

Bidder Pricing Instructions

For

Request for Proposals (RFP)

Technology and Implementation Services

In support of

Puget Sound Energy (PSE)
Direct Load Control (DLC) Program

Pricing Instructions

Bidder should provide pricing for the collective products and services being offered in sufficient detail such that PSE will understand precisely what is being proposed and how much the proposed products and services will cost. Bidders should provide this pricing information with the understanding that products and services must achieve the following:

1. A fully operational network of direct load control devices
2. All items listed in Section 3.1 for Vendor Responsibilities under Roles and Responsibilities
3. The Primary Objectives of PSE's DR Resource and other program-specific objectives identified in Section 2.3.

Firm pricing should be provided for a five-year term as indicated in this pricing section.

A. Pricing Summary	
1. Summary of pricing proposal	Provide a brief summary of your complete pricing proposal, giving an overview of the price per kW-year delivered, any other charges to PSE, and any caveats or further explanation needed for PSE to understand the cost of selecting your firm for the desired products and services. This summary could include summary cost figures as appropriate (e.g., illustrating cost to PSE over the five-year contract) and should assist PSE in understanding the detailed pricing in the following information request items. Bidders are encouraged to limit their responses to as short as necessary to provide clarity to your pricing proposal.

B. Pricing for Winter Capacity

1. Pricing for Peak Winter Curtailment Capacity in Fulfillment of PSE's Primary Objectives (in reference to Section 2.3 of the main RFP document)

(for meeting winter capacity requirements with an hour ahead notification)

Under this item, bidders should provide pricing for meeting winter capacity requirements with hour-ahead notification, in fulfillment of PSE's Primary Objectives, as stated in Section 2.3 of the main RFP document.

Important: Assume that megawatt curtailment levels shall be calculated as described in Section 2.3 of the RFP.

Capacity Charge. In the table below, provide pricing for winter peak load reduction capacity from 2017 to 2021.¹ Pricing should be in terms of \$ per kW-year. Note that the winter capacity amounts indicated below should be the same as what you indicated in Section 4.1 Table G2 of the main RFP document.²

Year	Winter Peak Curtailment Capacity (MW from Section 4.1 Table G2)	Capacity Charge (\$/kW-year) <i>(excluding customer incentives)</i>
2017		
2018		
2019		
2020		
2021		

Customer Incentives. Note that PSE will be administering the incentive directly to the customer. Indicate in the table below the proposed incentive level (based on your judgement/industry expertise) that would be necessary/sufficient to attain the MW curtailment amounts you provided in the previous table. PSE intends to negotiate payment terms with the selected bidder such that payments to bidder will be reduced if the incentive payments required to attract participation are higher than proposed here; conversely, if bidder's marketing/delivery efforts result in participation at lower incentive levels, PSE will share some of the cost savings.

Total Cost. In the final column, provide the total cost to PSE, which includes the capacity charges indicated in the previous table, plus the customer incentives.

Year	Customer Incentives		Total Cost (\$/kW-yr.), Capacity Charge plus Incentive
	Per Participant Annual Incentive (\$/participant)	Normalized ³ Incentive based on delivered capacity (\$/kW-yr.)	
2017			
2018			
2019			
2020			
2021			

¹ Winter capacity for 2017 covers November 1, 2021 to February 28, 2022; winter capacity for 2021 covers November 1, 2021 to February 28, 2022.

<p>2. Summary Costs by Year for Winter Curtailment Capacity</p>	<p>Provide a summary of total costs corresponding to the winter capacity rollout indicated under Item#1 earlier in this table. These costs should include capacity charges, customer incentives, and any “other pricing elements” from Table C2 below. Bidder’s pricing proposal contained in this document should be of sufficient detail that PSE can recreate the pricing figures contained in this table for each year.</p> <p>Costs in \$1000s</p> <table border="1" data-bbox="544 352 1263 604"> <thead> <tr> <th></th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Winter MW*</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>N/A</td> </tr> <tr> <td>Total Costs</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>*Note that the winter MWs indicated in this table should match the figures presented earlier under Item#1 in this table.</p>		2017	2018	2019	2020	2021	Total	Winter MW*						N/A	Total Costs									
	2017	2018	2019	2020	2021	Total																			
Winter MW*						N/A																			
Total Costs																									
<p>3. Estimated Breakdown of Costs by Category</p>	<p>Provide an estimated breakdown of the total costs (as indicated under the “Total” value presented in the Costs Summary Table under Item#2 above) for providing winter curtailment capacity by category using the table below. Provide major assumptions and describe the rationale for this allocation of costs including the possible need to provide one-time and/or recurring customer incentives, required maintenance schedules, etc. Please identify any costs included in the “Other” category.</p> <table border="1" data-bbox="544 940 1086 1736"> <thead> <tr> <th>Cost Category</th> <th>Percent of Total</th> </tr> </thead> <tbody> <tr> <td>Program Startup Costs</td> <td></td> </tr> <tr> <td>Software Licensing</td> <td></td> </tr> <tr> <td>Marketing/Recruitment</td> <td></td> </tr> <tr> <td>Equipment Capital</td> <td></td> </tr> <tr> <td>Equipment Installation</td> <td></td> </tr> <tr> <td>Equipment Maintenance</td> <td></td> </tr> <tr> <td>Participant Incentives</td> <td></td> </tr> <tr> <td>Customer Service</td> <td></td> </tr> <tr> <td>Tracking and Reporting, M&V</td> <td></td> </tr> <tr> <td>Other (please specify)</td> <td></td> </tr> <tr> <td>Total</td> <td>100%</td> </tr> </tbody> </table>	Cost Category	Percent of Total	Program Startup Costs		Software Licensing		Marketing/Recruitment		Equipment Capital		Equipment Installation		Equipment Maintenance		Participant Incentives		Customer Service		Tracking and Reporting, M&V		Other (please specify)		Total	100%
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Total	100%																								

² Per the main RFP document, PSE seeks bidders’ best pricing that meets PSE’s primary objectives and conforms to the customer baseline assumptions discussed in Section 2.3. Item #5 below in this table provides bidders an opportunity to offer alternative pricing for higher capacity amounts if bidders believe that they can provide additional capacity at a higher incremental cost.

³ Provide the equivalent \$/kW-yr. incentive cost based on normalization of the incentive amount by the delivered capacity.

C. Pricing for Additional Products/Services

1. Pricing for Year-round Curtailment Capacity in fulfillment of PSE's Secondary Objectives (in reference to Section 2.3 of the main RFP document)

(for having year-round curtailment capacity available, ready for response with an hour-ahead notification)

Under this item, bidders may provide pricing for year-round DR capacity in fulfillment of PSE's Secondary Objectives stated in Section 2.3 of the main RFP document. This includes meeting capacity requirements during summer and shoulder months with hour-ahead notification. PSE does not require that bidders provide year-round curtailment capability, but the value of bids may be enhanced by competitively priced curtailment capability beyond just the winter months.

Year-round Curtailment Capacity

In the table below, indicate the pricing by season for providing seasonal capacity in terms of \$/kW-season.

Note that the 2021 winter curtailment capacity indicated in the table below should be consistent with what you provided in the previous table under Item#A2. Also the summer and shoulder period curtailment amounts indicated in the table below should be consistent with what you indicated in Section 4.1 Table G3 of the main RFP.

The capacity charges should be without customer incentives. Indicate separately the proposed customer incentive level to achieve year-round curtailment. As noted earlier, PSE will be responsible for administering the incentive payment to participants.

Seasonal	Curtailment Capacity MW	Capacity Charge (\$/kW-season) (excluding customer incentives)
Winter- 2021 (Nov.1, 2021 to till Feb. 28, 2022)	(MW from Table B1 above)	
Summer- 2021 (May 1, 2021 to till Sep. 30, 2022)		
Shoulder- 2021 (March, April And Oct. of 2021)		

<p>2. Other pricing elements or pricing for optional equipment and services</p>	<p>(Optional) Describe any additional or alternative pricing structures being proposed, as listed below:</p> <ul style="list-style-type: none"> • Additional MW. Indicate your pricing and the associated MW amounts for providing additional curtailment with hour-ahead notification above/beyond the minimum proposed amount indicated in Table B1 above. • 10-minute response. Include your pricing terms and explanation for providing curtailment with 10-minute response, as indicated in your response to Table G3 under Section 4.1 of the main proposal. Indicate the incremental capacity charge for providing 10-minute response for the available capacity that is fast response enabled, as indicated in Table G3, Section 4.1 of the main RFP. • If you propose a separate charge for providing and hosting smart thermostat control services for customers, you should identify those charges. • Also include pricing for additional value added products/services that you included in your response in Section 4.1, Table H Item #4 of the main RFP document. <p>In general, PSE prefers to have all costs encompassed in the Capacity Charge. However, we recognize that vendors may have valid reasons for alternative pricing arrangements, or may provide optional services that could be priced separately or that could raise the Capacity Charge above the base price proposed above.</p>
<p>3. Required products not included in this pricing proposal</p>	<p>If applicable, explain why some products that may be required for a fully functional DLC program, per this RFP, have not been included in this pricing proposal. If vendor expects PSE to provide hardware, software, labor or other necessary materials or staff that are not covered under PSE's Responsibilities in Section 3.1 Roles and Responsibilities of the main RFP, bidder should identify those items here.</p>

<h3>D. Additional pricing issues</h3>	
<p>1. Firmness of offer</p>	<p>What factors, if any, might affect your proposed pricing during contract negotiations, and by how much might this influence the prices presented above? What additional information do you expect to request from PSE in order to set firm pricing terms?</p>
<p>2. Performance guarantees</p>	<p>How do you propose to link payment with performance goals, such as those identified in Section 3.3 of the RFP? Would pricing be adjusted for underperformance? If so, what performance metrics do you propose and how would this adjust the effective pricing?</p>
<p>3. Invoicing and payments</p>	<p>Explain how you propose to bill PSE for services (e.g., fixed recurring monthly payments, variable payments based on progress, lump sum milestone payments, etc.)?</p>