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## I. Introduction and Process

This document constitutes a Request for Proposals (RFP) from qualified third parties (respondents) to supply electric resources to Puget Sound Energy, Inc. (PSE or Company). It is an "All Generation Sources" RFP<sup>1</sup> in that any electric generation source will be considered, consistent with the requirements described herein. The RFP may be found on our Web site at <a href="http://www.pse.com/energyEnvironment/energysupply/Pages/pse2010RFP.aspx">http://www.pse.com/energyEnvironment/energysupply/Pages/pse2010RFP.aspx</a>.

PSE is seeking the following resources with this RFP:

- Energy generation resources,
- Capacity generation resources,
- Renewable Energy Credits ("REC")<sup>2</sup> compliant with the Energy Independence Act, Chapter 19.285 RCW, and
- Transmission products from BPA's system to PSE's system

The Company will consider existing and yet-to-be constructed generation resources with commercial operation dates through 2015, thereby allowing proposals for resources with longer-lead times and associated potential transmission solutions to participate.

This RFP solicitation seeks ownership opportunities (e.g., a transfer of development assets, a build-and-transfer, or sale of an existing asset), power purchase agreements of varying contract lengths, temporal exchange agreements (e.g., seasonal), as well as capacity products (including operating reserves) to meet PSE's winter peak requirements. Additionally, this RFP seeks opportunities to purchase REC-only products beginning in 2011 and transmission-only products from Bonneville Power Administration's system (BPA's system) to PSE's system. In keeping with the Company's desire to continue to build a diversified portfolio of resources, PSE encourages qualified

<sup>&</sup>lt;sup>1</sup> PSE is issuing an Energy Efficiency RFP concurrent with the release of this All Generation Sources RFP.

<sup>&</sup>lt;sup>2</sup> The Energy Independence Act defines a "renewable energy credit as a tradable certificate of proof of at least one megawatt-hour of an eligible renewable resource, where the generation facility is not powered by fresh water, the certificate includes all of the nonpower attributes associated with that one megawatt-hour of electricity, and the certificate is verified by a renewable energy credit tracking system selected by the department of community, trade and economic development."

respondents representing small-<sup>3</sup> or large-scale projects from all fuel types and technologies to participate in this RFP.

PSE is required to submit an RFP after filing the Integrated Resource Plan (IRP); however, this is not the sole manner in which PSE may acquire new resources. PSE evaluates unsolicited proposals outside of the RFP on an ongoing basis. Given PSE's demonstrated resource need and its obligation to provide the lowest reasonable cost to its customers, the Company actively seeks and evaluates external proposals and inhouse development and construction projects that provide the greatest benefit to our customers at the lowest reasonable cost. PSE evaluates all resources in a consistent manner, using the same evaluation criteria and economic analysis methodology.

## 1. Resource Strategy

This RFP is consistent with guidance provided by PSE's most recent Integrated Resource Plan (IRP), as filed with the Washington Utilities and Transportation Commission (WUTC) on July 30, 2009. A downloadable copy of the IRP is available to all interested parties on PSE's Web site at <a href="http://www.pse.com/energyEnvironment/energysupply/Pages/pse IRPview.aspx">http://www.pse.com/energyEnvironment/energysupply/Pages/pse IRPview.aspx</a>.

PSE's overall strategy for integrated resource planning is described below.

- Examine PSE's electric and gas resource needs over the next twenty years, and analyze the mix of conservation programs and supply resources that might best meet those needs.
- Provide the strategic direction to acquire a diversified, balanced electric resource portfolio that meets customer needs, results in reasonable energy supply costs and mitigates market risks.
- Identify key factors related to various resource decisions and provide a method for evaluating a resource acquisition in terms of cost, risk, and other factors at

<sup>&</sup>lt;sup>3</sup> For projects 2 MW or less, respondents may elect to sell power pursuant to electric tariff rate Schedule 91.

<sup>&</sup>lt;sup>4</sup> WAC 480-107-001 states that PSE must submit an RFP when the Company's IRP shows a need for new resources within three years, but the RFP rules "do not establish the sole procedures utilities must use to acquire new resources. Utilities may construct electric resources, operate conservation programs, purchase power through negotiated contracts, or take other action to satisfy their public service obligations."

the time a decision needs to be made. The IRP does not commit to or preclude the acquisition of a specific resource type, project or facility.

## 2. Capacity and Renewable Energy Need

The 2009 IRP analysis and acquisition guidance is based on a loss of load probability planning standard for electric resources. PSE's electric peak demand is based on a demand forecast at a temperature of 23° F (a normal winter peak for PSE), plus a 15% planning margin. The 15% planning reserve margin translates to a 5% loss of load probability, a standard reliability metric used in the energy industry. PSE's *peak deficit*, as shown below, is the difference between PSE's electric peak energy demand plus a 15% reserve margin, minus the peak capacity of existing resources – generation, transmission and contracts. A more detailed description of this planning standard is provided in PSE's 2009 IRP.

In addition to its capacity need, 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 renewables to meet the following targets: 3%, 9% and 15% of load by 2012, 2016 and 2020 respectively. PSE will evaluate whether it will meet this obligation by acquiring additional renewable resources, by purchasing RECs, or by acquiring a combination of renewable resources and RECs. PSE has also set a voluntary, internal goal to achieve a higher level of renewable resources in its portfolio, 10% of load by 2013, to the extent these renewable resources are reasonably commercially available, necessary to meet load, and cost effective.

The Energy Independence Act is posted on the Washington State Legislature's Web page at <a href="http://apps.leg.wa.gov/RCW/default.aspx?cite=19.285">http://apps.leg.wa.gov/RCW/default.aspx?cite=19.285</a>.

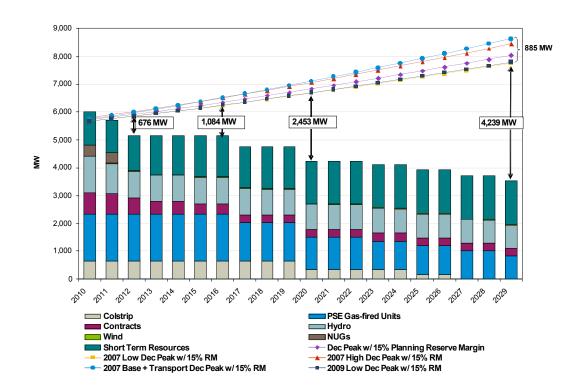


Figure 1. Capacity Need<sup>5</sup>

Table 1. Capacity Need (MW) 2010-2016<sup>6</sup>

2010	2011	2012	2013	2014	2015	2016
0	42	676	776	874	976	1084

The following figure depicts the Company's renewable energy need for 2012 through 2029. These values are based on PSE's July 2009 Integrated Resource Plan.

<sup>&</sup>lt;sup>5</sup> January capacity need as defined in the 2009 Integrated Resource Plan (conservation not included).

<sup>&</sup>lt;sup>6</sup> Table numbers are based on the 2009 Low Load December Peak demand forecast with 15% reserve margin from the 2009 Integrated Resource Plan, as depicted in Figure 1.

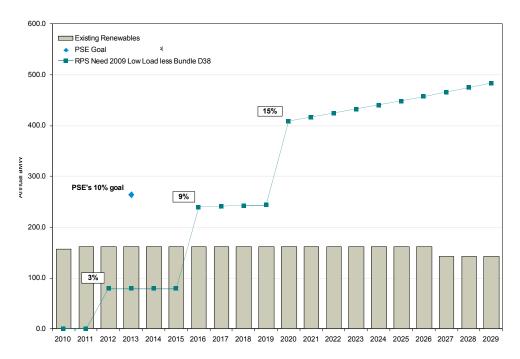


Figure 2. Renewable Energy Need (MW) 2012-2029\*

Table 2 identifies the cumulative nameplate resource additions and timing of such additions from the 2009 IRP. While the IRP recommends this resource acquisition strategy, decisions to acquire resources and the timing, quantity of capacity of such additions will be made based on actual resource availability and cost in the marketplace, and on PSE's ongoing need.

Table 2. 2009 IRP, Cumulative Nameplate Resource Additions (MW)

	2012	2016	2020	2029
Demand-Side Resources <sup>7</sup>	205	597	917	1064
Wind <sup>8</sup>	300	600	1000	1100
Biomass	0	0	20	40
CCCT w/ Duct Firing	275	275	825	1100
Peakers	160	160	480	1760

<sup>&</sup>lt;sup>7</sup> PSE is issuing an Energy Efficiency RFP concurrent with the release of this All Generation Sources RFP

<sup>\*</sup> Includes all PSE-owned or contracted renewable resources including facilities from which RECs have been sold.

Sources RFP. <sup>8</sup> To meet PSE's capacity need in the 2009 IRP, PSE is using 5% of plant nameplate capacity for wind capacity credit when evaluating wind resources.

## 3. RFP Schedule

The following schedule is subject to adjustment based on WUTC review and the actual pace of PSE's evaluation process.

October 12, 2009	Draft RFP Filed with WUTC
October 29, 2009	PSE Public Meeting on Draft RFP
December 11, 2009	Public Comments Due
January 11, 2010	WUTC Comments Expected
January 12, 2010	PSE Releases Final RFP Solicitation
January 28, 2010	PSE Hosts Proposal Conference
February 15, 2010	Mutual Confidentiality Agreements due to PSE
March 2, 2010	Offers Due to PSE
May 2010	"Candidate" Short List Selected
July 2010	Final Short List Selected, Respondents Notified
Summer 2010	PSE Hosts Live Solicitation for Market PPAs
	Post-proposal Negotiations

## 4. Evaluation Process

PSE will follow a structured evaluation process to assess the merits of proposals with regard to meeting its need. The process is intended to screen and rank individual proposals. PSE will consider a number of quantitative and qualitative factors designed 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 exhibited to this RFP) and according to the following set of primary criteria.

- · Compatibility with Resource Need
- Cost
- Risk Management,
- · Public Benefits
- Strategic and Financial Considerations

Each of the primary criteria is further delineated with sub-criteria as detailed in Exhibit A. Initially, proposals will be evaluated based on an individual proposal cost, on a portfolio evaluation designed to assess the interaction of the resource within PSE's power portfolio, and on the qualitative criteria described in Exhibit A. At the close of this initial evaluation, PSE will select a candidate short list made up of the most attractive proposals. Selected proposals will move on to the second phase of the evaluation process for individual and portfolio risk evaluation, as well as additional due diligence based on the same five primary criteria. The portfolio risk evaluation in the second phase is designed to assess the interaction and risk levels of the most promising resources and combinations of resources within PSE's power portfolio.

Proposals that provide the lowest reasonable cost and least risk to PSE's portfolio will be placed on the final short list for further discussion with the respondent(s). Such proposals may potentially move forward to negotiations of the terms and conditions of Definitive Agreements.

## 5. Post-Proposal Negotiations and Contracts

PSE may elect to negotiate both price and non-price factors during post-proposal negotiations with any respondent whose proposal has been selected to the short list for further discussions. During this process, PSE will update its economic and risk evaluation on an ongoing basis until such time as PSE and the respondent might execute Definitive Agreements. Such updates will include any additional factors that may impact the total cost of a project.

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.

# II. Information Requested from Respondents

## 1. Resources Requested

PSE is seeking electric generation proposals from a wide variety of technologies and fuel sources, as well as proposals for REC-only and transmission-only products, consistent with the evaluation criteria described in Exhibit A.

PSE's capacity needs are greatest in winter. Therefore, capacity resources will be shaped through various means to fill winter deficits, while minimizing summer surpluses. PSE will consider the seasonality of the basic electric energy resource's production, PSE's ability to control the project's output to match its needs (up to and including real-time dispatch and displacement), and contractual mechanisms to shape project output to PSE's need.

As described in the following tables, PSE is looking for a diverse mix of resources to meet its requirements. PSE prefers delivery of all generation resources to PSE's system.

Table 3. Energy Resources Sought by PSE

Energy Resource	Delivery Description
As Produced	E.g. wind, run-of-river hydro, solar, tidal, etc.
Baseload	7x24, delivered as firm
Intermediate	Dispatchable
On Peak or Heavy Load	6x16 (Mon-Sat) (HE <sup>9</sup> 0700-2200); seasonal (Nov-Feb,
Hours	Dec-Feb or Nov-Mar)
Temporal Exchanges	Seasonal or year round; temporal exchange with
	delivery to PSE on west side of Cascades

<sup>9</sup> hour ending (HE)

**Table 4. Capacity Resources Sought by PSE** 

Capacity Resource	Delivery Description
Dispatchable/On Peak or Heavy Load Hours	6x16 (Mon-Sat) (HE 0700-2200); winter only Nov-Feb or Dec-Feb
Super Peak Products	HE 0700-1000 and HE 1800-2100, Nov-Jun; or a super peak for shoulder peak hours exchange, where PSE would take the super peak power (HE 0700-1000 and HE 1800-2100) and return an equivalent amount of energy over the shoulder peak hours (HE 1100-1700 and HE 2200), Nov-Jun
Operating Reserves (regulating or contingency)	Automatic Generation Control (spinning reserve)
Temporal Exchanges	Temporal exchanges (e.g., seasonal, or super peak for shoulder peak power exchange (described above)), November-February; 7x16, 7x24, or 6x16 product with delivery to PSE on west side of Cascades

Table 5. Other Resources Sought by PSE

Other Resource	Description
REC-only product	RECs that will be produced beginning in year 2011 or later; 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); RECs must meet the requirements of the Energy Independence Act (RCW 19.285).
Transmission-only product	Reassignment of firm BPA transmission from POR Mid-Columbia trading hub to POD PSE system. Full calendar year or Nov-Feb.

This All Generation Sources RFP process may result in none, one or multiple transactions by PSE, depending on the economic and qualitative benefits such transaction(s) may provide to our ratepayers. PSE reserves the right to modify this RFP to comply with changes to federal, state or local laws, or regulatory policy.

## 2. Proposals/Contract Type

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 (>2 years), including Power Bridging Agreements, defined as short-term "bridges" to long-lead resources, (collectively, "PPAs"); (3) Temporal Exchange Agreements; (4) REC-only product Agreements; and (5) Transmission-only product Agreements.

When submitting proposals for either a PPA or ownership arrangement, PSE is interested in alternatives in which the respondent fully assumes the risk of fuel supply, fuel price, and environmental cost, and which quantify the cost for assuming those risk factors.

#### 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 occuring 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 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 or system assets underlying the agreement, and provide assurances of its commercial availability on or before December 31, 2015. 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.

In considering unit-contingent PPAs, PSE requires proposals pursuant to which the respondent owns and operates or would acquire, construct, own and operate the

generation asset, with PSE purchasing the output (energy and capacity) at an agreedupon delivery point.

#### Market PPAs (Non-Unit Contingent)

Given the time-sensitive nature of pricing Market Power Purchase Agreement proposals (PPAs that are not unit-contingent), such proposals will be evaluated separately from other unit-contingent proposals.

Following the 2008 RFP evaluation process for Market PPAs, PSE recognized that it would be more efficient for all parties involved for the Company to identify the Market PPA structures that best fit its resource portfolio and to solicit offers for those structures, rather than ask respondents to prepare specific bids for a variety of possible structures. To address this, PSE will identify up to four structures for shorter-term Market PPAs during Phase 2 of the RFP. Also during Phase 2, the Company may seek indicative price quotes for these structures. PSE will ask pre-authorized bidders to submit bids for the specified structures during a live solicitation in summer 2010, following Phase 2 of the RFP. The date of the solicitation will be determined during the RFP process. PSE will choose a winner if the pricing evaluates attractively.

During the RFP process, PSE will provide interested bidders with PSE's required modifications to the ISDA and WSPP Agreements. To gain pre-approval to bid into the live solicitation, bidders must accept PSE's modifications to the agreements.

Bidders interested in submitting a market PPA proposal during the Phase 2 analysis should respond to PSE's 2010 RFP by submitting the Confidentiality Agreement by February 15, 2010. Bidders will also be required to complete sections one and two of the online Summary Data Form (Exhibit C) by March 2, 2010, by providing contact information and selecting "Market PPA" from the "Commercial Structure" drop down menu.

#### **PURPA Qualifying Facility Agreements**

With regard to any proposal for the purchase and sale of power from a qualifying facility under PURPA, the respective rights and obligations of PSE and the seller of such power under any agreement that may be entered into by PSE and the respondent will be subject

to any federal enactments (e.g., the EPAct 2005 energy bill) that will by their terms apply to the purchase and sale of such power.

#### **Temporal Exchange Agreements**

The Company's obligations under any such exchange will be subject to Federal Energy Regulatory Commission (FERC) acceptance. 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 respondent.

#### **REC-only Product Agreements**

Beginning in 2012, PSE will be subject to the renewable energy requirements of the Energy Independence Act, Chapter 19.285 RCW. Therefore, the Company seeks proposals for REC-only products of varying lengths that PSE could use to meet these requirements.

Unlike the developed power and gas markets, an industry standard agreement does not exist with respect to the purchase of a REC-only product. A definitive agreement for the purchase of a REC-only product would be negotiated between PSE and the seller, should PSE elect to enter into any agreements as a result of this solicitation.

#### **Transmission-only Product Agreements**

PSE is also requesting a transmission-only product with this RFP. The Company seeks additional transmission capacity from the Mid-Columbia to improve market flexibility to meet peak loads. Any proposal for a firm point-to-point transmission-only product should identify the term of the transmission assignment, Point of Delivery (POD) and Point of Receipt (POR), quantity, start and stop times, price, and any ancillary service provisions. While PSE is not limiting the request to a specific POR, the Company is most interested in products that can be redirected to alternate PORs and PODs, such as COLUMBIAMKT POR and BPAT.PSEI POD.

## 3. Eligible Respondents

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. PSE believes that consideration of proposals from other utilities and/or their affiliates may increase the number of qualified respondents and thus increase the overall creativity and competitiveness of responses to this RFP. 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.

## 4. Proposal Requirements

The Confidentiality Agreement (Exhibit F) must be submitted by February 15, 2010, approximately two weeks prior to the proposal due date. Proposals are due no later than March 2, 2008.

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

#### Summary Data Form (Exhibit C)

#### Proposal Requirements (Exhibit B)

- ~ Project Description
- ~ Interconnection and Transmission
- ~ Price
- ~ Legal and Financial
- ~ Accounting Regulation
- ~ Environmental Inspections, Orders, Suits and Other
- ~ Experience and Qualifications of the Project Team
- ~ Development Status and Project Schedule

Other Requirements (Section 5, as follows)

Respondents indicating an interest in participating in the Market PPA solicitation (as described in Part II, Section 2) must submit the Confidentiality Agreement (Exhibit F) and the Summary Data Form (Exhibit C) by the due dates specified above.

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. If the respondent elects not to provide the requested information, PSE requests that an explanation be included.

## 5. Other Requirements

#### Signatures and Certifications

The 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 the Federal Production Tax Credit (PTC), Investment Tax Credit, America Recovery and Reinvestment Act ("ARRA") Investment Cash Grant, or the respondent's or other project entity's ability to utilize these or other applicable federal or state tax incentives, if relevant to the resource proposed.

All proposals must state that all Environmental Attributes<sup>10</sup> 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.

#### **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 (as defined in Part II, Section 3 herein).

#### 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 some time after the first quarter of 2011 or later. PSE may seek regulatory review of its anticipated resource purchases, exchanges, or acquisitions as a condition precedent to any transaction. 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 confirming the inclusion of the full amount of any asset purchase price plus PSE's transaction costs and

<sup>&</sup>lt;sup>10</sup> "Environmental Attributes" means generally credits, benefits, reductions, offsets and other beneficial allowances with respect to fuel, emissions, air quality, or other environmental characteristics, resulting from the use of certain resource generation or the avoidance of emissions.

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 Washington Utilities and Transportation Commission, 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.

## 6. 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 subinvestment-grade credit ratings (or being of similar creditworthiness) to provide performance assurance acceptable to the Company.

PSE may require negative control provisions (covenants restricting respondent business practices that could jeopardize respondent's ability to perform its obligations) in the Definitive Agreements that the respondent and PSE might execute in connection with the respondent's proposal, in addition to any that may be included in the prototype term sheet for ownership agreements (Exhibit H), prototype term sheet for gas tolling agreements (Exhibit I), or prototype term sheet for wind power purchase agreements (Exhibit J).

## 7. Confidentiality/Disclosure

Respondents are required to provide two (2) signed originals of the Mutual Confidentiality Agreement (Exhibit F) no later than February 15, 2010. PSE will countersign and 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.

PSE may retain all information pertinent to this RFP process for a period of 4 years or until PSE 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. PSE may provide such models and data to the extent consistent with its business needs.

## 8. Contact Information and Submission of Proposals

# Mutual Confidentiality Agreements must be received no later than February 15, 2010.

Respondents shall submit two signed originals of the Mutual Confidentiality Agreement (Exhibit F) no later than February 15, 2010.

### **Proposals**

must be received no later than 5:00 PM Pacific Time on March 2, 2010.

Respondents shall submit their proposals, along with all attachments and electronic files, as described below:

- one bound execution copy with an original signature (as described in Part II, Section 4 herein),
- four additional bound copies, and
- one electronic copy (on CD-ROM).

# Proposals may be submitted to PSE via U.S. mail, courier service, or hand delivery at the following address.

Contact for proposal submittals, questions and requests:

Mr. Chris Bevil, Manager, Resource Acquisition 425-456-2757 425-457-5385 Fax chris.bevil@pse.com

#### Address for U.S. Mail:

Puget Sound Energy P.O. Box 90868, PSE-04S Bellevue, WA 98009-0868

#### Address for courier or hand delivery:

Puget Sound Energy 355 110<sup>th</sup> Ave. NE, PSE-04S Bellevue, WA 98004

All costs to participate in this RFP process, including preparation of proposals, negotiations, etc., are the responsibility of the respondent.

## 9. List of Exhibits

Exhibit A	Evaluation Criteria
Exhibit B	Proposal Requirements
Exhibit C	Project Summary Data Form
Exhibit D	Energy Delivery (12x24) – Wind, Solar, Tidal and Wave
Exhibit E	Capital Costs and Operating Expenses
Exhibit F	Mutual Confidentiality Agreement
Exhibit G	Schedule of Estimated Avoided Cost
Exhibit H	Prototype Ownership Agreement Term Sheet
Exhibit I	Prototype Gas Tolling Agreement Term Sheet
Exhibit J	Prototype Wind Power Purchase Agreement (PPA) Term Sheet