



The PSE Building
10885 N.E. Fourth Street, Suite 700
Bellevue, WA 98004-5579
PHONE: 425-635-1400
FAX: 425-635-2400
www.perkinscoie.com

Jason T. Kuzma
PHONE: (425) 635-1416
FAX: (425) 635-2416
EMAIL: JKuzma@perkinscoie.com

October 17, 2011

VIA OVERNIGHT COURIER

Mr. David W. Danner
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

**Re: *In the Matter of Puget Sound Energy, Inc.’s Proposed Request for Proposals,*
Docket No. UE-111405
Request for Proposals for All Generation Sources**

Dear Mr. Danner:

Consistent with the Commission’s Order No. 01 Approving Requests for Proposals in Docket No. UE-111405, enclosed for the Commission’s records are thirteen (13) copies of Puget Sound Energy, Inc.’s (“PSE”) Request for Proposals for All Generation Sources (the “2011 All-Source RFP”). Also enclosed is an electronic copy of this filing on the enclosed CD-ROM.

PSE is submitting as the following Attachments A, B, C, and D to this letter a number of minor revisions made by PSE to the proposed 2011 All-Source RFP:

Attachment A – Summary of Revisions to the 2011 All-Source RFP;

Attachment B – Redlined revisions to the main text of the 2011 All-Source RFP;

Attachment C – Redlined revisions to Exhibit B of the 2011 All-Source RFP;
and

Attachment D – Redlined revisions to Exhibit C of the 2011 All-Source RFP.

These revisions are tracked to show the revisions that PSE has made to the proposed 2011 All-Source RFP filed in Docket No. UE-111405 on August 1, 2011. Several of the proposed changes

Mr. David W. Danner
October 17, 2011
Page 2

resulted from PSE's consideration of requests for clarification provided in response to the proposed 2011 All-Source RFP. Other revisions represent "clean up" revisions that PSE discovered after the filing on August 1, 2011.

PSE has provided notice of its filing to more than 300 power marketing companies, utilities, and other entities involved in development or provision of electric energy resources, including representatives of stakeholders who participated in PSE's 2011 IRP process. Each of the 2011 All-Source RFP issued today can be viewed at the following web site address: <http://pse.com/RFP/>. PSE will also be providing notice of the filing to a variety of trade publications.

Questions regarding the 2011 All-Source RFP should be addressed to Chris Bevil, Manager, Resource Acquisition, at 425-456-2757.

Thank you for your assistance.

Very truly yours,

Jason Kuzma

JK:jk
Attachments

Attachment A

Updates to PSE's Draft RFP for All Generation Sources

Description of change	Reason for change
<p>Cited WAC 480-107-035 (3) in Exhibit A to the filing letter. Also, included this citation in the Evaluation Process section of the main doc (pg. 8).</p>	<p>WUTC comment:</p> <p>RFP filing letter Exhibit A, Requirements Checklist: Address WAC 480-107-035(3) in Exhibit A - "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."</p>
<p>Amended footnote on pg. 2 to specify that a Demand Side Resources RFP (including energy efficiency) would be filed within 135 days of the date the IRP was filed. Also included this footnote on pg. 6 where we show DSR as part of the resource plan.</p>	<p>WUTC comment:</p> <p>RFP pg. 2, Footnote 1, Introduction and process: Address how energy efficiency programs that satisfy capacity needs will be solicited within 135 days of the date PSE's IRP was filed, per commission rules. Further clarify footnote on pg 2.</p>
<p>Revised Fig. 1 and Table 1 (pg.5) as advised to show capacity need net of DSR. Deleted related text on pg. 4 indicating that a capacity need forecast would be forthcoming, as the update has now been incorporated into the draft.</p>	<p>WUTC comment:</p> <p>RFP pg. 5, Fig. 1 and Table 1: Update to show capacity need net of DSR.</p> <p>Figure 1 and Table 1 are consistent with updates posted to PSE's RFP web page on Aug. 15 and thereafter presented at the Aug. 16 proposal conference.</p>
<p>Replaced Fig. 2 (pg. 6) with PSE's current RPS need forecast chart.</p>	<p>PSE updated its RPS need on Aug. 3, 2011. PSE staff presented the current chart at the proposal conference on Aug. 16.</p>
<p>Amended Table 2 (pg. 7) to show annual forecast for years 2012 through 2020. References to the IRP are included in the text preceding the table (pg. 6, which now includes web site location) and in the table title (pg. 7).</p>	<p>WUTC comment:</p> <p>RFP pg. 6, Table 2: Update to show cumulative name plate additions by year through 2020 and then reference IRP document.</p>

Description of change	Reason for change
Revised RFP schedule on pg. 7.	<p>Updates to the RFP schedule reflect changes outlined in PSE's April 15 filing letter update, which withdraws PSE's earlier request for an expedited public comment period. The new schedule was presented at the Aug. 16 proposal conference.</p> <p>Note that these changes do not affect the proposal due date or other RFP evaluation process milestones. The revised schedule was posted to PSE's web site Aug. 15.</p>
Inserted definitions for BPAT.PSEI and COLUMBIAMKT on pg. 13.	<p>WUTC comment:</p> <p>RFP pg. 13: Define terms BPAT. PSEI and COLUMBIAMKT at first use.</p>
PSE staff spoke with WUTC staff and recommended no change be made in response to this comment. This is because RECs may actually be a hard cost, if the respondent separates the REC cost from the energy price. Also, the indicated list on pg. A-3 includes both hard and soft costs.	<p>WUTC comment:</p> <p>RFP Exhibit A, pg. A-3, Resource Cost: Renewable energy credits are a soft cost. Does PSE need to include this on the list?</p>
<p>To clarify that proposals must comply with existing environmental regulation, PSE added a bullet to the list on pg. 4 directing respondents to attest that their proposal(s) complies with all existing environmental laws and regulations.</p> <p>To improve clarity and readability, PSE also made minor non-substantive changes to the environmental mitigation sentence in the first paragraph on pg. B-5 regarding the respondent's option to include a proposal that assumes the costs of future compliance.</p>	<p>WUTC comment:</p> <p>RFP Exhibit B, pg. B-5: Update environmental mitigation sentence in first paragraph. Clarify that bidders need to comply with existing regulation and, at their option, respondents can provide a proposal that assumes future costs of environmental compliance.</p>
Added "flood control measures or other mitigations identified at the site" to the second bullet from the bottom on pg. B-11 as requested.	<p>WUTC comment:</p> <p>RFP Exhibit B, pg. B-11, second bullet from the bottom: Include as a proposal requirement a description of flood control measures or other risk mitigations identified at the site.</p>

Description of change	Reason for change
<p>Updated proposal retention language to state "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."</p>	<p>RFP Exhibit C, pg. C-3 section 6, and pg. C-5 section 10: Revised proposal retention language to be consistent with WAC 480-107-145(1).</p>
<p>PSE inserted several minor non-substantive changes.</p>	<p>Non-substantive clarifying corrections to ensure that all acronyms are defined at first use.</p>

Attachment D



I. Introduction and Process

1. Resource Strategy	3
2. Resource Need	4
3. RFP Schedule.....	7
4. Evaluation Process	8
5. Post-Proposal Negotiations and Contracts.....	9

II. Information Requested from Respondents

1. Resources Requested.....	10
2. Proposals/Contract Type.....	12
3. Eligible Respondents.....	14
4. Proposal Requirements.....	14
5. Other Requirements	15
6. Credit Requirements	18
7. Confidentiality/Disclosure	18
8. Contact Information and Proposal Submission	19
9. List of Exhibits.....	21

I. Introduction and Process

This document constitutes a Request for Proposals ("RFP") from qualified third parties ("respondents") to supply electric resources to Puget Sound Energy, Inc. ("PSE" or "Company"). It is an "All Generation Sources" RFP¹ in that any electric generation source will be considered, consistent with the requirements described herein. The RFP may be found on our web site at <http://www.pse.com/RFP>.

PSE is seeking the following resources with this RFP:

- Energy generation resources,
- Capacity generation resources,
- Transmission products – from [Bonneville Power Association's \("BPA"\)](#) system to PSE's system

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

This RFP solicitation seeks ownership opportunities (e.g., a transfer of development assets, a build-and-transfer, or sale of an existing asset), power purchase agreements of varying contract lengths, temporal exchange agreements (e.g., seasonal), as well as transmission-only products from [Bonneville Power Administration's system \(BPA's system\)](#) to PSE's system to meet PSE's winter peak requirements. In order to satisfy PSE's capacity need, PSE seeks resources with the ability to deliver firm power to PSE's system for the duration of the proposal. In keeping with the company's desire to continue to build a diversified portfolio of resources, PSE encourages qualified respondents representing small-² or large-scale projects from all fuel types and technologies to participate in this RFP.

¹ [In accordance with WAC 480-107-015\(3\)](#), PSE will issue a separate RFP for [demand side resources \(including energy efficiency-products products\) at a later date within 135 days of the date PSE's latest Integrated Resource Plan \("IRP"\) was filed. The 2011 IRP was filed on May 27, 2011. PSE will evaluate demand response products as part of the Demand Side Resources RFP.](#)

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

PSE is required to submit an RFP after filing the Integrated Resource Plan ("IRP"); however, this is not the sole manner in which PSE may acquire new resources.³ PSE evaluates unsolicited proposals outside of the RFP on an ongoing basis. Given PSE's demonstrated resource need and its obligation to provide the lowest reasonable cost to its customers, the Company actively seeks and evaluates external proposals as well as in-house development projects which may provide the greatest benefit to our customers at the lowest reasonable cost. PSE evaluates all resources in a consistent manner, using the same evaluation criteria and economic analysis methodology as the [Integrated Resource Plan \(IRP\)](#).

1. Resource Strategy

This RFP is consistent with guidance provided by PSE's most recent Integrated Resource Plan ("IRP"), as filed with the Washington Utilities and Transportation Commission ("WUTC") on May 27, 2011. A downloadable copy of the IRP is available to all interested parties on PSE's Web site at <http://www.pse.com/IRP>.

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

- Examine PSE's electric and gas resource needs over the next twenty years, and analyze the mix of conservation programs and supply resources that might best meet those needs.
- Provide the strategic direction to acquire a diversified, balanced electric resource portfolio that meets customer needs, results in reasonable energy supply costs and mitigates market risks.
- Identify key factors related to various resource decisions and provide a method for evaluating a resource acquisition in terms of cost, risk, and other factors at the time a decision needs to be made. The IRP does not commit to or preclude the acquisition of a specific resource type, project or facility.

³ WAC 480-107-001 states that PSE must submit an RFP when the Company's IRP shows a need for new resources within three years, but the RFP rules "do not establish the sole procedures utilities must use to acquire new resources. Utilities may construct electric resources, operate conservation programs, purchase power through negotiated contracts, or take other action to satisfy their public service obligations."

2. Resource Need

PSE has both a physical reliability need ("capacity need") and a policy-driven renewable energy need that drive the acquisition of new resources. PSE's integrated resource planning analysis, which guides the resource acquisition process, is based on a loss of load probability planning standard for electric resources. The company's electric peak demand is based on a demand forecast at a temperature of 23° F (a normal winter peak for PSE), plus a 15.7% planning margin. The 15.7% planning reserve margin translates to a 5% loss of load probability, a standard reliability metric used in the energy industry. PSE's *peak deficit*, also referred to as its capacity need, as shown below, is the difference between PSE's electric peak energy demand plus a 15.7% reserve margin, minus the peak capacity of existing resources – generation, transmission and contracts. A more detailed description of this planning standard is provided in PSE's 2011 IRP.

In addition to its capacity need, PSE has a legal obligation to meet the requirements of the Energy Independence Act⁴, Chapter 19.285 RCW. The Energy Independence Act requires PSE to acquire qualifying renewable resources to meet the following targets of 3%, 9% and 15% of its load by 2012, 2016 and 2020, respectively.

~~PSE expects to update its resource need forecast and avoided cost schedule in time for the release of the final RFP.~~ PSE will post any updates to the RFP on its web site at <http://www.pse.com/RFP>.

⁴ The Energy Independence Act is posted on the Washington State Legislature's Web page at <http://apps.leg.wa.gov/RCW/default.aspx?cite=19.285>. Qualifying renewable resources are (i) located in the Pacific Northwest; or (ii) the electricity from the facility is delivered into Washington state on a real-time basis without shaping, storage, or integration services. "Pacific Northwest" has the same meaning 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).



PUGET SOUND ENERGY

2011 All Source RFP • Puget Sound Energy

Figure 1. Electric Peak Hour Capacity Resource Need⁵

⁵ [Figure 1 reflects PSE's December capacity need as defined in the 2011 Integrated Resource Plan \(before accounting for the effect of conservation\) need forecast. This forecast was prepared on August 3, 2011, and is an update to the version presented in the May 2011 Integrated Resource Plan.](#)

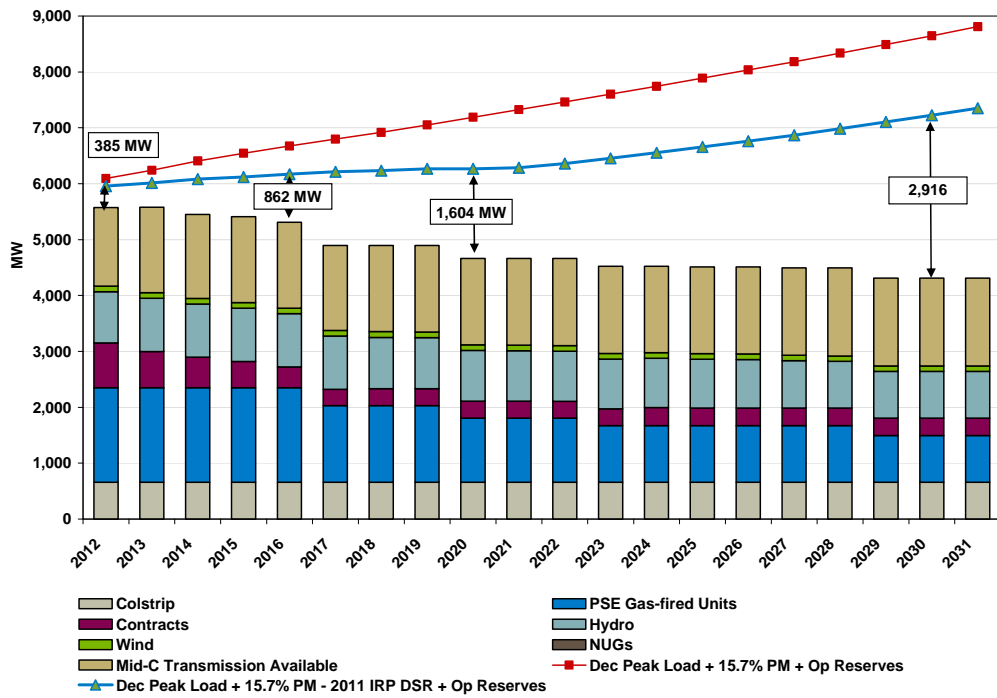
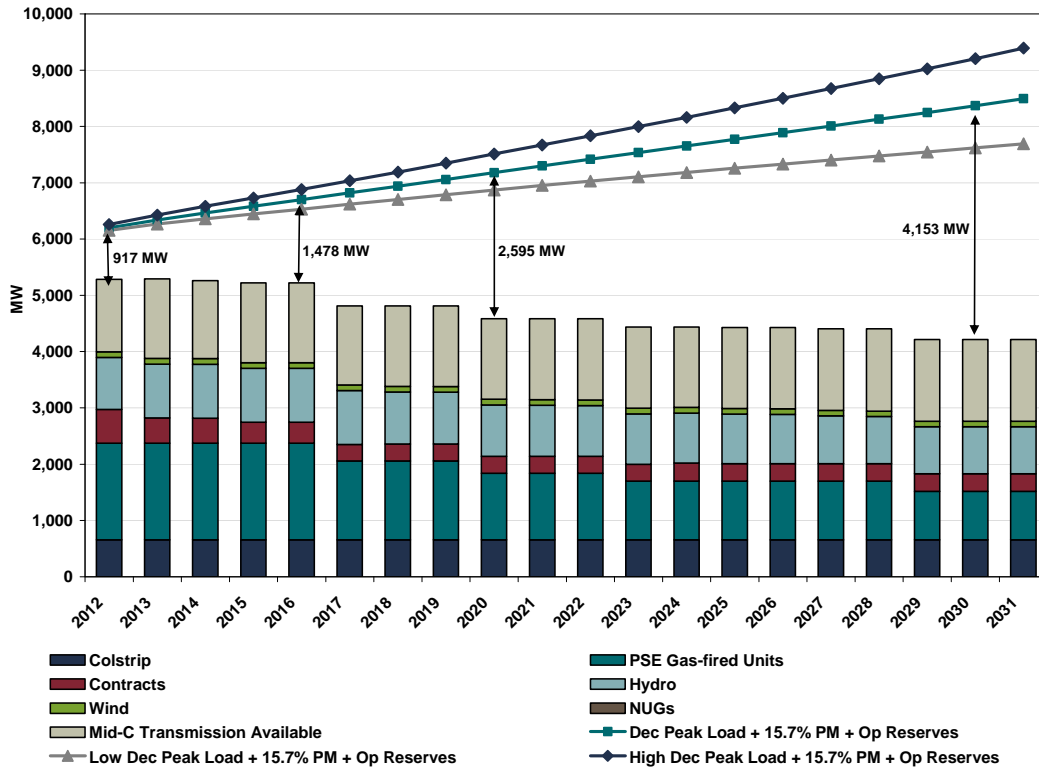




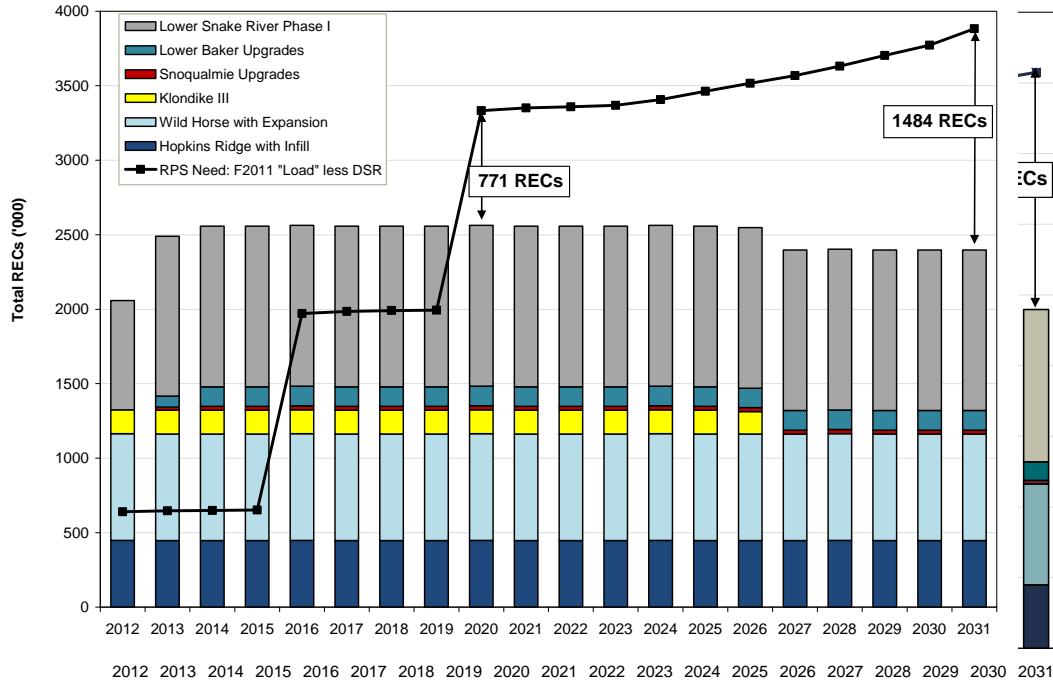
Table 1. Capacity Need (MW) 2012-2020⁶

2012	2013	2014	2015	2016	2017	2018	2019	2020
917,385	1,050,434	1,203,636	1,362,713	1,478,862	2,009,317	2,127,337	2,247,373	2,595,604

The following figure depicts the Company’s renewable energy need [forecast](#) for 2012 through 2031. ~~These values are based on~~ [This forecast was prepared on August 12, 2011, and is an update to the version presented in](#) PSE’s May 2011 Integrated Resource Plan.

⁶ Table numbers are based on the F2011¹⁰ December peak demand forecast with a 15.7% planning margin ~~from the 2011 Integrated Resource Plan~~, as depicted in Figure 1.

Figure 2. Renewable Energy Need (MW)*



* Includes all PSE-owned or contracted renewable resources including facilities from which RECs have been sold.



2011 All Source RFP • Puget Sound Energy

Table 2 identifies the cumulative nameplate resource additions and timing of such additions from the 2011 IRP. While the IRP recommends this resource acquisition strategy, decisions to acquire resources and the timing, quantity of capacity of such additions will be made based on actual resource availability and cost in the marketplace, and on PSE's ongoing need. [The IRP is available to the public on PSE's web site at www.pse.com/IRP.](http://www.pse.com/IRP)

Table 2. 2011 IRP, Cumulative Nameplate Resource Additions (MW)

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Demand-side Resources ⁷	78	163	251	346	4234 23	4988 45	5944 406	6854 349	815
Wind ⁸	0	0	0	0	00	0300	3000	4000	300
Biomass	0	0	0	0	00	250	250	500	25
Transmission + Market	0	0	0	0	00	5005 00	5005 00	5005 00	500
Peakers	0	0	1,065	0	1065 0	1278 0	1704 0	2443 0	1,278

3. RFP Schedule

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

August 1, 2011	Draft RFP filed with WUTC
August 16, 2011	PSE hosts proposal conference
September 23 ³⁰ , 2011	Public comments due
September 28 ^{October 13} , 2011	WUTC approval expected
October 5 ¹⁸ , 2011	PSE releases final RFP solicitation
October 2 ⁴ , 2011	Mutual Confidentiality Agreements due to PSE
November 1, 2011	Offers due to PSE
Q1 2012	Final short list selected, respondents notified

⁷ [In accordance with WAC 480-107-015\(3\), PSE will issue a separate RFP for demand side resources \(including energy efficiency products\) within 135 days of the date PSE's latest Integrated Resource Plan \("IRP"\) was filed. The 2011 IRP was filed on May 27, 2011. PSE will evaluate demand response products as part of the Demand Side Resources RFP. PSE will issue a separate energy efficiency RFP at a later date.](#)

⁸ To meet its capacity need in the 2011 IRP, PSE used the ELCC (equivalent load carrying capability) approach with our LOLP (loss of load probability) model to account for wind capacity.

To follow

Post-proposal negotiations

4. Evaluation Process

PSE will follow a structured evaluation process to assess the merits of proposals with regard to meeting its need. The process is intended to screen and rank individual proposals.⁹ PSE will consider a number of quantitative and qualitative factors designed to reasonably compare proposals with diverse attributes. Each proposal will be evaluated based on its compliance with this RFP (including the term sheet and contractual provisions exhibited to this RFP) and according to the following set of primary criteria.

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

Each of the primary criteria is further delineated with sub-criteria as detailed in Exhibit A. Initially, proposals will be evaluated based on the proposal cost, on a portfolio evaluation designed to assess the interaction of the resource within PSE's power portfolio, and on the qualitative criteria described in Exhibit A. The most favorable proposals identified from an initial screening will advance to a more thorough due diligence evaluation process. This process may require additional interaction with the respondents and requests for additional information. The evaluation process will include an in-depth due diligence based on the same five primary criteria as well as individual and portfolio risk evaluation. The portfolio risk evaluation is designed to assess the interaction and risk levels of the most favorable resources and combinations of resources within PSE's power portfolio. PSE's RFP evaluation process and analytic tools are consistent with the process and tools used in the 2011 IRP.

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

⁹ [PSE will comply with WAC 480-107-035\(3\), which states, "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."](#)



5. Post-Proposal Negotiations and Contracts

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

PSE has no obligation to enter into Definitive Agreements with any respondent to this RFP and may terminate or modify the RFP at any time without liability or obligation to any respondent. This RFP shall not be construed as preventing PSE from entering into any agreement that it deems appropriate at any time before, during, or after the RFP process is complete. PSE reserves the right to negotiate only with those respondents and other parties who propose transactions that PSE believes, in its sole opinion, to have a reasonable likelihood of being executed substantially as proposed.

II. Information Requested from Respondents

1. Resources Requested

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

PSE's capacity needs are greatest in winter. Therefore, resources will be evaluated based on their ability to fill winter deficits, while minimizing summer surpluses. PSE will consider the seasonality of the generation, PSE's ability to control the project's output to match its needs (up to and including real-time dispatch and displacement), and contractual mechanisms to shape project output to PSE's need. To fulfill PSE's winter capacity need, the company prefers respondent proposals for resources located on PSE's system, or for resources able to secure long-term firm delivery to PSE's system.

As described in the following table, PSE is looking for a diverse mix of resources to meet its requirements. PSE prefers proposals that include long-term firm delivery to PSE's system.



Table 3. Resources Sought by PSE

Energy Resource	Delivery Description
As Produced	E.g. wind, run-of-river hydro, solar, tidal, etc.
Baseload	7x24, delivered as firm
Intermediate	Dispatchable
Dispatchable/On Peak or Heavy Load Hours	6x16 (Mon-Sat) (HE ¹⁰ 0700-2200); seasonal (Nov-Feb, Dec-Feb or Nov-Mar)
Super Peak Products	HE 0700-1000 and HE 1800-2100, Nov-Jun; or a super peak for shoulder peak hours exchange, where PSE would take the super peak power (HE 0700-1000 and HE 1800-2100) and return an equivalent amount of energy over the shoulder peak hours (HE 1100-1700 and HE 2200), Nov-Jun
Operating Reserves (regulating or contingency)	Automatic Generation Control (spinning reserve)
Temporal Exchanges	Temporal exchanges (e.g., year round, seasonal, or super peak for shoulder peak power exchange (described above)), November-February; 7x16, 7x24, or 6x16 product with delivery to PSE on west side of Cascades
Transmission-only product	Reassignment of firm BPA transmission from POR Mid-Columbia trading hub to POD PSE system. Full calendar year or Nov-Feb.

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

¹⁰ hour ending ("HE")

2. Proposals/Contract Type

PSE will consider the acquisition of generation from proposals under the following mechanisms: (1) ownership arrangements, including co-ownership arrangements in which PSE retains adequate dispatchability and rights of control; (2) Power Purchase Agreements of varying lengths (>4 years), including Power Bridging Agreements, defined as short-term "bridges" to long-lead resources, (collectively, "PPAs"); (3) Temporal Exchange Agreements; or (4) Transmission-only product Agreements.

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

All proposals must comply with Washington's Emissions Performance Standards (EPS)¹¹. Additionally, RCW 80.80.040 and RCW 80.80.060 prevent 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 power¹²) 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

¹¹ Washington's Emissions Performance Standards (EPS) (WAC 173-407, effective June 19, 2008) requires new and modified baseload electric generation to meet a greenhouse gas limit of 1,100 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.

¹² Engrossed Second Substitute Senate Bill 5769 provides the requirements under which PSE may enter into a long-term financial commitment with coal transition power.

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

Power Purchase Agreements

Any proposal for a Power Purchase Agreement ("PPA") must specify the generation asset(s) underlying the agreement, and provide assurances of its commercial availability on or before December 31, 2015. PSE will consider non-unit contingent products delivered to BPAT.PSEI. 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.

[BPAT.PSEI is a transmission scheduling point in BPA Transmission Service's \("BPAT"\) Open Access Same-time Information System \("OASIS"\) that represents 24 separate interconnections between Puget Sound Energy, Inc.'s \("PSEI"\) Balancing Authority Area and BPAT's Balancing Authority Area.](#)

PURPA Qualifying Facility Agreements

With regard to any proposal for the purchase and sale of power from a qualifying facility under PURPA, any agreement that may be entered into by PSE and the respondent will be subject to any federal enactments that apply to the purchase and sale of such power.

Temporal Exchange Agreements

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

Transmission-only Product Agreements

PSE is also requesting a transmission-only product with this RFP. The Company seeks additional transmission capacity from the Mid-Columbia to improve market flexibility to meet peak loads. Any proposal for a firm point-to-point transmission-only product should identify the term of the transmission assignment, Point of Delivery ("POD") and Point of

Receipt ("POR"), quantity, start and stop times, price, and any ancillary service provisions. The Company is seeking products that can be redirected to COLUMBIAMKT POR and BPAT.PSEI POD.

[The Columbia Market \("COLUMBIAMKT"\) is a BPAT OASIS scheduling point that includes both the Northwest Market Hub \("NWH"\) and Mid-Columbia Remote Resources \("MIDCREMOTE"\). The NWH is a BPAT-sponsored hub service that is made up of five BPA substations in the Mid-Columbia area to create a composite point. The five substations are Valhalla, Sickler, Vantage, Midway, and Columbia. MIDCREMOTE includes all of the Mid-Columbia remote resources listed as sources in BPAT's OASIS. These are MIDWAY230MIDCR, RKYRCH230MIDCR, SICKLER230MIDC, VALHALA115MIDC and VANTAGE230MIDC.](#)

3. Eligible Respondents

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

4. Proposal Requirements

The Confidentiality Agreement (Exhibit C) must be submitted by October 21, 2011, prior to the proposal due date. Proposals are due no later than November 1, 2011.

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

Summary Data Form (<i>Exhibit D</i>)
Proposal Requirements (<i>Exhibit B</i>)
~ 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
~ Additional information for a transmission-only product
Other Requirements (<i>Part II, Section 5</i> , as follows)

Respondents are expected to provide complete information in their original submittals. Failure to provide all of the requested information will not disqualify a respondent, but may result in lower prioritization during the evaluation process. If the respondent elects not to provide the requested information, PSE requests that an explanation be included.

5. Other Requirements

Signatures and Certifications

The proposal must contain the signature of a duly authorized officer or agent of the respondent submitting the proposal.

The respondent's duly authorized officer or agent shall certify in writing that:

- The respondent's proposal is genuine; not made in the interest of, or on behalf of, any undisclosed person, firm, or corporation; and is submitted in conformity with any anti-competitive agreement or rules.
- The respondent has not directly or indirectly induced or solicited any other respondent to submit a false or sham proposal.
- The respondent has not solicited or induced any other person, firm, or corporation to refrain from proposing.
- The respondent has not sought by collusion to obtain for itself any advantage over any other respondent.

Tax-Incentive Risk and Environmental Attributes

Each proposal shall acknowledge and state that PSE disclaims and shall not assume any risk associated with the potential expiration of (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 Attributes¹³ associated with the proportionate share of the subject project, if any, will accrue to the ownership and beneficial use of PSE.

No Assignment

All proposals shall state that there will be no assignment of proposals during the evaluation or negotiation stage of this RFP and that in the event the respondent and PSE negotiate and execute Definitive Agreements based on the respondent's proposal, the Definitive Agreements and obligations thereunder shall not be sold, transferred or assigned or pledged as security or collateral for any obligation without the prior written permission of PSE. Any project lender who takes an assignment of the Definitive Agreements for security and exercises any rights under such agreements will be bound to perform such agreements to the same extent.

Conflict of Interest Disclosure

All respondents shall disclose in their proposals any and all relationships between themselves, the project and/or members of their project team and PSE, its employees, officers, directors, subsidiaries, or affiliates (as defined in **Part II, Section 3** herein).

Validity, Deadlines and Regulatory Approval

Each proposal shall specify the date through which the proposal is valid. Proposals must also state the dates by which Definitive Agreements must be completed and approved by the boards of directors or other management bodies of PSE and the respondent, and applicable regulatory approvals must be provided to support the proposed project schedule. Respondents should note that regulatory approvals for resources to be acquired may not be obtained until some time after the first quarter of 2013 or later. PSE may seek regulatory review of its anticipated resource purchases, exchanges, or acquisitions as a condition precedent to any transaction. Such regulatory review could include receipt by PSE from the WUTC of approvals and orders, as applicable (for example, through a power cost-only rate proceeding), pertaining to and confirming the

¹³ "Environmental Attributes" means generally credits, benefits, reductions, offsets and other beneficial allowances with respect to fuel, emissions, air quality, or other environmental characteristics, resulting from the use of certain resource generation or the avoidance of emissions.

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 Washington Utilities and Transportation Commission, PSE is also regulated by the Federal Energy Regulatory Commission ("FERC"). FERC's jurisdiction and authority over the activities of PSE are defined in the Federal Power Act and include certain aspects of the acquisition of electric power. In particular, Sections 203 and 205 of the Federal Power Act require: (1) approval by FERC prior to transferring FERC-jurisdictional assets; and (2) certain filings by PSE to support its authorization to sell power and related products at market-based rates.

Pursuant to Section 203 of the Federal Power Act, FERC has approval authority over any acquisition by PSE of public utility facilities subject to FERC jurisdiction. In reviewing filings under Section 203, FERC considers the effect on competition, rates and regulation. FERC's approval of such an acquisition will be based on a finding that it is "consistent with the public interest."

FERC has authorized PSE to sell power at market-based rates pursuant to Section 205 of the Federal Power Act. As a condition of its authority to sell power at market-based rates, PSE must demonstrate to FERC that it does not possess market power in the relevant markets. Acquisition by PSE of generation or power resources may require PSE to demonstrate that it continues to lack market power after the resource acquisition.

Accordingly, PSE will evaluate all proposals in light of the requirements of the Federal Power Act and the effect that such regulatory requirements and review may have on PSE's overall corporate position.



6. Credit Requirements

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

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

7. Confidentiality/Disclosure

Respondents are required to provide two (2) signed originals of the Mutual Confidentiality Agreement (Exhibit C) no later than October 21, 2011. PSE will countersign and return one fully executed agreement to the respondent.

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

PSE may retain all information pertinent to this RFP process for a period of 4 years or until PSE concludes its next general electric rate case, whichever is later. PSE shall have no obligation under this RFP to provide the models and data used in its evaluation process to respondents or other third parties except to the extent required by law or regulatory order. PSE may provide such models and data to the extent consistent with its business needs.

8. Contact Information and Proposal Submission

Mutual Confidentiality Agreements
must be received no later than October 21, 2011.

Respondents shall submit two signed originals of the Mutual Confidentiality Agreement (Exhibit C).

Proposals
must be received no later than 5:00 PM Pacific Time on November 1, 2011.

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

- one bound execution copy with an original signature (as described in Part II, Section 5 herein),
- four additional bound copies, and
- one electronic copy (on CD-ROM).



2011 All Source RFP • Puget Sound Energy

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

Contact for proposal submittals, questions and requests:

Ms. Sheri Maynard
Resource Coordinator, Resource Acquisition
425-462-3114
sheri.maynard@pse.com

Address for U.S. Mail: Puget Sound Energy P.O. Box 97034, PSE-04S Bellevue, WA 98009-9734	Address for courier or hand delivery: Puget Sound Energy 355 110 th Ave. NE, PSE-04S Bellevue, WA 98004
---	--

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

9. List of Exhibits

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

Attachment E

Proposal Requirements

This exhibit outlines the minimum requirements for submitting a proposal in response to PSE's All Source RFP. This information will be used to screen incoming proposals using the evaluation criteria described in Exhibit A. The most favorable proposals identified in the initial screening will advance for further evaluation. At such time, PSE will request additional information, as needed, to provide a thorough due diligence review.

PSE is preparing a list of additional information likely to be requested from respondents whose proposals are selected for further evaluation. We will discuss this list in general terms at the RFP proposal conference on August 16, 2011. A copy of the list will thereafter be posted online at <http://www.pse.com/RFP> by or before the release of the final All Source RFP.

Mutual Confidentiality Agreement

Two signed copies of the Mutual Confidentiality Agreement (Exhibit C) must be submitted by October 21, 2011.

Proposal Requirements

PSE requests that respondents submit their proposals in the following format. Proposals are due to PSE by 5:00 p.m., November 1, 2011.



Table of Contents		Page
	Summary Data Form (Exhibit D) http://www.pse.com/RFP	Exhibit D
Section 1	Description of offer	B-3
Section 2	Capital costs, pricing and delivery	B-3
Section 3	Summary commercial offer term sheet	B-6
Section 4	Description of project and project status	B-7
Section 5	Technical and operations	B-7
Section 6	Fuel supply	B-8
Section 7	Interconnection and transmission	B-9
Section 8	Legal and financial	B-10
Section 9	Additional information for development projects	B-10
Section 10	Additional information for a transmission-only product	B-13
Section 11	Other requirements <i>RFP Document, Part II, Section 5</i>	RFP document
	List of Attachments	

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 CD). This form is designed as 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

Section 1. Description of offer

- Project name.
- Proposed commercial arrangement.
- Offer capacity.
- Offer timing. For all projects, identify energy delivery start date. For PPAs, and transmission-only offers, provide duration: beginning and end dates. For PPAs, include seasonal shape, as applicable.
- Project owner. Other projects completed to date.
- Project developer. 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, or Agreements for Transmission

- Start and ends dates (as applicable)
- If a transmission-only offer, include price per kW/mo or per kW/yr, and capacity (MW).
- 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 that requires 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. As an option, respondents are requested to include a proposal that requires the respondent to fully assume the present and future costs of environmental mitigation required under existing or future local, state, or federal law. If provided, such proposal should specify the environmental risks that the respondent is assuming and the cost for assuming each one. Failure to provide such an alternative will not disqualify the respondent; however, if the respondent elects not to provide a proposal for assuming such risks, PSE requests that an explanation as to the reason be provided. Also, 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 consider long-term take-or-pay and take-and-pay contracts debt-like in nature and have historically capitalized these obligations on a sliding scale known as a risk spectrum. Hence there is a cost associated with issuing equity to rebalance the Company's debt/equity ratio in response to imputed debt, if PSE is to maintain a current credit rating. Imputed debt in the Integrated Resource Plan and in the evaluation of responses to the RFP is calculated using a similar methodology to that applied by the Standard and Poor's ("S&P") rating agency. The calculation begins with the determination of the fixed obligations that are equal to the actual demand payments, if so defined in the contract, or 50% of the expected total contract payments. This yearly fixed

obligation is then multiplied by a risk factor. PSE's current contracts have a factor of 25% along the S&P risk spectrum. Imputed debt is the sum of the present value (using a 6.1% discount rate and a mid-year cash flow convention) of this risk-adjusted fixed obligation. The cost of imputed debt is the equity return on the amount of equity that would be required to offset the level of imputed debt to maintain the Company's capital and interest coverage ratios.

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, un-escalated PPA rate and PSE's allowed cost of capital, the imputed debt cost will increase the levelized cost of the PPA by approximately 1.2% on a 3-year PPA, 1.8% on a 5-year PPA, 3.1% on a 10-year PPA and 5.3% on a 20-year PPA.

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) 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
 - Fuel supply agreements in place
 - Studies completed or in progress
- Facility nameplate capacity and any incremental capacity new and clean at ISO conditions, or specify temperature and elevation.

Section 5. Technical and operations

- Identify resource and technology type. Specify make, model, number of units and MW/unit.
- Identify facility and unit nameplate capacity and project heat rate (HHV) at ISO conditions, or specify temperature and elevation.
- Identify average December temperature for project location and the corresponding capacity rating [MW] at that temperature.
- 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 (%)
 - 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.
- Facility outage/availability information: expected annual forced outage rate (forced outages excluding planned maintenance) (%), expected average annual planned maintenance requirements (days per year). Include the estimated annual unit availability, and any guaranteed minimum annual availability and level of production.
- Facility operating characteristics: minimum online 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), and indicate whether facility is ten minute start capable
- Facility start up: start up time for hot, warm and cold starts (hours), specify amount of fuel (MMBtu) and electricity (MW) consumed during start-up cycle.
- 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 (EPS) (WAC 173-407, effective June 19, 2008).
- Provide facility air emissions data for carbon dioxide, nitrogen oxides, and sulfur 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 if 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.
- 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.
- Respondent shall specify the balancing authority area in which the project will reside.
- Respondent shall specify all costs related to transmission services (including losses) and delivery of electricity to the point of delivery.
- For projects that reside outside of PSE’s balancing authority area, describe the plan for supplying the following:
 - Operating reserves;
 - Resource integration (wind or otherwise)
 - Scheduling
 - Regulating reserves

- Generation imbalance
 - 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.

Section 8. Legal and financial

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

Section 9. Additional information for development projects

Schedule

- Provide, in a format such as a Gantt chart, the most accurate schedule estimates available on the various project activities covering the period from the initiation of development activities through the project's proposed commercial operation date. Include a schedule item for each significant activity including:
 - project development
 - 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 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, describe any contacts that have been made with the tribe (include names and phone numbers) or plans to consult the tribe regarding the project.

Construction

Describe arrangements and commitments (contracts, letters of intent, 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 (EPC); 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. Additional information for a transmission-only product

Any proposal for a firm point-to-point transmission-only product should provide the following information:

- transmission provider
- term of the transmission assignment
- point of delivery (POD) and point of receipt (POR)
- quantity
- term of the transmission assignment including start and stop dates
- price (See Section 2 for specific details.)
- any ancillary service provisions

Additional requirements for all proposals with a transmission component are included in Section 7, Interconnection and Transmission.

Attachment'F

Mutual Confidentiality Agreement

This Agreement, dated as of _____, 2011, is entered into between Puget Sound Energy, Inc. (“PSE”) and _____ (“_____”). PSE and _____ are sometimes referred to in this Agreement as “Party,” and collectively as “Parties.”

1. The Parties intend to enter into discussions regarding one or more potential transactions between the Parties involving the acquisition of electrical generation output or an interest in power generation facilities in _____ (or both). In the course of these discussions, each Party may disclose Confidential Information to the other. For the purposes of this Agreement, “Confidential Information” means any information or data disclosed in connection with such discussions in any form or media whatsoever by either Party (the “Disclosing Party”) to the other Party (the “Receiving Party”) which (a) if in tangible form, or other media that can be converted to readable form, is clearly and conspicuously marked as proprietary, confidential or private on each page thereof when disclosed; or (b) if oral or visual, is identified in writing as proprietary, confidential or private at the same time it is disclosed. “Confidential Information” includes all originals, copies, notes, correspondence, conversations and other manifestations, derivations and analysis of the foregoing.

2. Confidential Information shall not include information that (a) is or becomes generally available to the public other than by reason of the Receiving Party’s breach of this Agreement; (b) the Receiving Party can reasonably demonstrate (i) was known by the Receiving Party, prior to its disclosure by the Disclosing Party, without any obligation to hold it in confidence, (ii) is received from a third party free to disclose such information without restriction, (iii) is independently developed by the Receiving Party without the use of Confidential Information of the Disclosing Party; (c) is approved for release by written authorization of the Disclosing Party, but only to the extent of such authorization; or (d) is related to the transmission of power, including but not limited to, any information which must be disclosed to the transmission function of a Party as part of any transmission request or information exchange that is required to be made public pursuant to Federal Energy Regulatory Commission or other governmental rules and regulations.

Notwithstanding anything to the contrary set forth in this Agreement, the Receiving Party

shall not be obligated to keep confidential any Confidential Information that (A) is required by law or regulation to be disclosed (including, without limitation, any summary or ranking of any proposal by the Disclosing Party constituting Confidential Information that PSE is required by law or regulation to make available to the public), but only to the extent and for the purposes of such required disclosure or (B) is disclosed in response to a valid order or request of a court or other governmental authority having jurisdiction or in pursuance of any procedures for discovery or information gathering in any proceeding before any such court or governmental authority, but only to the extent of and for the purposes of such order, provided that the Receiving Party, who is subject to such order or discovery, gives the Disclosing Party reasonable advance notice (e.g., so as to afford the Disclosing Party an opportunity to appear, object and obtain a protective order or other appropriate relief regarding such disclosure). The 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. ~~PSE may retain all such proposals and information for a period of at least 4 years or until PSE concludes its 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 ~~four-seven~~ (47) 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.



2011 All Source RFP • Exhibit C

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 _____, 2011.

PUGET SOUND ENERGY, INC.

By _____

Its _____

[OTHER PARTY]

By _____

Its _____