



# Evaluation Criteria

## 1. Compatibility with Resource Need

Evaluation Criteria	Description
<b>Timing</b>	PSE prefers proposals that will achieve the annual capacity targets.

## 2. Cost Minimization

Evaluation Criteria	Description
<b>Resource cost</b>	<p>PSE prefers proposals that:</p> <ul style="list-style-type: none"> <li>• Provide the lowest overall cost of delivered curtailed capacity (kW) over the term of the contract</li> <li>• Provide kWh reductions at competitive cost</li> <li>• Provide the lowest reasonable cost throughout the contract life, taking into account the price of the proposal and other factors that impact PSE’s overall cost</li> </ul>

## 3. Risk Management

Evaluation Criteria	Description
<b>Status and Schedule</b>	PSE prefers proposals which demonstrate the respondent has the experience, technical capability and financial resources to successfully implement the demand response program and achieve the annual capacity targets
<b>Resource Flexibility and Stability</b>	PSE prefers proposals that provide flexibility for expansion to meet PSE’s growing needs as required.



Evaluation Criteria	Description
<b>Technology</b>	Proposals that are based on commercially-proven technology with demonstrated long-term reliability and performance history are preferred.
<b>Long-term flexibility</b>	PSE prefers proposals that offer the Company the flexibility to adjust its position in a resource long term, up to and including termination.
<b>Project risk</b>	Proposals that involve minimal risk for timely plant completion within cost projections are preferred.
<b>Impact on PSE's overall risk position</b>	All other factors being equal, PSE prefers proposals that result in lower portfolio performance risk.
<b>Respondent risk</b>	PSE will consider information received in response to Part II of the RFP document and Exhibit B in determining risk associated with the financial condition and performance of a respondent and any third parties relied upon by the respondent. Lower-risk respondents are preferred.
<b>Ability to deliver as proposed</b>	<p>An important consideration in judging a respondent's ability to provide a commercially operable project in the time frame proposed is the experience and qualifications of the entire project team.</p> <p>PSE will use the information provided in response to Exhibit B to evaluate the respondent team for this criterion.</p> <p>PSE prefers providers with proven track records.</p> <p>Information submitted in response to Exhibit B, which addresses project development status and schedule, will also be used to evaluate the respondent's ability to meet the proposed commercial operation date.</p>
<b>Managerial control</b>	PSE prefers proposals that provide control of key elements of the value chain.



#### 4. Strategic and Financial Considerations

Evaluation Criteria	Description
<b>Guarantees, security and compliance</b>	<p>PSE will consider information provided in response to Exhibit B to determine whether it will require any additional guarantees or credit support pursuant to Part II, Section 6 of the RFP document.</p> <p>PSE's credit risk department may require the seller to provide performance assurance. With few exceptions, PSE will expect sellers with sub investment-grade credit ratings (or being of similar creditworthiness) to provide performance assurance acceptable to the Company.</p>