



# RFP QUANTITATIVE AND QUALITATIVE ANALYSIS

## APPENDIX D

# Contents

- 1. 2021 All-Source RFP evaluation and methodology ..... 1**
  - 1.1. Quantitative and qualitative analysis ..... 1
- 2. 2022 DER RFP evaluation and methodology ..... 3**
  - 2.1. Quantitative and qualitative analysis ..... 3
- 3. 2023 Distributed Solar and Storage RFP evaluation and methodology ..... 14**
  - 3.1. Quantitative and qualitative analysis ..... 14

# 1. 2021 All-Source RFP evaluation and methodology

## Docket UE-210220

### 1.1. Quantitative and qualitative analysis

PSE initiated the 2021 All-Source RFP to bring utility-scale resources to meet the interim targets and annual goals from the 2021 CEIP. PSE provides an overview of the qualitative and quantitative analysis performed for this RFP below.

#### 1.1.1. Phase 1: Preliminary cost analysis and risk assessment

In Phase 1, PSE conducted a preliminary cost analysis and qualitative risk screening to produce a list of the most promising resources for further consideration. Proposals were evaluated and ranked based on their combined quantitative (price) and qualitative (non-price) scores, which were weighted at 70 percent and 30 percent respectively. Qualitative scoring was based on a rubric composed of six risk/benefit categories. The rubric describes in detail the criteria for each category and is attached as [Exhibit A](#) to the 2021 All-Source RFP, which was approved in WUTC docket [UE-210220](#). The Equity Customer Benefit (ECB) plan category carried the highest weight of the six categories in the qualitative evaluation, as shown in Table D.1.

**Table D.1: Qualitative scoring categories and weights**

Qualitative scoring category	Weight
1. Counterparty Viability	3%
2. Project Viability	3%
3. Site Control	3%
4. Permitting and Studies	3%
5. Energy Delivery	7.5%
6. <b>Equity/Customer Benefit</b>	<b>10.5%</b>
<b>TOTAL</b>	<b>30%</b>

**Figure D.1: CETA equity plan qualitative areas**

CETA Equity Plan	35%	x	_ / 5
No CETA Equity plan provided			0
Plan submitted - Minimally addresses all areas			1
Strongly addresses two (2) of the five CBI areas and minimally addresses the remaining three (3) CBI areas			2
Strongly addresses three (3) of the five CBI areas and minimally addresses the remaining two (2) CBI areas			3
Strongly addresses four (4) of the five CBI areas and minimally addresses the remaining one (1) CBI area			4
Strongly addresses all five (5) CBI areas (Environmental, Economic, Health, Energy and Non-Energy Benefits, and Energy Security and Resiliency)			5

PSE evaluated and scored each proposal based on the degree to which the proposal information and ECB plan addressed one or more of the five customer benefit indicator (CBI) categories in alignment with the CETA statute, RCW 19.405.040(8): environment, health, economic, energy and non-energy benefits, and energy security and resiliency. The evaluation team considered specific plans to address the CBI categories, as well as commitments from the bidder to carry out their plans and/or track the contributions of the proposed project. A proposal that minimally addressed equity and customer benefits across the five CBI categories received a score of one, while a proposal that strongly addressed at least two CBI categories received a two, with a potential highest score of five for any proposal that strongly addressed all five categories.

At the end of Phase 1, sixty-seven (67) proposals with the highest combined price and non-price scores from each resource category were identified for further evaluation in Phase 2. No project received a score higher than three in the CBI category at the end of Phase 1.

**Table D.2: 2021 All-Source RFP Proposals selected for Phase 2**

Resource Category	Phase 2	
	# of Proposals	Total Capacity (MW)
Solar	19	3,118
Wind	16	3,484
Storage	27	4,360
Flexible Capacity	4	959
Other Resources	1	20
<b>Total</b>	<b>67</b>	<b>11,941</b>

### Phase 2: Portfolio optimization and qualitative due diligence

In Phase 2, PSE performed a portfolio optimization analysis and due diligence review of each proposal to verify proposal information, identify key commercial issues and project risks. Prior to selecting a short list, PSE performed a sensitivity analysis (CBI sensitivity analysis) aimed at producing a resource portfolio that would meet the capacity and renewable needs identified in the 2021 All-Source RFP while also maximizing CBIs. Since no project scored above a three in Phase 1, PSE included projects with an ECB plan score of two or better and no identified fatal flaws in the CBI sensitivity analysis conducted during Phase 2. PSE used the results of the CBI sensitivity analysis to help inform the selection of its RFP short list and backup list. Notably, a majority of the resources selected in the CBI sensitivity were also selected in the base case.

## Phase 3: Concurrent analysis

In the concurrent analysis, PSE brought in all three of the Demand Response programs noted above as part of the modeling analysis. In this analysis all three demand response projects were selected as part of the short-list.

# 2. 2022 DER RFP evaluation and methodology

Docket UE-210878

## 2.1. Quantitative and qualitative analysis

PSE's evaluation of resources for the 2022 Distributed Energy Resources Request for Proposals (2022 DER RFP) was based on a combined quantitative and qualitative assessment of all proposals that met the minimum requirements of the 2022 DER RFP. Taken together, the quantitative and qualitative evaluation criteria assessed the feasibility of proposals and measured 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.

PSE divided its evaluation process into three phases:

1. A screening phase (Phase 1)
2. The Value Fit program building and portfolio design phase (Phase 2)
3. Concurrent evaluation with the All-Source RFP shortlist in Docket UE-210220

In Phase 1, proposals were evaluated and scored based on the quantitative and qualitative metrics described in Exhibit A of the RFP2. The proposals were 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% and 40%, respectively. Each proposal was placed into two categories, Category A or Category B.

- **Category A:** represented turnkey resources, which were complete resources ready for deployment. See Figure List D.2.
- **Category B:** represented vendor services that would be a component of a turnkey resource, such as providing customer enrollment, equipment installation and other programs activities. See Figure List D.3.

The qualitative scoring rubric used for Category A proposals can be seen in Exhibit A - [Evaluation Criteria](#). Category B proposals were analyzed with a similar but simpler rubric since their proposals were service based, instead of a turnkey project proposal.

Figure List D.2: Category A qualitative scoring rubric

Evaluation Categories	Weight			Points
<b>Counterparty Viability</b>	10%	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				

Project Viability	Weight			Points
<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>				
<i>Financing Plan</i>				
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
<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 and management, system integration, operations, dispatch, and performance guarantees.				3
<i>Technology Risk</i>				
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)				3
* PSE may differentiate between technology upgrades and new classes of technology in assigning scores for deployment				

Appendix D: RFP Quantitative and Qualitative Analysis

<b>Site Control / Customer Acquisition Status</b>	20%	x	0	_ / 3
<i>Project Site (single POI distribution projects)</i>				
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
<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
<b>Permitting and Studies If Applicable</b>	5%	x	0	_ / 5
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

<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

Appendix D: RFP Quantitative and Qualitative Analysis

<b>CETA Equity Plan</b> <i>Customer Benefits from Transition to Clean Energy Plan</i>	25%	x	0	_ / 20
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
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

Appendix D: RFP Quantitative and Qualitative Analysis

<b>CETA Equity Plan</b>		10%	x	0	_ / 12
<i>Business Values</i>					
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	_ / 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

Figure List D.3: 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

Appendix D: RFP Quantitative and Qualitative Analysis

<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				N/A
No (annual metric tons of CO2)				0
Yes (annual metric tons of CO2)				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				N/A
No (%)				0
Yes (%)				2
Does the service enhance the program's ability to outdoor air quality and help abate health issues (eg. asthma, heart disease)?				
Not Applicable				N/A
No (annual metric tons of NOx, SOx, and PMP2.5)				0
Yes (annual metric tons of NOx, SOx, and PMP2.5)				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				N/A
No (%)				0
Yes (%)				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				N/A
No (%)				0
Yes (%)				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				N/A
No (F/T, training and short term jobs)				0
Yes (F/T, training and short term jobs)				2
Does the service increase outreach and accessibility for highly impacted communities or vulnerable populations by providing materials in non-English languages?				
Not Applicable				N/A
No (%)				0
Yes (%)				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				N/A
No (%)				0
Yes (%)				2
Does the service enhance access to reliable clean energy for highly impacted communities or vulnerable populations?				
Not Applicable				N/A
No				0
Yes				2
Does the service improve home comfort for highly impacted communities or vulnerable populations including heating and cooling, and indoor air quality?				
Not Applicable				N/A
No				0
Yes				2

<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

### 2.1.1. BCA Model

The quantitative metrics assessed in Phase 1 are expected costs associated with the capacity and energy prices offered for each response. PSE used 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 utilities’ 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). To align with existing PSE modeling practices, where possible, the BCA utilizes the same base Aurora modeling assumptions used to develop the 2021 IRP and, when possible, updated modeling assumptions from the 2023 Electric Progress Report. Table D.3 below summarizes the main elements quantified in the BCA model.

**Table D.3: Main elements of BCA Model**

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	

Costs	Benefits
Host customer battery energy storage system market purchase charging costs	
Host customer O&M	

The three primary metrics used in the quantitative analysis mirrored closely those used in the 2021 All-Source RFP and are shown below in Table D.4 below from Exhibit A of the 2022 DER RFP.

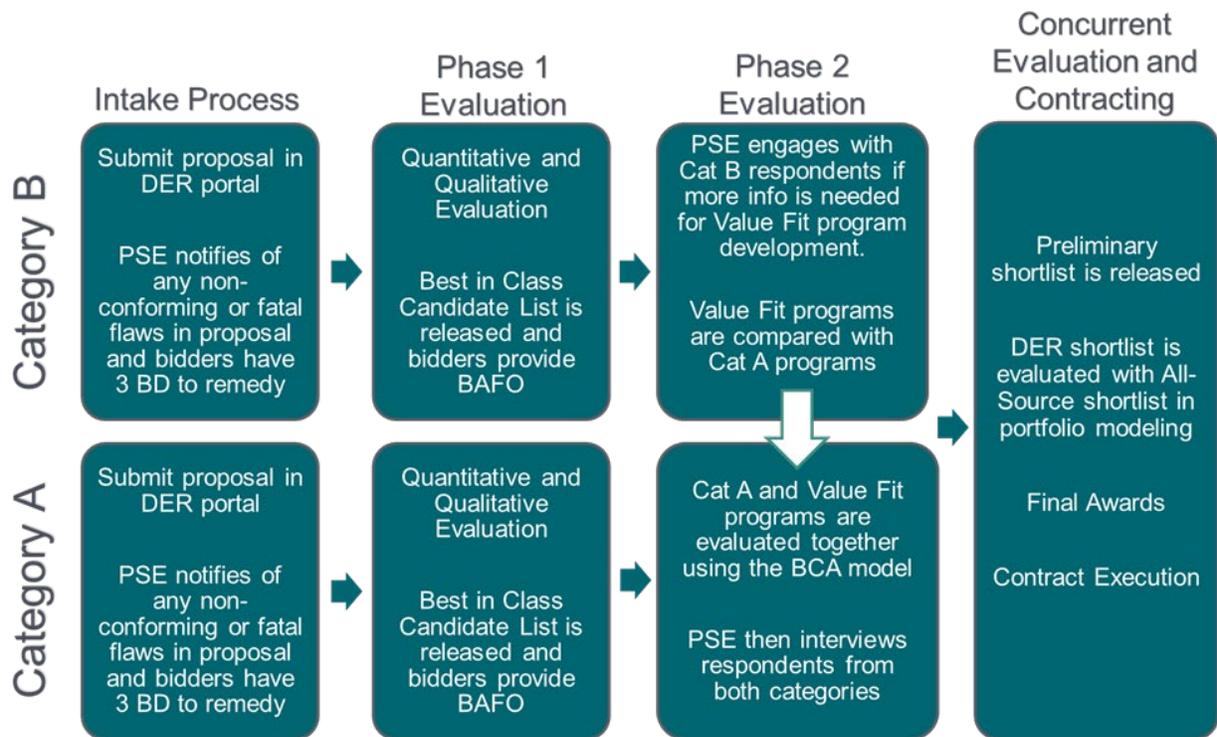
**Table D.4: 2021 All Source RFP primary metrics**

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 comparable size and technology type. Used to determine the optimal combination of resources that meets PSE's resource needs.
<b>Net Resource benefit per offered Nameplate (\$/MW)</b>	The 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 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.

Proposals were then ranked based on their combined score, which was a combination of qualitative and quantitative attributes. PSE decided to include all projects in its candidate list, which meant they all moved forward from Phase 1 to Phase 2.

For Phase 2, PSE incorporated Category B proposals into complete bids, referred to as Value Fit programs. Value Fit programs had to have all the elements of a turnkey resource, meaning they covered customer enrollment, equipment installation and other core programs activities. PSE included its own resources into these Value Fit programs where necessary to try to provide a complete program (e.g., a Category B proposal could just be for equipment installation services, so PSE estimated internal resources required to provide customer engagement and administrative support to build out a complete Value Fit program). Value fit programs were then evaluated similarly to the Category A proposals during Phase 1. With this collected data a more accurate comparison of Category A proposals and Value Fit programs was achieved.

Figure D.4: Overview of Category A and B evaluation process



The evaluation team began to further hone projects with cyber security concerns and similar IT/OT issues. A few proposals with SaaS solutions that did not complete a SOCII Type 2 audit or were at least in progress to do so were rejected from further evaluation.

A ranking of Category A proposals and Value Fit programs was achieved, based on the combined scores of the projects, which had a price and non-price weighting of 60% and 40%. Two Value Fit programs were developed and compared with the turnkey Category A proposals. Both Value Fit programs were rejected, one ranked second to last based on the combined score and was found to not be cost-effective based on the Societal Cost Test (SCT), and the other completely overlapped with another winning bid that provided more capacity. The Societal Cost Test as used in the DER RFP mirrors that used in PSE’s 2021 Clean Energy Implementation Plan [see Appendix D: DER Suite Selection and Evaluation] with minor updates to fully align the SCT with the most recent iteration of the Jurisdictional Cost Test outlined in Docket UE-210804. Three (3) Category A demand response proposals, provided by AutoGrid, EnelX and Oracle, were highly ranked and cost-effective, so they were shortlisted for the Concurrent Analysis with the 2021 All-Source’s shortlisted projects. The three projects helped inform the 2021 All-Source’s shortlist and not DER RFP shortlisted project was rejected due to the Concurrent Analysis. The three programs also did not extensively overlap with the customer segments they were separately targeting. The remaining programs not shortlisted in the RFP did extensively overlap in targeted customer segments (e.g., two bidders targeting the same C&I customer base). All DR providers had notified PSE during interviews that they would have to adjust their MW targets for DR enrollment if other DR providers were vying for the same customers. All DR providers

based their initial proposals off of PSE's current market conditions, which had no existing products to compete with. To select multiple programs with overlapping customer segments would have had an effect on the cost-effectiveness of all impacted programs as each program's targeted MW amount is reduced to a more conservative number. A summary of the shortlisted results is provided in Table D.5 below, with details in Chapter 5, Specific Actions.

**Table D.5: Demand response shortlist programs from Phase 2 Modeling**

Program Bidder	Cumulative 2025 Winter MW	Customer Segment	Program Type	Societal Cost Test	Combined Score	Selected for Contracting (Yes/No)
Enel X	30	Commercial	Demand Response – Bundled	10.76	66.42	Yes
Bidder A	Less than 10 MW	Residential	Demand Response – Bundled	4.85	58.94	No
Oracle*	4	Residential	Behavioral	4.82	55.23	Yes
Autogrid	33.6	Majority Residential + Commercial	Demand Response – excluding Battery program	4.41	42.48	Yes
Autogrid (included with the DR proposal, but analyzed separately)	12	Residential	Battery	0.82	42.48	Yes
Bidder B	More than 10 MW	Majority Commercial + Residential	Demand Response – Bundled	2.85	40.35	No
Bidder C	More than 10 MW	Majority Commercial + Residential	Demand Response – Bundled	3.00	34.26	No

\* In contract negotiations Oracle's bid changed from what was initially modeled.

## 3. 2023 Distributed Solar and Storage RFP evaluation and methodology

Docket UE-220971

### 3.1. Quantitative and qualitative analysis

PSE's evaluation of DERs was based on a quantitative, qualitative, and technical assessment of all proposals to meet the minimum requirements of the 2023 Distributed Solar and Storage RFP ("2023 DSS RFP"). 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
- Strategic and financial considerations

The technical assessment involved a preliminary site assessment, similar to a feasibility study done under the Schedule 152 interconnection process to assess interconnection feasibility and scope.

Proposals were scored and ranked based on qualitative and quantitative metrics, which included the results of the preliminary site assessment. The ranking was based on the combined score of the qualitative and quantitative metrics that were weighted 40 percent and 60 percent, respectively. Only those proposals that satisfied the RFP minimum requirements received a qualitative and quantitative score. Some projects were rejected during the initial intake for not being in the service territory or having a project site for their proposal.

#### 3.1.1. Quantitative analysis

The quantitative metrics assessed 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 and used in the 2022 DER RFP to model the costs and benefits of each proposal. The BCA model analyzes both the utilities and customers' economic perspectives and the interdependencies between the two. The BCA was selected as the primary modeling tool for the 2023 DSS 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). To align with existing PSE modeling practices, where possible, the BCA utilizes the same base Aurora modeling assumptions used to develop the 2021 IRP and evaluate the 2021 All-Source RFP. The BCA model was constructed to quantify each of these costs and benefits, when applicable, and apply cost tests consistent with the NSPM.

## Independent Evaluator

The qualitative and quantitative scoring of each project was individually verified by the Independent Evaluator (IE), who is an independent authority overseeing PSE's evaluation. Additional information on the IE and PSE's selection process can be found in PSE's petition dated January 19, 2021, in Docket UE-210037.

## Societal Cost Test (SCT)

The Societal Cost Test (SCT) ratio was used to determine each project's overall cost-effectiveness, with an SCT ratio greater than 1 being deemed cost effective. The SCT indicates if the benefits of a DER resource will exceed its costs from the perspective of society. This test provides the most comprehensive picture of the total impacts of a DER resource. PSE selected all the cost-effective projects, based on the SCT, available from the RFP.

To meet the 80 MW solar sub-target, PSE selected the most cost-effective solar projects amounting to 56 MWs, which includes both hybrid and solar only projects. The remaining capacity to achieve the 80 MW sub-target will be fulfilled through PSE Products. Over 30 MWs of the DSS RFP projects will be converted into community solar programs to help fulfill Condition 18 of the UTC's CEIP Order, which would not be met otherwise with the brief time provided.

While the SCT is a useful metric for gauging cost-effectiveness from a high-level, it does not incorporate numerous customer benefit indicators as well as programmatic and site-specific equity benefits communities will collect. The SCT does not account for any development and construction benefits such as developers complying with RCW 82.08.962 and 82.12.962, contracting a percentage of their overall bid to Small, Minority, Women-owned Business Enterprises, and additional benefits. The SCT does not account for any operational benefits such as property taxes provided to communities, income eligible enrollees into community solar programs and additional benefits. As noted above, the construction benefits were used in the evaluation of the projects in the Qualitative analysis.

### 3.1.2. Qualitative analysis

The qualitative analysis was conducted using the Qualitative Scoring Rubric in Figure List D.5 below, which is further described in [Exhibit A](#) of the RFP. As outlined in the Qualitative Scoring Rubric, information provided by the respondent was used to evaluate the following sections:

- Counterparty viability
- Site control and permitting

The Preliminary Site Assessment and hosting capacity map were used to evaluate the Energy Delivery section of the rubric. The customer benefit indicators in the CETA Equity Plan section were evaluated based on PSE's assessment of comparable projects and their benefits provided, as well as information collected from the respondent. The business values in the CETA Equity section were evaluated based on respondent information and commitments made in their proposal. The Named Communities

Enrollment section was scored based on the project location to the Vulnerable Population and Highly Impacted Community layers in the hosting capacity map.

**Figure List D.5: Qualitative scoring rubric, Exhibit A**

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	_ / 6
<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
<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			

Appendix D: RFP Quantitative and Qualitative Analysis

<b>Energy Delivery</b>		20%	x	0	_ / 10
<i>A Preliminary Site Assessment and Schedule 152 application is required. The study fee for the Preliminary Site Assessment is required by March 17, 2023. The completed Schedule 152 application is required by May 19, 2023.</i>					
<i>DER projects interconnected to the distribution system (on PSE system only)</i>					
Deliverability not feasible or information for Preliminary Site Assessment not provided					0
Preliminary review indicates delivery is feasible					1
Hosting Capacity Map indicates DER project can be accommodated on the system					3
Schedule 152 study complete (if applicable) -or- Interconnection approved					5
<i>Does the project provide Location Value for PSE distribution system based on heatmap data?</i>					
Project is located in an area with medium peak substation loading (identified in Yellow on distribution substation loading heatmap). Solar only projects will only score this benefit if summer loading is medium.					1
Project is located in an area with high peak substation loading (identified in Red on distribution substation loading heatmap). Solar only projects will only score this benefit if summer loading is high.					3
Projected is located in an identified Non-Wire Alternative (NWA) location as indicated on distribution substation loading heatmap					5
<b>CETA Equity Plan</b>		20%	x	0	_ / 22
<i>Customer Benefits from Transition to Clean Energy Plan</i>					
<i>Does the program increase participation in distributed resource programs for highly impacted communities or vulnerable populations?</i>					
No impact					0
Minimal impact					1
Significant impact					2
<i>Does the project reduce air pollution by decreasing carbon emissions and deploying renewable resources?</i>					
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
<i>Does the project mitigate the impacts of climate change eg. Wildfires, droughts through reduced peak demand?</i>					
Increases impacts of climate change					0
Does not mitigate					1
Can measurably mitigate					2
<i>Does the project improve outdoor air quality and help abate health issues (eg. asthma, heart disease)?</i>					
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
<i>Does the project help abate health and safety issues? Health factors like mortality, hospital admittance, work loss days</i>					
% increase					0
No discernable % increase/decrease					1
% decrease					2
<i>Does the project decrease the percentage of customers' income dedicated to energy costs for highly impacted communities and vulnerable populations?</i>					
Non-measurable % decrease					0
Measurable % decrease, but only for targeted or participating customers					1
Measurable % decrease for all customers					2

Appendix D: RFP Quantitative and Qualitative Analysis

<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>		15%	x	0	_ / 3
<i>Some form of site control is required by April 14, 2023.</i>					
<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>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

Appendix D: RFP Quantitative and Qualitative Analysis

Does the project 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 project 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 project 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 project increase access to reliable clean energy, specifically access to emergency power, 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?										
No impact					0					
Minimal impact					1					
Significant impact					2					
<b>CETA Equity Plan</b>				10%	x	0				
<i>Business Values</i>										_ / 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				_ / 4
Standalone projects located in named communities										
Not located in named community										0
Located in named community and providing benefits (lease payments, grid resilience, etc...)										4