any such notice of termination Supplier will, except as otherwise directed by PSE, immediately stop performance of the Services to the extent specified in such notice and deliver to PSE any work in process or Deliverables, regardless of their level of completion.
- 11.2** In the event of termination pursuant to Section 11.1 for PSE's convenience, upon PSE's review and approval of a fully supported invoice to be submitted within thirty (30) days after the date of termination, an equitable adjustment will be made in the compensation payable to Supplier under the Agreement, provided that such compensation as so adjusted will in no event exceed a percentage of the total compensation otherwise payable under the Agreement equal to the percentage of the Services satisfactorily completed, including Deliverables delivered, at the time of termination. Further, Supplier will not be entitled to any reallocation of cost, profit or overhead. Supplier will not in any event be entitled to anticipated profit on Services not performed on account of such termination. Supplier must use its best efforts to minimize the compensation payable under the Agreement in the event of such termination.
- 11.3** The obligations of the Parties under Sections 5, 6, 7, 8, 10, 11, and 12, and all provisions of the Agreement that may reasonably be interpreted or construed as surviving the completion, termination, expiration, or cancellation of the Agreement will survive the completion, termination, expiration, or cancellation of the Agreement.

---

## **SECTION 12. MISCELLANEOUS**

---

- 12.1** Any notice, request, designation, direction, statement, or other communication under the Agreement must be made in writing and delivered by courier or registered or certified mail, return receipt requested, postage paid to the addresses for legal notices in the signature block hereunder. Notices related to SOWs will be sent via email to the Parties' contacts identified in the applicable SOW (with a hard copy to the legal notice recipient if appropriate), return receipt requested. All notices will be effective upon receipt. Either Party may change its address by giving the other Party notice of such change in accordance with this Section 12.1.
- 12.2** Supplier may not (by contract, operation of law, or otherwise) assign, transfer, delegate, or subcontract any of its rights or obligations under the Agreement without the prior written consent of PSE. For the purposes of the foregoing, any transfer of a controlling interest in Supplier (e.g., by a transfer of securities or otherwise) will not be deemed an assignment of the Agreement. Any purported assignment or delegation in violation of this Section 12.2 will be voidable at PSE's option. No such assignment will relieve Supplier from any of its obligations hereunder. The Agreement is binding on and inures to the benefit of the Parties and their successors and permitted assigns.
- 12.3** No waiver by any Party of any of the provisions of the Agreement will be effective unless explicitly set forth in writing and signed by the Party so waiving. Except as otherwise set forth in the Agreement, no failure to exercise, or delay in exercising, any right, remedy,

power, or privilege arising from the Agreement will operate or be construed as a waiver hereof, will any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

- 12.4** No Party will be liable or responsible to the other Party, nor be deemed to have defaulted under or breached the Agreement, for any failure or delay in fulfilling or performing any term of the Agreement (except for any obligations to make payments to the other Party hereunder), when and to the extent such failure or delay is caused by or results from the following (each, a "Force Majeure Event"): (a) acts of God; (b) epidemic, flood, fire, earthquake, or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot, or other civil unrest; (d) government order or law; (e) actions, embargoes, or blockades in effect on or after the date of the Agreement; (f) action by any governmental authority; (g) national or regional emergency; (h) strikes, labor stoppages or slowdowns, or other industrial disturbances; or (i) shortage of adequate power or transportation facilities. The affected Party must give notice to the other Party ("FME Notice") within twenty-four (24) hours of the Force Majeure Event, stating the period of time the occurrence is expected to continue. The affected Party must use diligent efforts to end the failure or delay and ensure the effects of such Force Majeure Event are minimized, and will resume performance of its obligations as soon as reasonably practicable after the removal of the cause. Notwithstanding anything herein to the contrary, PSE will not be liable for payment for any Services or Deliverables it does not receive due to a Force Majeure Event affecting Supplier's performance of its obligations under the Agreement.
- 12.5** Each Party acknowledges and agrees that a breach or threatened breach by a Party of any of its obligations under Section 6 would give rise to irreparable harm to the other Party for which monetary damages would not be an adequate remedy. In the event of such breach or threatened breach the non-breaching Party will, in addition to all other rights and remedies that may be available to it at law, at equity, or otherwise, be entitled to equitable relief (including injunctive relief or specific performance) without posting bond in addition to any other available remedies, including damages. In any litigation concerning a breach of Section 6, the prevailing Party will be entitled to recover all reasonable expenses of litigation, including reasonable attorney fees at trial and on any appeal.
- 12.6** Except as otherwise specifically stated in the Agreement, the rights and remedies of a Party set forth in any provision of the Agreement are in addition to and do not in any way limit any other rights or remedies afforded to that Party by any other provision of the Agreement, or by law.
- 12.7** This MSA together with any related exhibits and SOWs set forth the entire agreement and supersedes any and all prior and contemporaneous oral or written communications, understandings and agreements with regard to the Services and development of the Deliverables, including, for the avoidance of doubt, any confidentiality agreement between the Parties. In the event of a conflict between this MSA and any SOW, the terms of this MSA will prevail unless an SOW expressly provides that certain provisions therein will control over certain specified provisions in this MSA. In the event of a conflict between this

MSA and a Security Addendum, the terms of the Security Addendum will govern except that the confidentiality provisions in the Security Addendum are intended to supplement the confidentiality and security obligations of Supplier as set forth in this MSA. No amendment or modification of any provision of the Agreement will be valid unless set forth in a written amendment signed by the Parties.

- 12.8** If any term or provision of the Agreement is found by a court of competent jurisdiction to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability will not affect any other provision hereof or invalidate or render unenforceable such provision in any other jurisdiction.
- 12.9** Neither Party will commence or prosecute any action, suit, proceeding, or claim arising under or by reason of the Agreement other than in the state and federal courts sitting in King County, Washington. The Parties hereby irrevocably consent to the jurisdiction of the courts of the State of Washington with venue laid in King County, Washington and of the U.S. District Court for the Western Division District of Washington in Seattle, Washington.
- 12.10** The Agreement will be construed as if prepared by the Parties. Accordingly, any rule of law or legal decision that would require interpretation of any ambiguities in the Agreement against the Party that has drafted it is not applicable and is waived. The Agreement will be interpreted, construed and enforced in accordance with the laws of the State of Washington without reference to its choice of law rules.
- 12.11** The headings used in the Agreement are for convenience and ease of reference only and will not be used to construe, interpret, expand or limit the terms of the Agreement. The words “include,” “includes,” and “including” are to be read as if they were followed by the phrase “without limitation.” This MSA, any underlying SOW, or both may be executed in one or more counterparts, each of which will be deemed an original, and all together will constitute the Agreement in its entirety. Notwithstanding anything to the contrary in Section 12.1, a signed copy of this MSA or any underlying SOW or Security Addendum, or any amendment thereto, delivered by facsimile, email, or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy.

*--Signature page follows--*

Intending to be legally bound, PSE and Supplier have caused their duly authorized representatives to execute this Master Services Agreement in the space provided below.

**PSE:**  
**Puget Sound Energy, Inc.**

**Supplier:**  
\_\_\_\_\_

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Address for Legal Notices:  
Puget Sound Energy, Inc.  
Attn: Procurement  
PO Box 97034, (BOT-01G)  
Bellevue, WA 98009-9734

Address for Legal Notices:

**EXHIBIT A**  
**STATEMENT OF WORK**

**STATEMENT OF WORK**  
**No.**

This Statement of Work No. \_\_\_\_\_ (“SOW”) adopts and incorporates by reference the terms and conditions of the [governing agreement name and Number] dated as of [date], (“MSA”), as it may be amended from time to time, between **[formal vendor name** (“Supplier”), and **Puget Sound Energy, Inc.** (“PSE”). This SOW is effective as of the date of the last signature below (“Effective Date”) and will remain in effect until \_\_\_\_\_ unless earlier terminated in accordance with the MSA.

Transactions performed under this SOW will be conducted in accordance with and be subject to the terms and conditions of this SOW and the MSA. Capitalized terms used but not defined in this SOW shall have the meanings set out in the MSA.

**PROJECT DESCRIPTION**

**Scope**

Supplier will perform the following Services:

- a.
- b.
- c. Deliver the Deliverables as set forth in Section 2.

For purposes of clarity, if a particular action, function, or responsibility is not specifically described herein, but is reasonably required for the proper performance and provision by Supplier or is an inherent part of or a necessary sub-task included within the Services, such action, function or responsibility will be considered to be a part of the Services hereunder.

**1.1.2** PSE will be responsible for the following activities:

- a.
- b.

The work schedule (e.g., Deliverable/milestone due dates) and specifications for Services and/or Deliverables will be as identified herein or as otherwise mutually agreed and documented during the term of the SOW.

**Location**

Services will be performed at PSE’s offices in [city], Washington, or at such other location(s) as otherwise agreed between the Parties.

Master Services Agreement No.  
Exhibit A

Remote access to PSE's systems **is not** required. Any access to PSE's facilities and/or systems will be in compliance with the MSA (including the Information Security Requirements Addendum, if applicable), and PSE's then-current security policies and procedures.

**Services Term**

Services are estimated to begin on <date> and complete by <date>.

**Assumptions**

The following assumptions were used in the development of this SOW:

- a.
- b.

**Supplier Personnel**

- a. All of the following key personnel assigned to this SOW by Supplier will remain working under the SOW throughout its term (for as long as they remain employed by Supplier).

Role	Key Personnel Name	Office #	Mobile #	e-mail

- b. Other Supplier resources assigned to this SOW include:

Role	Responsibilities	Qualifications

- c. The following are approved Subcontractors as permitted under Section 3.1 of the MSA:

Subcontractor	Role

- d. NERC-CIP certification **is/is not** required for SOW resources.

**DELIVERABLES**

**Deliverables; Milestones**

In connection with the Services specified in Section 1.1.1, Supplier will provide the following Deliverables:

- a.

b.

Deliverables completed in the same time period or for the same phase may be grouped into “Milestones” for purposes of Deliverable Acceptance and invoicing.

### **Deliverable Acceptance Process**

Deliverables will be reviewed or approved by PSE in accordance with the following process:

- a. Supplier will submit a completed Deliverable or Milestone and a copy of the “Deliverable Acceptance Form” (attached hereto as Exhibit A) to the PSE Contact identified in Section 5 (unless otherwise identified by PSE). The PSE Contact will conduct a review to determine the Deliverables’ conformance with the SOW specifications. Upon completion of this review the PSE Contact will complete the Deliverable Acceptance Form indicating acceptance or rejection, and will return the Deliverable Acceptance Form to Supplier.
- b. If a Deliverable is neither accepted nor rejected within ten (10) business days, the Deliverable will be deemed to have been accepted by PSE without change or comment. PSE may also request an extension to the acceptance period, which will not be unreasonably withheld.
- c. If PSE rejects a Deliverable, PSE will provide Supplier with a written description of the reason for rejection on the Deliverable Acceptance Form. If the identified discrepancies are mutually agreed to be within the Project specifications, Supplier will rework the Deliverable at its sole cost, as necessary to achieve its conformance with the specifications. If the discrepancies are mutually agreed to be outside the specifications, PSE will either accept the Deliverable as-is or request a change order. If the Parties cannot come to an agreement regarding the discrepancies, the issue will be elevated to their respective management teams to discuss the Deliverable and SOW specifications in detail and in good faith.

## **PRICING**

### **SOW Pricing Table**

The table below includes all costs to be paid by PSE in connection with the performance of the Services. All costs are based on the scope and assumptions included in this SOW. The grand total amount shown below will not be exceeded except as specified in Section 4.1.

**[CHOOSE ONE:]**

### **Time & Materials Table**

Resource Category	Not to Exceed Hours	Hourly Rate	Extended (Hours x Rate)
		Subtotal	
		Estimated Expenses	
		Grand Total (Not to Exceed)	

Time & Materials costs to be invoiced within 30 days after the end of each calendar month for any amounts payable for Services rendered during such month.

**Fixed Fee Table**

If applicable, all Deliverables within a Milestone must be listed individually below, with pricing shown per Deliverable, and total cost per Milestone.

Milestone #	Deliverable	Fixed Fee
	Total	
	Estimated Expenses	
	Grand Total (Fixed Fee, Not to Exceed)	

Fixed fees to be invoiced within 30 days of PSE’s written acceptance of the applicable Deliverable or of all Deliverables within a Milestone.

**Payment Terms; Invoicing**

- a. Payment terms will be as specified in the MSA.
- b. Invoices will be submitted as follows:
  - i. if Supplier has established an Ariba trade relationship with PSE, Supplier will submit an electronic invoice and any other supporting documentation via the Ariba Network eProcurement portal; **or**
  - ii. if Supplier is not enabled to transact with PSE in Ariba, Supplier will email the invoice referencing this SOW number to the PSE Contact identified below.

**Expenses [CHOOSE ONE:]**

No Supplier expenses are authorized under this SOW.

Reasonable pre-approved travel expenses in support of the SOW will be invoiced with the associated Services or Deliverables, with no-markup and submitted with receipt documentation for any expenses over \$50.00.

**PROJECT MANAGEMENT**

**Project Change Management Procedure**

In the event a change is identified that affects the scope, timeline, or cost of the Services or Deliverable(s), Supplier will determine, at its expense, any schedule and cost adjustments and submit a change request to the PSE Contact for review. Approved changes will be executed by the Parties as a “Change Order” to this SOW [and will be updated in the project plan. Change requests will be logged, tracked, and reported in status reports and at meetings.] No performance against the modified scope can take place prior to the execution of the applicable Change Order.

**Criteria for Change**

The following identifies the criteria for a change request:

- a. If the time period for Services performance or if the requirements for Deliverables exceed those stated herein; or
- b. A deviation of any item listed in the “Assumptions” section.

**Communication; Engagement**

Supplier will provide prompt notice of any risk or issue that has the potential to jeopardize the SOW’s success, and will participate as appropriate and requested in actions to mitigate the risk.

Supplier will perform cooperatively with any and all PSE resources or third parties with respect to the SOW.

Supplier will track status of all SOW documentation including the Deliverable approval process and status.

**CONTACT INFORMATION**

<p><b>PSE Contact:</b> Name: Role: Office: Mobile Phone: Email: Address for Notice: (name and email)</p>	<p><b>Supplier Contact:</b> Name: Role: Office: Mobile Phone: Email: Address for Notice: (name and email)</p>
<p><b>PSE Invoice Contact:</b> (if different from above): Name: Role: Office: Mobile Phone: Email:</p>	

Notices related to this SOW will be sent to the contacts shown above, with a copy to the Parties’ legal notices contact if applicable. Either Party may modify the contacts shown above by providing written notice to the other Party (where email will suffice).

--Signature Page Follows--

**AUTHORIZATION**

Intending to be legally bound, PSE and Supplier have caused their duly authorized representatives to execute this Statement of Work in the space provided below.

**PSE/Accepted and Agreed:**  
**Puget Sound Energy, Inc.**

**Supplier/Accepted and Agreed:**

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A - DELIVERABLE ACCEPTANCE FORM**

By submission of this Deliverable Acceptance Form, Supplier:

- requests PSE’s review of the Deliverables described below, which Supplier represents are complete, on time, and on budget in accordance with the SOW (if Deliverables are not on time and on budget, details are provided in the “Remarks” section below);
- requests the right to invoice for associated payment(s), if applicable; and
- certifies that any Subcontractors used in connection with these Deliverables have been paid or will be paid in accordance with the agreement between such Subcontractor and Supplier.

Name of Deliverable	Version	Accept/Reject

**Supplier Remarks:**

**PSE Reviewer’s Comments:**

**Acceptance**

By signing this Deliverable Acceptance Form, the PSE SOW Contact is authorizing Supplier to invoice for the Deliverable(s) above (if applicable). This Deliverable Acceptance Form is issued and executed pursuant to the terms and conditions of the SOW under which these Deliverables were created and the corresponding MSA, by and between Puget Sound Energy, Inc. and Supplier.

	Date:		Date:
<b>Name, Title</b> <b>[Company Name] (“Supplier”)</b>		<b>Name, Title</b> <b>Puget Sound Energy, Inc.</b>	

**EXHIBIT B**  
**SECURITY ADDENDUM-CONSULTANT**

**INFORMATION SECURITY REQUIREMENTS ADDENDUM  
TO MASTER SERVICES AGREEMENT NO. \_\_\_\_\_**

**(Supplier / Consulting)**

THIS INFORMATION SECURITY REQUIREMENTS ADDENDUM ("Security Addendum") is by and between Puget Sound Energy, Inc. ("PSE") and the party identified in the signature block below ("Supplier"), and supplements that certain **<agreement type, #>** between the Parties dated \_\_\_\_\_ ("MSA") and any statements of work, exhibits, orders, attachments, or ancillary agreements thereto (together with the MSA, the "Agreement") and is incorporated by reference therein. PSE and Supplier may also be referred to herein individually as a "Party" or collectively as the "Parties". Terms defined in the MSA and not otherwise defined herein shall have the meanings given those terms in the MSA.

This Security Addendum sets forth certain information security obligations and information security activities to be performed by Supplier, and supplements the confidentiality and security obligations of Supplier under the Agreement. In the event of any conflict between this Security Addendum and the Agreement, this Security Addendum shall control solely to the extent of such conflict.

**1. System Security and Data Backup**

**1.1. Information Security**

- (a) As used in this Security Addendum "PSE Confidential Information" means "Confidential Information" and includes: (i) PSE Information as defined in the MSA; and (ii) non-public PSE operational, business, and financial data, and PSE project, design, roadmap, and architecture plans.
- (b) PSE makes PSE Confidential Information available to Supplier exclusively for the necessary business purpose of fulfilling the Services. Supplier is prohibited from collecting, selling, retaining, using or disclosing such PSE Confidential Information for any purpose other than for those specific purposes stated in the Agreement. Supplier is responsible for protecting the confidentiality, integrity and availability of all PSE Confidential Information in its possession or control and for all Processing of PSE Confidential Information. For purposes of this Security Addendum, the term "Process", "Processed", or "Processing" means any operation or set of operations which is performed on PSE Confidential Information by or for Supplier, whether or not by automated means, such as the access, collection, use, storage, disclosure, dissemination, combination, recording, organization, structuring, adaption, alteration, copying, transfer, retrieval, consultation, disposal, restriction, erasure and/or destruction of PSE Confidential Information. Supplier shall:
  - (i) Process PSE Confidential Information solely in accordance with PSE's documented instructions, including those set forth in this Security Addendum, the MSA, and applicable Statement of Work; and
  - (ii) Process PSE Confidential Information in accordance with all applicable laws, rules, regulations, orders, ordinances, regulatory guidance, and industry self-regulations (collectively, "Applicable Law").
- (c) Supplier will implement and maintain physical and logical security controls to prevent

unauthorized access, collection, storage, disclosure, misuse, re-identification, damage or destruction of PSE Confidential Information in its possession or control, including a documented information security program that complies with the requirements of this Security Addendum ("Information Security Program"). Supplier shall provide to PSE annually (beginning with the date of the Parties' execution of this Security Addendum) a current summarized description of its Information Security Program, including documentation verifying the authenticity and integrity of any software that will have access to PSE Confidential Information (e.g., patch management program, testing, fingerprints, or cipher hashes). The Information Security Program shall be available for review and audit by PSE upon request. The Information Security Program and the security controls that cover Supplier's networks, systems, applications, technical services, and premises (collectively, the "Supplier Systems") will be appropriate for the nature of the PSE Confidential Information that Supplier Processes and will meet or exceed prevailing industry standards. During the term of the Agreement, Supplier will comply with its Information Security Program and will perform all of the security controls that are required pursuant to this Section 1.1(c). Without limiting the foregoing, the Information Security Program and such security controls will include, without limitation:

- (i) Physical Security - maintaining physical security of all premises where PSE Confidential Information will be Processed;
- (ii) Background Checks - taking reasonable precautions with respect to the employment of personnel (including Subcontractor personnel, collectively the "Support") who have access to PSE Confidential Information, including background checks and other measures as may be required under the Agreement or Applicable Law. Background checks and security clearances required for specific access privileges should be renewed on a reasonable periodic basis or if any Support is suspected or recognized by Supplier or PSE as a security risk;
- (iii) Training - training of Support on the proper use of data, computer systems, and the importance of information security via the provision of training materials on an annual basis;
- (iv) Access - restricting access to records and files containing PSE Confidential Information to Support who need such information to perform their job duties; encrypting of all PSE Confidential Information on laptops and other portable devices; and encrypting of all records and files containing PSE Confidential Information that will: (x) travel across public networks without secure connections or VPN; (y) will be transmitted wirelessly; or (z) will be transmitted outside of the secure Supplier Systems.

In addition, Supplier will ensure that Support who have access to PSE Confidential Information comply with the terms and conditions of this Security Addendum;

- (v) Monitoring - monitoring of Supplier Systems for unauthorized use of or access to PSE Confidential Information;
- (vi) Testing - testing changes to Supplier Systems to ensure the security posture of the system(s) and environments are not compromised by the change;

- (vii) Network Security - maintaining network and electronic security perimeter controls to protect PSE Confidential Information;
  - (viii) Incident Response - taking appropriate corrective action; documenting and training on how to respond to a logical or physical incident or event causing an unexpected disruption in the Vendor's ability to provide the Services to PSE or impacting the confidentiality, integrity and availability of PSE Confidential Information; and testing the plan on at least an annual basis;
  - (ix) No Commingling of Data - maintaining all PSE Confidential Information so as to be compartmentalized or otherwise logically separate from, and in no way commingled with, other information of Supplier or its other customers;
  - (x) Updates and Security Patches - maintaining Supplier Systems connecting to the PSE network with current updates to remediate security vulnerabilities or weaknesses identified to Supplier by OEM(s) or others, and applying security patches in a timely manner;
  - (xi) Anti-virus/anti-malware - ensuring that Supplier Systems are protected by anti-virus/anti-malware software;
  - (xii) Records - maintaining complete and accurate user logs, access credential data, records, and other information applicable to PSE network connection access activities for at least 90 days; and
  - (xii) Data and Hardcopy Destruction - destroying (and certifying in writing such destruction) any and all PSE Confidential Information upon the earlier of: (A) any expiration or termination of the MSA; or (B) when no longer needed by Supplier to fulfill its performance obligations under the Agreement; or (C) as requested by PSE. Notwithstanding the immediately foregoing, certain PSE records have regulatory requirements governing their retention periods with which Supplier must comply. PSE will notify Supplier in writing of any applicable requirements for the records Supplier is Processing hereunder, as may be updated from time to time by PSE in writing. Supplier's Processing of PSE's (fill in) mandates Supplier's retention of these records for a period of (fill in) years.
- (d) Supplier will notify PSE within 12 hours of when any Support should be restricted from remote or onsite access to PSE Confidential Information. This includes circumstances such as: (i) persons permitted access are no longer qualified to maintain access; or (ii) Supplier's employment of, or relationship with, any Support is terminated for any reason.
- (e) Supplier will not transfer, or cause to be transferred, any PSE Confidential Information to any third party or from one jurisdiction inside the United States to another jurisdiction outside of the United States without the prior written consent of PSE in each instance.
- 1.2.** Consultant will be provisioned with PSE network and information access, which must be used exclusively in providing Services.
- 1.3 Audit**
- (a) From time to time PSE, at its own expense, may conduct or engage an independent third party to conduct (subject to such third party entering into a commercially reasonable, mutually agreed upon non-disclosure agreement with Supplier), an information security audit of the Supplier documentation of security controls

described in Section 1.1(c).

- (b) If any audit conducted under (a) above reveals one or more material vulnerabilities, Supplier will correct each such vulnerability at its sole cost and expense and will certify in writing to PSE that it has corrected all such vulnerabilities. Supplier will complete all vulnerability corrections within fifteen (15) business days of receipt of the audit findings, unless the vulnerabilities by their nature cannot be corrected within such time, in which case the corrections must be completed within a mutually agreed upon time not to exceed sixty (60) days.

## **2. Security Breach**

**2.1 Notice.** Supplier shall notify PSE within **12 hours** of any recognized, suspected, or attempted physical or logical breach of the security of the Supplier Systems (each a "Security Breach"), further subject to the following:

- (a) Recognized Security Breach involving PSE Confidential Information: **2 hours**; and
- (b) Suspected Security Breach involving PSE Confidential Information: **4 hours**.

**2.2 Security Logs and Mitigating Controls.** In the case of a suspected or recognized Security Breach involving PSE Confidential Information, Supplier shall, upon PSE's request:

- (a) Promptly provide PSE with relevant security logs for PSE's own investigative purposes and cooperate to the extent possible with PSE's investigation; and
- (b) Promptly provide PSE with any known or suspected mitigating controls or patches that PSE might implement to limit related cyber security risk.

**2.3 Remediation.** Supplier will take reasonable and appropriate steps to promptly stop and remediate any Security Breach, and will cooperate with PSE's reasonable requests regarding the breach.

**2.4 Data Retention Practices.** Upon recognizing a Security Breach, Supplier shall also, upon PSE's request, modify its data retention practices as specified by PSE until ninety (90) days after the breach is resolved.

**2.5 PSE Contact Information.** Supplier shall notify PSE's IT Support Center (ITSC) at (425) 398-6020; subsequent contact shall be as mutually agreed.

**2.6 PSE Security Breach.** In the case of any recognized, suspected, or attempted physical or logical breach involving the security of PSE systems that PSE reasonably suspects to be related to Supplier Systems or the usage thereof, Supplier shall cooperate with PSE's investigation of such breach and provide PSE any mitigating controls or patches to limit related cybersecurity risk.

## **3. Cost**

There shall be no additional cost to PSE for Supplier's performance of its obligations under this Security Addendum.

## **4. Miscellaneous**

**4.1 Subcontracting.** Supplier will not subcontract or delegate the Processing of PSE Confidential Information or the performance of its obligations under this Security Addendum without the prior written consent of PSE. Supplier will remain fully responsible for fulfillment of its obligations under this Security Addendum and will remain the primary

point of contact regarding any Processing of PSE Confidential Information or the performance of any of its obligations under this Security Addendum that have been subcontracted or delegated.

**4.2 Representation and Warranties.** Supplier represents and warrants the following:

- (a) it has the full power and authority to enter into this Security Addendum and to perform its obligations under this Security Addendum;
- (b) Supplier is not aware of any previous Security Breaches or, if a Security Breach has occurred, Supplier has disclosed in writing each such Security Breach to PSE and remedied all related security vulnerabilities and taken appropriate measures to prevent similar Security Breaches from occurring again;
- (c) Supplier is not, and has not been, a party to any current, pending, threatened or resolved enforcement action of any government agency, or any consent decree or settlement with any governmental agency or private person or entity, regarding any Security Breach or otherwise regarding privacy or information security, or if it has been a party to any such enforcement actions, consent decrees or settlements, it has disclosed in writing all such enforcement actions, consent decrees or settlements to PSE and taken appropriate measures to comply with any requirements imposed in connection therewith;
- (d) Supplier's Information Security Program complies with Applicable Law; and
- (e) Supplier is and will remain in compliance with all Applicable Law and will not, by an act or omission, place PSE in breach of such laws.

**4.3 Indemnification.** Supplier will indemnify, defend and hold harmless PSE and its parent, subsidiaries, affiliates, agents and suppliers, and their respective officers, directors, shareholders and personnel, from and against any claims, suits, hearings, actions, damages, liabilities, fines, penalties, costs, losses, judgments or expenses (including reasonable attorneys' fees) arising out of or relating to its failure to comply with this Security Addendum.

**4.4 Breach of Obligations.** If Supplier can no longer meet its obligations under this Security Addendum, it will immediately notify PSE in writing. Supplier will take reasonable and appropriate steps to stop and remediate, and will cooperate with PSE's reasonable requests regarding, any unauthorized Processing of PSE Confidential Information by Supplier or Service Provider. A breach of any provision of this Security Addendum may result in irreparable harm to PSE, for which monetary damages may not provide a sufficient remedy, and therefore, PSE may seek both monetary damages and equitable relief. Monetary damages for breach of the obligations in this Security Addendum are not subject to any limitation of liability provision in the MSA. In the event Supplier breaches any of its obligations under this Security Addendum, PSE will have the right to terminate the Agreement or suspend Supplier's continued Processing of any PSE Confidential Information, without penalty, immediately upon written notice to Supplier.

Signature Page Follows

Intending to be legally bound, PSE and Supplier have caused their duly authorized representatives to execute this Security Addendum in the space provided below.

**PSE:**

**Supplier:**

**Puget Sound Energy, Inc.**

\_\_\_\_\_

**FOR PROCUREMENT USE ONLY**

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT C**  
**SECURITY ADDENDUM-HOSTED**

**INFORMATION SECURITY REQUIREMENTS ADDENDUM  
TO MASTER SERVICES AGREEMENT NO. \_\_\_\_\_**

**(Supplier / Hosted)**

THIS INFORMATION SECURITY REQUIREMENTS ADDENDUM ("Security Addendum") is by and between Puget Sound Energy, Inc. ("PSE") and the party identified in the signature block below ("Supplier") and supplements that certain **<agreement type, #>** between the Parties dated \_\_\_\_\_ ("MSA") and any statements of work, exhibits, orders, attachments, or ancillary agreements thereto (together with the MSA, the "Agreement") and is incorporated by reference therein. PSE and Supplier may also be referred to herein individually as a "Party" or collectively as the "Parties". Terms defined in the MSA and not otherwise defined herein shall have the meanings given those terms in the MSA.

This Security Addendum sets forth certain information security obligations and information security activities to be performed by Supplier, and supplements the confidentiality and security obligations of Supplier under the Agreement. In the event of any conflict between this Security Addendum and the Agreement, this Security Addendum shall control solely to the extent of such conflict.

**1. System Security and Data Backup**

**1.1. Information Security**

- (f) As used in this Security Addendum "PSE Confidential Information" means "Confidential Information" and includes: (i) PSE Information as defined in the MSA; and (ii) non-public PSE operational, business, and financial data, and PSE project, design, roadmap, and architecture plans.
- (g) PSE makes PSE Confidential Information available to Supplier exclusively for the necessary business purpose of fulfilling the Services. Supplier is prohibited from collecting, selling, retaining, using or disclosing such PSE Confidential Information for any purpose other than for those specific purposes stated in the Agreement. Supplier is responsible for protecting the confidentiality, integrity and availability of all PSE Confidential Information in its possession or control and for all Processing of PSE Confidential Information. For purposes of this Security Addendum, the term "Process", "Processed", or "Processing" means any operation or set of operations which is performed on PSE Confidential Information by or for Supplier, whether or not by automated means, such as the access, collection, use, storage, disclosure, dissemination, combination, recording, organization, structuring, adaption, alteration, copying, transfer, retrieval, consultation, disposal, restriction, erasure and/or destruction of PSE Confidential Information. Supplier shall:
  - (i) Process PSE Confidential Information solely in accordance with PSE's documented instructions, including those set forth in this Security Addendum, the MSA, and applicable Statement of Work; and
  - (ii) Process PSE Confidential Information in accordance with all applicable laws, rules, regulations, orders, ordinances, regulatory guidance, and industry self-regulations (collectively, "Applicable Law").
- (h) Supplier will implement and maintain physical and logical security controls to prevent

unauthorized access, collection, storage, disclosure, misuse, re-identification, damage or destruction of PSE Confidential Information in its possession or control, including a documented information security program that complies with the requirements of this Security Addendum ("Information Security Program"). Supplier shall provide to PSE annually (beginning with the date of the Parties' execution of this Security Addendum) a current summarized description of its Information Security Program, including documentation verifying the authenticity and integrity of any software that will have access to PSE Confidential Information (e.g., patch management program, testing, fingerprints, or cipher hashes). The Information Security Program shall be available for review and audit by PSE upon request. The Information Security Program and the security controls that cover Supplier's networks, systems, applications, technical services, and premises (collectively, the "Supplier Systems") will be appropriate for the nature of the PSE Confidential Information that Supplier Processes and will meet or exceed prevailing industry standards. During the term of the Agreement, Supplier will comply with its Information Security Program and will perform all of the security controls that are required pursuant to this Section 1.1(c). Without limiting the foregoing, the Information Security Program and such security controls will include, without limitation:

- (i) Physical Security - maintaining physical security of all premises where PSE Confidential Information will be Processed;
- (ii) Background Checks - taking reasonable precautions with respect to the employment of personnel (including Subcontractor personnel, collectively the "Support") who have access to PSE Confidential Information, including background checks and other measures as may be required under the Agreement or Applicable Law. Background checks and security clearances required for specific access privileges should be renewed on a reasonable periodic basis or if any Support is suspected or recognized by Supplier or PSE as a security risk;
- (iii) Training - training of Support on the proper use of data, computer systems, and the importance of information security via the provision of training materials on an annual basis;
- (iv) Access - restricting access to records and files containing PSE Confidential Information to Support who need such information to perform their job duties; encrypting of all PSE Confidential Information on laptops and other portable devices; and encrypting of all records and files containing PSE Confidential Information that will (x) travel across public networks without secure connections or VPN; (y) will be transmitted wirelessly, or (z) will be transmitted outside of the secure Supplier Systems.

In addition, Supplier will ensure that Support who have access to PSE Confidential Information comply with the terms and conditions of this Security Addendum;

- (v) Monitoring - monitoring of Supplier Systems for unauthorized use of or access to PSE Confidential Information;
- (vi) Testing - testing changes to Supplier Systems to ensure the security posture of the system(s) and environments are not compromised by the change;

- (vii) Network Security - maintaining network and electronic security perimeter controls to protect PSE Confidential Information;
  - (viii) Incident Response - taking appropriate corrective action; documenting and training on how to respond to an Unplanned Event (as defined in Section 3.1 below), and testing the plan on at least an annual basis;
  - (ix) No Commingling of Data - maintaining all PSE Confidential Information so as to be compartmentalized or otherwise logically separate from, and in no way commingled with, other information of Supplier or its other customers;
  - (x) Updates and Security Patches - maintaining Supplier Systems connecting to the PSE network with current updates to remediate security vulnerabilities or weaknesses identified to Supplier by OEM(s) or others, and applying security patches in a timely manner;
  - (xi) Anti-virus/anti-malware - ensuring that Supplier Systems are protected by anti-virus/anti-malware software;
  - (xii) Records - maintaining complete and accurate user logs, access credential data, records, and other information applicable to PSE network connection access activities for at least 90 days; and
  - (xii) Data and Hardcopy Destruction - destroying (and certifying in writing such destruction) any and all PSE Confidential Information upon the earlier of: (A) any expiration or termination of the MSA; or (B) when no longer needed by Supplier to fulfill its performance obligations under the Agreement; or (C) as requested by PSE. Notwithstanding the immediately foregoing, certain PSE records have regulatory requirements governing their retention periods with which Supplier must comply. PSE will notify Supplier in writing of any applicable requirements for the records Supplier is Processing hereunder, as may be updated from time to time by PSE in writing. Supplier's Processing of PSE's (fill in) mandates Supplier's retention of these records for a period of (fill in) years.
- (i) Supplier will notify PSE within 12 hours of when any Support should be restricted from remote or onsite access to PSE Confidential Information. This includes circumstances such as: (i) persons permitted access are no longer qualified to maintain access; or (ii) Supplier's employment of, or relationship with, any Support is terminated for any reason.
  - (j) Supplier will not transfer, or cause to be transferred, any PSE Confidential Information to any third party or from one jurisdiction inside the United States to another jurisdiction outside of the United States without the prior written consent of PSE in each instance.

## 1.2. Audit

- (c) Supplier will procure from an independent third party on at least an annual basis a SOC 2 Type II audit or its then-current AICPA equivalent, as set forth in the AICPA Trust Services Criteria. The independent audit will cover Supplier Systems. Supplier shall provide the audit report to PSE prior to or upon execution of the MSA (or this Security Addendum if executed subsequent to the MSA), and annually within five (5) business days of completion of the audit. The report must include: (i) whether the audit revealed any material vulnerability in the Supplier Systems; and (ii) if any material vulnerability is revealed, the nature of those vulnerabilities.

- (d) From time to time PSE, at its own expense, may conduct or engage an independent third party to conduct (subject to such third party entering into a commercially reasonable, mutually agreed upon non-disclosure agreement with Supplier), an information security audit of the Supplier security controls described in Section 1.1(c).
- (e) If any audit conducted under (a) or (b) above reveals one or more material vulnerabilities, Supplier will correct each such vulnerability at its sole cost and expense and will certify in writing to PSE that it has corrected all such vulnerabilities. Supplier will complete all vulnerability corrections within fifteen (15) business days of receipt of the audit findings, unless the vulnerabilities by their nature cannot be corrected within such time, in which case the corrections must be completed within a mutually agreed upon time not to exceed sixty (60) days.

## **2. Security Breach**

**2.1. Notice.** Supplier shall notify PSE within **12 hours** of any recognized, suspected, or attempted physical or logical breach of the security of the Supplier Systems (each a "Security Breach"), further subject to the following:

- (c) Recognized Security Breach involving PSE Confidential Information: **2 hours**; and
- (d) Suspected Security Breach involving PSE Confidential Information: **4 hours**.

**2.2. Security Logs and Mitigating Controls.** In the case of a suspected or recognized Security Breach involving PSE Confidential Information, Supplier shall, upon PSE's request:

- (c) Promptly provide PSE with relevant security logs for PSE's own investigative purposes and cooperate to the extent possible with PSE's investigation; and
- (d) Promptly provide PSE with any known or suspected mitigating controls or patches that PSE might implement to limit related cyber security risk.

**2.3. Remediation.** Supplier will take reasonable and appropriate steps to promptly stop and remediate any Security Breach, and will cooperate with PSE's reasonable requests regarding the breach.

**2.4. Data Retention Practices.** Upon recognizing a Security Breach, Supplier shall also, upon PSE's request, modify its data retention practices as specified by PSE until ninety (90) days after the breach is resolved.

**2.5. PSE Contact Information.** Supplier shall notify PSE's IT Support Center (ITSC) at (425) 398-6020; subsequent contact shall be as mutually agreed.

**2.6. PSE Security Breach.** In the case of any recognized, suspected, or attempted physical or logical breach involving the security of PSE systems that PSE reasonably suspects to be related to Supplier Systems or the usage thereof, Supplier shall cooperate with PSE's investigation of such breach and provide PSE any mitigating controls or patches to limit related cybersecurity risk.

## **3. Technology Recovery**

**3.1. Definitions.** For the purposes of this Security Addendum, the following definitions shall apply:

"Business Continuity" means Supplier's ability to continue critical business operations without stoppage, irrespective of the adverse circumstances of an Unplanned Event.

“Business Continuity Plan” means the logistical plan created and documented by Supplier specifying the policies, processes, and procedures Supplier will apply to recover after an Unplanned Event to partially or completely restore interrupted critical business operations within a predetermined period of time.

“Disaster Recovery” means Supplier’s ability to recover or continue critical technology infrastructure and computing systems after an Unplanned Event.

“Disaster Recovery Plan” means the logistical plan created and documented by Supplier specifying the processes, policies, and procedures Supplier will apply to recover after an Unplanned Event to partially or completely restore interrupted critical technology infrastructure and computing systems within a predetermined period of time.

“Recovery Point Capability” or “RPC” means the actual tested and proven amount of data loss measured backward in time from the start of an Unplanned Event to the point of the last recoverable backup.

“Recovery Point Objective” or “RPO” means the maximum acceptable amount of data loss measured backward in time from the start of an Unplanned Event to the point of the last recoverable backup, as solely defined by PSE. The RPO for purposes of this Security Addendum shall be \_\_\_\_ hours (**12 hours if left blank**).

“Recovery Time Capability” or “RTC” means the actual tested and proven duration of time within which the Services, supporting technology infrastructure, and Supplier’s critical business operations are restored after an Unplanned Event. The RTC is measured forward in time, from the initial occurrence of an Unplanned Event to the restoration of the Services.

“Recovery Time Objective” or “RTO” means the duration of time within which the Services, supporting technology infrastructure, and Supplier’s critical business operations must be restored after an Unplanned Event in order to avoid unacceptable consequences associated with an interruption in Supplier’s business processes. The RTO is measured forward in time, from the initial occurrence of an Unplanned Event to the restoration of the Services, as solely defined by PSE. The RTO for purposes of this Security Addendum shall be \_\_\_\_ hours (**4 hours if left blank**).

“Service Provider” means an approved subcontractor third-party entity that Supplier contracts with to provide technology services and/or systems access in support of the Services specified in this Security Addendum.

“Unplanned Event” means a logical or physical incident or event causing an unexpected disruption in the Supplier’s ability to provide the Services to PSE, including without limitation: malware; compromised information systems; natural, technical, or man-made disasters; acts of crime or terrorism; other business or technical disruptions.

**3.2. Unplanned Events.** Should an Unplanned Event occur, Supplier shall:

- (a) Promptly initiate the Disaster Recovery Plan and/or Business Continuity Plan, as applicable;
- (b) Notify PSE as soon as possible (in no event longer than the time periods specified in Section 2.1), with initial contact to be made to PSE’s IT Support Center (“ITSC”) at (425) 398-6020 and subsequent contact shall be as mutually agreed;
- (c) Provide PSE updates hourly, or sooner should major status changes occur;
- (d) Restore all Services and business operations that support the Services in a timeframe that meets or exceeds both the RTO and RPO; and

(e) Notify PSE upon the restoration of normal operations of the Services.

**3.3. Disaster Recovery and Business Continuity Planning.** Throughout the term of the Agreement, Supplier shall perform, at a minimum, the following activities to ensure Supplier's ability to provide uninterrupted Services after an Unplanned Event, or to recover within agreed-upon times:

- (a) Build and maintain a Disaster Recovery and Business Continuity Plan which shall be updated:
  - (i) At least once a year;
  - (ii) In the event of major Supplier organizational changes;
  - (iii) If professional or other services that support Supplier's ability to provide the Services are outsourced to a Service Provider;
  - (iv) If any outsourced Services are outsourced to an alternate Service Provider; and
  - (v) If any outsourced Services are insourced to be within Supplier's purview.
- (b) Maintain a recovery facility or subscribe to recovery facility services that allow Supplier to restore Services per the requirements set forth herein;
- (c) Perform comprehensive exercises of its Disaster Recovery and Business Continuity capabilities at least once a year, and also when major changes are made to production systems that affect the Services;
- (d) Allow PSE to observe during scheduled recovery exercises, and allow PSE access to all Supplier Systems to ensure all functionality and data have been restored;
- (e) Allow PSE site visits unrelated to scheduled exercises; and
- (f) Comply with PSE's requests for documentation to satisfy recovery questions.

**3.4. Documentation.** Supplier will provide the following documentation to PSE on at least an annual basis:

- (a) Evidence of an owned and operational recovery facility or current subscription to recovery facility services;
- (b) Evidence that the Disaster Recovery Plan and Business Continuity Plan are both updated as specified herein;
- (c) Evidence that Disaster Recovery and Business Continuity exercises are both performed at least annually; and
- (d) Results from the Disaster Recovery and Business Continuity exercises demonstrating:
  - (i) Supplier's execution of the respective plans; and
  - (ii) Exercise results detailing: (A) successes; (B) failures; (C) remediation plan for failures and issues encountered during testing; and (D) RTC and RPC capabilities.

**4. Data Transfers** (in the event that Supplier transfers or receives PSE Confidential Information)

**4.1. Shared Information.** During the term of the MSA, PSE may request that: (a) Supplier

transfers certain PSE Confidential Information to one or more third parties designated by PSE (each, a "Designated Recipient"); or (b) Supplier receives certain PSE Confidential Information from one or more third parties designated by PSE (each, a "Designated Representative"). In the event that PSE makes such a request, PSE will provide written notice and express permission to Supplier that: (i) identifies the applicable Designated Recipient or Designated Representative; (ii) identifies the PSE Confidential Information that Supplier must either transfer to such Designated Recipient or receive from such Designated Representative (in each case, the "Shared Information"); and (iii) sets forth additional terms and conditions including the data transfer mechanism, adequate permissions and grants of authority, if any, that apply to the transfer or receipt of the Shared Information by Supplier pursuant to this Section 4.1. The Shared Information shall remain the sole and exclusive property of PSE.

**4.2. Secure Transfer.** When Supplier transfers Shared Information at the written request of PSE pursuant to this Section 4, Supplier shall:

- (a) Transfer solely the Shared Information to the Designated Recipient identified by PSE pursuant to and in accordance with the written notice provided by PSE pursuant to Section 4.1; and
- (b) Securely transfer the Shared Information in accordance with Applicable Law and via a data transfer mechanism approved by PSE.

**4.3. Secure Receipt.** When Supplier receives Shared Information pursuant to this Section 4, Supplier shall:

- (a) Use commercially reasonable efforts to securely receive the Shared Information from the Designated Representative identified by PSE pursuant to and in accordance with the written notice provided by PSE pursuant to Section 4.1;
- (b) Securely store the Shared Information in accordance with Applicable Law and as approved by the Parties;
- (c) Treat the Shared Information received from the Designated Representative as: (i) information, data and materials provided to Supplier directly from PSE under the Agreement; and (ii) PSE Confidential Information under this Security Addendum; and
- (d) Use the PSE Confidential Information solely as authorized by PSE in writing, including in this Security Addendum, the MSA, and in all applicable Statements of Work, and solely for purposes of performing its obligations under these agreements.

**4.4. Cessation.** PSE may direct Supplier to cease transferring or receiving Shared Information pursuant to this Section 4, at any time and in its sole discretion, by providing written notice to Supplier. Upon Supplier's receipt of such written notice, Supplier shall immediately cease transferring or receiving Shared Information pursuant to this Section 4, as applicable, and destroy such information pursuant to Section 1.1(c)(xii) above unless otherwise directed by PSE.

**5. Cost**

There shall be no additional cost to PSE for Supplier's performance of its obligations under this Security Addendum.

**6. Miscellaneous**

**6.1. Subcontracting.** Supplier will not subcontract or delegate the Processing of PSE Confidential Information or the performance of its obligations under this Security Addendum without the prior written consent of PSE. For purposes of clarity, PSE may authorize Supplier's subcontracting of Services under the MSA or a Statement of Work, however the subcontracting of any of the obligations specified under this Security Addendum requires additional specific written authorization by PSE. Supplier will remain fully responsible for fulfillment of its obligations under this Security Addendum and will remain the primary point of contact regarding any Processing of PSE Confidential Information or the performance of any of its obligations under this Security Addendum that have been subcontracted or delegated.

**6.2. Representation and Warranties.** Supplier represents and warrants the following:

- (f) it has the full power and authority to enter into this Security Addendum and to perform its obligations under this Security Addendum;
- (g) Supplier is not aware of any previous Security Breaches or, if a Security Breach has occurred, Supplier has disclosed in writing each such Security Breach to PSE and remedied all related security vulnerabilities and taken appropriate measures to prevent similar Security Breaches from occurring again;
- (h) Supplier is not, and has not been, a party to any current, pending, threatened or resolved enforcement action of any government agency, or any consent decree or settlement with any governmental agency or private person or entity, regarding any Security Breach or otherwise regarding privacy or information security, or if it has been a party to any such enforcement actions, consent decrees or settlements, it has disclosed in writing all such enforcement actions, consent decrees or settlements to PSE and taken appropriate measures to comply with any requirements imposed in connection therewith;
- (i) Supplier's Information Security Program complies with Applicable Law; and
- (j) Supplier is and will remain in compliance with all Applicable Law and will not, by an act or omission, place PSE in breach of such laws.

**6.3. Indemnification.** Supplier will indemnify, defend and hold harmless PSE and its parent, subsidiaries, affiliates, agents and suppliers, and their respective officers, directors, shareholders and personnel, from and against any claims, suits, hearings, actions, damages, liabilities, fines, penalties, costs, losses, judgments or expenses (including reasonable attorneys' fees) arising out of or relating to its failure to comply with this Security Addendum.

**6.4. Breach of Obligations.** If Supplier can no longer meet its obligations under this Security Addendum, it will immediately notify PSE in writing. Supplier will take reasonable and appropriate steps to stop and remediate, and will cooperate with PSE's reasonable requests regarding, any unauthorized Processing of PSE Confidential Information by Supplier or Service Provider. A breach of any provision of this Security Addendum may result in irreparable harm to PSE, for which monetary damages may not provide a sufficient remedy, and therefore, PSE may seek both monetary damages and equitable relief. Monetary damages for breach of the obligations in this Security Addendum are not subject to any limitation of liability provision in the MSA. In the event Supplier breaches any of its obligations under this Security Addendum, PSE will have the right to terminate the Agreement or suspend Supplier's continued Processing of any PSE Confidential Information, without penalty, immediately upon written notice to Supplier.

Intending to be legally bound, PSE and Supplier have caused their duly authorized representatives to execute this Security Addendum in the space provided below.

**PSE:**

**Puget Sound Energy, Inc.**

**Supplier:**

\_\_\_\_\_

**FOR PROCUREMENT USE ONLY**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



*2022 Distributed Energy Resources RFP:*

# Exhibit J. Demand Response Addendum

**2022 Distributed Energy Resources RFP**

**EXHIBIT J. DEMAND RESPONSE ADDENDUM**

**Table of Contents**

**Introduction ..... 2**

**Description of PSE’s Secondary Objectives for DR ..... 2**

**Aggregate Customer Information..... 3**

**Performance Goals for Demand Response..... 6**

**Measurement and Verification..... 7**

**Data Requirements..... 9**

## 2022 Distributed Energy Resources RFP

### EXHIBIT J. DEMAND RESPONSE ADDENDUM

#### Introduction

This addendum includes DR-related information details that is not described in the main RFP and is considered relevant for submission of DR proposals. It is supplemental to the DR-related information in the main RFP and covers the following topics:

- Additional description of PSE's secondary objectives pertaining to acquiring DR
- Aggregate customer count and sales information
- Performance Goals for DR
- Measurement and Verification
- Data Requirements

#### Description of PSE's Secondary Objectives for DR

The DR performance requirements tied to achieving PSE's secondary objectives are in excess of the minimum requirements stated for fulfilling PSE's primary objectives, described in the main RFP, and can enhance the value of a Respondent's proposal if determined by PSE to be cost effective. These performance requirements are as follows:

- Provide load curtailment during summer months. PSE's summer season is typically during the months of May through September. High demand periods during summer are from 2 p.m. to 6 p.m. PSE expects summer event durations to be no more than 4 hours. Further assume that summer DR events are likely to be called when the day-ahead forecasted temperature is 85 degrees F or higher.
- Have the DR resource available year-round in order to be able to provide load curtailment during shoulder months, if needed. Shoulder months are March, April and October, which are outside the winter and summer season definitions.
- Develop flexible DR capability that provides more rapid curtailment, and greater integration of DR dispatch with grid monitoring. For e.g., provide fast response with notification time of 10 minutes or less in order to help fulfill operating reserve requirements such as Spinning and Non-spinning Reserves and Fast Frequency Response from eligible resources.
- Schedule DR Resources in wholesale market operations and bid DR in CAISO's Energy Imbalance Market (EIM) and accordingly follow the EIM performance requirements.

PSE has future plans to aggregate load flexibility resources and make them available in the CAISO Energy Imbalance Market (EIM). As a result, smaller resources may need to meet the requirements of the larger resources ( $\geq 5\text{MW}$ ) per PSE's interconnection practices.

## 2022 Distributed Energy Resources RFP

### EXHIBIT J. DEMAND RESPONSE ADDENDUM

- Offer potential for energy arbitrage by shifting consumption from high-priced to low-priced periods.
- Provide additional products/services (other than EE) that could be bundled with the DR program offering to enhance customer engagement, service, and satisfaction.<sup>1</sup>

In addition to these objectives, PSE envisions utilizing DR for addressing other types of requirements in the long-term. For example, PSE would like to utilize DR to help integrate intermittent renewable resources, such as wind and solar into future grid operations. Respondents are not expected to address these specifically in their proposal. However, PSE is interested in learning how vendor products/services being proposed for the 2023-2028 contract period could dovetail into addressing future potential use cases for DR.

Section below presents the latest customer count and electricity sales data by rate schedule and NAICS code for eligible customers.

#### Aggregate Customer Information

Table 1 below presents customer count and 2020 electricity sales data by North American Industry Classification System (“NAICS”) sector and by rate schedule for commercial and industrial (“C&I”) customers. Table 2 presents electricity sales by rate schedule and by county for C&I customer segments.

---

<sup>1</sup>In addition, PSE’s preference is for the vendor to be able to provide other value added services/products that could be bundled and monetized along with the DR program offer.

2022 Distributed Energy Resources RFP

EXHIBIT J. DEMAND RESPONSE ADDENDUM

**Table 1. Customer count and electricity sales by sector and by rate schedule**

NAICS sector description	2020 GWh	Customer count by rate schedule <sup>2</sup>				Total count by sector
		Sch. 25	Sch. 26	Sch. 31	Sch. 49	
		>50 kW and ≤350 kW max. demand	>350 kW max. demand	>350 kW max. demand; delivery at 600 volts or higher	≥4,400 kVA demand; delivery at 50,000 volts or higher	
Accommodation and food services	205.3	683	40	7		730
Admin. support and waste management and remediation services	141.8	205	22	11	1	239
Agriculture, forestry, fishing and hunting	103.0	170	14	14		198
Arts, entertainment, and recreation	100.3	233	15	8		256
Construction	110.4	248	31	14		293
Educational services	255.9	445	49	72	1	567
Finance and insurance	114.5	198	21	6	1	226
Health care and social assistance	394.4	415	43	15		473
Information	352.8	145	14	8	2	169
Management of companies and enterprises	24.8	27	6			33
Manufacturing	810.2	583	92	83	4	762
Mining	-	3		1		4
Other Services (except public administration)	95.7	457	21	13		491

<sup>2</sup> Brief descriptions of rate schedules:

Schedule 25: Small Demand General Service (>50 kW and ≤350 kW max. demand customers)

Schedule 26: Large Demand General Service (>350 kW max. demand customers)

Schedule 31: Primary General Service (>350 kW with delivery at primary voltage (600 volts or higher))

Schedule 40: Large Demand General Service (>3aMW load on a distribution feeder)

Schedule 49: High Voltage General Service (Billing demands not less than 4,400 kVA and delivered at high voltage (50,000 volts or higher); customer provides all transformation and facilities beyond the point of delivery.)

2022 Distributed Energy Resources RFP

EXHIBIT J. DEMAND RESPONSE ADDENDUM

NAICS sector description	2020 GWh	Customer count by rate schedule <sup>2</sup>				Total count by sector
		Sch. 25	Sch. 26	Sch. 31	Sch. 49	
		>50 kW and ≤350 kW max. demand	>350 kW max. demand	>350 kW max. demand; delivery at 600 volts or higher	≥4,400 kVA demand; delivery at 50,000 volts or higher	
Professional, scientific and technical services	131.8	189	23	8	1	221
Public administration	380.4	559	33	65	3	660
Real estate rental and leasing	293.2	486	55	11	1	553
Retail trade	708.4	962	156	21		1,139
Transportation and warehousing	196.0	180	25	22	1	228
Utilities	101.3	140	9	13	1	163
Wholesale trade	182.4	315	36	17		368
Not assigned	515.3	1,202	74	55		1,331
<b>Total</b>	<b>5,217.9</b>	<b>7,845</b>	<b>779</b>	<b>464</b>	<b>16</b>	<b>9,104</b>

Table 2. Electricity sales (GWh) by county and by rate schedule

County	Sales by rate schedule				Total sales by county
	Sch. 25	Sch. 26	Sch. 31	Sch. 40	
	>50 kW and ≤350 kW max. demand	>350 kW max. demand	>350 kW max. demand; delivery at 600 volts or higher	>3aMW load on a distribution feeder	
Island	23.9	9.1	7.2	53.3	93.5
King	968.8	1,186.3	594.6	355.0	3,104.7
Kitsap	106.9	94.1	39.0	18.6	258.6
Kittitas	8.1	8.2	5.4		21.7
Pierce	140.3	134.6	131.6	11.5	418.0
Skagit	83.4	79.0	125.5	24.8	312.7

2022 Distributed Energy Resources RFP

EXHIBIT J. DEMAND RESPONSE ADDENDUM

Thurston	142.9	166.7	235.8	46.0	<b>591.4</b>
Whatcom	123.6	93.7	147.3	41.8	<b>406.4</b>
Not assigned	5.3	5.6	-		<b>10.9</b>
<b>Total</b>	<b>1,603.2</b>	<b>1,777.3</b>	<b>1,286.4</b>	<b>551.0</b>	<b>5,217.9</b>

**Performance Goals for Demand Response**

PSE will pay Respondents based on megawatts of delivered load reduction that meet the performance parameters identified in the Primary Objectives. These payments will be provided as:

- **Monthly capacity payments**, based on the average actual load reduction provided during events that month or, if no events occurred, the monthly committed load reduction specified by the vendor, multiplied by PSE’s monthly capacity payment rate
- **(Optional) Monthly energy usage payments**, based on the vendor’s energy performance each month, multiplied by PSE’s hourly energy usage payment rate.
- **Other payments** as structured in Respondent’s response under Pricing Attachment (refer to Exhibit B tab “3c.DR”) and agreed upon with PSE

If the vendor fails to commit or deliver megawatts greater than or equal to the minimum committed load reduction specified in the contract during a program month, PSE will reserve the right to withhold some or all of the monthly payments to the vendor for that particular program month.

Additionally, in order to ensure successful delivery of products and services, Respondents’ performance and compensation will also be measured against specific pre-defined metrics,<sup>3</sup> which may include the following:

*Technology Products and Services:*

- System functionality meeting specifications identified in Respondent proposal
- Data collection/provision requirements (types of data and frequency of provision)
- Event monitoring and performance reporting (speed, comprehensiveness, and frequency)

*Implementation Services:*

- Timely enrollment of participants
- Timely installation of equipment

<sup>3</sup>These metrics will be specified at the time of the contract.

## 2022 Distributed Energy Resources RFP

### EXHIBIT J. DEMAND RESPONSE ADDENDUM

- Minimum levels of customer service satisfaction
- Minimum levels of customer class participation (including named communities)
- Timely provision of customer enrollment data and forecasts
- Accurate customer enrollment data and payment processing

#### *Curtailment Objectives:*

- Annual growth targets
- Cumulative curtailment capability
- Event performance
- Timely provision of required event data, analysis and forecasts

### Measurement and Verification

Proposals will be evaluated on a variety of criteria including, but not limited to: demonstrated competence and experience, management structure and assigned personnel, quality of proposed equipment and services, pricing, performance guarantees, and other criteria as outlined in Exhibit A.

PSE reserves the right to contact a respondent at any time for clarifications about any part of the respondent's proposal. Proposal review questions and communications will focus on clarifying the information set forth by the contractor in the proposals and will not be an opportunity for the contractor to revise terms.

PSE prefers proposals that provide the lowest reasonable cost throughout the program or project life, taking into account the price of the proposal and other factors that impact PSE's overall cost. PSE intends to analyze the economic benefits of demand response proposals in a manner consistent with the Integrated Resource Plan ("IRP").

PSE will evaluate responses as described in Exhibit A. The benefits and costs shown in the tables below will be included in the proposal evaluation process when applicable, quantifiable, and significant. PSE prefers proposals and combinations of proposals that result in the lowest impact on PSE's revenue requirements and rates when included in PSE's existing generation resource portfolio.

PSE will adjust the respondent's proposed capacity during the evaluation process using effective load carrying capability ("ELCC") as shown in Table 3. The ELCC used in this evaluation will be dependent on the bidder's proposed resource availability, i.e., frequency and duration of events.

For the purposes of measurement and evaluation the respondent will:

**2022 Distributed Energy Resources RFP**

**EXHIBIT J. DEMAND RESPONSE ADDENDUM**

- Provide participant data (to PSE and third-party evaluator) from a sufficient sample of customers for purposes of estimating average load impacts.
- Be called upon to provide meter and payment data, calculation methodologies and other relevant information related to enrolled participants.
- Conduct measurement and verification for estimation of load impacts (method to be agreed upon mutually with PSE, and verified by PSE and an independent contractor).

**Table 3. Cost-effectiveness benefits for DR resources**

Benefits
Avoided capacity costs <ul style="list-style-type: none"> <li>- System wide peak capacity</li> <li>- Local/Distribution peak capacity constraints (location specific)</li> </ul>
Avoided energy costs <ul style="list-style-type: none"> <li>- Alleviate consumption during short duration, high energy system supply cost periods</li> <li>- Events improve alignment between customer loads and available carbon-free generation</li> </ul>
Avoided transmission and distribution costs <ul style="list-style-type: none"> <li>- Possible transmission cost savings where event capacity delivery is firm</li> <li>- Location specific infrastructure upgrade deferrals                             <ul style="list-style-type: none"> <li>○ Substation Expansions</li> <li>○ Feeder modifications</li> <li>○ New substations</li> </ul> </li> </ul>
Avoided environmental compliance costs <ul style="list-style-type: none"> <li>- Possible CETA compliance cost savings by shifting customer energy use to adjacent and available carbon-free generation periods</li> </ul>

**Table 4. Costs for DR resources**

Costs
Program administrator expenses
Program administrator capital costs
Financial incentive to participant
DR measure cost: Program administrator
DR measure cost: Participant contribution
Participant transaction costs
Participant value of lost service
Increased energy consumption
Environmental compliance costs

**2022 Distributed Energy Resources RFP**

**EXHIBIT J. DEMAND RESPONSE ADDENDUM**

**Table 5. ELCC based on frequency and duration of DR events**

Peak Capacity Credit for Demand Response			
DEMAND RESPONSE	Capacity (MW)	Peak Capacity Credit Year 2027	Peak Capacity Credit Year 2031
Demand Response, 3-hr duration, 6-hr delay, 10 calls per year	100	26.0%	31.6%
Demand Response, 4-hr duration, 6-hr delay, 10 calls per year	100	32.0%	37.4%

**Data Requirements**

This describes the data support requirements that Respondents need to address in their proposals. Respondents are requested to refer to the data support items listed below in Table 6 in conjunction with the Implementation Plan requirements listed in Exhibit B tab “3c. DR”.

- Provide secure, data uploads into PSE’s data tracking system.
- Provide participant data from a sufficient sample of customers for purposes of estimating average load impacts.

**Table 6. Data support**

1. CIS and work management software	Describe your CIS and work management software, including how customer information is entered and updated, how scheduling of installations is accommodated, and how service requests and other necessary information are incorporated.
2. Interface requirements	Describe the process by which PSE’s system is updated or fed with real time information, such as load curtailment activity and other predefined fields. Also, describe processes for providing updates/reports.

**2022 Distributed Energy Resources RFP**

**EXHIBIT J. DEMAND RESPONSE ADDENDUM**

<p>3. Data sharing and reporting</p>	<p>Respond in detail to the following:</p> <ul style="list-style-type: none"> <li>• What types of information/data will be exchanged with PSE, and how will this data be transferred in a secure manner? Is it pulled, pushed on a time basis, or both?</li> <li>• What access will PSE staff have to account status, and what information will be available?</li> <li>• What types of status reporting will be provided to PSE, with what level of detail, and with what frequency?</li> <li>• What are your data retention policies?</li> <li>• What is your QA/QC process for ensuring that your customer data is correct and valid?</li> </ul>
<p>4. Reliability and backup</p>	<p>Describe the protections and recovery methods for dealing with unforeseeable events (e.g., acts of nature, computer or hard drive failure in the computing resources, or security breaches) that may compromise vital customer or work management data.</p>
<p>5. Testing approach</p>	<p>Describe how the data transfer processes will be tested initially and how they will be checked during the project to assure functionality and accuracy.</p>



*2022 Distributed Energy Resources RFP:*

## Exhibit L. Resources

## 2022 Distributed Energy Resources RFP

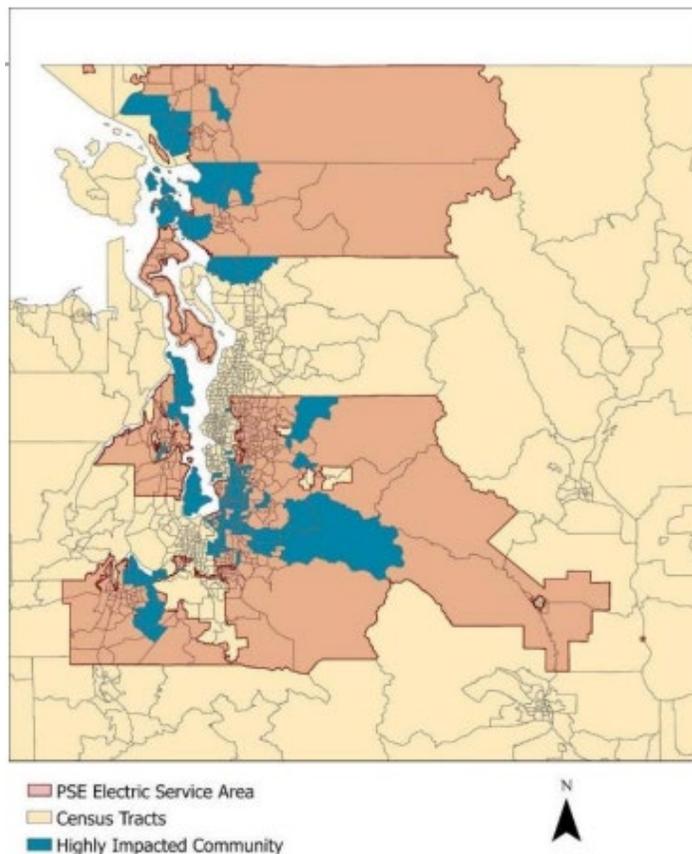
### EXHIBIT L. RESOURCES

#### *Resources*

The purpose of Exhibit L is to give respondents to the DER RFP resources to help understand the context in which PSE is acquiring DERs by providing recent regulatory filings, and information on PSE's distribution system. This includes information on PSE's distribution system for the purposes of interconnection of DERs.

#### Regulatory Filings and Information

- PSE's 2021 Integrated Resource Plan ([link](#))
- PSE's 2021 All-Source Request for Proposals ([link](#))
- PSE's 2021 Clean Energy Implementation Plan ([link](#))
  - PSE's 2022-2023 Biennial Conservation Plan ([link](#))
- CETA Definition of Highly Impacted Community ([link](#))
  - Highly Impacted Communities Map and PSE Electric Service Territory:

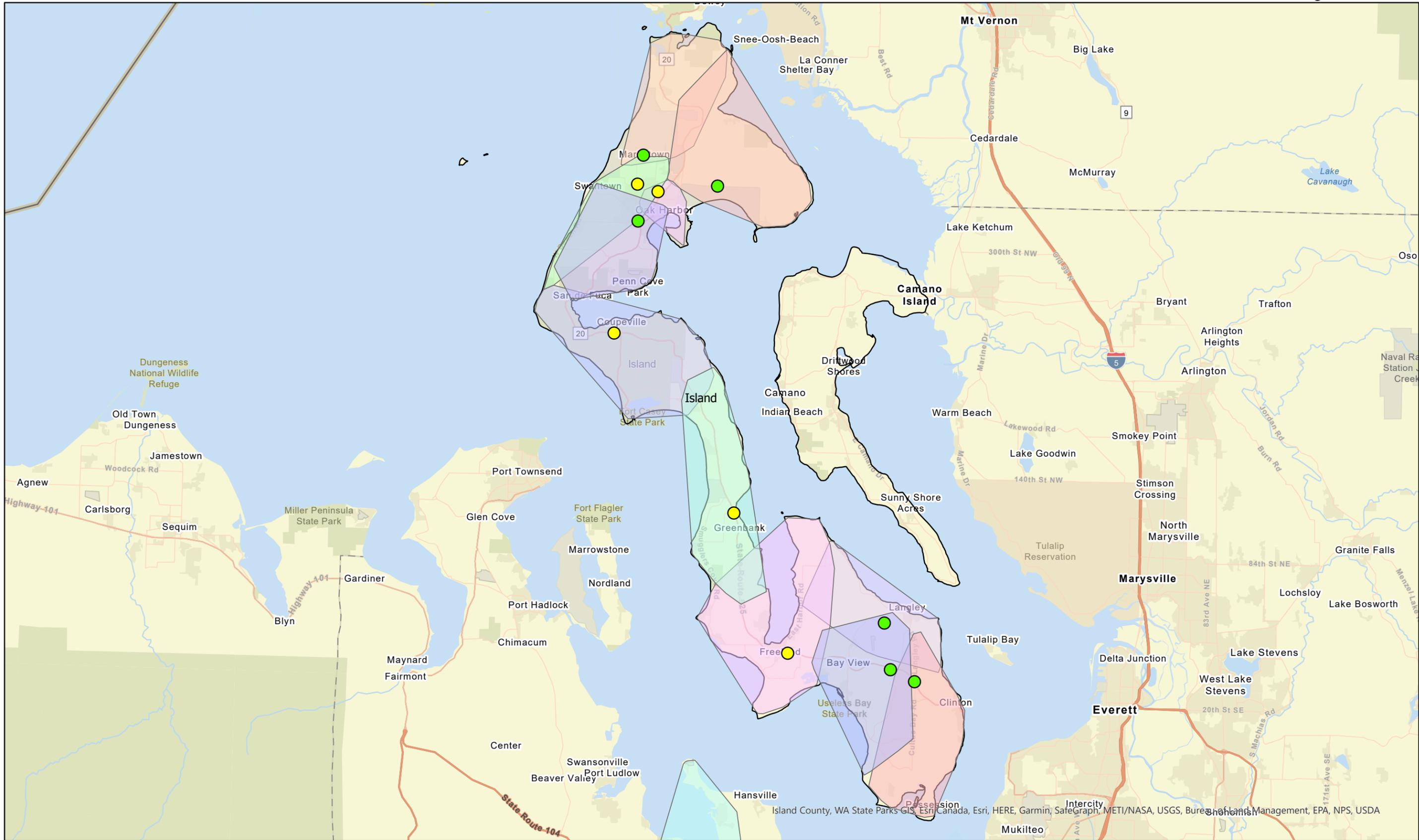


## 2022 Distributed Energy Resources RFP

### EXHIBIT L. RESOURCES

#### PSE Distribution System Information

- PSE expects the draft Hosting Capacity Map to be live by the end of November 2021 at this [link](#). PSE will post an update to the “Updates and Notifications” section under the 2022 DER RFP heading at [www.pse.com/rfp](http://www.pse.com/rfp) when the Hosting Capacity Map is live and publicly available.
- Distribution Substation Load Maps by county on subsequent pages
  - Distribution Substation Load Maps show forecasted loading at PSE substations, thus indicating locations where DERs could potentially contribute to local distribution capacity relief.
  - Distribution Substation Load Maps are based on known existing system conditions and local load forecasts. Data is subject to change as updates are made to distribution system loading and configuration.



**PSE PUGET SOUND ENERGY**

0 1.5 3 6 Miles

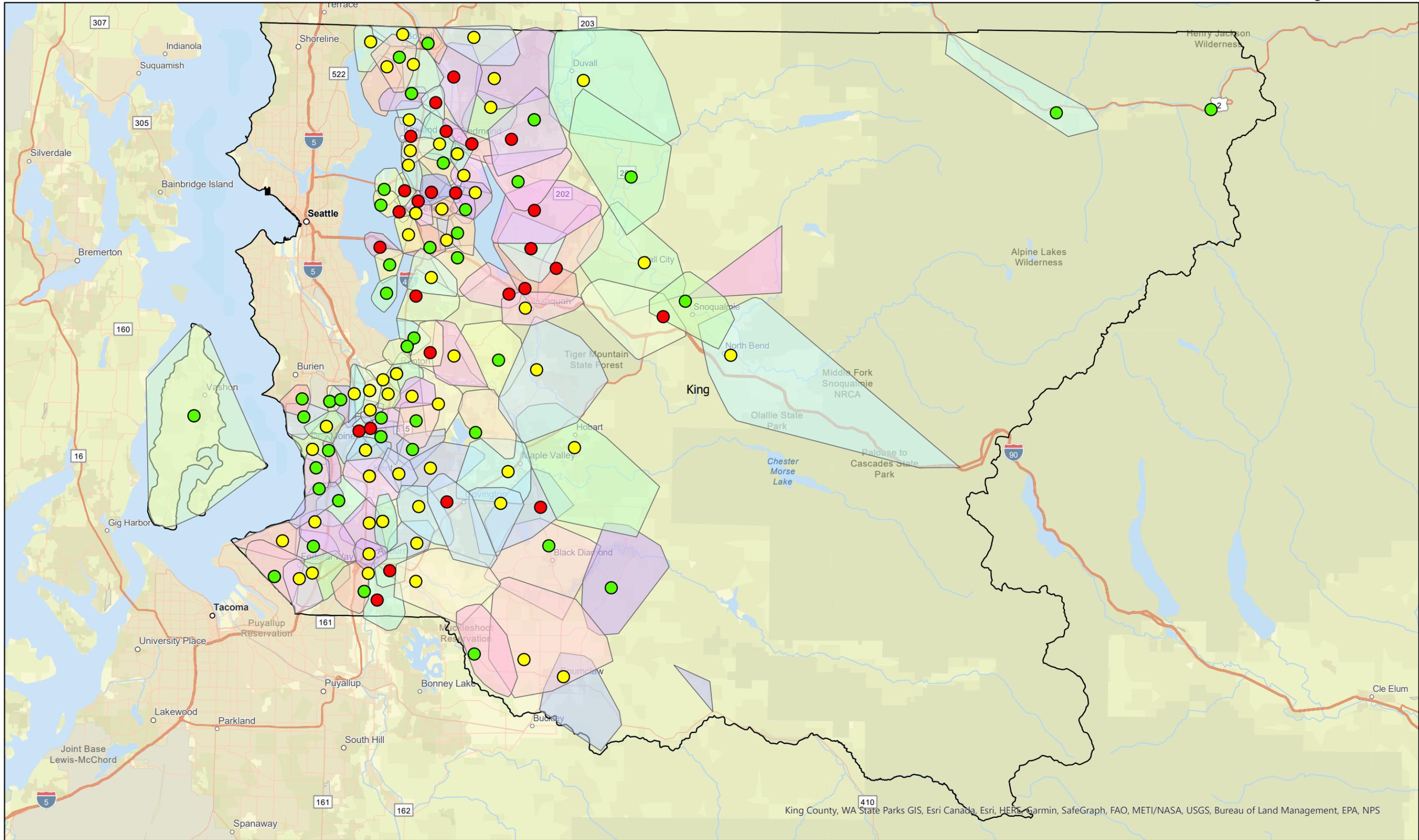
# Island County Distribution Substation Load Map

**Legend**

- Lightly Loaded
- Medium Loaded
- County
- Substation

The information on the attached map is subject to change without notice. Puget Sound Energy makes no representation or warranty of suitability of this information for any purpose. This map is not to be used for determining the actual location of any PSE facilities. This document may contain Critical Energy Infrastructure Information (CEII), the use or disclosure of which is restricted. Copyright ©2012. All rights reserved.

Property of Puget Sound Energy  
Maps, Records and Technology  
355 110th AVE NE, BELLEVUE, WA, 98004  
NAD\_1983\_StatePlane\_Washington\_North\_FIPS\_4601\_Ft  
Date: 11/10/2021 1:242,000



King County, WA State Parks GIS, Esri Canada, Esri, HERE, Garmin, SafeGraph, FAO, METI/NASA, USGS, Bureau of Land Management, EPA, NPS

**PSE PUGET SOUND ENERGY**

# King County Distribution Substation Load Map

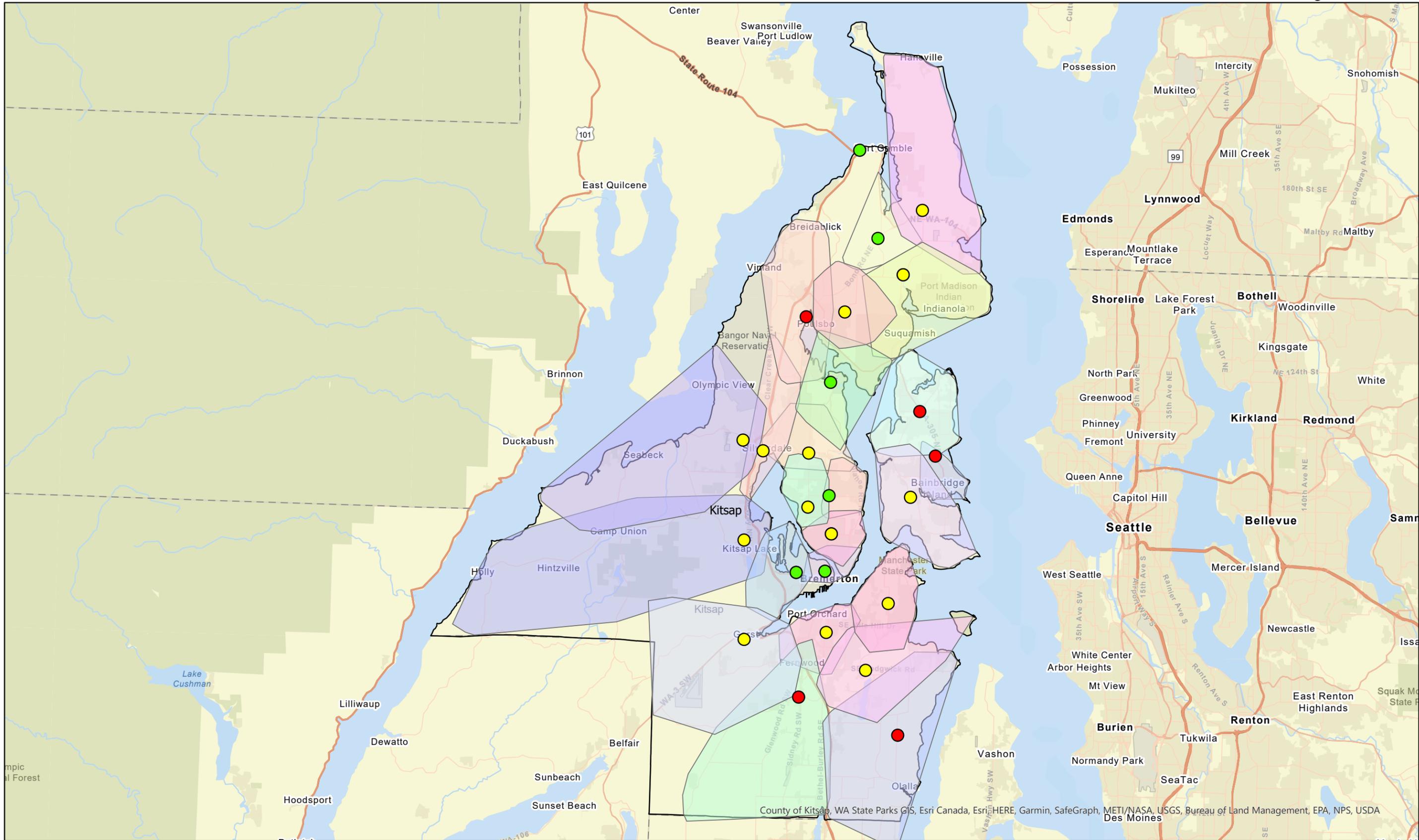
**Legend**

- Lightly Loaded
- Medium Loaded
- Heavily Loaded
- County
- Substation



The information on the attached map is subject to change without notice. Puget Sound Energy makes no representation or warranty of suitability of this information for any purpose. This map is not to be used for determining the actual location of any PSE facilities. This document may contain Critical Energy Infrastructure Information (CEII), the use or disclosure of which is restricted. Copyright ©2012. All rights reserved.

Property of Puget Sound Energy  
Maps, Records and Technology  
355 110th AVE NE, BELLEVUE, WA, 98004  
NAD\_1983\_StatePlane\_Washington\_North\_FIPS\_4601\_Ft  
Date: 11/10/2021 1:333,000



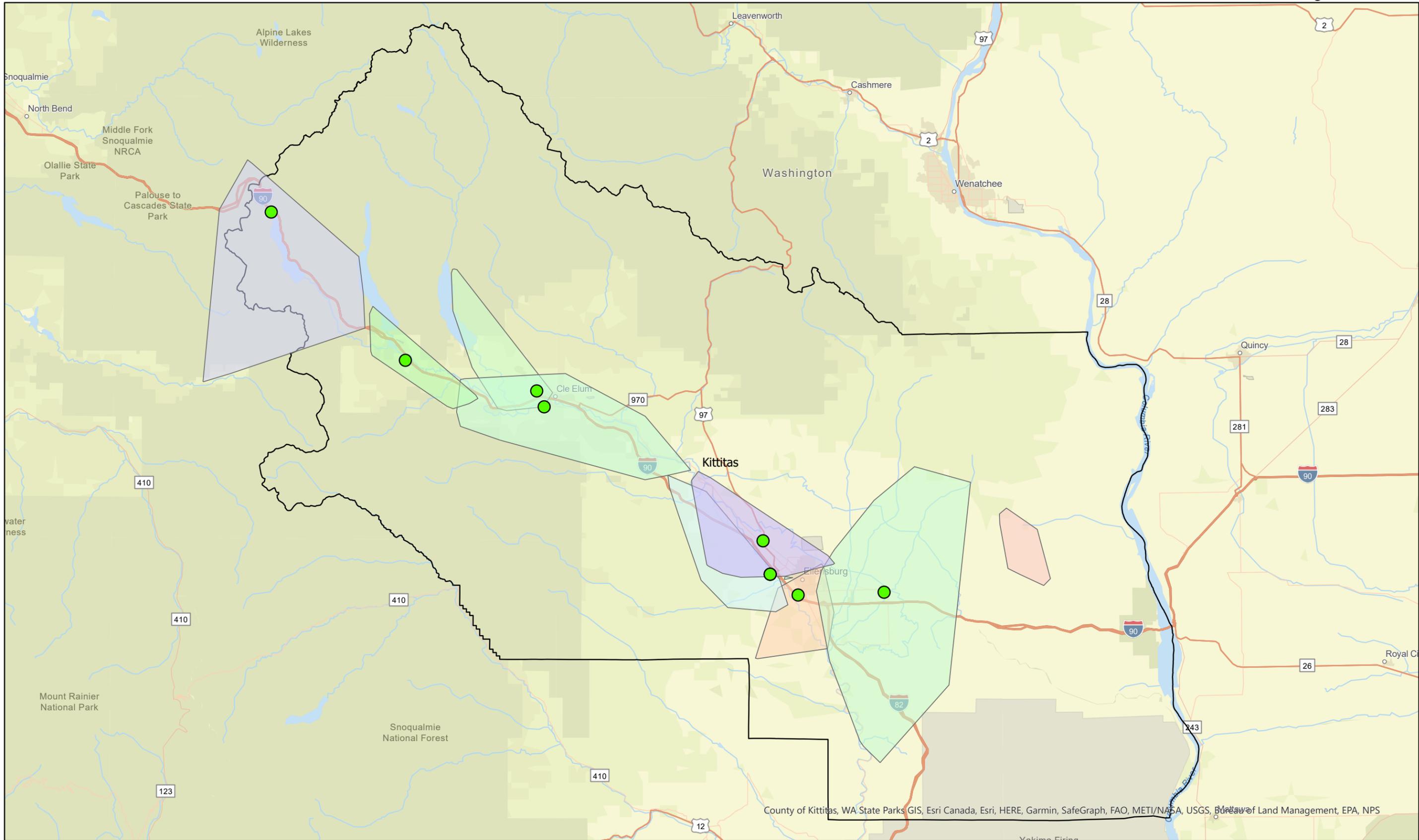
# Kitsap County Distribution Substation Load Map

**Legend**  
● Lightly Loaded    ● Medium Loaded    ● Heavily Loaded     County     Substation



The information on the attached map is subject to change without notice. Puget Sound Energy makes no representation or warranty of suitability of this information for any purpose. This map is not to be used for determining the actual location of any PSE facilities. This document may contain Critical Energy Infrastructure Information (CEII), the use or disclosure of which is restricted. Copyright ©2012. All rights reserved.

Property of Puget Sound Energy  
 Maps, Records and Technology  
 355 110th AVE NE, BELLEVUE, WA, 98004  
 NAD\_1983\_StatePlane\_Washington\_North\_FIPS\_4601\_Ft  
 Date: 11/10/2021      1:255,000



County of Kittitas, WA State Parks GIS, Esri Canada, Esri, HERE, Garmin, SafeGraph, FAO, METI/NASA, USGS, Bureau of Land Management, EPA, NPS



## Kittitas County Distribution Substation Load Map

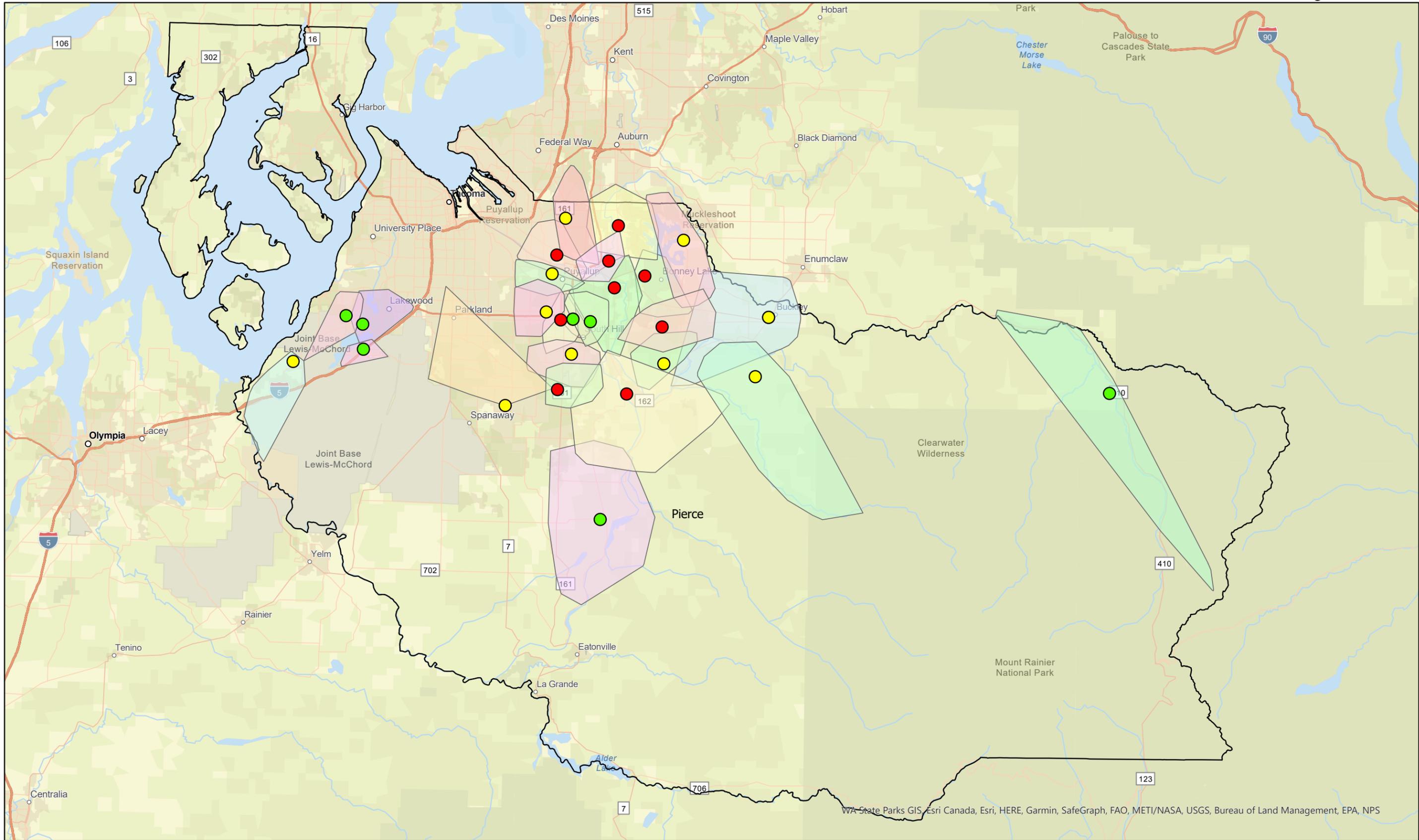
**Legend**  
● Lightly Loaded  County

Substation



The information on the attached map is subject to change without notice. Puget Sound Energy makes no representation or warranty of suitability of this information for any purpose. This map is not to be used for determining the actual location of any PSE facilities. This document may contain Critical Energy Infrastructure Information (CEII), the use or disclosure of which is restricted. Copyright ©2012. All rights reserved.

Property of Puget Sound Energy  
 Maps, Records and Technology  
 355 110th AVE NE, BELLEVUE, WA, 98004  
 NAD\_1983\_StatePlane\_Washington\_North\_FIPS\_4601\_Ft  
 Date: 11/10/2021 1:408,000



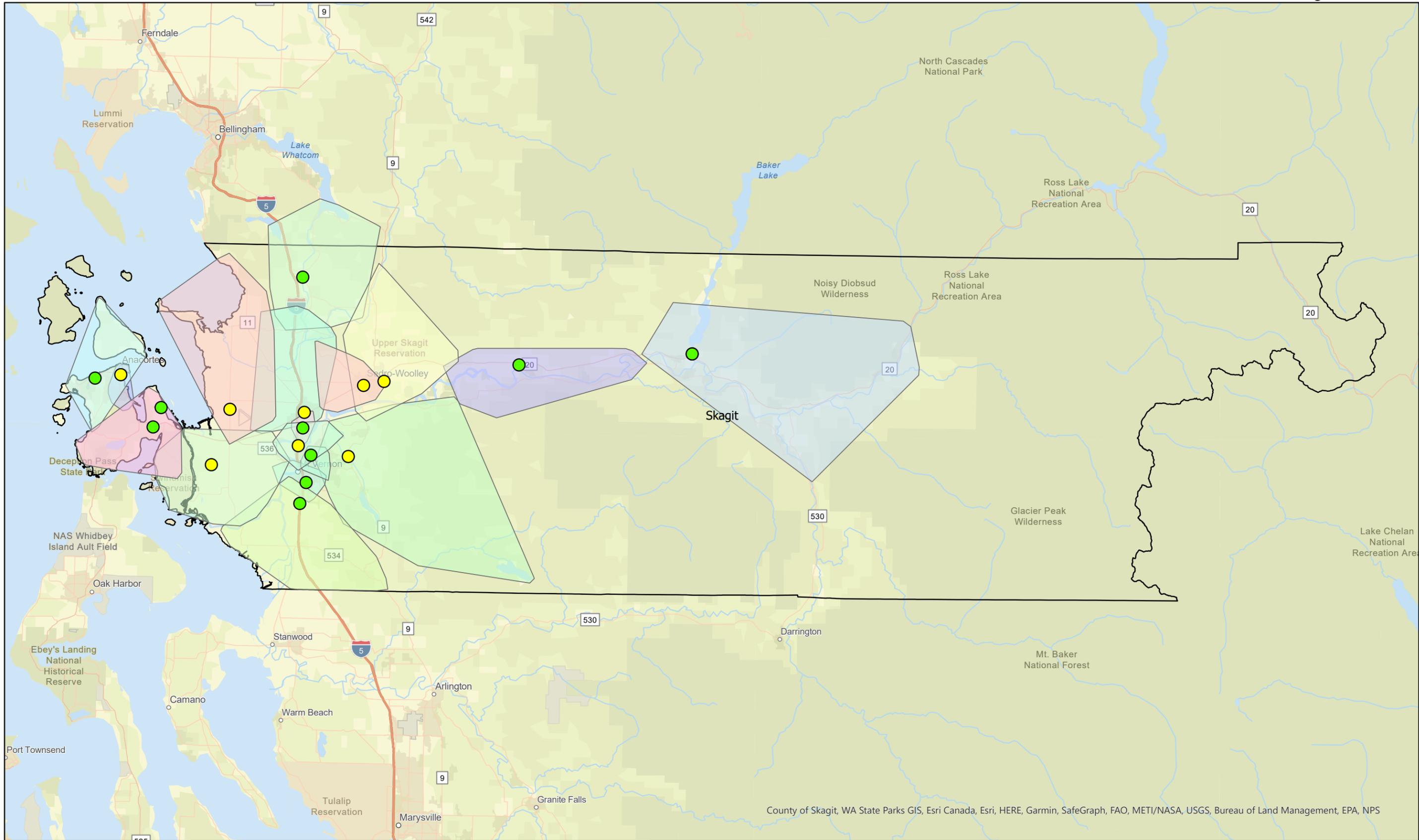
## Pierce County Distribution Substation Load Map

**Legend**

- Lightly Loaded
- Medium Loaded
- Heavily Loaded
- County
- Substation

The information on the attached map is subject to change without notice. Puget Sound Energy makes no representation or warranty of suitability of this information for any purpose. This map is not to be used for determining the actual location of any PSE facilities. This document may contain Critical Energy Infrastructure Information (CEII), the use or disclosure of which is restricted. Copyright ©2012. All rights reserved.

Property of Puget Sound Energy  
Maps, Records and Technology  
355 110th AVE NE, BELLEVUE, WA, 98004  
NAD\_1983\_StatePlane\_Washington\_North\_FIPS\_4601\_Ft  
Date: 11/10/2021 1:326,000



County of Skagit, WA State Parks GIS, Esri Canada, Esri, HERE, Garmin, SafeGraph, FAO, METI/NASA, USGS, Bureau of Land Management, EPA, NPS



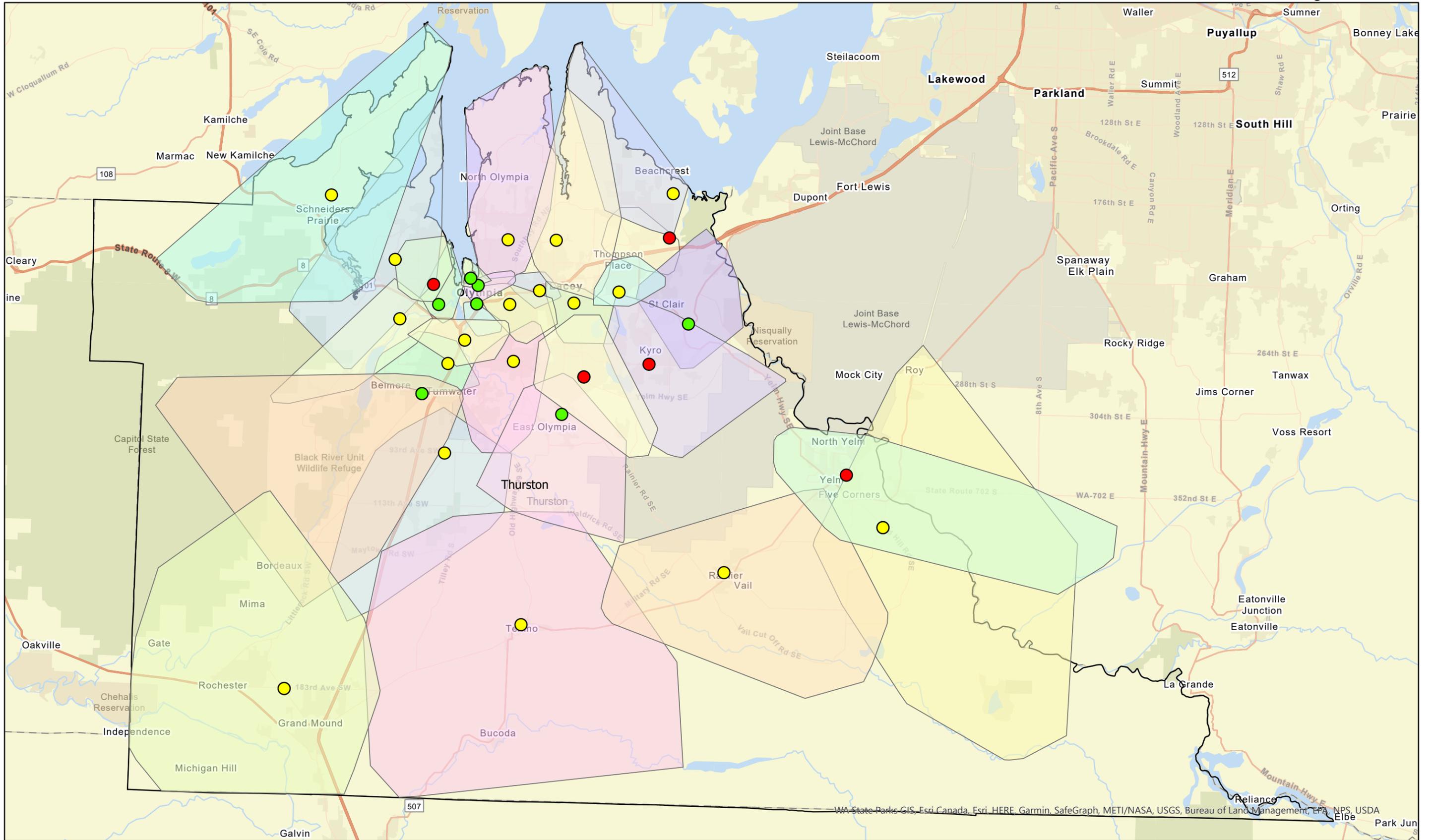
## Skagit County Distribution Substation Load Map

- Legend**
- Lightly Loaded
  - Medium Loaded
  - County
  - Substation



The information on the attached map is subject to change without notice. Puget Sound Energy makes no representation or warranty of suitability of this information for any purpose. This map is not to be used for determining the actual location of any PSE facilities. This document may contain Critical Energy Infrastructure Information (CEII), the use or disclosure of which is restricted. Copyright ©2012. All rights reserved.

Property of Puget Sound Energy  
Maps, Records and Technology  
355 110th AVE NE, BELLEVUE, WA, 98004  
NAD\_1983\_StatePlane\_Washington\_North\_FIPS\_4601\_Ft  
Date: 11/10/2021 1:382,000



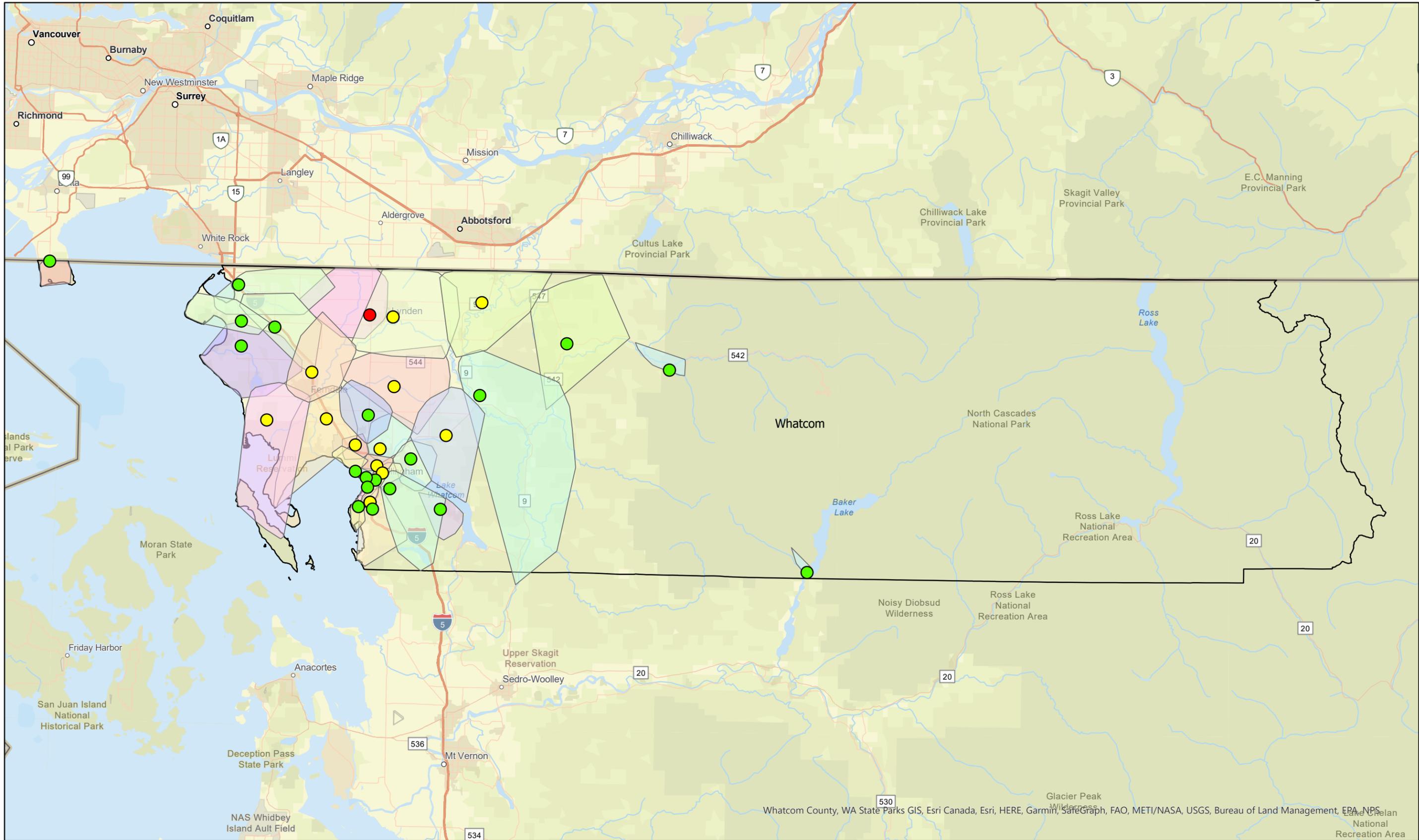
## Thurston County Distribution Substation Load Map

**Legend**

- Lightly Loaded
- Medium Loaded
- Heavily Loaded
- County
- Substation

The information on the attached map is subject to change without notice. Puget Sound Energy makes no representation or warranty of suitability of this information for any purpose. This map is not to be used for determining the actual location of any PSE facilities. This document may contain Critical Energy Infrastructure Information (CEII), the use or disclosure of which is restricted. Copyright ©2012. All rights reserved.

Property of Puget Sound Energy  
Maps, Records and Technology  
355 110th AVE NE, BELLEVUE, WA, 98004  
NAD\_1983\_StatePlane\_Washington\_North\_FIPS\_4601\_Ft  
Date: 11/10/2021 1:206,000



## Whatcom County Distribution Substation Load Map

**Legend**

- Lightly Loaded
- Medium Loaded
- Heavily Loaded
- County
- Substation

The information on the attached map is subject to change without notice. Puget Sound Energy makes no representation or warranty of suitability of this information for any purpose. This map is not to be used for determining the actual location of any PSE facilities. This document may contain Critical Energy Infrastructure Information (CEII), the use or disclosure of which is restricted. Copyright ©2012. All rights reserved.

Property of Puget Sound Energy  
Maps, Records and Technology  
355 110th AVE NE, BELLEVUE, WA, 98004  
NAD\_1983\_StatePlane\_Washington\_North\_FIPS\_4601\_Ft  
Date: 11/10/2021 1:449,000



*2022 Distributed Energy Resources RFP:*

# Exhibit M. Co-Branding and Customer Interaction Requirements

## 2022 Distributed Energy Resources RFP

### EXHIBIT M. CO-BRANDING AND CUSTOMER INTERACTION REQUIREMENTS

#### *Co-Branding and Customer Interaction Requirements*

##### Co-Branding with PSE

###### **Policy Statement:**

It is PSE's business policy to maintain a standardized customer-facing presentation/image while directly engaging with our residential, business and retail customers. PSE requires that all vendors under contract with PSE and working in customer-facing roles also maintain appropriate standardization.

All materials developed—for external or internal use—must follow PSE's brand standards. The use of vendor-managed creative teams (including, but not limited to, graphic designers, videographers, photographers and developers) must be pre-approved by PSE's Brand and Marketing teams, via the program's designated Marketing Manager. Vendors approved to produce materials on PSE's behalf will receive a copy of PSE's brand guidelines and assets and must attend a one-hour brand training. All work must be reviewed and approved by PSE's Brand and Marketing teams prior to production.

Each PSE program is unique and co-branding activities will be based specifically on how each vendor interacts with PSE customers. Some areas for co-branding include:

###### **Vendor Identification:**

Vendors will be provided PSE contractor badges. When interacting with PSE customers, these badges must be prominently displayed at all times.

###### **Business Cards:**

Contractor business cards must meet PSE contractor corporate standards.

###### **Clothing:**

PSE logo shall be prominently displayed on clothing worn at PSE customer sites.

###### **Vehicles:**

Vehicles driven by vendors to PSE customer sites must have PSE logo prominently displayed along with the vendor's logo or company name.

###### **Customer Displays/Events:**

Customer displays, event materials and marketing collateral shall have PSE logos and other PSE identifiers located on all material (table top displays, canopies, trade show displays, handouts, etc.)

###### **Customer Notifications and Digital Properties:**

Customer-facing notifications including digital communications (e.g., email, SMS), websites, and printed materials should use PSE-branded templates and approved PSE design elements. All written communication to PSE customers shall have PSE logos or other identifiers.

##### Customer Interaction Requirements

## 2022 Distributed Energy Resources RFP

### EXHIBIT M. CO-BRANDING AND CUSTOMER INTERACTION REQUIREMENTS

#### **Collateral, Messaging, and Execution Logistics**

Customer experience is at the center of PSE ethos. As such, the vendor will work with PSE to define the customer journey, as well as the most efficient and effective processes to successfully communicate, schedule and execute assessments. These processes will be the foundation for an excellent customer experience.

Having the right collateral and messaging will ensure we are starting on the right foot with customers and can clearly communicate the goals of the program and the benefits of the relationship to the customer.

In all communities we serve, especially ones that are considered highly impacted or part of a vulnerable population, the vendor will work with PSE to understand customer's barriers and build marketing and outreach communications that are relevant, culturally competent, removes barriers and make program participation more accessible.

To ensure this the PSE team will:

- Review and approve all training, marketing, outreach and communications materials including digital and non-digital materials.
- Provide detailed internal program messaging documents to aid liaisons to speak to PSE programs, services, and benefits. This messaging will also include but not limited to: PSE potential messages to help the outreach team navigate potentially difficult conversations with PSE customers, and an email template to use for program follow-up.
- Provide an outreach best practices document to guide and train community liaisons in building relationships on PSE's behalf

#### **Cross-cultural and Multilingual Customer Experience**

Customer-facing materials and communications in languages other than English should be transcreated (not simply translated), to authentically represent the voices and experience of the customers PSE serves. Transcreation reinforces PSE's principles on providing equitable program access for all customers, in a manner that reflects the diverse communities in PSE's service area. Depending on the program, multiple languages may be represented as dominant, and this should be represented in program communications.

#### **Current Standard PSE Contractor Language:**

##### **Customer Services**

Contractor will at all times maintain a high level of Customer service and satisfaction during the term of this Agreement. Without limiting the generality of the foregoing, Contractor:

- (i) will respond to Customers within one (1) working day of an initial request and will keep appointments or contact Customers not less than 24 hours in advance of an appointment to reschedule;

## 2022 Distributed Energy Resources RFP

### EXHIBIT M. CO-BRANDING AND CUSTOMER INTERACTION REQUIREMENTS

- (ii) will provide all estimates to Customers free of cost; provided however, that if due to special circumstances Contractor will charge a site visit, proposal or other fee, such cost must be fully disclosed to Customers upon scheduling the initial visit with Customer;
- (iii) will clean up the work area to the same or better conditions after any installation or service, and will follow all state and local requirements to ensure proper recycling and/or disposal of debris or waste materials;
- (iv) will provide same day customer contact to respond to Customers relating to (as applicable) (i) the quality of any equipment sold, (ii) the quality of the installation service, (iii) the Customer's satisfaction with the services or with the equipment provided or (iv) scheduling repairs to the equipment installed by Contractor that does not comply with the warranty set forth in Section 1(f). With respect to such repairs, Contractor will use its best efforts to perform all repair work at the earliest opportunity during its normal work schedule (but in any event, no later than ten (10) calendar days after contacted by Customer) and at no additional charge to the Customer; provided, however, that if a repair is necessary to provide Customer with hot water, heat, or if Customer's health or safety is impaired, Contractor will perform the repair within 24 hours.
- (v) will immediately take all necessary safety precautions and appropriate actions to remedy any unsafe condition related to the equipment or worksite;
- (vi) will not mislead Customers or engage in any unfair or deceptive trade practice.

#### **Additional Terms for DER Customer Services**

In conjunction with the terms above, PSE requests that Contractor:

- (i) will provide information on customer complaints received regarding DER products and services.
- (ii) will indicate how PSE customer interests will be considered when dispatching an event.
- (iii) will provide the ability for customers to opt out of a called event. Contractor to provide description of the process for opting out.

#### **Additions for Team Consideration (not all clauses are applicable for every respondent):**

##### **Marketing Development and Implementation Plan**

Contractor may support development and implementing of a marketing plan, as directed by PSE's Marketing team.

##### **Outbound Calling**

Contractor will provide outbound call assistance to PSE to acquire eligible customers and promote general program awareness. A mutually agreed upon scope and script will be developed.

##### **PSE Program Marketing and Cross-Promotion**

Contractor will provide PSE customers marketing materials about other PSE programs that will give participating customers information about other services PSE offers, including scheduling instructions. Actual scheduling and sales will be handled by PSE and registered Contractors for those other programs. PSE will provide Contractor with marketing materials to distribute to PSE customers or will approve all Contractor-created materials.

##### **Call Center**

Contractor has an established customer call center that will be responsible for participant scheduling and confirmation of service, instructing customers on preparing their home for service appointment,

## 2022 Distributed Energy Resources RFP

### EXHIBIT M. CO-BRANDING AND CUSTOMER INTERACTION REQUIREMENTS

program questions and the timely resolution of customer service issues. PSE will develop an approved script with contractor.

#### **Call Answering**

Contractor will provide a toll-free number dedicated to customer information and enrollment. Calls for service will be directed into Contractor's call center and go into a queue to be taken by the next available representative. A recording will play after regular business hours informing customers to leave a message for a return call during business hours.

#### **Metrics**

Contractor will answer all calls coming into the call center at a minimum rate of 80% within 30 seconds. The call abandonment rate should be 5% or less. These metrics will be required for both English and non-English calls, refer to Cross-cultural and Multilingual Customer Experience.

#### **Hours**

Contractor's call center will operate between the hours of 5:00 a.m. – 8:00 p.m. Monday through Friday and 7:00 a.m. – 6:00 p.m. Saturday Pacific Time. After-hours callers are directed to a voice mail system to leave a message for next business day follow-up. These hours are subject to change upon mutual agreement by Contractor and PSE. Unanswered calls are directed to a voicemail box for next business day follow-up.

#### **Automation Capabilities**

Contractor will maintain full automation capabilities for scheduling callers, hold messaging, multi-caller routing, voice mail, and call reports with statistics. Each workstation will be equipped with a computer allowing access to the customer database.

#### **Call Monitoring**

Contractor will allow PSE to monitor calls to ensure Contractor is adhering to corporate standards. These calls may be listened to live (live calls can be listened to only at the call center location). Contractor will also silently monitor calls on a regular basis and address any performance issues.

#### **Correspondence**

Contractor will handle customer correspondence related to the program whether it is email or hard copy, with prior consent and approval from PSE.

#### **Emergency Plan**

Contractor will maintain a backup plan for the call center and direct toll-free numbers and will redirect calls according to the plan during emergency situations.

#### **Confirmation Call**

Contractor will provide customers a confirmation phone call and reminder of their appointment.

#### **Resolving Conflicts**

Contractor customer service employees will be empowered to resolve customer conflicts, thus keeping customer dissatisfaction to a minimum (and minimizing call transfers).

## 2022 Distributed Energy Resources RFP

### EXHIBIT M. CO-BRANDING AND CUSTOMER INTERACTION REQUIREMENTS

#### **Training**

All Contractor customer service representatives will be trained on the program, including an overview of the program, an in-depth understanding of answers to commonly asked questions, and a marketing calendar that will be updated as needed.

#### **Responsibilities**

Contractor's call center agents are responsible for providing customers with accurate program information, verifying customer eligibility, scheduling appointments, completing outbound calls to gather or relay information, and performing all duties in a courteous, accurate and timely manner.

#### **Meetings**

PSE will communicate and collaborate on a regular basis to review program performance and address day-to-day challenges. Contractor will hold weekly meetings with PSE to ensure all issues are identified and resolved quickly and effectively. In this meeting; performance, marketing, compliments, complaints, and progress to goal will be discussed, in addition to other topics as needed.

#### **Website:**

Contractor operates a website – <http://www.xyzcontractor.net/>. Note that customers can choose to utilize the website in either English or non-English languages most pertinent to the customer base, refer to Cross-cultural and Multilingual Customer Experience. Contractor will provide PSE ability to review and perform customization of the web enrollment pages established for PSE.

Any digital communications involving email or a website will need to conform to PSE brand and digital standards. Vendor online implementation proposal should provide for integration with PSE's web platform, as follows.

Customers should experience online engagement with PSE seamlessly from their device of choice. Account information, supporting content, task status, and the way interactions look and feel should be consistent as the customer moves between transactions, devices or channels.

Secure transactions should be managed with a single sign-on (SSO) through PSE's myPSE Account login. Customer navigation between PSE.com and the vendor platform should provide a seamless user experience.

Vendor should answer the following questions:

- Does vendor provide a hosted platform, API, or other implementation? What are the options?
- Does the product support content management and administration by PSE business owners?
- What is the process for making changes to the product regarding messaging, customer experience, etc.?
- What customer communication options does this product provide or support: on-screen confirmation messaging; email message; SMS?
- What customer data is stored; where and how? Is it accessible to PSE?
- How will the solution integrate with PSE's Customer Information System (CIS)?
- What technical customer support is provided? Is there a separate call center?
- What is the upgrade path for the product? How may PSE participate in upgrade designs?

## 2022 Distributed Energy Resources RFP

### EXHIBIT M. CO-BRANDING AND CUSTOMER INTERACTION REQUIREMENTS

**Field Performance:**

All field personnel will carry cell phones, and will be dressed to convey a professional image that is branded as required by PSE's Co-Branding Requirements.

Customers will be called by Contractor call center staff members either 1 or 2 days ahead to confirm appointments.

Customers will be called by crew members approximately 30 minutes ahead of the crew's expected arrival time as a "final" reminder (and/or if traffic/weather conditions will affect arrival times relative to the appointment time window). Note: the crew will go to the pickup site even if there is no answer to this particular reminder call, since it is Contractor's experience that many customers 1) arrive just ahead of crews and/or 2) have caller ID telephone functions, and do not pick up calls from phone numbers that are not recognized.

At the customer site, the crew member(s) initially will display badge identification to the customer. Note: if damage occurs, the damage is noted, the crew person calls a supervisor in front of the customer, and the supervisor speaks directly to the customer; the issue is then resolved within 48 hours.

If the customer is not home, a door tag will be left with the driver's name, mobile phone number, and the 800 number so the customer can reschedule. If the customer calls the driver and the truck is still in the area, the truck will return the same day to complete the appointment.

Customer is always thanked for being a PSE customer and a PSE leave behind kit is left as a final thank you.



*2022 Distributed Energy Resources RFP:*

# Exhibit N. IT Security Questionnaire

2022 Distributed Energy Resources RFP

EXHIBIT N. IT SECURITY QUESTIONNAIRE

*IT Security Questionnaire*

Security Questionnaire Responses:

1. How do you ensure the confidentiality of PSE data and/or customer data?	
2. Do you ensure that PSE data and/or customer data remains stored in the US?	
3. Do you perform criminal history background checks on all employees with access to PSE data and/or customer data?	
4. Do you commit to providing notice to PSE within 24 hours of confirmation in the case of any unauthorized disclosure of confidential information?	
5. Do you provide any method or process for obtaining and recording customer consent for collecting, processing, or sharing any identifying and/or confidential information relating to each specific PSE customer?	
6. Do you provide any method or process for customers to revoke their consent for collecting, processing, or sharing any identifying and/or confidential information relating to each specific PSE customer?	



*2022 Distributed Energy Resources RFP:*

# Exhibit P. PSE Customer Consent Letter

2022 Distributed Energy Resources RFP

EXHIBIT P. PSE CUSTOMER CONSENT LETTER

*PSE Customer Consent Letter*

\_\_\_\_\_ ("Customer") hereby voluntarily authorizes Puget Sound Energy's ("PSE") transmission and/or distribution departments ("PSE Transmission") to share interconnection and metering information with PSE's marketing function employees, including but not limited to those in Energy Supply Merchant ("PSE Merchant"):

All information, including interconnection information, related to Customer's existing or proposed generating facility, as well as its integration into PSE transmission and/or distribution system.

PSE Transmission has not provided any preferences, either operational or rate-related, to Customer in exchange for Customer's authorization and consent to share interconnection information.

Customer understands that this authorization and consent shall be posted on PSE's OASIS website (<https://www.oasis.oati.com/psei/index.html>) for transmission interconnections.

**Customer**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_