

**REQUEST FOR PROPOSALS**  
**from**  
**Electric and Gas Demand-Side Resources**

***Puget Sound Energy, Inc.***  
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# 1 Introduction and Background

Puget Sound Energy, Inc. (PSE) currently provides a variety of energy efficiency services to their retail electric and natural gas customers in all market segments. These programs provide energy efficiency resources as part of PSE's resource portfolio, and are consistent with PSE's Least Cost Plan (LCP). Furthermore, PSE is committed to ensuring that all customers have access to programs by offering a mix of programs that make energy efficiency services available to all customer classes and that address all major end uses.

## 1.1 Summary of Solicitation

PSE is seeking proposals for programs to acquire electric and gas energy efficiency resources from retail electric customer sites throughout its electric service territory.

This Request for Proposals (RFP) is intended to supplement and enhance PSE's ongoing energy efficiency efforts. It is consistent with the electric and gas resource strategies in PSE's 2005 Least Cost Plan

Requested services are to be delivered by year-end 2007.

Fuel conversion (electricity to natural gas) programs are excluded from this solicitation.

## 1.2 Minimum Requirements

Projects must satisfy all requirements of WAC 480-107-030:

- Conservation supplier shall provide evidence that the proposed conservation measure can be installed and will produce anticipated savings over the life of the measure as indicated in the contract.
- Conservation savings included in a project must produce savings over more than 5 years.
- Conservation proposals must be consistent with the utility's least cost plan.
- Projects must produce savings that can be reliably measured or estimated with accepted engineering methods.

## 1.3 Advisory Group Process

Key to the development of PSE's overall energy efficiency targets is participation of PSE's Conservation Resource Advisory Group ("CRAG"). PSE's CRAG was formally established as part of the settlement of PSE's 2001 general rate case that the Washington Utilities & Transportation Commission (WUTC) approved in Docket Nos. UE-011570 and UG-011571 ("Conservation Agreement"). The CRAG's specific purpose is to work with PSE in the development of conservation plans, targets and budgets. The CRAG includes ratepayer representatives as well as representatives of select energy efficiency policy organizations. (See list of organizations represented in [Exhibit VI.](#)) Members of the CRAG participated in the development of the Company's 2005 Least Cost Plan, including the conservation potential assessment, and PSE's energy efficiency targets and budgets.

PSE intends to consult with the CRAG as part of its process for analyzing proposals submitted in response to this RFP, although the Company retains the full responsibility for decision-making and selection of any successful proposals.

## 1.4 Additional Information Regarding PSE's Energy Efficiency Programs

As part of the Conservation Agreement the WUTC approved a requirement that PSE's "[Energy Efficiency] Programs will be designed to achieve all savings that are not independently captured by

consumer acquisition, that are cost-effective to the Company, and economically feasible for consumers, taking into account incentives provided by PSE."

The Conservation Agreement establishes the process for planning and review of PSE energy efficiency programs through 2007. A mix of programs shall be offered to ensure service to all customer sectors. PSE is required to establish overall annual energy savings targets and specific programs to achieve those targets in two year cycles, with 2006-2007 constituting the next full planning period.

The Conservation Agreement further stipulates that PSE's achievement of its annual targets shall be subject to a penalty mechanism. In 2006-2007, the financial penalties for failure of PSE to achieve the annual energy efficiency savings targets are as follows.

- Achieve savings that are 90 to 99% of the goal: \$200,000 penalty applies
- Achieve savings that are 75% to 89% of the goal: \$500,000 penalty applies
- Achieve savings that are less than 75% of the goal: \$750,000 penalty applies

The measure of program cost effectiveness was established by the WUTC in its First Supplemental Order to Docket No. UE-920630, which states, "Unless and until a different measure is approved, the cost effectiveness of conservation programs should be calculated on a total resource cost basis."

## 1.5 Funding

Funding for proposals under this RFP shall be provided by the Company's electric ratepayers, through the Electric Conservation Service Rider (Electric Schedule 120) and Gas Conservation Service Tracker (Gas Schedule 120) approved by the WUTC. Limited additional funding for residential electric efficiency programs is provided as part of the Conservation and Renewable Discount pursuant to power purchase arrangements with the Bonneville Power Administration. PSE electric and gas tariff schedules may be viewed at <http://www.pse.com/account/rates/rates.html>.

## 2 PSE's Least Cost Plan (LCP)

This RFP is intended to be consistent with the guidance provided by PSE's most recent LCP. PSE filed its most recent LCP with the WUTC on April 29, 2005. The April 2005 LCP may be found on the PSE web site at <http://www.pse.com/about/supply/resourceplanning.html>.

The LCP examines PSE's electric and gas resource needs over the next 20 years, and through technical analysis considers factors such as price, supply, demand and risk. This analysis generally describes the mix of conservation programs and supply resources that might best meet electric or gas resource needs.

The overall LCP strategy with respect to electric resources is to develop a diversified, balanced electric resource portfolio that meets customer needs, results in reasonable energy supply costs and mitigates market risks. PSE's LCP indicates near-term electric and gas resource needs, which grow over time, due to growing load in its service territory, the loss of existing resources and the expiration of power purchase and non-utility generation contracts. PSE's electric and gas energy needs are greatest in the winter.

A portion of these needs will be met through conservation. Specifically, the LCP electric guidance calls for 313 aMW of electric demand-side resources by 2025 from a combination of energy efficiency and fuel conversion, to displace electric loads. Most of the electric demand-side energy savings were accelerated into the first half of the planning period, resulting in 279 aMW of savings by 2015 (198

aMW from energy efficiency and 81 aMW from fuel conversion, all savings at the busbar and including 6.5% line loss factor).

Gas resource guidance calls for 86 million therms of gas energy efficiency by 2025, with no special consideration for timing. This is equivalent to gas efficiency savings at a constant average rate of 4.3 million therms per year, or 43 million therms by 2015.

PSE's LCP provides the general strategic direction for demand-side program planning and resource acquisition targets, but does not commit to or preclude the Company from acquiring specific conservation measures, program types, or specific amounts of energy savings. Similar to supply-side resource acquisitions, specific determinations about actual conservation acquisitions will be based on specific opportunities and near-term implementation considerations.

### 3 Products Requested

This RFP seeks proposals for electric and natural gas energy efficiency resources from all customer classes and end uses, consistent with PSE's 2005 Least Cost Plan and the evaluation criteria discussed in Section 8 of this RFP. Proposals are to involve installation of equipment and technologies for any of a wide variety of electricity or gas end-uses. Projects are to be installed at PSE electric or gas retail customer sites, and may be from any customer class, excluding retail wheeling sites where the customer is responsible for procuring their own power or gas supply (Electric Schedules 448 or 449; Gas Schedule 57). A prototype Energy Efficiency Agreement is included as [Exhibit II](#).

Although there are no restrictions imposed by this RFP on the size of the energy efficiency savings projects that may be proposed, PSE reserves the right to exercise its discretion to ensure a diverse program mix, reasonable cost levels, and appropriate program scale, and to ask bidders to consider changes to their proposal.

#### 3.1 Products of Specific Interest

PSE will consider proposals for any electric or gas energy efficiency projects that meet the general requirements of this solicitation. However, PSE is particularly interested in the following types of projects:

- Replacement of heat pumps in mobile homes
- Retail ENERGY STAR® Qualified Appliances
- 2<sup>nd</sup> Refrigerator Decommissioning/Recycling
- Comprehensive efficiency improvements in multifamily complexes
- Efficiency improvements in laundry facilities
- Peak load reduction in Kitsap and Jefferson counties
- Gas efficiency improvements in single-family homes
- Gas efficiency improvements in commercial and industrial facilities

Descriptions of the desired scope of services for each of these targeted programs are provided below.

### **3.1.1 Mobile Home Heat Pumps**

PSE is interested in proposals involving replacement of electric forced air furnaces in mobile homes/manufactured housing with high-efficiency heat pumps. Where cost-effective, mobile homes with existing heat pumps may be retrofit with high-efficiency units. Consideration should be given to targeting this program to the Kitsap peninsula to support Kitsap and Jefferson County Peak Load Reduction (described in section 3.1.6).

### **3.1.2 Retail ENERGY STAR Qualified Appliances**

PSE is interested in proposals, to be implemented beginning January 2007, to encourage consumers to purchase high efficiency ENERGY STAR qualified appliances for residential use, especially those appliances that use natural gas. PSE will retain the ability to coordinate these offerings with other neighboring utilities.

### **3.1.3 2<sup>nd</sup> Refrigerator Decommissioning/Recycling**

PSE is interested in proposals to encourage PSE residential electricity customers to forego using a second refrigerator, and to properly dispose of units using a comprehensive recycling process. Respondents are encouraged to consider a program design which would involve existing Solid Waste Utility recycling efforts, and potentially an option to coordinate and/or jointly offer a program with other Puget Sound Region electricity utilities. Consideration should be given to targeting this program to the Kitsap peninsula to support Kitsap and Jefferson County Peak Load Reduction (described in section 3.1.6).

### **3.1.4 Multifamily Electric Efficiency**

PSE is interested in proposals to improve energy efficiency in existing multi-family structures, 5 units or more. Preferred proposals will provide comprehensive retrofits of major end-uses for individual units as well as for the entire structure and extended areas (such as hallways, parking areas, communal areas). Energy audit only proposals will be excluded. Marketing activities will be closely coordinated with PSE.

### **3.1.5 Laundry Facility Efficiency**

PSE is interested in proposals to improve energy efficiency in commercial, industrial, and institutional laundries. These sectors represent energy and water intensive operations. Examples of commercial laundries are coin-op businesses, laundry facilities in multifamily common areas, and hotel laundries. Dry cleaners and large uniform and linen laundries are examples of industrial laundries. Institutional laundries include laundry facilities in hospitals, nursing homes, universities, laboratories, and other similar institutions.

Proposals can be targeted by market segments, technology, end use, and can be comprehensive retrofits or specific measures. Either gas or electric or both types of measures will be acceptable. Water savings, if any, must be included as non-energy benefits. Energy audit only proposals will be excluded.

### **3.1.6 Kitsap and Jefferson County Peak Load Reduction**

PSE is interested in proposals to reduce peak electric demand in Kitsap and Jefferson counties to defer construction of a transmission line upgrade. Peak demand occurs in the winter (usually a

December or January weekday), during early morning (6:00-10:00 AM) or early evening (5:00-9:00 PM).

The winter peak load in this area is currently 600 MW, 80% of which is attributable to residential customers and the remaining 20% to commercial customers (industrial load is negligible). Most of the customers and loads are located in Kitsap County. Almost all customers are on PSE's Automated Meter Reading network, which can collect customer energy usage by time of day.

Respondents may propose two types of programs focused on this area:

- Energy efficiency
- Peak load management pilots

#### Energy Efficiency

Energy efficiency proposals may be for any electric energy efficiency improvements at customer sites in Kitsap or Jefferson counties that meet the general requirements described in this RFP. The focus should be on end uses and efficiency measures that produce early morning/early evening winter savings, such as residential space heat and water heat.

#### Peak Load Management

Peak load management proposals should be for small-scale pilot programs to determine customer acceptance and load impacts. Direct load control or curtailment strategies, such as water heater control, space heat thermostat control, or commercial facility energy management controls may be proposed. Proposals that rely on customer response to dynamic or market pricing will not be considered. The results of pilot programs will be used to determine the feasibility of offering larger programs in 2008-2009 or whether further evaluation is required.

Customer recruitment and equipment installation should be completed by November 2006 to permit evaluation of the entire 2006-2007 winter season. Contracts for peak load management pilots may extend beyond 2007 to complete program evaluation.

Direct load control pilot proposals must estimate expected demand reductions on an hourly basis for the months of December, January, and February (use of average weekday/weekend load profiles is sufficient). Post-installation program evaluation is an important element of any pilot program, making the proposed measurement and verification plan especially critical.

### **3.1.7 Single-Family Gas Weatherization**

PSE is interested in proposals targeting weatherization improvements in existing natural gas-heated single family homes. Where customers also purchase electricity from PSE, proposals should provide the opportunity for customers to benefit from electricity energy efficiency services as well. Marketing the proposed program will be closely coordinated with PSE, and PSE may choose to retain development and distribution of marketing materials in-house.

### **3.1.8 Commercial/Industrial Gas Efficiency**

PSE is interested in proposals that will target gas energy efficiency improvements in the commercial and industrial sectors. Specifically, the proposals must be targeted toward a specific market segment, technology or end use. The proposed programs should address opportunities beyond PSE current program offerings targeted at commercial and industrial gas use: boiler tune-up rebates. Energy audit-only proposals will not be considered.



### 3.2 Timing

All proposals are to be bid under the assumption that delivery of program services is to be between 4/1/2006 and 12/31/2007, unless otherwise specified in Section 3.1 above. The actual contract period for these projects will be negotiated, but will not go beyond 12/31/2007 unless otherwise specified in Section 3.1 above.

## 4 Eligible Respondents

Eligible respondents must demonstrate experience pursuant to Section 5.7.10 in operating a utility-sponsored energy efficiency program, or significant experience participating as a contractor on utility program(s). PSE-affiliated subsidiaries are excluded from bidding on this RFP. Proposals from other utilities and/or their subsidiaries will be considered, since this may increase the number of qualified respondents and thus increase the overall creativity and competitiveness of responses to this RFP. Proposals from PSE retail customers will also be considered.

## 5 Proposal Requirements

All Proposals must satisfy the following requirements:

### 5.1 Energy Savings Delivered

The Regional Technical Forum (RTF) has determined that certain electric efficiency measures should be deemed to produce specific annual savings over a specific life. In addition, the RTF has developed calculators for determining the savings of certain measures, rather than flat deemed values. PSE encourages respondents to use RTF deemed values or deemed calculations where appropriate. Gas measures may use energy savings values or calculation methods consistent with the RTF for like electric measures where applicable.

In all other cases, energy savings calculations must use commonly accepted engineering practices, and be verifiable using established measurement and verification (M&V) protocols or methodologies such as described in the RTF document, *Appendix P, Energy Savings Verification Protocols*, developed for BPA's Conservation and Renewables Discount, or International Performance Measurement & Verification Protocols (IPMVP). Complete documentation of all calculations and data sources for all inputs must be provided.

To obtain access to the RTF deemed measure savings tables and calculators, as well as RTF energy savings M&V protocols, send an email to [pseEErp@hotmail.com](mailto:pseEErp@hotmail.com) with your contact name and email address. Within seven business days you will receive an email from BPA's C&RD website administrator with Guest sign on authorization and instructions. Once signed on to the site you will have access to deemed measure tables, calculators and M&V protocols. See also, [www.ipmvp.org](http://www.ipmvp.org) for M&V protocols. Accepted measure lives are listed in [Exhibit III](#).

Should deemed savings and measure lives be adjusted after contract award, but prior to implementation, PSE will use the savings and measure lives in place as of the beginning of the implementation period to determine achieved savings from the program.

### 5.2 Cost-effectiveness

Proposals will be evaluated using the Utility Cost test and the Total Resource Cost test described in [Exhibit IV](#). Respondents are responsible for providing the measure-specific savings, lives, and costs

of their proposals, but the calculation of cost-effectiveness will be performed by PSE. The data requirements to be included with proposals are described in Exhibit IV. Template tables for cost effectiveness input data and itemization of proposal costs are provided in Exhibit I. Failure to provide all required data may result in disqualification of a proposal.

Cost effectiveness of projects will include PSE program administrative costs. These administrative costs will be determined and applied by PSE and are not the respondent's responsibility. PSE will review its historical administrative costs to determine both the magnitude of additional costs and an equitable method for distributing these costs.

### 5.3 Quality

Projects must not result in significant reduction to the quality of the customers' end-use processes or products, or customer satisfaction with equipment operation, comfort, or other amenities that result from using energy. Proposals should demonstrate that adequate quality assurance procedures will be implemented.

### 5.4 Limitations

PSE will not accept proposals for education, information, or operations and maintenance programs that do not consist of installation of hardware measures. PSE will also not accept proposals for the following programs that PSE plans to continue to operate:

- Low Income Retrofit: PSE currently has contracts with the State of Washington, Department of Community, Trade and Economic Development for delivery of these services.
- NW Energy Efficiency Alliance (NEEA, the "Alliance") - PSE contributions for regionally operated energy efficiency market transformation efforts. All proposals are not to compete with efforts underway in the region by the Alliance (see <http://www.nwalliance.org/projects/index.asp>.) The primary distinction between NEEA market transformation efforts and programs sought under this RFP is that NEEA programs are focused on equipment manufacturers and retailers, not end use consumers.
- Large Power User - Self-Directed Program - Savings acquired from retail wheeling customers that only use PSE distribution services, and do not purchase retail power from PSE (Electric Tariff Schedules 448 and 449).
- Energy Education Program - Powerful Choices for the Environment curriculum offered to middle school students.
- Resource Conservation Manager - Behavioral, operations and maintenance efforts targeted at School Districts.

***Proposals for fuel conversion and peak load management programs (outside of the program described in Section 3.1.6) will not be considered under this RFP.*** Although the 2005 LCP addresses these types of demand-side resources, a number of analytical and implementation issues remain to be resolved with regulators and other stakeholder groups before PSE sets a policy for pursuit of these types of programs.

### 5.5 Reduction in Compensation ("Penalties")

Under the Conservation Settlement approved by the WUTC, PSE is responsible for meeting annual energy savings targets, and is liable for financial penalties should targets not be met (see discussion under Section 1.4 above). PSE therefore intends to assign to each accepted proposal a share of PSE's total energy savings targets for the 2006-2007 period with reduction in compensation proportionate to the regulatory penalties for which PSE is at risk if the total PSE target is not achieved and the respondent fails to perform as agreed. The specific structure for calculating the amount of compensation reductions will be included as part of the final project contract for each program, and

will solely be determined by PSE. The reductions will be based on the mechanism ultimately developed by the CRAG and adopted by the WUTC for 2006 – 2007.

## 5.6 Pricing and Payment Terms

Proposals shall be bid on a fixed-price basis, with payment tied to the verification of measure installation and/or energy savings, per the requirements in Section 5.7.6, as well as any other terms and conditions included in any Definitive Agreement between PSE and the respondent. **Long-term performance contracting proposals and proposals that require significant up-front payments are discouraged.**

The bid price shall be itemized as shown in Exhibit I Table 4 and included in the proposal per Section 5.7.1.

## 5.7 Resource Proposal Submittal

PSE requires that respondents conform to the following format for presenting their bid information. Proposals that do not follow this format are at risk of being disqualified. The Proposal Checklist provided in Exhibit I Table 1 identifies the items that must be included in all proposals.

### 5.7.1 Summary Data

Respondents must complete the following project summary forms provided as per Exhibit I of this RFP.

- Table 1. Proposal Checklist
- Table 2. Proposal Summary Data Sheet
- Table 3. Proposal Cost Effectiveness Input Sheet
- Table 4. Proposal Cost Summary Sheet

These forms should be included at the beginning of each proposal. If a proposal has multiple options with different savings or costs, Tables 2, 3, and 4 must be provided for each option.

### 5.7.2 Proposal Overview

Provide a narrative summary of the resource proposal in no more than 3 pages.

### 5.7.3 Description of Project

1. Describe the product(s) being offered in response to the RFP including: the energy efficiency measure(s), the specific customer(s) or customer type(s), the facility type(s) where the measure(s) will be located, the implementation strategy, project quality assurance and verification, as well as any other additional information deemed relevant by the respondent.
2. Provide an estimate of the projected annual energy savings of the project when completed, per the requirements of Section 5.1. Provide details of the derivation of savings for each measure included in the project, and documentation of the basis for those estimates. Provide a monthly distribution of those savings. If system capacity savings are proposed, provide a description of what hour those savings are available or alternatively an hourly shape of savings.
3. Provide an estimate of the useful life for each measure and documentation of data sources. Describe any maintenance and replacement requirements to achieve projected savings of the measure(s) over the measure life.

4. Provide a timeline for savings achievements, showing when measure installation and savings start to come on line, through completion of the entire program. If savings begin to accrue prior to project completion, estimate savings achieved for each month until completion.
5. Provide details of any and all customer obligations necessary for the installation of measures, including any share of the cost of the installed measure, and other fees or costs for participation, estimates of customer's time involvement, use of customer premises, etc.
6. Describe who is to own and operate the energy efficiency measure(s) after they are installed.
7. List and describe who is to install the measure(s), including any installation subcontractors and, where applicable, party responsible for commissioning and verification of installation.
8. If the proposal is partially or entirely similar to an existing PSE program, describe and support any reasons that the proposed project may better benefit PSE and its customers than PSE's existing energy efficiency programs.

#### **5.7.4 Price & Payment Terms**

1. Provide a total bid price per the requirements of Section 5.6 and include an itemized summary of costs per Exhibit I, Table 4.
2. Describe the proposed payment plan, including the schedule and amount of payments, the conditions that must be met before payment is made, and how payments may be adjusted following any verification of savings procedures.
3. Provide an estimate and description of fees, shared savings arrangements, or any other payments or contributions the customer or third-party will be obligated to pay for the installation of any portion of the proposed measure(s). If applicable, describe available customer payment plans.

#### **5.7.5 Schedule for Implementation**

The proposal should provide a work schedule showing key tasks and milestones for the proposed project from the point a contract is awarded through project completion. Include a schedule item for each significant project development and implementation activity. Indicate actions to be taken to ensure the schedule will be met. Periodic progress reports will be required.

#### **5.7.6 Savings Verification Plan**

1. Describe the procedures that will be used to verify measure installation and energy savings from the installed measures. For estimates that are to be made, describe how they are derived and the assumptions and sources used to develop the estimates.
2. For energy savings that are to be measured, describe the proposed measurement procedures. Protocols for measurement of energy savings may be found at <http://www.rtf.nwppc.org>. Procedures for obtaining guest access may be found in Section 5.1. Also, generally accepted M&V protocols are available at [www.ipmvp.org](http://www.ipmvp.org).
3. Note where interaction with other end-uses, if any, are involved, and provide estimates of the interactive effects on measured savings. Provide sufficient detail on the measurement procedures, including the type of measurement (e.g., billing analysis or end-use metering) and the participants included in the measurement. The savings verification plan should address both first year annual savings and savings persistence over the proposed life of the measure.
4. Describe any plans to verify estimated savings. Describe any procedures that will be in place to measure the persistence of the energy savings. Protocols for verification of energy savings may be found at <http://www.rtf.nwppc.org>. Procedures for obtaining guest access may be found in Section 5.1.
5. Describe PSE's role in the proposed verification plans. Describe any information, data, or support that PSE will need to provide to the verification plan.

6. Describe the timeline for savings verification. Specifically describe the links between measure installation, verification of savings and payment.

#### **5.7.7 Marketing Plans**

1. Provide, if applicable, a description of the marketing plan that will be used to recruit participants. Describe how customers will be contacted, eligibility for participation, and how customers will be selected/rejected for participation. PSE reserves the right to coordinate and/or implement all marketing activities. Marketing will be reviewed during contract negotiations.
2. Describe any general marketing assistance the respondent expects PSE to provide. This may include customer lists, customer billing records, letters of introduction, or support by PSE's customer service representatives.
3. Describe the expected simple payback for participants with and without any financial incentives. (Simple payback is to be calculated as the participant's cost divided by the annual energy bill savings.)
4. Include a clear description of any financial incentives the customer will receive.

#### **5.7.8 Customer Service Plan**

1. Describe how participant complaints will be addressed
2. Describe any and all written or implied warranties that will be provided to customers regarding quality of materials and installation.
3. Describe the intention to track and provide customer information to PSE. Any respondents currently operating programs should provide PSE with sample reports or other documentation to show program data tracked and reporting capability.
4. List any complaints received from participants regarding the conduct of past energy efficiency programs by the respondent and the disposition of each complaint.
5. If respondent is currently operating a similar program, please provide two end-use customer references. Provide name, address, telephone and e-mail.

#### **5.7.9 Financial Capability**

1. Provide a description of plans for financing the energy efficiency project(s).
2. Describe the proposed security arrangements (i.e., bank letter of credit, payment bond, corporate guarantee, or other security).
3. Be prepared to provide, if the proposal is selected for negotiation, a demonstration of the ability to obtain a level of insurance, such as general business and liability insurance, sufficient to cover major project contingencies.

#### **5.7.10 Experience and Qualifications of the Respondent**

1. Provide a general description of the organization, it's background and experience in projects similar to your proposal. List all affiliated companies, including holding companies, subsidiaries, and predecessor companies associated with the responding entity.
2. Provide form of business classification (i.e., sole proprietorship, partnership, or corporation) and Dun's number, if known.
3. Please provide names and resumes of all individuals who will be assigned to this project. Include project roles for each individual, i.e. management, field implementation, etc. Include any professional relationship with PSE customers.
4. Provide a list of prior organizations for which key management team members have worked if such organizations have provided services similar to those in the proposal, and specifically note any services provided to PSE or its predecessors.

5. Provide three references from jobs performed within the last two years where the respondent has provided similar services to those proposed for PSE. These references must include at least one contact person at another utility to whom the respondent has provided services. References may also include electric customers for whom the respondent has provided energy efficiency services similar to those included in the respondent's proposal. Provide name, title, address, telephone number and e-mail for these references.
6. List and describe any licenses that you or your subcontractors have or will be required to obtain to perform the type of work described in your proposal.
7. Describe how your proposal complies with all applicable codes, permits and licenses legally required for the measure installations proposed. A list of the necessary permits will also be required during negotiation.
8. List all lawsuits, regulatory proceedings, or arbitration in which the respondent or its affiliates or predecessors have been engaged related to the types of services proposed if the proposal is selected for negotiation. Identify the parties involved in such lawsuits, proceedings, or arbitration, and the final resolution or present status of such matters.

## **6 Other Requirements**

### **6.1 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 not 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 himself/herself any advantage over any other respondent.

### **6.2 No Reassignment**

All proposals shall state that there will be no reassignment of proposals during the evaluation or negotiation stage and that in the event respondent and PSE negotiate and execute Definitive Agreements based on 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 which permission shall not be unreasonably withheld. 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.

### **6.3 Conflict of Interest Disclosure**

All respondents shall disclose in their proposal any and all relationships between themselves, the project and/or members of their project team and PSE, its employees, its customers, or members of PSE's CRAG.



#### **6.4 Validity, Deadlines and Regulatory Consent**

All proposals shall specify the date through which the proposal is valid. Respondents should note that Definitive Agreements might not be executed or obtained until near the end of 2005. PSE will seek regulatory consent to revisions of its energy efficiency tariffs consistent with the results of this RFP process, such consent to be in form and substance satisfactory to PSE in its sole discretion. It is preferred that the respondent provides proposals that remain valid for a period that allows for negotiation of Definitive Agreements.

#### **6.5 Environmental Attributes**

1. All proposals must state that all Environmental Attributes associated with the project will accrue to the ownership and beneficial use of PSE.
2. Detail the disposal of waste to be removed from customer facilities as part of energy efficiency projects, including the disposal of toxic and contaminated waste. Describe any recycling strategies to be incorporated into disposing of removed materials from the project.
3. Detail specific environmental aspects of the project, including any planned utilization of recycled materials in equipment supplied to the project.

### **7 Credit Requirements**

PSE reserves the right to require adequate credit assurances which may include, but not be limited to, a corporate parental guaranty and/or a letter of credit in a form and amount, for a term and from a corporate parent or a financial institution acceptable to PSE. In the event PSE anticipates that additional credit assurances may be required from a respondent, PSE reserves the right to request that the respondent reply in writing regarding its intent to provide such credit assurances prior to the beginning of negotiations on any Definitive Agreement. "Adequate credit assurances" shall include, but not be limited to, security for the value associated with market-based damages for failure to perform, delays in implementation, failure to meet energy savings targets, failure to meet minimum customer service quality levels and/or other forms of default or non-performance.

The respondent should be aware that 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 respondent and PSE might execute in connection with respondent's proposal, in addition to any that may be included in the prototype Energy Efficiency Agreement (Exhibit II).

PSE prefers acquisitions that do not impose credit support requirements on PSE. If any respondent intends to propose that PSE provide credit support (e.g., in the form of a letter of credit or otherwise), the respondent must describe in its proposal all desired terms and conditions regarding such credit support.

### **8 Evaluation and Ranking of Energy Efficiency Proposals**

Consistent with the requirements of WAC 480-107-070 and 480-107-030, as well as the Conservation Settlement, PSE will evaluate and rank energy efficiency proposals based on a structured evaluation process. Proposals will be expected to conform with all the basic requirements in this RFP regarding content, format, and submittal. Any proposal that does not adhere to these requirements is at risk of being disqualified from consideration.

After initial screening for compliance with the basic requirements for this RFP, proposals will be assessed with regard to the evaluation criteria identified below:

- Compatibility of proposal with the products requested in Section 3. For bids on Preferred Products, proposals will be assessed on coverage of the scope of requested services. Proposals for other types of programs will be assessed for compatibility and overlap with existing PSE programs. Impacts on diversity of PSE's program mix and appropriateness of program scale will also be considered.
- Cost-effectiveness. Resource projects must have benefit-cost ratios greater than 1.0 for the UC and TRC tests. This is a minimum threshold only. PSE is not obligated to award contracts to all proposals that pass this criterion. PSE reserves the right to add administrative costs incurred by PSE, modify measure savings and lives that do not conform with the requirements of Sec. 5.1, and adjust dollar values assigned to non-energy savings benefits.
- Amount of energy savings and method used to calculate savings, including documentation of data sources. PSE will apply standard measure savings where recognized by the RTF as described in Sec. 5.1. For measures not listed by the RTF, the savings and measure life must be accompanied by supporting documentation.
- Life of savings and degradation of savings over time – preference given to long-term, stable savings. The measure lives listed in Exhibit III will be used to evaluate the cost-effectiveness of proposals.
- Demonstrated ability to deliver proposed savings at proposed cost and within proposed time frame.
- Terms of payment. The potential financial risk or risk of under-performance to which PSE may be exposed based on the relationship between services delivered and the proposed terms of payment for services.
- PSE will consider the information received in response to Section 5.7.9 and Section 7 to this RFP in determining risk associated with the financial condition of and performance by a respondent and any third parties depended upon by respondent. Lower-risk respondents are preferred.
- Costs, time, complexity, or other resource commitments imposed upon PSE by implementation of a proposal.
- Public benefits including environmental, economic and community impacts. Such benefits should be identified if they are unique to the program being proposed, not attributes that are generic to all energy efficiency programs, such as reduced generation emissions.

Proposals will be ranked and nominated to a short list of potential finalists, based on balancing of all the evaluation criteria. If any proposal is deemed unacceptable in any category during the process, PSE may, at its sole discretion, eliminate that proposal from further review. Conversely, PSE may, at its sole discretion, ask a respondent to correct minor deficiencies to their proposal.

PSE may continue the evaluation analysis and additional due diligence throughout the evaluation and negotiation period to reflect more current information and future direction received from LCP updates, regulatory proceedings, or other guidance.

PSE intends to seek the advice and assistance of the CRAG, with the goal of reaching consensus as to the final short list of proposals to be selected for further pursuit.

At the completion of the evaluation, including any updated analyses, PSE will move forward with finalists from the short list on further discussions and, potentially, negotiations of the terms and conditions of Definitive Agreements. Definitive Agreements are subject to regulatory consent.



## 9 Post-Proposal Negotiations and Awarding of Contracts

It is PSE's intent to negotiate both price and non-price factors during any post-proposal negotiations with a respondent whose proposal is selected for further discussions at the completion of the Stage II evaluation. It is also PSE's intent to include in ongoing analysis of a proposal any additional factors that may impact the total cost of a project until such time as PSE and respondent might execute Definitive Agreements.

Definitive Agreements, if any, would be based on the outcome of these continuing negotiations. PSE has no obligation to enter into a Definitive Agreement with any respondent to this RFP and may terminate or modify this 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 this 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. PSE, with the mutual consent of the respondent, may elect to implement a proposal earlier than 2006. In the case of early implementation, selected proposals will begin implementation no later than January 2005.

PSE reserves the right to issue subsequent RFPs for energy efficiency resources, including RFPs for specific, targeted energy efficiency programs.

## 10 Confidentiality/Disclosure

A Mutual Confidentiality Agreement (MCA) is included as Exhibit V to this RFP. Respondents must sign the Confidentiality Agreement and provide two signed originals to PSE at least 1 week prior to the proposal due date. PSE will countersign the MCA and return one fully executed agreement to the respondent. Only one MCA per respondent is required, regardless of the number of proposals submitted.

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 also intends to make summary information regarding proposals available to the CRAG, as necessary to enable this group to carry out its planning and review responsibilities. CRAG members will be required to agree to keep proposal information confidential in order to have access to individual proposal information. If an organization represented on the CRAG elects to bid on this RFP, that organization will resign from the CRAG through 12/31/2007.

PSE may retain all information pertinent to this RFP process for a period of 7 years or until PSE concludes its next general electric rate case, whichever is later.

## 11 Contact Information And Submission Of Proposals

A sealed set of eight (8) hard copies, plus one electronic copy on CD-ROM, of the proposal shall be submitted via U.S. mail, courier service, or hand delivery to PSE at the address shown below.

***All proposals must be received by no later than 5:00 PM Pacific Time on December 15, 2005. In addition, respondents are to provide two signed originals of the Mutual Confidentiality Agreement (Exhibit V) by December 8, 2005.***

All costs to participate in this RFP process are the responsibility of the respondent.

Questions and requests regarding this RFP should be sent to [pseEErp@hotmail.com](mailto:pseEErp@hotmail.com).

Contact for proposal submittals:

Claire Johannes, Energy Efficiency Services  
Phone: 425- 456-2372  
Fax: 425- 456-2731

Address for U.S. Mail:  
Puget Sound Energy  
P.O. Box 97034, EST-10W  
Bellevue, WA 98009-9734

Address for courier or hand delivery:  
Puget Sound Energy  
355 110<sup>th</sup> Avenue NE, EST-10W  
Bellevue, WA 98004

Deliver to mail room on Level P-2 of garage

## 12 RFP Schedule

July 29, 2005	File Draft RFP with WUTC
August 18, 2005	PSE Public Meeting on Draft RFP
September 28, 2004	End of public comment period
October 28, 2005	WUTC Approval of RFP
November 1, 2005	Issue Final RFP
November 14, 2005	Hold pre-proposal conference
December 15, 2005	Responses due
February 15, 2006	Select Short-List proposals, notify respondents
February 28, 2006	Target date for executing Letter(s) of Intent
March 31, 2006	Complete contract negotiations with Short List finalists

The above schedule is subject to adjustment based on CRAG and WUTC review as well as the actual timing of PSE's evaluation process.

## 13 Exhibits

- Exhibit I. Summary Data Tables**
- Exhibit II. Prototype Energy Efficiency Agreement**
- Exhibit III. Measure Lives**
- Exhibit IV. Proposal Cost Detail and Calculation of Cost Effectiveness**
- Exhibit V. Mutual Confidentiality Agreement**
- Exhibit VI. Organizations participating in the CRAG**
- Exhibit VII. Glossary and Acronyms**