2024 DISTRIBUTED SOLAR AND STORAGE RESOURCES

Request for Proposals

May 20, 2024

PUGET SOUND ENERGY

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Acronyms and Definitions

Term	Definition
AC	Alternating Current
ADMS	Advanced Distribution Management System
BESS	Battery Energy Storage System
BTM	Behind-the-Meter (BTM) refers to customer-sited resources (e.g., solar and BESS) that are connected to the distribution system on the customer's side of the utility's service meter.
CAISO	California Independent System Operator
CBI	Customer Benefits Indicator
Clean Energy Implementation Plan ("CEIP")	The Clean Energy Implementation Plan is a four-year roadmap that guides PSE's clean electricity actions, programs, and investments for the years 2022-2025.
Clean Energy Transformation Act ("CETA")	PSE is obligated to meet the requirements of the Clean Energy Transformation Act ("CETA"), Chapter 19.405 RCW. CETA sets statewide policy goals for the elimination of coal-fired resources by December 31, 2025, 80 percent carbon free generation and overall carbon neutral electricity by 2030, and 100 percent carbon free electricity by 2045.
COD	Commercial Operation Date
DEI	Diversity, Equity, and Inclusion
DER	Distributed Energy Resource
Distribution System	Medium-voltage (12.5 kV-55 kV) infrastructure that carries electricity from a substation to customers; includes the substation transformer.
DR	Demand Response
EIM	Energy Imbalance Market
ELCC	Effective Load Carrying Capacity
EMS	Energy Management System
EV	Electric Vehicle
EVSE	Electric Vehicle Supply Equipment
FTM	Front-of-the-Meter (FTM) resources are interconnected to the distribution and transmission system.
Highly Impacted Community ("HIC")	As defined by CETA, "a community designated by the department of health based on the cumulative impact analysis required by RCW 19.405.140 or a community located in census tracts that are fully or partially on "Indian country," as defined in 18 U.S.C Sec. 1151" [WAC 480-100-605].
IRP	Integrated Resource Plan
LI	Low-Income
Named Communities	Overarching term covering "Highly Impacted Communities" and "Vulnerable Populations".
PPA	Power Purchase Agreement

ACRONYMS AND DEFINITIONS

Term	Definition
SCADA	Supervisory Control and Data Acquisition: a system of remote control and telemetry used to monitor and control the transmission and distribution system including substations, transformers, and other electrical assets.
SMWBE	Small, Minority, Women Owned Business Enterprise as defined by the Washington State Office of Minority and Women's Business Enterprises
VPP	Virtual Power Plant
Vulnerable Populations	As defined by RCW 19.405.020 (40), communities that experience a disproportionate cumulative risk from environmental burdens due to (a) Adverse socioeconomic factors, including unemployment, high housing and transportation costs relative to income, access to food and health care, and linguistic isolation; and (b) Sensitivity factors, such as low birth weight and higher rates of hospitalization.
WUTC	Washington Utilities and Transportation Commission

1. Introduction

Overview

Puget Sound Energy ("PSE" or "the Company") has identified a distributed energy resource need in order to meet the targets identified in the company's 2023 Integrated Resource Plan's Electric Progress Report ("2023 EPR")[1]. PSE is seeking 30 MWs and 29 MWs of distributed solar and storage, respectively, by the end of 2026 to assist with the Clean Energy Transformation Act ("CETA") compliance requirements[2].

This voluntary Distributed Solar and Storage Request for Proposals (the "2024 DSS RFP") includes procurement of distribution interconnected Photovoltaic ("PV") generation and Battery Energy Storage Systems ("BESS") that are directly controlled by PSE, located within PSE's service area, and can meet all or part of the Company's resource need, consistent with the requirements described herein. The DSS RFP will be available on PSE's website at the following link: http://www.pse.com/RFP.

PSE's priorities for the DSS RFP are as follows:

- Identify distributed solar and storage projects that interconnect to the PSE grid to meet the needs outlined within PSE's 2023 EPR, and utilize the locational benefits of distributed resources;
- Maximize customer benefits of DERs with a preference for projects that result in benefits to Highly Impacted Communities[3] and Vulnerable Populations[4] ("named communities") through job creation, energy resiliency, financial incentives and other benefits (additional details provided in Exhibit A);
- Give special consideration to projects developed and implemented by SMWBE groups, and utilizing project labor agreements (additional details provided in Exhibit A);

[1] *The 2023 IRP EPR is an update to its 2021 IRP, located at https://www.pse.com/en/IRP/Past-IRPs/2023-IRP*

[2] *PSE is obligated to meet the requirements of the Energy Independence Act, Chapter 19.285 RCW and the Clean Energy Transformation Act ("CETA"), Chapter 19.405 RCW. The Energy Independence Act, also known as Washington State's renewable portfolio standards, requires PSE to acquire qualifying eligible renewable resources and/or renewable energy credits to meet 15 percent of its load. CETA sets statewide policy goals for the elimination of coal-fired resources by December 31, 2025, 80 percent carbon free generation and overall carbon neutral electricity by 2030, and 100 percent carbon free electricity by 2045.*

[3] *Highly Impacted Communities as defined at https://www.doh.wa.gov/DataandStatisticalReports/WashingtonTrackingNetworkWTN/ClimateProjections/CleanEnergyTransformationAct*

[4] *Pursuant to RCW 19.405.020 (40), "Vulnerable populations" means communities that experience a disproportionate cumulative risk from environmental burdens due to: (a) Adverse socioeconomic factors, including unemployment, high housing and transportation costs relative to income, access to food and health care, and linguistic isolation; and (b) Sensitivity factors, such as low birth weight and higher rates of hospitalization. PSE further defined Vulnerable Populations in Chapter 3 of the 2023 Biennial CEIP*

- Learn from Respondent submissions and resulting programs to inform future PSE initiatives.

PSE will conduct a process that is accessible and fair for all respondents. PSE encourages all Respondents able to meet the requirements of this DSS RFP to participate, including Respondents representing minority-, women-, disabled- and veteran-owned businesses as well as tribal groups. Additional details on PSE's emphasis and criteria for equitable involvement can be found in Exhibit A: Evaluation Criteria and Scoring.

This DSS RFP process may or may not result in one or more transactions by PSE. PSE reserves the right to modify and/or cancel this DSS RFP to comply with changes to regulatory policy or federal, state, or local laws.

Resource Need

CETA sets a trajectory for electric utilities, including PSE, to provide electricity that is carbon neutral by 2030 and 100 percent carbon-free by 2045. PSE's 2023 EPR modeling shows DERs as a growing part of PSE's electricity resource portfolio to "achieve targets at the lowest reasonable cost," per CETA requirements. Table 1 below illustrates the 2023 EPR's targets for distributed solar, excluding net-metering, and distributed storage from 2026 to 2030. The MW targets listed below are not fixed, and depending on proposals received PSE could exceed its yearly targets.

Table 1. ***PSE's 2023 EPR Incremental DER Additions from 2026-2030***

Resource Type (Incremental Additions)	2026	2027	2028	2029	2030	Total
Solar	30 MWs	30 MWs	33 MWs	32 MWs	30 MWs	155 MWs
Storage	29 MWs	32 MWs	29 MWs	28 MWs	30 MWs	148 MWs

PSE seeks to add DER projects to the Company's portfolio in order to meet the targets laid out in its proposed 2023 EPR. In particular the company is seeking the following resource types:

- **Distributed Solar (ground and rooftop):** PSE is seeking to fulfill a 30 MW target of distributed solar capacity by the end of 2026. The longer-term goal is to acquire 155 MWs of distributed solar capacity by 2030. PSE is only seeking Front-Of-The-Meter ("FTM") installations, both ground and rooftop mounted through this RFP. The minimum size for an installation is 200 kW AC, with a maximum of 4.99 MW AC.
- **Distributed BESS (standalone or paired with solar):** PSE is seeking to fulfill a 29 MW target of BESS capacity by the end of 2026. The longer-term goal is to acquire 148 MWs of

distributed BESS by 2030. PSE is only seeking FTM and BESS installations that are either standalone resources or paired with solar installations. PSE must also have direct control over the BESS installation through its VPP. The minimum size for an installation is 200 kW AC, with a maximum of 4.99 MW AC. BESS paired with solar must not have the sum of the two facilities' capacity exceed 4.99 MW AC.

All resources must interconnect to PSE's distribution system[5]. PSE is targeting projects that will be commercially operable by the end of 2026. PSE will evaluate any commercially viable distributed solar and BESS project proposals that comply with all applicable laws and regulations and meet the minimum qualification requirements described in Section 4 of this DSS RFP.

About Puget Sound Energy

Puget Sound Energy, a subsidiary of Puget Energy, is Washington State's oldest local energy company, providing electric and natural gas service to homes and businesses primarily in the vibrant Puget Sound area. PSE serves approximately 1.1 million electric customers and more than 790,000 natural gas customers in 10 counties. PSE meets the energy needs of its customers, in part, through cost-effective energy efficiency, procurement of sustainable energy resources, and far-sighted investment in the energy-delivery infrastructure. PSE employees are dedicated to providing great customer service and delivering energy that is safe, dependable, and efficient.

Please visit the company website at www.pse.com for more detailed information. A service area map depicting PSE's service coverage area as well as other pertinent company information may be found under the "Who We Are" tab.

PSE Core Values

PSE is committed to its core values of safety, honesty, responsibility, and integrity and has specific expectations of entities with which we do business. As such, PSE expects all suppliers to comply with all applicable laws and regulations, such as those pertaining to the environment, safety and employment, discrimination, and labor laws. For more information, please review PSE's Responsible Contractor Guidelines and Corporate Ethics and Compliance Code:

- PSE | Responsible supplier and contractor guidelines;
- http://www.pugetenergy.com/pages/codeethics.html.

[5] *See Schedule 152 and PSE's tech specs for requirements for distribution interconnected generators.*

2. Resource Acquisition

In order for a proposal to be considered, the bidding entity must demonstrate that it currently owns or has legally binding rights to develop or market the resource(s). The Respondent must also demonstrate an ability to meet the minimum requirements for eligibility, which can be found in Section 4 of this DSS RFP.

PSE will accept responses from consortiums or multiple parties in partnership to complete a project. Proposals from consortiums or multiple parties must clearly identify the relationship (actual or proposed) among the parties for the purposes of a transaction with PSE, including the party (or parties) with whom PSE will have the contractual relationship.

PSE is not seeking aggregated projects controlled under any type of SaaS platform. Proposals must be for standalone projects, though there can be variations of offers provided under one proposal.

Eligible Resources and Performance Requirements

PSE is seeking turnkey projects governed by PPAs, capacity contracts and ownership agreements. PSE has a dual need for resources to help meet the CETA requirement to achieve an 80 percent renewable or non-emitting resource portfolio by 2030, and to help meet the capacity need described in the 2023 EPR.

PSE's capacity needs are greatest in winter, but summer needs are growing in importance. Exhibit E: Schedule of Estimated Avoided Cost is provided as a reference for information on avoided cost by time and resource.

Depending on whether the project is a solar, storage, or paired project, it can potentially bring unique benefits to the local electric system. PSE will consider the locational value of projects and provide developers with the following information to better locate projects: hosting capacity, distribution substation loading, and named communities; additional details are provided in Exhibit A. The Hosting Capacity Map ("HCA Map") (https://pugetsoundenergy.maps.arcgis.com) shows the potential for a DER to be installed at a location without requiring significant infrastructure upgrades based on daytime loading constraints.

PSE will consider the seasonality of the generation, the ability to control the resource's output to match PSE's resource needs (up to and including real-time dispatch and displacement), and the locational value of the project. Proposals must be consistent with the proposal requirements described in Section 4 of this RFP: Minimum Proposal Requirements and Exhibit B: Tab 4. Proposal Requirements. PSE encourages qualified respondents representing individual projects interconnected to PSE's distribution system to participate in this DSS RFP. Table 2

below lists the resource types PSE plans to acquire. PSE anticipates selecting one or more proposals to meet the cumulative need for each resource type.

Table 2. ***Resource Types***

Resource	Description	Ownership
Solar	• 30 MW cumulative needed by EOY 2026 • Only Front-Of-The-Meter (FTM) solar • Projects must interconnect to PSE's distribution system	PPA / Ownership
Battery Energy Storage System (BESS)	• 29 MW cumulative needed by EOY 2026 • Only FTM BESS and directly controlled by PSE's VPP • BESS could be either standalone or paired with solar • Projects must interconnect to the distribution system	Capacity agreement / Ownership

Type of Connection and Control

The type of connection and control listed below in Tables 3 and 4 vary by size.

To prepare for the significant amount of DERs, PSE is currently developing a virtual power plant ("VPP") platform with AutoGrid for the operational integration of a sizeable DER presence on PSE's system as dispatchable network resources. In order to monitor, dispatch, and track these resources, it is PSE's preference that all resources (particularly dispatchable resources) be integrated into PSE's VPP platform.

The two types of connection are (1) SCADA or (2) PSE's VPP.

- **SCADA connected*:*** PSE requires that all FTM resources greater than or equal to 1 MW capacity be SCADA connected. FTM resources between 500 kW and 1 MW may require SCADA connection, which will be determined on a case by case basis through the Schedule 152 interconnection process.

- **VPP controlled:** All FTM BESS resources, regardless of project size, will require VPP integration and be controlled from that platform. No solar resources will require VPP integration.

All projects are subject to the Technical Interconnection and Interoperability Requirements for Distributed Energy Resources (≤ 34.5kV and ≤ 10MVA)[6] that outline the standards needed to interconnect and all BESS projects must adhere to the VPP communication interconnection standards outlined in the above referenced tech spec.

The specific requirements by resource type are listed below. Also refer to Exhibit B: Tab 4. Proposal Requirements for general requirements across the different resources. Not being able to meet the requirements labeled "Must Have" in Exhibit B: Proposal Requirements will not automatically eliminate a respondent. PSE requests that respondents unable to meet the requirements in Tab 4 of Exhibit B provide an explanation as to how their proposal still meets PSE's needs. PSE will compare respondent capabilities with PSE requirements in its evaluation.

Solar

Distributed solar resources acquired through this RFP must be FTM. Table 3 below lists the types of connection for distributed solar resources.

Table 3. *Distributed Solar SCADA Connection Requirements*

Category	Type of Connection
FTM Solar ≥ 1 MW	Connected to PSE's SCADA system
FTM Solar ≥ 500 kW and <1 MW	Potentially connected to PSE's SCADA system, will be determined on a case by case basis
FTM Solar < 500 kW	Metered; not connected to SCADA

Requirements for the above-referenced solar categories are as follows:

- All resources will require interconnection following PSE's established processes and technical standards, linked at the Distributed Renewables website.
- Respondents for solar generation must have the capability to measure performance and communicate performance data to PSE.
- Installation information, proposed sites for installation and a conceptual site layout.
- Proposals should include only PV panels and associated equipment (transformers, inverters, controllers, etc.) from industry-recognized top-tier manufactures, such as those listed in the 2023 Bloomberg New Energy Finance's ("BNEF") Tier 1 PV Module Makers list.

[6] The April 29, 2024 Technical Interconnection and Interoperability Requirements for Distributed Energy Resources (≤ 34.5kV and ≤ 10MVA) can be found on http://www.oasis.oati.com/psei/index.html

- Interconnection costs subject to true-up as outlined in the next section.

PSE's cross-Cascades transmission path, the Intermountain Power ("IP") line, which crosses the Cascade Mountains to Kittitas County is fully subscribed. System upgrade costs from previously proposed distributed renewable projects in Kittitas County have proven to be cost-prohibitive because they trigger an upgrade to the IP line. PSE expects that solar projects proposed in Kittitas County will likely result in the same cost-prohibitive system upgrades, which are unrelated to the interconnection cost estimates listed on the following page and true-up language in the draft pro forma contracts. However, PSE will still consider and evaluate projects proposed in the Kittitas region. The Hosting Capacity Analysis Map, linked in Exhibit I: Resources, shows the location of hosting capacity for generation resources on PSE's system.

The Information and Operation Technology (IT/OT) specific requirements, depending on the type of connection and control, are described under the IT/OT Requirements section as well as in Exhibit B: Proposal Requirements (Tab 4).

Battery Energy Storage System (BESS)

Distributed BESS resources acquired through this RFP must be FTM. Exhibit C, BESS Requirements provides the key codes and standards PSE expects for all BESS projects. Table 4 below lists the types of connection for distributed BESS resources.

Table 4. *BESS Connection Type*

Category	Type of Control
FTM BESS ≥ 1 MW	Directly controlled using PSE's VPP and connected to SCADA
FTM BESS ≥ 500 kW and <1 MW	Directly controlled using PSE's VPP and potentially connected to SCADA on a case by case basis
FTM BESS < 500 kW	Directly controlled using PSE's VPP, but not connected to SCADA

The requirements for these BESS categories are described below.

The proposed FTM BESS configuration (pricing, O&M costs, lifecycle, and warranties) in Exhibit B: Proposal Requirements Forms (Tab 3b. BESS) should reflect the following operating characteristics:

- The BESS facility should allow for one full cycle of 4 hours, a charge and discharge of all usable energy[7] on average one time per day, 365 days per year. Days where a dispatch of the BESS facility are not called should be bankable for PSE, allowing it to use that saved event for a later date, dispatching at most two cycles per day.

- It is PSE's preference that the BESS facility should be overbuilt or augmented, so that the last year of operation has the same capacity provided in the first year of operation. However, if your proposal cannot accommodate for that option, please explicitly state that.

- PSE's use cases for BESS projects will be system and local peak events, energy arbitrage, and additional capacity based events. Fast frequency response will not be a use case. In some instances, PSE may choose to operate BESS for correcting power quality and/or power factor as it is being dispatched for capacity.

- The station service or auxiliary load required to manage all operations of the BESS facility (HVAC, BMS, etc.) should NOT be considered in the pricing of your proposal since the resource will be on a non-billable rate schedule. Make sure to remove the cost of auxiliary load from your final bid price.

- Please utilize the interconnection cost estimates below in your bid price, which are based on the name plate capacity of the project (applicable for solar and storage). These are total costs, not costs per kW. PSE intends to utilize a contract whereby the actual interconnection costs will be trued up from these baseline values. PSE and the developer will share this risk- please see the draft pro forma contracts for an example.
    - 200 – 500 kW: $90,000
    - 501 – 2000 kW: $450,000
    - 2001 – 4999 kW: $1,700,000
- Proposals should include only batteries and associated equipment (transformers, inverters, controllers, etc.) from industry-recognized top-tier battery suppliers and integrators.[8]

- Projects should incorporate inverters that are UL1741-SB certified (in addition to SA), and a site energy management controller that aggregates all site inverters' configurable settings, system warnings/alarms, and statuses that can communicate DNP3.

Due to the unique risks associated with ownership of BESS and PSE's limited experience, PSE prefers lithium-ion technology for ownership proposals for FTM BESS resources acquired through

[7] Usable energy will be evaluated as the total energy available to be discharged, without voiding the warranty or minimum state of charge requirements, and is defined as rated MW capacity multiplied by hours of run time at rated capacity.

[8] Some examples of top-tier battery manufacturers include Samsung, BYD, LG Chem, Tesla, A123, Beacon Power, NEC, Saft, NGK and Toshiba.

this RFP; see technology risk section of the qualitative scoring matrix in Exhibit A: Evaluation Criteria and Scoring. Respondents must describe the BESS they propose to deploy and provide information regarding the following:

- Installation information, proposed sites for installing the BESS and a conceptual site layout.
- BESS characteristics, including:
    - roundtrip efficiency and auxiliary load;
    - proposed energy management and control systems.
- Proposals should include a full description of the battery technology proposed including history of successful implementation for the application proposed.
- Proposals should indicate the names of the manufacturers of all the major system components along with the respondent's history in providing equipment in similar applications.
- Proposals should state the design life of the batteries selected, detail plans for operation including if performance will be affected by degradation, as well as a plan for ultimately replacing and recycling the batteries upon end of life.
- Proposals should include hazard mitigation analysis and comply with NFPA 855. In addition, a plan for emergency response coordination with the local fire department and the frequency of training the fire department should be outlined. Exhibit C, BESS Requirements provides additional information.
- Proposals should include the technical specifications for all major equipment in the system including batteries, inverters, control systems, generator step-up ("GSU") transformers, etc.
- Proposals should include a conceptual description of the proposed cooling system.
- Proposals should include documentation including system and equipment compliance with appropriate governing agencies and standards including Federal Energy Regulatory Commission ("FERC"), North American Electric Reliability Corporation ("NERC"), Western Electric Coordinating Council ("WECC"), Underwriters Laboratories ("UL"), Institute of Electrical and Electronics Engineers ("IEEE"), National Electrical Code ("NEC"), Industry Foundation Classes ("IFC"), etc., as applicable.
- All proposed design engineering firms and project constructors should have proven expertise and experience in projects of similar scope and size.

Additionally, the supplier will be required to fulfill the following general requirements:

- Conduct a site inspection to determine the feasibility and safety of installing BESS at the provided location.
- Obtain all permits associated with any work required.
- All FTM BESS systems must be interconnected on the utility-side of the revenue meter and operate in parallel with PSE's electric system and must meet the interconnection requirements per Schedule 152: Interconnection with Electric Generators.

The IT/OT specific requirements, depending on the type of connection and control, are described under the IT/OT Requirements section as well as in Exhibit B: Proposal Requirements (Tab 4).

IT/OT Requirements

PSE is seeking direct connected DERs to PSE's system with monitoring and control through PSE's VPP or ADMS depending upon size and resource type. There is a common set of requirements that apply across both cases, as well as requirements specific to each case. The common and specific requirements are described in Exhibit B: Proposal Requirements (Tab 4), including requirements tagged "IT" and "Operations". Not being able to meet the requirements labeled "Must Have" in Exhibit B: Proposal Requirements Forms (Tab 4) will not automatically eliminate a respondent. PSE requests that respondents unable to meet the requirements in Tab 4 of Exhibit B provide an explanation as to how their proposal still meets PSE's needs. PSE will compare respondent capabilities with PSE requirements in its evaluation.

Requirements by Category Type

The requirements in Exhibit B: Proposal Requirements are separated by functional areas including Business, Engineering, IT, Load Office, Operations, and Planning. In general, most of the business and front office requirements apply to all DER control types, while engineering, IT, operations, and planning requirements apply to one or more DER control types. These two different aspects of the requirements, as shown below, introduce complication but are intended to meet the Commission's goal of broadly enabling interconnection of DER into PSE's system to meet the long-term energy goals.

Please review and respond to each requirement listed in Exhibit B Tab 4 Proposal Requirements that is applicable for the DER resource. Note that the Direct Connect can apply to DER < 1 MW and to DER ≥ 1 MW. The primary difference is that PSE expects that DERs greater than or equal to 1 MW will be monitored in PSE's ADMS system depending upon a variety of factors including size, interconnect voltage, and type of DER.

Prior to construction

Prior to starting construction, Respondents must apply for and acquire electrical permits and all permits related to the right of way and easement. In addition, Respondents must provide prompt notice of any risk or issue that has the potential to jeopardize the Project's success, and shall participate in good faith and as appropriate in actions to mitigate risks or issues.

Respondents must also attend a pre-construction meeting as scheduled by PSE team ahead of mobilization. Respondents will manage their subcontractors and ensure all parties meet scope requirements, deliverables, and project timelines. Respondents will maintain a master project schedule that incorporates all construction activities, trigger points and milestones, and update it on a weekly basis. Updated schedules will be shared at recurring construction progress meetings, and meetings will be held weekly or biweekly as needed.

Prior to PSE ownership

If the project is to be owned by PSE, prior to project turnover, all manufacturer-supplied reference manuals, operation processes and equipment warranties will be compiled into a binder (PDF) and surrendered to PSE with the project. Each project will also be furnished to PSE with an established Maintenance and Inspection Program.

Supplier will retain ownership of duties associated with warranty replacement Return Merchandise Authorization (RMA) and reimbursement if applicable for the duration of the maintenance period or the end of the OEM warranty whichever is first.

Supplier agrees to repair or replace components of PV system that fail due to materials or workmanship by the OEM, as well as failures associated with system construction and testing within specified warranty period.

Manufacturer's materials and workmanship warranties include, but are not limited to, the following:

- Faulty operation of PV modules
- Faulty operation of Inverters
- Faulty operation of Optimizers

Workmanship Warranty Period: five (5) years from date of Substantial Completion.

Pricing

Respondents should refer to the pricing sheets by resource type in Exhibit B: Proposal Requirements Forms and must follow the pricing structure outlined below. Respondents are encouraged to review Exhibit E: Schedule of Estimated Avoided Cost. Respondents should utilize the interconnection costs estimates provided by PSE in Exhibit B and the Pricing section below.

Solar and Battery Energy Storage System (BESS)

The price for a PPA structure must be expressed in one of the following options outlined below, with ownership pricing further broken out in Exhibit B.

- *A fixed capacity ($/kW-year) and/or energy charge ($/MWh) for the term of the PPA:* In this case, respondents need to specify the fixed charges and the PPA term start and end dates for which the fixed charges are valid.
- A *first-year capacity ($/kW-year) and/or energy charge ($/MWh) with an annual escalation rate for the PPA term*: In this case, Respondents are required to provide the start year capacity and energy charges, an annual escalation rate, and specify the PPA term start and end dates.

For BESS, Respondents should indicate whether the pricing is for BESS paired with solar or standalone BESS.

Respondents must provide a proposal and pricing that would satisfy the requirements of Washington House Bill 1589 ("HB 1589") as related to the facility. HB 1589 adopts new requirements for projects with a cost of more than $10,000,000 that are in an integrated system plan of a large combination utility that is part of a competitive solicitation. Satisfying HB 1589 includes the requirement that the Project will be constructed by a prime contractor and its subcontractors in a way that includes community workforce agreements or project labor agreements and the payment of area standard prevailing wages and apprenticeship utilization requirements. Respondents shall (i) satisfy the Prevailing Wage and Apprenticeship Requirements (as defined as the requirements under Code Sections 45(b)(7) and (8), Code Sections 45Y(g)(9) and (10), Code Sections 48(a)(10) and (11), and Code Sections 48E(d)(3) and (4) and any Prevailing Wage and Apprenticeship Guidance) applicable to the facility and (ii) execute an engineering, procurement and construction ("EPC") contract for the Project that complies with Washington Administrative Code, Title 296, Chapter 140 ("WAC 296-140"), which requires that the EPC contractor utilize a Project Labor Agreement, Community Workforce Agreement or Collective Bargaining Agreement (each of which as may be defined or amended in WAC 296-140), as applicable, in a reasonable and customary form, for major construction activities associated with the construction of the facility.

The offer price should be inclusive of equipment prices, installation, and O&M charges. Additionally, for BESS resources they should consider the operating assumptions outlined above. All resources should utilize the interconnection cost estimates below in their bid price, which are based on the name plate capacity of the project. These are total costs, not costs per kW. PSE intends to utilize a contract whereby the actual interconnection costs will be trued up from these baseline values. PSE and the developer will share this risk- please see the draft pro forma contracts for an example.

- 200 – 500 kW: $90,000
- 501 – 2000 kW: $450,000
- 2001 – 4999 kW: $1,700,000

Respondents may also specify a buyout price and timeframe as part of their response.

For solar and FTM BESS where the ownership option applies, in which assets are transferred over for PSE's ownership, Respondents should specify the ownership start year and the ownership price.

For PPAs, Respondents are required to include underlying fixed and variable cost of production. In PSE's view, a pricing structure that closely mirrors the actual cost structure of the project aligns the Respondent's and PSE's interests with respect to scheduling and dispatch.

3. Schedule and Process

RFP schedule

The following schedule (Table 5) is subject to adjustment based on the actual pace of the evaluation process. Updates will be posted online at http://www.pse.com/RFP.

Table 5. *2024 DSS RFP Schedule*

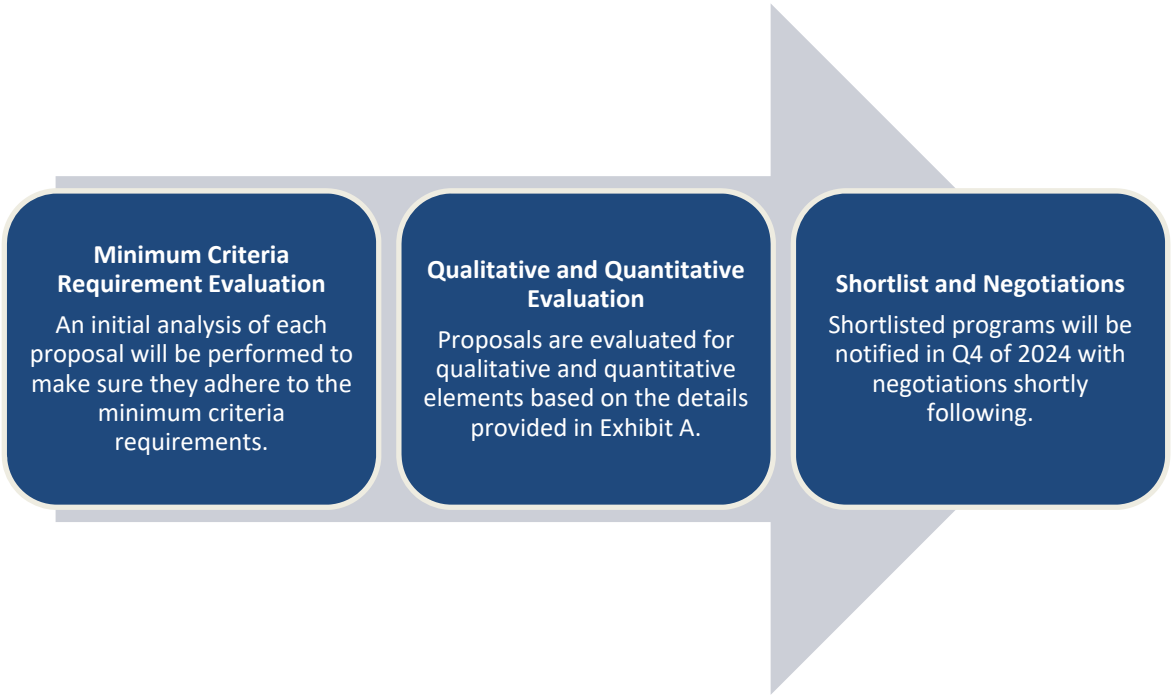
Date	Milestone
May 20, 2024	PSE issues final DSS RFP
June 19, 2024	PSE starts accepting proposals
August 19, 2024	Offers due to PSE
September 18, 2024	PSE posts compliance report to its RFP website, consistent with the requirements of WAC 480-107-035(5)
Q4 2024	PSE completes evaluation, selects DSS RFP shortlist, notifying respondents, and contract negotiations begin
Q1 2025	PSE executes agreements with shortlisted respondents

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. These include resource cost, market-volatility risks, demand-side uncertainties and benefits, resource dispatchability, effects on system operation, customer benefits, credit and financial risks to the utility, the risks to ratepayers, public policy, and Washington State and federal government requirements. PSE will consider a number of quantitative and qualitative factors to compare proposals with diverse attributes. PSE will evaluate each proposal based on its compliance with this DSS RFP and according to the criteria described in Section 4: Minimum Requirements and Exhibit A: Evaluation Criteria and Scoring to this DSS RFP.

The evaluation process will be divided into two phases. The first phase will be the Minimum Criteria Requirement Evaluation, which will make sure all proposals meet the bare minimum of requirements before moving on to the second phase of more in-depth qualitative and quantitative review, see Figure 1 below. Projects that are then shortlisted must immediately begin Schedule 152 interconnection applications, review attached agreements (Exhibits G, H, etc.) and provide redlined contracts in order to begin contract negotiations..

Figure 1. *2024 DSS RFP Evaluation Process*



Phase 1: Intake process and screening

PSE's evaluation process will begin with the intake of proposals through a web platform. Respondents will download the RFP forms from PSE's RFP website (www.pse.com/rfp) and submit the completed forms and attachments through the platform. The platform will be accessible by a link from the RFP website when the final RFP is issued.

PSE's DER acquisition team will perform a minimum criteria requirement evaluation to verify that all proposals accepted by the web portal appear to meet the minimum requirements. If a proposal is determined to be ineligible based on the screening, PSE will notify the Respondent and the Respondent will be given three business days to remedy the proposal (the "cure period").

Proposals that fail to substantiate a viable resource, lack credible detail, involve unacceptable risks or prohibitive costs, or otherwise fail to meet the minimum proposal requirements defined in Section 4 of the DSS RFP will not be further considered. Any proposal that does not meet the minimum requirements of this RFP in the minimum criteria screening will be disqualified and not shortlisted.

Phase 2: Quantitative and qualitative evaluation, and shortlist

In the second phase, PSE will conduct a cost analysis and qualitative risk screening. PSE will use its benefit-cost analysis ("BCA") model, Qualitative analysis, and the scoring approach for price and non-price factors presented in Exhibit A: Evaluation Criteria and Scoring to screen and rank proposals based on the Respondent's responses to Exhibit B. Upon completing its evaluation, the DER acquisition team will combine its quantitative and qualitative screening results to produce

an individual score and ranking for each proposal. See Exhibit A: Evaluation Criteria and Scoring for the ranks and weights associated with price and non-price factors considered by PSE, and a description of PSE's approach to scoring individual proposals.

After an initial evaluation of qualitative and quantitative metrics, Respondents will be given an opportunity to submit a best and final offer price ("BAFO"). If no BAFO is submitted, the original bid price will be used.

PSE will develop a short list of proposals that best align with the Company's overall objective to select a portfolio of resources delivered to its system that balances lowest reasonable cost[9] considering risk, customer benefits, and broad customer class inclusion. The methods associated with determining lowest reasonable cost include compliance with all applicable state laws and regulations, including CETA. The costs and risks associated with compliance with CETA include the customer benefit and equity considerations outlined in RCW 19.405.040(8).

Proposals that are shortlisted will be required to begin Schedule 152 interconnection applications and review attached agreements (Exhibit G, H, etc.) and to submit redlined versions of the relevant pro forma agreements.

PSE may also hold in reserve a certain number of proposals that fall short of the cut-off point, in the event that one or more of the selected proposals are subsequently withdrawn or eliminated for any reason, including unacceptable risks or fatal flaws identified during the course of additional due diligence. PSE expects bidders to hold to their offer – should a bidder alter their offer PSE will re-evaluate and may discontinue negotiations.

Independent evaluator

In early February 2021, following Commission approval in Docket UE-210037, PSE hired Bates White to provide independent evaluator ("IE") services for the All-Source RFP. For information about PSE's IE selection process and the qualifications of Bates White, please see PSE's petition dated January 19, 2021 in Docket UE-210037, found on the WUTC website. Subsequently, PSE hired Bates White as the IE for the DER RFP to leverage the knowledge gained on PSE's internal processes and priorities through their work on the All-Source RFP, and will continue with the use of Bates White as the IE for the DSS RFP.

[9] *Lowest reasonable cost is defined in WAC 480-107-007 and 480-100-605 to mean "the lowest cost mix of generating resources and conservation and efficiency resources determined through a detailed and consistent analysis of a wide range of commercially available resources. At a minimum, this analysis must consider resource cost, market-volatility risks, demand-side resource uncertainties, resource dispatchability, resource effect on system operation, the risks imposed on the utility and its customers, public policies regarding resource preference adopted by Washington or the federal government, and the cost of risks associated with environmental effects, including emissions of carbon dioxide. The analysis of the lowest reasonable cost must describe the utility's combination of planned resources and related delivery system infrastructure and show consistency with chapters 19.280, 19.285, and 19.405 RCW."*

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Role and scope of the IE

Consistent with the requirements in WAC 480-107, the following sections describe the role and scope of the IE: (i) Role and expectations, (ii) Responsibilities and tasks, and (iii) Deliverables.

Role and expectations

The function of the IE is to consult with PSE, as needed, on the procurement activities in the 2024 DSS RFP as described below. The IE will:

- ensure that PSE's DSS RFP process is conducted fairly, transparently, and properly;
- participate in the design of the DSS RFP;
- evaluate the unique risks, burdens, and benefits of each bid;
- provide to PSE the IE's minutes of meetings and the full text of written communications between the IE and PSE and any third-party related to the IE's execution of its duties;
- verify that PSE's inputs and assumptions, including capacity factors and capital costs, are reasonable;
- assess whether PSE's process of scoring the bids and selection of the initial and final shortlists is reasonable;
- prepare a final report to the WUTC after reconciling rankings with PSE in accordance with WAC 480-107-035(3) that must:
    - include an evaluation of the competitive bidding process in selecting the lowest reasonable cost acquisition or action to satisfy the identified resource need, including the adequacy of communication with interested persons and Respondents; and
    - explain ranking differences and why the IE and PSE were or were not able to reconcile the differences.

The IE will participate in meetings with the WUTC and PSE, on an as-needed basis, to discuss its findings. If called upon to testify, the IE may serve as an expert witness in proceedings.

The IE will be given reasonable access to information, meetings and communications related to offers submitted by all respondents. The IE will immediately report to PSE and the WUTC any perceived attempt by any individual or party, including any PSE self-build or affiliate Respondents, to improperly influence any findings determined by the IE, or to challenge or interfere with their independent role in the solicitation process. See also Section 4 subsection Eligibility and Conflict of Interest Disclosure for more information.

Deliverables

- Prepare a final written report as to whether or not PSE's competitive bidding process, evaluation process and decisions were reasonable and appropriate and were applied in a transparent, fair and non-discriminatory manner for all offers received. The report will explain why the IE and PSE were (or were not) able to reconcile any ranking differences. The IE will protect confidential Respondent information subject to the terms of the confidentiality agreement included in the IE RFP and consistent with the terms of the confidentiality agreement included in the 2024 DSS RFP.
- Provide to PSE the IE's minutes of meetings and the full text of written communications between the IE and the utility and any third-party related to the IE's execution of its duties.
- Participate as an independent witness or in an advisory capacity during administrative hearings, as required, before the WUTC in any associated proceedings.

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. Should a bidder alter their offer PSE may discontinue negotiations.

PSE has no obligation to enter into definitive agreements with any respondent to this DSS RFP and may terminate or modify the DSS RFP at any time without liability or obligation to any Respondent. This DSS 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 DSS 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.

4. Proposal Requirements

Summary of Proposal Submission Requirements

Table 6 below lists required exhibits for proposal submission. The primary proposal submission document is Exhibit B. In addition, Respondents are required to address the requirements included in other specified exhibits as part of the proposal submission. A few of the exhibits (as indicated below in Table 7) are for reference only and do not include any submission requirements.

Table 6. *Summary of Required Exhibit Submissions*

Exhibit	Required Submission	For Reference Only
Exhibit A: Evaluation Criteria and Scoring		✓
Exhibit B: Proposal Requirements Forms	✓	
Exhibit C: BESS Requirements		✓
Exhibit D: Mutual Confidentiality Agreement	✓	
Exhibit E: Schedule of Estimated Avoided Cost		✓
Exhibit F: Prototype Ownership Agreement	If Applicable upon shortlisting	
Exhibit G: Prototype Capacity (Tolling) Agreement	If Applicable upon shortlisting	
Exhibit H: Prototype Clean Energy PPA	If Applicable upon shortlisting	
Exhibit I: Resources		✓
Exhibit J: PSE Customer Consent Letter	✓	

Confidentiality agreement

Each bid submittal shall include a signed and scanned copy of Exhibit D: Mutual Confidentiality Agreement. PSE will return one fully executed scanned Mutual Confidentiality Agreement to the Respondent.

Consistent with the requirement in WAC 480-107-023, PSE must provide the IE with all data and information necessary to perform a thorough investigation of the bidding process and responsive bids. Consistent with the requirements of WAC 480-107-035, PSE will make available on its

website a summary of all proposals received within 30 days of the close of the bidding period.[10] PSE will also file a final summary report with the WUTC pursuant to WAC 480-107-145.

Additionally, in accordance with the requirements of WAC 480-107-145, PSE will retain all information pertinent to this DSS RFP process for a period of seven (7) years or until PSE concludes its next general electric rate case, whichever is later. Except to the extent required by law or regulatory order, PSE shall have no obligation under this DSS RFP to provide the models and data used in its evaluation process to respondents or other third parties.

DSS RFP Proposal Requirements

PSE expects Respondents to provide complete information in their original submittals. PSE will not consider proposals that provide insufficient information to substantiate the project or offer. Minimum qualifying criteria are defined later in this section.

To ensure that all proposals are thorough and complete, PSE has developed Exhibit B for proposal requirements forms, Exhibit B (Tab 1. Proposal Content Checklist) includes a checklist of required items for respondents to complete (see Figure 2 below). All Respondents must complete Exhibit B, including any required attachments identified therein, for each proposal submitted. Additional information, such as a cover letter or other attachments not specifically required in Exhibit B, may be provided as part of a Respondent's proposal and will be considered supplementary information to the required Exhibit B form.

Exhibit B shall be considered the primary proposal document. While it is the Respondent's responsibility to ensure that all information provided in Exhibit B is true and accurate, if PSE identifies an inconsistency between the Exhibit B and other proposal contents, PSE will seek to clarify the discrepancy with the Respondent with a data request. The Respondent will be given three business (3) days to correct the discrepancy.

Respondents may not add, remove or modify tabs in Exhibit B. PSE will reject Exhibit B forms if respondents add, remove or modify tabs in the Exhibit B file.

Figure 2. ***Proposal content checklist (Exhibit B, Tab 1)***

[10] *PSE will post a non-confidential summary of proposals consistent with the requirements of WAC 480-107-035. Past proposal summaries have included a PSE-assigned Project ID#, the state in which the proposed resource is located, the resource type, the operating status of the resource, project COD, term start/end, commercial structure (contract type) and nameplate capacity. For storage resources, PSE includes both capacity (MWh) and duration (hours). For DR resources, PSE typically includes a capacity range (over the program life) and the customer class. Unless otherwise required by law or regulatory order, PSE will not include any specific confidential information (e.g., bid price, owner/developer name, project name, or specific project location) in any non-confidential summary of proposals.*

SECTION 4. PROPOSAL REQUIREMENTS

1. Proposal Content Checklist

Required for all RFP proposals

Proposal element	Required for	Section	Select response from drop-down list
Required proposal contents	**All proposals**	**Exhibit B**	
Proposal Content Checklist	All proposals	Tab 1	
Commercial Details	All proposals	Tab 2a	
Offer Details	All proposals	Tab 2b	
Facility	All proposals	Tab 3	
Solar	Proposals including Solar	Tab 3a	
Battery Energy Storage System (BESS)	Proposals including BESS	Tab 3b	
IT/OT Proposal Requirements	All Proposals	Tab 4	
Energy Output (8760)	Proposals including Solar	Tab 5a	
Solar Irradiance (8760)	Proposals including Solar	Tab 5b	
Development - Projects Detail	Development or construction project proposals	Tab 6	
Ownership - Capital Costs	Proposals including asset sale offers	Tab 7	
Ownership - Operating Costs	Proposals including asset sale offers	Tab 8	
Bid Certification and contacts	All proposals	Tab 9	
Mutual Confidentiality Agreement	All proposals	Exhibit D	
Contract Template (review terms, a redlined draft will only be required for shortlisted proposals)	All proposals	Exhibit F, G and H	

Proposals must be substantially complete consistent with the requirements of this RFP.

Proposals that do not provide sufficient information to substantiate a project or offer will not be considered in this RFP.

Minimum criteria requirements

PSE considers a variety of evaluation criteria when making resource decisions, as described in Exhibit A: Evaluation Criteria and Scoring to this DSS RFP. PSE has also identified a set of minimum qualifying criteria to help Respondents craft proposals designed to best meet the objectives of this solicitation. Proposals must meet the minimum criteria outlined below for consideration in this RFP.

For all proposals (as applicable)

- Respondents must submit a complete proposal by the due date specified in Section 6 of the DSS RFP. PSE has provided Respondents with a proposal contents checklist in Exhibit B: Proposal Requirements Forms (Tab 1). PSE will not consider proposals that do not provide sufficient information to substantiate a project or offer.
- Each proposal (if applicable) 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 shall state that there will be no assignment of proposals during the evaluation or negotiation stage of this DSS 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.

- At a minimum, all responses must:
    - Demonstrate site control consistent with guidance in the non-price scoring matrix in Exhibit A: Evaluation Criteria and Scoring for both the project and any other project-related infrastructure.
    - Use commercially viable technology.
- To align with the 2023 EPR, PSE is seeking renewable resources that can be operational by December 31, 2026, but projects that are projected to be operational later should still apply and PSE will consider them in the evaluation. Proposals must include a plan to deliver energy and/or capacity by their targeted date.
- All resources proposed must be CETA compliant and connected to PSE's system.
    - FTM BESS resources must demonstrate the ability to charge and discharge as required to meet the need. (PSE requires batteries to be studied additionally as a load. These resources will need to establish both a generation interconnection and a means to charge the load either through retail load service or otherwise.)
- PSE reserves the right to request additional data and engage third-party consultants to independently verify project data.
- Proposals must describe how the Respondent's labor plan adheres to the requirements of Section 11 of the Washington Decarbonization Act for Large Combination Utilities (Engrossed Substitute House Bill 1589), further elaborated on page 12 of this RFP, and have pricing that reflects that requirement if applicable to the project.
- All proposals must state that all environmental attributes[11] associated with the project, if any, will accrue to the ownership PSE. PSE will not accept REC-only proposals at this time.
- Respondent must provide a customer benefit plan consistent with the provisions in RCW 19.405.040(8). See Exhibit B: Proposal Requirements Forms, Tab 2a. Commercial Details, "Equity Plan and Company Commitments" section. Respondents may also provide a separately attached written diversity commitment, policy, or plan in addition to their responses to Exhibit B.
- All proposals must comply with all applicable laws, regulations and executive orders, including environmental laws, such as the Emissions Performance Standards[12], and labor

[11] *"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.*

[12] *System PPAs longer than five years are eligible to participate in this DER RFP; however, they must comply with the Emissions Performance Standards (Chapter 173-407 WAC) and Chapter 480-100 WAC, which require disclosure of the underlying resource or resource pool to verify compliance with the standards.*

regulations such as prevailing wage regulations and, if applicable, Clean Energy Labor Standards Certification[13].

- PSE will not accept credit requirements imposed on PSE by the Respondent.
- Respondents must certify to adhere to all applicable safety laws, guidelines and industry practices. If proposal is selected for acquisition, PSE reserves the right to review and assess at least the previous three (3) year safety performance of companies responding to this RFP to ensure that they meet acceptable standards. A corporate safety plan and corporate drug and alcohol plan will be required in the proposal.
- Proposal will certify that if selected for acquisition, the Respondent will be responsible for meeting its scheduled deadlines. PSE will require the Respondent to accept the risk and agree to pay liquidated damages for failing to meet contractual milestones, the terms of which will be discussed during contract negotiations. An example situation of liquated damage restitution would be a Respondent not achieving commercial operation by the agreed upon date and PSE collecting liquated damages to cover the cost of procuring that lost capacity through other means. PSE may impose credit requirements based on the Respondent's credit rating.
- Proposals must identify the geographical boundaries of the overall project by map, sketch or drawing, depict all property ownerships within those boundaries on the map, sketch or drawing and provide real estate agreements demonstrating Respondent's degree of project site control for the purposes of the proposed project. Per PSE's qualitative scoring matrix shown in Exhibit A: Evaluation Criteria and Scoring, proposals that demonstrate more site control will score higher.
- Proposals must identify required permits and approvals, their status, and provide a schedule for completion as part of the overall project schedule. As discussed in Exhibit A: Evaluation Criteria and Scoring, PSE prefers proposals that further demonstrate a Respondent's permitting acumen (e.g. providing a permitting plan or demonstrating progress, identifying required studies and status, successful outreach to lead agencies and interested persons, indicating past success permitting other projects in the area). Respondents should have begun permitting or long lead-time studies, such as habitat studies. If permitting or studies have not begun, Respondents should present a plan for receiving or completing the aforementioned, respectively.
- Proposals must include sufficient detail to substantiate a viable project and to adequately assess risk. For example, solar proposals must also provide the information listed below. Other resource types should plan to provide a similar level of detail and expect a similar level of scrutiny.

[13] *Washington State Labor & Industries is in the process of adopting WAC 296-140 to create a Clean Energy Labor Standards certification program that allows tax breaks for contractors who use diverse labor. As of the filing of this RFP, it is not in effect, but respondents are encouraged to certify for applicable responses when it does go into effect.*

  - Proposals should include only PV panels from industry-recognized top-tier suppliers.
  - Proposals should include full description of PV panels to be used. Proposals should indicate anticipated date of third-party certification of proposed PV panels along with the name of the recognized industry third-party providing certification.
    - Proposals should include documentation of a site-suitability review performed by a third-party.
  - Proposals should include documentation indicating the plant's ability to comply with IEEE 1547, CA-21, and UL-1741-SB for ride-through.
- All electrical work to be performed by a licensed and bonded electrical contractor. The Photovoltaic System Installer shall have held a valid Washington State electrical contractor's license, under the current business name, for a period of not less than 5 years.

For ownership proposals

In addition to the minimum qualifying criteria required for all proposals listed above, PSE has identified the following additional criteria for ownership proposals:

- PSE will only accept proposals for ownership at or after COD.
- If project is selected, PSE will require comprehensive engineering design documents and drawings well in advance of project construction. Projects will be required to meet all PSE requirements and specifications.
- Respondents shall certify that all proposed design engineering firms and project constructors will have proven expertise and experience in projects of similar scope and size.
- Proposals should include a description of the manufacturer warranties/guarantees for major equipment and the GSU/step-up transformers. Proposals should also include the maintenance requirements to maintain manufacturer warranties.

Additional requirements

In addition to the applicable requirements in the sections above, proposals should include:

- Solar
  - Respondents seeking to bid a solar resource must respond to solar-specific requirements in tab '3a. Solar' of Exhibit B.

  - To inform the planning process, Respondents must provide an 8760 generation forecast for the proposed resource (tab '5a. Energy Output' in Exhibit B) and one year of solar irradiance data (tab '5b. Solar Irradiance (8760)' in Exhibit B).

- BESS
  - Respondents seeking to bid a BESS resource must respond to BESS-specific requirements in tab '3b. BESS' of Exhibit B.
    - If available at the time of bid submittal, provide comprehensive engineering design documents and drawings well in advance of project construction. If available, Respondents should also provide one-line diagrams, three-line schematics, communication plans and protocols used, and a list of tags and alarms used in the battery management system ("BMS"). If unavailable at the time of bid submittal, PSE will request this information during the evaluation or negotiation process. Projects will be required to meet all PSE requirements and specifications. These items are described in tab '3b. BESS' of Exhibit B.
  - Proposals must meet the standards outlined in Exhibit C, BESS Requirements.

Signatures and certifications

Each electronic proposal must include a scanned copy of the Bid Certification Form: Exhibit B (Tab 9), signed by a duly authorized officer or agent of the respondent submitting the proposal. By signing the form, the respondent's duly authorized officer or agent certifies 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 to obtain for itself any advantage over any other respondent by collusion.

Code of conduct, eligibility and conflict of interest disclosure

This DSS RFP will accept proposals from all third-party project developers, owners or other utilities that meet the minimum requirements and comply with the process guidelines described in this DSS RFP. 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.

Code of conduct

PSE is committed to a culture of ownership, accountability, honesty, integrity and trust. In conducting this RFP, PSE will follow its Code of Conduct. This Code of Conduct outlines the honest and ethical manner in which all employees and board of directors at Puget Energy, Inc., Puget Sound Energy, and related subsidiaries are expected to behave, with each employee having a duty to uphold the Code of Conduct.

The Federal Energy Regulatory Commission's ("FERC") regulations governing the sales of energy and/or capacity at market-based rates impose restrictions on transactions between "market-regulated power sales affiliates" and their affiliated traditional franchised public utilities with captive wholesale or retail customers. Under FERC regulations, "affiliate" is defined in 18 C.F.R. section 35.36(a)(9).

Washington state law and regulations define what constitutes an "affiliated interest," which is different than how FERC defines "affiliate." In Washington, affiliated interest is defined in RCW 80.16.010.

Subsidiary or affiliate proposals

Subsidiaries or affiliates of PSE will be eligible to submit proposals in response to this DSS RFP. Each respondent to PSE's DSS RFP must disclose any subsidiary or affiliate relationship to PSE in Exhibit B (Tab 2a) to this DSS RFP. All respondents, including affiliates and subsidiaries of PSE, shall follow a consistent process for submittal. PSE will treat all respondents, including affiliates and subsidiaries of PSE, in a fair and consistent manner throughout the evaluation. Consistent with the provisions in WAC 480-107-023 and -024, the DSS RFP evaluation team will neither give preferential treatment or special consideration to any subsidiary or affiliate of PSE to ensure no unfair advantage occurs, nor will PSE or its independent evaluator disclose the contents of its DSS RFP evaluation or competing proposals to subsidiaries or affiliates of PSE prior to the information becoming publicly available. The IE will immediately report to PSE and the WUTC any perceived attempt by any individual or party to improperly influence any findings determined by the IE, or to challenge or interfere with their independent role in the solicitation process.

Validity, deadlines and regulatory approval

Bid validity and deadlines

PSE anticipates selecting a short list in Q4 2024. Unless a bid is withdrawn, PSE will assume that it is valid through completion of the RFP. PSE further assumes that proposals will remain valid for

a period that would allow for negotiation and execution of definitive agreements, including any applicable management and regulatory approvals.

Regulatory approvals

Regulatory approvals for resources acquired may not be obtained until the latter half of 2025 or later. PSE may seek post-closing regulatory review of any resource purchases, exchanges, acquisitions, or associated costs that result from this RFP. Such regulatory review could include receipt by PSE from the WUTC of approvals and orders, as applicable, pertaining to and 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 addition to being subject to the jurisdiction of the WUTC, PSE is also regulated by the 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, respectively, (i) approval by FERC prior to transferring FERC-jurisdictional assets of value in excess of $10,000,000; and (ii) 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 with a value in excess of $10,000,000. In reviewing filings under Section 203 of the Federal Power Act, 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. In addition, FERC's regulations prohibit PSE from engaging in the wholesale purchase of energy or capacity from an affiliate without first seeking FERC authorization. As a result, PSE may be required to seek prior FERC approval of any transaction with an affiliated entity.

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.

5. Credit Requirements

PSE will not accept collateral thresholds, credit ratings triggers, general adequate assurances language or similar language that might require PSE to provide performance assurance. PSE developed this policy in order to protect its customers and to avoid undue costs, especially in the event of an industry-triggered credit downgrade.

PSE will require Respondents to provide performance assurance. PSE will expect Respondents with sub-investment-grade credit ratings (or being of similar creditworthiness), or whose credit ratings drop below investment grade, to provide performance assurance acceptable to PSE. Non-investment grade entities have inherent default risks. Collateral requirements are utilized to mitigate such risks. When certain PPAs are in default, physical supply will be affected. The collateral gives PSE an option to purchase market power to bridge the gap and, in turn, protect its ratepayers from both cost and reliability risks. This is consistent with standard industry practices.

In addition to any provisions included in the prototype ownership agreements (Exhibit F to this DSS RFP), capacity (tolling) agreements (Exhibit G to this DSS RFP), or clean energy power purchase agreements (Exhibit H to this DSS RFP) PSE may require negative control provisions[14] in any definitive agreements.

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

6. Proposal Submission

Submission process, deliverables and deadlines

PSE is developing a web platform for Respondents to confidentially submit electronic proposals to this DSS RFP. PSE will provide a link to the platform and instructions for proposal submission on the RFP web site (www.pse.com/rfp) once the final RFP is issued, or soon thereafter.

Questions or comments about the 2024 DSS RFP may be submitted to SolarStorageRFPmailbox@pse.com. PSE will post answers to questions on its RFP website. RFP schedule updates and any supplemental informational updates associated with this RFP will also be posted to PSE's RFP website. Table 7 outlines the relevant deliverables and deadlines.

Table 7. *Deliverables and Deadlines*

Deliverable	Date Due	Format
DSS RFP proposal *(See Section 4 and Exhibit B for Proposal Requirements)*	August 19, 2024	• One electronic copy of the proposal via PSE's confidential electronic proposal submission web platform (instructions will be provided on www.pse.com/rfp when the final RFP is issued) o Proposal must include one complete Excel copy of the Exhibit B: Proposal Requirements Forms and all required attachments (as indicated therein) [15] o Proposal must include one signed scanned copy of Exhibit D: Mutual Confidentiality Agreement o Proposal must also include a signed scanned copy of the Bid Certification Form, Exhibit B (Tab 9) in addition to the live version included in the form
Schedule 152 Application	Q4 2024	• Respondents are required to complete a Schedule 152 application shortly after shortlist notification. The Schedule 152 application will need to be completed through the PowerClerk

[15] *Respondents may not add, remove or modify tabs in Exhibit B (Proposal Requirements Forms). PSE has designed this Excel file to be a key input to PSE's DSS RFP proposal database and models. PSE will reject Exhibit B forms, if respondents add, remove or modify tabs in the Exhibit B file.*

		portal at http://www.pse.com/distributedrenewables. Respondents will also be required to begin reviewing and redlining the agreements provided in Exhibits G, H, etc.

Proposal requirements forms (Exhibit B)

PSE is committed to providing Respondents with the guidance needed to successfully complete Exhibit B and to navigate the newly designed proposal submission process. PSE will not simply reject bids due to a data entry error or a misunderstood direction for a specific field. To help Respondents successfully submit their proposals, PSE will provide the following:

- a downloadable user instruction manual on how to navigate and use the RFP submission portal and its core features and functions,
- unlimited access to submit and resubmit proposals during the RFP submission window, and
- a three-day curing period after the RFP due date to allow Respondents to remedy an unacceptable term or condition, or other non-conforming criteria or fatal flaw in a proposal.

Respondents may also reach out to DSS RFP team staff through the DSS RFP mailbox (SolarStorageRFPmailbox@pse.com) with questions about Exhibit B, and the automated submission process.

Respondents should note that the bid submittal deadline is not subject to the three-day cure period. It is expected that Respondents will plan ahead to submit their bids on time, allowing for sufficient time to seek advice from the DSS RFP team, in the event of any data entry errors. Respondents are encouraged to submit early. Respondents will have until the due date to delete and resubmit forms and other supporting files to the portal.