Exhibit H

Redlined Version of Exhibit K to the Draft 2021 All-Source RFP

PUGET SOUND ENERGY

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

Exhibit K. Demand Response Addendum

Demand Response Addendum

Measurement and verification

Proposals will be evaluated on a variety of criteria including, but not limited to: demonstrated competence and experience, management structure and assigned personnel, quality of proposed equipment and services, pricing, performance guarantees, and other criteria as outlined in Exhibit A.

PSE reserves the right to contact a bidder at any time for clarifications about any part of the bidder's proposal. Proposal review questions and communications will focus on clarifying the information set forth by the contractor in the proposals and will not be an opportunity for the contractor to revise terms.

PSE prefers proposals that provide the lowest reasonable cost throughout the program or project life, taking into account the price of the proposal and other factors that impact PSE's overall cost. PSE intends to analyze the economic benefits of demand response proposals in a manner consistent with the Integrated Resource Plan ("IRP").

PSE will evaluate bids as described in Exhibit A. The benefits and costs shown in the tables below will be included in the bid evaluation process when applicable, quantifiable, and significant. PSE prefers proposals and combinations of proposals that result in the lowest impact on PSE's revenue requirements and rates when included in PSE's existing generation resource portfolio.

PSE will adjust the bidder's proposed capacity during the evaluation process using effective load carrying capability ("ELCC") as shown in Table 3. The ELCC used in this evaluation will be dependent on the bidder's proposed resource availability, i.e., frequency and duration of events. ~~For example, a proposal with a program with no more than one, 4-hour event per day will be evaluated with an ELCC of 58 percent, while a program with up to two, 3-hour events per day with six hours of recovery time between events will be evaluated with an ELCC of 77 percent.~~

For the purposes of measurement and evaluation the respondent will:

- Provide participant data (to PSE and third-party evaluator) from a sufficient sample of customers for purposes of estimating average load impacts.
- Be called upon to provide meter and payment data, calculation methodologies and other relevant information related to enrolled participants.
- Conduct measurement and verification for estimation of load impacts (method to be agreed upon mutually with PSE, and verified by PSE and an independent contractor).

Table 1. ***Cost-effectiveness benefits for DR resources***

Benefits
Avoided capacity costs - System wide peak capacity - Local/Distribution peak capacity constraints (location specific)
Avoided energy costs - Alleviate consumption during short duration, high energy system supply cost periods - Events improve alignment between customer loads and available carbon-free generation

Avoided transmission and distribution costs
- Possible transmission cost savings where event capacity delivery is firm
- Location specific infrastructure upgrade deferrals
  ○ Substation Expansions
  ○ Feeder modifications
  ○ New substations

Avoided environmental compliance costs - Possible CETA compliance cost savings by shifting customer energy use to adjacent and available carbon-free generation periods

Table 2. ***Costs for DR resources***

Costs
Program administrator expenses
Program administrator capital costs
Financial incentive to participant
DR measure cost: Program administrator
DR measure cost: Participant contribution
Participant transaction costs
Participant value of lost service
Increased energy consumption
Environmental compliance costs

Table 3. *ELCC based on frequency and duration of DR events*

Peak Capacity Credit for Demand Response			
DEMAND RESPONSE	**Capacity (MW)**	**Peak Capacity Credit Year 2027**	**Peak Capacity Credit Year 2031**
Demand Response, 3-hr duration, 6-hr delay, 10 calls per year	100	26.0%	31.6%
Demand Response, 4-hr duration, 6-hr delay, 10 calls per year	100	32.0%	37.4%

Data requirements

- Provide secure, data uploads into PSE's data tracking system.
- Provide participant data from a sufficient sample of customers for purposes of estimating average load impacts.

Table 4. ***Data support***

1. CIS and work management software	Describe your CIS and work management software, including how customer information is entered and updated, how scheduling of installations is accommodated, and how service requests and other necessary information are incorporated.
2. Interface requirements	Describe the process by which PSE's system is updated or fed with real time information, such as load curtailment activity and other predefined fields. Also, describe processes for providing updates/reports.
3. Data sharing and reporting	Respond in detail to the following: • What types of information/data will be exchanged with PSE, and how will this data be transferred in a secure manner? Is it pulled, pushed on a time basis, or both? • What access will PSE staff have to account status, and what information will be available? • What types of status reporting will be provided to PSE, with what level of detail, and with what frequency? • What are your data retention policies? • What is your QA/QC process for ensuring that your customer data is correct and valid?
4. Reliability and backup	Describe the protections and recovery methods for dealing with unforeseeable events (e.g., acts of nature, computer or hard drive failure in the computing resources, or security breaches) that may compromise vital customer or work management data.
5. Testing approach	Describe how the data transfer processes will be tested initially and how they will be checked during the project to assure functionality and accuracy.

Aggregated Customer Information

Table 5 below presents customer count and 2020 electricity sales data by North American Industry Classification System ("NAICS") sector and by rate schedule for commercial and industrial ("C&I") customers. Table 6 presents electricity sales by rate schedule and by county for C&I customer segments.

Table 5. ***Customer count and electricity sales by sector and by rate schedule***

NAICS sector description	2020 GWh	Customer count by rate schedule[1]				Total count by sector
		Sch. 25[2]	Sch. 26	Sch. 31	Sch. 49	
		>50 kW and <=350 kW max. demand	>350 kW max. demand	>350 kW max. demand; delivery at 600 volts or higher	>=4,400 kVA demand; delivery at 50,000 volts or higher	
Accommodation and food services	205.3	683	40	7		**730**
Admin. support and waste management and remediation services	141.8	205	22	11	1	**239**
Agriculture, forestry, fishing and hunting	103.0	170	14	14		**198**
Arts, entertainment, and recreation	100.3	233	15	8		**256**
Construction	110.4	248	31	14		**293**
Educational services	255.9	445	49	72	1	**567**
Finance and insurance	114.5	198	21	6	1	**226**
Health care and social assistance	394.4	415	43	15		**473**
Information	352.8	145	14	8	2	**169**

[1] *Brief descriptions of rate schedules:*

Schedule 25: Small Demand General Service (>50 kW and <=350 kW max. demand customers)
Schedule 26: Large Demand General Service (>350 kW max. demand customers)
Schedule 31: Primary General Service (>350 kW with delivery at primary voltage (600 volts or higher))
Schedule 40: Large Demand General Service (>3aMW load on a distribution feeder)
Schedule 49: High Voltage General Service (Billing demands not less than 4,400 kVA and delivered at high voltage (50,000 volts or higher); customer provides all transformation and facilities beyond the point of delivery.

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EXHIBIT K. DEMAND RESPONSE ADDENDUM

NAICS sector description	2020 GWh	Customer count by rate schedule[1]				Total count by sector
		Sch. 25[2]	Sch. 26	Sch. 31	Sch. 49	
		>50 kW and <=350 kW max. demand	>350 kW max. demand	>350 kW max. demand; delivery at 600 volts or higher	>=4,400 kVA demand; delivery at 50,000 volts or higher	
Management of companies and enterprises	24.8	27	6			**33**
Manufacturing	810.2	583	92	83	4	**762**
Mining	-	3		1		**4**
Other Services (except public administration)	95.7	457	21	13		**491**
Professional, scientific and technical services	131.8	189	23	8	1	**221**
Public administration	380.4	559	33	65	3	**660**
Real estate rental and leasing	293.2	486	55	11	1	**553**
Retail trade	708.4	962	156	21		**1,139**
Transportation and warehousing	196.0	180	25	22	1	**228**
Utilities	101.3	140	9	13	1	**163**
Wholesale trade	182.4	315	36	17		**368**
Not assigned	515.3	1,202	74	55		**1,331**
Total	**5,217.9**	**7,845**	**779**	**464**	**16**	**9,104**

Table 6. *Electricity sales (GWh) by county and by rate schedule*

County	Sales by rate schedule				Total sales by county
	Sch. 25	Sch. 26	Sch. 31	Sch. 40	
	>50 kW and <=350 kW max. demand	>350 kW max. demand	>350 kW max. demand; delivery at 600 volts or higher	>3aMW load on a distribution feeder	
Island	23.9	9.1	7.2	53.3	**93.5**
King	968.8	1,186.3	594.6	355.0	**3,104.7**
Kitsap	106.9	94.1	39.0	18.6	**258.6**
Kittitas	8.1	8.2	5.4		**21.7**
Pierce	140.3	134.6	131.6	11.5	**418.0**
Skagit	83.4	79.0	125.5	24.8	**312.7**
Thurston	142.9	166.7	235.8	46.0	**591.4**
Whatcom	123.6	93.7	147.3	41.8	**406.4**
Not assigned	5.3	5.6	-		**10.9**
Total	**1,603.2**	**1,777.3**	**1,286.4**	**551.0**	**5,217.9**