

**EXH. GA-7  
DOCKETS UE-240004/UG-240005  
2024 PSE GENERAL RATE CASE  
WITNESS: GILBERT ARCHULETA**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY,**

**Respondent.**

**Docket UE-240004  
Docket UG-240005**

**SIXTH EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF**

**GILBERT ARCHULETA**

**ON BEHALF OF PUGET SOUND ENERGY**

**FEBRUARY 15, 2024**



# UPDATING THE CLEAN ENERGY TARGETS CHAPTER TWO

## Section 5.2 Demand Response Target

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→ See [Chapter 5: Specific Actions](#) for more information.

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## 5.2. Demand response target

In Order 08, the Commission also included the following Condition 4:

**CONDITION 4:** PSE will increase its demand response target to include all cost-effective DR bids it received in response to its recent RFP. PSE will include expanded Direct Load Control offerings in this increased target.<sup>12</sup>

Accordingly, PSE is updating its demand response target in this Biennial Update to 86 MW (see Table 2.15) and includes Direct Load Control offerings in the Flex Smart program discussed further in [Chapter 5: Specific Actions](#).

**Table 2.15: Updated demand response target**

Description	2021 CEIP	2023 Biennial Update
Demand Response Target	23.7 MW	86 MW

As discussed in the 2021 CEIP, PSE developed demand response programs through a solicitation process. PSE provides an overview of the qualitative and quantitative analysis performed for the 2022 DER RFP to develop programs to meet this revised target considering all cost-effective bids.

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→ The summary and analysis are provided in greater detail in [Appendix D: RFP Quantitative and Qualitative Analysis](#) and the 2022 DER RFP: Proposal Summary in Docket UE-210878<sup>13</sup>

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### 5.2.1. Demand response methodology: 2022 DER RFP

PSE based its evaluation of resources submitted in response to the 2022 DER RFP on a combined quantitative and qualitative assessment of all proposals that met the minimum requirements of the solicitation. Taken together, the quantitative and qualitative evaluation criteria assessed the feasibility of proposals and measured each proposal’s ability to satisfy compatibility with resource need, cost minimization, contribution to CETA customer benefit and equity provisions, risk management, and strategic and financial considerations.

PSE divided its evaluation process into three phases:

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12. See Order 08, *infra* note 3, Appx. A at ¶ 6.

13. Puget Sound Energy, [2022 DER RFP: Proposal Summary](#), Docket UE-210878 (Apr. 19, 2022)

## Chapter 2: Updating the Clean Energy Targets

1. A screening phase (Phase 1)
2. The Value Fit program building and portfolio design phase (Phase 2)
3. A concurrent evaluation with the 2021 All-Source RFP shortlist in Docket UE-210220 (Phase 3)

In Phase 1, PSE evaluated proposals based on qualitative and quantitative metrics and placed proposals into two categories; Category A or Category B:

- **Category A** represented turnkey resources, which were complete resources ready for deployment.
- **Category B** represented vendor services that would be a component of a turnkey resource, such as providing customer enrollment, equipment installation, and other programs activities.

PSE used the DER Benefit Cost Analysis tool developed for the 2021 CEIP to model the costs and benefits of each proposal. PSE then ranked proposals based on their combined score, which was a combination of qualitative and quantitative attributes. PSE decided to move all projects forward from Phase 1 to Phase 2.

For Phase 2, PSE incorporated Category B, or Value Fit Programs, into the evaluation, similar to Category A proposals during Phase 1. Two Value Fit programs were developed and compared with the turnkey Category A proposals. Both Value Fit programs were rejected. One ranked second to last based on the combined score and was found to not be cost-effective based on the Societal Cost Test, and the other completely overlapped with another winning bid that provided more capacity. The Societal Cost Test, as used in the DER RFP, mirrors that used in PSE's 2021 Clean Energy Implementation Plan<sup>14</sup> with minor updates to fully align the Societal Cost Test with the most recent iteration of the Jurisdictional Cost Test outlined in Docket UE-210804.

### 5.2.2. Demand response results: 2022 DER RFP

PSE received 186 MW in proposals in response to the 2022 DER RFP. During its evaluation, PSE noted that some proposals did not meet the threshold for cybersecurity and eliminated those projects from consideration after Phase 2. To avoid cybersecurity concerns and overlap in customer segments, PSE did not select all proposals and instead selected 86 MW, which included three projects in the concurrent analysis.

The three Category A demand response proposals (provided by AutoGrid, EnelX and Oracle) were highly ranked and cost-effective. These three programs also did not extensively overlap with the customer segments they were separately targeting. PSE short-listed these three proposals for the Concurrent Analysis with the 2021 All-Source RFP short-listed projects. The remaining programs not shortlisted in the 2022 DER RFP did extensively overlap in targeted customer segments (e.g., two

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14. See Puget Sound Energy, [2021 Clean Energy Implementation Plan, Appendix D: DER Suite Selection and Evaluation](#), Docket UE-210795 (Dec. 17, 2021)

Chapter 2: Updating the Clean Energy Targets

bidders targeting the same commercial customer base). Table 2.16 provides a summary of the short-listed results.

→ Please see [Chapter 5: Specific Actions](#) for details on the programs.

**Table 2.16: Demand response shortlist programs from phase 2 modeling**

Program bidder	Cumulative 2025 winter MW	Customer segment	Program type	Societal cost test	Combined score	Selected for contracting
Enel X	30	Commercial	Demand Response – Bundled	10.76	66.42	Yes
Bidder A	Less than 10 MW	Residential	Demand Response – Bundled	4.85	58.94	No
Oracle*	4	Residential	Behavioral	4.82	55.23	Yes
Autogrid	33.6	Majority Residential + Commercial	Demand Response – excluding Battery program	4.41	42.48	Yes
Autogrid (included with the DR proposal, but analyzed separately)	12	Residential	Battery	0.82	42.48	Yes
Bidder B	Greater than 10 MW	Majority Commercial + Residential	Demand Response – Bundled	2.85	40.35	No
Bidder C	Greater than 10 MW	Majority Commercial + Residential	Demand Response – Bundled	3.00	34.26	No

\* In contract negotiations Oracle’s bid changed from what was initially modeled.

Table 2.16 illustrates the rankings of the 2022 DER RFP proposals based on their Combined Score. PSE selected EnelX, Oracle, and AutoGrid based on their high cost-effectiveness and Combined Score ranking.

Not included in Table 2.16 are bidders who did not meet the minimum qualifications of the 2022 DER RFP, the core of which were SOC II Type 2 certification and having a platform able to integrate with PSE’s virtual power plant. Bates & White, the independent evaluator, will submit a report summarizing the 2022 DER RFP process and selected bidders by the end of the year.



# RFP QUANTITATIVE AND QUALITATIVE ANALYSIS

## APPENDIX D

## 2. 2022 DER RFP evaluation and methodology

Docket UE-210878

### 2.1. Quantitative and qualitative analysis

PSE's evaluation of resources for the 2022 Distributed Energy Resources Request for Proposals (2022 DER RFP) was based on a combined quantitative and qualitative assessment of all proposals that met the minimum requirements of the 2022 DER RFP. Taken together, the quantitative and qualitative evaluation criteria assessed the feasibility of proposals and measured each proposal's ability to satisfy compatibility with resource need, cost minimization, contribution to Clean Energy Transformation Act ("CETA") customer benefit and equity provisions, risk management, and strategic and financial considerations.

PSE divided its evaluation process into three phases:

1. A screening phase (Phase 1)
2. The Value Fit program building and portfolio design phase (Phase 2)
3. Concurrent evaluation with the All-Source RFP shortlist in Docket UE-210220

In Phase 1, proposals were evaluated and scored based on the quantitative and qualitative metrics described in Exhibit A of the RFP2. The proposals were then ranked according to the weighted average of their price (quantitative) and non-price (qualitative) scores. The weights of the price and non-price scores in the combined scoring are 60% and 40%, respectively. Each proposal was placed into two categories, Category A or Category B.

- **Category A:** represented turnkey resources, which were complete resources ready for deployment. See Figure List D.2.
- **Category B:** represented vendor services that would be a component of a turnkey resource, such as providing customer enrollment, equipment installation and other programs activities. See Figure List D.3.

The qualitative scoring rubric used for Category A proposals can be seen in Exhibit A - [Evaluation Criteria](#). Category B proposals were analyzed with a similar but simpler rubric since their proposals were service based, instead of a turnkey project proposal.

Appendix D: RFP Quantitative and Qualitative Analysis

Figure List D.2: Category A qualitative scoring rubric

Evaluation Categories	Weight		Points
<b>Counterparty Viability</b>	10%	x 0	_ / 8
<i>Screening based on 2 key areas listed below. The total sum is applied towards this category.</i>			
<i>Experience Level</i>			
Bidding Entity (company) has no demonstrable experience implementing <b>at least 1</b> similar size and technology deployment			1
Bidding Entity (company) has demonstrable experience implementing <b>&lt; 3</b> similar size and technology deployment			2
Bidding Entity (company) has demonstrable experience implementing <b>≥ 3</b> similar size and technology deployments			3
<b>Direct team working on project (at least one member)</b> has demonstrable experience implementing <b>≥ 3 and ≤ 5</b> similar size and technology deployments			4
<b>Direct team working on project (at least one member)</b> has demonstrable experience implementing <b>&gt; 5</b> similar size and technology deployments			5
<i>Counterparty Stability</i>			
Bidder assessed to have weak or limited financial profile and/or has been engaged in recent material disputes or legal proceedings			1
Bidder assessed to have an acceptable financial profile and/or has not been engaged in recent material disputes or legal proceedings			2
Bidder assessed to have a strong financial profile and has not been engaged in recent material disputes or legal proceedings			3
* Material legal proceedings within past five years. PSE will generally consider legal breaches of greater than \$5 million to be material			

<b>Project Viability</b>	Weight		Points
<b>Project Viability</b>	10%	x 0	_ / 9
<i>Screening based on applicable areas listed below. The total sum of the respective applicable areas is applied towards this category.</i>			
<i>Financing Plan</i>			
Plan provided but no actionable progress made			1
Project Financing yet to be achieved but in progress			2
Balance Sheet Financed or Financial arrangement established			3
<i>Execution Plan</i>			
Plans provide little or no details to evaluate robustness of execution plan			1
Plans provide general overview without necessary details to evaluate some areas of the robustness of outlined execution			2
Detailed plans describing among other items, overall program design and management, system integration, operations, dispatch, and performance guarantees.			3
<i>Technology Risk</i>			
Non-commercial / unproven technology			0
Commercial scale technology with minimal fleet deployment history (for ownership proposals: minimal operational experience of similar technology at PSE)			1
≥5 deployments with similar asset with ≥ 5 years of fleet deployment history (for ownership proposals: successful pilot programs with similar technology at PSE)			2
≥10 deployments with similar asset with ≥10 years of fleet deployment history (for ownership proposals: operational experience of similar technology at PSE)			3
* PSE may differentiate between technology upgrades and new classes of technology in assigning scores for deployment			

Appendix D: RFP Quantitative and Qualitative Analysis

<b>Site Control / Customer Acquisition Status</b>	20%	x	0	_ / 3
<i>Project Site (single POI distribution projects)</i>				
No executed land agreements / Not feasible				0
≥25% Executed land agreements / Low probability of complete site control				1
≥50% Executed land agreements / Demonstrated consistent progress in complete site control				2
≥75% Executed Land agreements / High probability of complete site control				3
<i>Customer / Site Acquisition Plan (DR and Aggregated DER only)</i>				
Plan provides little or no detail about how sites / customers will be identified, what constitutes a qualifying site, or what marketing tactics will be utilized.				0
Plan provides a general overview without necessary details to evaluate some areas on the robustness; may not include an assessment of market potential within PSE service territory.				1
Detailed plan describing how sites will be identified, customer acquisition timeline and tactics, market potential, and timeline of resource additions.				2
Detailed plan and some customers / sites already identified.				3
<b>Permitting and Studies If Applicable</b>	5%	x	0	_ / 5
Permitting or long lead-time studies (such as Habitat Studies) not begun / no plan submitted				0
Permitting or long lead-time studies (such as Habitat Studies) not begun / plan submitted				1
Permitting and long lead-time studies (such as Habitat Studies) begun				2
Discretionary permits filed				3
Discretionary permits obtained / Only Non-discretionary permits required				4
All permits obtained/Not required*				5

<b>Energy Delivery</b>	10%	x	0	_ / 15
<i>For applicable resources, a completed application for schedule 152 is not required to bid into this RFP, but any resource without a submitted application by June 1, 2022 will be considered ineligible for this RFP</i>				
<i>DER/DR projects interconnected to the distribution system (on PSE system only)</i>				
Deliverability not feasible				0
No interconnection submitted				1
Submitted Preliminary Site Assessment application				2
Completed application for Schedule 152				3
Preliminary review indicates delivery is feasible				4
Transmission distribution study complete (if applicable) -or- Interconnection approved -or- Not required (DR)				5
<i>DER/DR aggregators and BESS dispatch if applicable</i>				
Interface with PSE through an on premise application or similar deployment				1
Interface with PSE through a SaaS platform				5
<i>BTM DER/DR aggregators if applicable</i>				
Interface with PSE VPP not feasible				0
Interface with PSE VPP feasible				5

Appendix D: RFP Quantitative and Qualitative Analysis

<b>CETA Equity Plan</b> <i>Customer Benefits from Transition to Clean Energy Plan</i>	25%	x	0	_ / 20
Does the project reduce air pollution by decreasing carbon emissions and deploying renewable resources?				
May produce more annual metric tons of CO2				0
Not likely to reduce annual metric tons of CO2				1
Reduces annual metric tons of CO2				2
Does the program mitigate the impacts of climate change eg. Wildfires, droughts through reduced peak demand?				
Increases impacts of climate change				0
Does not mitigate				1
Can measurably mitigate				2
Does the program improve outdoor air quality and help abate health issues (eg. asthma, heart disease)?				
May produce more annual metric tons of NOx, SOx, and PMP2.5				0
Not likely to reduce annual metric tons of NOx, SOx, and PMP2.5				1
Reduces annual metric tons of NOx, SOx, and PMP2.5				2
Does the program help abate health and safety issues, including indoor air quality (e.g., asthma, heart disease, and heat-related illnesses)? - Health factors like mortality, hospital admittance, work loss days				
% increase				0
No discernable % increase/decrease				1
% decrease				2
Does the program decrease the percentage of customers' income dedicated to energy costs for highly impacted communities and vulnerable populations?				
Non-measurable % decrease				0
Measurable % decrease, but only for targeted or participating customers				1
Measurable % decrease for all customers				2
Does the program provide additional, higher quality career opportunities to highly impacted communities or vulnerable populations?				
No new full-time clean energy jobs				0
<20 new full-time clean energy jobs in named communities				1
≥20 new full-time clean energy jobs in named communities				2
Does the program increase outreach and accessibility for highly impacted communities or vulnerable populations by providing materials in non-English languages?				
No effort made				0
Partial effort with at least one to two additional translations				1
Significant effort made with three or more translations made				2
Does the program decrease the number of and frequency of outages through the use of distributed resources?				
No discernable impact or decrease				0
May help to mitigate risk or lessen impact of potential number and/or duration of outages for direct customers				1
Measurable % decrease for all customers				2
Does the program increase access to reliable clean energy for highly impacted communities or vulnerable populations?				
No impact				0
Minimal impact				1
Significant impact				2
Does the project improve home comfort for highly impacted communities or vulnerable populations including heating and cooling, and indoor air quality?				
No impact				0
Minimal impact				1
Significant impact				2

Appendix D: RFP Quantitative and Qualitative Analysis

<b>CETA Equity Plan Business Values</b>	10%	x	0	_ / 12
Has your firm adopted an Environmental, Social, Corporate Governance - ESG/sustainability policy, implementation process and business procedures?				
No action plan				0
Partial action plan touching on at least one element				2
Comprehensive action plan touching on social, environmental and additional topics				4
Commitment to contracting with small businesses and minority, women and veteran owned business enterprises				
No commitment to contracting with SMWBE				0
<20% contract value subbed to SMWBE				1
≥20-<30% contract value subbed to SMWBE				2
>30% contract value subbed to SMWBE				3
Respondent is certified by the Washington State Office of Minority & Women's Business Enterprises (OMWBE), Washington State Department of Veterans Affairs (WDVA) and/or U.S. Small Business Administration				4
Does the developer intend to comply with the labor standards in RCW 82.08.962 and 82.12.962? If yes, provide a summary description.				
No, the developer does not intend to comply with labor standards consistent with RCW 82.08.962 and 82.12.962				0
The developer intends to comply with labor standards consistent with RCW 82.08.962(1)(c)(i) and RCW 82.12.962(1)(c)(i).				1
The developer intends to comply with labor standards consistent with RCW 82.08.962(1)(c)(ii) and RCW 82.12.962(1)(c)(ii).				2
The developer intends to comply with labor standards consistent with RCW 82.08.962(1)(c)(iii) and RCW 82.12.962(1)(c)(iii).				4
<b>Named Communities Enrollment</b>	10%	x	0	_ / 2
Commitment to enrolling customers in named communities <i>(For Aggregated Resources)</i>				
No commitment to enrolling customers in named communities				0
<30% enrollment of customers in named communities				1
≥30% enrollment of customers in named communities				2
Standalone projects located in named communities <i>(For Standalone Resources)</i>				
Not located in named community				0
Located in named community				2

Appendix D: RFP Quantitative and Qualitative Analysis

Figure List D.3: Category B qualitative scoring rubric

<b>Evaluation Categories</b>	<b>Weight</b>			<b>Points</b>	
<b>Counterparty Viability</b>	15%	x	0	_ / 8	
<i>Screening based on 2 key areas listed below. The total sum is applied towards this category.</i>					
<i>Experience Level</i>					
Bidding Entity (company) has no demonstrable experience implementing <b>at least 1</b> similar size and technology deployment					1
Bidding Entity (company) has demonstrable experience implementing <b>&lt; 3</b> similar size and technology deployment					2
Bidding Entity (company) has demonstrable experience implementing <b>≥ 3</b> similar size and technology deployments					3
<b>Direct team working on project (at least one member)</b> has demonstrable experience implementing <b>≥ 3 and ≤ 5</b> similar size and technology deployments					4
<b>Direct team working on project (at least one member)</b> has demonstrable experience implementing <b>&gt; 5</b> similar size and technology deployments					5
<i>Counterparty Stability</i>					
Bidder assessed to have weak or limited financial profile and/or has been engaged in recent material disputes or legal proceedings					1
Bidder assessed to have an acceptable financial profile and/or has not been engaged in recent material disputes or legal proceedings					2
Bidder assessed to have a strong financial profile and has not been engaged in recent material disputes or legal proceedings					3
* Material legal proceedings within past five years. PSE will generally consider legal breaches of greater than \$5 million to be material					
<b>Project Viability</b>	15%	x	0	_ / 9	
<i>Screening based on applicable areas listed below. The total sum of the respective applicable areas is applied towards this category.</i>					
<i>Execution Plan</i>					
Plans provide little or no details to evaluate robustness of execution plan					1
Plans provide general overview without necessary details to evaluate some areas of the robustness of outlined execution					2
Detailed plans describing among other items, overall program design, management and performance guarantees.					3
Detailed plans as described above, but also include plans for integration of operations with other parties for completion of program					4
<b>Site Control / Customer Acquisition Status</b>					
<i>If Applicable</i>					
15% x 0 = _ / 3					
<i>Customer / Site Acquisition Plan (DR and Aggregated DER only)</i>					
Plan provides little or no detail about how sites / customers will be identified, what constitutes a qualifying site, or what marketing tactics will be utilized.					0
Plan provides a general overview without necessary details to evaluate some areas on the robustness; may not include an assessment of market potential within PSE service territory.					1
Detailed plan describing how sites will be identified, customer acquisition timeline and tactics, market potential, and timeline of resource additions.					2
Detailed plan and some customers / sites already identified.					3

Appendix D: RFP Quantitative and Qualitative Analysis

<b>CETA Equity Plan</b> <i>Customer Benefits from Transition to Clean Energy Plan</i>	35%	x	0	_ / 20
Does the service enhance the program's ability to reduce air pollution by decreasing carbon emissions and deploying renewable resources?				
Not Applicable				N/A
No (annual metric tons of CO2)				0
Yes (annual metric tons of CO2)				2
Does the service enhance the program's ability to mitigate the impacts of climate change eg. Wildfires, droughts through reduced peak demand?				
Not Applicable				N/A
No (%)				0
Yes (%)				2
Does the service enhance the program's ability to outdoor air quality and help abate health issues (eg. asthma, heart disease)?				
Not Applicable				N/A
No (annual metric tons of NOx, SOx, and PMP2.5)				0
Yes (annual metric tons of NOx, SOx, and PMP2.5)				2
Does the service enhance the program's ability to abate health and safety issues, including indoor air quality (e.g., asthma, heart disease, and heat-related illnesses)? - Health factors like mortality, hospital admittance, work loss days				
Not Applicable				N/A
No (%)				0
Yes (%)				2
Does the service enhance the program's ability to decrease the percentage of customers' income dedicated to energy costs for highly impacted communities and vulnerable populations?				
Not Applicable				N/A
No (%)				0
Yes (%)				2
Does the service enhance the program's ability to provide additional, higher quality career opportunities to highly impacted communities or vulnerable populations?				
Not Applicable				N/A
No (F/T, training and short term jobs)				0
Yes (F/T, training and short term jobs)				2
Does the service increase outreach and accessibility for highly impacted communities or vulnerable populations by providing materials in non-English languages?				
Not Applicable				N/A
No (%)				0
Yes (%)				2
Does the service enhance the program's ability to decrease the number of and frequency of outages through the use of distributed resources?				
Not Applicable				N/A
No (%)				0
Yes (%)				2
Does the service enhance access to reliable clean energy for highly impacted communities or vulnerable populations?				
Not Applicable				N/A
No				0
Yes				2
Does the service improve home comfort for highly impacted communities or vulnerable populations including heating and cooling, and indoor air quality?				
Not Applicable				N/A
No				0
Yes				2

Appendix D: RFP Quantitative and Qualitative Analysis

<b>CETA Equity Plan Business Values</b>	20%	x	0	_ / 20
Has your firm adopted an Environmental, Social, Corporate Governance - ESG/sustainability policy, implementation process and business procedures?				
No action plan				0
Partial action plan touching on at least one element				2
Comprehensive action plan touching on social, environmental and additional topics				4
Is the Respondent a small business or minority, women and veteran owned business enterprise (SMWVBE)?				
Respondent is not a SMWVBE				0
Respondent is certified by the U.S. Small Business Administration				6
Respondent is certified by the Washington State Office of Minority & Women's Business Enterprises (OMWBE) and/or Washington State Department of Veterans Affairs (WDVA)				12
Does the developer intend to comply with the labor standards in RCW 82.08.962 and 82.12.962? If yes, provide a summary description.				
No, the developer does not intend to comply with labor standards consistent with RCW 82.08.962 and 82.12.962				0
The developer intends to comply with labor standards consistent with RCW 82.08.962(1)(c)(i) and RCW 82.12.962(1)(c)(i).				1
The developer intends to comply with labor standards consistent with RCW 82.08.962(1)(c)(ii) and RCW 82.12.962(1)(c)(ii).				2
The developer intends to comply with labor standards consistent with RCW 82.08.962(1)(c)(iii) and RCW 82.12.962(1)(c)(iii).				4

2.1.1. **BCA Model**

The quantitative metrics assessed in Phase 1 are expected costs associated with the capacity and energy prices offered for each response. PSE used the DER Benefit Cost Analysis (BCA) tool developed for the 2021 CEIP to model the costs and benefits of each proposal. The BCA model analyzes both the utilities' and customers' economic perspectives and the interdependencies between the two. The BCA was selected as the primary modeling tool for the DER RFP for this ability to model both customer and utility economic impact as well as calculate cost tests that align with practices outlined in the National Standard Practice Manual (NSPM). To align with existing PSE modeling practices, where possible, the BCA utilizes the same base Aurora modeling assumptions used to develop the 2021 IRP and, when possible, updated modeling assumptions from the 2023 Electric Progress Report. Table D.3 below summarizes the main elements quantified in the BCA model.

**Table D.3: Main elements of BCA Model**

Costs	Benefits
Utility initial capital outlay	Utility reduced system peak capacity
Utility grossed-up return on asset base	Utility reduced transmission peak capacity
Utility O&M costs	DER generation hedge value
Utility PPA payments	Utility flexibility benefit and frequency response offset value
Utility owned/operated battery energy storage system charging costs	Customer backup power savings
Host customer initial capital outlay	Societal greenhouse gas benefits
Host customer program participation costs	

Appendix D: RFP Quantitative and Qualitative Analysis

Costs	Benefits
Host customer battery energy storage system market purchase charging costs	
Host customer O&M	

The three primary metrics used in the quantitative analysis mirrored closely those used in the 2021 All-Source RFP and are shown below in Table D.4 below from Exhibit A of the 2022 DER RFP.

**Table D.4: 2021 All Source RFP primary metrics**

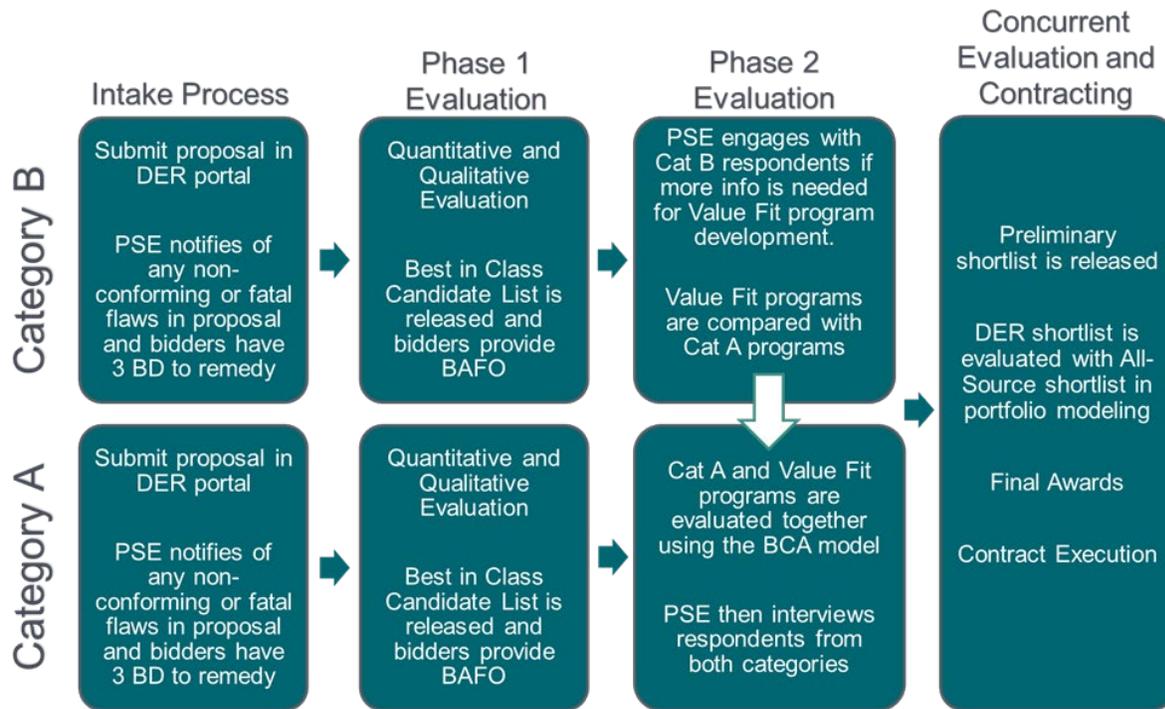
Metric	Description	Value
<b>Net Resource benefit (\$)</b>	Difference between the net present value of bid resource and the net present value of equivalent generic resource. Projects may have a portfolio benefit by displacing higher cost DERs	Higher is better. Useful for comparing projects of comparable size and technology type. Used to determine the optimal combination of resources that meets PSE's resource needs.
<b>Net Resource benefit per offered Nameplate (\$/MW)</b>	The net present value of a proposed project's net resource benefit divided by the net present value of the project's offered nameplate capacity.	Higher is better. Useful for comparing different project sizes and technologies. Used along with qualitative metrics in establishing an initial ranking of projects for inclusion in the portfolio design.
<b>Cost Test Output (ratio)</b>	The ratio of net present value of benefits over net present value of costs with different cost tests using different specific costs, benefits, and discount rates.	Higher is better. Useful for comparing project cost and benefits from different perspectives.

Proposals were then ranked based on their combined score, which was a combination of qualitative and quantitative attributes. PSE decided to include all projects in its candidate list, which meant they all moved forward from Phase 1 to Phase 2.

For Phase 2, PSE incorporated Category B proposals into complete bids, referred to as Value Fit programs. Value Fit programs had to have all the elements of a turnkey resource, meaning they covered customer enrollment, equipment installation and other core programs activities. PSE included its own resources into these Value Fit programs where necessary to try to provide a complete program (e.g., a Category B proposal could just be for equipment installation services, so PSE estimated internal resources required to provide customer engagement and administrative support to build out a complete Value Fit program). Value fit programs were then evaluated similarly to the Category A proposals during Phase 1. With this collected data a more accurate comparison of Category A proposals and Value Fit programs was achieved.

Appendix D: RFP Quantitative and Qualitative Analysis

**Figure D.4: Overview of Category A and B evaluation process**



The evaluation team began to further hone projects with cyber security concerns and similar IT/OT issues. A few proposals with SaaS solutions that did not complete a SOCII Type 2 audit or were at least in progress to do so were rejected from further evaluation.

A ranking of Category A proposals and Value Fit programs was achieved, based on the combined scores of the projects, which had a price and non-price weighting of 60% and 40%. Two Value Fit programs were developed and compared with the turnkey Category A proposals. Both Value Fit programs were rejected, one ranked second to last based on the combined score and was found to not be cost-effective based on the Societal Cost Test (SCT), and the other completely overlapped with another winning bid that provided more capacity. The Societal Cost Test as used in the DER RFP mirrors that used in PSE's 2021 Clean Energy Implementation Plan [see Appendix D: DER Suite Selection and Evaluation] with minor updates to fully align the SCT with the most recent iteration of the Jurisdictional Cost Test outlined in Docket UE-210804. Three (3) Category A demand response proposals, provided by AutoGrid, EnelX and Oracle, were highly ranked and cost-effective, so they were shortlisted for the Concurrent Analysis with the 2021 All-Source's shortlisted projects. The three projects helped inform the 2021 All-Source's shortlist and not DER RFP shortlisted project was rejected due to the Concurrent Analysis. The three programs also did not extensively overlap with the customer segments they were separately targeting. The remaining programs not shortlisted in the RFP did extensively overlap in targeted customer segments (e.g., two bidders targeting the same C&I customer base). All DR providers had notified PSE during interviews that they would have to adjust their MW targets for DR enrollment if other DR providers were vying for the same customers. All DR providers

Appendix D: RFP Quantitative and Qualitative Analysis

based their initial proposals off of PSE's current market conditions, which had no existing products to compete with. To select multiple programs with overlapping customer segments would have had an effect on the cost-effectiveness of all impacted programs as each program's targeted MW amount is reduced to a more conservative number. A summary of the shortlisted results is provided in Table D.5 below, with details in Chapter 5, Specific Actions.

**Table D.5: Demand response shortlist programs from Phase 2 Modeling**

Program Bidder	Cumulative 2025 Winter MW	Customer Segment	Program Type	Societal Cost Test	Combined Score	Selected for Contracting (Yes/No)
Enel X	30	Commercial	Demand Response – Bundled	10.76	66.42	Yes
Bidder A	Less than 10 MW	Residential	Demand Response – Bundled	4.85	58.94	No
Oracle*	4	Residential	Behavioral	4.82	55.23	Yes
Autogrid	33.6	Majority Residential + Commercial	Demand Response – excluding Battery program	4.41	42.48	Yes
Autogrid (included with the DR proposal, but analyzed separately)	12	Residential	Battery	0.82	42.48	Yes
Bidder B	More than 10 MW	Majority Commercial + Residential	Demand Response – Bundled	2.85	40.35	No
Bidder C	More than 10 MW	Majority Commercial + Residential	Demand Response – Bundled	3.00	34.26	No

\* In contract negotiations Oracle's bid changed from what was initially modeled.