



REQUEST FOR PROPOSALS

LOWER SNAKE RIVER

WIND FACILITY EXPANSION

Proposal Due Date: July 12, 2023

Puget Sound Energy, Inc. seeks to identify a development partner to help build a wind energy expansion of approximately 640 megawatts in permitted wind resource areas of the Lower Snake River wind facility. PSE is requesting proposals that PSE may (i) acquire the project upon completion, (ii) acquire a portion of the project and purchase the output of the remaining portion of the project through a power purchase agreement, or (iii) acquire all output of the project through a power purchase agreement.

Revision #:	Description:	Date of Issue:
0	Issue for Bid	May 8, 2023

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Introduction & Objectives

This Request for Proposals (“RFP”) seeks a development partner to help PSE in the development, engineering, procurement, construction, and commissioning of a wind generation facility near Pomeroy, Washington (the “Project”). Existing land leases and easements and electrical interconnection agreements constrain the Project’s capacity to 640 megawatts (“MW”).

The Washington Clean Energy Transformation Act (“CETA”) has established goals for PSE to achieve a carbon neutral power supply by 2030 and a carbon-free power supply by 2045.¹ PSE meets the energy needs of its customers, in part, through incremental, cost-effective energy efficiency improvements, procurement of sustainable renewable energy resources, and investment in energy delivery infrastructure. PSE employees are dedicated to providing great customer service and delivering energy that is safe, reliable, and clean.

PSE seeks to develop, fund, build, own (or co-own), and operate the Project within the Lower Snake River wind resource area. The Project will help PSE meet its future clean energy demand by utilizing existing development rights, infrastructure, land leases, and easements to produce reliable energy at the lowest reasonable cost for customers.



This RFP’s objectives are as follows:

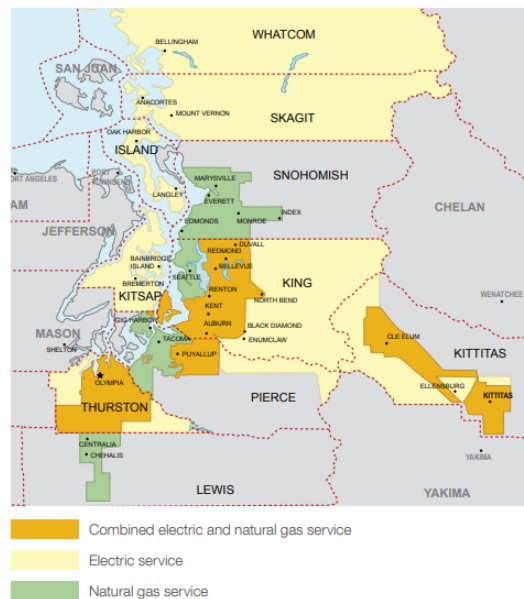
- Secure a cost-competitive and CETA-compliant proposal to expand the operational Lower Snake River wind facility by adding 640 MW of additional wind capacity.
- Leverage existing Lower Snake River resource area infrastructure, interconnection and transmission rights, land leases, easements, permits, and operations personnel to minimize the cost and reduce the operational risk of the Project.
- Use subject matter experts from PSE and a qualified third party to propose, plan, develop, design, permit, build, and operate the Project.

¹ PSE must satisfy both the Energy Independence Act, Chapter 19.285 RCW, and the Clean Energy Transformation Act, 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 retail load. The Clean Energy Transformation Act establishes statewide policy goals for the elimination of coal-fired resources by December 31, 2025, a carbon-neutral power supply by 2030, and a carbon-free power supply by 2045.

- Partner with regulators and local community members and organizations to generate public support, deliver economic and environmental benefits, and ensure fair treatment and meaningful involvement of all people (regardless of race, color, national origin, or income) in the development, implementation, and enforcement of environmental laws, regulations, and policies.
- Conduct a resource procurement process that is accessible and fair for all prospective bidders and encourages participation by all prospective bidders that meet the requirements of this RFP, including those representing minority-, women-, disabled-, and veteran-owned businesses.
- Conduct a resource procurement process that encourages prospective bidders that support supplier diversity through inclusive, competitive procurement processes.

About PSE

PSE is an investor-owned utility incorporated in the state of Washington in 1960 (then called Puget Sound Power & Light Company). PSE furnishes electric and natural gas service in a service territory covering approximately 6,000 square miles, principally in the Puget Sound region. PSE is the oldest and largest energy utility in the state of Washington, with a rate base value of over \$15 billion and annual retail revenues of over \$3.4 billion. In 2021, hydroelectric power accounted for about 22 percent of PSE’s electric supply portfolio; wind generation accounted for about 12 percent of PSE’s electric supply portfolio, natural gas-fired generation accounted for about 28 percent of PSE’s electric supply portfolio; coal accounted for about 10 percent of PSE’s electric supply portfolio, and wholesale purchases and/or other producers accounted for the remainder of PSE’s electric power supply portfolio.



Electric Service: All of Kitsap, Skagit, Thurston, and Whatcom counties; parts of Island, King (not Seattle), Kittitas, and Pierce (not Tacoma) counties.

Natural Gas Service: Parts of King (not Enumclaw), Kittitas (not Ellensburg), Lewis, Pierce, Snohomish, and Thurston counties

Code of Conduct

PSE is committed to a culture of ownership, accountability, honesty, integrity, and trust. PSE will follow its Code of Conduct in conducting this RFP. This Code of Conduct outlines the honest and

ethical manner in which all employees and board of directors at PSE, PSE's parent company (Puget Energy, Inc.), and related affiliates of PSE must behave, with each employee having a duty to uphold the Code of Conduct. Each employee has a duty to uphold the Code of Conduct, as summarized with the simple statement of "Do what is right."

As part of that commitment to conduct business honestly, ethically, and consistent with its core values, all employees at PSE must:

- Comply with all applicable laws, policies, rules and regulations (including: antitrust, anti-bribery, equal employment opportunity, privacy, data security, anti-harassment, environmental and safety);
- Avoid situations that may create conflicts of interest or the appearance of conflicts of interest;
- Treat one another with mutual respect and dignity;
- Maintain a safe and healthy workplace environment;
- Be honest and fair in all business activities with customers, vendors, and competitors;
- Maintain and protect company assets, confidential information, and intellectual property;
- Ensure the reliability and integrity of financial information; and
- Report any illegal or unethical conduct to appropriate personnel.

Project Description & Requirements

This RFP seeks a qualified development party for detailed project development, design, planning, engineering, procurement, and construction plans for a renewable generation facility capable of using 640 MW in available electrical interconnection and transmission capacity. The Project must be a complete, commercially operable, and integrated wind electric generating plant, including all facilities that are necessary to generate and deliver energy to the Point of Interconnection at the Central Ferry substation owned and operated by Bonneville Power Administration ("BPA").

PSE will be responsible for the cost of facility upgrades at the Central Ferry substation to enable interconnection of the Project and transmission upgrades across the BPA transmission system to a Point of Delivery on PSE's system. PSE will also be responsible for revisions to permits for the Project to accommodate a maximum wind turbine tip height of 650 feet.

Background

The Lower Snake River wind facility site spans approximately 124,000 acres and consists of the following wind resource areas:

- the Kuhl Ridge wind resource area (39,900-acres) and the Dutch Flats wind resource area (10,000 acres) in Garfield County,
- the Oliphant wind resource area (32,700-acres), which spans both Garfield and Columbia counties, and

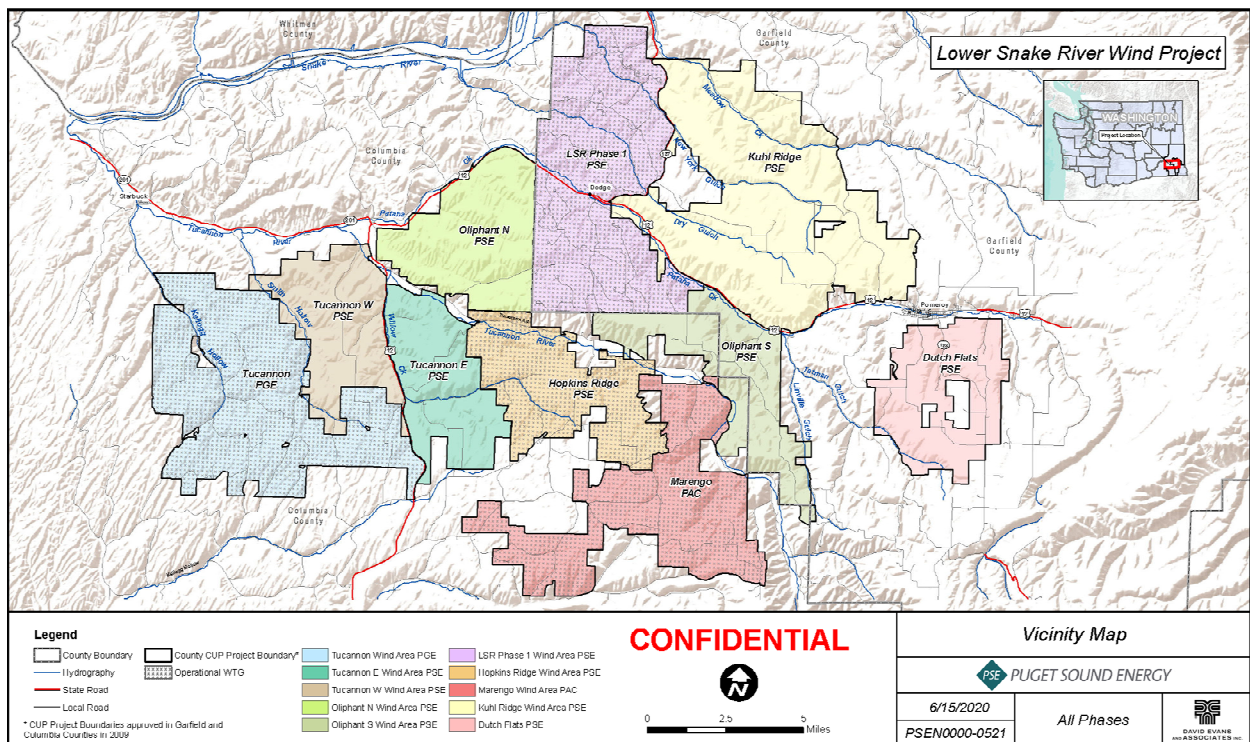
- the Tucannon wind resource area (41,500-acres) in Columbia County.

PSE’s Lower Snake River Phase 1 Wind Facility operates on approximately 21,000 acres in the Kuhl Ridge and Oliphant wind resource areas. The Lower Snake River Phase 1 Wind Facility entered commercial service in early 2012 and consists of 149 Siemens SWT2.3-101 wind turbines that produce up to 342.7 MW of renewable energy.

PSE sold the western portion of the Tucannon wind resource area to Portland General Electric Company, which has operated the Tucannon Wind Facility at that site since 2014.

The Project area that is the subject of this RFP will include approximately 64,000 acres within the permitted area, including portions of the Tucannon (East and West), Oliphant (North and South), and Kuhl Ridge wind resource areas.² PSE currently leases the land in this area from private landowners in southeast Washington near the site of the existing Lower Snake River Phase 1 Wind Facility.

PSE will consider wind proposals that optimize existing Lower Snake River resource area infrastructure, interconnection and transmission rights, land leases, easements, permits, and operations personnel. PSE’s economic analyses of RFP responses will consider the benefits to PSE’s customers provided by the Project. The qualitative and quantitative analyses described elsewhere in the RFP will determine which proposals receive further consideration.



² An opportunity to develop a future project in the Dutch Flats WRA may exist, but PSE has not included that area in this RFP.

PTC Value

PSE seeks proposals that will qualify the Project for a federal Production Tax Credit (“PTC”) or Investment Tax Credit (“ITC”) available through the Inflation Reduction Act of 2022 (“IRA”). These tax credits have a significant value that PSE will include in its economic analysis and ranking of each of the respective proposals. In preparing a proposal, prospective bidders shall seek to incorporate, to the extent practicable, domestic content adders in the IRA tax credits if (i) 100 percent of any steel or iron that is a component of the Project are produced in the United States, and (ii) 40 percent of manufactured products that are components of the Project are produced in the United States.

PSE has limited capacity to use federal tax benefits within the regulated utility. Therefore, PSE seeks help in identifying opportunities and ownership structures that will facilitate the use of all tax benefits efficiently and effectively to reduce Project cost.

Interconnection & Transmission

PSE has interconnection rights for 640 MW at BPA’s Central Ferry substation under the terms of two Large Generator Interconnection Agreements (“LGIA”). PSE has also contracted with BPA for transmission service upgrades necessary to wheel 640 MW to a Point of Delivery on PSE’s transmission system. Accordingly, prospective bidders may submit project proposals of up to 640 MW of wind generation capacity. PSE may consider proposals with nameplate capacities larger than 640 MW if such proposals provide a power control strategy to limit peak output of the Project to 640 MW. The power control strategy may include OEM turbine controls and centralized site controls, string curtailments, storage technologies, and/or alternative approaches.

Timing

Proposals shall describe a facility with a capacity of approximately 640 MW and a target Commercial Operation Date of September 30, 2027, or as soon as practicable after energization of interconnection and transmission service. A 140 MW subset of the Project is available for early completion with a target online date in the fourth quarter of 2025, although PSE may elect to roll this subset into completion of the larger Project if such roll-in results in a lower cost of energy for the Project.

PSE will consider alternative online dates, alternate strategies to capture the value of renewable energy tax incentives, and/or alternative ownership structures that would allow PSE to reduce the overall cost of energy from the Project, provided that such proposals retain the projected Commercial Operation Date and ownership interests or a reasonable path to future ownership interests in the Project for PSE.

PSE anticipates a process that will require a maximum of six (6) months after receipt of proposals to evaluate, conduct due diligence, select, negotiate, and execute definitive agreements for the Project.

Regulatory Approvals

PSE's decisions regarding proposals received from this RFP and the Project will be subject to general utility prudence review in making investment decisions, CETA requirements, guidance of the Washington Utilities & Transportation Commission ("WUTC"), and requirements of the Federal Energy Regulatory Commission ("FERC"). Successful proposals will comply with all applicable regulatory requirements.

Notice to Proceed

Upon successful completion of proposal evaluation and selection, PSE will present the Project to its officers and Board of Directors for approval to proceed. If the Board of Directors were to approve a proposal, PSE will complete negotiations for definitive agreements and issue a Notice to Proceed ("NTP") for the successful bidder to begin the detailed development, design, planning, engineering, procurement, and construction of the Project in collaboration with PSE.

Reservation of Rights

PSE reserves the right, without qualification, to select or reject any or all proposals and to waive any formality, technicality, requirement, or irregularity in the proposals. In addition, PSE reserves the right to use a prospective bidder's bid forms and any supplemental information submitted in any of its regulatory filings.

Non-Binding

This RFP is not a commitment by PSE to execute any agreement related to the Project and it does not bind PSE or its affiliates in any manner. A proposal submitted in response to this RFP may or may not result in a definitive agreement to proceed with design and construction of the Project. PSE, in its sole discretion, will determine which prospective bidders, if any, it wishes to engage in negotiations that may lead to definitive agreements for the acquisition of a selected proposal. Selection of any proposal will depend entirely on how the proposal compares to competitive proposals received from the RFP, and how the proposal compares to the competitive cost of energy as determined from PSE's other resource acquisition efforts.

RFP Questions

Prospective bidders shall submit all questions regarding this RFP by email to: LSRRFP@pse.com. PSE will post substantive questions and answers to the RFP webpage for reference by all prospective bidders.

Project Development

Shared Expertise & Responsibility

PSE has collected years of wind resource data from multiple meteorological tower locations around the Lower Snake River wind resource area, and a respected third-party consultant has analyzed and validated the data.

PSE managed and participated in the development of the existing Lower Snake River Phase 1 Wind Facility and has acquired specific staff knowledge and expertise in project development

(although PSE is not itself an experienced renewable energy project developer), permitting, construction, and ongoing operations. PSE also maintains significant relationships with landowners and permitting jurisdictions both as part of existing operations and maintenance of development rights.

PSE has an operations and management staff located at plant offices in Pomeroy and Dayton, Washington. These staff members work with the turbine OEMs at the existing Lower Snake River Phase 1 and Hopkins Ridge Wind Facilities to maintain high equipment availability and reliability. These staff members also work with local and state authorities to maintain compliance with all permits and environmental requirements and with community leaders to sustain effective and collaborative relationships. These strong PSE staff relationships within the permitting jurisdictions are a significant resource for potential future expansion.

Development of a competitive proposal requires the assistance of an experienced project developer, and PSE proposes the following division of responsibility for development of the Project:³

Engineering, Procurement, & Construction (Bidder Responsibility)

Building on wind resource data analysis, wind turbine layout and designs, and permitting resources, the EPC cost estimate for each proposal should include various development activities, final project layouts, final wind resource assessments and optimization, and EPC costs. Prospective bidders shall submit this information in an itemized budget, with a breakdown of direct and indirect costs (e.g., projected capital costs; costs associated with site improvement, construction permitting, procurement, project construction, testing, and commissioning; compliance with environmental and other applicable federal, state, and local regulations; and site security).

The successful bidder will manage and fund engineering activities and costs, including, without limitation, the following:

- utilization of best industry practice for civil, mechanical, and electrical design criteria and operations performance calculations for the Project;
- review design surplus and interconnection requirements for existing infrastructure to inform the expansion design;
- evaluate equipment manufacturers and specifications for performance, reliability, site suitability, constructability, delivery, and CapEx & OpEx costs;
- evaluate preferred manufacturers of all associated equipment;
- determine design and performance specifications for major components;

³ Please note that PSE does not intend that the general divisions of responsibility be absolute and instead represents a suggestion of those areas for which a project developer will be responsible. PSE expects that the successful bidder and PSE will collaborate on all elements of the Project such that the resulting Project is competitive and beneficial for PSE's customers.

- detailed site expansion and interconnection design; and
- any other engineering costs.

The successful bidder will manage and fund procurement activities and costs, including, without limitation, the following:

- civil / structural materials;
- mechanical materials;
- generating equipment and accessories;
- electrical materials;
- control systems;
- construction contracts; and
- spare parts for startup and initial operations.

The successful bidder will manage and fund construction activities and costs, including, without limitation, the following:

- civil / structural construction;
- mechanical construction / erection;
- electrical / control construction;
- financing, debt service; and
- construction management and permitting (road permits, clearing and grading, inspections, compliance, etc.)

Additional cost items will include, without limitation, the following:

- other project development activities;
- project insurance;
- performance bond (if necessary);
- contingency; and
- overhead and profit.

Prospective bidders must assume the use of top-tier “bankable” equipment in its proposal, including, without limitation, the following:

- wind turbine generators from reputable manufacturers such as GE, Siemens-Gamesa, Vestas, or similar;
- inclusion of appropriate extreme weather capability - ability to operate to a low and high temperatures typically found in Southwest Washington (a range of minus 4 degrees F to 113 degrees F has been recorded at Lower Snake River Phase 1 since starting commercial operation in 2012). Equipment will operate or remain on standby during icing conditions;

- a minimum facility design life of 30 years (including turbines, towers, blades, and underground collection system); and
- general specifications for any required O&M or administration building(s) needed to properly manage the Project.

Final Project Layout (Bidder Responsibility)

PSE has engaged the services of an engineering/technical consultant to provide preliminary turbine, gen-tie, and substation layouts within permitted construction corridors to support continued permitting efforts. PSE will make these drawings available to prospective bidders for use via a virtual data room. PSE expects prospective bidders to use these preliminary drawings for reference in preparing proposals. Final layout responsibility, however, will reside with the successful bidder.

Prospective bidders must balance major generating equipment and impacts on existing land uses and the environment. Proposals may include considerations such as permitted land use and lease requirements (allowed construction corridors), noise propagation, safety of site personnel and the public, liability reduction, environmental impacts, and constructability.

The successful bidder will manage and fund project layout activities and costs, including, without limitation, the following:

- Design within the remaining approved and permitted wind resource corridors and consider the potential capacity/annual energy production, constructability, land control, and environmental issues;
- optimization of turbine sizing, cable runs, road locations, substation location(s) (if needed), and interconnection distances; and
- review of project capacity, and annual energy production;
- Identify the priority wind resource areas for development phases up to 640 MW

Final layout for the Project depends on permitted construction corridors, restrictions, and results of various environmental studies. Accordingly, PSE and the successful bidder shall work cooperatively to coordinate and finalize project layout and permitting.

Final Wind Resource Assessment (Bidder Responsibility)

PSE has collected years of wind resource data from multiple meteorological tower locations around the Lower Snake River wind resource area, and a respected third-party consultant has analyzed and validated the data. PSE also has some LIDAR and SODAR data available for analysis. PSE will make these data available to prospective bidders for use via a virtual data room. PSE expects prospective bidders to use wind resource data and analysis reports for reference in preparing proposals. Final resource assessment responsibility, however, will reside with the successful bidder.

The successful bidder will manage and fund wind resource assessment activities and costs, including, without limitation, the following:

- review of all available Lower Snake River resource area wind data and catalog for analytics;
- review recent analytic work performed on wind resource data validation, LIDAR mapping, and determine applicability for the Project;
- perform data cleansing, analysis, and validation with a third-party consultant (if needed);
- identify wind data gaps to be filled for the selected development areas;
- perform turbine power curve optimizations based on the available wind data, make turbine model/configuration recommendations; and
- create high-resolution wind resource maps for use in turbine optimization, wake effect simulations, micro-siting, and/or other studies.

Supplemental Environmental Studies (PSE Responsibility)

Wind energy can have local impacts on terrestrial and avian wildlife. Due to these potential concerns, environmental studies, mitigations, and operational protocols are necessary to minimize impacts, resolve turbine siting issues, and manage expectations. PSE has internal expertise, experience, and a number of existing in-situ studies that will inform and benefit project development efforts. PSE also operates the existing Lower Snake River Phase 1 Wind Facility subject to avian permits and values its strong relationships with federal wildlife officials. PSE has initiated additional environmental studies to support supplemental permitting efforts, including avian, critical area and wetlands, cultural resource, and visual studies.

PSE will manage and fund environmental study activities and costs, including, without limitation, the following:

- review existing environmental permits/agreements/reports for needed updates and/or study gaps;
- quantify needed updates and initiate field work;
- update studies with current analysis and results (post-proposal); and
- complete study and permit updates required to construct taller wind turbines.

Permitting (PSE Responsibility)

The Lower Snake River wind resource area received a Conditional Use Permit for wind turbine development within specific construction corridors in 2010. It may be necessary to update the existing permits or get new permits depending on proposed turbine specifications and locations

PSE will manage and fund permitting activities and costs, including, without limitation, the following:

- review current permit requirements for turbine setbacks, tower height, capacities, and any site limitations;

- identify permit pathways needed to continue development with expected turbine type and technology;
- develop permit update package(s) for review and submittal to regulators, if needed to support project development; and
- secure any site permitting and environmental review necessary for project construction and operation.

Please note, however, that the successful bidder will manage and fund construction permit activities and costs (e.g., quarry, water use, air, access right of way, clear and grade permits).

Community and Tribal Relations (PSE Responsibility)

Successful project development requires local outreach and support. Outreach to members of the community and sharing in-depth information is critical to project success.

PSE will fund and manage community and tribal activities and costs, including, without limitation, the following:

- developing project materials including talking points, Tribal consultation and outreach plans;
- evaluating current community support for Lower Snake River resource area expansion, and identify key local leaders and community members;
- opening a dialog with Tribes and other interested parties potentially impacted by the expansion to gather comments and input on impacts (if any) and potential mitigation; and
- engaging in targeted outreach in the community and with community leaders.

Operations & Maintenance

PSE currently manages three wind farms in Washington State and has substantial experience in the staffing, operations, performance monitoring, results reporting, and maintenance management of these facilities. PSE is capable of operating and managing the maintenance for the Project, but is open to alternative proposals that reduce the busbar cost of energy over the life of the Project.

Operations (Bidder or PSE Responsibility)

Depending on the ownership structure proposed for the Project, the Bidder or PSE will fund and manage operational activities and costs, including, without limitation, the following:

- plant dispatch, wind forecasting, outage reporting, curtailments, landowner relations, permit management and regulatory relations, and project coordination with PSE's generation operations and system operations teams;
- review of available turbine service options (OEM, third party, self-perform) for appropriate costs and risks;

- develop overall project service strategy (turbines, BOP, substations, gen-tie lines, and interconnection, etc.); and
- assess and manage ongoing project staffing needs and skill allocations.

Maintenance (Bidder or PSE Responsibility)

PSE manages and performs BOP and substation maintenance for its three operational wind facilities and manages turbine maintenance for such facilities through a combination of self-performance, third-party service providers, and OEM service providers.

Depending on the ownership structure proposed for the Project, the Bidder or PSE will manage and fund maintenance activities for the Project, and the OEM, a qualified third party provider, or the successful bidder may perform maintenance activities for the Project. Prospective bidders should be specific as to the proposed maintenance plans in any proposal and provide costs for lifecycle maintenance of the Project by certified technicians, including, without limitation, the following:

- routine inspections and planned maintenance activities;
- major maintenance activities as may be required by the equipment OEMs;
- unplanned maintenance activities following functional failure of equipment; and
- fulfill any NERC / WECC reporting requirements.

Real Estate (PSE Responsibility)

PSE has secured site leases and easements to development properties within the Lower Snake River wind resource area, has long-standing relationships with landowners, and is in the process of updating certain leases for the Project.

PSE will fund and manage real estate activities and costs, including, without limitation, the following:

- evaluate leases for scope, expiration, and renewal timing;
- manage lease requirements in the matter of royalty payments, property access, and notifications;
- secure renewals with landowners where needed to protect project development rights; and
- update site maps with current leaseholder status.

Transmission & Interconnection (PSE Responsibility)

PSE is in the process of acquiring BPA transmission capacity of 640 MW to wheel power from the BPA Central Ferry substation to a Point of Delivery on PSE's transmission system. Any proposal may include multiple project development options based on a maximum of 640 MW of transmission capacity.

PSE will fund and manage transmission and interconnection activities and costs, including, without limitation, the following:

- evaluate current transmission rights for the proposal, including available capacity, cost, and needed improvements;
- evaluate the addition of new transmission rights for the proposal to support a larger project, including needed capacity and cost;
- initiate, fund, and manage all related transmission network upgrades or interconnection requests related to final project size.

Legal (PSE / Bidder)

Both PSE and the successful bidder will need internal legal support during proposal development and/or review. Legal support may be for contracting, resolution of NDA and NCA details, or other related matters.

Each of PSE and the successful bidder will independently manage and fund its own legal activities consistent with the responsibility division set forth in this RFP, including, without limitation, the following:

- finalize definitive agreements for the Project; and
- review/approve, implement and defend (if applicable) project permitting and environmental review.

Please note that the existing project permits and environmental studies may need updates depending on the site layout and/or equipment technology used. As noted in the permitting section above, PSE will manage and fund these activities and costs.

Project Financing (PSE / Bidder)

PSE is open to multiple ownership models to take advantage of available federal tax credits and Modified Accelerated Cost-Recovery System (“MACRS”) or other type of benefits or depreciation strategy that may be applied to renewable energy assets. Other incentives may also be available at the time of construction.

Each of PSE and the successful bidder will independently manage and fund its own project financing activities in amounts equal to its committed costs, including, without limitation, the following:

- develop project CapEx and OpEx budgets, and a cash call plan from Notice to Proceed through Commercial Operations Date;
- determine tax advantage or depreciation strategies and/or ownership models available for the Project;
- determine how to best implement and how best to implement tax advantage or depreciation strategies and/or ownership models to reduce overall cost to PSE’s customers; and

- if the resulting Project will be PSE- or bank-financed, secure project approval and funding.

Summary Responsibility Table

Lead	Project Function
• Bidder	• Engineering, Procurement, & Construction
• Bidder	• Final Project Layout
• Bidder	• Final Wind Resource Assessment
• PSE	• Supplemental Environmental Studies
• PSE	• SEPA Analysis & Permitting (CUP only)
• PSE	• Community Relations
• PSE or Bidder (Dependent on Ownership)	• Project Operations
• PSE or Bidder (Dependent on Ownership)	• Project Maintenance
• PSE	• Real Estate (Easements & Leases)
• PSE	• Transmission & Interconnection
• PSE / Bidder	• Legal (as needed for NDA and NCA and contracts)
• PSE / Bidder	• Project Financing (for various ownership models)

Ownership Structure & Proposal Pricing

The Project will include, but not be limited to, development, engineering, procurement, power generation equipment, balance of plant equipment, SCADA, controls, construction, and commissioning of a wind generation facility to deliver energy to the Point of Interconnection.

Ownership Models

PSE anticipates proposal that would allow PSE to (i) acquire the Project upon completion, (ii) acquire a portion of the Project and purchase the output of the remaining portion of the Project through a power purchase agreement, or (iii) acquire all output of the Project through a power purchase agreement. PSE is open to ownership models that reduce the cost of the Project for PSE customers, will be mutually agreeable with the successful bidder, and may result in PSE's substantial or eventual outright ownership of the Project. PSE will consider proposals under the following mechanisms:

- ownership arrangements, including co-ownership arrangements, in which PSE retains adequate dispatchability and rights of control; or
- power purchase agreements of 25 years or longer.

Ownership

PSE ownership proposals are those in which PSE would own all or a significant interest in the Project. This may occur at various stages of development using a variety of approaches, such as joint development by PSE and the successful bidder, development by the successful bidder followed by transfer of project assets to PSE, initial purchase of power by PSE under the terms of a power purchase agreement with later transfer of ownership interests, or other options as may be mutually beneficial and result in PSE's ownership of all or a portion of the Project.

Ownership options may include, without limitations, the following:

- Build-Transfer Arrangement

Under a build-transfer arrangement, the successful bidder would be responsible for building Project on behalf of PSE and the ownership thereof would transfer to PSE at or around the Commercial Operations Date.

- Co-Ownership Arrangement

Under a co-ownership arrangement, each of PSE and the successful bidder would maintain an ownership interest in the Project during its operation phase. Depending on the available tax incentives, this structure could include any of the following:

- Division of Project

The Project would be bifurcated equally into two separate projects. For the project owned by PSE, the successful bidder would be responsible for building the project on behalf of PSE and ownership of the project would transfer to PSE upon or about the Commercial Operation Date. For the project owned by the successful bidder, the successful bidder would own the project and sell power to PSE pursuant to a power purchase agreement with delivery to the Point of Interconnection. Key project assets would be bifurcated for each of the ownership interests, so that PSE and the successful bidder would each have their own separate and distinct assets, including, without limitation, LGIA, site control, and permits. PSE and the successful bidder would have a shared facilities agreement

covering common facilities including, but not limited to, the collector substation, the generation tie line to the Point of Interconnection, roads, and other ancillary facilities.

- Tax-Equity Ownership Venture

Ownership of the Project by a limited liability company with tax equity investors (Class A Members) and non-tax equity (Class B Members). PSE could be the sole owner of the Class B membership interests, or both PSE and the successful bidder could each own Class B membership interests. After the Class A members have received the benefits of the tax incentives associated with the Project, the Class B Members would have the right to buy out the Class A Members interest in the Project. If the successful Bidder were to maintain Class B membership interests in the limited liability company, PSE would require a right to purchase such Bidder's Class B membership interests at agreed upon points of time. Please note that in any tax-equity ownership venture, PSE would have the right to purchase the Bidder's interest in the project after utilization of the applicable tax incentives.

Power Purchase Agreements ("PPAs")

Under this structure, the successful bidder or its affiliate would own the Project and sell its output to PSE under a power purchase agreement with a delivery point at the Point of Interconnection. Subject to meeting the minimum return requirements of any tax equity investor, PSE would have the right to purchase the successful bidder's interests in the Project after utilization of the applicable tax incentives. Subject to meeting the minimum return requirements of the tax equity investor, PSE would require additional regulatory approvals from both the Washington Utilities and Transportation Commission and the Federal Energy Regulatory Commission. Proposals for a power purchase agreement must provide assurances of commercial availability on or before a date certain. Any power purchase agreement must include provisions for the delivery of all capacity, energy, and environmental attributes, including, without limitation, renewable energy credits (RECs), generated by the Project.

Schedule and Proposal Submission

The following schedule and deadlines apply to this RFP. PSE reserves the right to revise this schedule at any time in its sole discretion.

RFP Key Events & Timing	
• RFP submitted to WUTC	• May 5, 2023
• RFP Issued for Bids	• May 8, 2023
• Bidders Technical Conference	• June 1, 2023
• Proposal Due Date	• July 12, 2023
• PSE posts compliance report to its RFP website, consistent with the requirements of WAC 480-107-035(5)	• August 11, 2023
• Final Project Selection and Start Negotiation	• September 15, 2023
• Execute Definitive Agreements	• December 15, 2023
• Notice to Proceed	• After definitive agreement execution
• Final Commercial Operations Date ⁴	• September 30, 2027

Bidder Technical Conference:

PSE will hold a technical conference (located onsite) for prospective bidders on June 1, 2023 at 9:00 a.m. PDT. Prospective bidders may request details and sign up for the pre-bid conference by sending an email request to:

- LSRRFP@pse.com

Please include the name of the company interested in bidding, representative name(s), and email addresses. Please include the following in the subject line of your email:

- LSR BIDDER TECHNICAL CONFERENCE

⁴ PSE is open proposals for a phased approach to project development and execution. PSE will have interconnection and transmission rights for 140 MW of capacity available in 2024, with interconnection and transmission rights for the remaining 500 MW available in 2027. Prospective bidders may submit proposals that complete a first phase with a maximum capacity of 140 MW and a second phase with a maximum capacity of 500 MW. PSE will entertain any phasing proposal that results in lower costs to PSE's customers.

PSE will use this information to communicate any updates regarding this RFP to prospective bidders. Additionally, PSE will post any updates regarding the RFP on the RFP website.

Complete Proposals

PSE must receive proposals complete in all material respects no later than 4:00 p.m. PDT on the proposal due date at PSE's headquarters in Bellevue, Washington. In lieu of paper copies, prospective bidders may submit proposals electronically to LSRRFP@pse.com (individual emails should be less than 20 MB in size) or to a project portal that will be available later.

Confidentiality Agreement

PSE will require prospective bidders to sign a Non-Disclosure Agreement prior to receiving access to the virtual data room. The Non-Disclosure Agreement may be found with the other Lower Snake River Expansion RFP documents on <https://www.pse.com/en/pages/energy-supply/acquiring-energy>.

Data Requests

PSE reserves the right to solicit additional information regarding proposals and to request additional information from prospective bidders during the proposal evaluation process.

Bid Submittal & Validity

Proposals and bid pricing must be valid for at least 180 days after the proposal due date, at which time proposals shall expire automatically unless PSE has notified a prospective bidder that PSE has included one or more of the proposals in final project selection. Proposals shall be as comprehensive as possible to enable PSE to make a definitive and final evaluation of the proposal's benefits to its customers.

Proposal Submittal Content

Each proposal shall include key details of the prospective bidder's project approach, ownership structure, cost worksheets, performance estimates, a milestone project schedule, and other information as noted below.

To facilitate initial screening and evaluation of proposals, PSE encourages prospective bidders to follow PSE's standard Project Information Template when submitting proposals. The use of PSE's standard Project Information Template is NOT a requirement, but the use of some or all of the Project Information Template will facilitate PSE's evaluation of proposals being both in terms of time necessary to analyze proposals and the ability of PSE to compare proposals.

PSE recommends that the Proposal Information Template serve as a general summary of the proposal, including the information specified below, to the extent it is applicable to the proposal. Prospective bidders should complete and submit other detailed project cost and performance worksheets for a complete proposal.

Please see Exhibit 1 for PSE's Proposal Information Template and Exhibit 5 for the Proposal Data Sheet.

Bidder Introduction & Project Overview

- Provide an overview and high-level description of the Project features, equipment, performance, proposed ownership structure, long-term operations and maintenance assumptions, and other information that the prospective bidder deems useful to PSE's evaluation.
- Provide a general description of the prospective bidder's organization (size, history, locations, # of employees, annual revenue, organizational overview, etc.).
- Provide the prospective bidder's organizational chart with résumés for key staff members and a description of how the prospective bidder plans to structure a team to drive a successful result.
- Describe the major project development experience qualifying the prospective bidder's team to co-develop the Project with PSE (e.g., the list of projects over 100 MW planned, in construction, or operational in the last five years; minimum qualification requires the prospective bidder's team to have experience developing at least 2,000 MW).
 - Types/technologies for each project;
 - Project locations for each project;
 - Counterparty or offtaker for each project;
 - Aggregate MW capacity installed and in service by the prospective bidder over the past five years;
 - Largest capacity of a single project (in MW) installed and in service by the prospective bidder; and
 - Experience of the prospective bidder in working with regulated utilities on renewable energy projects
- Prospective bidders shall provide a written diversity commitment, policy, or plan.
- Prospective bidders shall identify whether it is a women-, minority-, disabled-, or veteran-owned business.
- Describe the prospective bidder's reasonable efforts to utilize and adopt a subcontracting plan to use small and diverse suppliers as subcontractors for work associated with the Project. PSE will give preference to proposals constructed with high labor standards, including family-level wages, benefits, and opportunities for local workers and businesses.⁵

⁵ PSE prefers projects that utilize a Project Labor Agreement or Community Workforce Agreement for major construction activities associated with the construction of the project. Bidders 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).

- Description of any apprenticeship programs associated with the prospective bidder.
- Description of any association of the prospective bidder with minority supporting institutions
- Listing of subcontractors or consultants the prospective bidder plans to use

Technical Details

- Provide descriptions of major equipment (e.g., wind turbines, transformers, controls, etc.) for the Project, and include:
 - OEM, model, and quantity of major equipment
 - Specify the country of origin for all major equipment
 - Provide a description of the configuration of equipment
 - Provide operational/reliability history of the proposed equipment (e.g., year first entered service, number of units produced, approximate MWh produced in the fleet, fleet wide availability (if known), etc.
 - Reasons and rationales for the use of this equipment for the Project
- Provide the proposed Project capacity (MW) and annual energy (MWh), with an 8760 production matrix
 - Include the prospective bidder’s energy assessment analysis and calculations for PSE review
- Provide documentation of a turbine site-suitability review performed by the prospective bidder’s in-house site assessment team, a qualified third -party, or by the turbine OEM, including preliminary layouts within the permitted construction corridors and the OEM developer package information for the proposed turbines. Proposals shall document proposed turbines as being suitable for the site including, without limitation, the following factors:
 - average wind speed;
 - turbulence;
 - extreme wind speeds (gusts); and
 - extreme temperature ratings (both high and low).
- Provide a description of the overall project design, including, without limitation, a summary of the following:
 - configuration description with conceptual or schematic diagrams,; and
 - overview of the Facility Control Systems – central control or resource-level control.

- Provide a technical summary of the proposed capability of the Project to meet the performance standards of BPA for interconnection, including, without limitation, the following:
 - reactive power control capability;
 - allowable ramp rate;
 - under voltage ride-through;
 - over voltage ride-through;
 - transient stability ride-through;
 - under frequency ride-through;
 - over frequency ride-through;
 - frequency response characteristics; and
 - expected maximum station service load.

Ownership Structure, Project Schedule, & Pricing

As noted above, the Project will include, will without limitation, power generation equipment, balance of plant equipment, SCADA, controls, all facilities required to deliver energy to the Point of Interconnection, and construction and commissioning services.

- Describe the assumed ownership structure at Commercial Operations Date and any proposed or assumed changes in ownership (if any) that would occur over the life of the Project. If submitting proposals for more than one ownership model, please provide a detailed description of the similarities and differences of each ownership model proposed.
- Provide indicative pricing for the Project including CapEx and OpEx estimates through Commercial Operations Date using the data forms provided in Exhibit 5.
 - Proposals for full ownership of the Project by PSE shall include indicative CapEx pricing for the Project and a funding schedule consistent with the project completion schedule.
 - Proposals for co-ownership of the Project shall include the proposed percentage of co-ownership share and indicative CapEx pricing for Project (clearly identifying PSE's share) and a funding schedule consistent with the percentage ownership share and completion schedule.
 - Proposals for power purchase agreements for the output of the Project shall include a 25-year price forecast for the Project, including assumed escalation (if any).
 - Prospective bidders submitting proposals for both ownership and power purchase agreement options shall clearly identify differences (if any) in pricing for power purchase agreement for proposals for co-ownership of the Project by PSE and the prospective bidder and proposals for full ownership by the prospective bidder.).

- Prospective bidders shall indicate how and where federal tax credits benefit pricing of each proposal.
- Prospective bidders shall provide a proposal for indicative maintenance services for the Project. Including, without limitation, all labor, parts, and supplies to perform routine maintenance, major maintenance, and forced outage recovery for a period not less than five years.
- Prospective bidders shall provide major equipment for the Project with a minimum of two-year comprehensive warranty from a creditworthy entity.
- Prospective bidders shall include post-commercial operation power curve testing activities and associated costs, including, without limitation, the installation and removal of any temporary test measurement equipment.
- Provide a description of any deviation from requirements set forth in the RFP that the prospective bidder believes would result in greater efficiencies or cost-effectiveness of its proposal.
 - Provide any proposed pricing reductions that would result from such deviations.
- Provide a project milestone completion schedule from contract execution with PSE to Commercial Operations Date.
 - Knowing the current and estimated milestone dates, does the prospective bidder foresee any risks in co-developing and executing a competitive Project in the indicated timeline? What mitigations might the prospective bidder consider to reduce those risks?
 - What key considerations may affect the project schedule for the Project?
- Description of the prospective bidder's major equipment sourcing strategy to qualify the Project for enhanced tax credits based on domestic content requirements in the Inflation Reduction Act.
- A completed Exhibit 2 - Bidder Credit Information.
- An acknowledgement of Exhibit 3 – PSE's Information Security Requirements
- A completed Exhibit 4 – Mutual Non-Disclosure Agreement (may be executed earlier to allow access to the virtual data room)
- A completed Exhibit 5 - Proposal Data Sheet

Financial & Tax Strategy

- Provide a description of the proposed financing plan for the Project, including, without limitation, sources of debt and equity financing and recent experience financing similar projects.
- Provide a detailed description of prospective bidder's overall strategy to monetize the available tax credits for the Project.

- Does the prospective bidder assume the need for a tax equity investor for project financing or anticipate an alternative strategy for tax benefit monetization? If so, please provide a diagram of the proposed transaction structure.

Safety

- Provide a description of the prospective bidder’s strategy for ensuring employee, worker, and public safety at its project sites.
- Provide a summary of the prospective bidder’s current OSHA 300A safety statistics. Please see Exhibit 5 for the data sheet.

Description of Bidder Capabilities

- Has the prospective bidder submitted a previous proposal in response to PSE’s All-Resource RFP process? If yes, please generally describe the project (e.g., size, technology, when the submittal occurred, current status, and why the project did or didn’t move forward, etc.)
- What in-house development capabilities (e.g., EPC, wind analysis, finance, operations) of the prospective bidder would be beneficial to the co-development of the Project? Does the prospective bidder have long-term relationships with third parties that will be beneficial to the co-development of the Project?
- What experience does the prospective bidder have working with various project ownership models (e.g., fully owned, co-owned, build-transfer, inverted lease, joint venture, etc.)? Is the prospective bidder aware of any other ownership models that may be advantageous for PSE’s consideration?
- All proposals must state that all environmental attributes, including, without limitation, renewable energy credits (RECs) associated with the Project will transfer to PSE regardless of the ownership structure for the Project.⁶
- Each proposal shall state that such proposal will not be assigned during the evaluation or negotiation stage of this RFP and that, in the event the prospective bidder and PSE negotiate and execute definitive agreements based on that 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.

⁶ “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.

Proposal Evaluation & Selection

PSE will follow an evaluation process for proposals based on a review of project costs, risks, and benefits of the Project. These include, without limitation, minimizing busbar cost, controlling project risks, project dispatchability, effects on system operation, credit and financial risks to PSE, risks to PSE's customers, 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.

Proposal Eligibility Requirements

PSE will undertake a preliminary screening of each proposal to determine if the proposal is eligible to proceed. Prospective bidders and associated proposals must satisfy the following eligibility requirements:

- a minimum nameplate rating of 640 MW for the Project. PSE will evaluate higher nameplate ratings for improved project benefit, controllability, and overall cost impacts to project and energy cost, however, proposal capacities over 640 MW must include a control or curtailment strategy to avoid exceedance of interconnection or transmission capacity limits.
- proposals must demonstrate experience of prospective bidder's team and a successful record of project development, construction, financing, commissioning, and operations of at least 2,000 MW (in the aggregate) of similar-sized wind facilities in the United States or Canada.
- proposals must provide clear and sufficient detail on the prospective bidder's approach and indicative pricing to allow for efficient evaluation by PSE and/or its consultants, provide a clear path toward constructability (milestone schedule, equipment procurement, points of coordination with PSE, tax strategy, etc.) and be capable of achieving commercial operation by the Commercial Operation Date.
- proposals must comply with all applicable laws, regulations and executive orders, including, without limitation, CETA and environmental laws.
- proposals must interconnect the Project to the BPA Central Ferry substation via existing or new generation tie lines from the Project substation(s). PSE will be responsible for securing any required LGIA and/or transmission rights, construction easements, or land leases, and the prospective bidder shall be responsible for the construction cost of required interconnection facilities.
- major equipment must be manufactured by a top-tier "bankable" supplier (for wind technology, GE, Siemens-Gamesa, Vestas or similar), and include an extreme weather package due to expected low and high ambient temperatures during the year.
- proposals must have a minimum design life of at least 25 years.
- PSE will negotiate acceptable credit requirements based on the credit rating and history of the successful bidder.

- PSE will not accept credit requirements or triggers imposed on PSE by the successful bidder.
- PSE reserves the right to reject any proposal that PSE determines does not satisfy the eligibility requirements.

Proposal Evaluation

PSE will perform a preliminary eligibility screening to verify that all proposals meet the minimum bid requirements and eligibility requirements. If PSE determines that a proposal is ineligible, PSE will notify the prospective bidder and give the prospective bidder five business days to remedy the ineligible proposal (the “cure period”).

Proposals meeting the eligibility requirements will receive additional quantitative and qualitative evaluations, as discussed below. The quantitative analysis will constitute approximately 70 percent of the selection decision for each proposal, and the qualitative analysis will constitute approximately 30 percent selection decision for each proposal.

PSE will select proposals with favorable impacts on PSE’s energy portfolio analysis for a more thorough due diligence evaluation. This due diligence evaluation process may require further interaction with prospective bidders and requests for additional information.

PSE will place those proposals that meet PSE’s resource need at the lowest reasonable cost and least risk to PSE and its customers on a short list for further discussion with the prospective bidders. Such discussions may lead to additional data requests, evaluation, due diligence, and/or negotiations of the terms and conditions of definitive agreements.

Quantitative Evaluation (70%)

PSE will conduct a quantitative analysis of each proposal using a proforma regulated utility financial model to calculate revenue requirements, an Excel-based portfolio screening model, and the Aurora model. The quantitative evaluation will assess the impact of the proposed project on PSE’s energy supply portfolio cost (either positive or negative) by calculating the difference between (1) PSE’s current modeled supply portfolio cost and (2) a projected portfolio cost modeled with the addition of the proposed project.

Power purchase agreement proposals will be modeled on the basis of the indicative cost of energy in \$/MWh, energy cost escalation over the life of the project in percent, and calculated annual energy from the project in MWh.

Ownership proposals will be modeled on the basis of PSE’s projected annual revenue requirement for its ownership share (e.g., proposed initial and continuing capital cost, operations cost, monetization of available tax benefits, etc.) divided by the calculated annual energy in MWh cost resulting in the indicative cost of energy in \$/MWh.

Proposals preferred in the quantitative evaluation will be those offering the greatest portfolio benefit to PSE’s customers.

Qualitative Evaluation (30%)

The qualitative evaluation will be performed to evaluate non-financial risks for each proposal, and will be comprised of the following factors:

- proposed project schedule and Commercial Operation Date;
- proposal risk evaluation for the prospective bidder's experience, completeness of proposal, technical details, safety performance, regulatory considerations, financial strength, equipment warranties, permitting risks, community benefits approach and plan, small and disadvantaged business/supplier approach and plan, and cultural fit with PSE as a development partner.

Proposals preferred in the qualitative evaluation will be those offering the lowest evaluated project risk for PSE's customers.

Final Project Selection

Based upon the results of the quantitative and the qualitative evaluations described above, PSE will determine which proposal(s) will be selected for interviews with the prospective bidder, final evaluation, presentation to PSE's senior leadership, and contract negotiation. PSE will then notify prospective bidders of PSE's decision to select (or not) a proposal for further discussions. Negotiation of definitive agreements will commence only with the bidder for the proposal selected by PSE.

Non-Disclosure Agreement & Non-Competition Agreement

During co-development of the Project, it is conceivable that both PSE and the successful bidder will have information of a business-sensitive and/or proprietary nature of the other. To protect both parties in this endeavor, the successful bidder shall have a Mutual Non-Disclosure Agreement in place with PSE, and the successful bidder must execute a 5-year Non-Competition Agreement with PSE (specific terms to be negotiated later).

Conflict of Interest Disclosure

All prospective bidders shall disclose in their proposals any and all known conflicts of interest and/or relationships between themselves, the Project, and/or members of their team and PSE, its employees, officers, directors, subsidiaries, or affiliates.

Negotiation & Contracts

PSE will rely upon indicative pricing submittals by prospective bidders in conducting the quantitative analyses to evaluate and select proposals. PSE expects to clarify assumptions with the successful bidder, evaluate major equipment selections, review ownership structures and tax benefit considerations, adjust the final schedule and/or construction phasing in accordance with the proposal, and incorporate cost containment methods as may be suggested by the successful bidder to determine the final firm cost of the Project. During negotiations of these price and non-price factors with the successful bidder, PSE will continue to update its quantitative and

qualitative evaluations on an as-needed basis to reflect any additional or revised factors that may result in an improved total benefit of a proposal.

PSE has no obligation to enter into definitive agreements with any prospective bidder responding to this RFP and may terminate or modify the RFP at any time without liability or obligation to any party. Nothing in this RFP shall be construed as preventing PSE from entering into any agreement that it deems appropriate at any time before, during, or after the RFP process is complete. PSE reserves the right to negotiate only with bidders regarding those proposals that PSE believes, in its sole opinion, to have clear quantitative and qualitative benefits, meet PSE's obligations under CETA, and have a high prospect of successful completion.

Confidentiality

PSE will take reasonable precautions and use reasonable efforts to maintain the confidentiality of the proposals. Prospective bidders should clearly identify the information considered confidential or proprietary on each page of a proposal. PSE reserves the right to release any proposals to agents or consultants for purposes of proposal evaluation. PSE's disclosure policies and standards will be binding upon its agents and consultants. All information submitted by prospective bidders may be subject to review by the appropriate state authority or any other governmental authority or judicial body with jurisdiction relating to these matters and may be subject to legal discovery. Under such circumstances, PSE will make all reasonable efforts to protect each prospective bidder's confidential information, including, without limitation, submission of such confidential information pursuant to the terms and conditions of a protective order.

Reservation of Rights

PSE will deem a proposal accepted only when PSE and the successful bidder have executed definitive agreements for co-development of the Project. PSE has no obligation to accept any proposal, whether or not the stated price in such proposal is the lowest price offered, and PSE may reject any proposal in its sole discretion and without any obligation to disclose the reason or reasons for rejection.

BY PARTICIPATING IN THE RFP PROCESS, EACH PROSPECTIVE BIDDER AGREES THAT ANY AND ALL INFORMATION FURNISHED BY OR ON BEHALF OF PSE IN CONNECTION WITH THIS RFP IS PROVIDED WITHOUT ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USEFULNESS, ACCURACY, OR COMPLETENESS OF SUCH INFORMATION, AND NEITHER PSE NOR ITS AFFILIATES NOR ANY OF THEIR PERSONNEL OR REPRESENTATIVES SHALL HAVE ANY LIABILITY TO ANY PROSPECTIVE BIDDER OR ITS PERSONNEL OR REPRESENTATIVES RELATING TO OR ARISING FROM THE USE OF OR RELIANCE UPON ANY SUCH INFORMATION OR ANY ERRORS OR OMISSIONS THEREIN.

PSE reserves the right to modify or withdraw this RFP, to negotiate with any and all qualified bidders to resolve any and all technical or contractual issues, or to reject any or all proposals and to terminate negotiations with any bidder at any time in its sole discretion.

PSE reserves the right, at any time and from time to time, without prior notice and without specifying any reason and, in its sole discretion, to (a) cancel, modify or withdraw this RFP, reject any and all proposals, and terminate negotiations at any time during the RFP process; (b) discuss with a bidder and its advisors the terms of any proposal and obtain clarification from the bidder and its advisors concerning the proposal; (c) consider all proposals to be the property of PSE, subject to the provisions of this RFP relating to confidentiality and any confidentiality agreement executed in connection with this RFP, and destroy or archive any information or materials developed by or submitted to PSE in this RFP; (d) request information from a bidder not explicitly detailed in this RFP but PSE deems useful for evaluation of that bidder's proposal; (e) determine which proposals to accept, favor, pursue, or reject; (f) reject any proposals that is incomplete or contain irregularities; (g) accept proposals that do not provide the lowest evaluated cost; (h) determine which bidders may participate in this RFP, including disqualifying a prospective bidder due to a change in the qualifications of such bidder or in the event that PSE determines that the bidder's participation in this RFP has failed to conform to the requirements of the RFP; (i) conduct negotiations with any or all bidders or other persons or with no bidders or other persons; and (j) execute one or more definitive agreements with any bidder.

All documents submitted by prospective bidders in response to this RFP shall remain the property of PSE.

Credit Requirements

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

PSE will require prospective bidders to provide performance assurance. PSE expects prospective bidders with sub-investment-grade credit ratings (or being of similar creditworthiness), or whose credit ratings drop below investment grade, will provide performance assurance acceptable to PSE. Non-investment grade entities have inherent default risks; thus, PSE uses collateral requirements to mitigate these risks. The collateral allows PSE to protect its customers from both cost and reliability risks. PSE's practice is consistent with standard industry practices.

Other Provisions

Statement of Confidentiality

This document may contain proprietary and confidential information. PSE will provide data and information associated with this RFP to prospective bidders based on such bidder's express agreement not to use or disclose such information or data except in connection with its business dealings with PSE. The recipient of this document agrees to inform its present and future employees who receive or have access to the information contained in this document of its confidential nature, and to instruct each employee that he or she must not disclose any information concerning this document to others except to the extent that such matters are

generally known to, and are available for use by, the public. The recipient of this document agrees that it will not duplicate or permit others to duplicate any material contained herein except for its own internal use.

Qualification of Personnel

Each prospective bidder shall, at its sole expense, verify, represent, and warrant to PSE that such bidder's personnel and/or subcontractors proposed in response to this RFP have the requisite qualifications, education, technical certifications, and education degrees to perform the work necessary to co-develop the Project in a competent, workmanlike manner in accordance with the applicable standards relevant to the scope of work described herein.

Errors and Omissions

Any prospective bidder that discovers any material ambiguity, conflict, discrepancy, omission, or other error in this RFP should immediately notify the PSE representative in writing of such discovery with a request of modification or clarification of this RFP, and cite the specific paragraph in question.

PSE solely reserves the right to determine the materiality of such discovery or question. If, in the sole opinion of PSE, such discovery or question may cause an ambiguity in responses to this RFP, PSE will issue an addendum to amend this RFP, extend the RFP due date if necessary, and/or provide answers to questions received in writing or clarifications to remove the ambiguity.

Competitive Bidding

PSE encourages free and open competition among prospective bidders; therefore, each prospective bidder must warrant that such bidder has established pricing in proposals submitted in response to this RFP without collusion with other prospective bidders or informed parties and without any effort to preclude PSE or its affiliates from obtaining the lowest possible competitive price. Whenever possible, PSE has designed specifications, bid invitations, and conditions to accomplish this objective, consistent with the necessity to satisfy the needs of PSE and sound corporate governance. At no time shall any party consider PSE to be under any obligation or commitment to any bidder to this RFP until after execution of one or more definitive agreements for the co-development of the Project.

Code of Ethics

Upon receipt of this RFP through the final selection by PSE, no prospective bidder may engage in any conduct that could be seen as improperly influencing PSE's decision. The exchange or offering of any money, gift item, personal service, or unusual hospitality by either party is expressly prohibited. This prohibition is equally applicable to either party's officers, employees, agents, or immediate family members. Failure to comply with this policy will immediately disqualify a bidder from participation in this RFP.

Subcontractors

PSE reserves the right to accept or reject any subcontractor that a bidder includes in a proposal. Each proposal must clearly identify the prime contractor and all subcontractors and related services.

PSE will furnish bid documents only to bidder and will not provide any bid documents to any proposed or potential subcontractor.

Publicity

Any publicity, announcement or other disclosure regarding this RFP, a bidder's response thereto, or subsequent communications with the public, regulators, and/or PSE shall not occur without the prior written consent of PSE. Neither this RFP nor any subsequent agreement shall confer on any bidder the right to use the name "Puget Sound Energy" or "PSE" (either alone or in conjunction with or as part of another word or name), or any other name or designs of any of its subsidiary or affiliated companies (a) in any advertising, publicity, or other disclosures, (b) to express or imply any endorsement of a bidder's products or services, or (c) for any other purpose or in any other manner.

Compliance with Applicable Laws

Submission of a response to this RFP shall constitute bidder's acknowledgment and acceptance of all of its provisions, including a warranty that such response and any contract negotiations will comply with all laws as well as judgments, orders, decrees, or consent agreements with any governmental agency or court relating to the manufacture, promotion, advertising, marketing, sale or pricing of any product or service to be furnished to PSE or its affiliates.

Financial Information

Prior to award, PSE reserves the right to request any or all bidders to submit data necessary for PSE to make a determination of the financial capability of the bidder to perform on any resultant agreement. Such data may include, without limitation, current annual reports, lines of credit with financial institutions and suppliers, and/or any other such data as may be required to make a determination of a bidder's financial capabilities.

Certification & Authorized Agent

Each bidder's representative certifies that such bidder has authorized such individual to act as agent for the bidder in tendering a proposal in response to this RFP.

Each bidder and its agents agrees that they have read this RFP for which the bidder is submitting a proposal, that they understand such RFP, and that the proposal submitted is responsive to and complies with the instructions and conditions to this RFP.

Contacts

Prospective bidders shall direct all correspondence and questions regarding this RFP to: LSRRFP@pse.com.