BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Docket UE-210795
Puget Sound Energy
PSE 2021 Clean Energy Implementation Plan

FRONT AND CENTERED AND NW ENERGY COALITION DATA REQUEST NO. 221:

Topic: Durbin Testimony (Planning Timeline, Demand Response, Specific Actions)

Witness Durbin testifies that "[i]n this round of RFPs, PSE requested that bidders provide a CETA customer benefit plan as part of their proposal. . . .PSE used this project specific customer benefit information as part of the evaluation and determination of bids to pursue." KKD-6T at page 20:13–20:19.

a. Please provide PSE's request that bidders provide a CETA customer benefit plan.
b. Please confirm that PSE is unwilling to make the "project specific customer benefit information" received from bidders publicly available prior to conclusion of the RFP process.
c. Please explain whether PSE is willing to make all "project specific customer benefit information" received from bidders publicly available after the conclusion of the RFP process. If PSE is willing to provide this information, please provide it and any internal PSE analysis of this information as soon as possible.
d. Please explain the steps PSE takes to ensure that the project specific customer benefit information received from bidders is accurate and complete.
e. Please explain the steps PSE takes to solicit community input and participation on this project specific customer benefit information received from bidders.

Response:

a. Attached as Attachment A to Puget Sound Energy's ("PSE") Response to Front and Centered and NW Energy Coalition Data Request No. 221, please find PSE's 2021 All-Source request for proposals ("RFP").

Attached as Attachment B to PSE's Response to Front and Centered and NW Energy Coalition Data Request No. 221, please see "Exhibit A Evaluation Criteria and Scoring" to the 2021 All-Source RFP for Renewable and Peak Capacity Resources.

Attached as Attachment C to PSE's Response to Front and Centered and NW Energy Coalition Data Request No. 221, PSE's Targeted distributed energy resource ("DER")/demand response ("DR") RFP.

Please see page 34 of Attachment A, pages A-9-10 of Attachment B, and page 53 in Section 5: Proposal Requirements, of Attachment C for PSE's requests that bidders provide a CETA customer benefit plan.

b. PSE generally treats all information received during the RFP process, including project specific customer benefit information, as confidential prior to the conclusion of the RFP process. Therefore, PSE is reluctant to disclose such information while both RFP processes are still in progress.

c. PSE has executed mutual confidentiality agreements with all RFP bidders. Because these confidentiality agreements cover bid information that is not generally available to the public, with some limited exceptions, bidders might expect that project specific customer benefit information would be covered by the terms of the confidentiality agreement. As such, PSE is reluctant to provide that information to the public without first seeking express written consent from the individual bidders.

d. PSE reviews the information provided by each bidder for accuracy and completeness. After analyzing, PSE may reach out to the bidders for additional information through a request for data. All RFP bidders were invited to submit an updated customer benefit plan following the filing of the final 2021 Clean Energy Implementation Plan ("CEIP"). For the DER RFP, bidders were also graded by a standardized rubric evaluated by internal subject matter experts ("SME"), which measured the resource's impact on customer benefits.

e. For the All-Source RFP process, PSE has a dedicated SME with insight into the community impacts of each project. For the Targeted DER/DR RFP, prior project initiation, PSE and the developer will work with the community to design and implement the program. Additionally, for any project selected in the All-Source and DER RFP processes, PSE's standard contracting provisions require regular reporting on the implementation of commitments made in the customer benefit plan, as well as reporting on community and public engagement activities.

ATTACHMENTS A-C to PSE's Response to FRONT AND CENTERED AND NW ENERGY COALITION Data Request No. 221

Attachment A

2021 ALL-SOURCE RFP

for Renewable and Peak Capacity Resources

June 30, 2021

PSE PUGET SOUND ENERGY

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List of Exhibits

This All-Source Request for Proposals (" the All-Source RFP") seeks bids from qualified parties ("respondents" or "bidders") to supply up to 1,669 GWh of Clean Energy Transformation Act ("CETA") eligible resources and up to 1,506 MW of capacity resources to Puget Sound Energy, Inc. ("PSE" or "the Company"). It is an All-Source RFP, meaning that PSE will consider any electric resource or energy storage resource that can meet all or part of the Company's resource need, consistent with the requirements described herein. The All-Source RFP will be available on PSE's web site at the following link: http://www.pse.com/RFP.

While proposals for demand response ("DR") and distributed energy resources ("DER") are welcome to participate in this All-Source RFP, PSE will file a draft targeted DER RFP by November 15, 2021 and issue a final targeted DER RFP in early 2022 after developing technical and operational requirements for a virtual power plant platform in mid-2021. The targeted RFP will communicate PSE's virtual power plant requirements to bidders and should help reduce the costs to PSE customers associated with individual DR and DER bids (as bidders will not need to include a distribution platform with their proposals). See Section 2 for more information about the resources eligible to participate in this All-Source RFP procurement and the targeted DER RFP.

PSE will pursue a resource procurement process that is accessible and fair for all bidders. PSE encourages all bidders able to meet the requirements of this All-Source RFP to participate, including bidders representing minority-, women-, disabled- and veteran-owned businesses. PSE encourages bidders interested in partnering with PSE to support supplier diversity through inclusive, competitive procurement processes.

This All-Source RFP process may or may not result in one or more transactions by PSE. PSE reserves the right to modify and/or cancel this All-Source RFP to comply with changes to regulatory policy, or federal, state, or local laws.

1. Resource Need

The integrated resource planning analysis, which evaluates and establishes the Company's capacity (physical reliability) and renewable energy (policy driven)[1] needs, consistent with WAC 480-100-620, guides PSE's electric resource acquisition process. PSE's most recent Integrated Resource Plan (the "2021 IRP") includes a discussion of the electric planning standard and describes the methodology for analyzing the Company's resource needs. PSE filed the 2021 IRP in April 2021. The 2021 IRP includes an assessment of PSE's resource needs and can be found on PSE's web site at the following link: http://www.pse.com/irp.[2]

[1] *PSE has a legal obligation to meet the requirements of the Energy Independence Act, Chapter 19.285 RCW and the Clean Energy Transformation Act ("CETA"), Chapter 19.405 RCW. The Energy Independence Act, also known as Washington state's renewable portfolio standards, requires PSE to acquire qualifying eligible renewable resources and/or renewable energy credits to meet 15 percent of its load. CETA sets statewide policy goals for the elimination of coal-fired resources by December 31, 2025, 80 percent carbon free generation and overall carbon neutral electricity by 2030, and 100 percent carbon free electricity by 2045.*

[2] *See also WUTC Docket Nos. UG-200305 (natural gas) and UE-200304 (electric).*

SECTION 1. RESOURCE NEED

Washington state's RPS and renewable energy requirements calculate the required amount of renewable resources as a percentage of megawatt hour (MWh) sales; therefore, when MWh sales decrease, so do the amount of renewables PSE needs. Achieving demand-side resource targets has precisely this effect. Demand-side resources, including conservation, decrease sales volumes, which then decrease the amount of renewable resources needed. Consistent with the 2021 IRP, demand-side resources include energy efficiency, the Washington State Energy Code ("WSEC") and federal and state equipment codes and standards, distribution efficiency and customer-owned solar PV. Figure 1 shows PSE's renewable needs before and after 2021 IRP demand-side resources levels.

The 2021 IRP demonstrates a need for additional resources to help meet PSE's peak capacity and Washington state's Clean Energy Transformation Act ("CETA") compliance needs. Given these objectives, PSE's analysis of proposals will focus on a resource's ability to meet all or part of its capacity, CETA, or both needs at the lowest reasonable cost to customers. PSE will evaluate any commercially viable electric generation, storage, or other resource type or technology, provided that the resource complies with all applicable laws and regulations, and meets the minimum qualification requirements described in Section 4 of this All-Source RFP. Resources that offer both (i) a material capacity contribution and (ii) attributes consistent with CETA needs will receive the benefit of both value streams in PSE's analysis.

As noted above and further described in Section 2 below (Eligible Resources), PSE plans to file a draft targeted DER RFP in November 2021. PSE anticipates that the types and amounts of resources to be solicited in the targeted DER RFP will generally be consistent with the demand response, distributed energy resource solar, and distribution-system interconnected distributed energy resource battery resource additions identified in the Electric Preferred Portfolio presented in the 2021 RFP (29 MW, 80 MW and up to 25 MW, respectively) for the period 2022 to 2025. PSE may modify these targets as a result of the Clean Energy Implementation Plan to be filed with the Commission in October 2021. When the targeted DER RFP is finalized and approved, PSE may revise the total CETA-compliant renewable energy and capacity need sought through this All-Source RFP, described below, to take into account the amount of demand response and distributed energy resources (solar and battery) to be sought through the DER RFP. PSE will provide stakeholders, potential bidders and other interested parties with a resource need update when more definitive information becomes available.

SECTION 1. RESOURCE NEED

PSE has a need for CETA-compliant resources

Washington state has two renewable energy requirements. The first is the state's renewable portfolio standard ("RPS"),[3] which requires PSE to meet specific percentages of its load with renewable resources or renewable energy credits ("RECs") by specific dates. Under the statute (RCW 19.285) Washington utilities must meet 15 percent of retail sales with renewable resources by 2020. PSE has acquired sufficient qualifying renewable resources to meet its forecast RPS obligations through the RFP period, including the ability to bank RECs. Existing hydroelectric resources may not be counted towards RPS goals except under certain circumstances for new run-of-river plants and efficiency upgrades to existing hydro plants. Given the size of the CETA need presented below, PSE does not expect to have an RPS need in addition to the CETA need.

The second renewable energy requirement is Washington state's Clean Energy Transformation Act.[4] CETA requires that at least 80 percent of electric sales in Washington be met by non-emitting or renewable resources by 2030, and 100 percent by 2045. Whereas hydro resources and other non-emitting resources do not qualify as renewable resources for the purpose of meeting the requirements of Washington's RPS, certain hydro resources and other non-emitting resources do count toward meeting the compliance requirements of CETA. For a full definition of CETA-compliant resources, see RCW 19.405.[5]

[3] *Energy Independence Act (aka. Washington state's "renewable portfolio standard"): RCW 19.285 (November. 7, 2006), https://app.leg.wa.gov/rcw/default.aspx?cite=19.285*
[4] *Clean Energy Transformation Act: RCW 19.405 (May 7, 2019), https://app.leg.wa.gov/RCW/default.aspx?cite=19.405.*
[5] *See footnote 3.*

Figure 1. ***Renewable resource need***

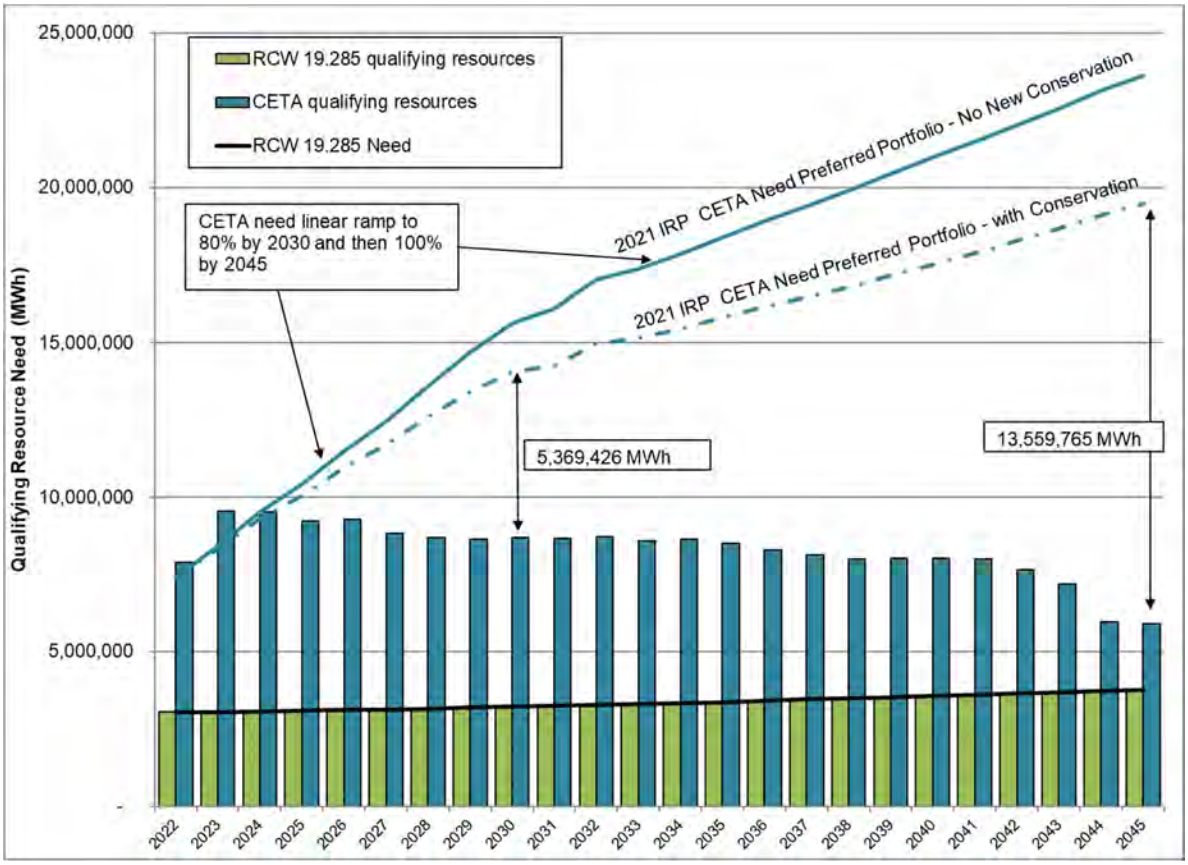


Table 1. ***CETA need by year***

CETA Need in GWhs	2022	2023	2024	2025	2026
CETA qualifying resources	7,398	9,045	9,087	8,963	9,016
2021 IRP Draft CETA Energy Target - Mid with Conservation	7,398	8,345	9,297	10,059	10,958
CETA Need/(Surplus)	0	(699)	210	1,096	1,942
Net Hydro CETA energy additions	(499)	(499)	(442)	(275)	(273)
Adjusted CETA Need/(Surplus)	(499)	(1,198)	(232)	821	1,669
Need Assuming 36% Capacity Factor (WA Wind) (MW)				260	529
Need Assuming 24% Capacity Factor (East WA Solar) (MW)				391	794

* CETA need figures in Table 1 above may be revised to take into account resources sought through the targeted DER RFP when finalized and approved.

To align PSE's procurement approach with the IRP's ramping strategy to meet the Company's 2030 CETA requirement, PSE prefers to acquire enough CETA-eligible resources by the end of 2025 to meet the IRP's 2026 target. The total need for CETA-eligible clean energy resources is 1,669 GWh by 2026 growing to 5,369 GWh by 2030. Table 1 provides an approximate strategy,

or glide path, for meeting the CETA needs identified the 2021 All-Source RFP by 2026. All eligible resource types, wind, solar, DR, DER, and other CETA-eligible resources will be evaluated[6] based on their ability to help meet this need and the capacity need identified below. The All-Source RFP does not include resource-specific targets.

PSE has a need for new capacity resources

PSE's demand forecast demonstrates a need for 369 MW of new electric capacity resources in 2026 that is expected to increase to 527 MW in 2027. This forecast reflects PSE's F2020 normal peak load forecast. It also includes the impact of the removal of PSE's interests in Colstrip units 3 and 4 from PSE's portfolio after 2025; the expiration of the Centralia Power Purchase Agreement ("PPA"); the addition of the resources PSE acquired through the 2018 All-Resources RFP; and the addition of intermediate-term hydro contracts.

PSE's current transmission portfolio includes approximately 1,500 MW of firm transmission rights that deliver energy from the Mid-C trading hub to the PSE load center. Chapter 7 of the 2021 IRP[7] included a market risk assessment that evaluated the ongoing availability of the short-term power contracts associated with the transmission rights. PSE modeled a five- and ten-year resource adequacy assessment.[8]

As a result, PSE proposes to address market risk by gradually reducing the short-term market purchase limit, associated with the transmission rights from the Mid-C trading hub, from approximately 1,500 MW to about 500 MW by the year 2027. This reduction in market reliance increases the capacity need. To replace those short-term contracts, PSE will seek firm resource adequacy qualifying capacity contracts, compliant with CETA. Numerous regional entities, including PSE, are collaborating on the development of a regional resource adequacy ("RA") program.[9] Should PSE determine the program meets the needs of PSE customers, it will be incorporated into future planning activities and operation. PSE will work with successful bidders to be designated as participating RA resources in the RA program, if appropriate. Table 2 outlines a strategy, or glide path, to address the capacity need. The total market reliance reduction and glide path proposed in Table 2 are not binding. PSE intends to conduct further analysis of the proposed market reliance reduction and hold a workshop in Q3 2021 to share its analysis with stakeholders. PSE may adjust its strategy, if it determines that doing so would be in the best interest of customers; for example, if PSE receives new information that suggests an alternate reduction or glide path would be optimal, or if selected resources with different proposed timing can help meet PSE's capacity need and reduce costs.

[6] *Glide path is indicative. The timing of actual resource acquisitions will maximize customer benefits.*
[7] *2021 IRP Chapter 7: https://oohpseirp.blob.core.windows.net/media/Default/Reports/2021/Final/07.IRP21_Ch7_032921.pdf*
[8] *Puget Sound Energy, "2021 Integrated Resource Plan," issued April 1, 2021, www.pse.com/irp.*
[9] *"Resource Adequacy Program," Northwest Power Pool, https://www.nwpp.org/about/workgroups/12.*

Figure 2. ***Capacity need forecast***

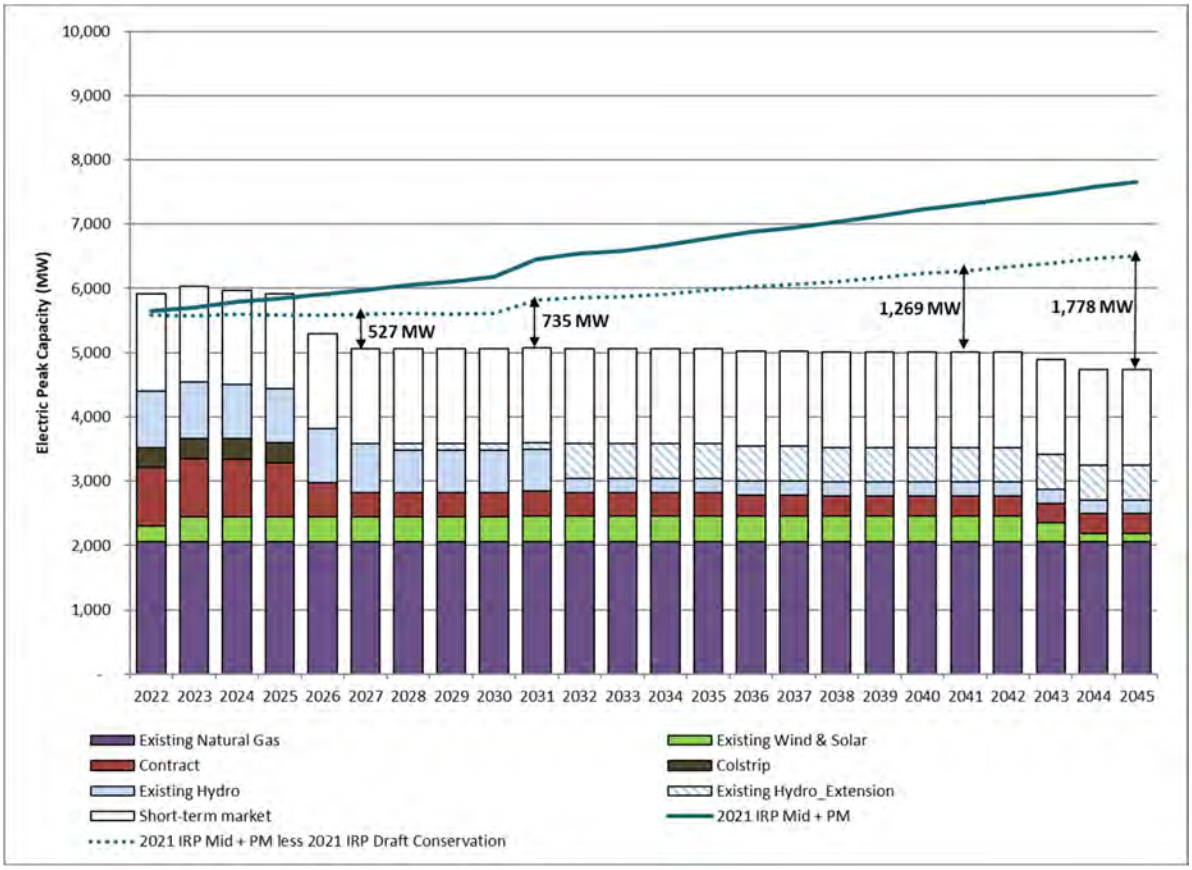


Table 2. ***Cumulative capacity need by year[10]***

Need/(Surplus) and Additions in MW	2022	2023	2024	2025	2026	2027
2021 Draft IRP Need/(Surplus)	(230)	(350)	(306)	(257)	369	527
Reduced Market Reliance Need		185	372	574	776	979
Total Resource Need/(Surplus)	(230)	(165)	66	317	1,145	1,506
Net Hydro Capacity Additions	(101)	(106)	(71)	(71)	(71)	
Adjusted Total Resource Need/(Surplus)	(331)	(271)	(5)	246	1,074	1,506
Estimated Glide Path of Incremental Resource additions		300	300	300	300	306

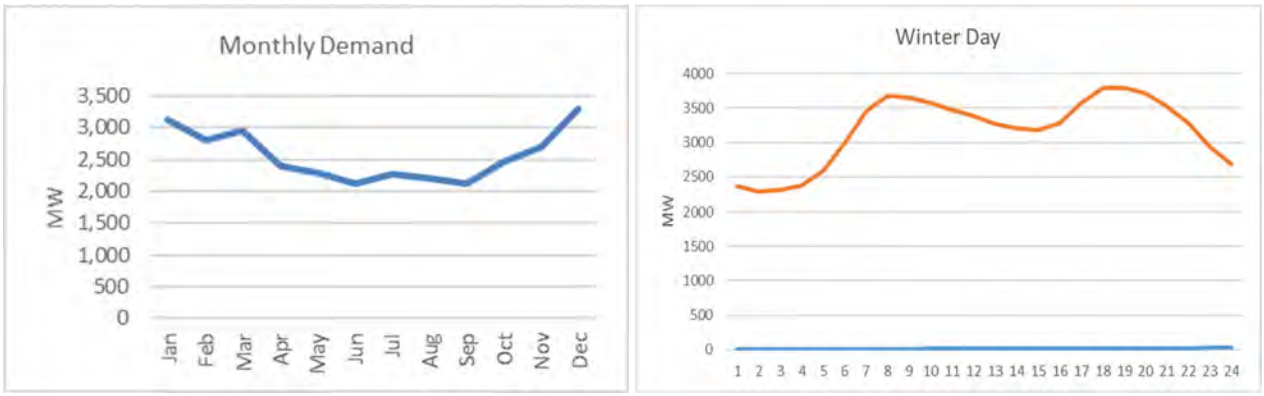
* Capacity need figures in Table 2 above may be revised to take into account resources sought through the targeted DER RFP when finalized and approved.

Although PSE's resource need is expressed as a winter peak (Figure 2 above), PSE also has seasonal and daily capacity needs. PSE's effective load carrying capability ("ELCC") quantitative

[10] *Glide path is indicative. The timing of actual resource acquisitions will maximize customer benefits.*

analysis will favor resources with production shapes that align well with PSE's load or that offer the ability to dispatch to meet load. Proposals that can help meet seasonal (Nov.-Feb., Dec.-Feb. or Nov.-Mar.), heavy load hour (HE 0700-2200), and super peak (HE 0700-1000 and 1800-2100, Nov.-Jan.) needs, while reducing surpluses off peak, will benefit in PSE's quantitative analysis. Figure 3 illustrates PSE's typical monthly load shape and its hourly load shape for a typical winter day.

Figure 3. ***PSE's typical monthly and hourly shapes***



Evaluating the capacity contribution of resources

PSE's analysis expresses a resource's contribution to capacity as its effective load carrying capability ("ELCC"). ELCC is an approach to comparing the relative peak capacity contribution of resources with different operating characteristics. The ELCC, or peak capacity benefit, is the contribution of a resource to meeting a utility's coincident peak capacity need. Because ELCC values are highly dependent on the load characteristics and mix of resources in a utility's portfolio, they are unique to each utility.

PSE will calculate ELCC values consistent with the 2021 IRP methodology for generic resources.[11] The Phase 1 quantitative analysis will approximate the ELCC value of each proposed RFP resource using the ELCC value of a comparable generic resource from PSE's 2021 IRP analysis. Figure 4 presents the ELCC values for the generic resources from the 2021 IRP preferred portfolio. The Phase 2 quantitative analysis will be based on resource-specific ELCC values calculated for each Phase 2 resource.

[11] *For the 2021 IRP, PSE started with the GENESYS model from the Northwest Power and Conservation Council ("NPCC") power supply adequacy assessment for 2023. The GENESYS model was developed by the NPCC and the Bonneville Power Administration (BPA) to perform regional-level load and resource studies. More information about PSE's resource adequacy modeling tools and approach are described in Chapter 7 of the 2021 IRP.*

Figure 4. ***Generic ELCC values by resource type and location (RFP Phase 1)***[12]

Resource Type	Resource	ELCC
Thermal Resources	CCGT[13]+Duct Firing	100.0%
	Peaker - Frame	100.0%
	Peaker - Reciprocating	100.0%
Renewable Resources	WA Wind Offshore	48.4%
	WY Wind East	40.0%
	WA Wind	17.8%
	MT Wind East	21.8%
	Biomass	95.0%[14]
	MT Wind Central	30.1%
	East WA Solar	4.0%
Capacity-Only Resources	Li-Ion 2-hour	12.4%
	Li-Ion 4-hour	24.8%
	Flow 4-hour	22.2%
	Flow 6-hour	29.8%
	Pumped Storage	37.2%
Hybrid Resources	WA Solar, Li-ion, 25MW/50MWh, 82% RT efficiency	14.4%
	WA Wind, Li-ion, 25MW/50MWh, 82% RT efficiency	23.6%
	MT East Wind, pumped storage, 8-hr, 80% RT efficiency	54.3%

Evaluating the capacity contribution of RFP resources: Phase 1

In Phase 1 of the All-Source RFP evaluation process, PSE's quantitative analysis will approximate the ELCC value of each proposed RFP resource using the ELCC value of a comparable generic resource from PSE's 2021 IRP analysis (Figure 4 above). For variable energy resources, PSE will compare the 8760 generation profiles provided by bidders to verify general consistency with the associated generic resource assumption. If PSE identifies a proposal that significantly differs from the associated generic assumption and the bidder provides independently verified third-party support for their generation output profile, PSE would take that into consideration in its analysis.

[12] For a complete list and discussion of the generic ELCC values and associated assumptions used in PSE 2021 Integrated Resource Plan ("IRP"), see also Chapter 7 (Resource Adequacy Analysis) of the 2021 IRP, which can be found online at https://pse-irp.participate.online/2021-irp/reports.

[13] Combined Cycle Gas Turbine ("CCGT") plant

[14] The 2021 IRP assumes that biomass does not have a firm fuel supply, therefore, the ELCC would be 0 percent. The All-Source RFP will assume a generic ELCC of 95 percent for biomass proposals that meet the following minimum criteria described in Section 4 of the RFP: "Biomass, biofuel or other generation resources requiring fuel must provide in their proposals a fuel supply plan that demonstrates the firm availability of the fuel supply (either through an agreement or other equivalent means) to support the proposed capacity for the proposed term."

If a bidder cannot provide this support, the generic ELCC assumption would be used. The All-Source RFP requires a minimum of one year of wind resource or solar irradiance data.

At the end of Phase 1, PSE intends to select a candidate pool of resources for portfolio optimization analysis that represent the best-performing proposals from different resource types and technologies to test the performance of combinations of resources toward achieving a lowest reasonable cost portfolio. This means that the ELCC values of one resource type compared to another is less important in Phase 1 because PSE will select a representative sampling of resources for further consideration, subject to meeting the minimum criteria defined in the All-Source RFP.

Evaluating the capacity contribution of RFP resources: Phase 2

Because an individual project's ELCC will vary, the Phase 2 quantitative analysis will be based on resource-specific ELCC values calculated for each Phase 2 resource. Resource-specific ELCC values will take into account a resource's exact location, generation shape, characteristics of the resource (e.g., ability to dispatch, duration of output, etc.) and the availability of firm delivery to PSE's load center. PSE will also take into account resource-specific "fuel" supply for resources that can demonstrate a more favorable fuel supply than assumed in PSE's generic ELCC assumptions, such as a firm fuel supply for biomass, a more favorable wind resource or solar irradiance (via a third-party verified 8760 data), or a demonstrated ability to charge during a loss of load event for storage.

See also Section 3 (Schedule and Process) of the All-Source RFP for a description of PSE's RFP evaluation process and tools.

ELCC workshop

PSE received a number of comments from stakeholders on its draft All-Source RFP with questions about the Company's ELCC assumptions and how they will be reflected in the 2021 RFP evaluation process. The Company would like to offer an opportunity to stakeholders and bidders to learn more about the modeling approach and assumptions used to derive its generic resource ELCC assumptions, how the generic and resource-specific ELCC values will be used in the RFP analysis, and how the resource-specific ELCC values are different than the generic ELCC assumptions.

To that end, PSE will host an ELCC workshop in August 2021. PSE plans to circulate reference materials for stakeholder consideration prior to the workshop to allow interested parties to formulate comments and questions ahead of time, and to ensure a robust discussion. Stakeholders will be invited to comment on PSE's ELCC assumptions at that time. PSE will post information about the workshop on its RFP web site and notify stakeholders as more information becomes available. To be added to PSE's stakeholder distribution list, please contact the AllSourceRFPmailbox@pse.com.

2. Eligible Resources

In order for a proposal to be considered, the bidding entity must demonstrate that it currently owns or has legally binding rights to develop or market the project(s). The bidder must also demonstrate an ability to meet the minimum requirements for eligibility, which can be found in Section 4 of this All-Source RFP.

Resource characteristics

PSE will consider power purchase agreements and ownership agreements for CETA-compliant electric generation, capacity-only resources, storage resources and demand side resources from any commercially proven technology.[15] PSE requires delivery of as-generated renewable energy on a firm hourly schedule with all associated environmental attributes.

PSE has a dual need for resources to help meet the CETA requirement to achieve an 80 percent renewable or non-emitting resource portfolio by 2030, and to help meet the capacity need described in Section 1. PSE's capacity needs are greatest in winter; therefore, PSE will evaluate resources based on their ability to fill winter deficits while minimizing off-peak surpluses. Resources that are dispatchable, are shaped to meet winter peak needs, or with generation profiles that align well with PSE's load shape (Section 1) will perform best in PSE's analysis. PSE will consider the seasonality of the generation, the ability to control the project's output to match PSE's resource needs (up to and including real-time dispatch and displacement), and contractual mechanisms to shape project output to need. CETA-compliant non-emitting resources that can also meet capacity needs are most preferred. Proposals must be consistent with the proposal requirements described in Section 4 (Minimum Proposal Requirements), and Exhibit B (Proposal Requirements Forms) to this All-Source RFP. PSE encourages qualified respondents representing small projects (≥5 MW)[16] or large-scale projects to participate in this All-Source RFP.

[15] *PSE is not seeking REC-only products in this All-Source RFP because the company currently has sufficient renewable resources and banked RECs to meet its RPS obligations through the RFP period, and RECs will not be needed for CETA compliance until 2030.*

[16] *Qualified facilities with nameplate capacities of 5 MW or less may sell power to PSE pursuant to electric tariff rate Schedule 91.*

Table 3. *Eligible resources*

Resource	Description (including but not limited to)	Ownership	Notes
CETA-eligible energy	Renewable resources including new and existing wind, biomass, hydroelectric, etc.	PPA and ownership	Resource must meet RCW 19.405.040
Baseload generation	Hourly, daily, or seasonally shaped or block products and unit contingent bids	PPA and ownership	System purchases must meet RCW 80.80
Capacity products	Capacity call options, dispatchable resources, storage (BESS, pump hydro, etc.)	PPA and ownership [17]	BESS products have use case requirements (pages 14-16)
Temporal exchanges	Temporal exchanges (e.g., year round, seasonal), November-February; 7x16, 7x24, or 6x16 product with delivery to PSE on west side of Cascades	PPA	System exchanges must meet RCW 80.80
Hybrid resources	A combination of renewable resources, storage, or capacity products such as solar + BESS, wind + BESS, wind + solar, etc.	PPA and ownership	
Demand-side resources	Aggregated distributed resources, demand response, other customer located resources, etc.	PPA	See pages 16-18
Other resource not specified above	Any commercially available resource that meets or partially meets PSE's identified CETA and capacity needs.		

Energy delivery

This All-Source RFP seeks incremental capacity and renewable energy to meet PSE's projected capacity and CETA needs. PSE will only consider resources that provide firm delivery to PSE's system or to a delivery point identified in Table 4 at the end of this section. PSE will only assign a capacity value to resources that (i) are located within PSEI's balancing area authority ("BAA") (at PSE's load center, PSEI.System, and west of the Cascades), (ii) demonstrate that the project has an achievable plan to secure long-term firm transmission that will deliver to PSE's system at

[17] *Due to the unique risks associated with ownership of battery energy storage systems, PSE prefers PPA agreements for such resources.*

BPAT.PSEI[18] prior to the project's commercial operation date ("COD"), or (iii) are consistent with the POD capacity eligibility in Table 4. In general, resources that meet both PSE's renewable and capacity needs will evaluate better than resources that only meet one of these needs. A bidder proposing to interconnect a resource on PSE's system will need to demonstrate that it has included all incremental costs to deliver energy from the resource to PSE's load. The bidder can do this by requesting interconnection and transmission service from PSE's Transmission Provider, subject to the terms of its Open Access Transmission Tariff ("OATT"). Bidders can determine these costs by requesting from PSE's Transmission Provider network resource interconnection service ("NRIS"), or bidders can request energy resource interconnection service ("ERIS") and long-term firm, point-to-point transmission service. These requests will allow PSE's Transmission Provider to study the need for system upgrades to accommodate interconnection and transmission service for the proposed resource. Preference will be given to developers seeking full deliverability to PSE's system, including a preference to bidders with NRIS interconnection service. Bidders with long-term, point-to-point service will also be considered. Energy storage proposals must demonstrate that they have been studied as a resource and a load and provide their state of charge and discharge assumptions in order to meet the use case specified on pages 14 to 16.

Additionally, bidders who are certified with the Federal Energy Regulatory Commission ("FERC") as qualified facilities ("QFs") are encouraged to participate in this RFP. Such bidders should submit bids under the FERC interconnection process, as detailed above. PSE is currently developing an agreement and associated procedures for interconnection and transmission of QF resources. If approval for such a QF interconnection, transmission agreement and procedures is granted to PSE during the process of this RFP, eligible bidders may switch to the QF interconnection and transmission process and study parameters, provided that the bidder is already certified with FERC as a QF. In such case, PSE will notify all bidders of the opportunity to make that switch.

Table 4 identifies PSE transmission assets that are available to bidders for the delivery of renewable energy and capacity products to PSE in response to this All-Source RFP. The details around this transmission can be found in Exhibit H. In addition to the points of delivery ("POD") identified in Table 4, bidders may, at their own expense, deliver on PSE's system west of the Cascades or at BPAT.PSEI. All proposals must include delivery costs, transmission and integration, to PSE's system or to one of the PODs in Table 4. Additionally, since PSE actively markets unscheduled transmission rights to reduce costs, proposals delivering to the PODs below will be evaluated with the transmission costs from the POD to PSE's system as a cost adder to the proposal. See Exhibit H for further details.

[18] BPAT.PSEI is a transmission scheduling point in BPA Transmission Service's ("BPAT") Open Access Same-time Information System ("OASIS"), which represents 24 separate interconnections between the balancing authority areas of PSE ("PSEI") and BPAT.

Click Bonneville Power Administration ("BPA") OATT rates[19] to be redirected to the current transmission rates posted on the BPA's website. Click PSE OATT rates[20] to be redirected to PSE's OASIS website. From the home page, open the "TARIFF" folder and then open the "PSEI Current OATT Prices 2020 06 01" Excel file.

Table 4. *Summary of PSE transmission assets available for delivery of proposed resources*

Location/ Resource	Amount	Date of first availability	Point of delivery	Eligibility for capacity credit	Notes	Transmission OATT cost included in evaluation?[21]
MIDC	Up to 1000 MW	1/1/2024	MIDCREMOTE (BPA)	Yes; however, VERS not eligible for capacity credit		Yes
California Oregon Intertie (COI)	Up to 300 MW, Mar 1 - Oct 31	1/1/2024	COB/MALIN (PSEI) Alternately JOHNDAY (BPA)	No capacity credit for winter months. Capacity contribution during summer season consistent with IRP ELCC assumptions.	Bidder responsible for alternative Nov-Feb delivery plan	Yes
Centralia	Up to 100 MW	1/1/2026	PAUL (BPA)	Yes, per IRP ELCC assumption		Yes
Lower Snake River (Central Ferry)	Up to 150 MW	3/1/2024	CENTRAL FERRY (BPA)	Yes, per IRP ELCC assumption		Yes

[19] *BPA OATT Rates, last updated Oct., 1, 2019, https://www.bpa.gov/Finance/RateInformation/RatesInfoTransmission/FY20-21/2020%20Transmission%20Rates%20Summary.pdf.*

[20] *PSE OASIS website, http://www.oatioasis.com/psei/.*

[21] *Subject to an opportunity cost allocation methodology, which PSE will share with bidders at the All-Source RFP bidders' conference in July 2021. See also Exhibit H.*

Questions about the OATT processes of PSE and BPA should be directed to the relevant Transmission Provider. Contact information for PSE's Transmission Provider can be found on the home page of PSE's OASIS website at http://www.oatioasis.com/psei/. Contact information for BPA's Transmission Provider can be found at https://www.bpa.gov/Contact/Pages/Contact-Information-Transmission.aspx.

PSE land available for bidder use in this RFP

Bidders with proposals that contemplate the use of PSE land may find publicly available information about PSE-owned land through the County assessor/recorder/auditor's offices of the respective counties where property is located. A bidder who has conducted due diligence as to siting and permitting feasibility (including zoning and environmental considerations) for a particular project on PSE-owned land can contact PSE through the AllSourceRFPmailbox@pse.com. It should be noted that bidders must demonstrate a percentage of site control and that permitting for long lead-time studies must have begun in order to meet the minimum requirements of this RFP (please see the non-price scoring rubric in Exhibit A for details on site control and permitting progress scoring).

PSE intends to make certain Lower Snake River ("LSR") development rights available to RFP bidders for the purpose of preparing bids that may help PSE meet its resource need at the lowest reasonable cost. PSE is currently preparing the necessary technical details to allow bidders to design bids associated with this asset. PSE anticipates that it will share this information with bidders on PSE's RFP web site prior to the RFP bidders' conference in July 2021.

Operational status

PSE will accept project proposals for new or existing resources. For capacity resources, deliveries must begin no later than December 31, 2026. To align with PSE's first CEIP, PSE is seeking renewable resources beginning no later than December 31, 2025. Project COD may occur after this date; however, the bidder will be responsible for including interim firm supply arrangements to bridge the gap ("power bridging agreement"). PSE will evaluate any interim supply arrangements as part of the entire proposal and will not bifurcate the evaluation of the interim supply arrangements and the project. All resources, including interim supply agreements, must meet all applicable laws and the minimum requirements of this All-Source RFP.

Storage resources

Energy storage encompasses a wide range of technologies capable of storing energy in one time period for use in another (among other potential benefits).[22] PSE will evaluate all proposed energy storage technologies on a lowest reasonable cost and best-fit basis, consistent with PSE's

[22] *For more information, please see the Commission's Report and Policy Statement on Treatment of Energy Storage Technologies in Integrated Resource Planning and Resource Acquisition, Docket UE-151069 and U-161024.*

most recent IRP analysis,[23] and based on the evaluation process described in Section 3 and Exhibit A (Evaluation Criteria and Scoring) of this All-Source RFP.

PSE's resource acquisition team engaged Power Systems Consultants to perform a qualitative and quantitative analysis to identify potentially favorable locations within PSE's contiguous system (west of the Cascades) for siting energy storage. The report is designed to be a starting point for bidders in determining potential lower risk locations (with respect to network upgrade costs) for interconnection of energy storage resources into PSE's transmission system. See Exhibit I (Energy Storage System Location Study) for a copy of the report.

As described in Section 6 of this RFP (see Table 8), each RFP proposal may include up to three offer configurations. To allow for consistent evaluation, PSE is asking battery energy storage systems ("BESS") to include a "Base Configuration". Bidders are also free to propose two alternate configurations with operating characteristics they feel best balance costs and performance during peak events.

The Base Configuration (pricing, O&M costs, lifecycle, and warranties) should reflect the following operating characteristics:

- Full cycle – PSE may charge and discharge all usable energy[24] two times per day up to 60 days per year.

Table 5. *BESS base configuration characteristics*

Full Cycles Per Year	Maximum Annual MWh Discharged
2 cycles/day & 60 days/year	1,752 MWh per installed MW

Due to the unique risks associated with ownership of battery energy storage systems, PSE prefers PPA agreements for such resources. PSE prefers lithium ion or lithium iron phosphate battery technology for ownership proposals. Proposals for PSE ownership of battery energy storage resources must meet the following minimum requirements:

- Proposals should include a conceptual site layout.
- Proposals should include only batteries and associated equipment (transformers, inverters, controllers, etc.) from industry-recognized top-tier battery suppliers and integrators.[25]

[23] Evaluation will be consistent with IRP methodologies. For more on the IRP analysis that informs PSE's All-Source RFP evaluation process, see IRP Chapters 5 and 8. Storage characteristics and assumptions are further detailed in IRP Appendix D. The IRP can be viewed online at http://www.pse.com/irp.

[24] Usable energy will be evaluated as the total energy available to be discharged, without voiding the warranty or minimum state of charge requirements, and is defined as rated MW capacity multiplied by hours of run time at rated capacity.

[25] Some examples of top-tier battery manufacturers include Samsung, BYD, LG Chem, Tesla, A123, Beacon Power, NEC, Saft, NGK and Toshiba.

- Proposals should include a full description of the battery technology proposed including history of successful implementation for the application proposed.
- Proposals should indicate the names of the manufacturers of all the major system components along with their history in providing equipment in similar applications.
- Proposals should state the design life of the batteries selected and detail plans for operation as they degrade in performance, as well a plan for ultimately replacing and recycling the batteries upon end of life.
- Proposal should include a fire protection system and address fire and explosive gas detection, prevention, and mitigation.
- Proposals should include a description of the manufacturer warranties/guarantees for all major equipment in the system including batteries, inverters, control systems, generator step-up ("GSU") transformers, etc.
- Proposals should include a conceptual description of the proposed cooling system.
- Proposals should include documentation including system and equipment compliance with appropriate governing agencies and standards including Federal Energy Regulatory Commission ("FERC"), North American Electric Reliability Corporation ("NERC"), Western Electric Coordinating Council ("WECC"), Underwriters Laboratories ("UL"), Institute of Electrical and Electronics Engineers ("IEEE"), National Electrical Code ("NEC"), Industry Foundation Classes ("IFC"), etc., as applicable.
- All proposed design engineering firms and project constructors should have proven expertise and experience in projects of similar scope and size.

If available at the time of bid submittal, provide comprehensive engineering design documents and drawings well in advance of project construction. If available, bidders should also provide one-line diagrams, three-line schematics, communication plans and protocols used, and a list of tags and alarms used in the battery management system ("BMS"). If unavailable at the time of bid submittal, PSE will request this information during the evaluation or negotiation process. Projects will be required to meet all PSE requirements and specifications.

Demand side resources

On April 1, 2021, PSE will issue a Request for Information ("RFI") for distributed energy resources ("DERs"), including demand response ("DR"). The RFI will be the first step in a separate targeted RFP process for DERs that will address a significant increase in the need for such resources identified in PSE's 2021 IRP preferred portfolio published on April 1, 2021. The IRP shows PSE adding 634 MW of distributed batteries, solar and demand response in its service territory by 2030, with 156 MW between 2022 and 2025. To prepare for this significant amount of DERs, PSE has accelerated its plans for developing a virtual powerplant platform ("VPP") upfront, which is necessary for the operational integration of such a sizeable DER presence on PSE's system as dispatchable network resources.

PSE plans to develop the technical and operational requirements for the VPP over the next four to six months, followed by filing with the Washington Utilities and Transportation Commission ("WUTC") a draft targeted DER RFP by November 15, 2021. This targeted DER RFP will clearly communicate to bidders the VPP requirements and platform the Company will need, and allow DR and DER proposals to be structured optimally within a common PSE-provided VPP environment. PSE is also working on a new state interconnection process for DERs of up to 80 MW, which potentially will streamline the interconnection process to PSE's transmission system for resources that otherwise would interconnect under the FERC process. Bidders submitting proposals in the targeted DER RFP will have the benefit of information provided in that RFP specifying the VPP development work and integration with the resulting platform.

Both the All-Source RFP and the forthcoming targeted DER RFP evaluations are expected to conclude in mid-2022.[26] Each RFP would be separately evaluated through short list selection. At the end of the evaluation process, the short list from the targeted DER RFP could be included in a combined portfolio analysis with the short list from the All-Source RFP. PSE further describes its approach in Section 3 (Schedule and Process).

The All-Source RFP and targeted DER RFP are separate RFPs; bidders may choose to submit proposals into one or both of the RFPs. Bidders who choose to submit proposals into the All-Source RFP must meet the minimum requirements outlined below and in Section 4 of the All-Source RFP. PSE anticipates that the targeted DER RFP would include many of the same general requirements as the All-Source RFP, though, it may contain some additional requirements specific to distributed energy resources or the CEIP development process.

Demand response

Demand response programs are resources that control customer load. To be eligible for the All-Source RFP, DR resources, whether stand alone or aggregated programs[27], must exceed the 5 MW (AC) nameplate threshold. In addition to the minimum requirements in Section 4, DR proposals must meet the following requirements:

- Winter events will occur during weekday peak hours, between 7 a.m. to 10 a.m., and 5 p.m. to 9 p.m., from November 1 through February 28 (29).[28] PSE may call DR events outside these time windows, but bidders will not necessarily be expected to provide the same level of curtailment.
- The combined total duration of events from November 1 through February 28/29 shall be no more than 42 hours per individual product, and PSE shall call up to 10 events.

[26] *PSE will provide more information about the targeted DER RFP as it becomes available.*
[27] *Aggregated resources must fill out customer acquisition plans on Tab 3d (DR_DER_System) of Exhibit B.*
[28] *PSE uses a daily forecast high below 40 degrees Fahrenheit and/or a forecast low below 30 degrees Fahrenheit to trigger a higher state of readiness for peak load. DR events can also be triggered at any time to address system emergency conditions within the program parameter constraints.*

- Capacity must be dispatchable with one of the following notification options: (1) hour ahead, (2) day ahead, or (3) a combination of hour ahead and day ahead.
- Bidder will incur damages for failing to deliver contracted capacity during dispatch event.
- Bidder must provide measurement and evaluation plan. See Exhibit K for an overview of PSE's preferences.
- Bidder must provide a marketing plan or demonstrate the ability to enroll customers.
- Bidder must demonstrate a plan to achieve interconnection (if applicable).
- Bidder must be able to provide data to PSE in the format identified in Exhibit K.

As described in Section 6 of this RFP (see Table 8), each RFP proposal may include up to three offer configurations. To allow for consistent evaluation, PSE is asking demand response to include a base offer with a maximum program duration of up to 5 years (ending in year 2027). Bidders may also propose two alternate configurations, which may extend through year 2032.

Distributed Energy Resources

Distributed Energy Resources ("DERs") are resources that plan to interconnect on PSE's distribution system. To be eligible for the All-Source RFP, DERs, whether standalone or aggregated programs,[29] must exceed the 5 MW (AC) nameplate threshold.[30] In addition to the minimum requirements in Section 4, DER bidders must choose how they wish to be evaluated, and meet the associated minimum requirements specified below (in parenthesis):

- Variable energy resources (Exhibit B, Tab 3a),
- Flexible capacity (Exhibit B, Tab 3b),
- Energy storage (Exhibit B, Tab 3c),
- As a DR resource (Exhibit B, Tab 3d), or
- A combination of the above types.
- Additionally, for all DER types bidder must demonstrate a plan to achieve interconnection (if applicable).

Contract types

PSE will consider the acquisition of resources from proposals under the following mechanisms:

(1) ownership arrangements, including co-ownership arrangements in which PSE retains dispatchability and rights of control;

[29] *See footnote 24*
[30] *Qualified facilities with nameplate capacities of 5 MW or less may sell power to PSE pursuant to electric tariff rate Schedule 91.*

(2) power purchase agreements ("PPAs") of varying lengths;

- resource-specific PPAs up to 20 years,[31]
- standalone system PPAs with terms between four (4) and five (5) years,[32] or
- power-bridging agreements up to five (5) years, defined as short-term "bridges" tied to a long-lead resource with a COD after 2025 (long-lead resource may be offered as a PPA or ownership); or

(3) temporal exchange agreements.

With regard to either an ownership arrangement or a power purchase agreement, PSE is interested in alternatives wherein the respondent fully assumes the risk of fuel supply, fuel price, environmental cost and deliverability, and which quantify the cost for assuming those risk factors.

All proposals must comply with Washington's Emissions Performance Standards.[33] Additionally, Chapter 480-100 WAC prevents electric utilities in Washington state, including PSE, from entering into contracts of five (5) or more years when the supply is from unspecified sources, coal generation, or other resources that emit above the greenhouse gas limit.

All proposals must be compliant with the requirements of CETA[34], which sets statewide policy goals for the elimination of coal-fired resources by December 31, 2025, 80 percent carbon-free generation and overall carbon neutral electricity by 2030, and 100 percent carbon-free electricity by 2045.

Ownership

The PSE ownership mechanism anticipates a proposal pursuant to which upon achieving commercial operation, or some subsequent date, PSE would ultimately own the resource or a significant interest therein. These mechanisms include development by the respondent followed by transfer to PSE, initial purchase of power by PSE with transfer of ownership occurring later, or other approaches that may be mutually beneficial and result in PSE's ownership of the resource.[35] Although PSE is willing to consider a wide range of arrangements, the prototype term sheet

[31] PSE will also consider contract terms longer than 20 years if the developer can demonstrate the asset has a useful life greater than 20 years.

[32] Washington's Emissions Performance Standards (Chapter 173-407 WAC, updated September 19, 2018) require new and modified baseload electric generation to meet a greenhouse gas limit of 925 pounds per megawatt hour (lbs/MWh). The Emissions Performance Standards apply to all baseload electric generation for which electric utilities enter into long-term financial commitments on or after July 1, 2008.

[33] See footnote 29.

[34] Clean Energy Transformation Act: RCW 19.405 (May 7, 2019), https://app.leg.wa.gov/RCW/default.aspx?cite=19.405.

[35] To minimize risk to customers and ensure that capacity resources will be online when needed, PSE prefers relatively mature development and construction stage resources for this All-Source RFP.

included as Exhibit E to this All-Source RFP presumes that PSE would acquire its ownership interest on the commercial online date and would fund its ownership share on a pro rata basis.

Power purchase agreements

Any proposal for a power purchase agreement ("PPA")[36] must specify the generation asset(s) underlying the agreement, and provide assurances of its commercial availability consistent with the resource needs defined in Section 1. PSE will consider contracts with terms greater than four (4) years and up to 20 years for power from a specific generation facility. PSE will also consider contract terms longer than 20 years if the developer can demonstrate the asset has a useful life greater than 20 years. PSE will consider non-unit contingent capacity products with terms less than five (5) years. Exhibit F to this All-Source RFP is a prototype term sheet for capacity and/or energy agreements, and Exhibit G to this All-Source RFP is a prototype term sheet for clean energy PPAs.

Temporal exchange agreements

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

The prototype term sheets appended to the RFP do not contemplate every type of resource or proposal that may be bid into this RFP. Bidders should view the term sheets as presenting provisions that PSE generally expects in a contractual arrangement. Bidders are invited to propose term sheet edits with their bid submissions, which may also include proposed language particular to the project resource type.

[36] *For a PPA with an option to purchase the asset during or at the end of the contract life, if contracted, ASC 842 accounting standard will require PSE to consolidate the financial information of the asset.*

3. Schedule and Process

RFP schedule

The following schedule is subject to adjustment based on Washington Utilities and Transportation Commission ("WUTC") review and the actual pace of the evaluation process. Updates will be posted online at http://www.pse.com/RFP.

Table 6. *2021 All Source RFP Schedule*[37]

Date	Milestone
April 1, 2021	Draft All-Source RFP filed with WUTC
May 17, 2021	Public comment period ends[38]
June 15, 2021	WUTC review period ends; decision anticipated
June 30, 2021	PSE issues final All-Source RFP to bidders
July 29, 2021	PSE hosts bidders' conference[39]
August 2021	PSE hosts workshop to discuss ELCC assumptions[40]
August or September 2021	PSE hosts workshop to review further analysis of market reliance reduction[41]
September 1, 2021	Offers due to PSE
October 1, 2021	PSE posts to its RFP web site compliance report consistent with the requirements of WAC 480-107-035(5)
January 2022	PSE provides opportunity for bidders to revise/augment their Customer Benefit Plans by January 31, 2022 once PSE's CEIP is finalized

[37] *Consistent with the Final Order of WUTC Docket No. UE-200413, PSE will file a draft targeted DER RFP on or before November 15, 2021. As explained in PSE's March 15, 2021 petition filed in WUTC Docket No. UE-200413, the DER targeted RFP evaluation process is expected to be shorter than the All-Source RFP evaluation process. PSE anticipates that it would complete its evaluation of these resources around the time the All-Source RFP short list is expected to be selected.*

[38] *WAC 480-107-017(3) allows interested parties to submit comments within 45 days after a draft RFP is filed. Based on an April 1, 2021 filing date, this period would close on Sunday, May 16, 2021. The schedule above assumes the comment period would close on the next business day.*

[39] *The All-Source RFP bidders' conference details and registration instructions will be posted at www.pse.com/rfp as they become available.*

[40] *PSE will host a workshop to discuss the methodology and assumptions used to derive its generic resource ELCC assumptions, how the generic and resource-specific ELCC values will be used in the RFP analysis, and how the resource-specific ELCC values are different than the generic ELCC assumptions. PSE plans to circulate reference materials for stakeholder consideration prior to the workshop.*

[41] *PSE will conduct further analysis of its proposed market reliance reduction and share this analysis with stakeholders in a workshop in Q3 of 2021.*

Q1 2022	PSE completes Phase 1 screening process and selects Phase 2 candidates, notifies bidders
Q2 2022	PSE selects All-Source RFP short list, notifies bidders
To follow	Post-proposal negotiations
To follow	PSE files with the WUTC compliance report consistent with the requirements of WAC 480-107-145(2)

Evaluation process

PSE will follow a structured evaluation process designed to screen and rank individual proposals based on an evaluation of costs, risks, and benefits. These include resource cost, market-volatility risks, demand-side uncertainties and benefits, resource dispatchability, effects on system operation, credit and financial risks to the utility, the risks to ratepayers, public policy, and Washington state and federal government requirements. PSE will consider a number of quantitative and qualitative factors to compare proposals with diverse attributes. PSE will evaluate each proposal based on its compliance with this All-Source RFP and according to the criteria described in Section 4 (Minimum Requirements) and Exhibit A (Evaluation Criteria and Scoring) to this All-Source RFP.

Intake process

PSE's evaluation process will begin with the automated intake of proposals through a newly designed web platform. Bidders will download the RFP forms from PSE's RFP web site (www.pse.com/rfp), and submit the completed forms and attachments through the platform. The platform will be accessible by a link from the RFP web site when the final RFP is issued.

Proposals will be tested for completeness and adherence to minimum criteria requirements (described in Section 4) in two ways during the intake process. First, the automation process will perform a real-time validation of proposal completeness and adherence to certain minimum criteria. If the automated system determines that a proposal is incomplete or fails to meet required criteria, it will generate an error-specific response, allowing the bidder to adjust the proposal and resubmit it by the due date. Second, because certain minimum criteria may be difficult to confirm with a simple algorithm, PSE's resource acquisition team will perform a preliminary eligibility screening to verify that all proposals accepted by the system appear to meet the minimum requirements. If a proposal is determined to be ineligible based on the screening, PSE will notify the bidder and the bidder will be given three business days to remedy the proposal (the "cure period").

Phase 1: Screening phase

Once the intake process is complete, PSE will divide its RFP evaluation into two phases. In Phase 1, PSE will conduct a preliminary cost analysis and qualitative risk screening to produce a list of the most promising resources for further consideration. PSE will use its Excel-based portfolio screening model ("PSM"), the Aurora model and the scoring approach for price and non-price factors presented in Exhibit A (Evaluation Criteria and Scoring) to screen and rank proposals based on the bidder's responses to Exhibit B (Proposal Requirements Forms). The qualitative review will include an assessment of the risks, benefits and viability factors set forth in the qualitative evaluation rubric provided in Exhibit A, including: counterparty and project viability, status of site control, status of permitting, deliverability (interconnection and transmission), and contribution to CETA customer benefit and equity considerations. PSE will score proposals based on the information provided by bidders and any further due diligence required to verify that the information provided is accurate and complete. In conducting due diligence and risk assessment, the resource acquisition team will consult as necessary with subject matter experts from specific functional areas throughout the company. Upon completing its evaluation, the resource acquisition team will combine its quantitative and qualitative screening results to produce a Phase 1 ranking for each proposal. See Exhibit A for the ranks and weights associated with price and non-price factors considered by PSE, and a description of PSE's approach to scoring individual proposals.

At the end of Phase 1, PSE will select a candidate list of proposals that will proceed to Phase 2 for portfolio optimization analysis (the "Candidate List"). PSE will select a pool of resources that represents the best-performing proposals from different resource types generally consistent with the resource type categories presented in the effective load carrying capability ("ELCC") discussion in Chapter 7 of the 2021 Integrated Resource Plan ("IRP"). PSE may further refine those categories based on the actual proposals received and other factors, such as whether the resources proposed are delivering to PSE's system or to Mid-C. Portfolio optimization will test the performance of combinations of resources toward achieving a lowest reasonable cost portfolio. PSE will stack resources by type and advance proposals to Phase 2 that are price-competitive within each resource stack. In determining price-competitiveness, PSE will look for scoring gaps and establish cut-off points, such that the resources included in Phase 2 amount to at least 150 percent of the resource need. PSE may also hold in reserve a certain number of proposals that fall short of the cut-off point, in the event that one or more of the selected proposals are subsequently withdrawn or eliminated for any reason, including unacceptable risks or fatal flaws identified during the course of additional due diligence.

Proposals that fail to substantiate a viable resource, lack credible detail,[42] involve unacceptable risks or prohibitive costs, or otherwise fail to meet the minimum proposal requirements defined in Section 4 of the All-Source RFP will not be further considered. Any proposal that does not meet

[42] *All respondents will be required to submit a completed Exhibit B to the All-Source RFP to qualify for consideration in this RFP.*

the minimum requirements of this RFP in the preliminary eligibility screening will be disqualified and will not receive a Phase 1 price or non-price score.

All bidders will be notified of their selection status at the end of Phase 1. Bidders whose proposals have been selected to proceed to Phase 2 will be given an opportunity to submit an updated best and final offer price ("BAFO"). The BAFO may not be higher than the original price, and no other aspect of the proposal may be changed. If no BAFO is submitted, the original bid price will be used in Phase 2.

Phase 2: Optimization phase

During Phase 2 of the RFP evaluation process, PSE will continue to use its PSM financial model and the Aurora model to analyze combinations of proposals to determine the best resource solution to meet PSE's capacity need at the lowest reasonable cost[43], subject to certain modeling constraints (e.g., transmission constraints). Lowest reasonable cost is defined in WAC 480-107-007 and 480-100-605, and is determined through analysis of a number of specified costs and risks, including the costs and risks associated with compliance with CETA and other applicable state laws and regulations. The costs and risks associated with compliance with CETA include the customer benefit and equity considerations outlined in RCW 19.405.040(8). PSE's evaluation process and the information respondents are required to provide in the bid forms, as well as through further data requests and due diligence as needed, are intended to identify the lowest reasonable cost resource solutions. PSE will compare different portfolio mixes to determine how each portfolio performs in a range of potential future pricing scenarios. The model creates optimal, integrated portfolios for each scenario considered in the analysis. In Phase 2, PSE may also perform analyses aimed at producing a resource portfolio that meets the capacity and renewable need while maximizing customer benefit indicators ("CBIs") prioritized by the ongoing public participation and advisory group process with stakeholders (please visit www.cleanenergyplan.pse.com for a timeline and description of the customer benefit and equity stakeholder process). This analysis could help identify the resource mix that best aligns with CETA customer benefit and equity goals, consistent with the considerations outlined in RCW 19.405.040(8). Exhibit A to this All-Source RFP provides further details on how PSE will qualitatively evaluate the customer benefit plans submitted by respondents and associated CBIs. PSE intends to provide more information and updates on the ongoing CBI work, as available, at the bidders' conference.

In Phase 2, PSE reserves the right to conduct additional due diligence, as necessary, on the Candidate List proposals. This may include engaging with respondents regarding various aspects

[43] *Lowest reasonable cost is defined in WAC 480-107-007 and 480-100-605 to mean "the lowest cost mix of generating resources and conservation and efficiency resources determined through a detailed and consistent analysis of a wide range of commercially available resources. At a minimum, this analysis must consider re-source cost, market-volatility risks, demand-side resource uncertain-ties, resource dispatchability, resource effect on system operation, the risks imposed on the utility and its customers, public policies regarding resource preference adopted by Washington or the federal government, and the cost of risks associated with environmental effects, including emissions of carbon dioxide. The analysis of the lowest reasonable cost must describe the utility's combination of planned resources and related delivery system infrastructure and show consistency with chapters 19.280, 19.285, and 19.405 RCW."*

of the proposals to verify proposal claims with supporting data and documents from the respondent, engaging third-party consultants to independently verify resource performance, or using other publicly available information. PSE will assess proposed edits to the term sheets submitted from bidders by screening for terms and conditions that present unreasonable or excessive risk to PSE or its customers. PSE will assess such risk on a pass/fail basis. If PSE determines that a proposal contains such unacceptable terms or conditions, the bidder will be given three business days to remedy, consistent with the cure period allowed for the correction of other non-conforming criteria or fatal flaws. Term sheet redlines that pass the screening should not be deemed as having been accepted by PSE in any subsequent negotiation with a shortlisted bidder; final terms will be determined through negotiations with selected counterparties. PSE reserves the right to suspend negotiations with any bidder and initiate discussions with an alternate Phase 2 candidate at its sole discretion and in the best interests of the Company and its customers.

At the end of Phase 2, PSE will place on a short list proposals that best align with the Company's overall objective to select a resource or portfolio of resources that best meet PSE's resource needs and can be delivered to its system at the lowest reasonable cost considering risk, in compliance with all applicable laws and regulations, and consistent with the public interest. Short list proposals are those identified for further discussions, which may lead to negotiations of the terms and conditions of definitive agreements. Proposals that PSE determines present unacceptable risks, or that otherwise fail to meet the minimum proposal requirements defined in Section 4 of the All-Source RFP will not be selected for the short list. Proposals that are not cost-competitive with other alternatives will not be selected for the short list. All bidders will be notified of their selection status at the end of Phase 2.

Coordination and co-optimization of the All-Source and DER RFPs

PSE anticipates the analysis of the All-Source and targeted DER RFPs could be coordinated in the following way. Each RFP would be separately evaluated through short list selection. During Phase 2 of the All-Source RFP evaluation, the analysis may include a sensitivity that considers optimized portfolio scenarios in which the DER RFP targets are and are not fully met. At the end of the evaluation process, the short list from the targeted DER RFP could be included in a combined portfolio analysis with the short list from the All-Source RFP.

This approach would allow for a fair comparison of distributed resources in both RFPs, and concurrent evaluation to identify the best resources from both RFPs. Because distributed resources and demand response would have two opportunities to propose (through the All-Source RFP and the targeted DER RFP), the resources would be considered to meet specific requirements identified in the CEIP (and subsequent targeted DER RFP) and to help meet the broader electric portfolio need identified in the All-Source RFP, regardless of the RFP into which the resources were bid. Specific needs associated with CEIP programs and targets cannot be known until the CEIP is approved.

Quantitative modeling

The RFP will use modeling tools and methodologies that are consistent with the 2021 Integrated Resource Plan ("IRP"). PSE will use the Aurora model in both phases for the All-Source RFP quantitative analysis. Aurora is a production cost model that will be used for optimal resource selection (also known as long-term capacity expansion modeling) and hourly economic dispatch. In phases 1 and 2 of the All-Source RFP, Aurora will be used to evaluate all proposals in conjunction with the baseline generic portfolio based on the 2021 IRP resource strategy. Consistent with RCW 19.280.030(3)(a)(iii) and the 2021 IRP, the social cost of greenhouse gases ('SCGHG") is included as a cost adder to emitting resources in the long-term capacity expansion model.

PSE plans to use the results of the sub-hourly Plexos flexibility analysis for generic resources that was published in PSE's final 2021 IRP report. PSE will also use a portfolio screening model ("PSM"), which is an Excel-based financial model, to compile the fixed and variable costs of proposals. See Exhibit A to this All-Source RFP for additional details about the quantitative modeling. PSE's All-Source RFP evaluation process is informed and guided by the integrated resource planning process ("IRP process"), and includes methodologies and assumptions that are generally consistent with those used in the IRP process.

Respondents should be aware that the quantitative cost screening of proposals received in response to the All-Source RFP will include costs associated with delivering the energy to PSE's system as well as the costs associated with financial and accounting regulations.

Independent evaluator

In early February 2021, subsequent to receiving approval from the WUTC in Docket No. UE-210037, PSE hired Bates White to provide independent evaluator ("IE") services for the 2021 All-Source RFP. For information about PSE's IE selection process and the qualifications of Bates White, please see PSE's petition dated January 19, 2021 in Docket No. UE-210037 on the WUTC web site (www.utc.wa.gov).

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Role and scope of the IE

Consistent with the requirements in WAC 480-107, the following sections describe the role and scope of the IE: (i) Role and expectations, (ii) Responsibilities and tasks, and (iii) Deliverables.

Role and expectations

The function of the IE is to consult with PSE, as needed, on the procurement activities in the 2021 RFPs as described below. The IE will:

- ensure that PSE's 2021 RFP process is conducted fairly, transparently, and properly;
- participate in the design of the 2021 RFPs;
- evaluate the unique risks, burdens, and benefits of each bid;
- provide to PSE the IE's minutes of meetings and the full text of written communications between the IE and PSE and any third-party related to the IE's execution of its duties;
- verify that PSE's inputs and assumptions, including capacity factors and capital costs, are reasonable;
- assess whether PSE's process of scoring the bids and selection of the initial and final shortlists is reasonable;
- prepare a final report to the WUTC after reconciling rankings with PSE in accordance with WAC 480-107-035(3) that must:
    - include an evaluation of the competitive bidding process in selecting the lowest reasonable cost acquisition or action to satisfy the identified resource need, including the adequacy of communication with stakeholders and bidders; and
    - explain ranking differences and why the IE and PSE were or were not able to reconcile the differences.

The IE will participate in meetings with the WUTC and PSE, on an as-needed basis, to discuss its findings. If called upon to testify, the IE may serve as an expert witness in proceedings.

The IE will be given reasonable access to information, meetings and communications related to offers submitted by all respondents. The IE will immediately report to PSE and the WUTC any perceived attempt by any individual or party, including any PSE self-build or affiliate bidders, to improperly influence any findings determined by the IE, or to challenge or interfere with their independent role in the solicitation process. See also Section 4 subsection Eligibility and Conflict of Interest Disclosure for more information about self-build and affiliate bids.

Responsibilities and tasks

In support of the functions discussed above, the IE responsibilities and tasks will include the following:

- Review and provide feedback and recommendations on PSE's draft 2021 RFPs, including stakeholder comments. Assess the 2021 RFPs' design, including review of the adequacy, accuracy and completeness of solicitation materials to ensure compliance with the WUTC's Purchase of Electricity Rules and consistency with accepted industry standards

and practices. The IE will participate in the design of the RFP and provide feedback to PSE on the draft 2021 RFPs prior to their release.

- Advise on the consistency of solicitation activities with the WUTC's rules and procedures and PSE's WUTC-approved 2021 RFPs.
- Advise on the evaluation process, including recommending data requests, as needed, to supplement the information requested from bidders in the 2021 RFPs to allow for a full and fair evaluation of proposals.
- Assess whether the quantitative and qualitative bid evaluation criteria and methodologies are applied to all bids in a fair and non-discriminatory manner and whether PSE's process of scoring the bids and selection of the initial and final shortlists is reasonable. The IE will be provided reasonable access to the evaluation meetings and documentation of PSE's Business Initiatives and cross-functional teams, in order to credibly assess the bid evaluation and selection processes.
- Verify that PSE's inputs and assumptions, including capacity factors and capital costs, are reasonable. The IE will be provided with a description of how the evaluation models function, including the inputs and outputs of all models used during the evaluation process.
- Assess whether PSE's process of scoring the bids and selection of the initial and final shortlists is reasonable The IE will score and rank qualifying bids based on PSE's modeling output and an independent qualitative assessment using the RFP's ranking criteria and methodology and consult with PSE to reconcile any ranking differences. If a bidder makes material changes to its bid after shortlist selection, PSE and the IE will rerank bids according to the revised bid.
- Monitor the evaluation processes and promptly submit recommendations to PSE's resource acquisition manager to ensure that no bidder has an information advantage and that all respondents or counterparties, if applicable, receive access to relevant communications in a non-discriminatory manner.

Deliverables

- Prepare a final written report as to whether or not PSE's competitive bidding process, evaluation process and decisions were reasonable and appropriate and were applied in a transparent, fair and non-discriminatory manner for all offers received. The report will explain why the IE and PSE were (or were not) able to reconcile any ranking differences. The IE will protect confidential bidder information subject to the terms of the confidentiality agreement included in the IE RFP and consistent with the terms of the confidentiality agreement included in the 2021 RFPs.
- Provide to PSE the IE's minutes of meetings and the full text of written communications between the IE and the utility and any third-party related to the IE's execution of its duties.

- Participate as an independent witness or in an advisory capacity during administrative hearings, as required, before the WUTC in any associated proceedings.

Negotiations and contracts

PSE may elect to negotiate price and non-price factors with any bidder whose proposal has been shortlisted. During negotiations, PSE will continue to update its economic and risk analysis on an as-needed basis to reflect any additional or revised factors that may impact the total cost of a proposed resource.

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

4. Proposal Requirements

Confidentiality agreement

Each bid submittal shall include a signed and scanned copy of the Mutual Confidentiality Agreement (Exhibit C to this All-Source RFP), which is due no later than September 1, 2021. PSE will return one fully executed scanned Mutual Confidentiality Agreement to the respondent.

Consistent with the requirement in WAC 480-107-023, PSE must provide the IE with all data and information necessary to perform a thorough investigation of the bidding process and responsive bids. Consistent with the requirements of WAC 480-107-035, PSE will make available on its website a summary of all proposals received within 30 days of the close of the bidding period.[44] PSE will also file a final summary report with the WUTC pursuant to WAC 480-107-145.

Additionally, in accordance with the requirements of WAC 480-107-145, PSE will retain all information pertinent to this All-Source RFP process for a period of seven (7) years or until PSE concludes its next general electric rate case, whichever is later. Except to the extent required by law or regulatory order, PSE shall have no obligation under this All-Source RFP to provide the models and data used in its evaluation process to respondents or other third parties.

All-Source RFP Proposal Requirements

PSE expects respondents to provide complete information in their original submittals. PSE will not consider proposals that provide insufficient information to substantiate the project or offer. Minimum qualifying criteria are defined later in this section.

To ensure that all proposals are thorough and complete, PSE has developed Exhibit B (Proposal Requirements Forms), which includes a checklist for respondents to complete in Tab 1. See also Figure 5 below. All respondents must complete a set of Exhibit B forms, including any required attachments identified therein, for each proposal submitted.[45] Additional information, such as a cover letter or other attachments not specifically required in Exhibit B, may be provided as part of a respondent's proposal and will be considered supplementary information to the required Exhibit B forms.

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[44] PSE will post a non-confidential summary of proposals consistent with the requirements of WAC 480-107-035. Past proposal summaries have included a PSE-assigned Project ID#, the state in which the proposed resource is located, the resource type, the operating status of the resource, project COD, term start/end, commercial structure (contract type) and nameplate capacity. For storage resources, PSE includes both capacity (MWh) and duration (hours). For DR resources, PSE typically includes a capacity range (over the program life) and the customer class. Unless otherwise required by law or regulatory order, PSE will not include any specific confidential information (e.g., bid price, owner/developer name, project name, or specific project location) in any non-confidential summary of proposals.

[45] Bidders may submit one proposal, which may contain up to three offers, per set of Exhibit B forms. See Section 6, subsection Evaluation Fees, for the definition of "proposal" and the definition of "offers" for the purposes of this All-Source RFP.

Exhibit B shall be considered the primary proposal document. While it is the bidder's responsibility to ensure that all information provided in Exhibit B is true and accurate, if PSE identifies an inconsistency between the Exhibit B forms and other proposal contents, PSE will seek to clarify the discrepancy with the respondent with a data request. The respondent will be given three (3) days to correct the discrepancy.

PSE has designed the Exhibit B Excel file to be an automated key input to PSE's All-Source RFP proposal database and models. Respondents may not add, remove or modify tabs in Exhibit B. PSE will reject Exhibit B forms, if respondents add, remove or modify tabs in the Exhibit B file. Any changes to the integrity, or failure to complete the required fields of Exhibit B will result in a validation error response and the web platform will not accept the proposal until the error is corrected.

Figure 5. ***Proposal content checklist (Exhibit B, Tab 1)***

1. Proposal Content Checklist

Required for all RFP proposals. (Do not remove tab.)

	Proposal element	Required for	Section		Select response from drop-down list
	Required proposal contents	**All proposals**	**Exhibit B**		
	Proposal Content Checklist	All proposals	Tab 1	1	
	Commercial Details	All proposals	Tab 2a	2	
	Offer Details	All proposals	Tab 2b	3	
	Facility	All proposals	Tab 3	4	
	Variable Energy	Variable energy (also DERs, if applicable)	Tab 3a	5	
	Flexible Capacity	Flexible capacity (also DERs, if applicable)	Tab 3b	6	
	Energy Storage	Energy storage (also DERs, if applicable)	Tab 3c	7	
	DR_DER_System	DRs, DERs, system resources	Tab 3d	8	
	Energy Output (8760)	Variable resource proposals	Tab 4	9	
	Integration and Transmission	All proposals	Tab 5	10	
	Development - Projects Detail	Development or construction project proposals	Tab 6	11	
	Ownership - Capital Costs	Proposals including asset sale offers	Tab 7	12	
	Ownership - Operating Costs	Proposals including asset sale offers	Tab 8	13	
	Bid Certification and contacts	All proposals	Tab 9	14	
	Mutual Confidentiality Agreement	All proposals	Exhibit C	15	
	Prototype Term Sheet (by offer structure)	All proposals (or specify Schedule C)	Exhibit E, F and G	16	
	PSE Customer Consent Letter	Proposals for projects with a pending request for or agreement for PSE transmission or integration	Exhibit J	17	

Proposals must be substantially complete consistent with the requirements of this RFP.

Proposals that do not provide sufficient information to substantiate a project or offer will not be considered in this RFP.

Minimum qualifying criteria

PSE considers a variety of evaluation criteria when making resource decisions, as described in Exhibit A (Evaluation Criteria and Scoring) to this All-Source RFP. PSE has also identified a set of minimum qualifying criteria to help respondents craft proposals designed to best meet the objectives of this solicitation. Proposals must meet minimum criteria for consideration in this RFP.

For all proposals (as applicable)

- Bidders must submit a complete proposal by the due date specified in Section 6 of the All-Source RFP, including the Proposal Requirements Forms (Exhibit B to this All-Source RFP)[46] and all required attachments indicated therein, the Mutual Confidentiality Agreement (Exhibit C to this All-Source RFP) and the term sheet (Exhibit E, F or G to this All-Source RFP) with proposed edits (if any). PSE has provided respondents with a proposal contents checklist (Exhibit B, Tab 1 to this All-Source RFP). PSE will not consider proposals that do not provide sufficient information to substantiate a project or offer.
- Bidder must submit by the proposal due date the appropriate bid fee, as specified in Section 6 of the All-Source RFP.
- Each proposal (if applicable) shall acknowledge and state that PSE disclaims and shall not assume any risk associated with the potential expiration of (or the respondent's or other project entity's ability to utilize) any then applicable federal or state tax incentives, cash grant programs, or similar programs meant to support a relevant resource.
- All proposals shall state that there will be no assignment of proposals during the evaluation or negotiation stage of this All-Source RFP and that, in the event the respondent and PSE negotiate and execute definitive agreements based on the respondent's proposal, the definitive agreements and obligations thereunder shall not be sold, transferred, or assigned, or pledged as security or collateral for any obligation, without the prior written permission of PSE. Any project lender who takes an assignment of the definitive agreements for security and exercises any rights under such agreements will be bound to perform such agreements to the same extent.
- PSE will not accept conceptual projects in this RFP. At a minimum, all qualifying bids must:
    - Have a nameplate capacity greater than 5 MW[47]
    - Demonstrate site control consistent with guidance in the non-price scoring matrix in Exhibit A (Evaluation Criteria and Scoring) for both the project and any other project-related infrastructure (e.g., generation tie-line, etc.). At a minimum, provide non-binding letters of intent for the site.
    - If applicable, start the interconnection process by September 1, 2021 (date by which the proposal is due subject to a cure period (three business days), as described in Section 3 on page 22), and provide an interconnection queue number.
    - Bidder must provide proposed transmission plan. See Tab 5 in Exhibit B (Proposal Requirement Forms).

[46] *Bidders may not modify the contents or structure of the Exhibit B forms in any way. The forms are designed to be inputs to our modeling process. Validation errors in the submission process will result from attempting to modify the forms or a failure to complete the forms, and the proposal will not be accepted by PSE's online platform until the errors are corrected.*

[47] *Qualified facilities with nameplate capacities of 5 MW or less may sell power to PSE pursuant to electric tariff rate Schedule 91.*

  - Identify required permits and approvals, and their status, and provide a schedule for completion as part of the overall project schedule. At a minimum, projects must have started the permitting process and demonstrate a plan for completion of the permitting process, including a habitat study.
  - Include an overall project development and construction schedule for meeting the commercial operation date.[48]

- For capacity resources, deliveries must begin no later than December 31, 2026. To align with PSE's first CEIP, PSE is seeking renewable resources beginning no later than December 31, 2025. Proposals must include a plan to deliver energy and/or capacity by the relevant dates specified above.
- Respondents must specify a point of interconnection and firm transmission path to or on PSE's system, or to one of the delivery points identified in Section 2, Table 4. Additionally, respondent will be responsible for arranging balancing and interconnection services for resources outside PSE's balancing authority. PSE will not accept deliveries at the project's busbar, unless the project interconnects at one of the delivery points specified in Table 4 or on PSE's system. Respondents must also meet all requirements specified in Section 2, subsection Energy Delivery.
- Generation projects requiring fuel must provide the following:
  - Gas-fired generation proposals must provide a plan to achieve firm fuel delivery to supply the proposed nameplate of the proposal (which may or may not be the entire output of a plant) for the proposed term.
  - Biomass, biofuel or other generation resources requiring fuel must provide in their proposals a fuel supply plan that demonstrates the firm availability of the fuel supply (either through an agreement or other equivalent means) to support the proposed capacity for the proposed term.
  - Standalone energy storage projects must demonstrate the ability to charge and discharge as required to meet the need. (PSE requires batteries to be studied additionally as a load. The standalone energy storage project will need to establish both a generation interconnection with transmission for the generation and a means to charge the load either through retail load service or transmission service.)
- Wind project proposals must confirm that the project has, at minimum, one (1) year of verifiable supporting data, adjusted to account for long-term wind speed trends. PSE reserves the right to require additional data and engage third-party consultants to independently verify project performance.

[48] *PSE's intent is to minimize a variety of project execution risks, including the risk that a project(s) commercial operation date may be delayed or otherwise unable to deliver as promised to meet PSE's capacity needs.*

- Solar project proposals must confirm that the project has at least one year of verifiable supporting irradiance data. PSE reserves the right to require additional data and engage third-party consultants to independently verify project performance.
- For development projects, proposals must describe the respondent's labor plan. Preference will be given to projects constructed with high labor standards, including family-level wages, benefits and opportunities for local workers and businesses.[49]
- All proposals must state that all environmental attributes [50] associated with the proportionate share of the subject project, if any, will accrue to the ownership and beneficial use of PSE. PSE will not accept REC-only proposals at this time.
- Bidder must provide a customer benefit plan consistent with the provisions in RCW 19.405.040(8). See Exhibit B (Proposal Requirements Forms), Tab 2a, "Customer Benefits from Transition to Clean Energy" and "Diversity, Equity and Inclusion" sections, which guide bidders to describe a proposed plan. Bidders may also provide a separately attached written diversity commitment, policy, or plan in addition to their responses to Exhibit B.
- All proposals must comply with all applicable laws, regulations and executive orders, including environmental laws, such as the Emissions Performance Standards.[51]
- PSE will not accept credit requirements imposed on PSE by the respondent.
- Respondents must certify to adhere to all applicable safety laws, guidelines and industry practices. If proposal is selected for acquisition, PSE reserves the right to review and assess at least the previous three (3) year safety performance of companies responding to this RFP to ensure that they meet acceptable standards.
- Proposal will certify that if selected for acquisition, the respondent will be responsible for meeting its scheduled deadlines. PSE will require the respondent to accept the risk and agree to pay liquidated damages for failing to meet contractual milestones. PSE may impose credit requirements based on the respondent's credit rating.
- Proposals must identify the geographical boundaries of the overall project by map, sketch or drawing, depict all property ownerships within those boundaries on the map, sketch or drawing and provide real estate agreements demonstrating respondent's degree of project site control for the purposes of the proposed project. PSE prefers proposals that further provide complete copies of all real estate agreements demonstrating control, and

[49] PSE prefers projects that utilize a Project Labor Agreement or Community Workforce Agreement for major construction activities associated with the construction of the project. Respondents shall make commercially reasonable efforts to ensure that such Project Labor Agreement or Community Workforce Agreement is eligible to be certified by the Washington Department of Labor and Industries under the standards of the Washington State Clean Energy Transformation Act (RCW 19.405).

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

[51] System PPAs longer than five years are eligible to participate in this All-Source RFP; however, they must comply with the Emissions Performance Standards (Chapter 173-407 WAC) and Chapter 480-100 WAC, which require disclosure of the underlying resource or resource pool to verify compliance with the standards.

independent third-party confirmation of property ownership, such as title insurance commitments or policies for each property with copies of all exceptions. For property not under control for the project, PSE prefers proposals that include a summary of property owner contacts and the status of negotiations with those property owners.

- Proposals must identify required permits and approvals, their status, and provide a schedule for completion as part of the overall project schedule. PSE prefers proposals that further demonstrate a respondent's permitting acumen (e.g., providing a permitting plan or demonstrating progress, identifying required studies and status, successful outreach to lead agencies and stakeholders, indicating past success permitting other projects in the area). Bidders should have begun permitting or long lead-time studies, such as habitat studies. If permitting or studies have not begun, bidders should present a plan for receiving or completing the aforementioned, respectively.
- Development proposals must include sufficient detail to substantiate a viable project and to adequately assess risk. For example, wind proposals must also provide the information listed below. Other resource types should plan to provide a similar level of detail and expect a similar level of scrutiny.
    - Proposals should include only turbine models from industry-recognized top-tier wind turbine suppliers.
    - Proposals should include full description of turbine model(s) to be used including history of successor models and relevant improvements that are expected in the proposed model.
    - Proposals should indicate anticipated date of third-party certification of proposed turbine model(s) along with the name of the recognized industry third-party providing certification.
    - Proposals should describe the design life of the turbine models. If existing turbines are included in the proposal, their expected remaining life should be clearly documented in the proposal.
    - Proposals should include documentation of a turbine site-suitability review performed by a third-party or by the turbine OEM. Proposed turbines should be documented as being suitable for the site including, but not limited to, the following factors:
        - Average wind speed
        - Turbulence
        - Extreme wind speeds
        - Extreme temperature ratings
    - Proposals should include documentation indicating the plant's ability to comply with FERC order 661-A *Standard Interconnection Agreements for Wind Energy and*

Other Alternative Technologies. The plant's ability to provide appropriate voltage ride-through and voltage support should be clearly documented.

- Proposals should include an avian risk plan with planned avian monitoring and mitigation actions.

For ownership proposals

In addition to the minimum qualifying criteria required for all proposals (above), PSE has identified the following additional criteria for ownership proposals:

- PSE will only accept proposals for ownership at or after COD.
- If project is selected, PSE will require comprehensive engineering design documents and drawings well in advance of project construction. Projects will be required to meet all PSE requirements and specifications.
- Bidders shall certify that all proposed design engineering firms and project constructors will have proven expertise and experience in projects of similar scope and size.
- Proposals should include details on the proposed service and maintenance plan for major turbine equipment.
- Proposals should include a description of the manufacturer warranties/guarantees for major equipment and the GSU/step-up transformers.

Battery energy storage systems

Due to the unique risks associated with ownership of battery energy storage systems, PSE prefers PPAs for such resources. In addition to the applicable requirements in the sections above, proposals for PSE ownership of battery energy storage resources must meet the minimum requirements identified in Section 2 of this All-Source RFP.

Demand response and distributed energy resources proposals

In addition to the applicable requirements in the sections above, DR and DER resources must meet the minimum requirements identified in Section 2 of this All-Source RFP.

Signatures and certifications

Each electronic proposal must include a scanned copy of the Bid Certification Form (Exhibit B, Tab 9) signed by a duly authorized officer or agent of the respondent submitting the proposal. By signing the form, the respondent's duly authorized officer or agent certifies that:

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

Code of conduct, eligibility and conflict of interest disclosure

This All-Source RFP will accept proposals from all third-party project developers or owners, marketing entities, or other utilities that meet the minimum requirements and comply with the process guidelines described in this All-Source RFP. All respondents shall disclose in their proposals any and all relationships between themselves, the project and/or members of their project team and PSE, its employees, officers, directors, subsidiaries, or affiliates.

Code of conduct

PSE is committed to a culture of ownership, accountability, honesty, integrity and trust. In conducting this RFP, PSE will follow its Code of Conduct. This Code of Conduct outlines the honest and ethical manner in which all employees and board of directors at Puget Energy, Inc., Puget Sound Energy, and related subsidiaries are expected to behave, with each employee having a duty to uphold the Code of Conduct.

The Federal Energy Regulatory Commission's ("FERC") regulations governing the sales of energy and/or capacity at market-based rates impose restrictions on transactions between "market-regulated power sales affiliates" and their affiliated traditional franchised public utilities with captive wholesale or retail customers. Under FERC regulations, "affiliate" is defined in 18 C.F.R. section 35.36(a)(9).

Washington state law and regulations define what constitutes an "affiliated interest," which is different than how FERC defines "affiliate." In Washington, affiliated interest is defined in RCW 80.16.010.

Self-build proposals

PSE does not plan to submit a self-build proposal in the 2021 All-Source RFP.

Subsidiary or affiliate proposals

Subsidiaries or affiliates of PSE will be eligible to submit proposals in response to this All-Source RFP. Each respondent to PSE's All-Source RFP must disclose any subsidiary or affiliate relationship to PSE in Exhibit B, Tab 2a to this All-Source RFP. All respondents, including affiliates and subsidiaries of PSE, shall follow a consistent process for submittal. PSE will treat all respondents, including affiliates and subsidiaries of PSE, in a fair and consistent manner throughout the evaluation. Consistent with the provisions in WAC 480-107-023 and -024, the All-Source RFP evaluation team will neither give preferential treatment or special consideration to any subsidiary or affiliate of PSE to ensure no unfair advantage occurs, nor will PSE or its independent evaluator disclose the contents of its All-Source RFP evaluation or competing proposals to subsidiaries or affiliates of PSE prior to the information becoming publicly available. The IE will immediately report to PSE and the WUTC any perceived attempt by any individual or party to improperly influence any findings determined by the IE, or to challenge or interfere with their independent role in the solicitation process.

Validity, deadlines and regulatory approval

Bid validity and deadlines

PSE anticipates selecting a short list in Q2 2022. Unless a bid is withdrawn, PSE will assume that it is valid through completion of the RFP. PSE further assumes that proposals will remain valid for a period that would allow for negotiation and execution of definitive agreements, including any applicable management and regulatory approvals.

Regulatory approvals

Regulatory approvals for resources acquired may not be obtained until the latter half of 2023 or later. PSE may seek post-closing regulatory review of any resource purchases, exchanges, acquisitions, or associated costs that result from this RFP. Such regulatory review could include receipt by PSE from the Washington Utilities and Transportation Commission ("WUTC") of approvals and orders, as applicable, pertaining to and confirming the inclusion of the full amount of any asset purchase price plus PSE's transaction costs and other amounts allocable to the construction, start-up, testing and commissioning of the project, as applicable, in PSE's rate base. Such approvals and/or orders to be in form and substance satisfactory to PSE in its sole discretion.

In addition to being subject to the jurisdiction of the WUTC, PSE is also regulated by the FERC. FERC's jurisdiction and authority over the activities of PSE are defined in the Federal Power Act and include certain aspects of the acquisition of electric power. In particular, Sections 203 and 205 of the Federal Power Act require, respectively, (i) approval by FERC prior to transferring FERC-jurisdictional assets a value in excess of $10,000,000; and (ii) certain filings by PSE to support its authorization to sell power and related products at market-based rates.

SECTION 4. PROPOSAL REQUIREMENTS

Pursuant to Section 203 of the Federal Power Act, FERC has approval authority over any acquisition by PSE of public utility facilities subject to FERC jurisdiction with a value in excess of $10,000,000. In reviewing filings under Section 203 of the Federal Power Act, FERC considers the effect on competition, rates, and regulation. FERC's approval of such an acquisition will be based on a finding that it is "consistent with the public interest."

FERC has authorized PSE to sell power at market-based rates pursuant to Section 205 of the Federal Power Act. As a condition of its authority to sell power at market-based rates, PSE must demonstrate to FERC that it does not possess market power in the relevant markets. Acquisition by PSE of generation or power resources may require PSE to demonstrate that it continues to lack market power after the resource acquisition. In addition, FERC's regulations prohibit PSE from engaging in the wholesale purchase of energy or capacity from an affiliate without first seeking FERC authorization. As a result, PSE may be required to seek prior FERC approval of any transaction with an affiliated entity.

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

5. Credit Requirements

PSE will not accept collateral thresholds, credit ratings triggers, general adequate assurances language or similar language that might require PSE to provide performance assurance. PSE developed this policy in order to protect its customers and to avoid undue costs, especially in the event of an industry-triggered credit downgrade.

PSE will require respondents to provide performance assurance. PSE will expect respondents with sub-investment-grade credit ratings (or being of similar creditworthiness), or whose credit ratings drop below investment grade, to provide performance assurance acceptable to PSE. Non-investment grade entities have inherent default risks. Collateral requirements are utilized to mitigate such risks. When certain PPAs are in default, physical supply will be affected. The collateral gives PSE an option to purchase market power to bridge the gap and, in turn, protect its ratepayers from both cost and reliability risks. This is consistent with standard industry practices.

In addition to any provisions included in the prototype term sheets for ownership agreements (Exhibit E to this All-Source RFP), capacity and/or energy agreements (Exhibit F to this All-Source RFP), or clean energy power purchase agreements (Exhibit G to this All-Source RFP) PSE may require negative control provisions[52] in any definitive agreements.

[52] *"Negative control provisions" means covenants restricting respondent business practices that could jeopardize respondent's ability to perform its obligations.*

6. Proposal Submission

Submission process, deliverables and deadlines

PSE is developing a web platform for respondents to confidentially submit electronic proposals to this All-Source RFP. PSE will provide a link to the platform and instructions for proposal submission on the RFP web site (www.pse.com/rfp) once the final RFP is issued, or soon thereafter.

Questions or comments about the All-Source RFP may be submitted to AllSourceRFPmailbox@pse.com. PSE will post answers to questions on its RFP web site. RFP schedule updates and any supplemental informational updates associated with this RFP will also be posted to PSE's RFP web site.

Table 7. *Deliverables and deadlines*

Deliverable	Date Due	Format
All-Source RFP proposal *(See Section 4 and Exhibit B for Proposal Requirements)*	September 1, 2021	• One electronic copy of the proposal via PSE's confidential electronic proposal submission web platform (instructions will be provided on www.pse.com/rfp when the final RFP is issued) o Proposal must include one complete Excel copy of the Exhibit B (Proposal Requirements) forms and all required attachments (as indicated therein) [53] o Proposal must include one signed scanned copy of Exhibit C (Mutual Confidentiality Agreement) o Proposal must also include a signed scanned copy of the Bid Certification Form (Exhibit B, Tab 9) in addition to the live version included in the Excel form
Bid fee	September 1, 2021	• See Table 8 for details about the bid fee.

[53] *Respondents may not add, remove or modify tabs in Exhibit B (Proposal Requirements Forms). PSE has designed this Excel file to be a key input to PSE's All-Source RFP proposal database and models. PSE will reject Exhibit B forms, if respondents add, remove or modify tabs in the Exhibit B file. Any changes to the integrity of, or a failure to complete the required fields of, the Exhibit B file will result in a validation error response and the web platform will not accept the proposal until the error is corrected.*

SECTION 6. PROPOSAL SUBMISSION

Proposal requirements forms (Exhibit B)

PSE is committed to providing bidders with the guidance needed to successfully complete Exhibit B and to navigate the newly designed proposal submission process. PSE will not simply reject bids due to a data entry error or a misunderstood direction for a specific field. To help bidders successfully submit their proposals, PSE will provide the following:

- a downloadable user instruction manual on how to navigate and use the RFP submission portal and its core features and functions,
- a downloadable user reference on typical expected data validation error messages,
- a live demonstration at the bidders' conference to show bidders how to submit a proposal and what to expect with the automated screening,
- unlimited access to submit and resubmit proposals during the RFP submission window, and
- a three-day curing period after the RFP due date to allow bidders to remedy an unacceptable term or condition, or other non-conforming criteria or fatal flaw in a proposal.

Respondents may also reach out to RFP team staff through the All-Source RFP mailbox (AllSourceRFPmailbox@pse.com) with questions about Exhibit B and the automated submission process.

Respondents should note that the bid submittal deadline is not subject to the three-day cure period. It is expected that respondents will plan ahead to submit their bids on time, allowing for sufficient time to seek advice from the RFP team, in the event of any data entry errors. Bidders are encouraged to submit early to confirm that their proposal forms will be accepted by the automated system. Bidders will have until the due date to delete and resubmit forms and other supporting files from the portal.

PSE has undertaken a significant automation effort to help improve the efficiency and accuracy of the RFP process. Exhibit B is the primary input to this process. The automation project is currently in the testing phase, with efforts ongoing to support a successful and satisfactory user experience when completing the Exhibit B bid forms and submitting proposal materials. If technical issues are identified during testing that may negatively impact the user experience, the Exhibit B file will be corrected and an update will be provided on PSE's web site (http://www.pse.com/rfp) and in Docket UE-210220 (https://www.utc.wa.gov/casedocket/2021/210220). PSE will notify stakeholders of any updates to the Exhibit B forms. To be added to the RFP stakeholder distribution list, contact AllSourceRFP@pse.com.

Evaluation fees

A bidder shall complete a separate set of proposal requirements forms (Exhibit B) and submit a separate bid fee for each proposal submitted. For the purposes of this RFP, a proposal is defined as a bid for the same resource containing up to three (3) total offer options. Bidders may submit more than one proposal. Proposals are not mutually exclusive.

An offer is defined as an option within a single proposal for the same resource, or co-located resources. Offers may vary options such as capacity (MW), term, start or end dates, pricing structure, transmission delivery point, some combination of co-located resources, or other proposal elements.

Table 8 presents the evaluation fees applicable to this All-Source RFP.

Table 8. *Evaluation fees*

<table>
<tr>
<td>Bid fee</td>
<td>

Bid fees will be due on the proposal due date specified in Table 7, subject to the cure period (three business days) described in Section 3 (Evaluation Process, Intake Process).
PSE will provide instructions for submitting the bid fee on the RFP web site (www.pse.com/rfp) once the final RFP is issued or soon thereafter.
Bid fees will be assessed per proposal based on the total (aggregated) nameplate of the project:
<table>
<tr><th>Proposal Size</th><th>Bid Fee</th></tr>
<tr><td>≥5 – 10 MW</td><td>$2,500</td></tr>
<tr><td>10 – 20 MW</td><td>$5,000</td></tr>
<tr><td>≥20 MW</td><td>$10,000</td></tr>
</table>

Bidder may submit one (1) proposal and include up to two (2) additional offers (same resource or resources) for a single bid fee. An offer could include different terms, such as PPA/BTO/PPA with purchasing option, etc.
Bidders may submit more than one proposal for a separate bid fee.
Proposals are not mutually exclusive.
Bid fees will be used to help offset the costs that PSE will incur while reviewing proposals. Costs may include, but are not limited to,

</td>
</tr>
</table>

<table>
<tr><td></td><td>acquiring the services of third-party resources to perform independent analysis, conducting studies, engaging legal services, etc.</td></tr>
<tr><td>Bid refund policy</td><td>• Bid fees are non-refundable, unless a proposal is withdrawn before the submittal deadline.
• If a proposal does not meet the minimum eligibility requirements specified in Section 4, the bidder will be notified and will have three (3) days to remedy the proposal.</td></tr>
<tr><td>Success fee</td><td>• PSE may enter into negotiations and seek to execute contracts for shortlisted resources.
• Upon contract execution, successful bidders may be charged a success fee to recover the incremental costs associated with due diligence work or legal services associated with negotiations.</td></tr>
<tr><td></td><td>• The success fee will be capped per proposal based on the total (aggregated) nameplate of the project:
<table>
<tr><th>Project size</th><th>$/MW maximum</th><th>Success fee maximum</th></tr>
<tr><td>≥5 – 80 MW</td><td>$650 / MW</td><td>$50,000</td></tr>
<tr><td>>80 – 150 MW</td><td>$800 / MW</td><td>$105,200</td></tr>
<tr><td>≥150 MW</td><td>$1000/MW</td><td>$[250,000]</td></tr>
</table>
<table>
<tr><td>Example I:
If a project with an aggregate nameplate capacity totals 80 MW, the maximum success fee would be determined as follows:</td><td>Example II:
If a project with an aggregate nameplate capacity totals 160 MW, the maximum success fee would be determined as follows:</td></tr>
<tr><td>• (0-80 MW) * $650 = $52,000 = X</td><td>• (0-80 MW) * $650 = $52,000 = A</td></tr>
<tr><td></td><td>• (81-150 MW) * $800 = $55,200 = B</td></tr>
<tr><td></td><td>• (151-160 MW) * $1,000 = $9,000 = C</td></tr>
</table></td></tr>
</table>

	Proposal Success Fee (I) = MIN(X, $50000) = $50,000	Proposal Success Fee (II) = MIN(A + B + C , $250000)= $116,200

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

Attachment B

PUGET SOUND ENERGY

2021 All-Source RFP for Renewable and Peak Capacity Resources:

Exhibit A. Evaluation Criteria and Scoring

Evaluation Criteria and Scoring

The goal of the All-Source RFP is to select the resource or mix of resources that best meet the need expressed in Section 1 of this All-Source RFP at the lowest reasonable cost and least risk, while taking into account the public interest. See Section 3 of the All-Source RFP for a description of the evaluation process, including a discussion of the quantitative and qualitative analysis performed in each phase.

PSE's evaluation of new long-term electric generation resources is based on a combined quantitative and qualitative assessment of all proposals that meet the minimum requirements of the All-Source RFP. Taken together, the quantitative and qualitative evaluation criteria assess the feasibility of proposals and measure 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.

As described in Section 3 of the All-Source RFP, PSE divides its evaluation process into two phases: a screening phase (Phase 1) and a portfolio optimization phase (Phase 2). In Phase 1, resource proposals are evaluated and scored based on the quantitative and qualitative metrics described in this exhibit. The proposals are 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 70 percent and 30 percent, respectively. Only those proposals that satisfy the RFP minimum requirements will receive a qualitative or quantitative score. The evaluation team will continue to check for any non-conforming criteria or fatal flaws throughout the evaluation process.

PSE will use the results of the individual quantitative portfolio analysis and qualitative evaluation to identify the list of resources selected to advance to the portfolio optimization modeling in Phase 2. The portfolio optimization analysis tests the portfolio impacts of potential resource combinations and determines the best mix of proposals to meet PSE's resource needs at the lowest reasonable cost. The results of the portfolio optimization will determine the preferred resource portfolio to be selected for the short list.

Quantitative metrics and price score (70%)

PSE's quantitative analysis primarily relies on the portfolio benefit metric. As measured and evaluated, portfolio benefit is a holistic economic indicator that captures all of the benefits, energy/production costs, capacity contribution, renewable credits, and emission reductions of a resource relative to the alternatives identified in PSE's 2021 IRP preferred portfolio.[1] PSE's quantitative analysis also considers the levelized cost of energy, which is a traditional metric used by the industry to compare the cost of resources with the same or similar operating

[1] *See 2021 IRP Preferred Portfolio*

characteristics; however, this metric does not take into account a resource's contribution toward meeting PSE's physical capacity or renewable energy resource needs.

PSE seeks proposals for resources that provide the lowest reasonable portfolio cost, taking into account the price of the proposal, the proposal's contribution to CETA and capacity needs, the term of the proposal and other factors that impact PSE's overall cost. Depending upon whether the proposed structure is for a power purchase agreement or an ownership arrangement, such cost factors include, but are not limited to, those listed in Table 1 below.

Table 1. ***Proposal cost factors that impact PSE's overall cost***

Cost Factor	PPA	Ownership
Capital cost		X
Financing cost (rate of return)		X
Operation and maintenance cost		X
Social cost of greenhouse gases ("SCGHG") cost adder	X	X
Expected or potential carbon control or mitigation costs	X	X
Fuel and fuel transportation cost	X	X
Fixed and variable power purchase agreement cost*	X	
Transmission cost	X	X
Ancillary services	X	X
Integration costs	X	X
Transmission system upgrades	X	X
Cost to rebalance debt/equity ratio for imputed debt and consolidated debt **	X	X
Cost of credit facilities		X
Transaction costs and other management costs, etc.	X	X
Cost to meet environmental compliance, including capital improvements and/or capacity limitations and restrictions		X
Renewable energy credits or other environmental attributes	X	X

* Assumes all relevant capital, financing and O&M costs included in PPA price.
** Imputed debt will be considered for the purposes of consolidated company balance sheet and credit analysis prior to any contracting.

Aurora is a production cost model that will be used for optimal resource selection (also known as long-term capacity expansion modeling) and hourly economic dispatch. PSE will use a proprietary, Excel-based portfolio screening model ("PSM") to compile the fixed and variable costs submitted by the bidders. PSE adds individual proposals to the power portfolio and uses the Aurora model to re-optimize generic resource selection and portfolio dispatch to meet the needs while satisfying all of the constraints. This creates a new portfolio and portfolio cost that can be compared to the all-generic portfolio. The portfolio benefit of each proposal is calculated

by taking the cost of the all-generic portfolio less the cost of the portfolio with the new proposal. Consistent with RCW 19.280.030(3)(a)(iii) and the 2021 IRP, the social cost of greenhouse gases ('SCGHG") is included as a cost adder to emitting resources in the long-term capacity expansion model. Proposals with a positive portfolio benefit reduce the net electric portfolio costs relative to a generic-only portfolio, whereas proposals with a negative portfolio benefit increases the net electric portfolio costs. In Phase 1, proposals will be grouped into resource categories based on resource and/or technology type, and assigned price scores based on their relative proposal-specific Portfolio Benefit per MW of offered nameplate. As described in Section 3 of the All-Source RFP, a selection of price-competitive projects from each resource category will proceed to the Phase 2 portfolio optimization stage based on their combined quantitative and qualitative scores (see below), such that at least 150 percent of the renewable and capacity resource needs are represented. In Phase 2, PSE's portfolio optimization modelling will determine the optimal combination of resources to meet both the CETA renewable need and the capacity need at the lowest portfolio cost. The portfolio optimization will capture projects' CETA-renewable energy credit contribution and capacity credit contribution (based on project-specific effective load carrying capability, or "ELCC", values) with the balance of their costs; projects that provide a material contribution to both capacity and CETA needs will generally perform more favorably due to the benefit produced by the dual value streams.

In the Phase 2 portfolio optimization modelling, PSE may perform analyses aimed at producing a resource portfolio that meets the capacity and renewable need while maximizing customer benefit indicators ("CBIs") prioritized by the ongoing public participation and advisory group process with stakeholders. Any analysis performed by the resource acquisition team is anticipated to follow an approach similar to the Clean Energy Implementation Plan ("CEIP") team's work on customer benefits and include the prioritization of CBIs developed through the ongoing public participation and advisory group process with stakeholders.

The metrics calculated by the Aurora model to assess the relative competiveness of individual proposals are described in Table 2. PSE will conduct sensitivity analysis that consider different load and market price assumptions and scenarios.

Table 2. ***Metrics calculated by Aurora to assess RFP proposals***

Metric	Description	Value
Portfolio benefit *($)*	Difference between the net present value portfolio revenue requirement with the proposed project in the portfolio replacing an equivalent amount of generic resource, and the net present value portfolio revenue requirement of the all-generic portfolio. Projects may have a portfolio benefit by displacing higher cost	Higher is better. Useful for comparing projects of similar size and technology type. Used to determine the least cost combination of resources that meets PSE's resource needs.

Metric	Description	Value
	capacity resources, renewable resources, or a combination of both.	
Portfolio benefit per offered Nameplate ($/MW)	Net present value of a proposed project's portfolio benefit divided by the net present value of the project's offered nameplate capacity.	Higher is better. Useful for comparing different project sizes and technologies. Used along with qualitative metrics in establishing an initial ranking of projects for inclusion in the portfolio optimization.
Levelized cost of energy *($/MWh)*	Net present value of a proposed project's revenue requirement divided by the net present value of the project's generation.	Lower is better. Useful for comparing projects that have the same or similar operating characteristics. Less useful for projects with low or no generation.

Qualitative metrics and non-price score (30%)

PSE has developed for the 2021 All-Source RFP a qualitative rubric designed to assign value and score certain key non-price elements of resource proposals that meet the minimum requirements described in Section 4 of the RFP. The qualitative rubric is structured to capture what PSE considers to be the principal qualitative elements, risks and benefits of the proposals, while also recognizing that certain elements may not apply in the same manner to all types of resources, in particular demand-side resources. In such instances, the evaluation team will apply the breakout categories indicated in the rubric in order to score such proposals on an equivalent basis.

After proposals pass through the automated intake process (described in Section 3 of the All-Source RFP), the evaluation team will conduct a preliminary qualitative screening to verify that the minimum criteria have been met and to check for non-conforming criteria or fatal flaws that would eliminate proposals from further consideration. Common examples of non-conforming criteria or fatal flaws include, but are not limited to: proposals with insurmountable or otherwise prohibitive feasibility constraints, inability to permit the project or deliver energy, commercially unproven technology, excessive counterparty risk, safety risk, and regulatory or legal risk associated with noncompliance that could adversely affect PSE. Any proposal identified to have non-conforming criteria or fatal flaws will be notified and given three (3) days to remedy (the "cure period").

In Phase 1, PSE will perform additional due diligence, where necessary, to dig deeper into the unique risks and merits of particular proposals, verify proposal claims, clarify offer details, and answer any outstanding questions. To do this, the evaluation team may:

- submit data requests to respondents for clarification of proposal details or for further information to help illuminate the particular risks and benefits of proposals,
- discuss elements of the proposals with respondents by phone,
- draw on publically available and non-confidential information as per the Mutual Confidentiality Agreement (Exhibit C) to better understand key elements of the proposals (such as transmission availability, local support/opposition, or the likelihood of successful permitting),
- utilize a third-party consultant to help assess the reasonableness of resource data,

The resource evaluation team will assign qualitative scores based on the information that bidders provided in their proposals, as well as PSE's experience in the market and as a resource owner/operator, and on publicly available information. The evaluation team will also consult as necessary with subject matter experts from specific functional areas throughout the company.

PSE's qualitative scoring rubric is provided as Table 3 beginning on page A-6. Bidders should note the following:

- Any proposal that receives a score of "0" in the Project Viability, Site Control Status, Permit/Studies, Energy Delivery or the CETA customer benefit plan category will be deemed to have failed to meet the minimum criteria of the 2021 All-Source RFP and disqualified from further consideration (provided that such failure to meet minimum criteria has not been remedied within the three-business-day cure period).
- For categories that require a greater degree of judgement in assessing risk (Counterparty Viability, Project Viability and CETA customer benefit plan), the rubric indicates factors that the evaluation team will consider when assigning appropriate scores. Bidders should therefore ensure that the information in their bids adequately addresses these factors.

Table 3. *Qualitative scoring rubric*

Evaluation Categories	Weight		Points	Score
Counterparty Viability *Screening based on 2 key areas listed below. The total sum is applied towards this category.*	10%	x	_ / 6	
Experience Level				
Bidding Entity (company) or Team has no demonstrable experience implementing **at least 1** similar size and technology deployment			1	
Bidding Entity (company) or Team has demonstrable experience implementing **at least 1** similar size and technology deployment			2	
Bidding Entity (company) or Team has demonstrable experience implementing **≥ 5** similar size and technology deployments			3	
Counterparty Stability				
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				
Project Viability *Screening based on applicable areas listed below. The total sum of the respective applicable areas is applied towards this category.*	10%	x	_ / 9 or _ /8 (DR/DER)	
Financing Plan (All Projects)				
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	
Supply Chain (Transmission Interconnected projects)				
<5% Project Major Equipment inventory secured / No arrangements made			1	
<50% but >=5% of Project Major Equipment inventory / Safe Harbored Equipment / or Pre-existing arrangements			2	
>50% Project Major Equipment Inventory or Construction Complete			3	
Program Design (DR and Aggregated DER only)				
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	
IT Security and Data Privacy (DR and Aggregated DER only)				
Little or no information provided on IT security and data privacy			0	
IT security and data privacy information provided: Bidder does not have SOC2 Type 2 certification, but is prepared to pursue it if selected.			1	
IT security and data privacy information provided: Bidder already holds a SOC2 Type 2 certification / project does not require access to customer data so SOC2 Type 2 does not apply.			2	
Technology Risk (All Projects)				
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			2	
>10 deployments with similar asset with >10 years of fleet deployment history			3	
* PSE may differentiate between technology upgrades and new classes of technology in assigning scores for deployment				

2021 All-Source RFP for Renewable and Peak Capacity Resources

EXHIBIT A. EVALUATION CRITERIA AND SCORING

Site Control / Customer Acquisition Status	10%	x	_ / 3
Project Site and Gen-tie Line (Transmission-interconnected projects and single POI distribution projects)			
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		
Customer / Site Acquisition Plan (DR and Aggregated DER only)			
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		

Permitting and Studies	10%	x	_ / 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		

Energy Delivery	25%	x	_ / 4
Interconnection and Transmission (on and off PSE system)			
No Interconnection Request Submitted -and- No Transmission Plan (see Exh B Tab 5) Submitted	0		
Interconnection Request submitted -and- Transmission Plan (see Exh B Tab 5) submitted	1		
Executed Interconnection Agreement and Transmission Service Request submitted -or- Executed Transmission Service Agreement and Interconnection Request Submitted	2		
[Executed Interconnection Agreement and Transmission Service Request submitted with at least one study completed (Feasibility or System Impact or Facilities)] -or- [Executed Transmission Service Agreement and Interconnection Request Submitted with at least one study completed (Feasibility or System Impact or Facilities)]	3		
Executed Transmission Service Agreement and Executed Interconnection Agreement	4		
BONUS POINT: Executed NRIS Interconnection Agreement -or- Executed NITS Agreement (on PSE system ONLY)	+1		
DER/DR projects interconnected to the distribution system (on PSE system only)			
No interconnection submitted -or- Deliverability not feasible	0		
Completed application for Schedule 152	2		
Preliminary review indicates delivery is feasible	3		
Transmission distribution study complete (if applicable) -or- Interconnection approved -or- Not required (DR)	4		

CETA Equity Plan	35%	x	_ / 5
No CETA Equity plan provided	0		
Plan submitted - Minimally addresses all areas	1		
Strongly addresses two (2) of the five CBI areas and minimally addresses the remaining three (3) CBI areas	2		
Strongly addresses three (3) of the five CBI areas and minimally addresses the remaining two (2) CBI areas	3		
Strongly addresses four (4) of the five CBI areas and minimally addresses the remaining one (1) CBI area	4		
Strongly addresses all five (5) CBI areas (Environmental, Economic, Health, Energy and Non-Energy Benefits, and Energy Security and Resiliency)	5		

* For certain types of resources (e.g. DERs, DR), interconnection and transmission award may not be required

Additional information used during qualitative evaluation

PSE will use information provided by the bidder as well as information available in the public domain to make an informed evaluation of the maturity and readiness of the project in the categories of counterparty viability, project viability, site control/customer acquisition status, permitting and studies, energy delivery, and CETA customer benefit plan. PSE will evaluate each proposal based on the merits of the quality and completeness of information sought in each of those categories. The information provided below serves to aid bidders to build as complete a proposal as possible in order to achieve the highest qualitative score attainable for their project.

A. Counterparty viability

Experience

- Direct experience implementing similar size and technology deployment in the United States
  - Summary CV of all key project team members
  - Company structure and organization
  - List of previous projects and technology types
- Previous safety performance record

Counterparty stability

- Credit history and stability
- Financial reports/10K/ CPA certified for previous 3 years
- Material legal proceedings within past five years. (PSE will generally consider legal breaches of greater than $5 million to be material)

B. Project viability

Financial plan

- Project financing
- Project's development history
- Project's ownership taxonomy
- Interconnection and transmission cost with studies complete

Supply chain

- Bill of laden
- Supply agreements
- Fuel supply agreements (if applicable)

Technology risk

- Installed project lists
- OEM fleet monitoring statistics

C. Site control

Project site and gen-tie line

- Binding letters of land use agreement
- Non-binding letters of land use agreement
- Ownership documentation
- Evidence of local community support for the proposed project

D. Permitting and studies

- Engineering studies
- Habitat studies
- Environmental impact studies
- State and/or federal discretionary permits
- Commercial and/or residential permits

E. Energy delivery

- Transmission plan
- Interconnection request and/or agreements
- Transmission request and/or agreements
- Feasibility, system impact, and/or facilities study

F. CETA customer benefit plan

CETA customer benefit indicators

The 2021 All Source RFP requires bidders to submit an equity plan that at a minimum addresses the questions in Tab 2a of Exhibit B under Equity Plan. Bidders are strongly encouraged to submit additional material with more detail, as appropriate, to help PSE assess the credibility and viability the bidder's equity plan. The equity plan should be guided by the principles set forth in RCW 19.405.040(8) of the Clean Energy Transformation Act, which states:

(8) In complying with this section, an electric utility must, consistent with the requirements of RCW 19.280.030 and 19.405.140, ensure that all customers are benefiting from the transition to clean energy: Through the equitable distribution of energy and nonenergy benefits and reduction of burdens to vulnerable populations and highly impacted communities; long-term and short-term public health and environmental benefits and reduction of costs and risks; and energy security and resiliency.

PSE will evaluate a bidder's Equity Plan based on the degree to which it identifies and explains specific plans and/or ways that the proposal addresses the CETA customer benefits and incorporates diversity, equity and inclusion. PSE will also look for

commitments from bidders to carry out those plans and/or track the contributions of the proposed project. Bidders are encouraged to include in their Equity Plans the methods by which non-energy benefits may be quantified, which the evaluation team may consider in the qualitative evaluation.

The five customer benefit indicators ("CBI") categories in the qualitative rubric are: 1) environmental 2) economic 3) health 4) energy and non-energy benefits and 5) energy security and resiliency. These are based on indicators presented by PSE's IRP team in its February 10, 2021 public presentation to stakeholders. Work on developing CBIs is still ongoing through the CETA Equity Advisory Group and CEIP public participation process, and PSE may incorporate the findings of that work in the qualitative rubric when issuing the final All-Source RFP on July 1, 2021. As described above, PSE may perform analyses in the Phase 2 portfolio optimization modeling aimed at producing a resource portfolio that meets the capacity and renewable need while maximizing CBIs prioritized by the ongoing public participation and advisory group process with stakeholders.

Exhibit A Appendix: Sample Rubric

		Quantitative metrics and price score - 70%			Qualitative metrics and non-price score - 30%								Total - 100%	
					10%	10%	10%	10%	25%	35%				
					- / 6	- / 9*	- / 3	- / 4	- / 4 (5/4 possible)	- / 5				
ID	Project Name	Portfolio Benefit / Nameplate	Relative Price Score	Price Score Ranking	Counter-party Viability	Project Viability*	Site Control	Permit	Energy Delivery	CETA	Non-Price Score	Non-Price Score Ranking	Overall Score	Overall Ranking
1	Wind Project 1 - Offer 1	300.0	100	1	6	9	3	4	4	5	100	1	100.00	1
2	Wind Project 1 - Offer 2	275.0	92	3	6	9	3	4	4	5	100	1	94.17	2
3	Wind Project 3	300.0	100	1	6	9	3	4	4	1	72	6	91.60	3
4	Wind Project 4	0.0	0	4	6	9	3	4	4	5	100	1	30.00	4
5	Wind Project 5	-50.0	-17	5	6	9	3	4	4	5	100	1	18.33	5
6	Wind Project 6	-500.0	-167	6	6	9	3	4	4	5	100	1	-86.67	6

Summary of scoring scenarios

1	**Setup:** ID 1 and 2 - Two different offers for the same project; same non-price scores in all categories; only difference is in pricing structure, which results in different portfolio benefits. **Result:** Project 1 - Offer 1 will score higher due to higher price score. It also shows how is the price is determined relative to the highest quantitatively ranked project.
2	**Setup:** ID 1 and 3 - Two different projects; same portfolio benefit/nameplate and same price scores; only difference in qualitative evaluation is ID 3 addresses limited CETA benefits. **Result:** Project 1 - Offer 1 will score higher due to higher non-price score.
3	**Setup:** ID 1 and 4, 5, 6 - Different projects; same non-price scores for all projects; different portfolio benefit/nameplate for each project shows how price score is determined relative to the highest quantitatively ranked project. **Result:** Shows what the price score would be if Portfolio Benefit / Nameplate is $0, slightly negative, or very negative.

Notes:

1 *In Phase 1 of the RFP evaluation, each resource type will be compared to others within its resource group. A cut of a certain number of top ranked projects of each resource group based on clear scoring gaps will be selected to advance to Phase 2 of the evaluation.*

2 *The maximum score for "Project Viability" is 8 for a DR/DER resource.*

Attachment C

2022 DISTRIBUTED ENERGY RESOURCES

Request for Proposals

February 7, 2022

PSE PUGET SOUND ENERGY

Table of Contents

TABLE OF CONTENTS

LIST OF EXHIBITS

List of Exhibits

Acronyms and Definitions

Term	Definition
ADMS	Advanced Distribution Management System
BESS	Battery Energy Storage System
BTM	Behind-the-Meter (BTM) refers to customer-sited resources (e.g., solar and BESS) that are connected to the distribution system on the customer's side of the utility's service meter.
CAISO	California Independent System Operator
CBI	Customer Benefits Indicator
Clean Energy Implementation Plan ("CEIP")	The Clean Energy Implementation is a four-year roadmap that guides PSE's clean electricity actions, programs, and investments for the years 2022-2025.
Clean Energy Transformation Act ("CETA")	PSE is obligated to meet the requirements of the Clean Energy Transformation Act ("CETA"), Chapter 19.405 RCW. CETA sets statewide policy goals for the elimination of coal-fired resources by December 31, 2025, 80 percent carbon free generation and overall carbon neutral electricity by 2030, and 100 percent carbon free electricity by 2045.
COD	Commercial Operation Date
DEI	Diversity, Equity, and Inclusion
DER	Distributed Energy Resource
Distribution System	Medium-voltage (12.5 kV-55 kV) infrastructure that carries electricity from a substation to customers; includes the substation transformer
DR	Demand Response
EIM	Energy Imbalance Market
ELCC	Effective Load Carrying Capability
EMS	Energy Management System
EV	Electric Vehicle
EVSE	Electric Vehicle Supply Equipment
FTM	Front-of-the-Meter (FTM) resources are interconnected to the distribution and transmission system.
Highly Impacted Community ("HIC")	As defined by CETA, "a community designated by the department of health based on the cumulative impact analysis required by RCW 19.405.140 or a community-located in census tracts that are fully or partially on "Indian country," as defined in 18 U.S.C Sec. 1151" [WAC 480-100-605]
IRP	Integrated Resource Plan
LI	Low-Income
Named Communities	Overarching term covering "Highly Impacted Communities" and "Vulnerable Populations".
PPA	Power Purchase Agreement

ACRONYMS AND DEFINITIONS

Term	Definition
SCADA	Supervisory Control and Data Acquisition: a system of remote control and telemetry used to monitor and control the transmission and distribution system including substations, transformers, and other electrical assets.
VPP	Virtual Power Plant
Vulnerable Populations	As defined by RCW 19.405.020 (40), communities that experience a disproportionate cumulative risk from environmental burdens due to (a) Adverse socioeconomic factors, including unemployment, high housing and transportation costs relative to income, access to food and health care, and linguist isolation; and (b) Sensitivity factors, such as low birth weight and higher rates of hospitalization.
WUTC	Washington Utilities and Transportation Commission

:

1. Introduction

Overview

This Distributed Energy Resources ("DER") Request for Proposals ("the DER RFP") seeks bids from qualified parties ("respondents" or "Respondents") to collectively supply a minimum of 129 MW of DERs by 2025 and 522 MW of DERs by 2031 to Puget Sound Energy ("PSE" or "the Company") to fulfill the Clean Energy Transformation Act ("CETA") compliance requirements,[1] and consistent with the Washington Utilities and Transportation Commission's ("WUTC") Order 05 issued in Docket UE-200413 on March 25, 2021. This RFP includes procurement of **distribution interconnected solar PV generation (includes ground and rooftop solar PV), Battery Energy Storage System ("BESS"), and Demand Response ("DR")** located within PSE's service area that can meet all or part of the Company's resource need, consistent with the requirements described herein. The DER RFP will be available on PSE's website at the following link: http://www.pse.com/RFP.

PSE's priorities for the DER RFP are as follows:

- Identify opportunities to add DERs to the PSE grid to meet system level capacity needs, increase PSE's clean energy portfolio, and explore additional DER grid benefits;
- Maximize customer benefits of DERs in every stage from procurement through the life-cycle of the DER equipment, focusing on Highly Impacted Communities[2] and Vulnerable Populations[3] ("named communities"), and
- Learn from Respondent submissions and resulting programs to inform future RFPs and program development.

[1] PSE is obligated to meet the requirements of the Energy Independence Act, Chapter 19.285 RCW and the Clean Energy Transformation Act ("CETA"), Chapter 19.405 RCW. The Energy Independence Act, also known as Washington State's renewable portfolio standards, requires PSE to acquire qualifying eligible renewable resources and/or renewable energy credits to meet 15 percent of its load. CETA sets statewide policy goals for the elimination of coal-fired resources by December 31, 2025, 80 percent carbon free generation and overall carbon neutral electricity by 2030, and 100 percent carbon free electricity by 2045.

[2] Highly Impacted Communities as defined at https://www.doh.wa.gov/DataandStatisticalReports/WashingtonTrackingNetworkWTN/ClimateProjections/CleanEnergyTransformationAct

[3] Pursuant to RCW 19.405.020 (40), "Vulnerable populations" means communities that experience a disproportionate cumulative risk from environmental burdens due to: (a) Adverse socioeconomic factors, including unemployment, high housing and transportation costs relative to income, access to food and health care, and linguist isolation; and (b) Sensitivity factors, such as low birth weight and higher rates of hospitalization. PSE further defined Vulnerable Populations in Chapter 3 of the draft 2021 CEIP.

SECTION 1. INTRODUCTION

Acquisition Categories

Through this RFP, PSE plans to acquire DERs under two broad categories: 1) Turnkey Resources (**Category A)**, which are complete resources ready for deployment, and 2) Vendor Service Components (**Category B)** as described in Table 1 below.

Table 1. ***Acquisition Categories***

Category A: Turnkey Resource Acquisition
Applies to solar, DR, and BESS resources
Under this category, PSE requests bids for **turnkey pay-for-performance** for DR and BESS, **ownership contracts** for solar and BESS, or **Power Purchase Agreements (PPA)** for solar; refer to Table 4 for additional details. The purpose for obtaining bids under this category is to acquire: • Turnkey DR and BESS programs that maximize grid and customer benefits • Aggregated and individual solar and other DER resources that are accessible across multiple customer types
Category B: Vendor Service Components
Applies to future PSE DER Programs, including solar, DR, and BESS programs
Under this category, PSE requests bids for providing **program services where Respondents could select one or more service components** to bid on. PSE will use the bids to develop a portfolio of programs as outlined in the Company's Clean Energy Implementation Plan ("CEIP").[4] The purpose for obtaining bids under this category is to: • Apply diversity, equity and inclusion ("DEI") best practices by providing opportunities for small, diverse businesses to participate in the procurement process and maximize impact on the local economy • Leverage community organizations to maximize benefits to named communities.

Respondents can submit proposals under either Category A or Category B or can submit bids under both categories A and B. Multiple proposals under each or both categories are acceptable, but each proposal requires a separate response.

[4] *The complete draft of PSE's CEIP and instructions for providing comments are at https://www.cleanenergyplan.pse.com/ceip-documents*

Respondents should note that PSE issued an All-Source RFP on June 30, 2021, which included DERs, however, no DER or DR proposals were received.[5] PSE will compare all resources in a combined analysis with the shortlists from both RFPs to ensure an optimal portfolio, consistent with WAC 480-107-009(4). PSE will pursue a resource procurement process that is accessible and fair for all Respondents and values Respondents with similarly equitable procurement processes. PSE encourages all Respondents able to meet the requirements of this DER RFP to participate, including Respondents representing minority-, women-, disabled- and veteran-owned businesses.

This DER RFP process may or may not result in one or more transactions by PSE. PSE reserves the right to modify and/or cancel this DER RFP to comply with changes to regulatory policy or federal, state, or local laws.

Resource Need

The integrated resource planning analysis, which evaluates and establishes the Company's capacity (physical reliability) and renewable energy (policy driven) needs, consistent with WAC 480-100-620, guides PSE's electric resource acquisition process. PSE's most recent Integrated Resource Plan (the "2021 IRP") includes a discussion of the electric planning standard and describes the methodology for analyzing the Company's resource needs. PSE filed the 2021 IRP in April 2021. The 2021 IRP includes an assessment of PSE's resource needs and can be found on PSE's website at the following link: http://www.pse.com/irp.[6]

Washington's new Clean Energy Transformation Act ("CETA") sets a trajectory for electric utilities, including PSE, to provide electricity that is carbon neutral by 2030 and 100 percent carbon-free by 2045. PSE's 2021 IRP modeling shows DERs as a growing part of PSE's electricity resource portfolio to "achieve targets at the lowest reasonable cost", per CETA requirements. PSE anticipates that in addition to new large-scale resources, a diversified portfolio of DERs, including distributed renewable generation, distributed BESS, and flexible DR resources will be necessary, at scale, to affectively execute its approach. PSE's 2021 CEIP has the same DER targets as the IRP, with the exception of DR. The CEIP does not include time-of-use programs in its DR target calculation because PSE is actively developing a time-of-use pilot to identify these savings. The targets identified in this DER RFP are aligned with the 2021 CEIP DER additions, as shown in Table 2 below.

[5] *See PSE's 2021 All-Source RFP: Proposal Summary Report at Docket UE-210220 (October 1, 2021), or at this link.*
[6] *See also WUTC Docket Nos. UG-200305 (natural gas) and UE-200304 (electric).*

Table 2. ***PSE's 2021 CEIP Incremental DER Additions through 2045***

Distributed Energy Resource Type	Incremental Resource Additions			Total
	2022-2025	2026-2031	2032-2045	
Solar	80 MW	180 MW	420 MW	680 MW
Battery Energy Storage	25 MW	175 MW	250 MW	450 MW
Demand Response	24 MW	167 MW	21 MW	212 MW
Total	**129 MW**	**522 MW**	**691 MW**	**1,342 MW**

This RFP seeks to add DERs to PSE's portfolio, particularly the following types:

- **Distributed Solar (ground and rooftop):** PSE is seeking to acquire a minimum of 80 MW of distributed solar capacity by 2025 through this DER RFP. The longer-term goal is to acquire 180 MW of distributed solar capacity by 2031. These include both Front-Of-The-Meter ("FTM") and Behind-The-Meter ("BTM") solar installations from ground and rooftop solar installations.

- **Distributed Battery Energy Storage System ("BESS") (standalone or paired with solar):** PSE is seeking to acquire a minimum of 25 MW of BESS capacity by 2025 through this DER RFP. The longer-term goal is to acquire 175 MW of distributed BESS by 2031. This includes both FTM and BTM BESS installations that are either standalone resources or paired with solar installations. Distributed BESS is treated as a dispatchable resource.

- **Demand Response ("DR"):** PSE is seeking to acquire a minimum of 24 MW of DR for winter peak reduction by 2025 through this DER RFP. The longer-term goal is to achieve 167 MW of DR for winter peak reduction by 2031. This includes any type of curtailable load at customer premises (e.g., space heating/cooling, water heating, lighting, EV charging, etc.) and dispatch of BTM batteries for load shifting during DR events. DR acquisition will cover all customer sectors (residential, commercial, and industrial).

To be considered eligible under this RFP, all individual solar and BESS projects must interconnect to PSE's distribution system.[7]

PSE anticipates selecting one or more Proposals for all three resource types. PSE will evaluate any commercially viable distributed solar, distributed BESS, and DR that complies with all applicable laws and regulations and meets the minimum qualification requirements described in Section 5 of this DER RFP.

[7] *See Schedule 152 and PSE's Small Generation Technical Specification 160.70 for requirements for distribution interconnected generators*

PSE's Preferred DER Portfolio from Clean Energy Implementation Plan (CEIP)

PSE's 2021 CEIP preferred DER portfolio modeled a scenario that meets the 2021 IRP DER targets while balancing cost, customer benefits (especially for named communities), and a mix of customer participation structures. PSE expects this RFP to result in the acquisition of programs that provide the same benefits as in the preferred portfolio, but may not align fully with the specified program mix. PSE encourages Respondents, especially those responding under Category B, to use the preferred portfolio as informative as to the type and mix of programs PSE is interested in offering to customers. The programs listed in Table 3 below are representative examples and convey PSE's priorities, but are not a limitation of what programs PSE will accept. PSE currently offers "Green Power", "Solar Choice", "Net Metering", and "Community Solar" programs. Information on these programs is available at PSE's Renewable Energy Programs website.

Table 3. ***PSE's 2021 CEIP Preferred Portfolio***

PSE 2021 CEIP Preferred Portfolio	
Program	**Program Description**
PSE Customer-sited Solar + Storage Offering	PSE enrolls customers' solar + storage systems in an incentive program that can offset customers' load from the grid in response to operating settings or dispatch signals from PSE.
Commercial and Industrial (C&I) and Multi-Family Roof-top Solar Incentive	PSE offers upfront incentive to C&I and Multi-Family (MF) customers, discounting their upfront cost to install and own distributed solar generation throughout service territory.
3rd Party Distributed Solar PPA	3rd party installs/provides rooftop solar panels to customers throughout service territory. PSE off-takes Renewable Energy via PPA while the 3rd party is responsible for managing program and financing equipment.
Residential PSE Battery Leasing + Targeted Low Income (LI)	PSE installs batteries in customer homes. Customers pay a fee for backup power services; PSE uses battery to manage system/local peaks.
Residential and Commercial Roof-top Solar Leasing + Targeted LI	PSE offers to lease residential and commercial customers' rooftop space to install solar PV. Customer receives a recurring lease payment; PSE generates RE to supply grid.
Multi-Family Solar Partnership	PSE facilitates installation of solar PV at Multi-Family Unit buildings by connecting with technology providers and/or billing support to share production across units.
Additional Community Solar (MF Focus)	PSE offers customers the ability to subscribe to the output of solar panels. Customers pay a monthly fee and receive a monthly credit for generation.

PSE 2021 CEIP Preferred Portfolio	
Program	**Program Description**
C&I Space for Batteries - Leasing	PSE leases space from/at C&I customers to deploy BESS to improve power quality and/or resiliency and manage system/local peak. Backup power for host customer as additional integration.
Demand Response Programs	Programs utilizing technologies to reduce customer loads during peak load events.

About Puget Sound Energy

Puget Sound Energy, a subsidiary of Puget Energy, is Washington State's oldest local energy company, providing electric and natural gas service to homes and businesses primarily in the vibrant Puget Sound area. PSE serves approximately 1.1 million electric customers and more than 790,000 natural gas customers in 10 counties. PSE meets the energy needs of its customers, in part, through cost-effective energy efficiency, procurement of sustainable energy resources, and far-sighted investment in the energy-delivery infrastructure. PSE employees are dedicated to providing great customer service and delivering energy that is safe, dependable, and efficient.

Please visit the company website at www.pse.com for more detailed information. A service area map depicting PSE's service coverage area as well as other pertinent company information may be found under the "Who We Are" tab.

PSE Core Values

PSE is committed to its core values of safety, honesty, responsibility, and integrity and has specific expectations of entities with which we do business. As such, PSE expects all suppliers to comply with all applicable laws and regulations, such as those pertaining to the environment, safety and employment, discrimination, and labor laws.

For more information, please review PSE's Responsible Contractor Guidelines and Corporate Ethics and Compliance Code:

- http://pse.com/aboutpse/VendorsSuppliers/Pages/Supplier-Contractor-Guidelines.aspx
- http://www.pugetenergy.com/pages/codeethics.html.

2. Category A: Turnkey Resource Acquisition

In order for a proposal to be considered, the bidding entity must demonstrate that it currently owns or has legally binding rights to develop or market the resource(s). The Respondent must also demonstrate an ability to meet the minimum requirements for eligibility, which can be found in Section 5 of this DER RFP.

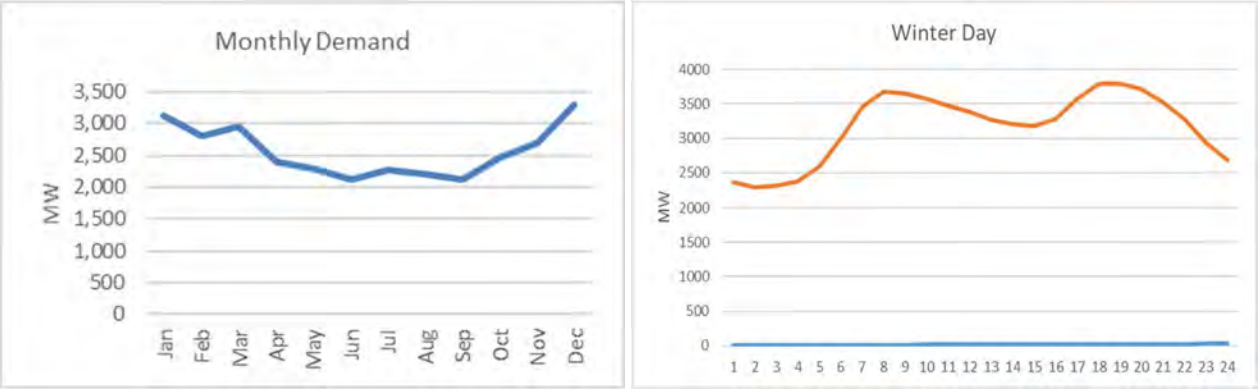
PSE will accept responses from consortiums or multiple parties in partnership to complete a Turnkey Resource. Proposals from consortiums or multiple parties must clearly identify the relationship (actual or proposed) among the parties for the purposes of a transaction with PSE, including the party (or parties) with whom PSE will have the contractual relationship.

Eligible Resources and Performance Requirements

Under Category A, PSE will consider turnkey contracts and ownership agreements for distributed solar, distributed BESS, and demand response. PSE has a dual need for resources to help meet the CETA requirement to achieve an 80 percent renewable or non-emitting resource portfolio by 2030, and to help meet the capacity need described in the IRP.

PSE's capacity needs are greatest in winter; therefore, PSE will evaluate DERs based on their ability to fill winter deficits while minimizing off-peak surpluses. Although PSE's resource need is expressed as a winter peak, PSE also has seasonal and daily capacity needs. PSE's effective load carrying capability ("ELCC") quantitative analysis will favor resources with production shapes that align well with PSE's load or that offer the ability to dispatch to meet load. Figure 1 below illustrates PSE's typical monthly load shape and its hourly load shape for a typical winter day. Proposals that can help meet seasonal (Nov.-Feb., Dec.-Feb. or Nov.-Mar.), heavy load hour (HE 0700-2200), and super peak (HE 0700-1000 and 1800-2100, Nov.-Feb.) needs, while reducing surpluses off peak, will benefit in PSE's quantitative analysis. Exhibit E: Schedule of Estimated Avoided Cost is provided as a reference for information on avoided cost by time and resource.

Figure 1. ***PSE's typical monthly and hourly shapes***



Resources that are dispatchable (BESS and DR), shaped to meet winter peak needs, or have generation profiles (for solar) that align well with PSE's load shape will perform best in PSE's analysis. PSE will consider the seasonality of the generation, the ability to control the resource's output to match PSE's resource needs (up to and including real-time dispatch and displacement), and contractual mechanisms to shape project output to need. Proposals must be consistent with the proposal requirements described in Section 5 of this RFP: Minimum Proposal Requirements, Exhibit B: Proposal Requirements Forms, and Exhibit K: Requirements List. PSE encourages qualified respondents representing individual projects interconnected to PSE's distribution system to participate in this DER RFP. Table 4 below lists the resource types PSE plans to acquire under Category A. PSE anticipates selecting one or more proposals to meet the cumulative need for each resource type.

Table 4. ***Resource Types***

Resource	Description	Ownership
Solar	• Minimum 80 MW cumulative needed by 2025 • Includes Front-Of-The-Meter (FTM) and Behind-the-Meter (BTM) solar • FTM projects must interconnect to PSE's distribution system	PPA / Ownership
Battery Energy Storage System (BESS)	• Minimum 25 MW cumulative needed by 2025 • Includes FTM and BTM BESS • BESS could be either standalone or paired with solar for both BTM and FTM systems. • FTM projects must interconnect to the distribution system	Pay-for-performance contract / Ownership

Demand Response	• Minimum 24 MW cumulative needed by 2025 • Includes any type of curtailable BTM load at customer sites that could be dispatched (load shed and/or load shift) during DR events in response to grid needs • Includes distribution and transmission interconnected customers	Pay-for-performance contract

Resources currently taking service under Schedule 91 or Schedule 92 PPAs must complete the full term they selected under those Schedules and as noted in those PPAs. These resources may bid into an RFP for the years after/outside the obligated term under those Schedule 91 and Schedule 92 PPAs.

Type of Connection and Control

The type of connection and control for the three types of DERs listed above in Table 4 vary by resource size and whether the resource is FTM or BTM aggregated resource. Figure 2 below represents the types of control for the different types of DERs, differentiated by size and whether they are FTM or BTM resources.

To prepare for the significant amount of DERs, PSE is currently developing a virtual power plant ("VPP") platform for the operational integration of a sizeable DER presence on PSE's system as dispatchable network resources. In order to monitor, dispatch, and track these resources, it is PSE's preference that all resources (particularly dispatchable resources) be integrated into PSE's VPP platform, see the energy delivery section of the qualitative scoring rubric in Exhibit A: Evaluation Criteria and Scoring.

The two types of control for DERs are (1) SCADA or (2) PSE's VPP.

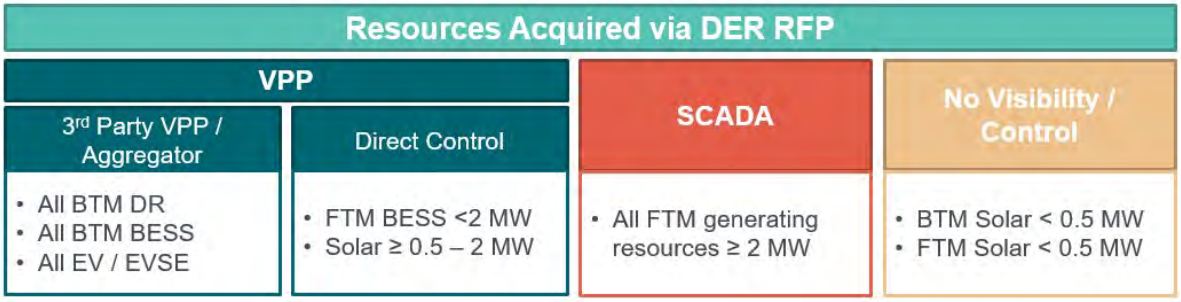
- **SCADA control*:*** PSE requires that all FTM DERs of greater than or equal to 2 MW capacity be SCADA controlled.

- **VPP integration:** PSE requires that all aggregated BTM DERs be integrated with PSE's VPP, except for solar less than 0.5 MW. FTM solar greater than 0.5 MW and less than 2 MW, and FTM BESS less than 2 MW, also require integration with PSE's VPP.

PSE is in the process of updating its "Technical Specifications for Small Generation Interconnections" for generation interconnecting to PSE's distribution system, and PSE anticipates that the updated version will be published and publicly available in mid-February 2022. Capacity thresholds for SCADA interconnection will not change in the updated Technical Specifications. Respondents with bids subject to the Technical Specifications for Small Generation Interconnections are required to adhere to the published version of the Technical Specifications and interconnection process.

PSE does not require monitoring and control of FTM solar resources with less than 0.5 MW capacity. These resources need to be metered but do not need to be monitored and controlled using either PSE's SCADA or VPP platform.

Figure 2. ***Types of Control for Acquired DERs***



The specific requirements by resource type are listed below. Also refer to Exhibit K: Requirements List for general requirements across the different DERs. Not being able to meet the requirements labeled "Must Have" in Exhibit K and Exhibit B: Proposal Requirements Forms (Tab 4) will not automatically eliminate a respondent. PSE requests that respondents unable to meet the requirements in Tab 4 of Exhibit B provide an explanation as to how their proposal still meets PSE's needs. PSE will compare respondent capabilities with PSE requirements in its evaluation.

Solar

Distributed solar resources acquired through this RFP can be either FTM or BTM solar resources. Table 5 below lists the type of connection for distributed solar resources.

Table 5. ***Distributed Solar Connection Type***

Category	Type of Connection
FTM Solar ≥ 2MW	Connected to PSE's SCADA system
FTM Solar ≥ 0.5MW and <2MW	Connected to PSE's VPP
FTM Solar < 0.5 MW	Metered; not connected to either SCADA or VPP
BTM Solar < 0.5 MW	Control not applicable. PSE does not require visibility through VPP platform.

Requirements for the above-referenced solar categories are as follows:

- Solar Resources must interconnect as Tier 1, Tier 2, or Tier 3 under Schedule 152: Interconnection with Electric Generators.
- All resources will require interconnection following PSE's established processes and technical standards, linked at the Distributed Renewables website.
- Respondents for solar generation must have the capability to measure performance and communicate performance data to PSE.

PSE's cross-Cascades transmission path, the Intermountain Power ("IP") line, which crosses the Cascade Mountains to Kittitas County is fully subscribed. System upgrade costs from previously proposed distributed renewable projects in Kittitas County have proven to be cost-prohibitive because they trigger an upgrade to the IP line. PSE expects that solar projects proposed in Kittitas County will likely result in the same cost-prohibitive system upgrades. The Hosting Capacity Map, linked in Exhibit L: Resources, shows the location of capacity for generation resources on PSE's system, which reflects lower interconnection costs.

The Information and Operation Technology (IT/OT) specific requirements, depending on the type of connection and control are described under the IT/OT Requirements section as well as in both Exhibit B: Proposal Requirements Forms (Tab 4) and Exhibit K: Requirements List.

Battery Energy Storage System (BESS)

PSE will evaluate BESS on a value add basis, and based on the evaluation process described in Section 4 and Exhibit A: Evaluation Criteria and Scoring of this DER RFP. The evaluation of BESS will consider the additional benefits BTM BESS provides in terms of providing back-up power to customers, and allowing customers to load shift in response to time-varying rates.

Table 6 below lists the type of connection and control for distributed BESS.

Table 6. *BESS Characteristics*

Category	Type of Control
FTM BESS ≥ 2 MW	Directly controlled using PSE's SCADA
FTM BESS < 2 MW	Integrated with PSE's VPP platform
BTM BESS	Aggregated BTM batteries, controlled either by an aggregator VPP or individual APIs, which in turn communicate with PSE's VPP.

The requirements for these BESS categories are described below.

The proposed FTM BESS configuration (pricing, O&M costs, lifecycle, and warranties) in Exhibit B: Proposal Requirements Forms (Tab 3b) should reflect the following operating characteristics (shown in Table 7 below); however, PSE will consider other operating characteristics proposed by respondents. Respondents choosing other operating characteristics should describe them thoroughly in their response.

- Full cycle – PSE may charge and discharge all usable energy[8] on average one time per day 365 days per year.

Table 7. ***BESS configuration characteristics***

Full Cycles Per Year	Maximum Annual MWh Discharged
Average 1 cycle/day & 365 days/year	1,752 MWh per installed MW

Due to the unique risks associated with ownership of BESS and PSE's limited experience, PSE prefers lithium ion technology for ownership proposals for FTM BESS resources acquired through this RFP, see the technology risk section of the qualitative scoring matrix in Exhibit A: Evaluation Criteria and Scoring. Proposals must describe the BESS they propose to deploy and provide information regarding the following:

- Installation information: Proposed targeted customer sites for installing the BESS and a conceptual site layout

- BESS characteristics, including:

    - forecasted charge and discharge cycles,
    - roundtrip efficiency and losses,
    - proposed energy management and control systems, and
    - methods of communication to ensure they can be reliably dispatched and controlled using PSE's SCADA or PSE's VPP (see Table 6).

- Proposals should include only batteries and associated equipment (transformers, inverters, controllers, etc.) from industry-recognized top-tier battery suppliers and integrators.[9]

- Proposals should include a full description of the battery technology proposed including history of successful implementation for the application proposed.

[8] Usable energy will be evaluated as the total energy available to be discharged, without voiding the warranty or minimum state of charge requirements, and is defined as rated MW capacity multiplied by hours of run time at rated capacity.

[9] Some examples of top-tier battery manufacturers include Samsung, BYD, LG Chem, Tesla, A123, Beacon Power, NEC, Saft, NGK and Toshiba.

- Proposals should indicate the names of the manufacturers of all the major system components along with their history in providing equipment in similar applications.

- Proposals should state the design life of the batteries selected and detail plans for operation as they degrade in performance, as well a plan for ultimately replacing and recycling the batteries upon end of life.

- Proposal should include a fire protection system and address fire and explosive gas detection, prevention, and mitigation.

- Proposals should include a description of the manufacturer warranties/guarantees for all major equipment in the system including batteries, inverters, control systems, generator step-up ("GSU") transformers, etc.

- Proposals should include a conceptual description of the proposed cooling system.

- Proposals should include documentation including system and equipment compliance with appropriate governing agencies and standards including Federal Energy Regulatory Commission ("FERC"), North American Electric Reliability Corporation ("NERC"), Western Electric Coordinating Council ("WECC"), Underwriters Laboratories ("UL"), Institute of Electrical and Electronics Engineers ("IEEE"), National Electrical Code ("NEC"), Industry Foundation Classes ("IFC"), etc., as applicable.

- All proposed design engineering firms and project constructors should have proven expertise and experience in projects of similar scope and size.

Additionally, the supplier will be required to fulfill the following general requirements:

- Conduct a site inspection to determine the feasibility and safety of installing BESS at the provided customer location.
- Obtain all permits associated with any work required.
- All FTM BESS systems must be interconnected on the utility-side of the revenue meter and operate in parallel with PSE's electric system and must meet the interconnection requirements per Schedule 152: Interconnection with Electric Generators.

The IT/OT specific requirements, depending on the type of connection and control are described under the IT/OT Requirements section as well as in both Exhibit B: Proposal Requirements Forms (Tab 4) and Exhibit K: Requirements List.

Demand Response

PSE is seeking bids from qualified firms to develop DR resources covering all customer sectors – residential, commercial, and industrial. PSE's primary objective through the DR resource acquisition is to achieve winter peak demand reduction. Through this DER RFP, PSE seeks to

acquire a minimum 24 MW of DR by 2025 for winter peak reduction, with a longer-term goal of developing 167 MW of DR by 2031 for winter peak reduction. PSE's secondary objectives for DR resource acquisition are to achieve summer peak demand reduction and to utilize DR for providing additional types of grid services (e.g., ancillary and load following services) with flexible loads that are available year-round. There is no minimum size threshold requirement for stand-alone or aggregated DR resources to be eligible for the DER RFP.

Additional details on Demand Response are available in Exhibit J: Demand Response Addendum.

Respondents are required to respond to the DR-specific items listed in Exhibit B: Proposal Requirement Forms (Tab 3c). Respondents should provide responses for a five-year contract period of 2023-2028. Respondents may also propose alternate proposals with a longer contract period (e.g., 10-year contract over 2023-2033). PSE expects a ramp up rate for all resources, especially behind-the-meter customer-sited resources. The minimum 5 year contract for DRs might be executed in early 2023, but PSE is not expecting full capacity to be achieved in that same year and will work with respondents on what a fair ramp rate that aligns with its 2025 targets.

DR will include the customer segments and combinations of end-uses and enabling technologies represented below in Table 8. Aggregate customer information (count and sales) is provided in Exhibit J: Demand Response Addendum. Respondents are not restricted to the types of DR represented in Table 8 and can propose additional types of DR beyond those listed here. **PSE will consider any type of end use control technology** (e.g., switches, thermostats, etc.), **delivery mechanism** (e.g., direct install, bring-your-own-device [BYOD], etc.), **or combination of technologies and delivery mechanisms**, provided the proposed solution meets PSE's primary objectives.

Table 8. ***Demand Response Characteristics***

Type of DR	Eligible Customer Classes / Devices	Controlled End-Uses and Enabling Technologies
Direct Load Control	• Residential • Small/Medium Commercial Customers with ≤ 150 kW max. demand[10]	• Space heating/cooling control via thermostats • Water heating controls These devices would be directly controlled by aggregators communicating with PSE's VPP.
Behavioral DR	Residential	No control: customers are free to make any type of load adjustments.

[10] *Customers in Rate Schedules 24 and 25.*

Type of DR	Eligible Customer Classes / Devices	Controlled End-Uses and Enabling Technologies
C&I Curtailment	Large C&I customers with >150 kW max. demand	• Custom curtailment strategies, depending on the type of facility (can be either manual curtailment or Auto-DR). • Facilities could also shift load to back-up generators as long as emissions regulations are fulfilled. Controlled by aggregators communicating with PSE's VPP.
Electric Vehicle ("EV") Managed Charging	Passenger and Fleet EVs	• Control of EVs/EVSEs during DR events at home (single-family and multi-family) and at workplaces • Managed charging of fleet vehicles. Controlled by aggregators communicating with PSE's VPP.
BTM Battery Dispatch	BTM batteries across all customer classes (Residential, Small/Medium C&I, Large C&I)	• Dispatch of BTM batteries during DR events for home/facility load shifting. Controlled by aggregators communicating with PSE's VPP.

PSE plans to utilize DR resources to fulfill the Company's primary and secondary objectives outlined below. In addition to calling DR events for fulfilling PSE's primary and secondary objectives, DR events can be triggered at any time due to system emergency conditions.

DR Performance Requirements for Fulfilling PSE's Primary Objective

PSE's primary objective is to utilize the DR resources for achieving winter peak load reduction. In order to fulfill this objective, DR resources must meet the following minimum performance requirements:

- Be available to provide load reduction during winter events that typically occur during weekday peak hours, between 6 a.m. to 10 a.m., and 5 p.m. to 9 p.m., from November 1

through February 28 (29).[11] PSE may call DR events outside these time windows, but Respondents will not necessarily be expected to provide the same level of curtailment.

- The combined total duration of events from November 1 through February 28/29 shall be no more than 40 hours per individual device, and PSE shall call up to 10 events.
- A maximum of one event per day per device may be called, and event duration shall be a minimum of 1 hour and a maximum of 4 hours per device.
- Capacity must be dispatchable with one of the following notification options: (1) hour ahead, (2) day ahead, or (3) a combination of hour ahead and day ahead.
- Provide real-time (≤15 seconds) resource delivered data in MW

Payments for contracted capacity will be dependent on the respondent's ability to deliver contracted capacity during a dispatch event. Failure to deliver all or a portion of contracted capacity will result in a reduction of payment, terms of which will be discussed during contract negotiations.

DR Performance Requirements for Fulfilling PSE's Secondary Objectives

PSE's secondary objectives for DR are as follows:

- Year-round availability to enable load curtailment during summer and shoulder months, if needed.
- Develop flexible DR capability that provides fast response (10 minutes or less) and greater integration of DR dispatch with grid monitoring.
- Schedule DR Resources in wholesale market operations and bid DR in CAISO's Energy Imbalance Market (EIM) and accordingly follow the EIM performance requirements.
- Offer potential for energy arbitrage by shifting consumption from high-priced to low-priced periods.
- Provide additional products/services (other than EE) that could be bundled with the DR program offering to enhance customer engagement, service, and satisfaction.

These performance requirements related to fulfilling PSE's secondary objectives are further described in Exhibit J: Demand Response Addendum.

Additionally, Exhibit J: Demand Response Addendum presents additional details relevant for DR proposal submission.

Implementation Plan

[11] *PSE uses a daily forecast high below 40 degrees Fahrenheit and/or a forecast low below 30 degrees Fahrenheit to trigger a higher state of readiness for peak load. DR events can also be triggered at any time to address system emergency conditions within the program parameter constraints.*

The Respondent should include a detailed plan for implementing customer resources necessary to acquire and deliver the DERs to PSE. When preparing the Implementation Plan, Respondents should refer to the Implementation Plan requirements provided by resource type in Exhibit B. The Respondent should highlight plans to contract and partner with local businesses that align with their goals. The Implementation Plan should provide the manner and timing in which Respondent and its subcontractors plan to conduct the implementation activities described below and address, at a minimum, the following subsections:

Marketing, Customer Recruitment and Enrollment

Respondent shall perform tasks related to recruiting customers, including marketing, advertising and execution of a Participant Services Agreement. PSE values its relationships with customers. Service partners should understand these relationships, and combine a high degree of technical expertise with superior customer-focused awareness and service during planning and implementation. It is PSE's preference to 'own' the customer relationship with the selected Respondent and co-coordinate DER implementation efforts with the selected respondent(s) and PSE's Product and Services teams and other customer service and program implementation conduits, see Exhibit A: Evaluation Criteria and Scoring for scoring implications for owning the customer relationship.

Each Proposal must describe how Respondent will market participation in any proposed resource to PSE's customers, further details of which are listed in Section 3 (Customer Outreach and Enrollment), and how Respondent will coordinate program outreach and education activities with PSE to ensure consistent messaging. At a minimum, PSE must be able to review and approve all customer-facing marketing materials, which may include PSE branding or co-branding of programs (see Exhibit M: Co-Branding and Customer Interaction Requirements). Each Proposal should also describe how Respondent will support a seamless and positive customer experience for all resource participants throughout all aspects of their participation including pre-enrollment, enrollment, incentive payments, notifications, operations and events, and un-enrollment processes. If available, proposal should include proposed evaluation metrics and any required data that would be needed to monitor success. If a Respondent chooses to do so, a Respondent could offer minimal marketing, and rely on PSE to provide marketing support as required. Respondents shall perform tasks related to scheduling customer visits for audits and/or installation and testing.

The Respondent's Implementation Plan must include a Customer Acquisition Plan that clearly identifies the customer classes to be targeted for recruitment and specifies their marketing strategy. The Implementation Plan must highlight the Respondent's capabilities and experience in marketing customer-side programs to utility customers. Respondents must provide the methodology used to project the number of customers and plans to recruit and enroll customers in customer-side programs. The Plan must also identify the tasks required before the recruitment process begins, including a timeline. Respondent should articulate if and how local entities will be performing customer recruitment, especially for named communities.

Technology Provision

Respondent shall provide the customer-sited device (if applicable), Virtual End Node (VEN), and Virtual Top Node (VTN), as follows:

- *Customer-sited Device* - The device, which is connected to the VEN on the customer side of the meter, is the equipment that ultimately provides the response that results in a grid service. This applies to all BTM dispatchable resources.
- *VEN - Virtual End Node*, also known as a gateway. The VEN is a device that allows communication between the customer-sited devices and the Respondent's VTN, which will participate during a DR event by connecting to PSE's VPP Platform. The VEN could be at the device itself (e.g., thermostat) or it could be a cloud-based VEN.
- *VTN - Virtual Top Node*, also known as a head-end. The VTN signals customers VEN to start and end event participation. VTN can also send price signals to VEN's. In this instance, there are two types of VTNs: Respondent VPP platform/individual APIs and PSE's VPP platform.

At a minimum, the Plan should cover the following (if applicable):

- *Installation of Customer-sited Devices:* All efforts associated with the installation of, or retrofitting of, a customer-sited device such that the device is enabled and can perform to an event signal from the Respondent's VEN or VTN. Respondent should articulate if and how local entities will be performing the installation or retrofit.
- *Commission VEN:* Respondent shall perform tasks related to purchasing VEN, installing VEN, connecting VEN with VTN, and verifying VTN to VEN connection and resource response during test events. Respondent should articulate if and how local entities will be performing the VEN commissioning.
- *Operation of VTN:* Operations performed by a VTN include, but are not limited to, provisioning of VENs, execution of events, contacting participants, tracking participant information, and reporting related to events and participation.

The Company has specified technical design principles for the architecture. These are described under IT/OT Requirements in this section and identified in Exhibit K: Requirements List. The Respondent's technology solution must adhere to those principles and requirements. They include:

- Cyber Security
- Scalable Solution
- Leverage Industry Protocols
- Interoperability

The Respondent's Implementation Plan should clearly explain the technical solutions to be employed by the Respondent. PSE reserves the right to require a field demonstration of technical solutions proposed by Respondents if they are unproven technologies.

The Plan should also explain how the Respondent's systems are logistically operated including staffing levels, server locations, communications requirements, and the availability of secure communications networks.

In the Plan, the Respondent should clearly identify the responsibilities of PSE, if any, necessary to implement the technical solution, including required integration with the Company's back-office systems.

Operations and Maintenance

- *Customer Maintenance:* Respondent shall perform tasks related to the customer premise, maintaining customer devices and/or VEN's, addressing customer inquiries and performing baseline calculations for purposes of determining customer performance. Respondent should articulate if and how local entities will be performing the customer maintenance, if applicable.
- *Measurement & Verification (M&V)* – For all dispatchable BTM resources, M&V is the use of data to quantify customer performance when the resources are dispatched. PSE is currently deploying AMI meters across all customer classes, and deployment is scheduled to be complete by the end of 2023. AMI interval meter data can be used to measure customers' performance, which in turn can be used for incentive payments. For customers with pending AMI meter installation by PSE, M&V requirements will be waived until their AMI meter is installed. Respondents should provide a sub-meter or on-board resource telemetry for measurement purposes, where applicable.
- *Settlement* – Respondent shall perform tasks related to settlement of compensation for the provision of DERs. Respondent shall submit settlement results to PSE for delivery of customer incentive.

The Respondent's Implementation Plan should address its plan for the installation of VENs/gateways and other in-premise devices, including personnel requirements, transportation requirements, scheduling practices, customer service level requirements, installation status reporting practices and safety training and practices. The Plan must identify any subcontractors to be used for this work, or if such subcontractors have not yet been identified, then a plan for identifying and retaining subcontractors. Respondent should articulate if and how local entities will be performing the installation or retrofit.

The Respondent must describe its plan for providing service related to customer and/or Company-initiated trouble calls, repairs and other field services. Respondents are expected to meet all industry standards.

Continuity of Business Plan

A Continuity of Business Plan will be required, and must demonstrate how the enabled devices will be capable of containing the delivery of grid services in accordance with contractual obligations in the event of a Respondent's default or bankruptcy. The Continuity of Business Plan will elaborate on how the Respondent will provide the Source Code, which provides the compilation, linking, packaging and platform requirements of equipment (inverters, energy storage system, DVAR equipment and additional applicable equipment), or other means to provide surety of operations for PSE.

Achieving Performance Requirements

The Respondent shall prepare information in the Implementation Plan to clearly depict the overall approach to portfolio design and management such that the Respondent can be reasonably expected to meet the bid and the contractual obligations as set forth in this DER RFP. The Respondent may include information about the expected load shapes of the customers and load profiles of associated participating devices, the analysis employed to derive the quantity of services to be committed, the risk adjustments made and applied to the assumptions to minimize exposure to failure to meet obligations, and so forth.

DER System Support and Maintenance

The respondent should provide details in the Implementation Plan of their system support structure including staffing, response and resolution Service Level Agreements, process for opening and tracking incident tickets, process for maintaining SW currency, periodic maintenance and upgrades.

The respondent should provide details regarding their long term plans to keep currency of their compliance to communication and control standards related to their technology such as (but not limited to) openADR, Sunspec, IEEE 2030.5, etc. as these standards are likely to evolve. PSE wants to make sure the respondents are able to support evolutions of these standards in their roadmap.

The respondent should provide details of their data and records retention and disposal policies in relation to the solution they propose to PSE.

DER System Customer References

The respondent should provide a list of reference customers that PSE can contact in order to gather information regarding their experience with the respondent's system integration and support services performance.

IT/OT Requirements

There are two main types of DER connection types that PSE is requesting in this RFP. The first is aggregated DERs interfacing with PSE's VPP. The second type is direct connected DERs to PSE's system with monitoring and control through PSE's VPP or EMS / ADMS depending upon size and electrical level of connection. There is a common set of requirements that apply across both cases, as well as requirements specific to each case. The common and specific requirements are described in Exhibit K: Requirements List, including requirements tagged "IT" and "Operations". In addition, the Respondent must complete the questions found in Exhibit B: Proposal Requirements Forms (Tab 4). Not being able to meet the requirements labeled "Must Have" in Exhibit K and Exhibit B: Proposal Requirements Forms (Tab 4) will not automatically eliminate a respondent. PSE requests that respondents unable to meet the requirements in Tab 4 of Exhibit B provide an explanation as to how their proposal still meets PSE's needs. PSE will compare respondent capabilities with PSE requirements in its evaluation.

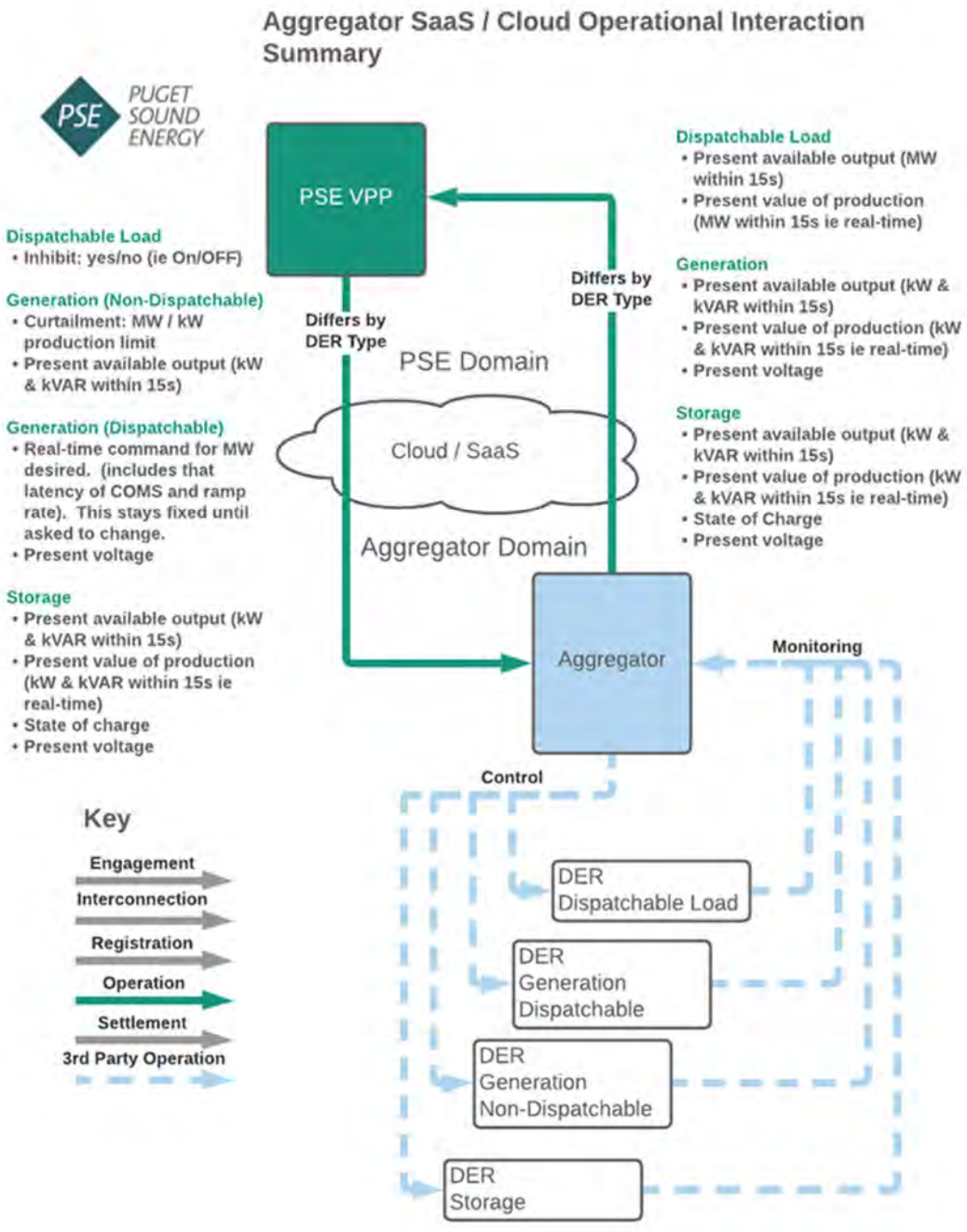
The connection types are described below with graphical representations of each type. Note that the types here apply to the different types of DERs shown in Figure 2 "Types of Control for Acquired DERs" and Table 4 "Resource Types".

System Descriptions and Diagrams by Types of Control

Aggregated DER

The Aggregated DER case is for BTM DERs that are connected to PSE's system and that PSE has indirect visibility, control, or influence over. The DER aggregator will respond to the commands from the PSE VPP shown on the left in Figure 3 below by DER type. In addition, the DER aggregator will provide a variety of forecasting, presently available, and current production information by DER type (see Figure 3). Respondents should respond to any requirement in Exhibit K: Requirements List tagged with "Aggregator" for this type of DER control.

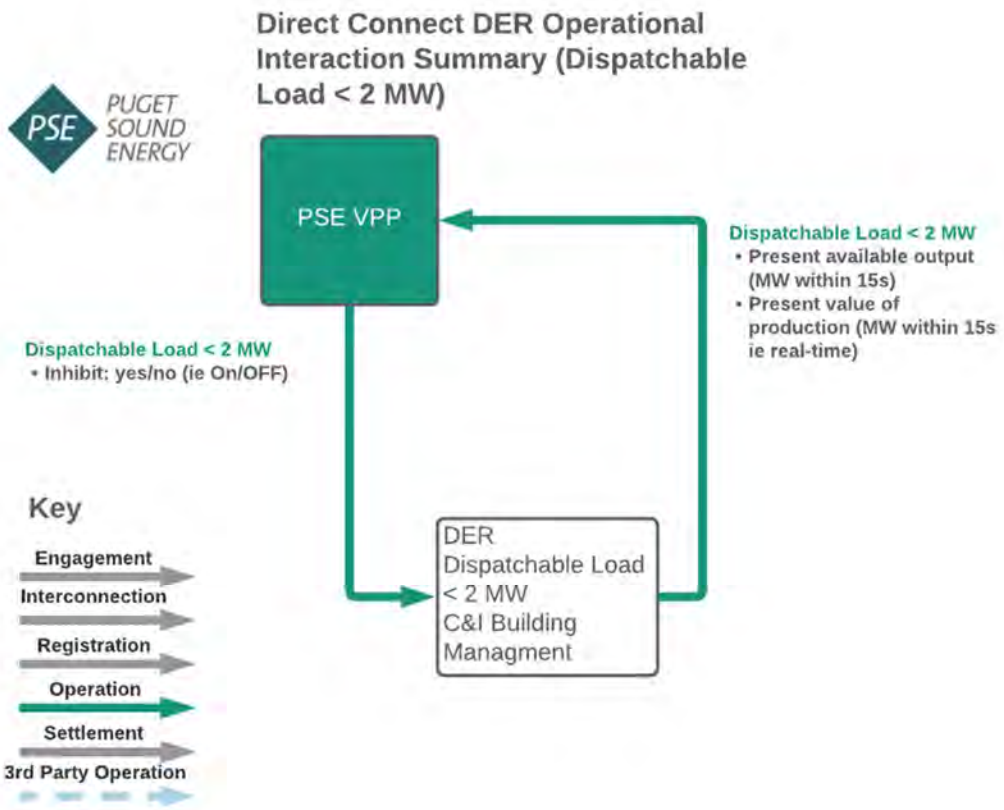
Figure 3. ***DER Aggregator***



Direct Connect DER with monitoring & control in PSE's VPP

Monitoring and control for directly connected solar resources greater than or equal to 0.5 MW and less than 2 MW, or BESS less than 2 MW, are shown in Figure 4 below. The interactions for these types of DERs consist of control and forecasting interactions. Respondents should respond to any requirement in Exhibit K: Requirements List tagged with "Direct Connect" for this type of DER control.

Figure 4. ***Direct Connect < 2 MW***

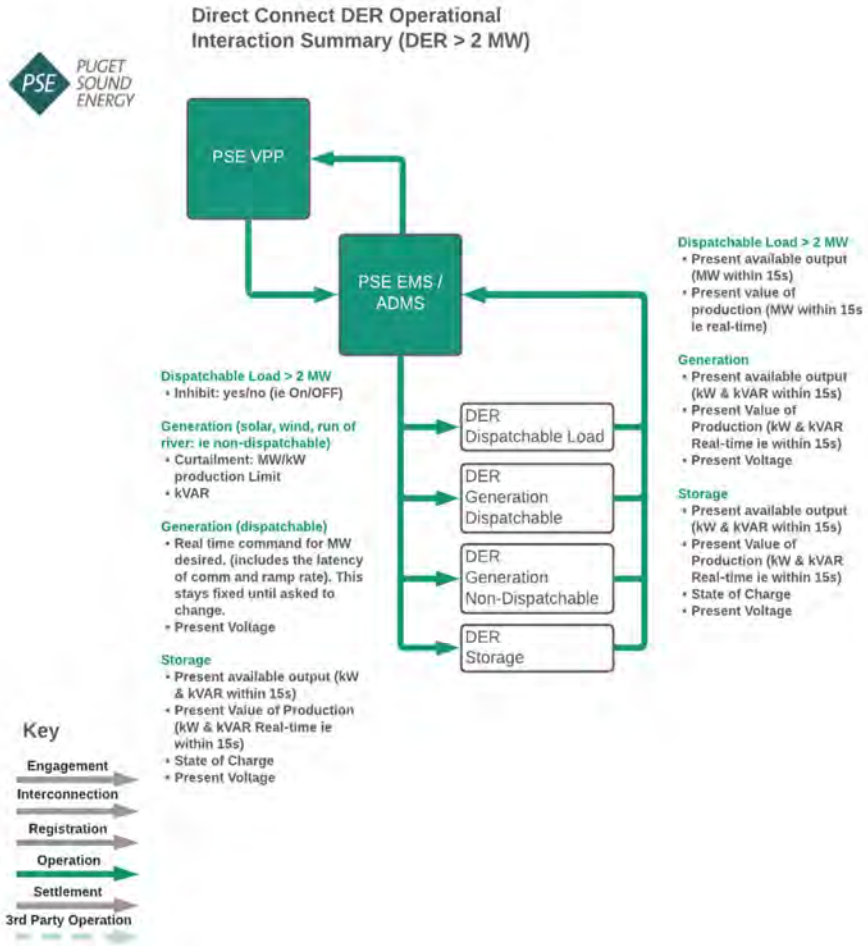


Direct Connect DER with monitoring & control in PSE's EMS / ADMS

Monitoring and control for directly connected resources that are greater than or equal to 2 MW are shown in Figure 5. These types of resources require monitoring, control, and protection from PSE's EMS and/or ADMS systems. The interactions for these types of DER are more complicated and consist of control and forecasting interactions separated by type. Please respond to any

requirement in Exhibit K: Requirements List that is tagged with "Direct Connect" for responses with DERs greater than or equal to 2 MW.

Figure 5. ***Direct Connect ≥ 2 MW***



Requirements by Category Type

The requirements in Exhibit K: Requirements List are separated by functional areas including Business, Engineering, IT, Load Office, Operations, and Planning. Each requirement is tagged by the primary type of DER control: Aggregator or Direct Connect. In general, most of the business and load office requirements apply to all DER control types, while engineering, IT, operations, and planning requirements apply to one or more DER control types. These two different aspects of the requirements, as shown below, introduce complication but are intended to meet the

Commission's goal of broadly enabling interconnection of DER into PSE's system to meet the long-term energy goals.

Please review each requirement by functional group and respond to any requirement in Exhibit K: Requirements List that is tagged for the applicable type of DER resource. Note that the Direct Connect can apply to DER < 2 MW and to DER ≥ 2 MW. The primary difference is that PSE expects that DER ≥ 2 MW will be monitored and controlled in PSE's EMS or ADMS system depending upon a variety of factors including size, interconnect voltage, and type of DER.

Pricing

Respondents should refer to the pricing sheets by resource type in Exhibit B: Proposal Requirements Forms and must follow the pricing structure outlined below. Respondents are encouraged to review Exhibit E: Schedule of Estimated Avoided Cost.

Solar and Battery Energy Storage System (BESS)

The price for solar and FTM BESS must be expressed in one of the following three options outlined below. Pricing for BTM BESS is included under Demand Response.

- *A fixed capacity ($/kW-year) and energy charge ($/MWh) for the term of the PPA:* In this case, respondents need to specify the fixed charges and the PPA term start and end dates for which the fixed charges are valid.
- A *first-year capacity ($/kW-year) and energy charge ($/MWh) with an annual escalation rate for the PPA term*: In this case, Respondents are required to provide the start year capacity and energy charges, an annual escalation rate, and specify the PPA term start and end dates.
- *Market Index premium/discount:* In this case, respondents need to specify the premium or discount over the Mid-C price forecast ($/MWh), see Exhibit E: Schedule of Estimated Avoided Cost.

For BESS, Respondents should indicate whether the pricing is for BESS paired with solar or standalone BESS.

The offer price should be inclusive of equipment prices, installation, and O&M charges. Additionally, Respondents need to separately specify the fixed O&M costs ($/kW-yr.) and variable O&M costs ($/MWh), which include maintenance and repair costs.

Respondents may also specify a buyout price and timeframe as part of their response.

For solar and FTM BESS where the ownership option applies, in which assets are transferred over for PSE's ownership, Respondents should specify the ownership start year and the ownership price.

For PPAs, Respondents are required to include underlying fixed and variable cost of production. In PSE's view, a pricing structure that closely mirrors the actual cost structure of the project aligns the Respondent's and PSE's interests with respect to scheduling and dispatch.

Demand Response

Respondent should provide pricing for the collective products and services being offered under DR in sufficient detail such that PSE will understand precisely what is being proposed and how much the proposed products and services will cost. Respondents should provide this pricing information with the understanding that products and services must fulfill DR-specific performance requirements in fulfillment of PSE's primary and secondary objectives.

The Respondents shall reflect pricing in the Pricing Section Exhibit B: Proposal Requirements Forms (Tab 3c). Respondents are required to provide firm pricing for a five-year contract term as indicated in this pricing section. Respondents can submit alternate pricing proposals for a longer contract term if they choose to in addition to the required pricing for a five-year contract term for providing DR.

For DR, Respondents are required to provide pricing in the following format, broadly under two sections that correspond to PSE's primary and secondary objectives for DR (specified in Exhibit B (Tab 3c)):

<u>Pricing for Fulfillment of PSE's Primary Objectives for DR</u>

- *Pricing for Winter Capacity Events ($/kW-event):* Respondents are required to provide an all-inclusive $/kW-event capacity charge for achieving winter peak demand reduction in fulfillment of PSE's primary objectives and the corresponding annual MWs for winter peak demand curtailment for each year of the contract period. Separately, Respondents must indicate the normalized customer incentive charges ($/kW-event), which is included in the capacity charges. This needs to be specified for every year over a five-year contract duration.
- *Pricing for Delivered Energy ($/MWh):* Respondents can provide an optional energy charge ($/MWh) associated with achieving the winter peak demand reductions for the actual energy reduced during winter DR events.
- *Estimated Breakdown of Costs by Category:* PSE's BCA model uses disaggregated resource costs from respondents as inputs to cost tests, used in evaluation. Respondents are required to provide costs for providing winter curtailment capacity by the following categories.
    - *Program Startup Costs ($/kW):* Respondents are required to provide a summary of total capital costs corresponding to the installation of equipment necessary to achieve stated capacity and energy reductions.

- *Program Administration Costs ($/kW-year):* Respondents are required to provide a summary of ongoing administration and/or management costs corresponding to the duration of the 5-year contract.
- *Program Marketing Costs ($/new participant*): Respondents are required to provide a summary of one-time marketing costs corresponding to the acquisition of new customers to program.
- *Customer Incentives Payments for Winter Peak Events ($/kW-event):* Respondents are required to provide a summary of program event incentive payments to customers necessary to achieve stated capacity and energy reductions.

Pricing for Additional Products/Services

Under this item, Respondents may provide pricing for year-round DR capacity in fulfillment of PSE's Secondary Objectives. This includes meeting capacity requirements during summer and shoulder months, and for providing the additional grid services identified as PSE's secondary objectives. PSE does not require that Respondents provide year-round curtailment capability, but the value of proposals may be enhanced by competitively priced curtailment capability beyond just the winter months. Respondents' pricing for additional products/services must specify the following:

- *Capacity charges, by event, for summer and shoulder months ($/kW-event):* Respondents should indicate the pricing by event for providing seasonal capacity in terms of $/kW-event for summer and shoulder months.
- *Pricing for additional grid services, as identified in PSE's secondary objectives:* Respondents should indicate the additional grid services that DR resources can provide (e.g., different types of ancillary and load following services) and the incremental capacity charges for providing these services. Respondents should specify the type of grid service and the associated pricing for that type.

3. Category B: Vendor Service Components

PSE's goal under this category is to secure responses to support the implementation of existing and new DER offerings, programs, and services to provide demand savings, renewable energy and related services to all PSE customers. PSE is seeking proposals for new and existing DER programs[12] and/or program support services that will produce electric demand savings and/or renewable energy from both residential and business customer sectors throughout PSE's service area. The purpose of Category B is to encourage and seek responses from local and diverse firms that specialize in providing specific types of services or working with specific communities, but may not be equipped to offer turnkey solutions for deployment of DERs under Category A. Such services may include customer outreach and enrollment, equipment installation and/or maintenance, and program administration amongst others. Category B services will be integrated with PSE's internal capabilities to develop programs such as space leasing, partnerships, and DER equipment incentives. Respondents may provide proposals under both categories A and B.

Respondents to Category B are expected to provide indicative pricing (discussed further in the Pricing for Vendor Service Components section), and can expect to engage in negotiations with PSE to revise and finalize the proposal if selected for the short list. Respondents should anticipate a delay in contract development as compared to turnkey solutions due to the additional program evaluation step.

PSE will accept, and encourages, responses from consortiums or multiple parties in partnership. Proposals from consortiums or multiple parties must clearly identify the relationship (actual or proposed) among the parties for the purposes of a transaction with PSE, including the party (or parties) with whom PSE will have the contractual relationship.

PSE is committed to making this RFP accessible to small, diverse and local respondents. In order to encourage participation in this RFP from these types of respondents, PSE will be reaching out to potential respondents to notify them of the upcoming RFP and seek their interest in providing a proposal. This is not meant to show preference or limit applicants to those who are contacted, but to proactively build engagement with under-represented respondents pursuant to WAC 480-107-015(2).

DER Program Types and PSE's CEIP Preferred Portfolio

Table 9 below lists the representative DER programs in PSE's 2021 CEIP-preferred DER portfolio that PSE wishes to develop. PSE does not expect this RFP to result in the acquisition of all programs in the preferred portfolio, but the Company encourages Respondents to use the

[12] *See PSE's Renewable Energy Programs website*

preferred portfolio as an informative guide as to the type and mix of programs PSE is interested in offering to customers.

Table 9. *DER Program Types in PSE's CEIP Preferred Portfolio*

Type of DER	Position	Customer Segments	Representative Program Types in Priority Areas
Solar	FTM	Residential *(multifamily and low income are priority segments)* C&I	PSE Community Solar- Multifamily PSE Community Solar – Low Income Rooftop Solar Leasing-Low Income 3rd Party Distributed Solar PPA
	BTM	Residential *(multifamily is a priority area)* C&I	Multifamily Solar Partnership C&I Roof-top Solar Incentive
BESS (standalone or paired with solar)	FTM	Residential C&I	C&I Space Leasing for Batteries
	BTM	Residential C&I	Residential PSE Battery Leasing-Low Income PSE Customer-Sited Solar+Storage Offering
Demand Response	BTM	Residential C&I	Direct Load Control- Smart Thermostats (Residential and Small C&I) Direct Load Control- Water Heaters (Residential and Small C&I) C&I Curtailment (Large C&I) BTM Battery Dispatch (all sectors) EV Managed Charging (passenger and fleet vehicles)

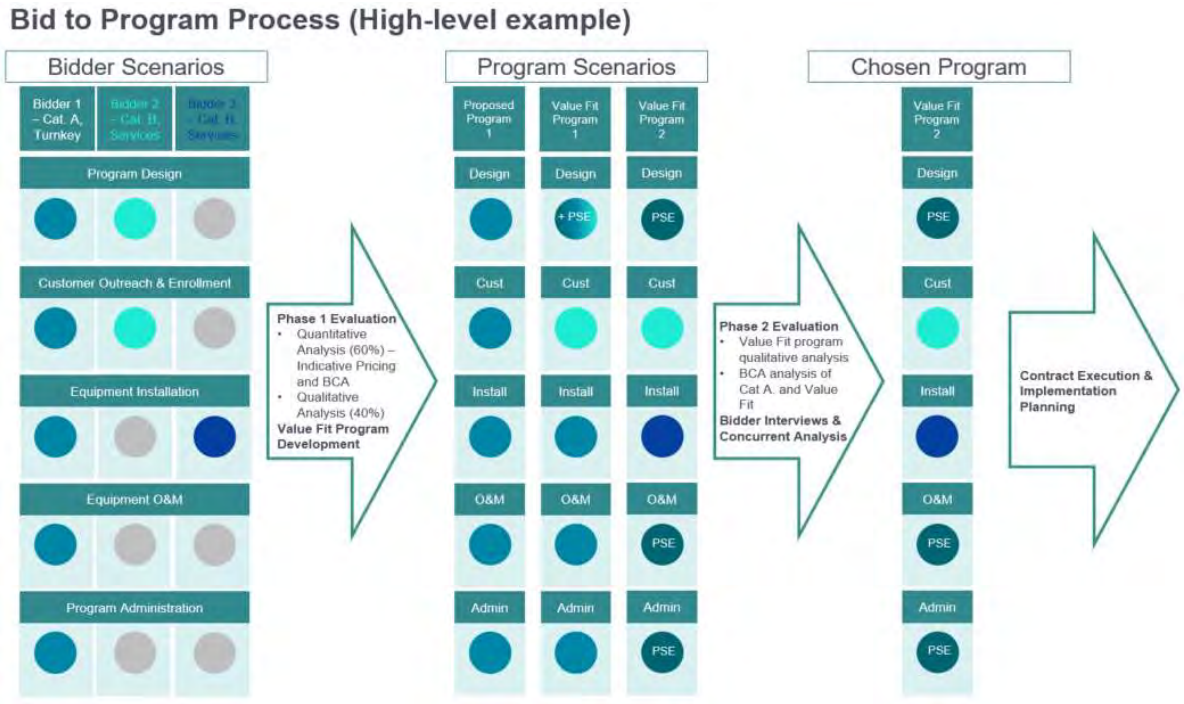
Table 3 in Section 1 provides brief descriptions of the programs in PSE's 2021 CEIP preferred portfolio listed above.

The program components for which PSE is seeking implementation support services are:

- Program Design
- Customer Outreach and Enrollment
- Equipment Installation
- Equipment O&M
- Program Administration
- Other

Respondents may submit proposals for providing one or more service components listed above. PSE will evaluate the service components together with the Turnkey bids and PSE's internal capabilities to develop a portfolio of best solutions (represented in Figure 6 below). Respondents can propose a separate 'other' component if the services being proposed do not fit the above-mentioned service types.

Figure 6. ***Bid to Program Process (High-Level Example)***



Respondents should refer to Exhibit C: Proposal Requirements Forms for the proposal requirements.

Component Descriptions and Requirements

Program Design

PSE's 2021 CEIP Preferred Portfolio includes representative DER programs PSE would like to develop as part of the Company's DER Portfolio, and highlights priority areas in which PSE is seeking development and deployment of DERs. PSE is also open to innovative and new DER program design ideas beyond those listed in PSE's CEIP Preferred Portfolio. Specifically, PSE seeks new offerings designed to help customers reduce peak grid loads, increase customer participation in clean energy programs, and maximize customer benefits from DERs in every stage, from procurement through the life-cycle of the DER equipment, focusing on Highly Impacted Communities and Vulnerable Populations (collectively, "Named Communities").

In this RFP, the key elements of Program Design are:

a) Type of DERs included (either singly or in combination) for the proposed program(s),

b) Targeted customer segments for the proposed program(s),

c) Incentive design for the proposed program(s), and

d) Implementation plan for the proposed program(s).

Respondents should describe their experience in providing program design with a focus on innovative DER program design.

Written responses should demonstrate market readiness for an innovative idea and provide additional detail on the need for the program, savings sources and/or estimates, data supporting the need for the new approach, and any best practices or examples from other utilities implementing similar programs.

Customer Outreach and Enrollment

Respondents proposing Customer Outreach and Enrollment services shall perform tasks related to recruiting customers, including marketing, advertising, and executing Participant Services Agreements. PSE values its relationships with customers. Service partners should understand these relationships and combine a high degree of technical expertise with superior customer-focused awareness and service during planning and implementation. It is PSE's preference to 'own' the customer relationship with the selected Respondent and co-coordinate DER implementation efforts with the selected respondent(s) and PSE's customer-facing program implementation teams. See Exhibit A: Evaluation Criteria and Scoring for scoring implications for owning the customer relationship.

Respondent should articulate if and how local entities will be performing the customer recruitment and enrollment. The proposal should indicate to what extent the Respondent would rely on PSE to provide marketing support as required.

The key elements of an Implementation Plan for providing Customer Outreach and Enrollment services are as follows:

- Customer Acquisition Plan that clearly identifies the customer sectors and segments to be targeted for recruitment with sector/segment specific marketing strategies.
- Types of DERs by customer segment (e.g., Community Solar for multi-family customers) and DER programs being considered (either from PSE's 2021 CEIP Preferred Portfolio and/or other programs not represented in the Preferred Portfolio).

- Respondent's capabilities and experience in marketing customer-side programs to utility customers.
- A description of the methodology used to project the number of customers that can be recruited and enrolled in customer-side programs over a certain period.
- Tasks required before the recruitment process begins, including a timeline.
- New or innovative ways of targeting specific customer segments, focusing on named communities.
- Eligibility recommendations, and how customers will be contacted and selected, or rejected, for participation.
- Customer communication channels and specific recruitment strategies that the Respondent has successfully utilized and proposes to employ in this proposal.
- 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.
- Overview of customer interaction points and expectations of customer and PSE. Selected Respondents must agree to the Customer Interaction Requirements found in Exhibit M: Co-branding and Customer Interaction Requirements. Respondents must explicitly state any exceptions that may be required for the proposal.
- Process used to track and report customer information to PSE.

PSE reserves the right to implement and/or coordinate all marketing activities. Specific and final Marketing Plans will be defined with PSE during contract negotiations. All marketing plans, materials, messaging, and deliverables must be reviewed and vetted through the DER program's designated PSE Marketing representative prior to implementation. The use of any third-party contractors or vendors must be reviewed and approved by the PSE marketing team. Respondent may include specific marketing activities, labor, and third-party vendor costs within budget and response, but all costs are subject to review and approval during the negotiation period.

Respondent's marketing and outreach strategies should consider how a DER program directly improves customer experience and satisfaction with PSE. If available, proposal should include proposed evaluation metrics and any required data that would be needed to measure success.

Equipment Procurement and Installation

Respondents may submit proposals for providing "Equipment Procurement and Installation" service for a single type of DER (e.g., solar) or combinations of DERs (e.g., solar + BESS), and indicate the customer segments for which the Respondent proposes to provide this service.

SECTION 3. CATEGORY B: Vendor Service Components

Respondents may refer to PSE's 2021 CEIP Preferred Portfolio (see Table 9 above) for information on PSE's priorities on combinations of types of DERs and customer segments that PSE is seeking to target. Respondents may submit proposals for providing Equipment Procurement and Installation Services only or consider providing this in combination with other services listed in Category B: Vendor Service Components.

Respondents should articulate if and how local entities will be performing the equipment installation.

PSE expects the following from Respondents proposing Equipment Procurement and Installation services:

- Respondent must possess a valid State of Washington contractor license of the appropriate classification(s) required to perform the work for this Project and have a good safety record for at least the last three years. The license shall be valid for the entire term of the awarded contract.
- Respondent is responsible for obtaining any necessary approvals from the customer and property owner to install, maintain, and operate the DER (e.g., installing a rooftop PV on single family residential customers).
- Respondent must conduct a site inspection to determine the feasibility and safety of installing a DER System at the provided customer location and must obtain all permits associated with equipment installation. For example, if a Respondent is installing a rooftop PV system and if the roof at the customer location is under a warranty, Respondent is responsible for performing all work in a manner that is consistent with the requirements of such warranty and will be solely liable for any act or omission that voids such warranty.
- Respondent shall perform tasks related to scheduling customer visits for audits and/or installation and testing.
- Respondent is responsible for interconnection of the DER system consistent with the requirements of Schedule 152, and ensuring that IT/OT requirements are fulfilled. For dispatchable DERs, the Respondent is responsible for ensuring that the installed equipment is enabled and can respond to dispatch signals.
- For PSE-owned resources, Respondent must remove the DER system if, and when, required by PSE.
- Respondent must include details of all PSE obligations necessary for Equipment Procurement and Installation. Additionally, proposals should indicate any customer share of the cost of the installed equipment, and other fees or costs for participation, estimates of customer's time involvement, use of customer premises, etc.
- Respondent must include an overview of customer interaction points and expectations of customer and PSE. Selected Respondents must agree to the Customer Interaction

Requirements found in Exhibit M: Co-Branding and Customer Interaction Requirements. Explicitly state any exceptions that may be required for the proposal.

- Include any and all written or implied warranties that will be provided to customers regarding quality of materials and installation.
- Include the process used to track and report customer information to PSE.

Equipment O&M

Respondents may submit proposals for providing "Equipment O&M" service for a single type of DER (e.g., solar) or combinations of DERs (e.g., solar + BESS), and indicate the customer segments for which the Respondent proposes to provide this service. Respondents may refer to PSE's 2021 CEIP Preferred Portfolio (see Table 9 above) for information on PSE's priorities on combinations of types of DERs and customer segments that PSE is seeking to target. Respondents may submit proposals for providing Equipment O&M service only or consider providing this in combination with other services listed under Category B: Vendor Service Components. Respondent should articulate if and how local entities will be providing the O&M services.

Key considerations for Respondents proposing Equipment O&M services are listed below:

- Indicative pricing should include performing all tasks related to O&M of installed DERs, including addressing customer inquiries related to equipment O&M.
- Include details of all PSE obligations necessary for Equipment O&M. Additionally, proposals should indicate any customer share of the equipment O&M cost, and other fees or costs for participation, estimates of customer's time involvement, use of customer premises, etc.
- Provide an overview of customer interaction points, and expectations of customer and PSE. Selected Respondents must agree to the Customer Interaction Requirements found in Exhibit M: Co-Branding and Customer Interaction Requirements. Explicitly state any exceptions that may be required for the proposal.
- Include any and all written or implied warranties that will be provided to customers regarding quality of O&M services.
- Describe process used to track and report customer information to PSE.

Program Administration

Respondents may submit proposals for providing "Program Administration" service for DER programs. Respondents may refer to PSE's 2021 CEIP Preferred Portfolio (see Table 9), for information on representative DER programs that indicate PSE's priorities. Respondents may propose to provide program administration services across multiple DER programs.

Selected Respondent will collaborate with PSE program team to achieve specific DER program targets (budgets & capacity/energy), forecasting, strategic planning, and customer issue resolution. Procedure changes may take place during the contract duration warranting a contract amendment or scope change. Selected Respondent(s) will oversee program implementation services which may include the following:

- Administrative support
    - Manage subcontractors, trade allies, and cross vendor coordination to ensure efficient delivery of program services.
    - Ensure the safety of Respondent staff, sub-contractors, trade-allies, and customers being served.
    - Undertake incentive processing for DER programs.
- Training
    - Provide appropriate training to Respondent staff, subcontractors, and trade allies needed to provide the DER program services.
    - Provide training to inform trade allies and necessary parties (e.g., contractors and property managers) of program procedures, and provide new contractors the training necessary to perform work for a given DER program.
    - Coordinate with PSE's Trade Ally program staff to plan contractor meetings, and cross-program contractor messaging, where applicable.
- Reporting and evaluation
    - Be responsible for verification of DER measures, tracking DER performance, and conducting evaluation studies.
    - Collect, store, and track data on customer's DER energy use and customer workflow through program implementation steps. Interface with PSE, as required, to allow for secure, automated data transfers of key program metrics meeting PSE data transfer protocols.
- Customer service
    - Collect, store, and track data on customer satisfaction metrics.
    - Manage a call center according to PSE customer interaction standards found in Exhibit M: Co-Branding and Customer Interaction Requirements.
    - Provide timely resolution to customer complaints and issues, with documented call center scripting and complaint escalation processes.

Pricing for Vendor Service Components

Respondents must submit indicative pricing for the proposed components and provide responses to the items listed in Exhibit C: Proposal Requirements Forms. The pricing requirements vary by service component. Respondents should clearly state the assumptions on which the proposed prices are based, and any caveats and/or considerations related to the proposed pricing.

Respondents may specify component pricing for providing services across multiple DER programs and should refer to PSE's 2021 CEIP Preferred Portfolio for a list of representative DER programs in PSE's priority areas. As noted previously, Respondents may indicate other DER programs not listed in the Preferred Portfolio. The pricing assumptions should clearly state the DER program types for which the Respondent proposes to provide services, and the customer segments to be served. Respondents should indicate whether the prices by component are for providing bundled services across multiple components, or for providing services for individual components. If providing pricing by individual component, Respondents should indicate how the pricing would vary if Respondents were to combine multiple components into a bundled offer.

Table 10 below shows the indicative pricing structure by service component that Respondents should use as a guideline to provide pricing for each component. Respondents may suggest additional pricing structures not specified below, and should include clear descriptions of assumptions and considerations for the proposed pricing.

Table 10. ***Indicative Pricing Structure by Service Component***

Service Component	Indicative Pricing Structure

Program Design	• Provide pricing for undertaking a representative program design for proposed DER program(s) which includes:
	  ○ Blended hourly rates for key staff
	  ○ Hours and cost estimate

Customer Outreach and Enrollment	• Specify customer segments and the types of DERs for which the Respondent is providing the pricing for Customer Outreach and Enrollment services.
	• Provide unit pricing (e.g., $/1000 enrolled customers) for a hypothetical case (e.g., Solar PV installation for Res SF homes) and state the pricing assumptions for the types of DERs and customer segments being targeted.
	  ○ Clearly describe the unit for the proposed pricing
	  ○ Indicate how pricing varies by customer segments being targeted and by the type of DER.
	  ○ State the program scale (in terms of number of customers and/or units being targeted) for which the indicated pricing

Service Component	Indicative Pricing Structure
	applies and describe to how the pricing would change at a different scale of the program.

Equipment Procurement/ Installation	• Provide the price for one installed system (unit price) and describe the configuration of the installed system by DER type and customer segment (e.g., a rooftop solar PV system with 4 kW peak output, installed at single family homes).
	• Indicate underlying assumptions on the scale (number of units proposed to be installed) for different types of DERs (Solar, BESS, DR) and applicable customer segments.
	• Indicate price per unit for equipment installation.
	  ○ Equipment cost
	  ○ Installation costs with required labor hours for equipment installation
	  ○ Include any additional cost items related to equipment procurement and installation
	  ○ Indicate variations in unit price by customer segment, if applicable.

Equipment O&M	• Indicate pricing for providing O&M services for one installed system (unit system) and describe the configuration of the system by DER type and customer segment (e.g., a rooftop solar PV system with 4 kW peak output, installed at single family homes).
	• Indicate underlying assumptions on the scale (number of units assumed for providing O&M services) for different types of DERs (Solar, BESS, DR) and applicable customer segments
	  ○ Describe O&M items included in services
	  ○ Include any additional cost items related to equipment procurement and installation
	  ○ Indicate variations in unit price by customer segment, if applicable.

Program Administration	• Describe the specific services being proposed under Program Administration and the DER programs being considered. • Provide blended hourly rates by staff with hours and cost estimate for providing program administration services, with clear descriptions of underlying assumptions on the DER program types for which the administration services are being proposed.

Key Considerations for Respondents

- Any services bid through this RFP should be available for implementation starting January 1, 2023 and ending December 31, 2024.
- PSE will determine from the list of responding interested parties, those vendors and contractors with whom PSE, in its sole judgment, wishes to engage in further discussion and/or negotiate a contract.
- PSE is under no obligation to select any proposal or move forward with any proposed services.
- For all awarded contracts, the Respondent must collect and provide to PSE staff: data on individual customers, DERs being proposed, and fulfill requirements related to DER evaluation, measurement & verification (EM&V). PSE must approve EM&V, marketing, IT infrastructure, sales and/or promotional plans.
- All DERs included in a program and service offering must produce CETA-compliant energy or capacity that can be reliably measured or estimated with accepted M&V methods.
- Written response should highlight integration with other PSE programs, products and/or services such as (but not limited to): energy efficiency programs, existing renewable customer-facing programs, electric vehicle programs, myPSE, paperless billing, autopay, etc.
- PSE requires successful respondents to use PSE branding in activities contracted by the parties. Co-branding helps PSE customers recognize that program activities are authorized by, and performed on behalf of PSE. Include in proposal those areas that might be considered for co-branding if company is a successful respondent. Co-branding Guidelines are found in Exhibit M: Co-Branding and Customer Interaction Requirements.
- If the proposal includes a digital user interface, it should be integrated with established PSE digital architecture, providing a seamless and consistent digital experience across all channels (i.e. website, mobile applications, interactive voice response systems, etc.) The interface should include single sign-on capability through PSE's myPSE Account login.
- Respondents must respond to the IT security questions in Exhibit N: IT Security Questionnaire and must be willing and able to adhere to PSE's data security requirements.
- Any customer data (including all transaction and interaction data) collected or generated through the idea or created as part of the program shall be the property of Puget Sound Energy and must be accessible to PSE at all times in near real time as necessary via secure automated means. This includes data such as (but not limited to) customer contact information and the customer journey across all channels. If data collection is part of the product, program and/or support service, written response should include detailed requirements related to data inventories and movement.

Vendor will be required to demonstrate adherence to PSE's Co-Branding and Customer Interaction Requirements and IT Security Requirements as outlined in Exhibits M and N.

- Outside of the Service Level Agreements outlined by PSE, Key Performance Indicators (KPIs) specific to the program will be developed in collaboration with the selected respondent and the Program planning teams to ensure operational efficiency and a high level of customer satisfaction.
- All respondents must submit Exhibit I: Master Services Agreement with a statement of acceptance or must identify area(s) for discussion with suggested language modifications. Include the specific Section and Item number for clarity.
- PSE anticipates selecting a short list in Q3 2022. Unless a bid is withdrawn, PSE will assume that it is valid through completion of the RFP. PSE further assumes that proposals will remain valid for a period that would allow for negotiation and execution of definitive agreements, including any applicable management and regulatory approvals.

4. Schedule and Process

RFP schedule

The following schedule (Table 11) is subject to adjustment based on Commission review and the actual pace of the evaluation process. Updates will be posted online at http://www.pse.com/RFP.

Table 11. *2022 DER RFP Schedule*

Date	Milestone
November 15, 2021	Draft DER RFP filed with WUTC
December 30, 2021	Public comment period ends[13]
January 31, 2022	WUTC review period ends; decision anticipated
February 7, 2022	PSE issues final DER RFP
Late February 2022	PSE hosts Respondents' conference[14]
March 21, 2022	Offers due to PSE
April 20, 2022	PSE posts compliance report to its RFP website, consistent with the requirements of WAC 480-107-035(5)
Q2 2022	PSE completes Phase 1 screening process and selects Phase 2 candidates, notifies Respondents
Q3 2022	PSE selects DER RFP short list, notifies Respondents
End of Q3 – Start of Q4 2022	Concurrent Evaluation begins

Evaluation process

PSE will follow a structured evaluation process designed to screen and rank individual proposals based on an evaluation of costs, risks, and benefits. These include resource cost, market-volatility risks, demand-side uncertainties and benefits, resource dispatchability, effects on system operation, customer benefits, credit and financial risks to the utility, the risks to ratepayers, public policy, and Washington State and federal government requirements. PSE will consider a number of quantitative and qualitative factors to compare proposals with diverse attributes. PSE will evaluate each proposal based on its compliance with this DER RFP and according to the

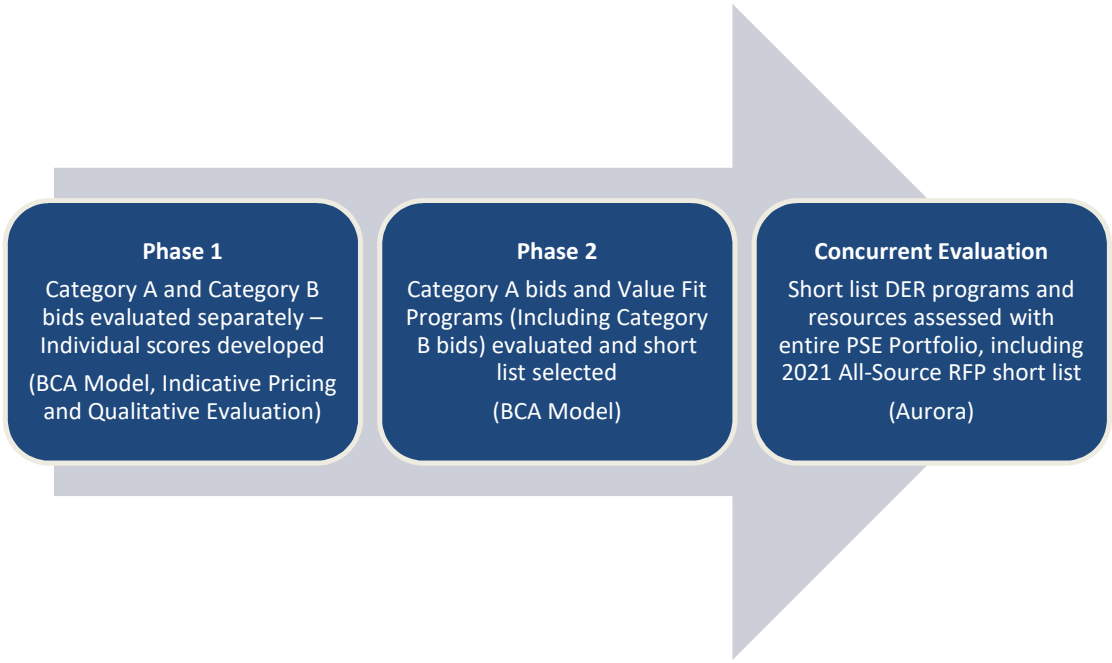
[13] WAC 480-107-017(3) allows interested parties to submit comments within 45 days after a draft RFP is filed. Based on a November 15, 2021 filing date, this period will close on December 30, 2021.

[14] The DER RFP Respondents' conference details and registration instructions will be posted at www.pse.com/rfp as they become available.

criteria described in Section 5: Minimum Requirements and Exhibit A: Evaluation Criteria and Scoring to this DER RFP.

The evaluation process will be divided into two phases, followed by a concurrent evaluation with the All-Source RFP in Docket UE-210220. Phase 1 is a screening phase, Phase 2 is the Value Fit program building and portfolio design phase, and the Concurrent Evaluation is an assessment of the entire PSE portfolio across the All-Source RFP and DER RFP, see Figure 7 below.

Figure 7. ***2022 DER RFP Evaluation Process***



Intake process

PSE's evaluation process will begin with the intake of proposals through a web platform. Respondents will download the RFP forms from PSE's RFP website (www.pse.com/rfp) and submit the completed forms and attachments through the platform. The platform will be accessible by a link from the RFP website when the final RFP is issued.

Category A proposals will be tested for completeness and adherence to minimum criteria requirements (described in Section 5) in two ways during the intake process. First, an automated system performs real-time validation of proposal completeness and adherence to certain minimum criteria. If the automated system determines that a proposal is incomplete or fails to meet required criteria, it will generate an error-specific response, allowing the Respondent to adjust the proposal and resubmit it by the due date. Second, because certain minimum criteria may be difficult to confirm with a simple algorithm, PSE's DER acquisition team will perform a preliminary eligibility screening to verify that all proposals accepted by the system appear to

meet the minimum requirements. Category B proposals will not go through the automated screening and will be reviewed by PSE's DER acquisition team. If a proposal is determined to be ineligible based on the screening, PSE will notify the Respondent and the Respondent will be given three business days to remedy the proposal (the "cure period").

Phase 1: Screening phase

Once the intake process is complete, PSE will begin Phase 1 of the evaluation. In Phase 1, PSE will conduct a preliminary cost analysis and qualitative risk screening to produce a list of the most promising resources for further consideration. In this phase only, Category A and Category B bids will be evaluated separately. PSE will use its benefit-cost analysis ("BCA") model, Qualitative analysis, and the scoring approach for price and non-price factors presented in Exhibit A: Evaluation Criteria and Scoring to screen and rank proposals based on the Respondent's responses to Exhibit B/C: Proposal Requirements Forms. Upon completing its evaluation, the DER acquisition team will combine its quantitative and qualitative screening results to produce a Phase 1 individual score and ranking for each proposal. See Exhibit A: Evaluation Criteria and Scoring for the ranks and weights associated with price and non-price factors considered by PSE, and a description of PSE's approach to scoring individual proposals.

At the end of Phase 1, PSE will select a candidate list of proposals that will proceed to Phase 2 for portfolio design (the "Candidate List"). PSE will select a pool of resources that represents the best-performing proposals from different resource types and vendor service components, and for different programs in the preferred portfolio. PSE will stack resources by type and advance proposals to Phase 2 that are price-competitive within each resource stack. Examples of resource stacks for Category A include smart thermostat DR, FTM solar, BTM BESS, etc. For Category B, each vendor service component (e.g. program design, customer outreach & enrollment, etc.) is a separate resource stack. Resource stacks will also take into account responses that target specific communities and overlapping market potential. In determining price-competitiveness, PSE will look for scoring gaps and establish cut-off points, with the goal of advancing as many proposals as needed such that the resources included in Phase 2 amount to at least 150 percent of the resource need, see Table 2. PSE may also hold in reserve a certain number of proposals that fall short of the cut-off point, in the event that one or more of the selected proposals are subsequently withdrawn or eliminated for any reason, including unacceptable risks or fatal flaws identified during the course of additional due diligence.

Proposals that fail to substantiate a viable resource, lack credible detail, involve unacceptable risks or prohibitive costs, or otherwise fail to meet the minimum proposal requirements defined in Section 5 of the DER RFP will not be further considered. Any proposal that does not meet the minimum requirements of this RFP in the preliminary eligibility screening will be disqualified and will not receive a Phase 1 price or non-price score.

All Respondents will be notified of their selection status at the end of Phase 1. Respondents whose proposals have been selected to proceed to Phase 2 will be given an opportunity to submit an updated best and final offer price ("BAFO"). The BAFO may not be higher than the original

price, and no other aspect of the proposal may be changed. By the end of Phase 1, PSE may have chosen its VPP vendor. If a Respondent has an existing platform or service that is compatible with the chosen VPP vendor, PSE encourages price adjustments to be made to reflect those synergies. If no BAFO is submitted, the original bid price will be used in Phase 2.

Phase 2: Program Building and Design Phase

During Phase 2 of the RFP evaluation process, PSE will design a suite of programs for evaluation from the candidate list developed in phase 1 of Category A "turnkey" and Category B, Value Fit programs, further described in Exhibit A: Evaluation Criteria and Scoring. PSE will then use the BCA tool and qualitative metrics to compare different portfolio mixes to determine the shortlisted portfolio of DERs. Exhibit A provides further details on how PSE will quantitatively evaluate programs and resources, and qualitatively evaluate the customer benefit plans submitted by respondents and associated CBIs.

At the end of Phase 2, PSE will develop a short list of proposals that best align with the Company's overall objective to select a portfolio of resources delivered to its system that balances lowest reasonable cost[15] considering risk, customer benefits, and broad customer class inclusion. The risks associated with determining lowest reasonable cost include compliance with all applicable state laws and regulations, including CETA. The costs and risks associated with compliance with CETA include the customer benefit and equity considerations outlined in RCW 19.405.040(8).

Concurrent Evaluation of the DER and All-Source RFPs

The analysis of the DER and All-Source RFPs will be coordinated to create the most holistically optimized portfolio. Each RFP is separately evaluated through short list selection (Phases 1 and 2 above for the DER RFP). The short list from the targeted DER RFP will be included in a combined portfolio analysis with the short list from the All-Source RFP. Phase 2 of the All-Source RFP evaluation will include a sensitivity that considers optimized portfolio scenarios in which the DER RFP targets are and are not fully met. Aurora will be used for this portfolio optimization and will compare different combinations of resources over a variety of future pricing scenarios. This approach allows for a fair comparison and concurrent evaluation to identify the best resources from both RFPs.

Quantitative modeling

The RFP will use modeling tools and methodologies that are consistent with the 2021 CEIP. In Phase 2 of the DER RFP, the BCA will be used to evaluate all proposals; PSE will use the Aurora

[15] *Lowest reasonable cost is defined in WAC 480-107-007 and 480-100-605 to mean "the lowest cost mix of generating resources and conservation and efficiency resources determined through a detailed and consistent analysis of a wide range of commercially available resources. At a minimum, this analysis must consider resource cost, market-volatility risks, demand-side resource uncertainties, resource dispatchability, resource effect on system operation, the risks imposed on the utility and its customers, public policies regarding resource preference adopted by Washington or the federal government, and the cost of risks associated with environmental effects, including emissions of carbon dioxide. The analysis of the lowest reasonable cost must describe the utility's combination of planned resources and related delivery system infrastructure and show consistency with chapters 19.280, 19.285, and 19.405 RCW."*

model only for the Concurrent analysis. Aurora is a production cost model that will be used for optimal resource selection (also known as long-term capacity expansion modeling) and hourly economic dispatch. Consistent with RCW 19.280.030(3)(a)(iii) and the 2021 IRP, the social cost of greenhouse gases ('SCGHG") is included as a cost adder to emitting resources in the long-term capacity expansion model.

Independent evaluator

In early February 2021, following Commission approval in Docket UE-210037, PSE hired Bates White to provide independent evaluator ("IE") services for the All-Source RFP. For information about PSE's IE selection process and the qualifications of Bates White, please see PSE's petition dated January 19, 2021 in Docket UE-210037, found on the WUTC website. Subsequently, PSE hired Bates White as the IE for the DER RFP to leverage the knowledge gained on PSE's internal processes and priorities through their work on the All-Source RFP.

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Role and scope of the IE

Consistent with the requirements in WAC 480-107, the following sections describe the role and scope of the IE: (i) Role and expectations, (ii) Responsibilities and tasks, and (iii) Deliverables.

Role and expectations

The function of the IE is to consult with PSE, as needed, on the procurement activities in the 2022 DER RFP as described below. The IE will:

- ensure that PSE's 2022 DER RFP process is conducted fairly, transparently, and properly;
- participate in the design of the 2022 DER RFP;
- evaluate the unique risks, burdens, and benefits of each bid;
- provide to PSE the IE's minutes of meetings and the full text of written communications between the IE and PSE and any third-party related to the IE's execution of its duties;
- verify that PSE's inputs and assumptions, including capacity factors and capital costs, are reasonable;
- assess whether PSE's process of scoring the bids and selection of the initial and final shortlists is reasonable;
- prepare a final report to the WUTC after reconciling rankings with PSE in accordance with WAC 480-107-035(3) that must:

- include an evaluation of the competitive bidding process in selecting the lowest reasonable cost acquisition or action to satisfy the identified resource need, including the adequacy of communication with stakeholders and Respondents; and
- explain ranking differences and why the IE and PSE were or were not able to reconcile the differences.

The IE will participate in meetings with the WUTC and PSE, on an as-needed basis, to discuss its findings. If called upon to testify, the IE may serve as an expert witness in proceedings.

The IE will be given reasonable access to information, meetings and communications related to offers submitted by all respondents. The IE will immediately report to PSE and the WUTC any perceived attempt by any individual or party, including any PSE self-build or affiliate Respondents, to improperly influence any findings determined by the IE, or to challenge or interfere with their independent role in the solicitation process. See also Section 5 subsection Eligibility and Conflict of Interest Disclosure for more information about self-build and affiliate bids.

Responsibilities and tasks

In support of the functions discussed above, the IE responsibilities and tasks will include the following:

- Review and provide feedback and recommendations on PSE's draft 2022 DER RFP, including stakeholder comments. Assess the 2022 DER RFP's design, including review of the adequacy, accuracy and completeness of solicitation materials to ensure compliance with the WUTC's Purchase of Electricity Rules and consistency with accepted industry standards and practices. The IE will participate in the design of the RFP and provide feedback to PSE on the draft 2022 DER RFP prior to their release.
- Advise on the consistency of solicitation activities with the WUTC's rules and procedures and PSE's WUTC-approved 2022 DER RFP.
- Advise on the evaluation process, including recommending data requests, as needed, to supplement the information requested from Respondents in the 2022 DER RFP to allow for a full and fair evaluation of proposals.
- Assess whether the quantitative and qualitative bid evaluation criteria and methodologies are applied to all bids in a fair and non-discriminatory manner and whether PSE's process of scoring the bids and selection of the initial and final shortlists is reasonable. The IE will be provided reasonable access to the evaluation meetings and documentation of PSE's DER acquisition and cross-functional teams, in order to credibly assess the bid evaluation and selection processes.
- Verify that PSE's inputs and assumptions, including capacity factors and capital costs, are reasonable. The IE will be provided with a description of how the evaluation models

function, including the inputs and outputs of all models used during the evaluation process.

- Assess whether PSE's process of scoring the bids and selection of the initial and final shortlists is reasonable The IE will score and rank qualifying bids based on PSE's modeling output and an independent qualitative assessment using the RFP's ranking criteria and methodology and consult with PSE to reconcile any ranking differences. If a Respondent makes material changes to its bid after shortlist selection, PSE and the IE will re-rank bids according to the revised bid.
- Monitor the evaluation processes and promptly submit recommendations to PSE's DER manager to ensure that no Respondent has an information advantage and that all respondents or counterparties, if applicable, receive access to relevant communications in a non-discriminatory manner.

Deliverables

- Prepare a final written report as to whether or not PSE's competitive bidding process, evaluation process and decisions were reasonable and appropriate and were applied in a transparent, fair and non-discriminatory manner for all offers received. The report will explain why the IE and PSE were (or were not) able to reconcile any ranking differences. The IE will protect confidential Respondent information subject to the terms of the confidentiality agreement included in the IE RFP and consistent with the terms of the confidentiality agreement included in the 2022 DER RFP.
- Provide to PSE the IE's minutes of meetings and the full text of written communications between the IE and the utility and any third-party related to the IE's execution of its duties.
- Participate as an independent witness or in an advisory capacity during administrative hearings, as required, before the WUTC in any associated proceedings.

Negotiations and contracts

PSE may elect to negotiate price and non-price factors with any Respondent whose proposal has been shortlisted. During negotiations, PSE will continue to update its economic and risk analysis on an as-needed basis to reflect any additional or revised factors that may impact the total cost of a proposed resource.

PSE has no obligation to enter into definitive agreements with any respondent to this DER RFP and may terminate or modify the DER RFP at any time without liability or obligation to any Respondent. This DER RFP shall not be construed as preventing PSE from entering into any agreement that it deems appropriate at any time before, during, or after the DER 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.

5. Proposal Requirements

Summary of Proposal Submission Requirements

Table 12 below lists required exhibits for Category A and Category B proposal submission. The primary proposal submission documents are Exhibit B for Category A respondents, and Exhibit C for Category B respondents. In addition, Respondents are required to address the requirements included in other specified exhibits as part of the proposal submission. A few of the exhibits (as indicated below in Table 12) are for reference only and do not include any submission requirements.

Table 12. ***Summary of Required Exhibit Submissions***

Exhibit	Required Submission for Category A Respondents	Required Submission for Category B Respondents	For Reference Only
Exhibit A: Evaluation Criteria and Scoring			✓
Exhibit B: Proposal Requirements Forms (Category A)	✓		
Exhibit C: Proposal Requirements Forms (Category B)		✓	
Exhibit D: Mutual Confidentiality Agreement	✓	✓	
Exhibit E: Schedule of Estimated Avoided Cost			✓
Exhibit F: Prototype Ownership Agreement Term Sheet	If Applicable		
Exhibit G: Prototype Capacity and/or Energy Agreement Term Sheet	If Applicable		
Exhibit H: Prototype Clean Energy PPA Term Sheet	If Applicable		
Exhibit I: Master Services Agreement	✓	✓	
Exhibit K: Requirement List			✓
Exhibit L: Resources			✓
Exhibit M: Co-Branding and Customer Interaction Requirements			✓
Exhibit N: IT Security Questionnaire		✓	

Exhibit	Required Submission for Category A Respondents	Required Submission for Category B Respondents	For Reference Only
Exhibit O: Vendor Questionnaire for Non-SaaS Provider[16]			✓
Exhibit P: PSE Customer Consent Letter	If Applicable	If Applicable	

Confidentiality agreement

Each bid submittal shall include a signed and scanned copy of Exhibit D: Mutual Confidentiality Agreement, which is due no later than March 21, 2022. PSE will return one fully executed scanned Mutual Confidentiality Agreement to the respondent.

Consistent with the requirement in WAC 480-107-023, PSE must provide the IE with all data and information necessary to perform a thorough investigation of the bidding process and responsive bids. Consistent with the requirements of WAC 480-107-035, PSE will make available on its website a summary of all proposals received within 30 days of the close of the bidding period.[17] PSE will also file a final summary report with the WUTC pursuant to WAC 480-107-145.

Additionally, in accordance with the requirements of WAC 480-107-145, PSE will retain all information pertinent to this DER RFP process for a period of seven (7) years or until PSE concludes its next general electric rate case, whichever is later. Except to the extent required by law or regulatory order, PSE shall have no obligation under this DER RFP to provide the models and data used in its evaluation process to respondents or other third parties.

DER RFP Proposal Requirements

PSE expects respondents to provide complete information in their original submittals. PSE will not consider proposals that provide insufficient information to substantiate the project or offer. Minimum qualifying criteria are defined later in this section.

[16] *This is provided for reference only and applies to non-SaaS providers. PSE will require Respondents to fill this out in the post selection stage.*

[17] *PSE will post a non-confidential summary of proposals consistent with the requirements of WAC 480-107-035. Past proposal summaries have included a PSE-assigned Project ID#, the state in which the proposed resource is located, the resource type, the operating status of the resource, project COD, term start/end, commercial structure (contract type) and nameplate capacity. For storage resources, PSE includes both capacity (MWh) and duration (hours). For DR resources, PSE typically includes a capacity range (over the program life) and the customer class. Unless otherwise required by law or regulatory order, PSE will not include any specific confidential information (e.g., bid price, owner/developer name, project name, or specific project location) in any non-confidential summary of proposals.*

To ensure that all proposals are thorough and complete, PSE has developed Exhibit B and Exhibit C for proposal requirements forms, Exhibit B (Tab 1) includes a checklist of required items for respondents to complete (see Figure 8 below), and Exhibit C (Section VII) includes a list of additional exhibits for respondents to complete. All respondents must complete a set of Exhibit B or Exhibit C forms, including any required attachments identified therein, for each proposal submitted. Additional information, such as a cover letter or other attachments not specifically required in Exhibit B/C, may be provided as part of a respondent's proposal and will be considered supplementary information to the required Exhibit B/C forms.

Exhibit B/C shall be considered the primary proposal document. While it is the Respondent's responsibility to ensure that all information provided in Exhibit B/C is true and accurate, if PSE identifies an inconsistency between the Exhibit B/C forms and other proposal contents, PSE will seek to clarify the discrepancy with the respondent with a data request. The respondent will be given three business (3) days to correct the discrepancy.

Category A Respondents must complete Exhibit B: Proposal Requirements Forms. PSE has designed the Exhibit B Excel file to be an automated key input to PSE's DER RFP proposal database and models. Respondents may not add, remove or modify tabs in Exhibit B. PSE will reject Exhibit B forms if respondents add, remove or modify tabs in the Exhibit B file. Any changes to the integrity, or failure to complete the required fields of Exhibit B will result in a validation error response and the web platform will not accept the proposal until the error is corrected.

Figure 8. ***Proposal content checklist (Exhibit B, Tab 1)***

1. Proposal Content Checklist

Required for all RFP proposals submitted under Category A: Turnkey Resource Acquisition (Do not remove tabs)

Proposal element	Required for	Section	Select response from drop-down list
Required proposal contents	**All proposals**	**Exhibit B**	
Proposal Content Checklist	All proposals	Tab 1	
Commercial Details	All proposals	Tab 2a	
Offer Details	Proposals including Solar and BESS; Not applicable to Demand Response	Tab 2b	
Facility	Proposals including Solar and BESS; Not applicable to Demand Response	Tab 3	
Solar	Proposals including Solar	Tab 3a	
Battery Energy Storage System (BESS)	Proposals including BESS	Tab 3b	
Demand Response	Proposals including DR	Tab 3c	
IT/OT Requirements	All Proposals	Tab 4	
Energy Output (8760)	Proposals including Solar	Tab 5a	
Solar Irradiance (8760)	Proposals including Solar	Tab 5b	
Interconnection	Proposals that include Schedule 152 interconnection	Tab 6	
Development - Projects Detail	Development or construction project proposals	Tab 7	
Ownership - Capital Costs	Proposals including asset sale offers	Tab 8	
Ownership - Operating Costs	Proposals including asset sale offers	Tab 9	
Bid Certification and contacts	All proposals	Tab 10	
Mutual Confidentiality Agreement	All proposals	Exhibit D	
Prototype Term Sheet (by offer structure)	All proposals	Exhibit F, G and H	
PSE Customer Consent Letter	Proposals for projects with a pending request for or agreement for PSE distribution interconnection	Exhibit P	

Proposals must be substantially complete consistent with the requirements of this RFP.
Proposals that do not provide sufficient information to substantiate a project or offer will not be considered in this RFP.

Category B Respondents must complete Exhibit C: Proposal Requirements For Category B. The Exhibit C file asks Respondents for information about their vendor service component proposal, as well as background information about the Respondent and their capabilities. Respondents may not modify Exhibit C in any way. Additional information not required as part of Exhibit C may be included with the proposal and will be considered supplementary. Exhibit C is intended to be accessible to small and medium sized respondents as well as providing broader information to PSE about the respondent's capabilities and potential to be part of a Value Fit program. More information may be needed for later-stage evaluation; Category B respondents who are selected for Phase 2 will be asked for more information at that time.

If any Respondents are interested in providing bids for both Category A and B resources, they must provide separate proposals for each resource with the correct Exhibit completed for each.

Minimum qualifying criteria

PSE considers a variety of evaluation criteria when making resource decisions, as described in Exhibit A: Evaluation Criteria and Scoring to this DER RFP. PSE has also identified a set of minimum qualifying criteria to help respondents craft proposals designed to best meet the objectives of this solicitation. Proposals must meet the minimum criteria outlined below for consideration in this RFP.

For all proposals (as applicable)

- Respondents must submit a complete proposal by the due date specified in Section 7 of the DER RFP, including either Exhibit B or C: Proposal Requirements Forms[18] and all required attachments indicated therein, and all the relevant Exhibits, as stated in Table 12 above. PSE has provided respondents with a proposal contents checklist in Exhibit B: Proposal Requirements Forms (Tab 1), and an additional exhibits list in Exhibit C: Proposal Requirements Forms (Section VII). PSE will not consider proposals that do not provide sufficient information to substantiate a project or offer.
- Each proposal (if applicable) shall acknowledge and state that PSE disclaims and shall not assume any risk associated with the potential expiration of (or the respondent's or other project entity's ability to utilize) any then applicable federal or state tax incentives, cash grant programs, or similar programs meant to support a relevant resource.
- All proposals shall state that there will be no assignment of proposals during the evaluation or negotiation stage of this DER RFP and that, in the event the respondent and PSE negotiate and execute definitive agreements based on the respondent's proposal, the definitive agreements and obligations thereunder shall not be sold, transferred, or assigned, or pledged as security or collateral for any obligation, without the prior written permission of PSE. Any project lender who takes an assignment of the definitive

[18] *Respondents may not modify the contents or structure of the Exhibit B forms in any way. The forms are designed to be inputs to our modeling process. Validation errors in the submission process will result from attempting to modify the forms or a failure to complete the forms, and the proposal will not be accepted by PSE's online platform until the errors are corrected.*

agreements for security and exercises any rights under such agreements will be bound to perform such agreements to the same extent.

- At a minimum, all qualifying Category A responses must:
    - Demonstrate site control consistent with guidance in the non-price scoring matrix in Exhibit A: Evaluation Criteria and Scoring for both the project and any other project-related infrastructure.
    - For proposals requiring interconnection, submit an interconnection application on or before June 1, 2022.
    - Use commercially viable technology.
- To align with PSE's first CEIP, PSE is seeking renewable resources beginning no later than December 31, 2025. Proposals must include a plan to deliver energy and/or capacity by this date.
- All resources proposed must be CETA compliant and connected to PSE's system.
    - FTM BESS resources must demonstrate the ability to charge and discharge as required to meet the need. (PSE requires batteries to be studied additionally as a load. These resources will need to establish both a generation interconnection and a means to charge the load either through retail load service or otherwise.)
- PSE reserves the right to request additional data and engage third-party consultants to independently verify project data.
- For development projects, proposals must describe the respondent's labor plan. As specified in Exhibit A: Evaluation Criteria and Scoring, preference will be given to projects constructed with high labor standards, including family-level wages, benefits and opportunities for local workers and businesses.[19]
- All proposals must state that all environmental attributes [20] associated with the proportionate share of the subject project, if any, will accrue to the ownership and beneficial use of PSE. PSE will not accept REC-only proposals at this time.
- Respondent must provide a customer benefit plan consistent with the provisions in RCW 19.405.040(8). See Exhibit B: Proposal Requirements Forms, Tab 2a. Commercial Details, "CETA Equity Plan and Company Commitments" section or Exhibit C: Proposal Requirements Forms, Section VI: Equity Plan, which guide Respondents to describe a

[19] *As referenced in Exhibit A, PSE prefers projects that utilize a Project Labor Agreement or Community Workforce Agreement for major construction activities associated with the construction of the project. Respondents shall make commercially reasonable efforts to ensure that such Project Labor Agreement or Community Workforce Agreement is eligible to be certified by the Washington Department of Labor and Industries under the standards of the Washington State Clean Energy Transformation Act (RCW 19.405).*

[20] *"Environmental attributes" means generally credits, benefits, reductions, offsets and other beneficial allowances with respect to fuel, emissions, air quality, or other environmental characteristics, resulting from the use of certain generation resources or the avoidance of emissions.*

proposed plan. Respondents may also provide a separately attached written diversity commitment, policy, or plan in addition to their responses to Exhibit B/C.

- All proposals must comply with all applicable laws, regulations and executive orders, including environmental laws, such as the Emissions Performance Standards[21], and labor regulations such as prevailing wage regulations and, if applicable, Clean Energy Labor Standards Certification[22].
- PSE will not accept credit requirements imposed on PSE by the respondent.
- Respondents must certify to adhere to all applicable safety laws, guidelines and industry practices. If proposal is selected for acquisition, PSE reserves the right to review and assess at least the previous three (3) year safety performance of companies responding to this RFP to ensure that they meet acceptable standards. A corporate safety plan and corporate drug and alcohol plan will be required in the proposal.
- Proposal will certify that if selected for acquisition, the respondent will be responsible for meeting its scheduled deadlines. PSE will require the respondent to accept the risk and agree to pay liquidated damages for failing to meet contractual milestones, except in the case of DR resources, the terms of which will be discussed during contract negotiations. An example situation of liquated damage restitution would be a Respondent not achieving commercial operation by the agreed upon date and PSE collecting liquated damages to cover the cost of procuring that lost capacity through other means. PSE may impose credit requirements based on the respondent's credit rating.
- Applicable proposals for standalone projects must identify the geographical boundaries of the overall project by map, sketch or drawing, depict all property ownerships within those boundaries on the map, sketch or drawing and provide real estate agreements demonstrating respondent's degree of project site control for the purposes of the proposed project. Per PSE's qualitative scoring matrix shown in Exhibit A: Evaluation Criteria and Scoring, proposals that demonstrate more site control will score higher.
- Proposals must identify required permits and approvals, their status, and provide a schedule for completion as part of the overall project schedule. As discussed in Exhibit A: Evaluation Criteria and Scoring, PSE prefers proposals that further demonstrate a respondent's permitting acumen (e.g. providing a permitting plan or demonstrating progress, identifying required studies and status, successful outreach to lead agencies and stakeholders, indicating past success permitting other projects in the area). Respondents should have begun permitting or long lead-time studies, such as habitat studies. If

[21] System PPAs longer than five years are eligible to participate in this DER RFP; however, they must comply with the Emissions Performance Standards (Chapter 173-407 WAC) and Chapter 480-100 WAC, which require disclosure of the underlying resource or resource pool to verify compliance with the standards.

[22] Washington State Labor & Industries is in the process of adopting WAC 296-140 to create a Clean Energy Labor Standards certification program that allows tax breaks for contractors who use diverse labor. As of the filing of this RFP, it is not in effect, but respondents are encouraged to certify for applicable responses when it does go into effect.

permitting or studies have not begun, Respondents should present a plan for receiving or completing the aforementioned, respectively.

- Development proposals must include sufficient detail to substantiate a viable project and to adequately assess risk. For example, community solar proposals must also provide the information listed below. Other resource types should plan to provide a similar level of detail and expect a similar level of scrutiny.
    - Proposals should include only PV panels from industry-recognized top-tier suppliers.
    - Proposals should include full description of PV panels to be used. Proposals should indicate anticipated date of third-party certification of proposed PV panels along with the name of the recognized industry third-party providing certification.
        - Proposals should include documentation of a site-suitability review performed by a third-party.
    - Proposals should include documentation indicating the plant's ability to comply with IEEE 1547, CA-21, and UL-1741 for ride-through.
- All cloud-based software solutions must have a SOCII Type 2 audit completed. Vendors who are in the process of a SOC2 audit will be considered if a letter is provided from their auditor stating they are in a SOC2 audit and have an estimated completion date on or before July 1, 2022. PSE expects cloud-based vendors will provide a SaaS agreement, including SLAs, during contracting to cover the licensing terms, and expects all other services to be covered by the MSA provided in Exhibit I.

For ownership proposals

In addition to the minimum qualifying criteria required for all proposals listed above, PSE has identified the following additional criteria for ownership proposals:

- PSE will only accept proposals for ownership at or after COD.
- If project is selected, PSE will require comprehensive engineering design documents and drawings well in advance of project construction. Projects will be required to meet all PSE requirements and specifications.
- Respondents shall certify that all proposed design engineering firms and project constructors will have proven expertise and experience in projects of similar scope and size.
- Proposals should include a description of the manufacturer warranties/guarantees for major equipment and the GSU/step-up transformers. Proposals should also include the maintenance requirements to maintain manufacturer warranties.

Additional requirements

In addition to the applicable requirements in the sections above, proposals for Solar, BESS, or Demand Response should provide the following items:

Category A

- Solar
    - Respondents seeking to bid a solar resource must respond to solar-specific requirements in tab '3a. Solar' of Exhibit B.
    - To inform the planning process, Respondents must provide an 8760 generation forecast for the proposed resource (tab '5a. Energy Output' in Exhibit B) and one year of solar irradiance data (tab '5b. Solar Irradiance (8760)' in Exhibit B).
- BESS
    - Respondents seeking to bid a BESS resource must respond to BESS-specific requirements in tab '3b. BESS' of Exhibit B.
        - If available at the time of bid submittal, provide comprehensive engineering design documents and drawings well in advance of project construction. If available, Respondents should also provide one-line diagrams, three-line schematics, communication plans and protocols used, and a list of tags and alarms used in the battery management system ("BMS"). If unavailable at the time of bid submittal, PSE will request this information during the evaluation or negotiation process. Projects will be required to meet all PSE requirements and specifications. These items are described in tab '3b. BESS' of Exhibit B.
- DR
    - Respondents seeking to bid DR resources must respond to DR-specific requirements in tab '3c. DR' of Exhibit B.

Category B

- All Category B respondents must submit a completed Exhibit C: Proposal Requirements Forms, along with the other required exhibits as indicated in Table 12.

Signatures and certifications

Each electronic proposal must include a scanned copy of the Bid Certification Form: Exhibit B (Tab 10) or Exhibit C (Section VIII), signed by a duly authorized officer or agent of the respondent submitting the proposal. By signing the form, the respondent's duly authorized officer or agent certifies that:

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

Code of conduct, eligibility and conflict of interest disclosure

This DER RFP will accept proposals from all third-party project developers or owners, marketing entities, or other utilities that meet the minimum requirements and comply with the process guidelines described in this DER RFP. All respondents shall disclose in their proposals any and all relationships between themselves, the project and/or members of their project team and PSE, its employees, officers, directors, subsidiaries, or affiliates.

Code of conduct

PSE is committed to a culture of ownership, accountability, honesty, integrity and trust. In conducting this RFP, PSE will follow its Code of Conduct. This Code of Conduct outlines the honest and ethical manner in which all employees and board of directors at Puget Energy, Inc., Puget Sound Energy, and related subsidiaries are expected to behave, with each employee having a duty to uphold the Code of Conduct.

The Federal Energy Regulatory Commission's ("FERC") regulations governing the sales of energy and/or capacity at market-based rates impose restrictions on transactions between "market-regulated power sales affiliates" and their affiliated traditional franchised public utilities with captive wholesale or retail customers. Under FERC regulations, "affiliate" is defined in 18 C.F.R. section 35.36(a)(9).

Washington state law and regulations define what constitutes an "affiliated interest," which is different than how FERC defines "affiliate." In Washington, affiliated interest is defined in RCW 80.16.010.

Self-build proposals

PSE does not plan to submit a self-build proposal in the 2022 DER RFP.

Subsidiary or affiliate proposals

Subsidiaries or affiliates of PSE will be eligible to submit proposals in response to this DER RFP. Each respondent to PSE's DER RFP must disclose any subsidiary or affiliate relationship to PSE in Exhibit B (Tab 2a) to this DER RFP or Exhibit C (Section II). All respondents, including affiliates and subsidiaries of PSE, shall follow a consistent process for submittal. PSE will treat all respondents, including affiliates and subsidiaries of PSE, in a fair and consistent manner throughout the evaluation. Consistent with the provisions in WAC 480-107-023 and -024, the DER RFP evaluation team will neither give preferential treatment or special consideration to any subsidiary or affiliate of PSE to ensure no unfair advantage occurs, nor will PSE or its independent evaluator disclose the contents of its DER RFP evaluation or competing proposals to subsidiaries or affiliates of PSE prior to the information becoming publicly available. The IE will immediately report to PSE and the WUTC any perceived attempt by any individual or party to improperly influence any findings determined by the IE, or to challenge or interfere with their independent role in the solicitation process.

Validity, deadlines and regulatory approval

Bid validity and deadlines

PSE anticipates selecting a short list in Q3 2022. Unless a bid is withdrawn, PSE will assume that it is valid through completion of the RFP. PSE further assumes that proposals will remain valid for a period that would allow for negotiation and execution of definitive agreements, including any applicable management and regulatory approvals.

Regulatory approvals

Regulatory approvals for resources acquired may not be obtained until the latter half of 2023 or later. PSE may seek post-closing regulatory review of any resource purchases, exchanges, acquisitions, or associated costs that result from this RFP. Such regulatory review could include receipt by PSE from the WUTC of approvals and orders, as applicable, pertaining to and confirming the inclusion of the full amount of any asset purchase price plus PSE's transaction costs and other amounts allocable to the construction, start-up, testing and commissioning of the project, as applicable, in PSE's rate base. Such approvals and/or orders to be in form and substance satisfactory to PSE in its sole discretion.

In addition to being subject to the jurisdiction of the WUTC, PSE is also regulated by the FERC. FERC's jurisdiction and authority over the activities of PSE are defined in the Federal Power Act and include certain aspects of the acquisition of electric power. In particular, Sections 203 and 205 of the Federal Power Act require, respectively, (i) approval by FERC prior to transferring FERC-jurisdictional assets a value in excess of $10,000,000; and (ii) certain filings by PSE to support its authorization to sell power and related products at market-based rates.

Pursuant to Section 203 of the Federal Power Act, FERC has approval authority over any acquisition by PSE of public utility facilities subject to FERC jurisdiction with a value in excess of

$10,000,000. In reviewing filings under Section 203 of the Federal Power Act, FERC considers the effect on competition, rates, and regulation. FERC's approval of such an acquisition will be based on a finding that it is "consistent with the public interest."

FERC has authorized PSE to sell power at market-based rates pursuant to Section 205 of the Federal Power Act. As a condition of its authority to sell power at market-based rates, PSE must demonstrate to FERC that it does not possess market power in the relevant markets. Acquisition by PSE of generation or power resources may require PSE to demonstrate that it continues to lack market power after the resource acquisition. In addition, FERC's regulations prohibit PSE from engaging in the wholesale purchase of energy or capacity from an affiliate without first seeking FERC authorization. As a result, PSE may be required to seek prior FERC approval of any transaction with an affiliated entity.

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

6. Credit Requirements

PSE will not accept collateral thresholds, credit ratings triggers, general adequate assurances language or similar language that might require PSE to provide performance assurance. PSE developed this policy in order to protect its customers and to avoid undue costs, especially in the event of an industry-triggered credit downgrade.

PSE will require respondents to provide performance assurance. PSE will expect respondents with sub-investment-grade credit ratings (or being of similar creditworthiness), or whose credit ratings drop below investment grade, to provide performance assurance acceptable to PSE. Non-investment grade entities have inherent default risks. Collateral requirements are utilized to mitigate such risks. When certain PPAs are in default, physical supply will be affected. The collateral gives PSE an option to purchase market power to bridge the gap and, in turn, protect its ratepayers from both cost and reliability risks. This is consistent with standard industry practices.

In addition to any provisions included in the prototype term sheets for ownership agreements (Exhibit F to this DER RFP), capacity and/or energy agreements (Exhibit G to this DER RFP), or clean energy power purchase agreements (Exhibit H to this DER RFP) PSE may require negative control provisions[23] in any definitive agreements.

[23] *"Negative control provisions" means covenants restricting respondent business practices that could jeopardize respondent's ability to perform its obligations.*

7. Proposal Submission

Submission process, deliverables and deadlines

PSE is developing a web platform for respondents to confidentially submit electronic proposals to this DER RFP. PSE will provide a link to the platform and instructions for proposal submission on the RFP web site (www.pse.com/rfp) once the final RFP is issued, or soon thereafter.

Questions or comments about the DER RFP may be submitted to DERRFPmailbox@pse.com. PSE will post answers to questions on its RFP website. RFP schedule updates and any supplemental informational updates associated with this RFP will also be posted to PSE's RFP website. Table 13 outlines the relevant deliverables and deadlines.

Table 13. ***Deliverables and Deadlines***

Deliverable	Date Due	Format
DER RFP proposal *(See Section 5 and Exhibit B/C for Proposal Requirements)*	March 21, 2022	• One electronic copy of the proposal via PSE's confidential electronic proposal submission web platform (instructions will be provided on www.pse.com/rfp when the final RFP is issued) ○ Proposal must include one complete Excel copy of the Exhibit B or C: Proposal Requirements Forms and all required attachments (as indicated therein) [24] ○ Proposal must include one signed scanned copy of Exhibit D: Mutual Confidentiality Agreement ○ Proposal must also include a signed scanned copy of the Bid Certification Form, Exhibit B (Tab 10) or Exhibit C (Section VIII) in addition to the live version included in the form

[24] *Respondents may not add, remove or modify tabs in Exhibit B (Proposal Requirements Forms). PSE has designed this Excel file to be a key input to PSE's DER RFP proposal database and models. PSE will reject Exhibit B forms, if respondents add, remove or modify tabs in the Exhibit B file. Any changes to the integrity of, or a failure to complete the required fields of, the Exhibit B file will result in a validation error response and the web platform will not accept the proposal until the error is corrected.*

Proposal requirements forms (Exhibit B and Exhibit C)

PSE is committed to providing Respondents with the guidance needed to successfully complete Exhibit B or C and to navigate the newly designed proposal submission process. Only Exhibit B will be subject to the automatic intake and data validation processes. PSE will not simply reject bids due to a data entry error or a misunderstood direction for a specific field. To help Respondents successfully submit their proposals, PSE will provide the following:

- a downloadable user instruction manual on how to navigate and use the RFP submission portal and its core features and functions,
- a downloadable user reference on typical expected data validation error messages,
- a live demonstration at the Respondents' conference to show Respondents how to submit a proposal and what to expect with the automated screening,
- unlimited access to submit and resubmit proposals during the RFP submission window, and
- a three-day curing period after the RFP due date to allow Respondents to remedy an unacceptable term or condition, or other non-conforming criteria or fatal flaw in a proposal.

Respondents may also reach out to DER RFP team staff through the DER RFP mailbox (DERRFPmailbox@pse.com) with questions about Exhibit B or C, and the automated submission process.

Respondents should note that the bid submittal deadline is not subject to the three-day cure period. It is expected that respondents will plan ahead to submit their bids on time, allowing for sufficient time to seek advice from the DER RFP team, in the event of any data entry errors. Respondents are encouraged to submit early to confirm that their proposal forms will be accepted by the automated system. Respondents will have until the due date to delete and resubmit forms and other supporting files from the portal.