PERKINSCOIE

The PSE Building
10885 NE Fourth Street, Suite 700
Bellevue, WA 98004-5579

+1.425.635.1400
+1.425.635.2400
PerkinsCoie.com

June 8, 2018

Jason Kuzma
JKuzma@perkinscoie.com
D. +1.425.635.1416
F. +1.425.635.2416

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Washington Utilities and Transportation Commission
Attn: Mark Johnson
Executive Director and Secretary
1300 S. Evergreen Park Drive, S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

Re: Docket UE-180271 - Puget Sound Energy Final 2018 All Resources Request for Proposals

Dear Mr. Johnson:

Puget Sound Energy ("PSE") hereby submits to the Washington Utilities and Transportation Commission (the "Commission") the attached final 2018 All Resources Request for Proposals (the "2018 All Resources RFP") for approval by the Commission. Attached to this letter are the following documents:

Attachment A - Attached as Attachment A is a complete copy of the final 2018 All Resources RFP for which PSE is seeking approval.

Attachment B - Attached as Attachment B is a summary of changes made by PSE to 2018 All Resources RFP since filing the draft version in Docket UE-180721 on March 29, 2018.

Attachment C - Attached as Attachment C is a 2018 All Resources RFP Frequently Asked Questions prepared by PSE to respond to questions and comments raised in response to the draft RFP.

Attachment D - Attached as Attachment D is a 2018 All Resources RFP: Summary of Public Comments prepared by PSE that summarizes comments raised in response to the draft RFP and PSE's responses thereto.

Questions regarding this filing should be addressed to the undersigned. Questions regarding the 2018 All Resources RFP Source RFP should be addressed to Sheri Maynard,

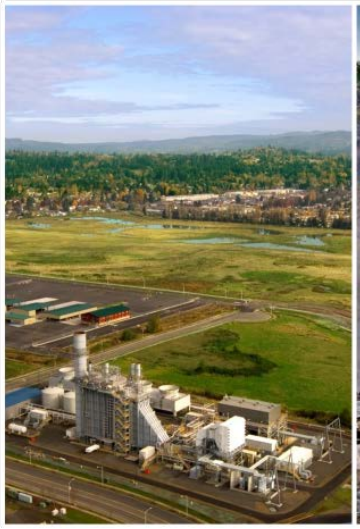
Associate Energy Resource Planning & Acquisition Analyst, at 425-462-3114 and sheri.maynard@pse.com.

Thank you for your assistance.

Very truly yours,

Jason Kuzma

Attachment A



2018 All Resources RFP

June 8, 2018

PSE PUGET SOUND ENERGY

Table of Contents

List of Exhibits

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 Resources RFP, meaning that any electric generation source, energy storage resource and renewable energy credits ("RECs") 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. This web site also includes a set of frequently asked questions ("FAQs") to share information that may be of common interest to bidders. All Resources RFP FAQs can be found by clicking the All Resources RFP hyperlink.

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.

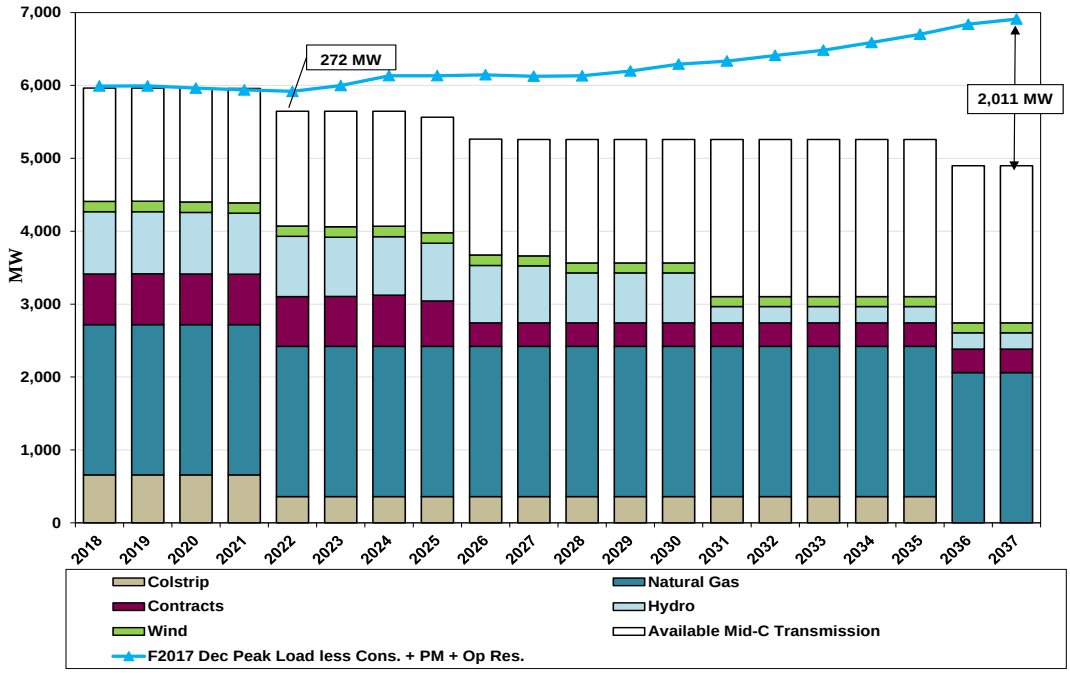
Since publishing the 2017 IRP, PSE has updated the assessment of its capacity and renewable resource needs. The peak capacity need was updated for two reasons:

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 updates referenced above and 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.*

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

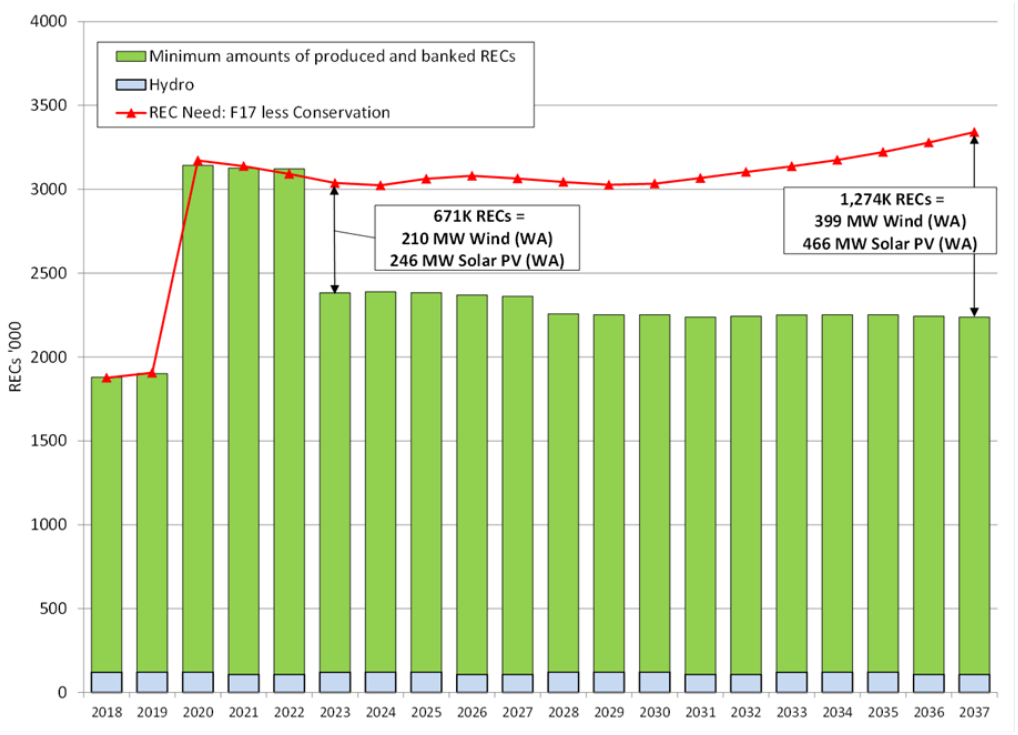
As part of the retirement of Colstrip units 1&2, the company has the opportunity to request that BPA redirect the transmission capacity from Garrison to Mid-C. If transmission rights from Colstrip 1&2 are redirected to the Mid-C, PSE would not have a substantial capacity need until 2024. The table below 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

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 are preferred, but not required, to be online by the end of 2022 to meet a substantial need for 671,000 renewable energy credits (RECs) beginning 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.

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. PSE prefers 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. An online date after the preferred date will not disqualify a project from participating in the RFP. New renewable resources coming online after 2022 may elect to include a short-term REC-only product to help meet PSE's renewable need in the years until the operating unit is online. This would be an acceptable, but not required, bridging option.

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-Jan
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

[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")*

Resource	Description
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; 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%

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 power[6]) 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, filed June 19, 2008, updated March 24, 2018) 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.*

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.

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 Resources RFP Schedule*

Date	Milestone
March 29, 2018	Draft RFP filed with WUTC
May 29, 2018	Public comment period closes
June 28, 2018	WUTC expected to approve PSE's All Resources RFP[8]
July 9, 2018	PSE hosts bidder conference[9]
July 13, 2018[10]	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

[8] The WUTC is planning to address the All Resources and Demand Response RFPs at an open meeting on June 14, 2018. If no approval decision is made on June 14, the decision would likely be made at the June 28 open meeting.
[9] RFP bidders' conference details and registration instructions will be posted at www.pse.com/rfp as they become available.
[10] This is an estimated date based on the schedule outlined above. The actual final filing date will be within 30 days of a commission order approving the draft RFP, consistent with WAC 480-107-015(2c).

- 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 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.[11]

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.

[11] *PSE's most recent IRP can be found at http:///www.pse.com/irp. Three key sections of the IRP that describe PSE's Electric Resource analysis include Chapter 4 (Key Analytical Assumptions), Chapter 6 (Electrical Analysis) and Exhibit N (Electrical Analysis). Additional topics of interest (e.g, demand forecasting, wholesale market risk and operational flexibility) can be found in the IRP's Table of Contents.*

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: • 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
Proposals must also comply with the following	Section 4, following this table

Proposal Element	Section Reference
requirements described herein: • Signatures and certifications • Tax-incentive risk and environmental attributes • No assignment • Eligibility and conflict of interest disclosure • Validity, deadlines and regulatory approval	

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.

All proposals must state that all environmental attributes[12] 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

[12] *"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.*

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.

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 provisions[13] 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***).

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

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 *(**Exhibit C**)*	August 3, 2018	Two (2) signed originals
RFP Proposal *(See **Section 4** and **Exhibit B** for Proposal Requirements)*	August 17, 2018	• 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

Address for U.S. Mail:	**Address for courier or hand delivery:**
Ms. Sheri Maynard Puget Sound Energy EST-09E P.O. Box 97034 Bellevue, WA 98009-9734	Ms. Sheri Maynard Puget Sound Energy EST-09E 355 110th Ave. NE Bellevue, WA 98004-5862

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

PUGET SOUND ENERGY

2018 All Resources RFP:

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	PSE prefers proposals that offer: • 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	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.
3. Match to need through contract	PSE prefers proposals that provide a fixed annual price and closely match PSE's annual capacity requirements. PSE seeks proposals that provide fixed transmission capacity from BPA's system to PSE's system and closely match PSE's annual capacity requirements.

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	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. Additionally, PSE prefers proposals that provide the ability to carry operating reserves.
6. Performance within existing PSE generation portfolio	Analyses will include such factors as: • 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	The diversity of resource technology and fuel types will be considered in a manner consistent with PSE's *Integrated Resource Plan*.[1] Specific considerations shall include: • 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.*

2. Cost Minimization

Criteria Element	Description
1. Resource cost	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. Such factors include, but are not limited to: • 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	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. 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.
3. Portfolio cost impact	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.

3. *Risk Management*

Criteria Element	Description
1. Status and schedule	All else being equal, PSE prefers operating projects first, projects under construction second, and development projects third. 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.
2. Price volatility	Proposals that provide significant long-term control of fixed and variable costs are preferred.
3. Resource flexibility and stability	PSE prefers proposals that provide flexibility for expansion to meet PSE's growing needs as required. Proposals that include project agreements and all other rights and arrangements coterminous with power purchase delivery periods or project life are preferred.
4. Resource Technology	Proposals based on commercially-proven technology with demonstrated long-term reliability and performance history are preferred. Proposals based on technologies whose output may be controlled are preferred.
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	Proposals that minimize risk for timely plant completion within cost projections are preferred. Proposals that minimize exposure to environmental risk or other potential liability, including expected or potential carbon control or mitigation costs, are preferred.

EXHIBIT A. EVALUATION CRITERIA

Criteria Element	Description
7. Impact on PSE's overall risk position	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. Risk scenarios will include factors such as hydroelectric production variation, wind generation variability, fuel price volatility, carbon control costs, and power market price volatility. 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. All else being equal, PSE prefers proposals that result in lower generation portfolio performance risk.
8. Environmental and permitting risk	PSE's evaluation process will include an assessment of the following criteria: • 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	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.
10. Ability to deliver as proposed	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. 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.

EXHIBIT A. EVALUATION CRITERIA

Criteria Element	Description
11. Status of transmission rights	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). 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.
12. Security and control	Proposals that supply firm, fixed price fuel supply are preferred. Proposals that offer alternative methods of managing price volatility will be favorably considered. Proposals that supply firm energy and capacity are preferred.
13. Federal regulatory approvals	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.

4. Public Benefits

Criteria Element	Description
1. Environmental impacts	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. PSE will consider information supplied in response to ***Exhibit B*** in its evaluation of the environmental impacts of a proposed acquisition.
2. Resource location	Proposed resources located such that they provide benefits to the regional and PSE transmission systems, or require minimal or no transmission upgrades are preferred. Proposals that are not dependent upon constrained transmission or fuel transportation paths are preferred. Proposed resources located within PSE's service territory are preferred.
3. Community impacts	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.

5. *Strategic and Financial*

Criteria Element	Description
1. Capital structure impacts	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. 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). 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).
2. Future exposure to environmental regulations and/or taxes	Proposals for resources with lower potential exposure to future environmental regulations and/or taxes are preferred.
3. Guarantees and security	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. 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. 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.

PUGET SOUND ENERGY

2018 All Resources RFP:

Exhibit B. Proposal Requirements

Proposal Requirements

This exhibit outlines the minimum requirements for submitting a proposal in response to PSE's All Resources 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

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 (as described in Section 2 of the RFP document, pages 6-7)
- 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 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.

- 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 7percent 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.

Section 3. Summary commercial offer term sheet

General 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.

- 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
    - Identify status of any fuel supply agreements in place or in progress
    - 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 rate[1] (%), 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.

- 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?

  - 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.

- 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

<u>Schedule</u>

- 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

  - 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.

- 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:

  - 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.

PUGET SOUND ENERGY

2018 All Resources RFP:

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 required to be disclosed in response to a valid order or request of a court or other governmental authority having jurisdiction or in pursuance of any procedures for discovery or information gathering in any proceeding before any such court or governmental authority, but only to the extent of and for the purposes of such order, provided that the Receiving Party, who is subject to such order or discovery, gives the Disclosing Party reasonable advance notice (e.g., so as to afford the Disclosing Party an opportunity to appear, object and obtain a protective order or other appropriate relief

regarding such disclosure). The 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.

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.

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 _____

PUGET SOUND ENERGY

2018 All Resources RFP:

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 *(Owner / Developer)*	
Is the respondent a subsidiary or affiliate of PSE? *(as defined in the All Source RFP Section II.3 under Information Requested from Respondents)*	☐ Check, if yes
Proposed commercial arrangement	
Description of Other	
Offer Capacity	**MW**

Briefly describe offer

General Facility Information

Project/Facility Name *(Proposal name)*			
	City	**County**	**State / Province**
Project Location			
Project Status			
Commercial Online Date			

For term agreements (PPAs, exchanges or transmission only products),

Term Start Date		**Term End Date**	

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? ☐ Check box, or specify		˚F		feet

Transmission and Interconnection

Point of Interconnection	
Point of Delivery	
Transmission Provider(s)	

PUGET SOUND ENERGY

2018 All Resources RFP:

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	
Net Project Capacity (MW)	
Annual Generation (MWh)	

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

				Project Megawatt Hours (MWh) in AC									
Hour Ending	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
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													

PUGET SOUND ENERGY

2018 All Resources RFP:

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%

Project Buildout Capital Costs (as applicable)		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2040	2041	2042	Additional 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	$																	

Ongoing Capital Costs During Project Operation(as		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2040	2041	2042	Additional Information
Incremental Capital Needs *(Please list)*	$																	
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

3. Transmission Costs

Transmission Path

Where delivery options are included in price?
(Check relevant Box)

		Additional Description (wheels, substation for point of connection, etc)
Busbar	x	
Mid-C	x	
To PSE	x	
Other1		
Other 2		

Annual Transmission Cost Detail

		Description	2018	2019	2020	2021	...	Last Year	Escalation Rate
Integration Costs	$/kW-yr								
Fixed Charges (Also shown in (2) Opex)	$/kW-yr								
Variable Charges (Also shown in (2) Opex)	$/MWh								
Ancillary Services 1 (Please Describe)	$								
Ancillary Services 2 (Please Describe)	$								
Ancillary Services 3 (Please Describe)	$								
Ancillary Services 4 (Please Describe)	$								
Other 1 (Please Describe)	$								
Other 2 (Please Describe)	$								

Additional Transmission Description

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

PUGET SOUND ENERGY

2018 All Resources RFP:

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.

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 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.

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

The 2018 All Resources RFP seeks capacity resources as early as 2022 to meet resource needs described in Section 1 of the All Resources RFP document. Table No. 2 shows the peak capacity credit of gas-fired, wind, solar, battery storage and market resources starting in 2022. The peak capacity credit of these resources is expressed as a percentage of equivalent gas peaker capacity. For a detailed discussion of PSE's approach to determining the peak capacity of resources refer to Chapter 6, Section 2 of PSE's 2017 IRP, which can be found on our web site at www.pse.com/irp.[1]

[1] *See Effective Load Carrying Capability of Resources section beginning on page 6-8 of Chapter 6 of the 2017 IRP.*

2. Estimated Peak Capacity Credit of Resources

Resource	Nameplate (MW)	Peak Capacity Credit Based on 5% LOLP[2]
Gas-fired Generation	239 MW	100%
Montana Wind	100	49%
Eastern Washington Wind	100	16%
Offshore Washington Wind	100	51%
Market Reliance	1,580	99%
Eastern Washington Solar	50	2%
Resource	**Nameplate (MW)**	**Peak Capacity Credit Based on EUE at 5% LOLP[2,3]**
Lithium-ion Battery, 2hr, 25 MW max per hour	25	60%
Lithium-ion Battery, 4hr, 25 MW max per hour	25	88%
Flow Battery, 4hr, 25 MW max per hour	25	76%

[2] Loss of load probability ("LOLP")

[3] Since batteries are energy-limited resources, using the loss of load probability metric does not capture the frequency, magnitude and duration of outages. For these resources, PSE uses expected unserved energy (EUE) to appropriately capture the risks associated with these resources.

PUGET SOUND ENERGY

2018 All Resources RFP:

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

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.

EXHIBIT H. PROTOTYPE OWNERSHIP TERM SHEET

Respondent and the Project	This Term Sheet assumes that Respondent is the owner of a generation project currently operating or under development and having a nameplate capacity of not less than 2 MW (the "Project"). In its response to the RFP, in addition to the other submissions that should accompany a proposal that contemplates the sale of all of the Project to PSE, Respondent needs to specify the date by which the Project 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.
Certain Definitive Agreements	PSE expects that the agreements necessary to complete the potential transaction described in this Term Sheet (the "Definitive Agreements") would include, among others: (1) a PSA for the sale by Respondent to PSE of all of the Project, and (2) if PSE deems it necessary due to the credit position of Respondent, a guaranty by a creditworthy affiliate of Respondent acceptable to PSE (the "Guarantor"), which would guaranty Respondent's obligations and those of Respondent's affiliates under the Definitive Agreements (the "Respondent Guaranty"). The execution and delivery of the Definitive Agreements would be subject, among other things, to PSE's completion of due diligence to its satisfaction and the approval of the transaction by each party's board of directors (or other appropriate management body).
Closing	The Closing would occur after receipt by the parties of all consents, authorizations and approvals and the satisfaction or waiver of conditions precedent specified in the Definitive Agreements. At the Closing, PSE would purchase the Project from Respondent, free and clear of all liens, charges, encumbrances, and conflicting or competing claims.
Transaction Taxes	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.
Regulatory	PSE expects that the following regulatory approvals, among others, might

Approvals	be required prior to Closing to implement a proposed transaction: 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.
Representations, Covenants & Warranties	The Definitive Agreements would contain representations, covenants and warranties of each party that are customary for similar transactions
Terms and Conditions For Projects Under Development	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. In either case, the Definitive Agreements would include detailed schedules showing the Project's design, engineering and construction status. These schedules will need to include: • performance and technical specifications of the Project; • performance guarantees; • major equipment and systems and vendors; • major subcontractors; • the status of 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. The Definitive Agreements would also require Respondent to provide access to the Project to certain designated PSE employees, representatives and agents so that they can observe and monitor the manufacture, fabrication, assembly, installation, construction, start-up, testing and commissioning of the Project and any parts or components of it. PSE's employees, representatives and agents would also be permitted access to the premises of contractors, vendors and consultants and attend meetings and review and copy information, data and documents in

connection with PSE's due diligence review. PSE's employees, representatives and agents would be required to observe Respondent's (and Respondent's contractors') rules regarding safety, security and confidentiality and would not interfere with or hinder the construction of the Project.

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)

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.

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

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

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

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.

PUGET SOUND ENERGY

2018 All Resources RFP:

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.

	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 Operation[3]	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 Milestones[4]	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.*

	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

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;

Imbalances

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

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

Buyer shall 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

	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

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

	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*

	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.

Schedule I
Contract Price[6]

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 Calculation[7]

[7] *To be provided by Respondent.*

Schedule III
Availability Guarantee and Liquidated Damages[8]

[8] *To be provided by Respondent.*

PUGET SOUND ENERGY

2018 All Resources RFP:

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.*

	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

	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

	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.

	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

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.

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

	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,

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

Summary of Changes to the All Resources RFP

In response to feedback from WUTC staff and the public, PSE has made the following changes to its All Resources RFP since filing the draft on March 29, 2018.

Document Section	Summary of Change	Page #(s)
RFP, global change	Revised the document title and all references to the title from RFP for All Generation Sources to All Resources RFP, to clarify for bidders that, in addition to generation resources, this RFP will also consider storage and renewable energy credit (REC) offers.	All
RFP, Introduction	Revised introduction to clarify that this RFP will consider storage and RECs.	1
RFP, Introduction	Added language to introduce Frequently Asked Questions (FAQs) and point to their location on www.pse.com/rfp.	1
RFP, Sections 1 and 2	Clarified that 2022 online date for resources is a preference based on our earliest stated RPS and capacity need, and not a requirement for eligibility to participate.	3 and 4
RFP, Section 2	Added language to indicate that a short-term REC bridging agreement to help PSE meet its RPS requirement would be an acceptable option until long-lead operating resources are online.	4
RFP, Section 2, Table 5	Corrected a typo in the delivery period months for super peak products to reflect a seasonal delivery period of Nov-Jan	4
RFP, Section 3, Table 7	Updated table to correct certain dates and added PSE's anticipated bidder conference on July 9, 2018.	8
RFP, Section 3	Added additional context to footnote #11 to help bidders more easily locate the referenced material in the 2017 IRP.	9
RFP, Section 6, Table 9	Corrected a typo in the date due column for the RFP proposal line item to reflect a due date of August 17, 2018.	15
Exhibit B, Section 1	Added to the second bullet in Exhibit B Section 1 (Description of offer) a reference to RFP document Section 2 (pages 6-7) regarding acceptable commercial arrangements.	B-2
Exhibit B, Section 4	Adjusted language in Section 4 (Description of project and project status) on page B-6 regarding fuel supply agreements to clarify that PSE does not require fuel supply agreements to be in place to be eligible for this RFP. The purpose of the bullet is to direct bidders to provide a status of any fuel supply agreements in progress or executed.	B-6
Exhibit C, Section 2(B)	Added words "required to be" to Section 2(B) to provide additional protection for confidential bidder information.	C-1
Exhibit G, Table 2	Replaced Table 2 and associated language with the estimated peak capacity credit tables (combined here as a single table) from 2017 IRP Chapter 6 (on page 6-8).	G-3

Attachment C

2018 All Resources RFP Frequently Asked Questions

Last updated 6/8/18

Table of Contents

2018 All Resources RFP Frequently Asked Questions

Last updated 6/8/18

Topic #	Question	Answer	Added
Schedule and Process			
101	Is PSE planning to host a bidder conference for this RFP?	Yes. PSE is planning to host a bidder conference on July 9, 2018 in Bellevue, Washington. There will be a WebEx option for those who cannot attend in person. Details are being finalized now. Additional information and registration instructions will be emailed to the RFP distribution list and posted to www.pse.com/rfp. If you do not already receive RFP notifications and would like to be added to our distribution list, email sheri.maynard@pse.com.	5/23/18
102	Why does PSE's evaluation process take six to seven months to complete?	PSE's goal is to thoroughly evaluate all proposals received in response to its All Resources RFP. PSE understands that the process is a long one, but a thorough evaluation takes time. PSE will work as quickly as possible without sacrificing the quality of review.	6/6/18
103	Will PSE keep bidders informed of its progress during the evaluation process?	Yes. PSE will keep bidders informed of its RFP progress. PSE's process calls for a two-phased approach. In phase one, PSE will screen out proposals with higher costs and/or fatal flaws. At the end of phase one, PSE will notify bidders of their status (selected or not selected for further review), communicate next steps and provide a schedule update. The second phase will be a more detailed due diligence review that typically involves greater interaction with bidders as PSE submits data requests and seeks clarification of proposed terms.	6/6/18
104	Will bidders be allowed to update their pricing during the RFP evaluations or early stage negotiations in response to changes in conditions or terms?	Yes. While the RFP (page 13) prohibits unilateral changes to pricing by bidders in late stage negotiations (once term sheets are signed), PSE does not restrict price adjustments to reflect changing conditions during an RFP evaluation process or during initial negotiations as terms are being discussed.	6/6/18
105	Does PSE anticipate submitting a self-build proposal to this RFP? If so, will the RFP evaluation team and the team submitting the self-build proposal be separate?	Although PSE will compare the generic costs of a self-build resource to external RFP proposals, PSE has no intention to submit a specific self-build resource into the 2018 All Resources RFP. Due to changes in tax laws and other critical development components not currently in place, the RFP evaluation team does not see a self-build resource as a viable alternative to external RFP proposals at this time.	6/6/18

Topic #	Question	Answer	Added
Resource Need and Timing			
201	Where does PSE describe its renewable and capacity resource needs?	PSE describes its renewable and capacity resource needs in the All Resources RFP in Section 1.	5/7/18 Revised 6/6/18
202	Why does PSE show more than one resource need in Section 1 of the All Resources RFP?	PSE's All Resources RFP expresses two resource needs, one for capacity to meet winter peak need and one to meet PSE's obligations under Washington's RPS. PSE does not preclude the possibility that a single resource or resources could satisfy all or part of both resource needs, and also allow PSE to fulfill its obligation under WAC 480-100-238 to select resources that are "lowest reasonable cost". See also response to #203 below.	6/6/18
203	What is PSE's "real" earliest capacity need date? Is it 2022 as shown in Tables 1 and 2, or 2024 as shown in Table 3 in Section 1 of the All Resources RFP?	PSE also included in its capacity need section a scenario depicting the impact of a potential redirect of transmission on the main grid of the BPA transmission system paired with market or other resources. PSE has not predetermined the best use for PSE's existing transmission rights associated with Colstrip Units 1&2, whether on the Colstrip Transmission System, the Eastern Intertie, or on the main grid of the BPA transmission system. By law, PSE must seek the "lowest reasonable cost" resources to meet the needs of its customers. PSE intends to compare this scenario in its portfolio analysis with any RFP proposals it receives for resources paired with any of PSE's existing transmission rights associated with Colstrip Units 1&2, whether on the Colstrip Transmission System, the Eastern Intertie, or on the main grid of the BPA transmission system. See responses #406 and #407 below.	6/6/18
204	Given the shared resource need, how will proposals submitted in response to the Demand Response RFP (UE-180272) be evaluated and compared with proposals submitted in response to the All Resources RFP (UE-180271)?	While PSE's Demand Response program will take the lead on evaluating demand response proposals, the All Resources RFP team will fully support that evaluation and include these resources in our portfolio analysis. The teams will work together to determine which resources are selected to meet the capacity resource need at "lowest reasonable cost".	6/6/18

Topic #	Question	Answer	Added
205	Can PSE provide sample seasonal load profile data to bidders?	Yes. See *RFP FAQ Attachment 1. PSE System Hourly Loads 100115-093016* at www.pse.com/rfp. This file contains the 8,760 hourly load profile data that PSE used in its last general rate case for test year Oct. 1, 2015 through Sept. 30, 2016.	5/7/18
206	Are resources required to be online by the end of 2022 to be eligible for this RFP, as stated in the draft All Resources RFP?	No. PSE received public comments in response to our draft RFP from stakeholders and potential bidders indicating that it could be difficult, if not impossible, for some eligible and potentially attractive long-lead resources (such as pumped hydro storage) to meet this requirement. It was not PSE's intention to disqualify these resources from consideration in this RFP. PSE has adjusted the language in its revised final RFP to clarify that the online date is a preference based on PSE's earliest expected need rather than a requirement for eligibility to participate in the RFP process. PSE looks forward to receiving proposals for innovative long-lead resources that could help meet PSE's growing need for additional capacity.	6/6/18
207	Will PSE consider acquiring renewable resources in excess of its state mandated RPS need; for example, to help meet PSE's capacity need?	Yes. While traditional renewables with intermittent output will likely receive a lower capacity value in PSE's portfolio analysis than dispatchable resources or those with higher capacity factors, PSE will account for the capacity contributions of all proposed resources in its analysis. By law, PSE must acquire resources to meet need at the "lowest reasonable cost".[1] If a renewable resource can provide needed capacity at the lowest reasonable cost, PSE will pursue it, even if the acquisition of that resource exceeds the RPS.	6/6/18
208	Will PSE give a higher ranking to proposals that exceed rather than meet its state mandated RPS need?	No. The All Resources RFP is a product of PSE's IRP process, which is governed by rules set forth in WAC 480-100-238. This rule includes a core requirement that utilities seek resources that result in the "lowest reasonable cost" portfolio to meet the needs of customers. Consistent with this rule, in addition to cost considerations, PSE considers a variety of risks and benefits, which PSE expresses as evaluation criteria in Exhibit A to the All Resources RFP. The evaluation criteria	6/6/18

[1] *See WAC 480-100-238*

Topic #	Question	Answer	Added
		explicitly includes a criterion for qualified renewable resources to help meet its RPS need (Compatibility with Resources Need #1)), a separate criterion stating a preference for resources that minimize environmental impacts (Public Benefits #1), and two criteria stating preferences for resources that minimize current and potential future risks associated with environmental regulations and permitting (Risk Management #8 and Strategic and Financial #5). PSE recognizes the positive benefits of renewable resources and will account for those benefits in its analysis, consistent with the evaluation criteria set forth in Exhibit A to the RFP. PSE is committed to meeting its obligations under Washington state's RPS law. PSE will also pursue renewable resources that can help meet PSE's capacity need at the lowest reasonable cost, even if the acquisition of those resources exceeds the RPS. Additionally, PSE has made a commitment to reduce its carbon footprint by 50 percent by 2040.	
Resource Alternatives			
301	Is renewable generation required, preferred or disallowed in this RFP?	As stated in Section 1 of the All Source RFP, PSE is seeking resources to help meet both its forecast capacity need and its forecast renewable resource need under the Washington state renewable portfolio standards ("RPS"). To be eligible to meet the RPS need, a resource is required to be either be a renewable resource or renewable energy credit, as defined by RCW 19.285.030. Resources proposed to meet the capacity need may be, but are not required to be, renewable resources, as defined by RCW 19.285.030. All else equal, PSE prefers resources that minimize environmental impacts, as stated in the Public Benefits section of Exhibit A to the All Resources RFP.	6/6/18
302	Why did PSE choose to include fossil fueled resources in its All Resources RFP?	The All Resources RFP does not prohibit respondents from proposing any specific resource technologies. To do so would be inconsistent with WUTC policies and standards, which direct utilities to consider all commercially available resources and expressly state that "[a]ny owner of a generating facility, developer of a	6/6/18

Topic #	Question	Answer	Added
		potential generating facility, marketing entity, or provider of energy savings may participate in the RFP process." WAC 480-107-015(1). In accordance with such WUTC policies and standards, PSE will accept for consideration any resource proposal that meets the requirements set forth in the RFP and complies with all applicable federal, state and local laws.	
303	How does PSE plan to treat the risks and costs associated with carbon emissions in its evaluation of fossil fueled resources?	PSE will consider the economic risks associated with carbon emissions by evaluating the proposals across a range of carbon scenarios in its portfolio analysis. Consistent with PSE's evaluation criteria (Exhibit A to the All Resources RFP), PSE will also consider qualitative risks, such as environmental risks, existing and potential future regulatory risks, and public benefits.	6/6/18
304	Why does PSE's All Resources RFP state a preference for resources that can help "fill winter deficits while minimizing surpluses"? Similarly, PSE also includes language preferring projects that match or shape output to meet PSE's resource need.	Every two years, PSE prepares a forward-looking Integrated Resource Plan (IRP) to assess its capacity and RPS resource needs over a twenty-year planning horizon. Because PSE is a winter-peaking utility, its capacity need is expressed as the utility's one-hour winter peak need. PSE's RFP, as mandated by law, is designed to fill the resource needs expressed in that plan. The referenced language in the All Resources RFP is included to help bidders craft their most competitive proposals. While it is true that resources with the ability to meet winter peaks and minimize summer surpluses may perform better in PSE's portfolio analysis, the RFP does not preclude any particular resource type or characteristic. PSE welcomes any innovative solution that can help meet its expressed capacity and/or renewables need at the lowest reasonable cost.	6/6/18
305	Why does the All Resources RFP explicitly include only certain renewable generation (e.g., solar and wind) and storage (e.g., battery and pumped hydro) resources? Does this mean that other renewable generation and storage alternatives are excluded?	No. This is an All Resources RFP. As such, PSE encourages developers to submit bids for any viable, commercially available resources that can meet PSE's RPS and/or capacity needs. New resource alternatives are maturing on an ongoing basis. It can be difficult to anticipate and explicitly identify all possible eligible resource types and technologies. PSE cannot accept technology that has not been demonstrated to be commercially proven. Unproven technology is considered a fatal flaw due to the higher risk it poses to PSE's customers.	6/6/18

Topic #	Question	Answer	Added
306	How will battery storage benefits be evaluated?	The evaluation team will use its portfolio screening model to look at capacity benefits. PSE will also use Plexos to evaluate benefits at a sub-hourly level to determine the flexibility value of the project. Additionally, PSE will determine the benefits associated with deferral of any specific T&D projects. PSE continues to develop its evaluation tools and gain experience with more sophisticated evaluation tools. PSE is open to suggestions related to modeling the value streams of energy storage projects.	6/6/18
307	Will PSE incorporate the findings of the Montana Renewables Development Action Plan (MRDAP) into its evaluation process to ensure that Montana resources are properly evaluated (with regard to the dynamic transfer capability needed to incorporate resources into PSE's BA)?	This is a complex issue that PSE continues to assess as new information becomes available. While it would be premature to make a determination about it at this time, to the extent new information becomes available during the course of our evaluation process, PSE will consider it.	6/6/18
Interconnection and Transmission			
401	Where can I obtain information about interconnection and transmission availability and service on PSE's system?	Refer to the transmission provider's OASIS web site for current PSEI interconnection and transmission information (www.oatioasis.com/psei).	5/7/18
402	Where can I obtain information about interconnection and transmission availability and service on BPAs system?	Refer to the transmission provider's web site for current BPAT interconnection and transmission information (www.bpa/.gov/transmission).	5/7/18
403	Are bidders required to secure long-term firm transmission to be eligible for consideration in the All Resources RFP?	No. PSE does not require proposals to have long-term firm transmission to be eligible for consideration in the All Resources RFP. In PSE's portfolio analysis, a capacity resource with conditional firm transmission will likely be less attractive than a capacity resource with firm transmission because it may or may not be available when needed. However, for intermittent resources that already have a lower capacity credit, firm transmission may be less important. Since all proposals are evaluated on the basis of their delivered cost to the PSE system, if a proposal does not include a transmission solution, PSE will apply the cost of transmission to the proposal in its quantitative analysis and evaluate the risks associated with the availability of transmission in the qualitative analysis. If firm transmission availability is a concern, it may be to a bidder's advantage to propose an alternate transmission solution, such as conditional firm transmission, rather than leaving the solution solely to PSE.	6/6/18

Topic #	Question	Answer	Added
404	Does the All Resources RFP include a requirement that resources must interconnect directly or be delivered to PSE's transmission system?	No. The All Resources RFP does not require resources to directly interconnect or deliver to PSE's system. For resources that do not interconnect to PSE's system, we encourage bidders to include an option for delivery to BPAT.PSEI. Since all proposals are evaluated on the basis of their delivered cost to the PSE system, such proposals may have an advantage over proposals that leave the transmission solution to PSE. See also response to #405 for information about BPAT.PSEI interconnection points.	5/7/18
405	Where can I find a list of the BPAT.PSEI interconnection points?	See *RFP FAQ Attachment 2. BPAT.PSEI public contract points* at www.pse.com/rfp. For more information about these points, refer to BPA's transmission web site (www.bpa.gov/transmission).	5/7/18
406	Has PSE decided how it will utilize its existing Colstrip transmission once Units 1&2 shut down?	No. PSE has not predetermined the best use for its existing Colstrip transmission rights once Units 1&2 shut down. By law, PSE must seek the "lowest reasonable cost" resources to meet the needs of its customers. This standard will be applied to determining how best to utilize PSE's existing Colstrip transmission rights. See also response to #203 above and #407 below.	6/6/18
407	Will PSE accept proposals that assume use of PSE's existing Colstrip transmission rights once Units 1&2 shut down?	Yes. PSE will accept proposals that assume use of PSE's existing Colstrip transmission rights associated with Colstrip Units 1&2 , whether on the Colstrip Transmission System, the Eastern Intertie, or on the main grid of the transmission system of Bonneville Power Administration (BPA). PSE's portfolio analysis will evaluate for each proposed resource the total cost of energy delivered to PSE's system, including any assumed use of such transmission. PSE will compare these costs to other alternatives, such as redirected transmission paired with market resources or other PSE resource options, to identify the lowest reasonable cost option that meets customer needs.	6/6/18

Topic #	Question	Answer	Added
Evaluation Criteria and Proposal Ranking			
501	How does PSE evaluate proposals based on the evaluation criteria described in Exhibit A to the All Resources RFP?	Generally, PSE first considers the economics of a proposal and whether the project has any serious fatal flaws (e.g., an inability to deliver to PSE's system or obtain necessary permitting to complete the project). Once a proposal is determined to be competitive on a cost basis and viable to meet customer needs, PSE pursues a more granular level of qualitative analysis based on the evaluation criteria described in Exhibit A to the RFP. PSE does not apply a quantitative score to each qualitative criteria but allows the evaluation team to apply its expertise in assessing the particular risks and merits of each proposal's unique characteristics and qualities. See response to comment #504 below.	6/6/18
502	Does PSE apply a quantitative scale and weighting system to its evaluation criteria?	No. See response to #501 above.	6/6/18
503	Is PSE concerned that, in the absence weighting system the evaluation criteria, bidders may be unable to prepare attractive proposals?	No. PSE has successfully used its evaluation criteria and approach through at least five RFP cycles. PSE has enjoyed an enthusiastic response from bidders to each of its RFPs and has seen no evidence that bidders have been unable to prepare attractive proposals in response.	6/6/18
504	Can PSE provide some examples of fatal flaws?	Yes. While it would be difficult to imagine all possible potential fatal flaws that could exclude a proposal from further consideration, PSE can provide some guidance for bidders. Fatal flaws would include, but are not limited to, the following examples: • Significantly higher cost than alternatives • Proposal fails to provide sufficient information to substantiate a real project • No transmission secured and no available transmission between the project and PSE's system • Insufficient fuel supply or fuel transportation to generation project • Commercially unproven technology	6/6/18

Topic #	Question	Answer	Added
		• Unable to obtain necessary permits to execute the project • Excessive counterparty risk likely to cause the counterparty to be unable to complete the project or meet contractual obligations to PSE • Regulatory or legal risks associated with non-compliance or other obligations that could adversely impact PSE	
505	Are PSE's evaluation criteria and process consistent with requirements established in WAC 480-107-035?	Yes. PSE developed Exhibits A (Evaluation Criteria) and B (Proposal Requirements) to the RFP to include the minimum ranking criteria established in WAC 480-107-035. PSE's evaluation process will adhere to the requirements of the rule.	6/6/18
506	Does PSE consider the socioeconomic benefits of creating quality local jobs by using local, union labor?	Yes. As described in Exhibit A to the RFP, public benefits are one of the five primary criteria categories that PSE considers in its resource evaluation. PSE will account for the positive benefits associated with local jobs in its qualitative evaluation within this category of criteria.	6/6/18
507	Does PSE require bidders of development resources to use Washington union labor and to submit workforce development plans detailing worker training or qualification requirements, and availability of local contractors or local labor to satisfy project needs?	No. PSE will account for the public benefits associated with using Washington union labor in its qualitative evaluation. However, PSE cannot unilaterally require that developers use union labor or exclude development proposals that do not include a workforce development plan. PSE is required to consider all commercially available resource proposals (see response #302 above) and must select resources that result in the "lowest reasonable cost" portfolio to meet the needs of customers.[2] Under Washington state's RPS law,[3] eligible renewable resources that begin operation after 2005 can receive a compliance credit of 1.2 times the value of the project's generated renewable energy credits by using an approved Washington state apprenticeship labor program during facility construction. PSE will account for the additional benefit of the 20 percent kicker in its analysis if a developer indicates that it plans to take advantage of this program. Both PSE's Lower Snake	6/6/18

[2] Per WAC 480-100-238
[3] The Energy Independence Act (commonly referred to as its RPS law) is codified in RCW 19.285.040. See also WAC 194-37-36.

Topic #	Question	Answer	Added
		River and Wild Horse Expansion Wind Projects used apprenticeship labor and have benefitted from this credit.	
Transparency and Public Involvement			
601	How transparent will PSE's RFP evaluation process be to the public?	PSE's practice is to comply with rules set forth in WAC 480-107-035, which requires the following action related to project ranking and public disclosure: "After the project proposals have been opened for ranking, the utility must make available for public inspection at the utility's designated place of business a summary of each project proposal and a final ranking of all proposed projects." Due to the confidential and sensitive nature of bid content and the specifics of PSE's findings related to that content, which are protected by non-disclosure agreements, PSE cannot invite third parties to fully participate in the review and selection process.	6/6/18
602	Will stakeholders be allowed to participate in the evaluation, ranking and selection of proposals?	No. WAC 480-107-075 states that "[u]nless otherwise prohibited by law, a utility has discretion to decide whether to enter into a final contract with any project bidder that meets the selection criteria of the RFP." Washington state does not have a preapproval process for electric resource acquisitions. Under the existing regulatory framework, PSE bears the risk associated with acquiring a resource first and later demonstrating the prudence of that acquisition decision in a general rate case. As such, PSE must be allowed to apply its managerial discretion to its resource evaluation and acquisition decisions. See response to #601 above, regarding transparency and the need to balance transparency with protecting confidential bidder information.	6/6/18

Topic #	Question	Answer	Added
Integrated Resource Planning			
701	How does the RFP incorporate clean energy priorities established in PSE's 2017 Integrated Resource Plan?[4]	Exhibit A to the All Resources RFP states preferences for resources that help meet PSE's RPS requirements and minimize environmental impacts. PSE recognizes the positive benefits of renewable resources and will account for those benefits in its analysis. PSE is committed to meeting its obligations under Washington state's RPS law. Additionally, PSE has made a commitment to reduce its carbon footprint by 50 percent by 2040.	6/6/18
702	Will PSE's next IRP consider early retirement of Colstrip Units 3&4 in its analysis, which could allow PSE the opportunity to evaluate larger resources (such as large-scale renewables or storage resources) and potentially benefit from economies of scale?	Yes. The 2019 IRP analysis will evaluate a range of shutdown dates for Colstrip 3&4.	6/6/18

[4] PSE's most recent Integrated Resource Plan can be found at www.pse.com/irp.

Attachment D

2018 All Resources RFP: Summary of Public Comments

Revised 6/8/18
Docket UE-180271

**PSE's current FAQ list can be found on www.pse.com/rfp by clicking the All Resources RFP hyperlink. The FAQ column includes a [#] reference to the corresponding FAQ, as applicable.*

#	Summary of Comment(s)	RFP edit?	FAQ? [#]*	PSE Response
Jim Adcock, Ratepayer, IRPAG member				
1.1	**Advocates renewables only RFP** Recommendation: PSE should explicitly prohibit all fossil fueled proposals from this RFP.	N	Y [302]	The All Resources RFP does not prohibit respondents from proposing any specific resource technologies. To do so would be inconsistent with WUTC policies and standards, which direct utilities to consider all commercially available resources and expressly state that "[a]ny owner of a generating facility, developer of a potential generating facility, marketing entity, or provider of energy savings may participate in the RFP process." WAC 480-107-015(1). In accordance with such WUTC policies and standards, PSE will accept for consideration any resource proposal that meets the requirements set forth in the RFP and complies with all applicable federal, state and local laws.
Ward Carson, Ratepayer				
2.1	**Prefers renewables only RFP** Recommendation: PSE should review and address in its RFP the report, "The Economics of Clean Energy Portfolios" recently published by the Rocky Mountain Institute.	N	N	See response to comment 1.1 The All Resources RFP is a solicitation document designed to communicate resource need and proposal requirements to bidders. Any assessment and comment on external published reports is an exercise better suited to PSE's integrated resource planning (IRP) process. The All Resources RFP is a product of the IRP process.
Dr. Virginia Lohr, Ratepayer, IRPAG member				
3.1	**Objects to language in RFP and Exhibit A re: "minimizing summer surpluses" and advocates caution when discussing seasonal and real-time fluctuations** Recommendation: Replace "minimizing summer surpluses" with language stating a preference for resources able to meet peaks whenever they occur and review all mention of seasonal and real-time fluctuations to ensure clean solutions are not excluded or inappropriately disadvantaged.	N	Y [304]	The referenced language in the All Resources RFP is included to help bidders craft their most competitive proposals. While it is true that resources with the ability to meet winter peaks and minimize summer surpluses may perform better in PSE's portfolio analysis, the RFP does not preclude any particular resource type or characteristic. PSE welcomes any innovative solution that can help meet its expressed capacity and/or renewables need at the lowest reasonable cost.

#	Summary of Comment(s)	RFP edit?	FAQ? [#]*	PSE Response
3.2	**Advocates renewables only RFP or, as a secondary option, applying a social cost of carbon to fossil fueled resources** Recommendation: PSE should exclude fossil fueled resources.[1] If allowed to compete, PSE should apply a social cost of carbon consistent with the Interagency Working Group on Social Cost of Greenhouse Gases. [2]	N	Y [302, 303]	See response to comment. 1.1 PSE will evaluate the proposals against a range of carbon scenarios in its portfolio analysis. PSE is required to evaluate resources based on lowest reasonable cost which does not specifically exempt thermal resources.
3.3	**Clarify "RPS requirement" evaluation criteria in the All Resources RFP** Recommendation: PSE should explicitly state if renewable generation is required, preferred, or disallowed to meet the RPS requirement. Comment references Exhibit A, evaluation criterion #4 on page A-2.	N	Y [301]	As stated in Section 1 of the All Resources RFP, PSE is seeking resources to help meet both its forecast capacity need and its forecast renewable resource need under the Washington state renewable portfolio standards ("RPS"). To be eligible to meet the RPS need, a resource is required to be either be a renewable resource or renewable energy credit, as defined by RCW 19.285.030. Resources proposed to meet the capacity need may be, but are not required to be, renewable resources, as defined by RCW 19.285.030. All else equal, PSE prefers resources that minimize environmental impacts, as stated in the Public Benefits section of Exhibit A to the All Resources RFP.
3.4	**Advocates preference for renewables in excess of RPS; state mandate should be considered a minimum** Recommendation: The evaluation criterion "RPS requirement" (Exhibit A, evaluation criterion #4 on page A-2) should require that resources at a minimum meet the RPS mandate. Proposals that exceed the RPS should be rated higher than those that only meet it.	N	Y [207, 208]	The All Resources RFP is a product of PSE's IRP process, which is governed by rules set forth in WAC 480-100-238. This rule includes a core requirement that utilities seek resources that result in the "lowest reasonable cost" portfolio to meet the needs of customers. Consistent with this rule, in addition to cost considerations, PSE considers a variety of risks and benefits, which PSE expresses as evaluation criteria in Exhibit A to the All Resources RFP. In addition to the referenced RPS requirement (Compatibility with

[1] Comment expresses a concern that, as written, the All Resources RFP indicates that coal and fracked gas would be acceptable. This is not the case. As described in Section 2 of the All Resources RFP, this RFP is open to a variety of generation, storage and renewable energy credit resources. PSE is not seeking natural gas fuel, such as fracked gas. The RFP also states that eligible resources must comply with all federal, state and local laws. This includes Washington state's emission performance standards (RCW 80.80.040). Commercially available coal-fired electric generation plants cannot meet the Washington emission performance standard.
[2] Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis – Under Executive Order 12866-Interagency Working Group on Social Cost of Greenhouse Gases, United States Government. August, 2016. https://www.epa.gov/sites/production/files/2016-12/documents/sc_co2_tsd_august_2016.pdf. To comply with Washington state Executive Order 14-04, the Washington State Energy Office recommends state agencies use the Interagency Working Group on Social Cost of Greenhouse Gases estimate with a 2.5 percent discount rate.

#	Summary of Comment(s)	RFP edit?	FAQ? [#]*	PSE Response
				Resources Need #1)), the evaluation criteria also includes a separate criterion stating a preference for resources that minimize environmental impacts (Public Benefits #1), and two criteria stating preferences for resources that minimize current and potential future risks associated with environmental regulations and permitting (Risk Management #8 and Strategic and Financial #5). PSE recognizes the positive benefits of renewable resources and will account for those benefits in its analysis, consistent with the evaluation criteria set forth in Exhibit A to the RFP. PSE is committed to meeting its obligations under Washington state's RPS law. PSE will also pursue renewable resources that can help meet PSE's capacity need at the lowest reasonable cost, even if the acquisition of those resources exceeds the RPS. Additionally, PSE has made a commitment to reduce its carbon footprint by 50 percent by 2040. See also response to comment #11.3.
Washington and N. Idaho District Council of Laborers (Jermaine Smiley), Largest unionized construction workers in Washington				
4.1	**Advocates advancement of renewables and socioeconomic benefits of creating quality local jobs** Recommendation: Evaluation, screening and ranking process should advance development of renewable energy resources while maximizing local socioeconomic impacts. PSE should prefer projects that create quality jobs and maximize local socioeconomic benefits.	N	Y [506]	As described in Exhibit A to the RFP, Public Benefits are one of the five primary criteria categories that PSE considers in its resource evaluation. PSE will account for the positive benefits associated with local jobs and renewable resources in its qualitative evaluation within this category of criteria.
4.2	**Advocates requirement to use Wash. union labor for renewables development and requiring workforce development plans** Recommendation: PSE should adopt clear union labor requirements for its renewables solicitation. Minimum criteria for development projects to be	N	Y [507]	PSE will account for the public benefits associated with using Washington union labor in its qualitative evaluation. However, PSE cannot unilaterally require that developers use union labor or exclude development proposals that do not include a workforce development plan. PSE is required to consider all commercially available resource proposals (see response to

#	Summary of Comment(s)	RFP edit?	FAQ? [#]*	PSE Response
	eligible for consideration should include a workforce development plan detailing worker training or qualification requirements, and availability of local contractors or local labor pool to satisfy project needs.			comment 1.1 above) and must select resources that result in the "lowest reasonable cost" portfolio to meet the needs of customers (see response to comment 3.4 above). Under Washington state's RPS law,[3] eligible renewable resources that begin operation after 2005 can receive a compliance credit of 1.2 times the value of the project's generated renewable energy credits by using an approved Washington state apprenticeship labor program during facility construction. PSE will account for the additional benefit of the 20 percent kicker in its analysis if a developer indicates that it plans to take advantage of this program. Both PSE's Lower Snake River and Wild Horse Expansion Wind Projects used apprenticeship labor and have benefitted from this credit.
4.3	**Advocates increased public involvement in evaluation and resource selection** Recommendation: PSE should make available to the public a summary of all proposals received and schedule a hearing whereby the public can provide input on proposals. PSE should consider public comment on proposals when selecting its final short list.	N	Y [601, 602]	PSE's practice is to comply with rules set forth in WAC 480-107-035, which requires the following action related to project ranking and public disclosure: "After the project proposals have been opened for ranking, the utility must make available for public inspection at the utility's designated place of business a summary of each project proposal and a final ranking of all proposed projects."
Haymaker Wind (Stacy Gasvoda), Potential RFP bidder (Montana)				
5.1	**Advocates use of Colstrip 1&2 transmission for Montana wind resources** Recommendation: PSE should replace Montana coal with Montana wind, using Colstrip 1&2 transmission to bring Montana renewables, such as wind	N	Y [406, 407]	PSE has not predetermined the best use for its existing Colstrip transmission rights once Units 1&2 shut down. By law, PSE must seek the "lowest reasonable cost" resources to meet the needs of its customers. This standard will be applied to determining how best to utilize PSE's existing Colstrip transmission rights.

[3] The Energy Independence Act (commonly referred to as its RPS law) is codified in RCW 19.285.040. See also WAC 194-37-36.

#	Summary of Comment(s)	RFP edit?	FAQ? [#]*	PSE Response
	or a combination of closed-loop pumped hydro storage and wind, to PSE's service territory.			PSE will accept proposals that assume use of PSE's existing Colstrip transmission rights associated with Colstrip Units 1&2 , whether on the Colstrip Transmission System, the Eastern Intertie, or on the main grid of the transmission system of Bonneville Power Administration (BPA). PSE's portfolio analysis will evaluate for each proposed resource the total cost of energy delivered to PSE's system, including any assumed use of such transmission. PSE will compare these costs to other alternatives, such as redirected transmission paired with market resources or other PSE resource options, to identify the lowest reasonable cost option that meets customer needs.
5.2	**Expresses view that by failing to assume an early closure date for Colstrip Units 3&4 in 2017 IRP, PSE is missing an opportunity to evaluate large Montana renewables and potentially benefit from economies of scale** Recommendation: Comments state that it would be unrealistic to assume that Colstrip 3&4 will not retire early. While there is no specific recommendation included for the RFP, the comment does appear to express a view that PSE's next IRP consider early retirement of Units 3&4 in its IRP analysis.	N	Y [702]	The 2019 IRP analysis will evaluate a range of shutdown dates for Colstrip 3&4.
Renewable Northwest (Amanda Jahshan and Michael O'Brien), IRPAG member, environmental advocacy				
6.1	**Advocates quantifying and weighting evaluation criteria** Recommendation: PSE should prioritize and quantify its evaluation criteria, clarifying any hierarchy or weighting to the five primary criteria. PSE should provide scoring quantification to indicate how bidders can conform to PSE's preferences. PSE should list requirements with associated scoring criteria for various degrees of conformance rather than using subjective and/or ambiguous language.	N	Y [501, 502]	Generally, PSE first considers the economics of a proposal and whether the project has any serious fatal flaws (e.g., an inability to deliver to PSE's system or obtain necessary permitting to complete the project). Once a proposal is determined to be competitive on a cost basis and viable to meet customer needs, PSE pursues a more granular level of qualitative analysis based on the evaluation criteria described in Exhibit A to the RFP. PSE does not apply a quantitative score to each qualitative criteria but allows the evaluation team

#	Summary of Comment(s)	RFP edit?	FAQ? [#]*	PSE Response
				to apply its expertise in assessing the particular risks and merits of each proposal's unique characteristics and qualities. PSE has successfully used its evaluation criteria and approach through at least five RFP cycles. PSE has enjoyed an enthusiastic response from bidders to each of its RFPs and has seen no evidence that bidders have been unable to prepare attractive proposals in response. Note: In addition to adding the above information to the FAQs on PSE's web site, PSE has included an FAQ listing some examples of fatal flaws [#504].
6.2	**Advocates use of Colstrip transmission for Montana wind resources** Recommendation: PSE should enable Montana bidders to propose resources that utilize the 300 MW of transmission capacity from Colstrip 1&2 to limit further exposure and reliance on market resources, and to avoid stranding PSE's share of the transmission on the Colstrip Transmission System and Eastern Intertie east of Garrison.	N	Y [407]	See response to comment 5.1
6.3	**Advocates protecting confidential bidder information by amending Confidentiality Agreement to limit certain disclosures** Recommendation: PSE should add the following language (shown in bold) to its Section 2(B) of its Confidentiality Agreement (Exhibit C) to limit the sharing of confidential information in response to an order to only what is explicitly required by the order. (B) is **required to be** disclosed in response to a valid order or request of a court or other governmental authority having jurisdiction or in pursuance of	Y	N	PSE agrees. This recommendation will be adopted as described.

#	Summary of Comment(s)	RFP edit?	FAQ? [#]*	PSE Response
	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).			
Montana Environmental Information Center (Brian Fadie), Stakeholder				
7.1	**Objects to language re: "ability to fill winter deficits while minimizing summer surpluses"** Recommendation: PSE should not view "minimizing summer surpluses" as a deciding factor in determining whether a resource provides winter capacity at least cost. A resource may provide winter capacity at lowest overall cost even when factoring in summer surplus.	N	Y [304]	See response to comment 3.1
7.2	**Advocates quantifying/weighting evaluation criteria** Recommendation: PSE should explain how proposals will be scored in order to create a ranking. PSE should apply a weighting/points system for each criteria to indicate degrees of preference to assist bidders in submitting projects that will best meet customer needs, improve trust in the process and encourage broader participation in the RFP.	N	Y [501, 502, 503]	See response to comment 6.1
7.3	**Advocates clarifying various Evaluation Criteria** • Proposals that are not dependent upon constrained transmission or fuel transportation paths are preferred – "Constrained" is not defined, making preference unclear • Proposed resources located within PSE's service territory are preferred – Unclear how this preference would result in an increased chance of locating a least cost resource	N	N	A response to each bullet is provided below: • Constrained is not a transmission term unique to PSE. Generally, PSE is expressing a preference for resources that are not inhibited from delivering power output to PSE's system or from receiving fuel at the generation site. This is particularly important for resources proposed to help meet PSE's capacity need.

#	Summary of Comment(s)	RFP edit?	FAQ? [#]*	PSE Response
	• PSE prefers proposals for resources located on PSE's system or those with secure long-term firm delivery to PSE's system (on RFP p. 4) – Reference to long-term firm delivery is removed from bullet above, which appears in Exhibit A • All else being equal, proposals are preferred that would not increase PSE's exposure to adverse impacts on its financial position – meaning of "exposure to adverse impacts on its financial position" is not clear			• All else equal, and given existing transmission constraints, PSE prefers resources on its system because they minimize the challenges associated with transmission. This is not a standalone criterion; rather, it is one potentially favorable attribute among a collection of potential benefits and risks outlined in Exhibit A to the RFP. In combination with this criterion, PSE would also weigh any associated risks of locating a resource within PSE's system, such as any potential siting or permitting challenges. This criterion alone is not intended to define a lowest reasonable cost resource, nor to imply that an alternate transmission solution might not also look favorable in PSE's portfolio analysis. • See bullet above and response to comment 12.2 • It is difficult for PSE to imagine and therefore articulate in Exhibit A to the RFP every potential adverse impact on PSE's financial position. With that said, a few examples might be a high risk of potential default (due to either project risks or counterparty risks), potentially unfavorable accounting impacts (such as the need for mark-to-market accounting), or compliance risks that could result in financial penalties to PSE.
Single Columbia Basin Hydropower (Tim Culbertson), Stakeholder				
8.1	**Objects to language requiring capacity resources to be online in 2022** Recommendation: PSE should modify its Draft 2018 RFP to remove requirement that capacity resources must begin delivering capacity and energy on or before September 30, 2022 to be eligible to submit bids under the RFP. This requirement would effectively disqualify resources with development cycles longer than 42 months, such as pumped hydro storage.	Y	Y [206]	PSE agrees. It was not PSE's intention to disqualify such resources based on this date. PSE will adjust the language to clarify that the online date is a preference based on PSE's earliest expected need rather than a requirement for eligibility to participate in the RFP. PSE looks forward to receiving proposals for pumped hydro storage and other innovative long-lead resources that could help meet PSE's growing need for additional capacity.

#	Summary of Comment(s)	RFP edit?	FAQ? [#]*	PSE Response
Public Counsel (Mark Johnson, Nina Suetake), AGs office, IRPAG				
9.1	**Clarify unclear resource needs and timing, particularly capacity** Recommendation: Modify draft RFP to clarify and explicitly state RFPs goal in Section1: Resource Need: • Provide single resource need date • At a minimum, explain how PSE intends to address the fact that it has presented two different projected resource needs and how this may impact bidding process and acquisition • Clarify how All Source and Demand Response RFPs will coordinate given shared resource need (as shown, need does not yet assume any DR)	N	Y [202, 203, 204]	PSE's All Resources RFP expresses two resource needs, one for capacity to meet winter peak need and one to meet PSE's obligations under Washington's RPS. PSE does not preclude the possibility that a single resource or resources could satisfy all or part of both resource needs, and also allow PSE to fulfill its obligation under WAC 480-100-238 to select resources that are "lowest reasonable cost". PSE also included in its capacity need section a scenario depicting the impact of a potential redirect of transmission on the main grid of the BPA transmission system paired with market or other resources. PSE has not predetermined the best use for PSE's existing transmission rights associated with Colstrip Units 1&2, whether on the Colstrip Transmission System, the Eastern Intertie, or on the main grid of the BPA transmission system. By law, PSE must seek the "lowest reasonable cost" resources to meet the needs of its customers. PSE intends to compare this scenario in its portfolio analysis with any RFP proposals it receives for resources paired with any of PSE's existing transmission rights associated with Colstrip Units 1&2, whether on the Colstrip Transmission System, the Eastern Intertie, or on the main grid of the BPA transmission system. See response to comment 5.1 for more on this subject. While PSE's Demand Response program will take the lead on evaluating demand response proposals, the All Resources RFP team will fully support that evaluation and include these resources in our portfolio analysis. The teams will work together to determine which resources are selected to meet the capacity resource need at "lowest reasonable cost".

#	Summary of Comment(s)	RFP edit?	FAQ? [#]*	PSE Response
9.2	**Advocates quantifying/weighting evaluation criteria** Recommendation: Clarify how evaluation criteria categories are (1) ranked, (2) evaluated, and (3) how the five categories are assessed against each other to increase transparency. PSE should explain how preferences for individual criterion within the five criteria categories associate, or how preferences impact individual or category rankings.	N	Y [501, 502]	See response to comment 6.1
9.3	**Advocates a more transparent RFP evaluation process** Recommendation: PSE should undertake a more transparent process regarding the evaluation of RFPs as required under WAC 480-107. Under the current process, stakeholders are only aware of the specific evaluation criteria employed, the Company's preferences, and the end ranking of all proposals. Although WAC 480-107-035(3) requires the utilities to make available to the public a summary of each proposal and a final ranking of all proposed projects, it does not require the utility to explain how and why the projects received the final ranking or how each criteria is weighted in the assessment of the proposals. In order to adequately review the prudency of a utility's procurement decision in a rate case or cost recovery proceeding, it is important for parties to understand the basis for the utility's particular choice. Without adequate transparency, it is difficult to discern if the chosen proposal was the most reasonable option.	N	Y [601]	PSE's practice is to comply with rules set forth in WAC 480-107-035, which requires the following action related to project ranking and public disclosure: "After the project proposals have been opened for ranking, the utility must make available for public inspection at the utility's designated place of business a summary of each project proposal and a final ranking of all proposed projects." Additionally, due to the confidential and sensitive nature of bid content and the specifics of PSE's findings related to that content, which are protected by non-disclosure agreements, PSE cannot invite third parties to fully participate in the review and selection process. See response to comment 6.1 regarding quantifying the evaluation criteria.
9.4	**Advocates increased public involvement in evaluation/selection process** Recommendation: PSE should consider including stakeholders in the ranking process for proposals, which would include provisions for maintaining strict confidentiality, and a stakeholder review group that would allow parties an opportunity to view and discuss the ranking for proposals with the utility. It is recommended that the review group be limited to parties, such as the Company, Commission Staff, Public Counsel, and other parties that routinely	N	Y [602]	WAC 480-107-075 states that "[u]nless otherwise prohibited by law, a utility has discretion to decide whether to enter into a final contract with any project bidder that meets the selection criteria of the RFP." Washington state does not have a preapproval process for electric resource acquisitions. Under the existing regulatory framework, PSE bears the risk associated with acquiring a resource first and later demonstrating the prudence of that acquisition decision in a general rate case. As such, PSE must be allowed to

#	Summary of Comment(s)	RFP edit?	FAQ? [#]*	PSE Response
	participate in cost recovery proceedings and sign confidentially agreements. The process would not be considered pre-approval of a proposal by any party, but would provide parties insight into the chosen proposal, if any, prior to a general rate case or cost recovery proceeding. Public Counsel understands that this issue may also be discussed in the IRP Rulemaking proceeding in docket, U-161024.			apply its managerial discretion to its resource evaluation and acquisition decisions. See response to comment 9.3 regarding transparency and the need to balance transparency with protecting confidential bidder information.
9.5	**Objects to additional reliance on market (via Colstrip transmission redirects)** Recommendation: PSE should not pursue the redirect of capacity described in Section 1 of the RFP, as it would exacerbate the market reliance risk described in the Commission's IRP Acknowledgment Letter in docket UE-160918, which stated, "Without a firm analysis that can establish a reliable boundary for those potential costs, the absence of a plan for eliminating reliance on market purchases over the 20-year plan carries excessive risk".	N	Y [203, 406, 407]	PSE included in its capacity need section a scenario depicting the impact of a potential redirect of transmission on the main grid of the BPA transmission system paired with market or other resources. PSE has not predetermined the best use for PSE's existing transmission rights associated with Colstrip Units 1&2, whether on the Colstrip Transmission System, the Eastern Intertie, or on the main grid of the BPA transmission system. By law, PSE must seek the "lowest reasonable cost" resources to meet the needs of its customers. PSE intends to compare this scenario in its portfolio analysis with any RFP proposals it receives for resources paired with any of PSE's existing transmission rights associated with Colstrip Units 1&2, whether on the Colstrip Transmission System, the Eastern Intertie, or on the main grid of the BPA transmission system. PSE intends to evaluate market reliance in its 2019 IRP. If new information becomes available during the course of this RFP, we will consider it. See response to comment 5.1 for more on this subject.
Absaroka Energy (Eli Bailey), Potential RFP bidder (developing hydro pumped storage in MT)				
10.1	**PSE should not acquire any new gas-fired resources** Recommendation: In the absence of a comprehensive analysis of PSE's future flexible capacity needs presented and reviewed in a public setting such as the IRP process, PSE should not acquire any new gas-fired resources in this RFP.	N	Y [302]	See response to comment 1.1

#	Summary of Comment(s)	RFP edit?	FAQ? [#]*	PSE Response
10.2	**Advocates consideration of the many value streams associated with energy storage; battery storage benefits should be evaluated on a site-specific basis** Recommendation: Consistent with UTC guidance in its October 2017 *Report and Policy Statement on Treatment of Energy Storage Technologies in Integrated Resource Planning and Resource Acquisition,* recommends PSE • Stack the many value streams of storage • Credit storage for benefits across generation, transmission and distribution • Model on a sub-hourly basis to capture operational benefits • Allow stakeholders access to modeling assumptions and results, and to recommend alternative scenario recommendations if warranted • Consider alternative procurement strategies for large energy storage facilities valued improperly in traditional utility procurement process In its analysis of battery storage resources, PSE should develop specific estimates of T&D locational benefits for each proposal rather than relying on generic estimates of locational benefits.	N	Y [306]	The evaluation team will use its portfolio screening model to look at the capacity benefits of proposals. PSE will use Plexos to evaluate benefits at a sub-hourly level to determine the flexibility value of the project. Additionally, PSE will determine the benefits associated with deferral of any specific T&D projects. PSE continues to develop its evaluation tools and gain experience with more sophisticated evaluation tools. PSE is open to suggestions related to modeling the value steams of energy storage projects.
10.3	**Advocates use of Colstrip transmission for Montana renewable resources** Recommendation: PSE should use Colstrip transmission for Montana renewables to avoid potential risks associated with stranded costs and further reliance on market purchases. PSE should treat costs as sunk costs.	N	Y [407]	See response to comment 5.1
10.4	**Incorporate findings of Montana Renewables Development Action Plan (MRDAP) into evaluation process** Recommendation: PSE should incorporate findings of MRDAP into evaluation process to ensure that Montana resources are properly evaluated, with regard to the dynamic transfer capability needed to incorporate resources into PSE's BA.	N	Y [307]	This is a complex issue that PSE continues to assess as new information becomes available. While it would be premature to make a determination about it at this time, to the extent new information becomes available during the course our evaluation process, PSE will consider it.

#	Summary of Comment(s)	RFP edit?	FAQ? [#]*	PSE Response
10.5	**Objects to language requiring capacity resources to be online in 2022** Recommendation: PSE should not disqualify capacity/energy storage projects that have a commercial online date shortly after 2022. These resources should be given equal consideration in the RFP evaluation process.	Y	Y [206]	See response to comment 8.1
Robert S. Briggs, Formerly PNNL research scientist				
11.1	**Objects to language that appears to favor capacity, storage and REC-only products over wind and solar** Recommendation: PSE should not discourage non-dispatchable resources from participating in the RFP. PSE should exclude or revise language in RFP Section 2 that indicates disinterest in non-dispatchable resources. • "ability to fill winter deficits" • "minimizing summer surpluses" • "PSE's ability to control the project's output to match their resource" "shape project output to our needs"	N	Y [304]	See response to comment 3.1
11.2	**Apply social cost of carbon to fossil fueled resources** Recommendation: PSE should apply a social cost of carbon to fossil fueled resources consistent with the Interagency Working Group on Social Cost of Greenhouse Gases[4] and the WUTCs guidance in its recent Settlement Letter.	N	Y [303]	See response to comment 3.2

[4] *Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis – Under Executive Order 12866-Interagency Working Group on Social Cost of Greenhouse Gases, United States Government. August, 2016. https://www.epa.gov/sites/production/files/2016-12/documents/sc_co2_tsd_august_2016.pdf. Public comment recommends using the Working Group estimate with a three percent discount rate.*

#	Summary of Comment(s)	RFP edit?	FAQ? [#]*	PSE Response
11.3	**Expresses view that PSE appears to have no interest in acquiring more renewables than required by law** Recommendation: Appears to be recommending that PSE more explicitly state that PSE is open to acquiring more renewables that required by law, and wind and solar resources specifically as capacity bids. Interprets instructions in Section 2 for capacity bidders, storage resources and RECs to also be an implicit disinterest in acquiring any additional renewables.	N	Y [207]	PSE is committed to meeting its obligations under Washington state's RPS law. Additionally, PSE has made a commitment to reduce its carbon footprint by 50 percent by 2040. PSE recognizes the positive benefits of renewable resources and has no desire to discourage developers from proposing solar, wind or other renewables to meet PSE's RPS and/or capacity need. While traditional renewables with intermittent output will likely receive a lower capacity value in PSE's portfolio analysis than dispatchable resources with or those with higher capacity factors, PSE will account for the capacity contributions of all proposed resources in its analysis. By law, PSE must acquire resources to meet need at the "lowest reasonable cost".[5] If a renewable resource can provide needed capacity at the lowest reasonable cost, PSE will pursue it, even if the acquisition of that resource exceeds the RPS.
11.4	**Objects to limited storage technologies named in RFP** Recommendation: PSE should explicitly open the door for vehicle-to-grid demonstration proposals as a storage option in this RFP.	N	Y [305]	This is an All Resources RFP. As such, PSE encourages developers to submit bids for any viable, commercially available resources that can meet PSE's RPS and/or capacity needs. New resource alternatives are maturing on an ongoing basis. It can be difficult to anticipate and explicitly identify all possible eligible resource types and technologies. PSE cannot accept technology that has not been demonstrated to be commercially proven. Unproven technology is considered a fatal flaw due to the higher risk it poses to PSE's customers.

[5] *See WAC 480-100-238*

#	Summary of Comment(s)	RFP edit?	FAQ? [#]*	PSE Response
Invenergy (Orijit Ghoshen), Potential RFP bidder				
12.1	**Advocates making redirected transmission available to bidders** Recommendation: PSE should not advantage any portfolio of products over another. Any plan to pair redirected transmission with market purchases should be compared with existing or new generating resources that could use those rights to deliver lower-cost resources to PSE's ratepayers. The RFP evaluation should account for the cost and value of the redirected transmission rights for PSE-owned resources. This accounting could take the form of allowing bidders to submit bid prices that assume those redirected rights were available to qualifying generators.	N	Y [407]	See response to comment 5.1
12.2	**Objects to language in RFP and Exhibit A (Evaluation Criteria) stating a preference for long-term firm transmission** Recommendation: PSE should test its preference for long-term firm transmission against alternatives. Recommends thorough comparative analysis and up front clarification of how this preference will be expressed in the evaluation process. States alternative arrangements may be a better value, lower-cost, or lower-risk alternative than long-term firm transmission.	N	Y [403]	PSE does not require proposals to have long-term firm transmission to be eligible for consideration in the All Resources RFP. In PSE's portfolio analysis, a capacity resource with conditional firm transmission will likely be less attractive than a capacity resource with firm transmission because it may or may not be available when needed. However, for intermittent resources that already have a lower capacity credit, firm transmission may be less important. Since all proposals are evaluated on the basis of their delivered cost to the PSE system, if a proposal does not include a transmission solution, PSE will apply the cost of transmission to the proposal in its quantitative analysis and evaluate the risks associated with the availability of transmission in the qualitative analysis. If firm transmission availability is a concern, it may be to a bidder's advantage to propose an alternate transmission solution, such as conditional firm transmission, rather than leaving the solution solely to PSE.

#	Summary of Comment(s)	RFP edit?	FAQ? [#]*	PSE Response
12.3	**Interprets language in Exhibit B (Proposal Requirements) to suggest that bidders must have "fuel supply agreements in place" to be eligible** Recommendation: Eliminate requirement in Draft RFP Exhibit B to include all "fuel supply agreements in place." The RFP should not require firm fuel supply in order to qualify as a bid.	Y	N	This comment appears to be a misunderstanding. PSE does not require developers to have fuel supply agreements in place at the time of the bid. This quote is excerpted from a bullet list in Exhibit B (Proposal Requirements), Section 4 (Description of the project and project status) on page B-6. The purpose of the bullet list is to request information to determine the status of a development project. This particular bullet is asking potential bidders to indicate whether fuel supply agreements are in place, similar to neighboring bullets requesting information about the status of permitting, studies, and transmission and integration requests. It does not establish a minimum requirement for eligibility to participate in the RFP.
12.4	**Advocates amending Confidentiality Agreement to further limit disclosures** Recommendation: PSE should add the phrase "required to be disclosed" to the portions allowing disclosure of confidential information in response to a court order to prevent harm to bidders.	Y	N	See response to comment 6.3
NW Energy Coalition (Joni Bosh), IRPAG, Environmental Advocate				
13.1	**Advocates clarifying capacity need (as it relates to redirected transmission) and preserving redirected transmission rights for Montana renewables** Recommendation: PSE should clarify how bidders will know if and when PSE will pursue that opportunity to redirect Colstrip transmission, thereby delaying the need for capacity. Further recommends that PSE carefully consider preserving valuable Montana transmission rights and expanding into renewables more aggressively to preserve those rights.	N	Y [203]	See response to comment 9.1 regarding clarification of PSE's capacity need See response to comment 5.1 regarding the use of transmission

#	Summary of Comment(s)	RFP edit?	FAQ? [#]*	PSE Response
13.2	**Advocates clarifying that bidders will be able to respond to new information during negotiations with refreshed pricing** Recommendation: RFP page 10 states that PSE will continue to update its economic and risk analyses as needed during contract and price negotiations for proposals that make the short list. This may create the perception that once initial prices are known, the parameters of the bidding environment might be unilaterally changed to the benefit of PSE. PSE should clarify that bidders will be allowed to respond to any changes or new information in negotiations, since the RFP appears to prohibit unilateral changes to any proposed price by the responder (page 13).	N	Y [104]	This appears to be a misunderstanding of PSE's intent related to the language on page 13. The language prohibiting unilateral changes to pricing by bidders refers to a period late in the process after term sheets are signed. PSE does not restrict price adjustments to reflect changing conditions during an RFP evaluation process or during initial negotiations as terms are being discussed. However, consistent with WAC 480-107-075, if there are material changes to the pricing of a selected proposal, PSE would be required to suspend contract finalization with that party and re-rank projects based on the updated pricing. If another project ranks higher than the originally selected proposal in the re-ranking process, PSE would be required to pursue the higher ranked project.
13.3	**Advocates indicating whether some evaluation criteria are more critical than others; advocates transparency related to RFP responses and results** Recommendation: RFP should explain how the five major evaluation criteria sections detailed in Exhibit A will be applied and valued, or if certain criteria are more critical than others. If some criteria are more important than others, the RFP should make that clear. PSE should also provide documentation of the kinds of responses PSE received and how they did or did not meet PSE's needs.	N	Y [501, 502, 504, 601]	See response to comment 6.1 regarding the hierarchy of evaluation criteria See response to comment 4.3 regarding public disclosure of proposal summaries and results
13.4	**Advocates shorter evaluation period and date certain for short list** Recommendation: PSE should provide more clarity with regard to the end of its process and its short list announcement. An earlier date is encouraged to allow bidders to start projects in 2019 and be in place by 2022.	N	Y [102, 103]	PSE's goal is to thoroughly evaluate all proposals received in response to its All Resources RFP. PSE understands that the process is a long one, but a thorough evaluation takes time. PSE will work as quickly as possible without sacrificing the quality of review. PSE will also keep bidders informed of the RFP progress. PSE's process calls for a two-phased approach. In phase one, PSE will screen out proposals with higher costs and/or fatal flaws. At the end of phase one, PSE will notify bidders of their status (selected or not selected for further review),

#	Summary of Comment(s)	RFP edit?	FAQ? [#]*	PSE Response
				communicate next steps and provide a schedule update. The second phase will be a more detailed due diligence review that typically involves greater interaction with bidders as PSE submits data requests and seeks clarification of proposed terms.
13.5	**Objects to language seeking resources that "minimize summer surpluses"** Recommendation: On page 5, PSE indicates that "…resources will be evaluated based on an ability to fill winter deficits while minimizing summer surpluses". PSE should clarify this. If "summer minimization" is an important criterion, PSE should consider the ability of proposed capacity resources to minimize "other summer surpluses", not just "surpluses" the proposed resource brings to the mix (e.g., wind power for winter capacity and as a substitute for gas power in summer, instead of curtailing wind in summer).	N	Y [304]	See response to comment 3.1
13.6	**Identifies typo in Resources Required section for super peak products** On page 4, Table 5 "Resources Required" states super peak products should be available from Nov – Jun. Should that read **Nov – Jan**?	Y	N	Yes. This is an error. PSE will incorporate this change as proposed.
Sierra Club (Andrea Issod), IRPAG, Environmental Advocate				
14.1	**Advocates stating resource plan preferences (specifically clean energy priorities)** Recommendation: PSE should explicitly emphasize its Integrated Resource Plan preferences (specifically "energy efficiency, demand response, energy storage and renewable resources").	N	Y [701]	Exhibit A to the RFP states preferences for resources that help meet PSE's RPS requirements and minimize environmental impacts. PSE recognizes the positive benefits of renewable resources and will account for those benefits in its analysis. PSE is committed to meeting its obligations under Washington state's RPS law. Additionally, PSE has made a commitment to reduce its carbon footprint by 50 percent by 2040.

#	Summary of Comment(s)	RFP edit?	FAQ? [#]*	PSE Response
14.2	**Advocates public procurement process with full stakeholder participation and explicitly indicating relative importance of each evaluation criterion** Recommendation: PSE should conduct a public, transparent RFP at least as rigorous as the IRP. The resource procurement process should include the opportunity for full stakeholder participation to evaluate the bids, including a requirement that PSE summarize each project proposal and allow for review and comment on proposed ranking by electronic means (potentially with a protective order and party status to protect confidential data). PSE should provide more clarity around evaluation criteria and relative importance of each criterion to others. Additionally, PSE should clarify whether PSE's evaluation criteria and process will adhere to requirements in WAC 480-107-035.	N	Y [602]	See response to comment 9.3 regarding stakeholder participation in procurement process and weighting evaluation criteria Additionally, PSE developed Exhibits A (Evaluation Criteria) and B (Proposal Requirements) to the RFP to include the minimum ranking criteria established in WAC 480-107-035. PSE's evaluation process will adhere to the requirements of the rule.
14.3	**Advocates separation of RFP evaluation team and team submitting any self-build bid into process, if applicable** Recommendation: During the IRP stakeholder process, PSE indicated that it has already obtained the necessary permits to construct a natural gas plant.[6] To ensure propriety of the process, and uphold the public perception of propriety, if PSE intends to bid resources into its own RFP process, there must be a wall between the entity submitting the bid and the evaluation of proposals. The regulations, which allow competing bidders to request appointment of an independent third party to assist staff review of a bid from a utility, subsidiary or affiliate, are not sufficient to ensure the public of propriety.	N	Y [105]	Although PSE will compare the generic costs of a self-build resource to external RFP proposals, PSE has no intention to submit a specific self-build resource into the 2018 All Resources RFP. At the time of the referenced IRP Advisory Group meeting (October 2016), PSE did have certain permits in place for a self-build natural gas plant; however, PSE does not have all of the necessary permits and it would take a long time to obtain them. If this comment was made, it was an error. Due to changes in tax laws and other critical development components not currently in place, the RFP evaluation team does not see a self-build resource as a viable alternative to external RFP proposals at this time.

[6] *Final IRP Advisory Group Meeting Notes. October 27, 2016. https://pse.com/aboutpse/EnergySupply/Documents/10-27-16_Final_IRP_AG_Meeting_Notes.pdf*

#	Summary of Comment(s)	RFP edit?	FAQ? [#]*	PSE Response
Northwest and Intermountain Power Pool ("NIPPC") (Irion Sanger), Stakeholder				
15.1	**Advocates making existing excess transmission rights from Mid-C and redirected Colstrip transmission available to bidders** Recommendation: PSE should make transmission rights already in rates (existing from Mid-C and Colstrip 1&2 rights) available to any bidder (specifically mentions PPAs). PSE should allow bidders to demonstrate if these firm rights can be redirected to their facilities and, if so, to incorporate them into their bids. Further recommends that existing firm rights associated with an existing flexible dispatchable resource could be redirected to new renewable generation resources and "shared' on a short-term basis to avoid the need for bidders to provide additional incremental rights. Recommends that PSE identify all transmission rights and provide bidders an opportunity to incorporate surplus rights into their bids.	N	Y [407]	See responses to comments 5.1 and 12.2
15.2	**Advocates allowing bidders to submit bids using any combination of firm, conditional firm and short-term firm transmission** Recommendation: Long-term firm, point-to-point transmission should not be a requirement for bidders. PSE should explicitly state that conditional firm and short-term firm are acceptable to avoid inadvertently excluding projects with better shape profiles, better capacity factors, fewer permitting risks, lower construction costs, or better tax incentives.	N	Y [403]	See response to comment 12.2

#	Summary of Comment(s)	RFP edit?	FAQ? [#]*	PSE Response
15.3	**Advocates clarifying how bids that do not provide long-term firm transmission will be evaluated against those that do** Recommendation: PSE should clearly state how it plans to treat bids without long-term firm transmission. Questions posed: • Will there be different transmission requirements for baseload vs. renewable resources? • What types of alternative arrangements will be acceptable? • Will there be a scoring penalty for bids without long-term firm transmission and, if so, what is the penalty? RFP should specify how PSE will evaluate projects using different forms of transmission. Recommends reflecting delivery risk associated with alternative transmission solutions in the price and bid scoring process. Recommends RFP be modified to provide specific details regarding the types of transmission acceptable for each type of resource and what impact would be on any particular bid score.	N	Y [403]	See response to comment 12.2