

March 29, 2018

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VIA ELECTRONIC FILING

Washington Utilities and Transportation Commission
Attn: Steven V. King
Executive Director and Secretary
1300 S. Evergreen Park Drive, S.W.
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Olympia, Washington 98504-7250

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COMMISSION

Re: Puget Sound Energy Draft Request for Proposals for All Generation Sources

Dear Mr. King:

Puget Sound Energy (PSE) hereby submits to the Washington Utilities and Transportation Commission (the "Commission") the attached draft Request for Proposals for All Generation Sources (the "Draft 2018 All-Source RFP") for approval by the Commission. Attached as Attachment A is complete copy of the Draft 2018 All-Source RFP for which PSE is seeking approval. For the Commission's convenience, attached as Attachment B is a checklist showing that the Draft 2018 All-Source RFP satisfies the requirements set forth in WAC Chapter 480-107. Concurrent with this filing, PSE is filing a draft Request for Proposals for Demand Response Programs for approval by the Commission.

On November 14, 2017, PSE filed its 2017 IRP with the Commission in Dockets UE-160918 and UG-160919 pursuant to WAC 480-90-238 and WAC 480-100-238. The 2017 IRP identified a need for renewable and capacity resources as early as 2022, after accounting for cost-effective conservation and demand response. The 2017 IRP identified the need to issue an RFP in the first quarter of 2017 to meet these needs due to potential transmission system upgrades that may require long lead times to study, design, permit and construct to acquire the necessary resources. Please note that, pursuant to WAC 480-107-055, PSE provides a schedule of estimated avoided cost for energy and capacity as Exhibit G to the Draft 2018 All-Source RFP to provide general information to potential bidders about the cost of new power supplies.

To broaden awareness of the Draft 2018 All-Source RFP among persons who may be interested, PSE has provided notice of its filing to power marketing companies, utilities, energy efficiency companies and other entities involved in development or provision of electric energy resources, including representatives of stakeholders who participated in PSE's 2017 IRP process. PSE will also be providing notice of the filing to a variety of trade publications.

Mr. Steven King
March 29, 2018
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PSE invites comments on the Draft 2018 All-Source RFP and looks forward to working with Commission Staff, proposers and other interested parties to make the Draft 2018 All-Source RFP process successful. Questions regarding this filing should be addressed to the undersigned. Questions regarding the Draft 2018 All-Source RFP should be addressed to Sheri Maynard, Associate Energy Resource Planning & Acquisition Analyst, at 425-462-3114 and sheri.maynard@pse.com.

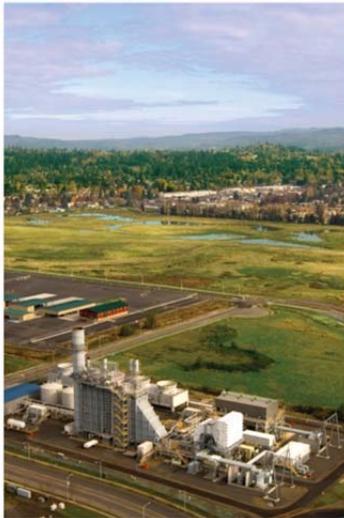
Thank you for your assistance.

Very truly yours,

A handwritten signature in blue ink that reads "Jason Kuzma". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Jason Kuzma

Attachment A



2018 RFP for All Generation Sources

March 29, 2018 Draft



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SECTION 1. RESOURCE NEED

This document constitutes a Request for Proposals ("RFP") from qualified third parties ("respondents") to supply electric resources to Puget Sound Energy, Inc. ("PSE" or "the Company"). It is an All Generation Sources RFP, meaning that any electric generation source will be considered, consistent with the requirements described herein. PSE is simultaneously filing a Demand Response RFP. Both RFPs may be found on our web site at <http://www.pse.com/RFP>.

1. Resource Need

PSE's electric resource acquisition process is guided by our integrated resource planning analysis, which evaluates and establishes the Company's capacity (physical reliability) and renewable energy (policy driven)¹ needs on a biennial basis, consistent with WAC 480-100-238. Our most recent *Integrated Resource Plan* includes a detailed discussion of PSE's electric planning standard and describes our methodology for analyzing the Company's resource needs. The *Integrated Resource Plan* can be found on PSE's web site at <http://www.pse.com/irp>.

Since publishing the 2017 IRP, PSE has updated the assessment of its capacity and renewable resource needs. The peak capacity need was updated for two reasons:

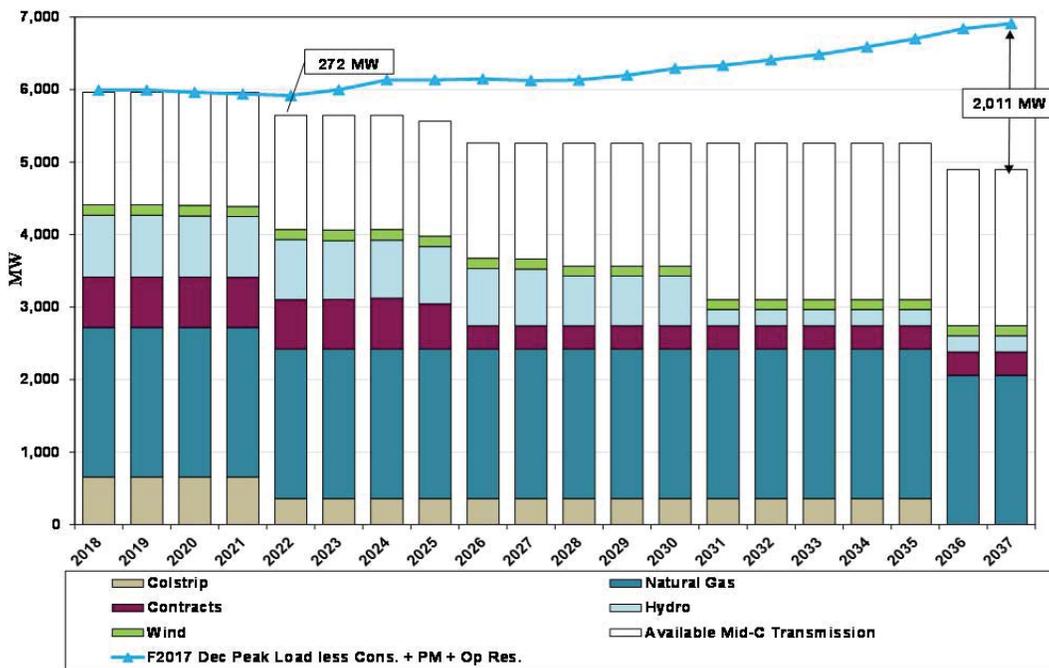
1. Updated load forecast to reflect the Company's current economic demand forecast.
2. 100 MW of additional Mid-C transmission that became available after the 2017 IRP was finished.

The following chart includes the conservation from the 2017 IRP, but does not include demand response.

¹ PSE has a legal obligation to meet the requirements of the Energy Independence Act, Chapter 19.285 RCW. The Energy Independence Act requires PSE to acquire qualifying eligible renewable resources and/or renewable energy credits to meet 3 percent, 9 percent and 15 percent of its load by 2012, 2016 and 2020, respectively.

SECTION 1. RESOURCE NEED

Table 1. *Electric Resource Capacity Need*



PSE has a modest capacity need prior to 2021, which grows to 272 MW in 2022 after the retirement of Colstrip 1&2.

Table 2. *Electric Resource Capacity Need, Peak Deficit/(Surplus)*

2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
28	29	1	(21)	272	351	486	569	881	867	873	939	1,033	1,075	1,153	1,224	1,330	1,443	1,940	2,011

As part of the retirement of Colstrip units 1&2, the company has the opportunity to request that BPA redirect the transmission capacity from Garrison to Mid-C. If transmission rights from Colstrip 1&2 are redirected to the Mid-C, PSE would not have a capacity need until 2025. The table below shows PSE’s resource capacity need, if 300 MW of Colstrip transmission capacity is redirected.

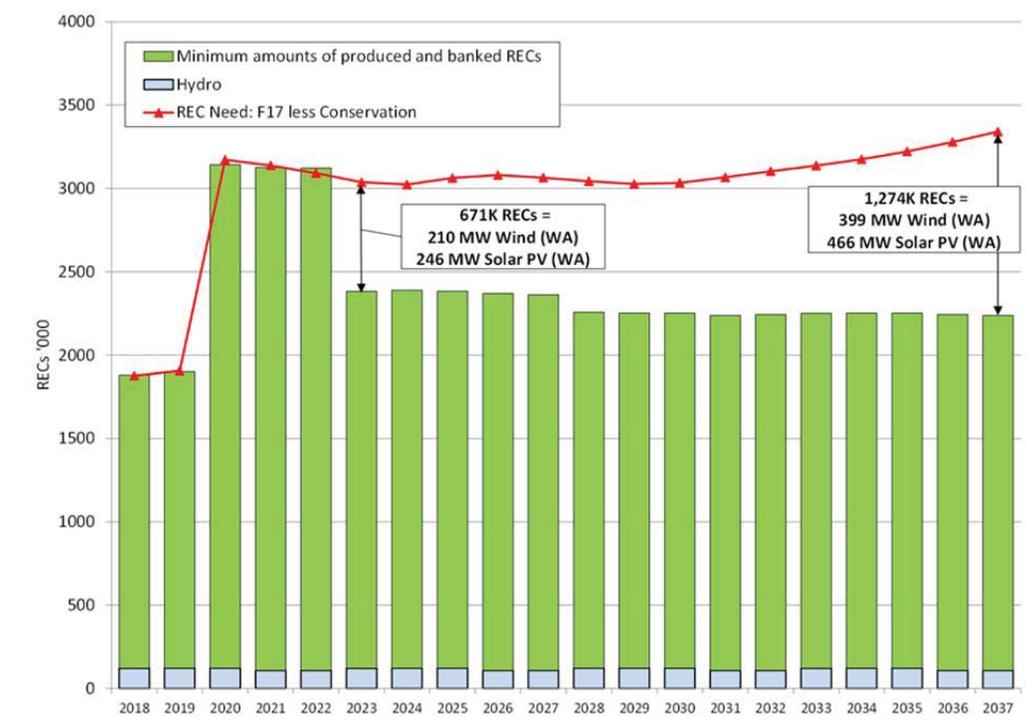
Table 3. *Electric Resource Capacity Need, if Colstrip 1&2 transmission is redirected, Peak Deficit/(Surplus)*

2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
28	29	1	(21)	(42)	36	171	253	565	551	557	623	717	759	837	908	1,015	1,128	1,624	1,695

SECTION 1. RESOURCE NEED

The renewable energy need was also updated with a new load forecast to reflect the Company’s current economic demand forecast.

Table 4. *Renewable Energy Need*



Renewable resources must be online by the end of 2022 to meet a substantial need for 671,000 renewable energy credits (RECs) starting in 2023. PSE is willing to consider earlier start dates to capture the higher value of renewable energy tax incentives associated with earlier commercial online dates. PSE will evaluate the tradeoff between the cost benefit associated with the higher tax incentives versus the carrying cost of acquiring the resource ahead of need.

SECTION 2. RESOURCES REQUESTED

2. Resources Requested

Resource Characteristics

PSE will consider electric generation, capacity, storage and REC-only product proposals from a wide variety of technologies and fuel sources, consistent with the evaluation criteria described in **Exhibit A**. The Company encourages qualified respondents representing small-² or large-scale renewable and capacity projects to participate in the RFP. PSE prefers proposals for resources located on PSE's system or those with secure long-term firm delivery to PSE's system. Existing and yet-to-be constructed resources with commercial operation dates through September 31, 2022 for capacity resources and December 31, 2022 for renewable resources are eligible to participate.

This RFP process may or may not result in one or more transactions by PSE, depending on the economic and qualitative benefits such transaction(s) would provide for our ratepayers. PSE reserves the right to modify the RFP to comply with changes to federal, state or local laws, or regulatory policy.

Table 5. *Resources Requested*

Resource	Description
As Produced	E.g. on and off-shore wind, run-of-river hydro, solar, tidal, etc.
Baseload	7x24, delivered as firm
Intermediate	Dispatchable
Dispatchable/On Peak or Heavy Load Hours	6x16 (Mon-Sat) (HE ³ 0700-2200); seasonal (Nov-Feb, Dec-Feb or Nov-Mar)
Super Peak Products	HE 0700-1000 and HE 1800-2100, Nov-Jun
Operating Reserves (regulating or contingency)	Automatic generation control (spinning reserve)
Temporal Exchanges	Temporal exchanges (e.g., year round, seasonal), November-February; 7x16, 7x24, or 6x16 product with delivery to PSE on west side of Cascades
Storage	E.g. battery storage (lithium-ion, flow, etc.), pumped hydro, etc.
REC-only product	RECs that will be produced beginning in year 2022 or later;

² For qualified facilities 5 MW or less, respondents are encouraged to sell power pursuant to electric tariff rate Schedule 91.

³ hour ending ("HE")

SECTION 2. RESOURCES REQUESTED

Resource	Description
	minimum quantity of RECs that will be considered is 25,000 RECs per year (volume can be fixed or tied to the actual quantity of RECs generated from an eligible renewable resource)

Capacity Resources

PSE's capacity needs are greatest in winter; therefore, resources will be evaluated based on an ability to fill winter deficits while minimizing summer surpluses. PSE will consider the seasonality of the generation, our ability to control the project's output to match our resource needs (up to and including real-time dispatch and displacement), and contractual mechanisms to shape project output to our needs.

Storage Resources

Energy storage encompasses a wide range of technologies capable of shifting energy usage from one time period to another. PSE will evaluate all proposed energy storage technologies on a least-cost and best-fit basis consistent with our most recent IRP analysis, and based on the RFP evaluation process and proposal requirements described herein. PSE's evaluation criteria and minimum proposal requirements are further described in RFP exhibits A and B.

PSE's 2017 IRP modeled three energy storage alternatives: lithium-ion batteries, flow batteries and pumped hydro. The IRP generally describes the way in which PSE views the advantages and disadvantages of storage, and quantitatively evaluates the costs and operational characteristics of generic storage resources. Table 6 depicts the generic energy storage peak capacity values assumed in the IRP. For more on the integrated resource planning analysis that informs PSE's RFP evaluation process, see IRP Chapters 4 and 6. Storage characteristics and assumptions are further detailed in IRP Appendix D. The IRP can be viewed online at <http://www.pse.com/irp>.

Table 6. Generic Energy Storage Peak Capacity Value Modeling Assumptions, excerpted from PSE's 2017 IRP Appendix D, Figure D-19

2016 \$	Units	Li-Ion Battery 2-hr	Li-Ion Battery 4-hr	Flow Battery 4-hr	Flow Battery 6-hr	Pumped Storage
Nameplate Capacity	MW	25	25	25	25	25
Winter Capacity	MW	15	22	19	20	25
Capacity Credit	%	60%	88%	76%	80%	100%

SECTION 2. RESOURCES REQUESTED

REC-only Products

The Company seeks proposals for REC-only products to help meet the renewable energy requirements of the Energy Independence Act, Chapter 19.285 RCW. PSE is receptive to offers containing varying term lengths, quantities and pricing. RECs must come from a “renewable resource” and must be sourced from a facility that meets the definition of an “eligible renewable resource” as defined in RCW 19.285.⁴

Contract Types

PSE will consider the acquisition of generation from proposals under the following mechanisms: (1) ownership arrangements, including co-ownership arrangements in which PSE retains adequate dispatchability and rights of control; (2) power purchase agreements of varying lengths greater than four years, including power bridging agreements defined as short-term "bridges" to long-lead resources; or (3) temporal exchange agreements.

With regard to either an ownership arrangement or a power purchase agreement, PSE is interested in alternatives wherein the respondent fully assumes the risk of fuel supply, fuel price, and environmental cost, and which quantify the cost for assuming those risk factors.

All proposals must comply with Washington’s Emissions Performance Standards (“EPS”).⁵ Additionally, WAC 174-407 prevents electric utilities in Washington state, including PSE, from entering into contracts of five or more years when the supply is from unspecified sources, coal generation (with the exception of coal transition power⁶) or other resources that emit above the greenhouse gas limit.

Ownership

The PSE ownership mechanism anticipates a proposal pursuant to which PSE would ultimately own the resource or a significant interest therein. This may be accomplished at various stages of development using a variety of approaches such as sale of development rights, joint development by the respondent and PSE, development by the respondent followed by transfer to PSE, initial purchase of power by PSE with transfer of ownership occurring later, or other approaches that may be mutually beneficial and result in PSE’s ownership of the resource. Although PSE is willing to consider a wide range of arrangements, the prototype term sheet included as **Exhibit H** to this RFP presumes that PSE would acquire its ownership interest in the

⁴ Additional information about minimum proposal requirements for a REC-only product proposal is provided in Section 10 of Exhibit B.

⁵ Washington’s Emissions Performance Standards (WAC 173-407, effective June 19, 2008) require new and modified baseload electric generation to meet a greenhouse gas limit of 970 pounds per megawatt hour (lbs/MWh). The EPS applies to all baseload electric generation for which electric utilities enter into long-term financial commitments on or after July 1, 2008.

⁶ Engrossed Second Substitute Senate Bill 5769 establishes the requirements under which PSE may enter into a long-term financial commitment with coal transition power.

SECTION 2. RESOURCES REQUESTED

project prior to the commencement of construction and would fund its ownership share on a pro rata basis.

Power Purchase Agreements

Any proposal for a power purchase agreement ("PPA") must specify the generation asset(s) underlying the agreement, and provide assurances of its commercial availability on or before September 31, 2022 for capacity resources and December 31, 2022 for renewable resources. PSE will consider non-unit contingent products delivered to BPAT.PSEI.⁷ A prototype term sheet for Gas Tolling Agreements is included as ***Exhibit I*** and a prototype term sheet for Wind PPAs is included as ***Exhibit J*** to this RFP.

PURPA Qualifying Facility Agreements

Any agreement that may be executed by PSE and the respondent for the purchase and sale of power from a qualifying facility under PURPA will be subject to any federal enactments that apply to the purchase and sale of such power.

Temporal Exchange Agreements

The Company's obligations pursuant to any temporal exchange agreement will be subject to Federal Energy Regulatory Commission ("FERC") acceptance. Additionally, any transmission service component of the exchange would be pursuant to the applicable transmission provider's Open Access Transmission Tariff or reciprocal agreement and would be payable by the respondent.

REC-only Product Agreements

The *WSPP Service Schedule R, Renewable Energy Certificate Transactions With And Without Energy* shall be the standard agreement used for a REC-only product. The current WSPP Agreement is available online at <http://www.wspp.org/documents.php>.

RECs must come from a "renewable resource" and must be sourced from a facility that meets the definition of an "eligible renewable resource" as defined in RCW 19.285. All RECs must be fully transferable via WREGIS to PSE, free from any rights of others.

⁷ BPAT.PSEI is a transmission scheduling point in BPA Transmission Service's ("BPAT") Open Access Same-time Information System ("OASIS"), which represents 24 separate interconnections between the balancing authority areas of Puget Sound Energy, Inc. ("PSEI") and BPAT.

SECTION 3. SCHEDULE AND PROCESS

3. Schedule and Process

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

Table 7. *2018 All Source RFP Schedule*

Date	Milestone
March 29, 2018	Draft RFP filed with WUTC
May 28, 2018	Public comment period closes
June 27, 2018	WUTC expected to approve PSE's All Source RFP
July 13, 2018	PSE releases final RFP solicitation
August 3, 2018	Mutual Confidentiality Agreements due to PSE
August 17, 2018	Offers due to PSE
Late Q1 2019	PSE selects final short list, notifies respondents
To follow	Post-proposal negotiations

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. The Company will consider a number of quantitative and qualitative factors to reasonably compare proposals with diverse attributes. Each proposal will be evaluated based on its compliance with this RFP (including the term sheet and contractual provisions set forth in *Exhibits H-J*) and according to the following set of criteria, which are described in detail in *Exhibit A*.

- Compatibility with resource need
- Cost minimization
- Risk management
- Public benefits
- Strategic and financial considerations

Initially, proposals will be screened based on the proposal cost, a portfolio evaluation designed to assess the interaction of the resource within PSE's power portfolio, and the qualitative criteria described in *Exhibit A*. Upon completing the initial screening, PSE will select the most favorable proposals for a more thorough due diligence evaluation. This process may require

SECTION 3. SCHEDULE AND PROCESS

further interaction with the respondents and requests for additional information. The due diligence process will include more in-depth review based on the same five primary criteria, individual and portfolio risk analysis, and resource flexibility analysis. The portfolio risk analysis evaluates the interaction and risk levels of the most favorable resources and combinations of resources within PSE's power portfolio. To quantify the flexibility value of different resources, PSE will use the Plexos model and will apply the same methodology used in its 2017 IRP. PSE's RFP evaluation process and analytic tools are generally consistent with those used in the Company's most recent integrated resource plan.⁸

Proposals that best meet PSE's resource need at the lowest reasonable cost and least risk to the Company will be placed on a short list for further discussion with the respondent(s). Such discussions may lead to negotiations of the terms and conditions of definitive agreements.

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 RFP and may terminate or modify the RFP at any time without liability or obligation to any respondent. This 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 RFP process is complete. PSE reserves the right to negotiate only with those respondents and other parties who propose transactions that PSE believes, in its sole opinion, to have a reasonable likelihood of being executed substantially as proposed.

⁸ PSE's most recent IRP can be found at <http://www.pse.com/irp>.

SECTION 4. PROPOSAL REQUIREMENTS

4. Proposal Requirements

Confidentiality Agreement

Two signed originals of the Mutual Confidentiality Agreement (**Exhibit C**) are due no later than August 3, 2018. PSE will return one fully executed agreement to the respondent.

To the extent required by law or regulatory order, PSE will make available to the public a summary of all proposals received and the final ranking of all such proposals.

In accordance with the requirements of Washington Administrative Code (“WAC”) 480-107-145, PSE will retain all information pertinent to this RFP process for a period of seven years or until the Company concludes its next general electric rate case, whichever is later. PSE shall have no obligation under this RFP to provide the models and data used in its evaluation process to respondents or other third parties except to the extent required by law or regulatory order. The Company may provide such models and data to the extent consistent with its business needs.

RFP Proposal

To ensure that all proposals are thorough and complete, PSE requests that respondents present their bid information as outlined below.

Table 8. *Proposal Contents Checklist*

Proposal Element	Section Reference
Summary Data Form	Exhibit D
Proposal Requirements: <ul style="list-style-type: none"> • Description of Offer • Capital costs, pricing and delivery • Summary commercial offer term sheet • Description of project and project status • Technical and operations • Fuel supply • Interconnection and transmission • Legal and financial • Additional information for development projects 	Exhibit B

SECTION 4. PROPOSAL REQUIREMENTS

Proposal Element	Section Reference
<p>Proposals must also comply with the following requirements described herein:</p> <ul style="list-style-type: none"> • Signatures and certifications • Tax-incentive risk and environmental attributes • No assignment • Eligibility and conflict of interest disclosure • Validity, deadlines and regulatory approval 	<p>Section 4, following this table</p>

Respondents are expected to provide complete information in their original submittals. Failure to provide all of the requested information will not disqualify a respondent, but may result in lower prioritization during the evaluation process.

Signatures and Certifications

Each proposal must contain the signature of a duly authorized officer or agent of the respondent submitting the proposal. The respondent’s duly authorized officer or agent shall certify in writing that:

- 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 by collusion to obtain for itself any advantage over any other respondent.

Tax-Incentive Risk and Environmental Attributes

Each proposal 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.

SECTION 4. PROPOSAL REQUIREMENTS

All proposals must state that all environmental attributes⁹ associated with the proportionate share of the subject project, if any, will accrue to the ownership and beneficial use of PSE.

No Assignment

All proposals shall state that there will be no assignment of proposals during the evaluation or negotiation stage of this 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 agreements for security and exercises any rights under such agreements will be bound to perform such agreements to the same extent.

Eligibility and Conflict of Interest Disclosure

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.

This RFP will accept proposals from all third-party project developers or owners, marketing entities, or other utilities that meet the project requirements and comply with the process guidelines described herein. Subsidiaries or affiliates of PSE are not eligible to respond to this RFP and the Company shall not consider any response it receives from any such subsidiary or affiliate. Affiliates of the Company include any entity, corporation or person in any chain of successive ownership of PSE or any entity affiliated with such entity in a successive chain of ownership.

Validity, Deadlines and Regulatory Approval

Each proposal shall specify the date through which the proposal is valid. Proposals must also state the dates by which definitive agreements must be completed and approved by the boards of directors or other management bodies of PSE and the respondent, and applicable regulatory approvals must be provided to support the proposed project schedule.

Respondents should note that regulatory approvals for resources to be acquired may not be obtained until sometime during the latter half of 2019 or later. PSE may seek regulatory review of its anticipated resource purchases, exchanges, acquisitions or costs associated therewith. Such regulatory review could include receipt by PSE from the WUTC of approvals and orders, as applicable (for example, through a power cost-only rate proceeding), pertaining to and

⁹ "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.

SECTION 4. PROPOSAL REQUIREMENTS

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 this regard, any proposed price may not be unilaterally changed by the respondent prior to the finalization of such agreements and approvals. It is preferred that the respondent provide proposals that remain valid for a period that allows for negotiation of definitive agreements and applicable management and regulatory approvals.

In addition to being subject to the jurisdiction of the WUTC, PSE is also regulated by the Federal Energy Regulatory Commission ("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: (1) approval by FERC prior to transferring FERC-jurisdictional assets; and (2) 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. In reviewing filings under Section 203, 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.

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's overall corporate position.

SECTION 5. CREDIT REQUIREMENTS

5. Credit Requirements

PSE will not accept collateral thresholds, credit ratings triggers, general adequate assurances language or similar language that might require the Company to provide performance assurance. However, PSE's credit risk department may require the seller to provide performance assurance. With few exceptions, PSE will expect sellers with sub-investment-grade credit ratings (or being of similar creditworthiness) to provide performance assurance acceptable to the Company.

PSE may require negative control provisions¹⁰ in any definitive agreements that the respondent and PSE might execute in connection with the respondent's proposal, in addition to any provisions that may be included in the prototype term sheets for ownership agreements (*Exhibit H*), gas tolling agreements (*Exhibit I*), or wind power purchase agreements (*Exhibit J*).

¹⁰ "Negative control provisions" means covenants restricting respondent business practices that could jeopardize respondent's ability to perform its obligations.

SECTION 6. CONTACT INFORMATION AND PROPOSAL SUBMISSION

6. Contact Information and Proposal Submission Instructions

Proposals shall be submitted, along with all attachments and electronic files, as described below.

Table 9. *Deliverables and Deadlines*

Deliverable	Date Due	Format
Mutual Confidentiality Agreement <i>(Exhibit C)</i>	August 3, 2018	Two (2) signed originals
RFP Proposal <i>(See Section 4 and Exhibit B for Proposal Requirements)</i>	Month 17, 2018	<ul style="list-style-type: none"> • One bound execution copy with an original signature (see Section 4) • One additional bound copy • One electronic copy (on USB flash drive)

Proposals shall be submitted to PSE by the due date via U.S. mail, courier service, or hand delivery to the following address:

Ms. Sheri Maynard
 Assoc. Energy Resource Planning & Acquisitions Analyst
 425-462-3114
 sheri.maynard@pse.com

<p>Address for U.S. Mail:</p> <p>Ms. Sheri Maynard Puget Sound Energy EST-09E P.O. Box 97034 Bellevue, WA 98009-9734</p>	<p>Address for courier or hand delivery:</p> <p>Ms. Sheri Maynard Puget Sound Energy EST-09E 355 110th Ave. NE Bellevue, WA 98004-5862</p>
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All costs to participate in the RFP process, including preparation of proposals, negotiations, etc., are the responsibility of the respondent.

2018 RFP for All Generation Sources:

Exhibit A. Evaluation Criteria

EXHIBIT A. EVALUATION CRITERIA

Evaluation Criteria

PSE's evaluation of new long-term electric generation resources is based on an assessment of five primary criteria:

- Compatibility with resource need
- Cost minimization
- Risk management
- Public benefits
- Strategic and financial

Each criterion is further delineated into more detailed criteria elements, as described in the following tables.

1. Compatibility with Resource Need

Criteria Element	Description
1. Timing	<p>PSE prefers proposals that offer:</p> <ul style="list-style-type: none"> • energy and/or capacity in a time frame consistent with PSE's needs • substantial assurance of being commercially available according to the schedule proposed • flexibility in development schedule and/or contract start date to accommodate PSE's timing needs
2. Match to need through ownership	<p>Proposals that offer generation from an underlying asset that closely matches PSE's annual capacity requirements, or that offer output which can be controlled by PSE are preferred to those that rely on shaping through short- or long-term arrangements.</p>
3. Match to need through contract	<p>PSE prefers proposals that provide a fixed annual price and closely match PSE's annual capacity requirements.</p> <p>PSE seeks proposals that provide fixed transmission capacity from BPA's system to PSE's system and closely match PSE's annual capacity requirements.</p>

EXHIBIT A. EVALUATION CRITERIA

Criteria Element	Description
4. RPS requirement	Proposals in which qualified renewable generation and/or RECs are closely aligned with PSE's renewable need as mandated by the Energy Independence Act, Chapter 19.285 RCW.
5. Operational flexibility	<p>PSE prefers proposals that offer control of project output whereby the Company may respond to seasonal and real-time fluctuations in load/resource balance and system reliability events. This includes, for example, dispatch or displacement of the project in real time and, for jointly-owned projects, the ability for PSE to elect to use generation output that would otherwise be displaced by the other owner for reliability purposes.</p> <p>Additionally, PSE prefers proposals that provide the ability to carry operating reserves.</p>
6. Performance within existing PSE generation portfolio	<p>Analyses will include such factors as:</p> <ul style="list-style-type: none"> • impact on system reliability • system dispatch and displacement • location with respect to the regional transmission system and PSE's electric system • impacts on system reserves, load following, integration costs and other factors
7. Resource mix/diversity	<p>The diversity of resource technology and fuel types will be considered in a manner consistent with PSE's <i>Integrated Resource Plan</i>.¹ Specific considerations shall include:</p> <ul style="list-style-type: none"> • technology type • fuel supply type • fuel supply source • fuel supply reliability, including control and deliverability

¹ PSE's most recent *Integrated Resource Plan* can be found at www.pse.com/irp.

EXHIBIT A. EVALUATION CRITERIA

2. *Cost Minimization*

Criteria Element	Description
1. Resource cost	<p>PSE prefers proposals that provide the lowest reasonable cost throughout the project life, taking into account the price of the proposal and other factors that impact PSE’s overall cost.</p> <p>Such factors include, but are not limited to:</p> <ul style="list-style-type: none"> • capital cost • financing cost • operation and maintenance cost • expected or potential carbon control or mitigation costs • fuel and fuel transportation cost • fixed and variable power purchase agreement cost • transmission cost • ancillary services • integration costs • transmission system upgrades • cost to rebalance debt/equity ratio for imputed debt and consolidated debt • cost of credit facilities • transaction costs and other management costs, etc. • cost to meet environmental compliance, including capital improvements and/or capacity limitations and restrictions • renewable energy credits or other environmental attributes
2. Transmission	<p>PSE prefers long-term firm delivery of energy to its service area. In the absence of the assurance of firm delivery at the time of the proposal, PSE prefers proposals that provide a high likelihood of acquiring adequate transmission rights.</p> <p>Proposals that do not include long-term firm transmission to PSE’s service area, that would produce congestion or increase PSE's transmission costs will be compared unfavorably with other proposals and/or will be assessed the additional cost to PSE as part of the evaluation process.</p>
3. Portfolio cost impact	<p>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.</p>

EXHIBIT A. EVALUATION CRITERIA

3. Risk Management

Criteria Element	Description
1. Status and schedule	<p>All else being equal, PSE prefers operating projects first, projects under construction second, and development projects third.</p> <p>With respect to development projects, PSE prefers proposals that demonstrate the respondent has the experience and financial resources to complete the project and has made significant progress in securing necessary permits, property rights, equipment, regulatory approvals, water rights, wastewater and disposal rights, project agreements and all other rights or arrangements necessary for a completely commercially operational project within the time frame proposed for commercial operation.</p>
2. Price volatility	Proposals that provide significant long-term control of fixed and variable costs are preferred.
3. Resource flexibility and stability	<p>PSE prefers proposals that provide flexibility for expansion to meet PSE's growing needs as required.</p> <p>Proposals that include project agreements and all other rights and arrangements coterminous with power purchase delivery periods or project life are preferred.</p>
4. Resource Technology	<p>Proposals based on commercially-proven technology with demonstrated long-term reliability and performance history are preferred.</p> <p>Proposals based on technologies whose output may be controlled are preferred.</p>
5. Long-term flexibility	PSE prefers proposals that offer the Company the flexibility to adjust its position in a resource long term, up to and including termination.
6. Project risk	<p>Proposals that minimize risk for timely plant completion within cost projections are preferred.</p> <p>Proposals that minimize exposure to environmental risk or other potential liability, including expected or potential carbon control or mitigation costs, are preferred.</p>

EXHIBIT A. EVALUATION CRITERIA

Criteria Element	Description
7. Impact on PSE's overall risk position	<p>Proposals and combinations of proposals will be evaluated to determine the impact of the proposal(s) on PSE's overall risk position with respect to PSE's generation portfolio.</p> <p>Risk scenarios will include factors such as hydroelectric production variation, wind generation variability, fuel price volatility, carbon control costs, and power market price volatility.</p> <p>Additional risk scenarios will examine the correlation between fuel prices and power market prices, and alternative market price scenarios. Other considerations will include exposure to transmission congestion and costs.</p> <p>All else being equal, PSE prefers proposals that result in lower generation portfolio performance risk.</p>
8. Environmental and permitting risk	<p>PSE's evaluation process will include an assessment of the following criteria:</p> <ul style="list-style-type: none"> • status in acquiring needed permits • risk associated with future environmental regulation and taxes, including greenhouse gas emissions • compliance with state RPS • compliance with regional generator performance standards and import standards
9. Respondent risk	<p>PSE will consider information requested in Section 4 of the RFP document and Exhibit B in determining the risk associated with the financial condition and performance of a respondent and any third parties relied upon by the respondent. Lower-risk respondents are preferred.</p>
10. Ability to deliver as proposed	<p>PSE will use the information provided in response to Exhibit B to evaluate the experience and qualifications of the project team, an important consideration when judging a respondent's ability to deliver a commercially operable project in the time frame proposed. PSE prefers respondents with proven track records.</p> <p>Information submitted in response to Exhibit B, which addresses project development status and schedule, will also be used to evaluate the respondent's ability to meet the proposed commercial operation date.</p>

EXHIBIT A. EVALUATION CRITERIA

Criteria Element	Description
11. Status of transmission rights	<p>The ability to transmit power from the project site to one or more points on PSE’s electric system is a requirement (particularly to points on the system where the deliveries may be used to serve load with limited or no transmission congestion).</p> <p>PSE will use information provided in Exhibit B and, if necessary, the PowerWorld software tools, to assess whether and to what extent the required transmission will be available, and whether and to what extent the necessary transmission paths are constrained.</p>
12. Security and control	<p>Proposals that supply firm, fixed price fuel supply are preferred.</p> <p>Proposals that offer alternative methods of managing price volatility will be favorably considered.</p> <p>Proposals that supply firm energy and capacity are preferred.</p>
13. Federal regulatory approvals	<p>PSE will consider the effect of any federal regulatory approvals that would result from accepting the proposal, including, but not limited to, requirements under Sections 203 and 205 of the Federal Power Act. Proposals that eliminate or minimize the effect of any such federal regulatory approvals are preferred.</p>

EXHIBIT A. EVALUATION CRITERIA

4. *Public Benefits*

Criteria Element	Description
1. Environmental impacts	<p>Proposals that minimize environmental impacts are preferred. Environmental impacts refer to the full range of issues evaluated in an environmental impact statement or environmental assessment.</p> <p>PSE will consider information supplied in response to Exhibit B in its evaluation of the environmental impacts of a proposed acquisition.</p>
2. Resource location	<p>Proposed resources located such that they provide benefits to the regional and PSE transmission systems, or require minimal or no transmission upgrades are preferred.</p> <p>Proposals that are not dependent upon constrained transmission or fuel transportation paths are preferred.</p> <p>Proposed resources located within PSE's service territory are preferred.</p>
3. Community impacts	<p>Proposals that demonstrate support from public, local, state and federal government entities and Native American Tribes, if applicable, as well as other stakeholders, are preferred.</p>

EXHIBIT A. EVALUATION CRITERIA

5. *Strategic and Financial*

Criteria Element	Description
1. Capital structure impacts	<p>PSE's quantitative analysis will impute the anticipated equity cost needed to offset any adverse effects on its capital structure associated with accounting requirements (e.g., FASB ASC 810) that may require PSE to consolidate the respondent's balance sheet.</p> <p>All else being equal, PSE prefers proposals that avoid risks associated with a requirement to consolidate a respondent's financials with PSE's financials (e.g., pursuant to FASB ASC 810).</p> <p>All else being equal, proposals are preferred that would not increase PSE's exposure to adverse impacts on its financial position (e.g., by requiring PSE to impute debt, to account for the transaction as a capital lease (e.g., under FASB ASC 840), to account for or report the transaction as a financial derivative transaction (e.g., pursuant to FASB ASC 815), by otherwise adversely affecting PSE's financial leverage, operating leverage, credit rating, cash flow, income statement or balance sheet, or by imposing credit requirements or increasing liquidity risk).</p>
2. Future exposure to environmental regulations and/or taxes	<p>Proposals for resources with lower potential exposure to future environmental regulations and/or taxes are preferred.</p>
3. Guarantees and security	<p>PSE will consider information provided in response to Exhibit B to determine whether it will require any additional guarantees or credit support pursuant to Section 5 of the RFP document.</p> <p>PSE's credit risk department may require the seller to provide performance assurance. PSE will expect sellers with sub-investment-grade credit ratings (or being of similar creditworthiness) to provide performance assurance acceptable to the Company.</p> <p>PSE will not accept collateral thresholds, credit ratings triggers, general adequate assurances language or similar language that might require the Company to provide performance assurance.</p>

2018 RFP for All Generation Sources:

Exhibit B. Proposal Requirements

EXHIBIT B. PROPOSAL REQUIREMENTS

Proposal Requirements

This exhibit outlines the minimum requirements for submitting a proposal in response to PSE's All Source RFP. This information will be used to evaluate incoming proposals using the evaluation criteria described in **Exhibit A**. During the course of the evaluation, respondents may be asked to clarify proposal details or to supply additional information needed to provide a thorough due diligence review. A list of sample data requests is posted online at <http://www.pse.com/RFP>.

Mutual Confidentiality Agreement

Submit two signed copies of the Confidentiality Agreement (**Exhibit C**) by August 3, 2018.

Proposal Requirements

PSE requests that respondents submit their proposals in the format shown in **Table 1**. Proposals are due to PSE by August 17, 2018.

1. Proposal Requirements: Table of Contents

Section	Table of Contents	Page
	Summary Data Form (Exhibit D), http://www.pse.com/RFP	Exhibit D
1	Description of offer	B-2
2	Capital costs, pricing and delivery	B-2
3	Summary commercial offer term sheet	B-5
4	Description of project and project status	B-5
5	Technical and operations	B-6
6	Fuel supply	B-8
7	Interconnection and transmission	B-8
8	Legal and financial	B-9
9	Additional information for development project	B-9
10	REC-only product	B-11
11	Additional requirements described in Section 4 of the RFP document, including: <ul style="list-style-type: none"> • Signatures and certifications • Tax-incentive risk and environmental attributes • No assignment • Eligibility and conflict of interest disclosure • Validity, deadlines and regulatory approval 	Section 4, page 9
	List of attachments	

EXHIBIT B. PROPOSAL REQUIREMENTS**Summary Data Form**

Complete the Summary Data Form (**Exhibit D**) and return a live copy of the Excel form as part of your electronic proposal (on USB flash drive). This form is an input to our proposal database and should not be altered. Attach a printed copy to your proposal submission. The downloadable form is available online at <http://www.pse.com/RFP>.

Proposal Data

Please provide the following information, as applicable to your proposal. This list is designed to be a guideline and form of proposal to help ensure that PSE has the minimum information necessary to perform its preliminary review of proposals. Bidders should plan to provide all relevant information necessary to assess the Additional data requests may be submitted to bidders on an as-needed basis during the RFP process.

Section 1. Description of offer

- Project name
- Proposed commercial arrangement
- Offer capacity (MW); for storage resources, include also MWh storage
- Offer timing:
 - For projects, identify energy delivery start date.
 - For PPAs, provide duration, beginning and end dates.
 - For PPAs, include seasonal shape, as applicable.
- Project owner and other projects completed to date
- Project developer and other projects completed to date

Section 2. Capital costs, pricing and delivery**PSE ownership**

- For the purchase of an existing plant (in service), specify asset purchase price.
- For the purchase of development assets, specify development assets purchase price. Specify total capital cost to project build-out (exclude development assets). Please provide, separately, the financing costs if included in the total capital cost. PSE may prefer to finance the construction, provide the estimated payment schedule dates.
- Include major project capital and operating expenses, and documentation to support the reasonableness of the projections discussed below. This should include an itemized

EXHIBIT B. PROPOSAL REQUIREMENTS

budget with a breakdown of projected capital costs, operating and maintenance costs, all costs associated with site acquisition and improvement, permitting, project construction, testing and commissioning, compliance with environmental and other applicable regulations (federal, state and local), and security. Project costs must be provided in an electronic Excel spreadsheet with formulas intact (with detail generally in the form set forth in **Exhibit F**).

Purchased power agreements

- Start and ends dates (as applicable)
- If a temporal exchange offer, include start and end dates for delivery to PSE, start and end dates for delivery returned by PSE, energy volume (MWh) and price per MWh. Indicate if price includes operating reserves, emission costs and/or transmission to PSE's system.

For power purchase agreements (“PPAs”) or tolling offers, respondents should provide the following information by month, at a minimum, as applicable.

- Provide a flat or escalating price per MWh for energy and environmental attributes produced.
- Include a fixed or escalating demand price in \$/kW month, start charges in \$/start, and contract heat rate, if applicable.
- State whether the price offer includes environmental attributes, operating reserves, and whether respondent assumes all environmental risk. If available as separate options, specify the price of each option.
- Attest that the proposal complies with existing local, state and federal environmental laws and regulations.
- State whether the price includes transmission to PSE's system. If a wind project, state whether the seller will provide all scheduling, and state whether the seller will be responsible for all balancing charges and/or all wind integration costs for the project.
- Include respondent's fixed annual or monthly payments associated with operation, maintenance and ownership costs.
- For project PPAs, state respondent's underlying fixed and variable cost of production.
- Propose a combination of the above or other suitable alternatives, as applicable.
- All other things being equal, PSE prefers a pricing structure that closely mirrors the actual cost structure of the project. In this way, the developer's and PSE's interests with respect to scheduling and dispatch would be aligned.

EXHIBIT B. PROPOSAL REQUIREMENTS

- PPA price offers must be provided in an electronic Excel spreadsheet with formulas intact. Respondents must provide a separate Excel spreadsheet for each offer, if multiple offers are proposed.

As an option, respondents are requested to include a proposal wherein the respondent to fully assume the present and future costs of continued compliance with existing or future local, state, or federal environmental law and regulation. If provided, such proposal should specify the environmental risks that the respondent is assuming and the cost for assuming each one. Any such environmental risk provisions should be optional, to be included at PSE's election.

Respondents should be aware that the quantitative cost screening of proposals received in response to the RFP will include costs associated with delivering the energy to PSE's system as well as the costs associated with financial and accounting regulations. An imputed debt component will be calculated for all PPAs pursuant to the methodology of Standard and Poor's rating agency, as described below:

Calculating imputed debt for PPAs

The debt rating agencies view long-term purchased power agreements (PPAs) as creating fixed, debt-like financial obligations that act as substitutes for capital investment in generation capacity. Adjusting financial measures to incorporate PPA fixed obligations allows greater comparability to self-build generation. As a result, in the evaluation of PPAs in the RFP, PSE takes into account the cost of rebalancing the capital structure to maintain its credit rating. PSE's imputed debt calculation is based on S&P's methodology.

defined demand payments or a 50 percent factor applied to energy only PPAs, representing the implied capacity payment of the product. This yearly fixed obligation is then multiplied by PSE's risk factor (25 percent) as defined by S&P. The imputed debt is calculated based on present value of the future stream of risk-adjusted fixed obligations in any given year, discounted at 7 percent. In theory, to offset the imputed debt, more equity would be added based on the approved equity percentage in the capital structure, which is 45 percent. The added cost of the additional equity is the pre-tax cost of equity at 12 percent less the 7 percent for the implied cost of debt, which equals 5 percent.

Sensitivity of imputed debt cost

The cost impact of imputed debt on PPAs varies with the term of the contract, the proportion of the PPA associated with demand payment, and with the escalation of the PPA rate or demand payments. Assuming a flat, unescalated PPA rate, the imputed debt cost will increase the levelized cost for the demand portion of the PPA by approximately 1.1 percent on a 3-year PPA, 1.7 percent on a 5-year PPA, 3.0 percent on a 10-year PPA and 4.8 percent on a 20-year PPA. For energy only PPAs the impact is half of what is listed above.

EXHIBIT B. PROPOSAL REQUIREMENTS

Section 3. Summary commercial offer term sheetGeneral terms and conditions

Provide a summary commercial offer term sheet. See **exhibits H, I and J** for prototype ownership agreement, natural gas tolling and wind PPA term sheets. Respondents should be aware that the prototype term sheets may be the basis for any potential Definitive Agreement with PSE; however, the Company reserves the right to modify the outlined terms.

Include the following items, as applicable:

- Description: structure, product, type of service, underlying facility, etc.
- Seller
- Term and delivery periods
- Transmission: interconnection, delivery point, ancillary services, line losses, etc.
- Capacity/Quantity
- Price
- Fuel supply arrangements: supplier, delivery point, etc.
- Operating characteristics and limits: minimum run time, maximum starts, planned outages, etc.
- Scheduling coordinator/Imbalance charges
- Guaranteed heat rate
- Guaranteed availability/Volume
- Force majeure
- Credit support

Section 4. Description of the project and project status

- Project location: city, county and state.
- Provide general description of project and project site, and describe key project components. Provide a map showing the project area and neighboring parcels. Show anticipated layout of all project facilities including transmission tie lines and natural gas laterals, solar arrays or turbine strings if applicable, substations, roads, collection systems, met towers for wind resources, and service buildings. Indicate the location of the transmission line with which the project will interconnect.

EXHIBIT B. PROPOSAL REQUIREMENTS

- Describe the project size (in acreage) and the land area controlled relative to project facilities. If the project can be expanded, describe the potential scope and conditions for additional development at the site.
- Provide a list of leases, easements, and/or other ownership documents demonstrating that the respondent has control of the intended project properties and the legal rights to construct, interconnect, operate and maintain the project as described throughout the life of the project.
- Project status: construction, development or operating, and status of all development and construction work completed to date. Provide commercial online date. Provide construction start date, as applicable. Development status should include the following information:
 - List of permits obtained and status of permits in progress
 - Identify transmission and integration secured, or pending requests
 - Fuel supply agreements in place
 - Studies completed or in progress
- Facility nameplate capacity and any incremental capacity new and clean at ISO conditions, or specify temperature and elevation.

Section 5. Technical and operations

- Identify resource and technology type. Specify make, model, number of units and MW/unit. If solar, specify DC panel capacity and AC inverter output, degradation by year (typically not linear) and panel orientation (degrees from south facing).
- Identify facility and unit nameplate capacity (MW) and, if applicable, project heat rate (HHV) at ISO conditions, or specify temperature and elevation. For storage proposals, identify both MW capacity and MWh storage. Identify amount and duration of rated discharge (e.g., X MW for Y hours).
- Identify average December temperature for project location and the corresponding capacity rating (MW) at that temperature.
- Include O&M costs (\$/MWh, variable in operation as applicable). See **Exhibit F**.
- Facility outage/availability information: expected annual forced outage rate¹ (%), expected average annual planned maintenance requirements (days per year), expected timing of planned outages (for seasonal resources). Include the estimated annual unit availability, and any guaranteed minimum annual availability and level of production.

¹ The “annual forced outage rate” should represent the expected annual forced outages excluding planned maintenance.

EXHIBIT B. PROPOSAL REQUIREMENTS

- Facility operating characteristics and limits: minimum run time (hours), minimum down time (hours), minimum operating load (MW), minimum operating load allowable by permits (if applicable), heat rate when operating at minimum load or minimum load allowable by permits (if applicable), maximum starts (per day or other applicable timeframe), full lifetime cycle limits (as applicable and available), etc. Indicate whether facility is ten-minute start capable. Identify ramp rate, up and down if asymmetrical. For storage proposals, describe cycling limitations (e.g., cycle limit per day or other timeframe as applicable, full lifetime cycle limits as available).
- As applicable, provide facility start up time for hot, warm and cold starts (hours), specify amount of fuel (MMBtu) and electricity (MW) consumed during start-up cycle.
- Facility generation information for must-run and must-take resources, and intermittent resources (including biomass, wind, hydro, solar and geothermal proposals):
 - Estimated net annual capacity factor (%); indicate whether this is a year 1 estimate or an average lifetime estimate accounting for degradation over time
 - Provide the projected average net output in MWh in an Excel 12x24 matrix (**Exhibit E**); that is, for each hour of each month, indicate the number of MWh expected to be generated in a typical hour.
 - Provide five-minute dispatch data streams (at least one year). Provide a spreadsheet similar to Exhibit E, but for 365x288 data points.
 - If solar, identify irradiation data source.
- If resource will be shaped, either by another balancing authority area (BAA) in region or with local batteries, provide a brief description of the shaping arrangement. If plant will automatically shape, provide data and details for how the five-minute dispatches result in shaped power (e.g., via both five-minute dispatch data and respective 15-minute or hourly dispatches, or specify other timescale to which power is shaped).
- For storage proposals:
 - Identify projected lifetime of energy storage media and capacity degradation from new to end-of-life condition.
 - Identify facility's minimum state of charge (SOC) or impoundment of energy in percent of maximum SOC or impoundment.
 - Identify net electric round trip efficiency at both beginning of life and end of life for the storage medium, given a full charge/discharge or impoundment/withdraw cycle from minimum SOC to maximum SOC and back.
- For battery hybrid proposals:
 - Does the plant need a schedule for state of charge?
 - Is resource intended to time-shift for peak capacity, and if so, how is this controlled?

EXHIBIT B. PROPOSAL REQUIREMENTS

- Can the batteries provide up/raise ancillary services, and if so, how is this controlled?
- Can facility be curtailed via PSE's Energy Management System (EMS) or by CAISO Dispatch Operating Targets (DOTs)?
- Describe any known or likely operating limits due to permitting, legal, aesthetic, wildlife or other reasons.
- Describe how the underlying facility or contract meets the obligations of Washington's Emissions Performance Standards (WAC 173-407).
- Provide facility air emissions data for greenhouse gases, nitrogen oxides, sulfur, and particulate matter in tons/GWh or lb/MMBtu or as otherwise applicable.

Section 6. Fuel supply

- Specify primary fuel type; specify backup fuel type and storage capacity on-site, if applicable. Indicate whether fuel supply has been secured.
- Identify the maximum hourly and daily gas requirements of the plant at its rated capacity, with and without duct firing, if applicable.
- Indicate fuel transportation method and whether transportation has been secured.

Section 7. Interconnection and transmission

- Identify point of interconnection, point of receipt (if different from interconnection) and point of delivery. For the purposes of this RFP, the term "interconnection point" shall refer to the point at which the project is connected to the high voltage transmission system. Project must meet all required interconnection standards.
- Identify transmission provider(s). Has transmission been secured? Provide request queue number, if applicable.
- Identify interconnection provider. Has interconnection been secured? Provide request queue number, if applicable.
- Date of LGIA signing or expected signing.
- Expected date of interconnection capitalization.
- Are transmission and interconnection studies available, if requested? List studies available. List the status of all pending studies.
- Identify construction plans for any required interconnection facilities, and include status and schedule.

EXHIBIT B. PROPOSAL REQUIREMENTS

- Identify all long-term, firm, point-to-point, third-party transmission service arrangements that are in place or will be in place to facilitate the delivery of the electricity to PSE's transmission system.
- Specify the balancing authority area in which the project will reside.
- Provide all costs related to transmission services (including losses) and delivery of electricity to the point of delivery.
- For projects outside PSE's balancing authority area, describe the plan for supplying the following: operating reserves, resource integration (wind or otherwise), scheduling, regulating reserves, generation imbalance and any other required ancillary service.
- If the proposal does not include long-term firm delivery to PSE's system, the respondent should explain the following: the steps taken to obtain long-term firm transmission delivery to PSE's system and the expected timing of long-term firm transmission delivery. The respondent is also encouraged to discuss any alternate solutions to firm the delivery of energy and capacity to PSE's system over the term of the proposal.
- If proposing a qualifying renewable resource that is located outside the Pacific Northwest as defined for the Bonneville Power Administration in Section 3 of the Pacific Northwest Electric Power Planning and Conservation Act (94 Stat. 2698; 16 U.S.C. Sec. 839a), describe how the electricity from the facility will be delivered into Washington state on a real-time basis without shaping, storage, or integration services.
- Does the owner/developer plan to pursue eligibility through the Public Utilities Regulatory Policies Act and/or the Energy Facility Site Evaluation Council (EFSEC)?

Section 8. Legal and financial

- Describe any dependence on another entity (e.g., a fuel supplier or a steam host).
- Provide a deal diagram that shows all contractual parties, listed by their legal names, and their relationship with the project.
- Describe any pertinent legal issues, such as suits, disputes, administrative investigations or permitting issues.

Section 9. Additional information for development projects**Schedule**

- Provide in a format, such as a Gantt chart, the most accurate schedule estimates available on the various project activities covering the period from the initiation of development activities through the project's proposed commercial operation date. Include a schedule item for each significant activity including:
 - project development

EXHIBIT B. PROPOSAL REQUIREMENTS

- permitting
- interconnection
- engineering
- construction
- startup
- testing
- commissioning
- Include any additional timelines applicable to the project that will demonstrate its status and plans.
- Indicate all actions taken to ensure the schedule is met (such as placing orders for equipment with long lead times) and potential opportunities to improve the schedule.

Site Control

- Provide a list of leases, easements, and/or other ownership documents demonstrating that the respondent has control of the intended project properties and the legal rights to construct, interconnect, operate and maintain the project as described throughout the life of the project.

Environmental Siting

- Discuss known environmental issues relative to the development and operation of the project, including impacts to air, water, flora and fauna, energy and natural resources, environmental health, shoreline use, housing, aesthetics, recreation, historic and cultural preservation, transportation, public service and utilities. Describe measures that will be taken to mitigate all impacts of the project.
- Describe all wildlife or other environmental studies and assessments that have been performed related to the site and the project, including but not limited to wildlife monitoring reports, biological assessments, environmental assessments, environmental impact statements, environmental media sampling reports (air, soil or groundwater), flood control measures or other risk mitigations identified at the site.
- Describe methodologies for such studies and identify the person(s) or firm(s) who conducted and completed the work. If such studies are planned or in progress, describe the scope and schedule for completion, identify the person(s) or firm(s) performing the studies, and identify the methodologies to be employed. Describe measures that have or will be taken to mitigate all impacts of the project.

EXHIBIT B. PROPOSAL REQUIREMENTS

- Discuss plans to engage community and environmental stakeholders to support the proposed project or existing projects. Discuss ongoing community relations and environmental stakeholder relations.

Permits

- Identify project permits and any other local, state or federal government approvals or authorizations required to build and operate the project, as well as all permit or other government approval applications and requests with special emphasis on the key discretionary permits (such as a conditional use permit, site certificate and major air, wastewater and/or waste permits).
- Discuss the current status of applications and proceedings, the schedule and the approach to be used to obtain necessary permits and approvals.
- If the project is located in an area that is ceded land, may have been historically used by a Native American tribe, or if the project may impact tribal interests, specify whether the tribe has been consulted about the project.
 - If so, describe the consultation, including the names and phone numbers of those contacted, and the tribe's position on the project. Also specify any plans for further consultation with the tribe in future.
 - If not, indicate why the tribe has not been consulted and describe any plans to consult the tribe in future.
 - Is the respondent aware of any required tribal notifications, permit conditions or costs associated with any tribal agreement or promise? If so, please describe.

Construction

- Describe arrangements and commitments (contracts, letters of intent, and memoranda of understanding) that have been made, if any, for the construction of the project.
- Describe the contractual structure (including any existing agreements or forms of agreement) proposed for project design, procurement, and construction (e.g., turnkey; engineering, procurement and construction; multiple lump-sum purchase, etc.). For any approach other than turnkey, provide information on the organization and individual responsible for project management during this phase. If construction is completed, identify all open warranty issues.

Section 10. REC-only products

Any proposal for a REC-only product should provide the following information:

- Product must meet the requirements of RCW 19.285 (the Energy Independence Act), which include but are not limited to the following:

EXHIBIT B. PROPOSAL REQUIREMENTS

- RECs must be sourced from a facility that meets the definition of an “eligible renewable resource” and that comes from a “renewable resource” as defined in RCW 19.285.
- The facility must commence operation after March 31, 1999. Alternatively, for incremental generation produced from hydroelectric projects as a result of efficiency improvements to units owned by a qualifying utility and located in the Pacific Northwest or to hydroelectric generation in irrigation pipes and canals located in the Pacific Northwest (where the additional generation in either case does not result in new water diversions or impoundments), such improvements must be completed after March 31, 1999.
- The facility must be located in the Pacific Northwest as defined in RCW 19.285.
- REC-only product must comply with the definition of “renewable energy credit” in RCW 19.285.
- State whether the volume of RECs will be a fixed quantity or tied to the actual output of the facility. The minimum quantity that will be considered is 25,000 RECs per year.
- State the term for REC purchases offered in the proposal. All else equal, PSE prefers longer-term offers for REC-only products. PSE is interested in RECs produced from year 2022 or later.
- All RECs must be fully transferable via WREGIS to PSE, free from any rights of others.
- The provider will be responsible for covering all expenses associated with registering the eligible renewable resource with the Western Renewable Energy Generation Information System (WREGIS), or its successor, and in addition, the WREGIS certificate creation and transfer fees.
- Describe the source of the RECs, whether from market purchases and contracts or from owned or shared generation resources.
- Identify the facility(ies) from which the RECs will be sourced, including renewable resource type, commercial operation date, and facility location. Briefly describe the facility(ies), including how it meets the requirements of RCW 19.285.
- PSE is receptive to offers containing varying term lengths, quantities, and pricing options.

2018 RFP for All Generation Sources:

Exhibit C. Mutual Confidentiality Agreement

EXHIBIT C. MUTUAL CONFIDENTIALITY AGREEMENT

Mutual Confidentiality Agreement

This Agreement, dated as of _____, 2018, 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 power generation facilities in _____ (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 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

EXHIBIT C. 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.

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, 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.

EXHIBIT C. 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.

EXHIBIT C. 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 _____, 2018.

PUGET SOUND ENERGY, INC.

By _____

Its _____

[OTHER PARTY]

By _____

Its _____

2018 RFP for All Generation Sources:

Exhibit D. Summary Data Form

EXHIBIT D. SUMMARY DATA FORM

Summary Data Form

Each proposal must include a live Excel copy of the Summary Data Form. This template is available online at <http://www.pse.com/RFP>.

Please do not modify any portion of the electronic form. It is designed as an input to our proposal database and may not function properly if altered.

1. Contact Information			
Primary Contact			
Contact Name			
Contact Title			
Name of Company			
Mailing Address			
	City	State / Province	Zip Code
Office Phone			
Cell Phone			
Email			
Alternate Contact			
Contact Name			
Contact Title			
Name of Company			
Mailing Address			
	City	State / Province	Zip Code
Office Phone			
Cell Phone			
Email			

EXHIBIT D. SUMMARY DATA FORM

2. Offer Information			
Proposed Commercial Arrangement			
Respondent entity <i>(Owner / Developer)</i>	<input style="width: 100%;" type="text"/>		
Is the respondent a subsidiary or affiliate of PSE? <i>(as defined in the All Source RFP Section II.3 under Information Requested from Respondents)</i>			<input type="checkbox"/> Check, if yes
Proposed commercial arrangement	<input style="width: 100%;" type="text"/>		
Description of Other	<input style="width: 100%;" type="text"/>		
Offer Capacity	<input style="width: 50%;" type="text"/>	MW	
Briefly describe offer			
<input style="width: 100%; height: 100%;" type="text"/>			
General Facility Information			
Project/Facility Name <i>(Proposal name)</i>	<input style="width: 100%;" type="text"/>		
Project Location	City	County	State / Province
	<input style="width: 50%;" type="text"/>	<input style="width: 50%;" type="text"/>	<input style="width: 50%;" type="text"/>
Project Status	<input style="width: 100%;" type="text"/>		
Commercial Online Date	<input style="width: 100%;" type="text"/>		
<i>For term agreements (PPAs, exchanges or transmission only products),</i>			
Term Start Date	<input style="width: 50%;" type="text"/>	Term End Date	<input style="width: 50%;" type="text"/>

EXHIBIT D. SUMMARY DATA FORM

3. Resource and Delivery			
Technology			
Resource Type		If Market PPA (technology unspecified) or Exchange Agreement, skip ahead to the transmission section.	
Description of Other			
Briefly describe technology <i>(make, model, number of units)</i>			
Facility Capacity		MW	Net capacity factor
Nominal Heat Rate		Btu/kWh <i>(HHV)</i>	
ISO conditions?	<input type="checkbox"/> Check box, or specify		
		°F	feet
Transmission and Interconnection			
Point of Interconnection			
Point of Delivery			
Transmission Provider(s)			



Summary Data Form

The electronic portion of each proposal submittal (CD copy) must include an Excel copy of the Summary Data form. This template is available online at <http://www.pse.com/RFP>.

Please do not modify any portion of the electronic form. It is designed as an input to our proposal database and may not function properly if altered.

1. Contact Information			
Primary Contact			
Contact Name			
Contact Title			
Name of Company			
Mailing Address			
	City	State / Province	Zip Code
Office Phone			
Cell Phone			
Email			
Alternate Contact			
Contact Name			
Contact Title			
Name of Company			
Mailing Address			
	City	State / Province	Zip Code
Office Phone			
Cell Phone			
Email			



2. Offer Information			
Proposed Commercial Arrangement			
Respondent entity <i>(Owner / Developer)</i>	<input type="text"/>		
Is the respondent a subsidiary or affiliate of PSE? <i>(as defined in the All Source RFP Section II.3 under Information Requested from Respondents)</i>			<input type="checkbox"/> Check, if yes
Proposed commercial arrangement	<input type="text"/>		
Description of Other	<input type="text"/>		
Offer Capacity	<input type="text"/>	MW	
Briefly describe offer			
<input type="text"/>			
General Facility Information			
Project/Facility Name <i>(Proposal name)</i>	<input type="text"/>		
Project Location	City	County	State / Province
	<input type="text"/>	<input type="text"/>	<input type="text"/>
Project Status	<input type="text"/>		
Commercial Online Date	<input type="text"/>		
<i>For term agreements (PPAs, exchanges or transmission only products),</i>			
Term Start Date	<input type="text"/>	Term End Date	<input type="text"/>

3. Resource and Delivery			
Technology			
Resource Type		If Market PPA (technology unspecified) or Exchange Agreement, skip ahead to the transmission section.	
Description of Other			
Briefly describe technology (make, model, number of units)			
Facility Capacity		MW	Net capacity factor
Nominal Heat Rate		Btu/kWh (HHV)	%
ISO conditions? <input type="checkbox"/> Check box, or specify			°F
			feet
Transmission and Interconnection			
Point of Interconnection			
Point of Delivery			
Transmission Provider(s)			

2018 RFP for All Generation Sources:

Exhibit E. Energy Delivery

EXHIBIT E. ENERGY DELIVERY

Energy Delivery

Complete the table below and provide an electronic copy with your proposal. A live Excel version of the table is available for download at www.pse.com/rfp.

Project		If resource is intermittent, specify whether output is in average MWh or cumulative MWh
Net Project Capacity (MW)		
Annual Generation (MWh)		

Hour Ending	Project Megawatt Hours (MWh) in AC												Total
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													
13													
14													
15													
16													
17													
18													
19													
20													
21													
22													
23													
24													
Total													



Energy Delivery

Project	
Net Project Capacity (MW)	
Annual Generation (MWh)	

If resource is intermittent, specify whether output is in average MWh or cumulative MWh

Hour Ending	Project Megawatt Hours (MWh) in AC												Total	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec		
1														
2														
3														
4														
5														
6														
7														
8														
9														
10														
11														
12														
13														
14														
15														
16														
17														
18														
19														
20														
21														
22														
23														
24														
Total														

2018 RFP for All Generation Sources:

Exhibit F. Project Costs

EXHIBIT F. PROJECT COSTS

Project Costs

Complete the following project capital and operating cost tables, and include an electronic copy with your proposal. An Excel version of this exhibit is available for download at www.pse.com/rfp.

1. Project Capital Cost

		Are costs in nominal dollars or real? Nominal														Assumed escalation rate? 0%		Additional
<i>Project Buildout Capital Costs (as applicable)</i>		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2040	2041	2042	Information
Land Acquisition	\$																	
Engineering	\$																	
Permitting	\$																	
Development Fees	\$																	
Other Development Costs	\$																	
Generation Facility	\$																	
O&M Building	\$																	
Project Substation	\$																	
Generation Equipment:	\$																	
Wind Turbines	\$																	
Solar Array(s)	\$																	
Combustion Turbine / Generator	\$																	
Steam Turbine	\$																	
Spare Parts	\$																	
Pipeline Build-out	\$																	
Environmental Management / Containment	\$																	
Remaining Balance of Plant Construction	\$																	
Other (Taxes, Insurance, Etc)	\$																	
Contingency	\$																	
Initial Working Capital	\$																	
Start Up Power Credit: Sales of Test Power	\$																	

<i>Ongoing Capital Costs During Project Operation(as</i>		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2040	2041	2042	Additional
Incremental Capital Needs (Please list)	\$																	Information
Major Maintenance	\$																	
Combustion Inspection	\$																	
Hot Gas Path	\$																	
Turbine Refurbishments	\$																	
Plant Upgrades	\$																	

Are sales taxes assumed to be included in each line item?

EXHIBIT F. PROJECT COSTS

2. Operating Expenses

Are costs in nominal dollars or real? **Nominal** Assumed escalation rate? 0%

Generation Statistics (as applicable per resource type)

		2018	2019	2020	2021	2022	2023	2024	2025	2040	2041	2042	Additional Information
Nameplate Capacity (same as form)	MW												
Forced Outage Rate	%												
Planned Outage Rate	%												
Annual Availability Factor	%												
Net Capacity Factor	%												
Net Annual Generation (AC)	GWh												

Fixed Operating Expenses (as applicable per resource type)

		2018	2019	2020	2021	2022	2023	2024	2025	2040	2041	2042	Additional Information
O&M - General	\$/kW-yr												
Transmission - Electric to Point of Delivery	\$/kW-yr												
Insurance	\$												
Property Tax	\$												
Asset Management Fee	\$												
Environmental Monitoring	\$												
Outside Services	\$												
Other	\$												
Fuel:													
Primary Fuel Source	\$/kW-yr												
Secondary Fuel Source	\$/kW-yr												
Primary Fuel Transportation	\$/kW-yr												
Secondary Fuel Transportation	\$/kW-yr												
Service Agreements:													
Turbine / Generator O&M - Service Agreement	\$/kW-yr												
Remaining Plant O&M - Service Agreement	\$/kW-yr												
Capacity Payment	\$/kW-yr												
Water / Wastewater Treatment	\$/kW-yr												
Spare Parts	\$/kW-yr												
Parasitic Power	MWh / yr												
Permit Requirements	\$												
O&M Service Agreement - Wind	Total \$												
Development Fee	\$												
Land Leases	\$												

Variable Operating Expense (as applicable per resource type)

		2018	2019	2020	2021	2022	2023	2024	2025	2040	2041	2042	Additional Information
O&M - General	\$/ MWh												
Transmission - Electric to Point of Delivery	\$/ MWh												
Fuel:													
Primary Fuel Transportation	\$/ MMBtu												
Secondary Fuel Transportation	\$/ MMBtu												
Service Agreements:													
Turbine / Generator O&M - Service Agreement	\$/ MWh or \$/FFH												
Remaining Plant O&M - Service Agreement	\$/ MWh or \$/FFH												
Chemicals	\$/ MWh												
Production Payments to Developer	\$/ MWh												
Landowner Royalties	\$/ MWh												
Fuel Cost Per Unit	\$/ Bone Dry Ton												
Emissions Cost	\$/ MWh												

Are sales taxes assumed to be included in each line item? Yes

Project Capital Cost

		Are costs in nominal dollars or real? Nominal												Assumed escalation rate? 0%											
		B	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W			
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037				
1	Project Buildout Capital Costs (as applicable)																								
2	Land Acquisition	\$																							
3	Engineering	\$																							
4	Permitting	\$																							
5	Development Fees	\$																							
6	Other Development Costs	\$																							
7	Generation Facility	\$																							
8	O&M Building	\$																							
9	Project Substation	\$																							
10	Generation Equipment	\$																							
11	Wind Turbines	\$																							
12	Solar Array(s)	\$																							
13	Combustion Turbine / Generator	\$																							
14	Steam Turbine	\$																							
15	Spare Parts	\$																							
16	Pipeline Build-out	\$																							
17	Environmental Management / Containment	\$																							
18	Remaining Balance of Plant Construction	\$																							
19	Other (Taxes, Insurance, Etc)	\$																							
20	Contingency	\$																							
21	Initial Working Capital	\$																							
22	Start Up Power Credit: Sales of Test Power	\$																							
23																									
24	Ongoing Capital Costs During Project Operation (as at																								
25	Incremental Capital Needs (Please list)	\$																							
26	Major Maintenance	\$																							
27	Combustion Inspection	\$																							
28	Hot Gas Path	\$																							
29	Turbine Refurbishments	\$																							
30	Plant Upgrades	\$																							
31																									
32																									
33																									
34	Are sales taxes assumed to be included in each line item?																								



Project Capital Cost

	A	B	X	Y	Z	AA	AB	AC	Additional Information
			2038	2039	2040	2041	2042		
1	Project Buildout Capital Costs (as applicable)								
2	Land Acquisition	\$							
3	Engineering	\$							
4	Permitting	\$							
5	Development Fees	\$							
6	Other Development Costs	\$							
7	Generation Facility	\$							
8	O&M Building	\$							
9	Project Substation	\$							
10	Generation Equipment	\$							
11	Wind Turbines	\$							
12	Solar Array(s)	\$							
13	Combustion Turbine / Generator	\$							
14	Steam Turbine	\$							
15	Spare Parts	\$							
16	Pipeline Build-out	\$							
17	Environmental Management / Containment	\$							
18	Remaining Balance of Plant Construction	\$							
19	Other (Taxes, Insurance, Etc)	\$							
20	Contingency	\$							
21	Initial Working Capital	\$							
22	Start Up Power Credit: Sales of Test Power	\$							
23									
24	Ongoing Capital Costs During Project Operation (as of)								
25	Incremental Capital Needs (Please list)	\$							
26	Major Maintenance	\$							
27	Combustion Inspection	\$							
28	Hot Gas Path	\$							
29	Turbine Refurbishments	\$							
30	Plant Upgrades	\$							
31									
32									
33									
34	Are sales taxes assumed to be included in each line item?								

Operating Costs

Generation Statistics (as applicable per resource type)	Assumed escalation rate? 0%												Additional Information																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000	3001	3002	3003	3004	3005	3006	3007	3008	3009	3010	3011	3012	3013	3014	3015	3016	3017	3018	3019	3020	3021	3022	3023	3024	3025	3026	3027	3028	3029	3030	3031	3032	3033	3034	3035	3036	3037	3038	3039	3040	3041	3042	3043	3044	3045	3046	3047	3048	3049	3050	3051	3052	3053	3054	3055	3056	3057	3058	3059	3060	3061	3062	3063	3064	3065	3066	3067	3068	3069	3070	3071	3072	3073	3074	3075	3076	3077	3078	3079	3080	3081	3082	3083	3084	3085	3086	3087	3088	3089	3090	3091	3092	3093	3094	3095	3096	3097	3098	3099	3100	3101	3102	3103	3104	3105	3106	3107	3108	3109	3110	3111	3112	3113	3114	3115	3116	3117	3118	3119	3120	3121	3122	3123	3124	3125	3126	3127	3128	3129	3130	3131	3132	3133	3134	3135	3136	3137	3138	3139	3140	3141	3142	3143	3144	3145	3146	3147	3148	3149	3150	3151	3152	3153	3154	3155	3156	3157	3158	3159	3160	3161	3162	3163	3164	3165	3166	3167	3168	3169	3170	3171	3172	3173	3174	3175	3176	3177	3178	3179	3180	3181	3182	3183	3184	3185	3186	3187	3188	3189	3190	3191	3192	3193	3194	3195	3196	3197	3198	3199	3200	3201	3202	3203	3204	3205	3206	3207	3208	3209	3210	3211	3212	3213	3214	3215	3216	3217	3218	3219	3220	3221	3222	3223	3224	3225	3226	3227	3228	3229	3230	3231	3232	3233	3234	3235	3236	3237	3238	3239	3240	3241	3242	3243	3244	3245	3246	3247	3248	3249	3250	3251	3252	3253	3254	3255	3256	3257	3258	3259	3260	3261	3262	3263	3264	3265	3266	3267	3268	3269	3270	3271	3272	3273	3274	3275	3276	3277	3278	3279	3280	3281	3282	3283	3284	3285	3286	3287	3288	3289	3290	3291	3292	3293	3294	3295	3296	3297	3298	3299	3300	3301	3302	3303	3304	3305	3306	3307	3308	3309	3310	3311	3312	3313	3314	3315	3316	3317	3318	3319	3320	3321	3322	3323	3324	3325	3326	3327	3328	3329	3330	3331	3332	3333	3334	3335	3336	3337	3338	3339	3340	3341	3342	3343	3344	3345	3346	3347	3348	3349	3350	3351	3352	3353	3354	3355	3356	3357	3358	3359	3360	3361	3362	3363	3364	3365	3366	3367	3368	3369



Transmission

	A	B	C	D	E	F	G	H	I	J	K
1	<u>Transmission Path</u>										
2	Where delivery options are included in price? (Check relevant Box)										
3	Busbar	x	<u>Additional Description (wheels, substation for point of connection, etc)</u>								
4	Mid-C	x									
5	To PSE	x									
6	Other1										
7	Other 2										

10	<u>Annual Transmission Cost Detail</u>		<u>Description</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Ongoing</u>
11	Integration Costs	\$/kW-yr							
12	Fixed Charges (Also shown in (2) Opex)	\$/kW-yr							
13	Variable Charges (Also shown in (2) Opex)	\$/MWh							
14	Ancillary Services 1 (Please Describe)	\$							
15	Ancillary Services 2 (Please Describe)	\$							
16	Ancillary Services 3 (Please Describe)	\$							
17	Ancillary Services 4 (Please Describe)	\$							
18	Other 1 (Please Describe)	\$							
19	Other 2 (Please Describe)	\$							

Additional Transmission Description

23 Please use the space below to describe all additional transmissions assumptions or issues.
 24 (Examples could relate to specifics of substation connection, ancillary services, non-firm transmission, interconnection requests filed, etc)

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2018 RFP for All Generation Sources:

Exhibit G. Schedule of Estimated Avoided Cost

EXHIBIT G. SCHEDULE OF ESTIMATED AVOIDED COST

Schedule of Estimated Avoided Cost

Consistent with WAC 480-107-055, this schedule of estimated avoided costs is intended to provide only general information to potential bidders about the cost of new power supplies. It does not provide a guaranteed contract price for electricity or capacity.

The following tables show two types of estimated avoided cost information for 2018 to 2037, avoided energy costs and avoided capacity costs. Both types of estimated avoided costs are discussed throughout Puget Sound Energy's ("PSE") 2017 Integrated Resource Plan ("IRP") and in detail in section 4 of Appendix N: Electric Analysis to the 2017 IRP ("Appendix N"). The current IRP is available on PSE's web site at <http://www.pse.com/IRP>.

- Table No. 1: 2018-2037 Avoided Energy Costs as Projected as the Estimated Monthly Prices for Mid-C Market in PSE's 2017 Integrated Resource Plan
- Table No. 2: 2018-2037 Avoided Capacity Costs as Estimated in PSE's 2017 Integrated Resource Plan by Resource Type with the January 12, 2018 Correction filed with the Washington Utilities and Transportation Commission under Docket Nos. UE-160918 and UG-160919.

Table No. 1 provides the nominal price forecast of monthly prices at the Mid-Columbia ("Mid-C") power trading market on a monthly basis for flat load. These prices are based upon PSE's estimates of currently projected market prices for electricity as provided for in WAC 480-107-055(2). These forecasted prices are consistent with the "Base + CAR only" estimated monthly prices for Mid-C market prices derived using PSE's AURORA forecast model and do not include system integration, shaping or transmission costs. System integration, shaping or transmission costs can be applied to decrement these prices. Currently, integration costs can range between \$3.02/MWh (OATT Schedule 13) and \$3.15/MWh (PSE 2017 IRP, page D-43) for a wind resource. This "Base + CAR Only" scenario in the 2017 IRP removes federal clean power plan compliance for the electric portfolio in the context of the base scenario assumptions but incorporating the compliance of Washington State's Clean Air Rule ("CAR"). This estimated avoided energy cost information is not a guaranteed contract price but provides general information to potential bidders.

Table No. 2 contains an estimated capacity value for combined heat and power systems that are dispatchable by PSE consistent with RCW 19.280.070(2). The estimated capacity value is not a guaranteed contract price but rather provides general information to potential bidders. The estimated capacity costs in Table No. 2 are consistent with PSE's corrected 2017 IRP forecast, along with the different market price forecasts from PSE's AURORA forecast model. Avoided resource costs are directly related to avoiding the acquisition of new capacity resources. The timing and costs of avoided capacity resources are tied directly to the 2017 IRP. These costs represent the average costs of capacity additions (or average incremental costs), not marginal

EXHIBIT G. SCHEDULE OF ESTIMATED AVOIDED COST

costs. System integration, shaping or transmission costs can be applied to decrement these prices.

- The estimated capacity value for 2018 to 2021 is based on PSE’s avoided capacity costs associated with firming short-term market purchases during the time period before PSE’s need to add capacity resources in 2022. This estimate was derived from data used to set the proposed rates in PSE’s 2017 general rate case.
- For the year 2022, the estimated capacity costs reflect the cost of acquiring more firm transmission to the Mid-C market.
- For the time period of 2023 to 2024, the estimated capacity costs are based on PSE’s levelized cost of a battery storage project as shown in PSE’s 2017 IRP.
- The 2025 to 2037 estimated capacity costs include the levelized cost of new peaking plants built during the period as indicated in the 2017 IRP Appendix N.

1. 2018-2037 Avoided Energy Costs as Projected as the Estimated Monthly Prices for Mid-C Market in PSE’s 2017 Integrated Resource Plan

2018-2037 Avoided Energy Costs as Projected as the Estimated Monthly Prices for Mid-C Market in PSE’s 2017 Integrated Resource Plan (Nominal \$/MWh)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg. Annual
2018	31.15	30.89	28.82	24.41	21.65	21.62	27.89	30.19	29.94	28.71	27.51	28.55	27.61
2019	29.74	29.29	27.64	24.91	22.72	22.27	28.21	30.56	30.94	30.06	27.69	28.56	27.71
2020	29.43	29.29	27.73	24.87	22.28	22.85	28.93	31.15	32.15	32.05	29.66	29.67	28.34
2021	31.21	31.27	28.91	26.02	23.36	23.82	30.12	32.71	33.52	32.18	30.92	31.16	29.60
2022	32.93	33.33	30.47	28.53	26.57	27.44	33.04	35.96	36.82	35.98	34.72	33.90	32.47
2023	35.13	35.81	32.66	30.36	29.13	29.90	35.64	38.62	39.51	40.79	38.79	36.94	35.27
2024	37.01	38.62	35.08	32.71	31.51	31.58	37.99	41.65	42.97	42.20	39.46	39.45	37.52
2025	40.60	41.97	38.71	36.91	35.43	34.92	42.20	45.57	46.80	45.86	43.18	43.15	41.27
2026	44.87	46.21	43.40	39.90	37.40	38.11	45.93	49.72	50.61	51.14	47.81	46.97	45.17
2027	47.85	49.28	46.31	42.70	40.10	40.75	48.68	52.68	53.42	52.98	50.37	49.78	47.91
2028	50.87	51.89	48.99	46.13	44.44	43.97	51.72	56.10	56.36	56.78	54.59	52.87	51.23
2029	53.83	55.67	51.83	48.25	45.85	45.23	54.83	59.55	60.06	60.20	57.05	55.80	54.01
2030	56.83	58.50	53.86	50.80	47.73	46.09	57.40	61.82	63.06	62.38	59.30	59.14	56.41
2031	59.84	61.59	56.73	54.49	51.47	49.09	60.71	65.32	66.79	65.83	63.11	62.63	59.80
2032	63.34	64.33	60.11	56.58	52.37	52.84	63.69	69.04	70.32	70.13	68.21	66.37	63.11
2033	66.96	67.97	62.83	60.23	56.59	55.91	66.95	72.51	73.42	72.30	70.45	69.25	66.28
2034	69.65	70.23	64.08	61.88	59.32	56.67	68.85	74.71	75.56	74.83	73.17	71.72	68.39
2035	72.45	73.49	67.78	64.22	59.37	57.05	71.53	78.53	80.06	78.72	76.81	75.44	71.29
2036	75.00	76.00	69.85	66.30	60.46	58.88	73.76	80.59	83.10	80.47	78.50	78.47	73.45
2037	77.57	78.09	71.78	68.66	63.78	60.56	75.52	82.63	85.24	82.37	81.49	81.18	75.74

EXHIBIT G. SCHEDULE OF ESTIMATED AVOIDED COST

2. *Table No. 2: 2018-2037 Avoided Capacity Costs as Estimated in PSE's 2017 Integrated Resource Plan by Resource Type with the January 12, 2018 Correction Filed with the Washington Utilities and Transportation Commission under Docket Nos. UE-160918 and UG-160919*

2018-2037 Avoided Capacity Costs as Estimated in PSE's 2017 Integrated Resource Plan by Resource Type with the January 12, 2018 Correction filed with the Washington Utilities and Transportation Commission under Docket Nos. UE-160918 and UG-160919 (Nominal \$/kw-year)			
	Firm Resource	Wind Resource	Solar Resource
2018	\$0.10	\$0.02	\$0.00
2019	\$0.10	\$0.02	\$0.00
2020	\$0.10	\$0.02	\$0.00
2021	\$0.10	\$0.02	\$0.00
2022	\$3.26	\$0.52	\$0.07
2023	\$93.00	\$14.88	\$1.86
2024	\$93.00	\$14.88	\$1.86
2025	\$80.00	\$12.80	\$1.60
2026	\$80.00	\$12.80	\$1.60
2027	\$80.48	\$12.88	\$1.61
2028	\$80.48	\$12.88	\$1.61
2029	\$80.48	\$12.88	\$1.61
2030	\$80.48	\$12.88	\$1.61
2031	\$84.16	\$13.47	\$1.68
2032	\$84.16	\$13.47	\$1.68
2033	\$84.16	\$13.47	\$1.68
2034	\$88.31	\$14.13	\$1.77
2035	\$88.31	\$14.13	\$1.77
2036	\$91.09	\$14.57	\$1.82
2037	\$91.09	\$14.57	\$1.82

2018 RFP for All Generation Sources:

Exhibit H. Prototype Ownership Term Sheet

EXHIBIT H. 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).

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.

PSE prefers proposals consistent with the sort of ownership arrangement described in this Term Sheet. Nevertheless, PSE is willing to review and evaluate alternative ownership structures on the basis set forth in the RFP, taking into consideration the different or additional economic, legal, regulatory, tax, risk management, financing, credit support, contractual and other implications presented by such alternative proposals.

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

EXHIBIT H. PROTOTYPE OWNERSHIP TERM SHEET

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 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 could be transferred to PSE at various stages of development and using a variety of approaches. Possibilities include, for example, joint development by Respondent and PSE, 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. Although PSE is willing to consider a variety of arrangements, this Term Sheet presumes that PSE would acquire an ownership interest in a Project (as defined below under “*Respondent and the Project*”) either (i) prior to the commencement of its construction or (ii) after it has already commenced commercial operations.

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.¹

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.

1 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.

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Respondent and the Project	<p>This Term Sheet assumes that Respondent is the owner of a generation project currently operating or under development and having a nameplate capacity of not less than 2 MW (the “<u>Project</u>”).</p> <p>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 can be placed in service, which shall be no later than December 1, 2022. PSE prefers Projects that can be placed in service by []. 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.</p>
Certain Definitive Agreements	<p>PSE expects that the agreements necessary to complete the potential transaction described in this Term Sheet (the “<u>Definitive Agreements</u>”) would include, among others: (1) a PSA for the sale by Respondent to PSE of all of the Project, 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 “<u>Guarantor</u>”), which would guaranty Respondent's obligations and those of Respondent's affiliates under the Definitive Agreements (the “<u>Respondent Guaranty</u>”).</p> <p>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).</p>
Closing	<p>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.</p>
Transaction Taxes	<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>
Regulatory	<p>PSE expects that the following regulatory approvals, among others, might</p>

EXHIBIT H. PROTOTYPE OWNERSHIP TERM SHEET

Approvals	<p>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>
Representations, Covenants & Warranties	<p>The Definitive Agreements would contain representations, covenants and warranties of each party that are customary for similar transactions</p>
Terms and Conditions For Projects Under Development	<p>If Respondent's proposal involves an unbuilt Project, PSE is willing to consider contracting to either (i) transfer to PSE the responsibility for its completion, start-up and commissioning, or (ii) having Respondent keep responsibility for its completion, start-up and commissioning pursuant to a separate engineering, procurement and construction or similar contract arrangements (collectively, "EPC") that would be put in place at the Closing under the PSA.</p> <p>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:</p> <ul style="list-style-type: none"> • performance and technical specifications of the Project; • performance guarantees; • major equipment and systems and vendors; • major subcontractors; • the status of permit applications; • the status of contractors' and vendors' obligations and warranties; and, • the schedule for completion of the Project and other related information and data. <p>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</p>

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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.

In the event that Respondent plans to retain responsibility for the completion, start-up and commissioning of the Project pursuant to an EPC arrangement, PSE expects that the following additional terms and conditions would apply to the proposed transaction:

Installment Payments

The consideration allocable to the cost of completion of the Facility would be payable in predetermined installment amounts through Final Completion (as defined below) as set forth in a funding schedule to be incorporated in the Definitive Agreements, with the first payment due at Closing. The Definitive Agreements would also set forth the procedure for invoicing and payment of all remaining amounts due.

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.

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)

EXHIBIT H. PROTOTYPE OWNERSHIP TERM SHEET

involves individually an amount in excess of \$[_____]² or (ii) is proposed after the aggregate value of prior change orders or modifications is \$[_____]³, 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 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

² Amount to depend on facts pertaining to the particular Project, including but not limited to the Project's size and cost.

³ Amount to depend on facts pertaining to the particular Project, including but not limited to the Project's size and cost.

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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.

Liquidated Damages and Performance Bonuses

Respondent would be liable for scheduled liquidated damages if Respondent fails to achieve Substantial Completion of the Project by an agreed upon date, as well as performance liquidated damages for failure to meet the Minimum Performance Guarantees agreed to in the Definitive Agreements.

Additional Representations, Warranties and Covenants of Respondent

PSE expects that the Definitive Agreements would include the following additional representations, warranties and covenants in the event that Respondent retains responsibility for the completion, start-up and commissioning of the Project:

- (1) Respondent would cause the Project to be 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

EXHIBIT H. PROTOTYPE OWNERSHIP TERM SHEET

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

(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.

**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

EXHIBIT H. PROTOTYPE OWNERSHIP TERM SHEET

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 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, 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

EXHIBIT H. PROTOTYPE OWNERSHIP TERM SHEET

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.

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 and monitor 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.

Expenses

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.

2018 RFP for All Generation Sources:

Exhibit I. Prototype Natural Gas Tolling Agreement Term Sheet

EXHIBIT I. PROTOTYPE NATURAL GAS TOLLING AGREEMENT TERM SHEET

Prototype Natural Gas Tolling Agreement Term Sheet

Background This Prototype Natural Gas Tolling 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 natural gas-fired electric generating facility. It is intended to identify certain, but not all, of the elements of a potential transaction that would be embodied in a definitive Tolling Agreement.

PSE prefers proposals consistent with the terms described in this Term Sheet. However, PSE will consider pricing structures that are different from the structure contained in this Term Sheet, if proposed.

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 A natural gas-fired electric generation facility with a [planned] nameplate capacity of [_____] MW to be [developed and] owned by Seller and located [_____].

EXHIBIT I. PROTOTYPE NATURAL GAS TOLLING AGREEMENT TERM SHEET

Transaction	Seller shall provide to Buyer the Tolling Services beginning [_____] ¹ (the "Delivery Date") through the expiration of the Term whereby Buyer shall deliver fuel to the Generating Facility at the Gas Delivery Point, the fuel shall be converted into energy at the Generating Facility by the Seller and the energy generated shall be delivered to Buyer at the Energy Delivery Point pursuant to a Tolling Agreement. Buyer prefers to be the exclusive recipient of Tolling Services from the Generating Facility, but will consider non-exclusive arrangements. ² All ancillary services from the Generating Facility, as further described and defined below, as well as any associated electrical capacity rights shall accrue to Buyer.
Term	The Tolling Agreement shall be effective when signed and shall terminate [_____] years from the Delivery Date (the "Term").
Gas Delivery Point	[_____] ("Gas Delivery Point").
Energy Delivery Point	[_____] ("Energy Delivery Point").
Contract Price	The Contract Price, and the components thereof, are set forth in Schedule I attached hereto. The Contract Price includes the Monthly Capacity Payment, Variable O&M Charge, Start-Up Charge and Heat Rate Adjustment (as described in "Guaranteed Heat Rate" and Schedule II).
Gas Arrangements	Buyer will be responsible for making arrangements and paying all costs associated with fuel supply and transportation to the Gas Delivery Point.
Guaranteed Heat Rate	[_____] MMBtu/MWh. Seller shall be entitled to an adjustment if the Facility exceeds or fails to meet the Guaranteed Heat Rate in any month during the Term after the Delivery Date, as calculated pursuant to Schedule II attached.
Ancillary Services	All commercial products produced by or related to the Generating Facility, including but not limited to spinning reserves, operating reserves, black

¹ If the Generating Facility is under development, the Delivery Date shall be the Commercial Operation Date.

² For purposes of this template, PSE has assumed that it will be the exclusive toller. If Respondent has an alternative proposal, it should cover scheduling issues between the multiple offtakers.

EXHIBIT I. PROTOTYPE NATURAL GAS TOLLING AGREEMENT TERM SHEET

start capability, balancing energy, reactive power and regulation service.

**Test Power;
Test Fuel**

Buyer and Seller shall, as part of the negotiation of the definitive agreements, mutually decide how to allocate responsibilities with respect to test fuel and test power, including, among other things, the provision of test fuel to the Generating Facility by Seller, the purchase of test power by Buyer or third parties, or other appropriate arrangements.

**Commercial
Operation³**

Commercial Operation shall mean, with respect to the Generating Facility, that date designated by Seller and confirmed by Buyer on the Generating 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 Generating Facility has been executed, (ii) the Generating 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 Generating Facility and the sale of energy, capacity and Ancillary Services therefrom ("Commercial Operation").

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, 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 \$[___] per MW of the Generating Facility's expected nameplate capacity. If the Commercial Operation Date has not been achieved within [___] days after the Guaranteed Commercial Operation Date, Seller shall be in default under the Tolling Agreement and Buyer shall be entitled to terminate the Tolling Agreement and seek damages or exercise other remedies at law or equity.

**Development
Milestones⁴**

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 necessary permits, achieving financial closing, the commencement of physical construction, etc. The guaranteed Development Milestone dates shall be

³ To be included if the Generating Facility is under development or construction.

⁴ To be included if the Generating Facility is under development.

EXHIBIT I. PROTOTYPE NATURAL GAS TOLLING AGREEMENT TERM SHEET

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 \$[____] per MW of the Generating Facility's expected nameplate capacity. 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.

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 obtain all certifications, permits, licenses and approvals necessary to construct, operate and maintain the Generating Facility and to perform its obligations under the Tolling Agreement.

Transmission Services; Interconnection

During the Term, Seller shall be responsible for delivery of the energy generated by the Generating 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 Generating 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 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.

Capacity Tests

Prior to the Delivery Date, Seller shall establish the tested capacity (the "Tested Capacity") of the Generating 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 redetermine the Generating Facility's Tested Capacity. If as the result of any performance test, the Tested Capacity of the Generating 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

EXHIBIT I. PROTOTYPE NATURAL GAS TOLLING AGREEMENT TERM SHEET

Capacity shall have been restored.

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 electric and natural gas 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;

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").

Imbalances

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 arrange and be responsible for the costs of any fuel transportation required to deliver fuel to the Gas Delivery Point and shall schedule or arrange scheduling services with its fuel transporters to so deliver the fuel to the Gas 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 all Charges applicable to the Generating Facility's output prior to the Energy Delivery Point.

Buyer shall be obligated to pay, or reimburse Seller for the payment of, any pipeline imbalance charges related to an imbalance of natural gas scheduled to be delivered to the Gas 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 Generating Facility to the extent

EXHIBIT I. PROTOTYPE NATURAL GAS TOLLING AGREEMENT TERM SHEET

that such imbalance was caused by the operation of the Generating Facility, the failure of the Generating Facility to operate or Seller's failure to comply with the Agreed Scheduling Practices.

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.

Operation and Maintenance

Seller and Buyer shall endeavor to develop written operating procedures ("Operating Procedures") for the Generating Facility before the Delivery Date which shall set forth the protocol under which the Parties shall perform their respective obligations under the Tolling 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.

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 natural gas 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.

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 and Seller shall be excused from providing electricity during any planned outage.

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 Generating Facility

EXHIBIT I. PROTOTYPE NATURAL GAS TOLLING AGREEMENT TERM SHEET

available during peak periods.

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
Guarantee**

Seller shall provide Buyer with a guarantee that the Generating Facility availability shall be no less than the percentages indicated on Schedule III for each month after the Delivery Date (the “Minimum Monthly Availability”). Generating Facility availability shall be calculated using a methodology agreed to by the Parties that is generally consistent with the method prescribed by the Generating Facility’s equipment manufacturers.

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

Credit Support

Upon execution of the Tolling Agreement, if Buyer deems it necessary due to the credit position of Seller, Seller shall provide Buyer with a guaranty, cash collateral and/or letter of credit in forms and amounts acceptable to Buyer. 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 Tolling 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:

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 Generating Facility fails to demonstrate a Tested Capacity at least

EXHIBIT I. PROTOTYPE NATURAL GAS TOLLING AGREEMENT TERM SHEET

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 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 Tolling Agreement.

Termination

Buyer may terminate the Tolling Agreement if Seller fails to achieve Commercial Operation by [_____].⁵

If an Event of Default shall have occurred, the non-defaulting Party shall have the right to terminate the Tolling 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 Tolling 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 Tolling Agreement, plus the reasonable transactional costs of the non-defaulting Party entering into a new tolling arrangement. Any such calculations shall be based on reasonable assumptions as to future Generating Facility operations, differences between a replacement contract and the Tolling Agreement, discount rate and similar considerations, as reasonably determined by the non-defaulting Party.

Indemnification

The Tolling Agreement shall include customary indemnification obligations between the Parties including for liabilities related to fuel prior to delivery to Seller at the Gas Delivery Point and energy once delivered to Buyer at the Energy Delivery Point.

Limitation of Liability

Unless expressly provided in the Tolling 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

⁵ To be included if the Generating Facility is under development

EXHIBIT I. PROTOTYPE NATURAL GAS TOLLING AGREEMENT TERM SHEET

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 actual or liquidated damages expressly provided for in the Tolling 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.

Title; Risk of Loss

Buyer shall retain title to fuel provided by Buyer to Seller to be converted to energy. The title to all energy generated by the Generating Facility as a result of the conversion of such fuel to energy in the Generating Facility shall vest in Buyer immediately upon generation thereof. Notwithstanding the foregoing, risk of loss of fuel supplied by Buyer shall transfer from Buyer to Seller at the Gas Delivery Point and Seller shall bear the risk of loss of energy generated at the Generating Facility until it is transferred from Seller to Buyer at the Energy Delivery Point.

Dispute Resolution

Certain specified technical disputes shall be referred to a single technical expert (to be designated by the parties in the Tolling Agreement) for expedited, binding resolution; other disputes shall proceed through judicial resolution. The Parties shall waive their rights to jury trial, and shall consent to jurisdiction in King County, Washington.

Governing Law

The Tolling 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 Tolling 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 Tolling Agreement or the revenues or proceeds thereof in connection with any financing, (ii) transfer or assign the Tolling Agreement to an affiliate or (iii) transfer or assign the Tolling 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.

EXHIBIT I. PROTOTYPE NATURAL GAS TOLLING AGREEMENT TERM SHEET

*Schedule I
Contract Price⁶*

Monthly Capacity Payment	Variable O&M Charge	Start-Up Charge	Renewal Monthly Capacity Payment	Renewal Variable O&M Charge	Renewal Start-Up Charge
(\$ per MW of Tested Capacity)	(\$ per MWh)	(\$ per start)	(\$ per MW of Tested Capacity)	(\$ per MWh)	(\$ per start)

⁶ Illustrative pricing structure only. Respondent may propose an alternative structure.

Schedule II
Heat Rate Adjustment Calculation⁷

⁷ To be provided by Respondent.

Schedule III
Availability Guarantee and Liquidated Damages⁸

⁸ To be provided by Respondent.

2018 RFP for All Generation Sources:

Exhibit J. Prototype Wind PPA Term Sheet

EXHIBIT J. PROTOTYPE WIND PPA TERM SHEET

*Prototype Wind PPA Term Sheet***Background**

This Prototype Wind 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 energy products to PSE from a new wind electric generating facility. 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”).

PSE prefers proposals consistent with the terms described in this Term Sheet. However, PSE will consider pricing structures that are different from the structure contained in this Term Sheet, if proposed.

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”).

EXHIBIT J. PROTOTYPE WIND PPA TERM SHEET

Generating Facility	A wind energy generating project with a planned nameplate capacity of [____] MW to be developed by Seller and located [_____]. ¹
Product	Wind generated electrical energy from the Generating Facility as delivered to the Point of Delivery and all renewable energy credits and any and all environmental attributes associated with the wind generated energy, as further described and defined below, as well as any associated electrical capacity rights shall accrue to Buyer.
Term	The PPA shall be effective when signed and shall terminate [____] years from the Commercial Operation Date (as defined below under "Commercial Operation") (the "Term").
Point of Delivery	[_____] ("Point of Delivery").
Contract Quantity	[____]% 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 by the Generating Facility 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.
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 (other than with respect to Test Power, as described below).
Electrical Output	Buyer agrees to buy, at the Point of Delivery, [____]% of the total amount of electrical energy produced by the Generating Facility (the "Net Electricity") at all times during the Term on an "as generated" basis, subsequent to the Commercial Operation Date and also as stipulated in

¹ This Term Sheet generally contemplates offers for wind generation from facilities to be constructed; however, Buyer shall entertain offers from existing wind facilities as well and, in such case, certain provisions of this Term Sheet pertaining, for example, to construction obligations of Seller, shall not apply.

EXHIBIT J. PROTOTYPE WIND PPA TERM SHEET

the “Test Power” section below.

**Test Power and
Green Attributes**

Subsequent to the commissioning of the first wind turbine generator included in the Generating Facility, but before the Commercial Operation Date, Buyer shall purchase [___]% of 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 index price for power at the time of purchase.

**Commercial
Operation**

Commercial Operation shall mean, with respect to the Generating Facility, that date designated by Seller and confirmed by Buyer on which ninety-five percent (95%) of the wind turbines 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 (iii) all related facilities and rights have been completed or obtained, including all interconnection facilities and substations, to allow for continuous operation of the Generating Facility and the sale 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 as soon as reasonably possible thereafter.

Commercial Operation shall mean, with respect to any turbine, that the following conditions have been fulfilled: (i) the turbine is able to generate electricity, (ii) the turbine has been satisfactorily tested, as evidenced by an officer’s certificate of Seller and a confirmation from Buyer (which confirmation shall not be unreasonably withheld or delayed) and (iii) all related facilities and rights have been completed or obtained, including all interconnecting facilities and substations, to allow for continuous operation of the turbine and the sale of energy and Green Attributes to the Point of Delivery.

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, subject to

EXHIBIT J. PROTOTYPE WIND PPA TERM SHEET

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 \$[] per MW with respect to each wind turbine that does not achieve Commercial Operation by such date. If the Commercial Operation Date has not been achieved within [] days after the Guaranteed Commercial Operation Date, Seller shall be in 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**

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 the receipt of all applicable permits, commencement of physical construction, completion of construction of foundations, etc. 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 to be agreed upon in the definitive agreements. If the Commercial Guaranteed 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.

**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 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 wind and availability data during the period of curtailment. Seller shall use reasonable efforts to sell energy and Green Attributes generated by the Generating Facility

EXHIBIT J. PROTOTYPE WIND PPA TERM SHEET

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 and such amounts received 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 the Bonneville Power Administration ("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 generated by the Generating Facility (less applicable transmission losses) 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
Wind 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.

EXHIBIT J. PROTOTYPE WIND 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 so deliver the energy to the Point of Delivery. Buyer shall arrange and be responsible for transmission services at and 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. 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 Point of Delivery. Seller shall be responsible for all Charges applicable to the Generating Facility's output prior to 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 "wind integration charge" or similar charge imposed by BPA or any other transmission provider, including charges resulting from or attributable to the integration of wind generation resources into the transmission system of such transmission provider.

Taxes

Seller shall be responsible for and shall pay all taxes incurred by Seller or Buyer on the energy and Green Attributes 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 produced and sold at and beyond the Delivery Point.

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

EXHIBIT J. PROTOTYPE WIND PPA TERM SHEET

maintained by Seller or its designee in accordance with those practices, methods, and acts that are commonly used by a significant portion of the wind 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.

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 and Seller shall be excused from providing electricity during any planned outage.

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.

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

Seller shall provide Buyer with a guarantee that the overall Generating Facility availability shall be no less than []% (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.

In addition to the availability guarantee, Seller shall provide Buyer with an annual output guarantee (the "Minimum Annual Output") in an amount equal to [] MWh, subject to adjustments pertaining to curtailments of the Generating Facility requested by Buyer, Buyer's failure to perform under the PPA and force majeure events. 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.

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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 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:

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

Subsequent to the Commercial Operation Date, Seller fails to achieve the Minimum Annual Output 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 [_____].

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, if applicable, 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

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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 transactional costs of the non-defaulting Party 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.
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 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	Certain specified technical disputes shall be referred to a single technical expert (to be designated by the parties in the PPA) for expedited, binding resolution; other disputes shall proceed through judicial resolution. The Parties shall waive their rights to jury trial, and shall consent to jurisdiction in King County, Washington.
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,

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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 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.

Attachment B

ATTACHMENT B

WAC CHAPTER 480-107 REQUIREMENTS CHECKLIST:

Requirement and Citation	Location in Draft 2018 All-Source RFP
Identify a resource block consisting of the overall amount of power to be solicited from project developers through the bidding process, and specify that block in the RFP. WAC 480-107-025(1).	Section 1 and 2
Demonstrate (as part of the RFP documentation) that the size of the resource block is consistent with the range of estimated new resource needs identified in the IRP. WAC 480-107-025(2).	Section 1 and 2
Explain the general evaluation and ranking procedures to be used in accordance with WAC 480-107-035 and specify any minimum criteria that bidders must satisfy to be eligible for consideration in the ranking procedure. WAC 480-107-025(3).	Sections 3 and 4 and Exhibits A and B
Specify the timing of the process including the solicitation period, the ranking period and the expected selection period. WAC 480-107-025(4).	Sections 3 and 4
Explain security requirements and the rationale for them. (Security is required on all project contracts whose expected payment to the project developer at any point in time will exceed the payment which would have been made under the utility's avoided cost schedule, but is not required if no such payments are expected.) WAC 480-107-025(5).	Section 5
Explain the criteria that will be used to rank project proposals. Project ranking procedures must be based on least-cost planning goals, and the factors must at a minimum address price, dispatchability, risks imposed on ratepayers, and environmental effects including those associated with resources that emit carbon dioxide. The ranking procedures shall recognize differences in relative amounts of risk inherent among different technologies, fuel sources, financing arrangements, and contract provisions. WAC 480-107-035(1)-(6).	Sections 3 and 4 and Exhibits A and B
Determine the avoided costs for the energy and capacity associated with the resource block calculated per WAC 480-107-025 on an annual basis. The avoided cost schedule and its supporting documentation shall be filed with the RFP. WAC 480-107-055 and 480-107-025(1).	Exhibit H

Requirement and Citation	Location in Draft 2018 All-Source RFP
<p>State whether the utility intends to allow its subsidiaries to participate in the bidding process. If so, indicate how it will ensure that its subsidiaries will not gain any unfair advantage over potential nonaffiliated competitors. WAC 480-107-135.</p>	<p>Section 4, page 12</p>
<p>If other electric utilities will be permitted to bid (subject to the approval of the Commission), such a decision must be explained in the RFP submittal. WAC 480-107-015(2) and 480-107-065(1).</p>	<p>Section 4, page 12</p>