

ATTACHMENT A

UE-160808

Selected Characteristics of the Residential/Small Commercial RFP

For residential and small commercial customers the proposed RFP calls for proposals to address some or all of three specific types of **end-use control** demand response:

1. Electric furnaces for space heating,
2. Heat pumps for space heating, and
3. Electric water heaters.

The vendor must provide a proposal that meets the minimum criteria called out in the proposed RFP as Primary Objectives:

- Achieve dispatchable load reduction of at least 70 MW by the start of the winter of 2012,
- Provide the load reduction within one hour of an event called by PSE,
- Provide at least one event per day of up to four hour duration for up to two consecutive days, and
- Provide up to 40 hours of event time between the first of November and the end of February each winter.

The proposed RFP allows innovative solutions to be proposed by vendors including demand response for other than the three **end-use controls** mentioned above. However the proposed RFP contains clear provisions to assure vendor performance through establishment of customer baseline energy use calculation methods as well as ongoing third-party measurement and verification.

Vendors are also encouraged to enhance the value of their proposals beyond the minimums stated in the Primary Objectives by satisfying additional Secondary Objectives. The Secondary Objectives for residential and small commercial demand response proposals include:

- Provide year-round demand response for more events and event hours, including shoulder and summer months (May through September),
- More flexible demand response through rapid call up, 10 minutes or less, to cover operating reserves,
- Resource scheduling for wholesale market demand response bid into energy imbalance markets, and
- Increased customer engagement and satisfaction through integration with energy efficiency and other ongoing PSE programs and services which could be bundled with the demand response program.

The potential PSE customer base for demand response includes the existing 976 thousand residential customers and over 87 thousand small commercial customers on tariff Schedule 24. Some additional commercial customers on tariff Schedule 25, those with peak demand below 150 kW, would also be candidates for this demand response program offering.

There were over 6,700 Schedule 25 customers in 2015 which have a range of peak demand greater than 50 kW but less than 350 kW. The commercial customers in other schedules at or

above 350 kW demand would be included in the large commercial and industrial category of demand response.

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Selected Characteristics of the Large Commercial/Industrial RFP

For large commercial customers the proposed RFP does not call for proposals to address any specific types of end-use control demand response. This is because large commercial and industrial customers do not have similar or generic end-use loads like residential or small commercial customers. These larger demand customers have demand response solutions that are typically tailored to the nature of the unique energy demand profile of the operations and equipment at the customer's site.

As in the residential/small business proposed RFP, a vendor submitting a proposal for the large commercial/industrial proposed RFP must show that they can meet the minimum criteria, called the Primary Objectives. These are:

- Achieve dispatchable load reduction of at least 51 MW by the start of the winter of 2012,
- Cost-effective large commercial/industrial demand response programs must:
 - Be available weekdays between 7-10 a.m. and 5-9 p.m. from the first of November through the end of February,
 - Provide demand response within an hour of PSE calling an event,
 - Provide at least one event per day of up to four hour duration for up to two consecutive days, and
 - Provide up to 40 hours of event time between the first of November and the end of February each winter.

Again, the proposed RFP contains clear provisions to assure vendor performance through establishment of customer baseline energy use calculation methods as well as ongoing third-party measurement and verification.

The potential large commercial and industrial vendors are also encouraged to enhance the value of their proposals beyond the minimums stated in the Primary Objectives by satisfying additional Secondary Objectives. The Secondary Objectives for large commercial and industrial demand response proposals are very similar to the proposed residential RFP. This include providing year-round demand response for more events and event hours, including shoulder and summer months (May through September), more flexible demand response through rapid call up, 10 minutes or less, resource scheduling for wholesale market demand response bid into energy imbalance markets, and increased customer engagement and satisfaction which could be bundled with the demand response program.

To allow bidder transparency to the PSE customer base, the proposed RFP provides a table with the number of commercial and industrial customers by business sector (NAICS code), including annual GWh used by sector, and breakout by maximum demand and voltage delivered for Schedules 25, 26, 31, 40, and 49 within each sector.