EXH. CPC-6HC
DOCKETS UE-22___/UG-22___
2022 PSE GENERAL RATE CASE
WITNESS: COLIN P. CROWLEY

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, **Complainant,** **v.** **PUGET SOUND ENERGY,** **Respondent.**	**Docket UE-22____** **Docket UG-22____**

FIFTH EXHIBIT (HIGHLY CONFIDENTIAL) TO THE PREFILED DIRECT TESTIMONY OF

COLIN P. CROWLEY

ON BEHALF OF PUGET SOUND ENERGY

REDACTED VERSION

JANUARY 31, 2022

Exhibit Book Part 1: Clearwater Wind PPA Board Package - (3) Clearwater PPA Board Report_010421

NEXTera ENERGY RESOURCES

Report to the Board of Directors

Clearwater Wind PPA

January 21, 2021

PSE PUGET SOUND ENERGY

PSE Report to the Board of Directors: Clearwater Wind PPA

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1. Executive summary

The purpose of this report is to recommend that the Board of Directors authorize the execution of a 20-year power purchase agreement ("PPA") with Clearwater Energy Resources, LLC, an affiliate of NextEra Energy Resources Development, LLC ("NextEra"), for the output associated with an approximately 350 MW portion of the anticipated 750 MW first phase of the Clearwater wind development project. Energy will be procured at a fixed price of $[redacted] per MWh for the 20-year contract term, in accordance with the resolutions set forth in Attachment A. Under the terms of the Clearwater Wind PPA, NextEra will deliver as-generated wind energy from the Clearwater Wind Project in southeast Montana to the Colstrip Substation by a Guaranteed Commercial Operations Date of November 30, 2022. Puget Sound Energy ("PSE" or "the Company") will use transmission rights available from the closure of Colstrip Units 1&2 and existing PSE transmission to deliver the power to the PSE load center. Colstrip Units 1&2 were decommissioned in January 2020. The total levelized cost of energy delivered to PSE is estimated to be $44.45 per MWh.

Additionally, the 20-year PPA gives PSE a unilateral right to extend the contract term by five years, which the Company may exercise until December 31, 2025. If PSE chooses to extend the PPA, the fixed price would be $[redacted] per MWh and would be applied retroactively for the entire 25-year PPA term. While the five-year extension option would secure for customers the benefit of a lower cost, longer-term PPA, there is some uncertainty related to the execution of supply agreements longer than 20 years in Washington Administrative Code rules governing purchases of electricity. To address this uncertainty, the resource acquisition team recommends that the Company wait to execute an extension of the PPA until the Washington Utilities and Transportation Commission ("WUTC") has approved the Clearwater Wind PPA for inclusion in rates in a future regulatory proceeding, without limitations on PSE's ability to exercise its five-year extension option.

PSE received nearly 100 proposals from a wide range of resources in response to the 2018 RFP. Proposals were subjected to a rigorous evaluation process (described in Section 5, Attachment 9a and Attachment 9b) that included both quantitative and qualitative analyses. PSE selected the Clearwater Wind PPA as part of an optimized portfolio of resources that resulted in a lowest reasonable cost and risk solution to meet PSE's need for new renewable energy, clean energy, and capacity resources.

The Clearwater Wind PPA has been the focus of extended negotiations due to dependencies on third-party transmission studies required as a result of PSE's transition from Montana coal to wind generation. Clearwater is the only resource selected from the 2018 All Resources RFP that remains uncontracted, and the extended negotiations have led PSE to re-evaluate the resource compared to alternatives to reflect changes to load and resource assumptions (described in Section 4). Such changes include structural changes that have emerged from the COVID-19 pandemic and the effects of climate change that are manifest in changing load, resource and conservation assumptions. These impacts and the transformative

SECTION 1. EXECUTIVE SUMMARY

new clean energy legislation in Washington[1] have resulted in dynamic clean energy and peak capacity forecasted needs.

Despite these changes, over the course of the evaluation, selection, and negotiation of the Clearwater Wind PPA, four factors have remained constant. First, PSE has a significant capacity and clean energy need by 2026, largely due to planned coal plant retirements. Second, Montana wind offers the best resource alternative based on low-cost, clean energy and an attractive generation profile. Third, moving ahead with contract execution allows for efficient utilization of current tax incentives and existing PSE transmission rights and infrastructure. Finally, based on current alternatives, clean energy development in Montana is of strategic importance to PSE in meeting the ambitious targets of the Clean Energy Transformation Act ("CETA") at a reasonable cost. This report summarizes the business case for executing the Clearwater Wind PPA and describes the analysis of its benefits, costs and risks, as conducted by PSE's resource planning and acquisition teams.

[1] In May 2019, during the second phase of the 2018 All Resources RFP, Governor Jay Inslee signed into law the Clean Energy Transformation Act. The new law requires all electric utilities serving retail load in Washington to (i) eliminate coal-fired electricity from their state portfolios by 2025, (ii) be carbon neutral and meet at least 80 percent of electric retail loads in Washington with renewable or non-emitting resources and no more than 20 percent with offsets, and (iii) meet 100 percent of electric retail loads in Washington with renewable or non-emitting resources.

2. Product and counterparty

Counterparty

As of December 31, 2018, NextEra Energy Resource Development, LLC ("NextEra") (an indirect wholly owned subsidiary of NextEra Energy, LLC) was the largest developer and operator of renewable energy with 15 GW of wind generation across 19 states in the U.S. and four provinces in Canada, and 2.3 GW of solar generation across 22 states in the U.S. and one province in Spain. In 2019, NextEra added to its U.S. portfolio approximately 1,125 MW of new wind generating capacity and repowered wind generating capacity totaling 1,091 MW, along with 512 MW of solar generating capacity. NextEra's Pacific Northwest development activity includes the Wheatridge project in Morrow County, Oregon. Wheatridge is a combined renewable energy facility consisting of wind (300 MW), solar (50 MW) and battery storage (120 MWh) that is on track to reach commercial operation in 2021. The Clearwater Wind PPA will be executed with Clearwater Energy Resources, LLC. This will be PSE's first major transaction with NextEra.

Summary of key contract terms

The Clearwater Wind Project will be secured by Puget Sound Energy as a power purchase agreement ("PPA") with the following terms:

- **Parties –** Clearwater Energy Resources, LLC ("Seller"), an affiliate of NextEra Energy, Inc. and NextEra Energy Resources, LLC, and Puget Sound Energy, Inc. ("Buyer").
- **Product –** Wind generated electrical energy from the Generating Facility as delivered to the Point of Delivery with all renewable energy credits and any environmental attributes associated with the wind energy.
- **Point of Delivery –** The project will be connected to the Colstrip Substation at 500kV via an 85-mile 345kV generation-tie line. This point of interconnection ("POI") also represents the contract's point of delivery ("POD").
- **Contract Price –** The Contract Price is $[redacted] per MWh of energy delivered by the Generating Facility to the Point of Delivery and all Environmental Attributes. If PSE exercises its option to extend the delivery term for an additional five years, the Contract Price will be $[redacted] per MWh, applicable to the entire 25-year period.
- **Guaranteed Winter Period Output –** The Seller guarantees that the energy delivered from the first day of November to the last day of February for the duration of the contract term shall be no less than [redacted] MWh.
- **Transmission Arrangements –** PSE will use its existing transmission rights on the Colstrip Transmission System ("CTS"), vacated by the retirement of Colstrip Units 1&2, and other transmission rights across the Bonneville Power Administration ("BPA") system to deliver the energy to its load center.
- **Maximum Contract and Nameplate Capacity –** The maximum contract capacity of the project that is applicable to PSE's PPA is 350 MW at POD, with nameplate capacity not to exceed 375 MW.

- **Commercial Operation Date –** The Commercial Operation Date ("COD") is achieved when 95 percent of turbines are operational and delivering to the POD. The Guaranteed COD in the PPA is November 30, 2022.
- **Contract Term –** The delivery term is 20 years from the COD. PSE has the right, but not the obligation, to extend the delivery term for an additional five (5) years. The option must be exercised no later than December 31, 2025.

For a more detailed discussion of the material PPA terms, see Attachment C.

Credit Assessment

NextEra Energy Capital Holdings, Inc. ("NEECH") is the proposed provider of a parental guarantee in support of Clearwater Energy Resources, LLC's performance obligations under the terms of the Clearwater Wind PPA. NEECH is a wholly owned subsidiary of NextEra Energy, Inc., a publicly traded Fortune 200 company listed on the New York Stock Exchange under the ticker symbol of "NEE". NextEra's most recent SEC filings can be found at the following web page:

http://www.investor.nexteraenergy.com/reports-and-filings/sec-filings

NEECH is the anticipated provider for funding to support the Clearwater Wind Project. Standard & Poor's has assigned NEECH a corporate credit rating ("CCR") of 'A-' with stable outlook. Moody's Investor Service has assigned an issuer credit rating of 'Baa1' with stable outlook. Due to a strong credit standing and liquidity, NextEra is expected to leverage a strong balance sheet to fund the project in lieu of project financing.

Derivative accounting assessment

Derivative accounting has evaluated the PPA for lease, derivative and variable interest entity applications, and is satisfied that the proposed transaction would qualify as an executory contract and be an off-balance sheet contract. The treatment of the PPA for derivative accounting purposes will be confirmed upon execution of the PPA. The treatment of the transmission upgrade cost to PSE required to integrate the Clearwater Wind Project, estimated at $[redacted] in the System Impact Study performed by NorthWestern Energy (see Section 3, Transmission Plan), will be further informed by a detailed Facilities Study. It is anticipated that the cost of these upgrades will be recorded as deferred assets and amortized and charged to power costs over the course of the contract term, rather than capitalized as PSE property. Additional details will be provided in subsequent updates.[2]

[2] *Accounting estimates that their report will be available in mid-January.*

3. Project description

General description of facility and footprint

The entire Clearwater project site includes approximately 130,000 acres of primarily private land interspersed with state-owned parcels in Rosebud, Custer, and Garfield counties, approximately 65 miles north by northeast of the Colstrip plant in Montana. The center-mass geographic coordinates of this site are approximately 46.902831, -106.356180. The portion of the project site encompassed by PSE's share is approximately 40,000 acres, located on the western portion of the site located in Rosebud and Custer counties.[3]

Figure 1. ***Clearwater wind project site location***

The site is primarily used for dry land wheat farming and cattle grazing. Topography ranges from level to rolling hills.

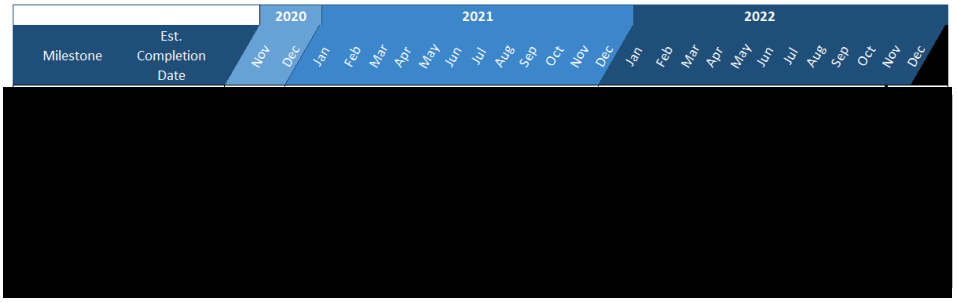
[3] *While PSE's share of the turbines will be located in Rosebud and Custer counties, NextEra has indicated that there may be some shared facilities in Garfield County.*

SECTION 3. PROJECT DESCRIPTION

Summary project schedule and development plan

Figure 2 presents the Clearwater Wind Project development and construction schedule to meet the November 30, 2022 Guaranteed COD.

Figure 2. ***Clearwater wind project development and construction schedule***



Development progress

Generally, project development begins with site identification and ends with the start of construction. For the purposes of this discussion, early-, mid- and late-stage development activities are categorized as described below. Typically, construction financing cannot be acquired until all of these activities are complete.

- Early stage – Site identification, real estate rights acquired, discretionary permits granted (including any appeals), preliminary resource assessment complete, biological assessments, interconnection and transmission rights secured.
- Mid-stage – Site layout finalized, detailed site investigations (geotechnical, etc.), detailed engineering design complete, longer lead ministerial permits (e.g., FAA no-hazard determinations) issued.
- Late stage – Construction agreements finalized, long-lead equipment selected and procured, ministerial construction permits granted.

NextEra has completed some of the early- and mid-stage development activities for Clearwater. The sections to follow describe the status of the development activities as reported by NextEra.

Real estate

Land ownership on the site is predominately private; however, there are several parcels of Montana State Trust Lands and Bureau of Land Management managed lands within the project area. According to NextEra, site control of the wind farm footprint is complete except for land owned by the State of Montana.

SECTION 3. PROJECT DESCRIPTION

NextEra will need to pursue additional steps to secure the approximately 85-mile generation-tie transmission line route, including securing various crossings, approval from the Montana Department of Transportation to locate the line along Highway 39 and a crossing of Interstate Highway 94, as well as easements near the Colstrip Substation on land controlled by the Colstrip Transmission System Owners.

Permitting

PSE's share of the project is situated within Rosebud and Custer counties in Montana.[4] NextEra received a Conditional Use Permit ("CUP") from the City of Colstrip for the project in July 2020, which was not appealed. The project also requires an environmental impact statement from the state of Montana to lease state lands. Seven of the project turbines designated for PSE are planned to be located within the leased state lands. The remaining estimated 127 turbines will be situated on private land. Moreover, if the state lease is not finalized, all of PSE's allocated turbines will be located on private land. Various Montana construction permits will be required once detailed engineering has been completed. Some site surveys will also be required once the layout is finalized.

The generation-tie transmission line will be located within core sage grouse habitat, requiring consultation with the Montana Sage Grouse Oversight Team. NextEra is consulting with the oversight team to establish an agreed-upon mitigation plan for the project. NextEra has indicated that sage grouse mitigation allows for payment into a mitigation bank as an alternative to securing mitigation land. Eagle habitat around the project site has also been assessed, prompting consultation with USFW and Montana to prepare an eagle conservation plan. NextEra will not be pursuing an eagle take permit for the project.

NextEra has provided evidence of eligibility for a "75-75 exemption" from the state siting process for the generation-tie transmission line. This exemption applies to wind generation interconnection lines when the applicant has obtained right-of-way agreements or options for a right-of-way from more than 75 percent of the owners, who collectively own more than 75 percent of the property along the centerline.

NextEra has provided a permitting checklist, which lists the permits and approvals required to complete the project and the lead agencies associated with each approval. The checklist indicates whether permits have been received, are pending approval, or will be sought at a later date to meet the scheduled project COD. The permitting checklist is provided as Attachment 5.

Interconnection

The Large Generator Interconnection Agreement ("LGIA") was completed during Phase 2 of the RFP. The LGIA allows the project to connect to the system, but is contingent upon transmission service securing a path to an ultimate point of receipt.

The primary components of the interconnection facilities include an approximately 85-mile, 345kV generation-tie transmission line that will extend from the site to near the project Point of Interconnection ("POI") at the Colstrip Substation, and an interconnection substation where voltage will be stepped up

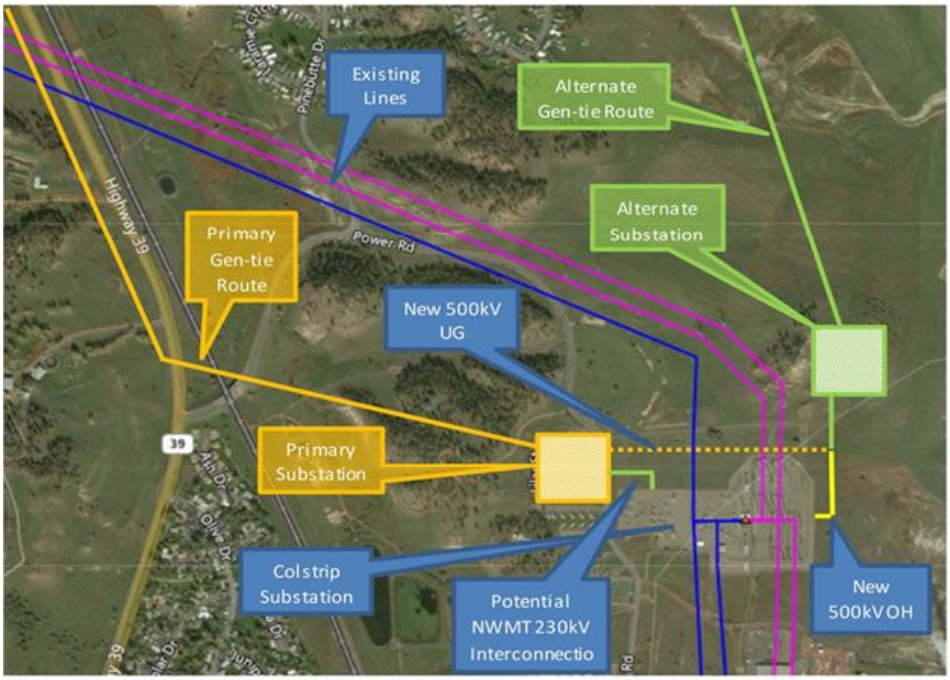
[4] *While PSE's share of the turbines will be located in Rosebud and Custer counties, NextEra has indicated that there may be some shared facilities in Garfield County.*

from 345kV to 500kV for delivery into the Colstrip substation. The POI will also serve as the project's Point of Delivery ("POD").

The area around the Colstrip substation is owned by either the Colstrip plant owners or the Westmoreland Company, which operates the coal mine that supplies the plant. As shown in Figure 3 below, it is located in a fairly congested area. The station is bounded on the south by the plant, on the west by a recreational vehicle park and on the east by closed and reclaimed portions of the coal mine. On the north side, multiple sets of high voltage transmission lines exit the station.

Because of the design of the existing station, the interconnection of the wind farm will be on the east side of the substation. The primary route into the station would require construction of a new step-up substation west of the existing station (shown below). Because technical challenges preclude an overhead crossing of the lines exiting the station, NextEra would be required to install a high voltage underground crossing, which is technically feasible but challenging and expensive. Because of this, NextEra is pursuing an alternate route directly into the east side of the Colstrip substation, which would avoid the underground crossing. The alternate route is located on reclaimed Westmoreland mine property. This route would require approval of a land use change to the approved reclamation plan from the State of Montana.

Figure 3. ***Components of interconnection facilities***

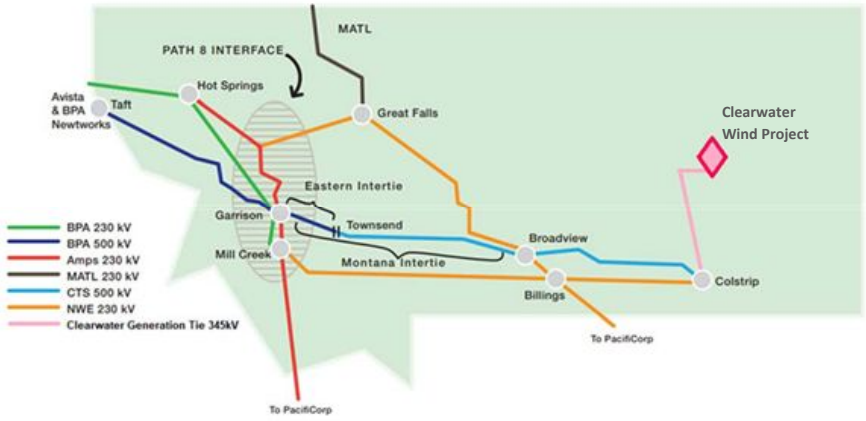


SECTION 3. PROJECT DESCRIPTION

Transmission plan

PSE is responsible for the delivery path from the Colstrip Substation to customer load. The Clearwater project will repurpose transmission available from the retirement of Colstrip Units 1&2. The transmission path consists of three transmission wheels (see figure below): (1) Colstrip Transmission System ("CTS"), (2) Eastern Intertie, and (3) BPA main grid. All three segments have been analyzed for potential use for a proposed Montana renewables project.

Figure 4. ***Transmission path and wheels from the Colstrip Substation***



PSE submitted a Transmission Service Request for 350 MW on the CTS on August 14, 2019 and is first in the queue for this firm capacity, subject to the NorthWestern Energy ("NorthWestern") transmission studies described below. PSE also holds sufficient firm point-to-point capacity rights on BPA's main grid from Garrison to PSE's load. On the Eastern Intertie, PSE holds 680 MW of capacity under the Montana Intertie Agreement through 2027, which may be renewed. PSE had originally planned to use Eastern Intertie capacity that would have been available to PSE after the sale of Colstrip Unit 4; however, as a result of the cancellation of the sale, PSE will need to secure an additional 40 MW to accommodate the entirety of Clearwater's throughput. This additional capacity is available, and PSE is taking the necessary steps with BPA to secure it.

The Clearwater project requires a series of transmission studies to assess the impact of delivering the wind energy to the Colstrip substation and westward on the CTS, and identify any required upgrades. These studies provide visibility into the costs associated with system upgrades, timelines to complete upgrades, and the resulting transmission system capabilities. They examine a number of new frontiers along the CTS, including the introduction of variable energy on the CTS, effects on nearby transmission systems (BPA) and the design/scoping of a remedial action scheme ("RAS") across the CTS. The status and a brief description of the transmission studies associated with the Clearwater project are described below.

SECTION 3. PROJECT DESCRIPTION

1. NorthWestern System Impact Study – Complete

The System Impact Study ("SIS") analyzes the technical aspects of PSE's transmission request on the CTS and determines the electrical impacts to the system (voltage stability, transient stability, reactive power, etc.). The SIS provides a high-level overview of the transmission construction timeline, identifies needed upgrades and estimates the cost of the upgrades required to deliver energy from the new Clearwater wind resource through 350 MW of firm transmission capacity on the CTS. This preliminary estimate and timeline is refined and subject to modification in a subsequent, more detailed Facilities Study.

PSE received the SIS from NorthWestern on November 30, 2020. The SIS resulted in an offer of 20 MW of interim partial service available starting July 1, 2021. The remaining 330 MW of transmission service will require the Clearwater Wind Project to connect to a new RAS on the CTS, which will be part of an already planned network upgrade on behalf of the CTS owners following the shutdown of Colstrip Units 1&2. The SIS stated that this network upgrade is planned to be in service by June 2022. This aligns with the expected Clearwater COD of November 30, 2022.

The SIS estimated that the cost to PSE to integrate the Clearwater Wind Project into the new RAS will be $[redacted]. This figure is far less than the $20 million assumed in the Clearwater Wind PPA as the upper limit for PSE's share of the upgrade costs. The lower cost is a result of the Clearwater Wind Project benefitting from the already planned upgrade work on the CTS and the ability to integrate the project's transmission service with the resulting new RAS.

See Attachment 6 for a copy of the SIS.

2. BPA Affected System Study - Complete

The BPA Affected System Study was performed concurrently and in coordination with the NorthWestern SIS. BPA's Affected System Study identified the need for a change to its Western Montana RAS ("WMRAS") to integrate the Clearwater Wind Project. This WMRAS will operate in concert with the new RAS identified in the SIS. The Affected System Study indicated no cost to PSE for this work, and is projected to be completed in summer 2022, aligning with the CTS RAS upgrade work.

3. NorthWestern Facilities Study – Pending

With the SIS complete, NorthWestern will next conduct a Facilities Study ("FS"). The FS will provide more detailed cost and timeline information for the RAS integration work required for the remaining 330 MW of CTS transmission capacity. PSE expects to execute a Facilities Study Agreement with NorthWestern in January 2021. The FS may be completed as early as March 2021, if the FS follows guidance provided by NorthWestern; however, both PSE's Transmission Policy and Contracts Group and NorthWestern have indicated that preparation of the accompanying Transmission Service Agreement ("TSR") with the Colstrip owners could take additional time. Furthermore, as a result of delays associated with the SIS, a more realistic estimated completion date of the FS may be as late as June 2021. PSE and NextEra have agreed that execution of the PPA will not be dependent upon receipt of the FS.

At the completion of the FS, PSE will be offered a Transmission Service Agreement per the original transmission request. The FS will indicate the date NorthWestern expects to fulfill PSE's TSR;

however, the date is not guaranteed. To address this timing risk, the PPA stipulates that PSE's firm obligation to accept energy from the Clearwater Wind Project begins on the firm transmission award date. PSE agrees in the PPA to use commercially reasonable efforts to accept energy from the project through alternative temporary means, if Clearwater reaches COD prior to the firm transmission award.

4. **PSE Pseudo-tie study - Pending**

   To integrate the Clearwater wind resource into PSE's Balancing Authority Area ("BAA"), the project's output will be connected to PSE's system by way of a pseudo-tie. A pseudo-tie is a "virtual" tie-line, between the NorthWestern and PSE BAAs. PSE has begun the process of submitting a pseudo-tie request to PSEI, in accordance with PSEI's business practice. PSEI has indicated that determination of the timeline and costs for conducting a feasibility study and establishing the pseudo-tie will in part be driven by the results of the SIS and forthcoming FS. PSE expects to execute a pseudo-tie study agreement by July 2021. The pseudo-tie must be in place prior to the November 30, 2022 COD, and PSE is confident that this timeline does not present a technical challenge based on prior experience with the Colstrip pseudo-tie.

5. **WECC Path Rating Study – Pending following COD**

   The WECC Path Rating Study will determine any changes required to the rating for Path 8, which is the path that energy from Clearwater will cross as it travels from Montana to Washington. The path rating (MW) is an indicator of the amount of energy that can flow from Montana into Idaho or Washington. NorthWestern has indicated that the WECC Path Rating Study will occur after the Clearwater resource is operational. NorthWestern has briefed the WECC Path Rating Committee on its intended approach.

   PSE has assessed the risk that the study may result in a lower path rating and identified potential mitigations. These include selling energy at Colstrip, purchasing unused transmission from CTS Owners or prioritizing scheduling of power over Colstrip Units 3&4 (until 2026, when the units are removed from rates). PSE has also performed sensitivity analysis on the impact of curtailment in a worst case scenario and determined that Clearwater remains the best resource option from the 2018 All Resources RFP. PSE's assessment of the risks and mitigations for Clearwater, including risks associated with the outcome of the WECC Path Rating Study, are detailed in attachments 6 and 8.

Integration plan

PSE has evaluated options to balance and integrate the Clearwater Wind Project, a variable energy resource located in Montana, into the PSE BAA. In order to meet the Washington Renewable Portfolio Standard ("RPS"), resources must be delivered unshaped, on a real-time basis. PSE plans to accomplish this by performing these functions within its BAA through a pseudo-tie, similar to how Colstrip is integrated today. PSE researched acquiring service from BPA and determined that BPA would be unable to provide integration services. PSE performed an integration study to determine the costs for PSE to include the Clearwater Wind PPA as a resource in PSE's BAA and included the balancing cost in the evaluation of Clearwater.

SECTION 3. PROJECT DESCRIPTION

Integration of the Clearwater Wind PPA as a resource in PSE's BAA via pseudo-tie requires BPA to provide dynamic transfer on the Eastern Intertie and over the BPA network. BPA has communicated to PSE that there is sufficient Dynamic Transfer Capacity ("DTC") for this purpose. Now that the COD is confirmed and the results of the SIS are published, PSE will move forward with its existing service request and execute an agreement with BPA for the DTC.

PSE intends for the Clearwater Wind Project to be a participating resource in the regional Energy Imbalance Market ("EIM") operated by the California Independent System Operator ("CAISO"). Registration of a resource as a participating resource in CAISO is a 203-day process that is triggered by the submittal of a new resource implementation form, and aligns with the COD of the resource.

4. Determination of need

PSE's electric resource acquisition process is guided by our integrated resource planning analysis, which evaluates and establishes the Company's capacity (physical reliability) and renewable resource (policy driven)[5] needs on a biennial basis, consistent with Chapter 480-100-238 WAC. The most recent Integrated Resource Plan ("IRP") includes a detailed discussion of PSE's electric planning standard and describes the methodology for analyzing the Company's resource needs. The IRP can be found on PSE's web site at http://www.pse.com/irp.

Since issuing the 2017 IRP, PSE has updated its assessment of the Company's capacity and renewable resource needs multiple times. Figures 5 and 6 below depict the update used in the RFP comparative resource analysis described in Section 5. This update was prepared in spring 2019 to align with PSE's F2019 load forecast and conservation from the draft 2017 IRP. Figure 5 shows an overall increase in expected capacity need compared to the need forecast in the 2017 IRP.

Figure 5. ***Capacity resource need***

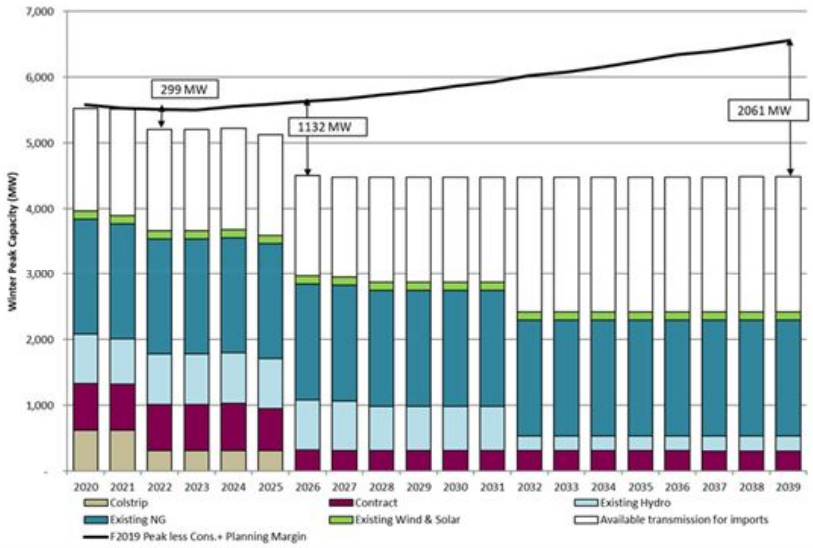


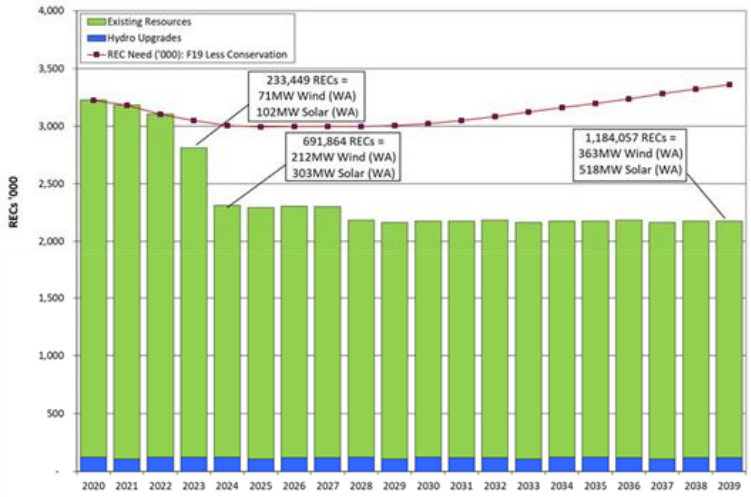
Figure 5 reflects the decommissioning of Colstrip units 1&2 by the end of 2019, consistent with an agreement reached during the RFP evaluation. Figures 5 and 6 do not reflect the impact of Senate Bill

[5] *PSE has a legal obligation to meet the requirements of the Energy Independence Act (Chapter 19.285 RCW), also referred to as Washington state's renewable portfolio standard ("RPS").*

5116, also known as the Clean Energy Transformation Act ("CETA"), which became Washington law during Phase 2 of the RFP.[6] However, consistent with CETA's mandate to eliminate coal-fired resources after 2025, the updated capacity need does reflect the removal of Colstrip units 3&4 from the Company's electric resource portfolio starting in 2026.

Figure 6 shows the Company's need for additional renewable resources, which is driven by Washington state's renewable portfolio standard ("RPS"). The RPS need is delayed by PSE's banked renewable energy credits ("RECs") until 2023.

Figure 6. ***Renewable resource need (RPS compliance)***



See Attachment 9(a) for more information about the capacity and renewable resource need assessments used in PSE's comparative analysis of resource alternatives during the 2018 All Resources RFP.

In late July 2020, as part of its 2021 IRP process, PSE updated its peak load and energy demand forecasts to reflect then-current economic and demographic assumptions, the effects of the COVID-19 pandemic and increased conservation from the 2019 IRP process. These updates reduced PSE's expected capacity needs and increased the Company's renewable needs. PSE has since aligned the Company's peak need forecast and energy resource requirements with CETA's 80 percent clean energy by 2030 target. The most

[6] *CETA sets several statewide policy goals, including a requirement to eliminate coal-fired resources after 2025, 80 percent carbon free generation and overall carbon neutral electricity by 2030, and 100 percent carbon free electricity by 2045.*

recent updates were published in December 2020 in preparation for the 2021 IRP, which is expected to be filed in April 2021, and are presented in Attachment 9(b).[7]

[7] *PSE's most recent need forecast updates are published on PSE's IRP stakeholder information site as part of the December 15, 2020 stakeholder meeting materials: https://pse-irp.participate.online/meeting/december-15-2020-flexibility-analysis.*

5. Comparative analysis

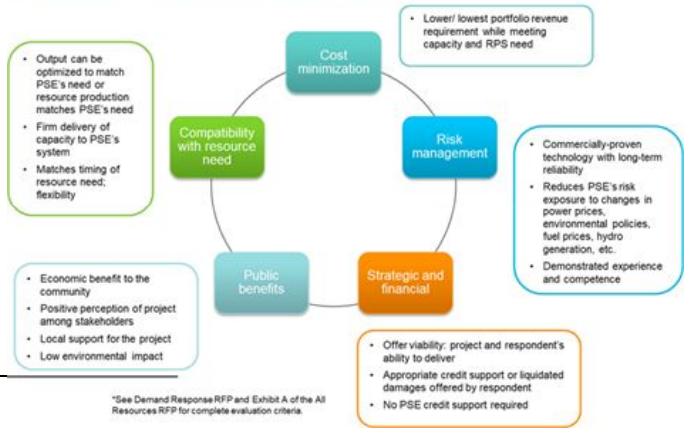
2018 All Resources RFP

PSE filed All Resources and Demand Response requests for proposals ("2018 RFPs") in June 2018, based on the resource needs originally established in the 2017 IRP and later updated as described in Section 4 and Attachment 9. The Company received nearly 100 proposals, many containing multiple offer options, in response to the 2018 RFPs. This was the largest response to a PSE RFP to date. PSE's RFP evaluation team performed a thorough comparative analysis consistent with guidance set forth in the Washington Administrative Code ("WAC") 480-107-035 and the Revised Code of Washington ("RCW") 19.280.020, which encourage utilities to seek resources that provide clean, safe and reliable power to meet their renewable and capacity needs using lowest reasonable cost as a criterion.

PSE relied upon its experience as a resource owner and evaluator, its familiarity with the region's energy market, and analytical tools used throughout multiple IRP and RFP cycles to perform the RFP analysis. The cross-functional evaluation team followed a structured, two-phased approach to screen and rank individual proposals based on an evaluation of costs, risks and benefits. The first phase included a preliminary qualitative and quantitative screening designed to identify the most promising proposals and eliminate resources with prohibitive costs, minimal portfolio benefits or excessive risk. The second phase included a more rigorous due diligence review and portfolio optimization analysis, with the goal of identifying a short list of resources representing a combined best-fit to need, while minimizing cost and risk.

The evaluation team considered a variety of quantitative and qualitative factors to reasonably compare proposals with diverse attributes. Each proposal was evaluated based on its compliance with either the All Resources or Demand Response RFP, and according to the criteria summarized in Figure 7.

Figure 7. ***Summary of RFP evaluation criteria[8]***



[8] *See Appendix B to Attachment 6 for a detailed list of the RFP evaluation criteria.*

SECTION 5. COMPARATIVE ANALYSIS

PSE's analysis shows that when combined with the Company's existing electric resource portfolio, the following short list, including the Clearwater Wind PPA, represents the most favorable combination of resources to meet PSE's renewable and capacity needs at the lowest reasonable cost and risk:

- **Clearwater Wind PPA** proposed by NextEra, a 20-year fixed price power purchase agreement ("PPA") delivering the output from 350 MW of capacity from a Montana wind development project to the Colstrip Substation, beginning in December 2021;[9]
- **Golden Hills Shaped Wind PPA** proposed by Avangrid Renewables, a 20-year fixed price power purchase agreement ("PPA") delivering to BPAT.PSEI the output from a 200 MW wind development project paired with shaped capacity up to [redacted] MW during winter peak hours[10], beginning in December 2021;
- **SPI Biomass PPA** proposed by Sierra Pacific Industries, a 17-year fixed price power purchase agreement ("PPA") delivering 17 MW of firm capacity (and up to an additional 3 MW of variable energy) from a biomass project located on PSE's system to the Fredonia Substation, beginning in January 2021;
- **BPA Peak Capacity Product** proposed by the Bonneville Power Administration, a 5-year capacity tolling agreement ("CTA") for firm capacity delivered to BPAT.PSEI that may be scheduled in [redacted] increments from [redacted] MW on a [redacted] basis, beginning in January 2022; and
- **MSCG Fixed Price PPA** proposed by Morgan Stanley Capital Group, is a 4-year 363 day fixed price PPA delivered to BPAT.PSEI. The contract delivers 100 MW per hour during Heavy Load Hours[11] in the [redacted] and [redacted] of each year. The contract starts in January 2022 and ends December 2026.

In addition to being the optimal portfolio selected in the RFP optimization analysis, the short list aligns well with public and state policy preferences and, specifically, the Clean Energy Transformation Act, which became Washington law during PSE's RFP evaluation process. Attachment 9(a) describes in detail the 2018 RFP evaluation process, the results it produced, and how PSE considered a variety of qualitative and quantitative criteria to select resources that best meet the needs of its customers.

Post-RFP analysis

The resource acquisition team re-examined PSE's need for the capacity contribution of the Clearwater Wind Project following updates to the load forecast in late July 2020 and subsequent updates to the resource need in December 2020, which were developed as part of the ongoing 2021 IRP process. The team also considered the renewable energy contribution of Clearwater toward meeting the sizeable renewable and clean energy resource need associated with PSE's 2030 compliance obligation under CETA.

The change to PSE's load forecast had the effect of decreasing the Company's expected peak capacity need, resulting in a surplus capacity position through 2025 without the addition of the Clearwater Wind PPA. However, the removal of Colstrip Units 3&4 from PSE's portfolio in 2025, as required by CETA, causes

[9] The project COD was later updated to a Guaranteed COD of November 30, 2022 during the negotiation process.
[10] Shaped schedule: November through February, hours ending [redacted] and [redacted].
[11] Heavy Load Hours are defined as hour ending 0700 to hour ending 2200 Monday through Saturday, excluding NERC holidays.

a peak capacity need to re-emerge in 2026. Additionally, the passage of CETA has significantly increased PSE's need for new renewable and clean energy resources. The Company's 2021 IRP work demonstrates that PSE must add approximately 7.35 TWh of CETA-compliant energy to its portfolio by 2030.

Figure 8 shows PSE's updated peak capacity and CETA clean energy need forecasts, and the contribution of the Clearwater Wind PPA to meeting each need.

Figure 8. ***PSE's expected peak capacity and CETA need before and after Clearwater[1]***

	2023	2024	2025	2026	2027	2028	2029	2030
2021 Peak Capacity Need/(Surplus) before Clearwater (MW)	(205)	(161)	(112)	514	672	690	675	691
Clearwater Peak Capacity in (MW)	145	145	145	145	145	145	145	145
2021 Peak Capacity Need/(Surplus) (MW)	(350)	(306)	(257)	369	527	545	530	546
CETA Need before Clearwater in (TWh)	0.6	1.5	2.6	3.4	4.5	5.6	6.5	7.4
Clearwater Clean Energy Addition (TWh)[2]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

[1] *2021 IRP Draft Results as of 12/17/2020. Resource needs include the 2021 draft conservation targets.*

[2] *Clearwater energy calculated from DNV-GL NCF. Clearwater contribution to CETA need will be based on energy delivered to PSE. The row 5 estimate will be adjusted to reflect transmission line losses from Montana to PSE's service territory.*

The resource acquisition team also updated its quantitative modelling analysis to test the impact of carrying the cost of Clearwater's surplus capacity against deferring the addition of new capacity until 2026. The results show that the Clearwater Wind PPA continues to present a significant portfolio benefit of nearly $100 million. Clearwater also maintains a sizeable advantage over the next best resource options from the 2018 RFP. The main factors driving Clearwater's value are (i) the size, location and wind quality of the project, enabling Clearwater to contribute clean energy at a relatively high net capacity factor ("NCF") and capacity contribution, and (ii) the ability of the project to maximize the pricing advantage of capturing 80 percent of the production tax credit ("PTC") with its 2022 COD. The PTC is scheduled to decrease over the next few years to 0 percent for projects with a 2026 COD.

Figure 9 presents the results of PSE's updated portfolio benefit analysis and a comparison with the next best resource alternative. It should be noted that the next best alternative, the [redacted] Project, is also a Montana resource and thus would be subject to the same transmission risks as Clearwater.

Figure 9. ***Updated portfolio benefit analysis results (December 2020[12])***

	Lowest Cost	Lowest Cost	Next Best Alternative 20 Yr
Project Name	**Clearwater**	**Clearwater**	[redacted]
Portfolio Benefit with CO2 Costs	$98.6 M	$166.2 M	$18.3 M
Nameplate	350 MW	350 MW	[redacted]
PPA Term	20 Yr	25 Yr	
COD	Nov 30, 2022	Nov 30, 2022	
PPA Price	[redacted]	[redacted]	
NCF Delivered			
Energy Delivered	[redacted] MWh	[redacted] MWh	

In addition to the portfolio benefit of Clearwater's contribution to future capacity needs, the project will make an important contribution to PSE's renewable and clean energy requirements under CETA. As Figure 8 shows, Clearwater is expected to meet approximately 20 percent of the Company's CETA need in 2030. In the meantime, Clearwater aligns well with PSE's plan to ramp into this substantial need to avoid the cost and feasibility risks associated with a just-in-time strategy.

CETA includes a cost cap that allows PSE to be in compliance should the cost of incremental compliance reach an average annual increase of two percent of weather-adjusted revenue over a four-year planning period. Analysis performed by the evaluation team indicates that the Clearwater Wind PPA will increase retail rates by less than one percent, and will impact total power costs by less than one percent relative to market purchased energy through 2025. This cost impact would be further reduced in the event that PSE exercises its option to extend the Clearwater Wind PPA by five years.

Figure 10. ***Impact of the Clearwater PPA on power costs[1]***

($ in millions)	2021	2022	2023	2024	2025
PPA payment	[redacted]				
Incremental transmission costs					
Return on PPA @ 7.39%					
Balancing cost					
Total cost					
Displaced market purchases					
Net power cost increase	**$0**	**$0.1**	**$10.4**	**$8.8**	**$8.6**

[1] Execution of the option to extend to a 25-year PPA reduces costs by $1.6 million per year.

In addition to its portfolio benefit and CETA value, the Clearwater Wind PPA presents an opportunity of considerable strategic value for PSE, in that it allows PSE to harness the Colstrip Transmission System to deliver Montana wind to its customers. PSE is first in the transmission queue for 350 MW of capacity vacated by the retirement of Colstrip Units 1&2, with 20 MW of firm capacity offered and the remaining

[12] The resource acquisition team presented these updated results to the EMC on December 17, 2020.

330 MW expected to be offered following completion of the transmission studies and related upgrades described in Section 3. If PSE were not to proceed with the Clearwater Wind PPA, the Company would risk losing all or part of the 330 MW to strong competition for this valuable transmission capacity. Currently there are 2,750 MW of interconnection requests at the Colstrip Substation. PSE is in a position to be a first-mover to deliver high-quality Montana wind to the Pacific Northwest over the repurposed CTS. This will give PSE valuable experience and insight into the relatively complex transmission arrangements involved, as the importance of Montana wind continues to grow and additional CTS capacity becomes available with the closure of Colstrip Units 3&4 in 2025. Attachment 6, Transmission Matters, discusses the risk of conceding the CTS capacity in more detail.

With the results of the SIS in hand, PSE considers the main outstanding risk associated with the CTS to be the potential for a delay in the start of the firm transmission service. There is a potential for delays in the completion of the remaining transmission studies and associated upgrades, such that the required 350 MW of firm capacity may not be available by the Guaranteed COD. Under the terms of the PPA, PSE is responsible for securing the required transmission; however, the resource acquisition team has negotiated for NextEra to assume the risk of a firm transmission delay beyond the Guaranteed COD. If this risk had remained with PSE, the result would be exposure to $[redacted] million per month in payments for energy that PSE would be unable to receive. NextEra's acceptance of the transmission timing risk underlines the long-term value of the CTS capacity and the favorable terms of the Clearwater Wind PPA.

The resource acquisition team considered the risks and costs associated with delivery of energy from Montana to PSE's load. In coordination with PSE's energy supply, energy analysis and resource planning teams, the resource acquisition team tested and re-evaluated the economics of the Clearwater Wind Project as follows:

- sensitivity analysis and stress testing of the Clearwater Wind Project in consideration of potential line derating on the CTS and associated curtailment scenarios,
- assessment of incremental costs due to extra requirements for contingency reserves and flexible ramping reserves related to integrating a Montana wind resource into the PSE BAA, and
- re-evaluation of Clearwater Wind Project economics based on updated capacity contribution assumptions to align with the most current data available through the 2021 IRP process.

The results show that the Clearwater Wind PPA continues to provide the highest portfolio benefit among alternative resource options. Attachment 9(b) presents the results of the re-evaluations and sensitivities performed subsequent to the 2018 RFP, which reaffirm the selection of the Clearwater Wind PPA as part of a lowest reasonable cost solution to meet the needs of PSE's customers.

6. Key risks

This section summarizes generally the principal risks associated with the Clearwater Wind Project and PPA. For a more detailed assessment of risks and proposed mitigations, see Attachment 8.

Project schedule risks

When NextEra submitted Clearwater into the 2018 RFP, it was an early development project. Since then, development has progressed; however, additional development and construction tasks remain to be completed to achieve commercial operation of the project. Some of these tasks have the potential to delay the overall project schedule. For example, certain site control and permitting tasks represent schedule risks to NextEra, which could affect when Clearwater Energy Resources, LLC would give notice to proceed to the engineering, procurement and construction contractor. Additionally, completing the wind farm and generation-tie line, and securing long-term, firm transmission on the CTS to meet the scheduled COD require an ambitious procurement and construction schedule, which may present some challenges.

- **Site control**

  There is a risk that real estate rights that have not yet been obtained could be delayed or withheld; in particular, land rights on Colstrip Power Plant property immediately adjacent to the Colstrip Substation, leases for project property from the State of Montana, a State Highway encroachment permit for the generation-tie line and various crossing permits. NextEra has informed PSE that it has initiated preliminary discussions with the CTS Owners and other parties as needed; however, the outcome of these discussions is unlikely to be known by the time a PPA would need to be signed to achieve the project COD.

- **Permitting**

  As described in Section 3, a number of federal, state, county and local permits and approvals are required to construct and operate the wind farm and the associated generation-tie line needed to interconnect the Clearwater Wind Project to the Colstrip Substation. Some of these permits and approvals have the potential to impact the overall project COD or cost, in the event they are delayed. The Conditional Use Permit from the City of Colstrip, which is the primary discretionary permit required, has been granted and was not appealed. Other significant approvals required are the sage grouse mitigation plan approval and the State of Montana wind farm lease, which requires an environmental impact statement approval. If an alternate generation-tie line route across Westmoreland mine property is needed (as discussed in Section 3, Interconnection), then approval of an amendment to mine reclamation plan would also be required. See Attachment 5 for a detailed permitting checklist provided by NextEra, which lists the permits and approvals required to complete the project and the status of each permit.

NextEra has the following primary risks associated with interconnection:

- **Interconnection (NextEra)**

  There are two principle risks associated with the Large Generator Interconnection Agreement ("LGIA") with the potential to delay the project and/or increase the project cost. First, NextEra's

current design plan for the generation-tie line includes two 500 kV transmission line crossings precluded by the executed LGIA, which will require a separate transmission line crossing agreement. The original plan for the generation-tie line did not include crossing any existing 500kV lines. However, NextEra has since provided an updated plan that includes two crossings of the 500kV line. This presents a risk as transmission line crossing agreements will be required with NorthWestern and the CTS Owners.

Second, NextEra has requested an amendment to modify the project COD in the LGIA from 2021 to the proposed 2022. NextEra will also need to update the wind turbine make and model(s) originally specified in the LGIA to align with the models it intends to install. These amendments must be ratified by the five CTS Owners and the FERC. NextEra has indicated that this update would not constitute a material change and should not impact the COD, and the COD adjustment was acknowledged by NorthWestern in the SIS for the transmission service. However, there remains some risk of delay to the November 2022 COD, if the LGIA amendment is not completed in a timely manner consistent with the overall project schedule.

PSE has the following risks associated with transmission:

- **CTS Transmission (PSE)**

  The main transmission risk at this stage is uncertainty associated with the timing of obtaining long-term firm, point-to-point transmission for the project on the CTS. The SIS results, which provided a preliminary cost estimate and anticipated schedule of transmission upgrades, can change based on the results of the FS. The FS and accompanying Transmission Service Agreement are needed to obtain firm transmission for the project. The FS may be at risk of delay due to the coordination required among the CTS Owners to prepare a new Transmission Service Agreement for the Clearwater Wind Project, as well as the collaboration required between NorthWestern and BPA to complete the new RAS. Any delay in completing the FS may impact the upgrade construction schedule and affect the project COD. To address transmission timing risk, the PPA stipulates that PSE's firm obligation to accept energy from the Clearwater Wind Project begins on the firm transmission award date. Furthermore, the results of the WECC Path Rating Study, which is planned to be conducted after the Clearwater Wind Project becomes operational, has the potential to reduce the CTS line path rating. These risks and associated mitigations are presented in Attachment 8.

In addition to the key development risks described above, timely execution of the project is subject to the following risks:

- **Construction**

  Construction period risks include project cost and schedule risks associated with procurement, construction of the wind farm and the 85-mile generation-tie line needed to deliver power from the wind farm to the Colstrip Substation, and upgrades to the CTS required to secure long-term firm, point-to-point energy delivery to PSE's system. Assuming transmission is granted in time to meet the project COD, PSE's resource acquisition team considers NextEra's procurement and construction schedule, and the November 2022 COD to be reasonable.

To help minimize the risk of schedule slip for the project due to unexpected delays or an inability to complete the development work as scheduled, the PPA specifies a series of key project milestones to be

met by NextEra, including a project COD milestone. In the event a milestone is missed or COD is delayed, damages would be imposed on NextEra. These damages would be refundable, in the event that the overall project COD milestone is ultimately achieved. The terms summarized here and additional terms, such as purchaser termination rights, are described in more detail in Attachment 3.

Counterparty and performance risks

The principle ongoing risks during the term of the PPA are the potential for underperformance of the wind farm that could impact its ability to generate expected levels of energy and associated renewable energy credits, or default by the counterparty. The PPA includes language to help mitigate these risks, including minimum annual available capacity and winter period output guarantees, liquidated damages for failing to meet guarantees, and the ability of PSE to collect credit support posted by NextEra. PPA terms are summarized in Section 2 and in greater detail in Attachment C. Terms associated with specific risks are discussed in Attachment 8.

7. PPA and project benefits

The Clearwater Wind PPA provides the following benefits:

- The Clearwater Wind PPA helps meet PSE's resource needs, contributing [redacted] TWh towards the 7.3 TWh 2030 renewable need, and 145 MW towards the 514 MW 2026 capacity need (*as reported in the 2021 IRP draft results*) at the lowest reasonable portfolio cost.
- The Clearwater Wind PPA keeps PSE on track for meeting the Company's 80 percent CETA target by avoiding the risk of delayed progress, if the 2 percent cost cap becomes a constraint on our path toward the 2030 target.
- The Clearwater Wind PPA preserves 330 MW of transmission on the Colstrip Transmission System, which would otherwise become available to other parties through OASIS.
- The PPA price reflects the project's ability to capture 80 percent of the PTC associated with a 2022 COD, compared to 60 percent of the PTC for a 2024 COD. The PTC phases out in 2025.
- Both the 20- and 25-year price proposals from NextEra result in significantly higher portfolio benefits compared to PSE's remaining alternatives from the 2018 RFP.
- The Clearwater Wind PPA would have a less than ~1 percent impact on customer costs through 2025.
- The Clearwater Wind PPA reduces reliance on unspecified market purchases to meet peak needs.
- The Clearwater project location in Montana provides geographic diversity to PSE's existing wind fleet. Clearwater is forecast to generate at a high NCF of [redacted] percent relative to Washington generic wind at an NCF of 37 percent.
- The Clearwater Wind PPA increases PSE's experience managing a diverse energy portfolio with increasing intermittent resources.
- Clearwater is a mid-stage development backed by the largest developer and operator of renewable energy, which demonstrated more advanced progress than many 2018 RFP alternatives. NextEra is a strong parent company willing to provide sufficient credit support for their project company affiliate.
- The Clearwater Wind Project will allow PSE to use its existing transmission assets in Montana to deliver energy to PSE's load and create jobs in the local community at a time when existing PSE resources are retiring.
- The Clearwater Wind Project is of strategic importance to PSE. It will be the largest wind project to date in Montana and the first to harness the CTS line for the transfer of renewable energy to the Pacific Northwest, following the retirement of Colstrip Units 1&2. PSE is currently in the pole position to utilize the transmission capacity vacated by Colstrip Units 1&2.

8. Regulatory process, rate impacts and recommendation

Regulatory process, rate impacts and recommendation

PSE will seek a determination of prudence for the Clearwater Wind PPA in an upcoming Power Cost Only Rate Case ("PCORC") or General Rate Case ("GRC") filing with the Washington Utilities and Transportation Commission, as determined by PSE's regulatory needs. Commercial operation of the underlying wind project is expected to be achieved in November 2022. Regulatory approval of new rates typically occurs five to eleven months after filing, depending on the type of filing.

Rate impact of PPA

The levelized cost of the PPA is approximately $[redacted]/MWh. The resource acquisition team estimates the net effect on electric rates to be an increase of less than one percent. This is based on the 2018 baseline rate.

Recommendation

Based on the determination of need, the analysis of alternatives and the project benefits presented in this report, PSE management recommends that the Board of Directors adopt the Resolutions set forth in Attachment A to enter into the Clearwater Wind PPA with NextEra.

PUGET SOUND ENERGY

PSE Report to the Board of Directors:
Clearwater Wind PPA

Attachment 1. Board Resolutions

Board Resolutions

PUGET SOUND ENERGY, INC. PROPOSED BOARD RESOLUTIONS

Approval of Clearwater Wind Power Purchase Agreement

WHEREAS, Clearwater Clearwater Energy Resources LLC ("Clearwater"), an indirect wholly-owned affiliate of NextEra Energy, Inc., is the owner and developer of a wind power electric generation facility with an anticipated aggregate nameplate capacity of approximately 350 MW located in Rosebud, Custer and Garfield Counties, Montana (the "Wind Project");

WHEREAS, PSE has been engaged in negotiations with Clearwater with respect to the purchase by PSE of the electrical output of the Wind Project pursuant to the Power Purchase Agreement substantially with the terms and on the conditions as presented at this meeting (the "PPA");

WHEREAS, management has presented information to the Board of Directors of PSE (the "Board") regarding the negotiation of the PPA and management's assessment of the operational and financial benefits to the Company and to its customers of entering into it;

WHEREAS, with input from management, the Board has considered information relating to the PPA as the Board has deemed appropriate;

WHEREAS, the Board has determined that it is in the best interest of PSE that PSE enter into the PPA subject to the conditions set forth in the PPA;

NOW THEREFORE, BE IT RESOLVED, that the Board hereby adopts and approves the PPA, as summarized in the materials provided to the Board;

RESOLVED FURTHER, that the officers of PSE are, and each of them hereby is, authorized in the name and on behalf of PSE to execute and deliver the PPA, together with such modifications thereto as any of such officers shall approve, the execution thereof on behalf of PSE to be conclusive evidence of such approval by the Board.

RESOLVED FURTHER, that PSE's officers are, and each of them hereby is, authorized to negotiate, execute and deliver any other agreements contemplated by the PPA and anticipated by it, the execution thereof by such officer(s) to be conclusive evidence that such agreements, documents and instruments are hereby approved.

RESOLVED FURTHER, that PSE's officers are, and each of them hereby is, authorized to do and perform or cause to be done or performed all other acts necessary or desirable in order to effectuate the transactions contemplated by the PPA, including, but not limited to, (i) the engagement, by written contract or otherwise, of any and all persons deemed necessary, appropriate or desirable to effectuate the transactions contemplated by the PPA and related documents, upon such terms and conditions as such officers, or any of them, may deem appropriate, and to pay all fees and expenses incurred in connection therewith, (ii) the preparation and filing with appropriate governmental authorities of all applications,

notifications, certificates, reports, statements or other documents or instruments relating to the PPA and the other transactions contemplated by the PPA, including any applications, certificates or other filings required under the rules and regulations of the Securities and Exchange Commission and the laws of the State of Washington, and to arrange for payment of any fees required in connection therewith, and (iii) all such other acts and things which any one or more of them shall deem necessary, advisable or appropriate in order to carry out the intent and purpose of the foregoing, and the taking of any and all such actions and the performance of any and all such things in connection therewith shall conclusively establish each such officer's authority therefor from PSE and the approval and ratification thereof by the Board.

RESOLVED FURTHER, that each of the officers of PSE or any of them are authorized, in the name and on behalf of PSE, to perform such acts and to execute and deliver such documents as they or any of them deem necessary or advisable to carry out the intent and purpose of these resolutions, including, but not limited to, the execution of any necessary or advisable agreements, instruments, certificates, affidavits, or other documents in connection therewith, and the taking of any and all such actions and the execution of any and all such documents or instruments in connection with the foregoing shall conclusively establish their authority therefor from PSE and the approval and ratification thereof by the Board.

Exhibit Book Part 1: Clearwater Wind PPA Board Package - (3) Clearwater PPA Board Report_010421

PUGET SOUND ENERGY

PSE Report to the Board of Directors:
Clearwater Wind PPA

Attachment 2. Board Presentation

2018 RFP Clearwater Wind PPA Execution

Board of Directors

January 21, 2021

Requested board action

Based on 2018 RFP analysis and additional due diligence performed to date, management requests that the board of directors authorize PSE to execute the following contract:

- Clearwater PPA, 350 MW Montana wind project
- Counterparty: Clearwater Project Company, LLC (an affiliate of NextEra Energy, Inc. and NextEra Energy Resources, LLC)
- Term: 20-year PPA with a five-year extension option, exercisable by PSE
- Price: [redacted] for 20-year PPA or $[redacted] for 25-year PPA if extension option exercised
- Product: Energy as generated, delivered to the Colstrip Substation

PUGET SOUND ENERGY

Previous board interaction

October 7, 2020 overview of project

- Project development status
- Transmission paths, risks and mitigations
- Project economics compared with next best alternative

January 6, 2021 update

- Colstrip Transmission System (“CTS”) system impact study result
- Term
- Price
- Draft 2021 IRP updated need
- Obtained EMC approval on December 17, 2020 to proceed with board approval

Changes since last board update: none

PUGET SOUND ENERGY

PPA has mitigation plans to address remaining risks from development through ongoing operations

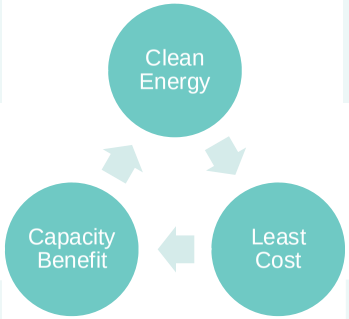
Development	• Risk: potential project delays related to permitting, leases • Mitigation: PSE entitled to collect liquidated damages ("LDs") up to $[redacted] for delays in gen-tie, wind farm and COD milestones
Transmission	• Risk: final timing of obtaining long-term, firm point-to-point transmission along the Colstrip Transmission System for the project • Mitigation: PSE not obligated to take energy on a firm basis from NextEra if COD is reached but firm transmission is not obtained
Ongoing Operations	• Risk: rerating of WECC Path 8 could possibly reduce transmission capacity on Colstrip Transmission System, BPA Eastern Intertie, or BPA main grid transmission (low risk) • Mitigation: optimize generation between Colstrip 3&4 and Clearwater, sell energy at Colstrip, allocate Colstrip 3&4 transmission after 2026

Clearwater PPA provides significant step to develop Montana wind and utilize existing transmission

SHADED INFORMATION IS DESIGNATED AS CONFIDENTIAL PER WAC 480-07-160

REDACTED VERSION

- Opportunity to partner with NextEra leverages one of the largest wind developers financial strength and development experience
- Clearwater Phase 1 (750MW) will nearly double Montana installed wind capacity; PSE is the anchor off-taker with 360MW to 375MW of nameplate capacity (350MW delivered)



- Supports economic expansion in Montana: 350 construction jobs & 20 full-time jobs for ongoing operations; $200M+ in landowner payments and $200M+ in tax revenue

- High capacity factor [redacted] %) of MT Wind ensures more clean energy production for PSE customers
- Contributes [redacted] TWh towards 7.6 TWh of CETA clean energy need in 2030 and 145 MW peak capacity credit towards PSE's 514 MW peak capacity need in 2026

- $[redacted]/MWh price among the least cost proposals in the 2018 RFP
- Preserves 330 MW of valuable CTS transmission: 2750 MW of interconnection requests indicate intense competition for CTS transmission

Requested board action

Based on 2018 RFP analysis and additional due diligence performed to date, management requests that the board of directors authorize PSE to execute the following contract:

- Clearwater PPA, 350 MW Montana wind project
- Counterparty: Clearwater Project Company, LLC (an affiliate of NextEra Energy, Inc. and NextEra Energy Resources, LLC)
- Term: 20-year PPA with a five-year extension option, exercisable by PSE
- Price: $[redacted] for 20-year PPA or $[redacted] for 25-year PPA if extension option exercised
- Product: Energy as generated, delivered to the Colstrip Substation

PUGET SOUND ENERGY

PUGET SOUND ENERGY

Attachment 2, Appendix

EMC Decisional Meeting, December 17, 2020

2018 RFP Clearwater Wind PPA Execution

PUGET SOUND ENERGY

EMC Decisional

December 17, 2020

Colin Crowley
Manager, Business Initiatives

Decisional

Decisional: Based on due diligence performed to date, Resource Acquisition team recommends the EMC authorize PSE to seek board approval at the January 21, 2021 board meeting to execute the following contract:

- Clearwater PPA (counterparty: NextEra) 350 MW, 20-year PPA with a five-year extension option from a Montana wind project, delivering energy as generated to the Colstrip delivery point at interconnection with the Colstrip Transmission System (“CTS”)

Clearwater PPA offers PSE large renewable position in attractive Montana wind region

Seller:

- Clearwater Energy Resources, LLC
  Affiliate of NextEra Energy, Inc. and NextEra Energy Resources, LLC

Product:

- As generated 350 MW wind project
- All environmental attributes
- Guaranteed Nov-Feb output of [redacted] MWh
- Point of delivery: Colstrip Substation

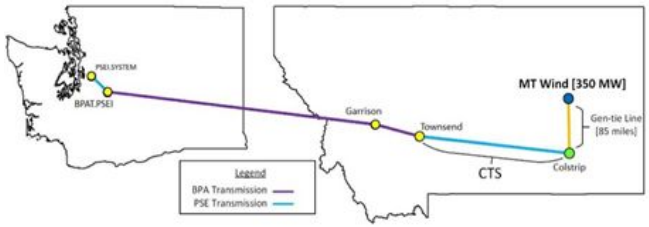
Key terms:

- Guaranteed COD: 11/30/2022
- Term: 20 year with 5-yr extension option
  - If exercised, retroactive contract price adjusted to $[redacted] for full term
- Additional benefits from change in tax law prior to COD shared 50-50

Price and generation output:

Price for generated energy	$[redacted] /MWh fixed
Expected PPA Annual Payments	$[redacted] M
Net Capacity Factor (NCF)	[redacted] %
Expected annual generation	[redacted] MWh

Transmission path:



SHADED INFORMATION IS DESIGNATED AS CONFIDENTIAL PER WAC 480-07-160

REDACTED VERSION

5-year extension option on PPA term

- Extension option is unilateral right for PSE
- Execution of the extension option is anticipated after the Commission approval at a future regulatory proceeding to address uncertainty in WAC 480-107-075 rules governing purchases of electricity supply agreements longer than 20 years
- Extension option provides benefit to customers of a lower cost for a 25-year PPA

Estimated transmission upgrade cost on the Colstrip Transmission System is relatively low at $440K

System Impact Study

- Northwestern Energy (NWE) delivered the System Impact Study ("SIS") to PSE on November 30, 2020.
- The SIS provides a preliminary assessment of the cost and scope of needed upgrades on Colstrip Transmission System (CTS) to integrate the new Clearwater wind resource.
- The preliminary cost of upgrades that are required to integrate the 350 MW Clearwater project is estimated at $[redacted].
- 20MW is available now with no upgrades and the remaining 330 MW will be available after integration with a planned new Remedial Action Scheme ("RAS"). The RAS work is anticipated to be completed in June 2022.

Facility Study

- Facilities Study Agreement with NWE expected to be executed by January 2021. The Facilities Study will provide more detailed analysis of the cost and timeline for completing upgrades for the remaining 330 MW.
- The Facilities Study is expected to be complete by June 2021.

Clearwater prices of $[redacted] for 20-year PPA and $[redacted] for 25-year PPA provide the highest portfolio benefit compared to alternatives from the 2018 RFP

- The Clearwater PPA offers the highest portfolio benefit compared with the next best alternative resources in the 2018 RFP
  - 20-yr Clearwater PPA term has a $80M portfolio benefit advantage
- The next best alternative from the 2018 RFP is another Montana wind project
  - This project is exposed to the same transmission risk, but contributes lower portfolio benefits than Clearwater

	Lowest Cost	Lowest Cost	Next Best Alternative 20 Yr
Project Name	**Clearwater**	**Clearwater**	[redacted]
Portfolio Benefit with CO2 Costs	$97.6 M	$164.9 M	$18.3 M
Nameplate	350 MW	350 MW	[redacted] MW
PPA Term	20 Yr	25 Yr	[redacted] Yr
COD	Nov 30, 2022	Nov 30, 2022	[redacted]
PPA Price	$[redacted] /MWh	$[redacted] /MWh	[redacted] /MWh
NCF Delivered	[redacted] %	[redacted] %	[redacted] %
Energy Delivered	[redacted] MWh	[redacted] MWh	[redacted] MWh

Despite decreased peak need from draft 2021 IRP, the Clearwater project contributes significant value to the portfolio by adding Montana wind at 80% PTC to meet CETA need

		A	B	C	D	E	F	G	H
	2021 Draft IRP Results	2023	2024	2025	**2026**	2027	2028	2029	**2030**
1	Peak Capacity Need/(Surplus) before Clearwater (MW)	(205)	(161)	(112)	514	672	690	675	691
2	Clearwater Peak Capacity in (MW)	145	145	145	145	145	145	145	145
3	Peak Capacity Need/(Surplus) (MW)	(350)	(306)	(257)	369	527	545	530	546
4	CETA Need before Clearwater in (TWh)	0.6	1.5	2.6	3.4	4.5	5.6	6.5	7.35
5	Clearwater Clean Energy Addition (TWh)	[redacted]							

Note: 2021 Draft IRP Results are based on material presented at stakeholders meeting on 12/15/2020. Clearwater energy calculated from DNVGL NCF. Resource need includes the draft 2021 conservation targets.

Clearwater supports three primary business drivers

#1 – Helps PSE meet the CETA clean energy need and the capacity needs

Clearwater contributes [redacted] **% of 2026** capacity need and [redacted] **% of 2030** CETA need (see table above)

#2 - Maximizes cost benefit through existing PTC rules

PPA price reflects 80% PTC associated with 2022 COD, compared to a 2026 COD with 0% PTC

#3 – Preserves PSE transmission capacity on the CTS transmission line

In the event PSE does not proceed with Clearwater, there is a risk of losing all or a portion of the 330 MW transmission capacity when it is offered through OASIS

- 2750 MW of interconnection requests indicate intense competition for transmission capacity
- With Clearwater, PSE will acquire 20 MW of transmission offered without upgrades and the remaining 330 MW of transmission after system upgrades have been completed

Clearwater PPA increases power cost less than 1% over the next five years

- Clearwater wind PPA increase total power costs 0.7% relative to the market purchased energy
- REC value from Clearwater is estimated at $[redacted] M/Yr
  - REC transactions are recorded separately from power costs
- Execution of option to extend to 25-yr PPA reduces cost by $[redacted] M/Yr

($ in millions)	2021	2022	2023	2024	2025
PPA payment	$0	[redacted]	[redacted]	[redacted]	[redacted]
Incremental transmission costs	$0	$0.2	$0.4	$0.4	$0.4
Return on PPA @ 7.39%	$0	[redacted]	[redacted]	[redacted]	[redacted]
Balancing cost	$0	[redacted]	[redacted]	[redacted]	[redacted]
Total cost	$0	$4.8	$47.7	$47.7	$47.7
Displaced market purchases	$0	$4.7	$37.3	$38.9	$39.1
Net power cost increase	**$0**	**$0.1**	**$10.4**	**$8.8**	**$8.6**

*Note: Analysis uses Platt's forward market prices as of 7/28/20 for displaced market purchases and 20-year PPA price of $27.90
Balancing cost calculated using PSE portfolio model in Plexos and flexible capacity requirement input from E3
Incremental transmission costs represents additional 40 MW of BPA transmission on Eastern Intertie

Key risk factors in development, transmission, and ongoing operations all have identified mitigation steps

Risk	Description	Mitigation Strategy
Development	Potential project delays related to the following: • Acquisition of real estate rights at Colstrip property adjacent to the Colstrip Substation • Acquisition of leases for project property from the State of Montana, a State Highway encroachment permit for the gen-tie line, and various crossing permits • Execution of transmission line crossing agreements required with Northwestern and the CTS Owners • Approval for Sage grouse mitigation plan or EIS associated with State of Montana wind farm lease • Approval of an amendment to mine reclamation plan required for alternate route into Colstrip	• PSE entitled to collect liquidated damages ("LDs") up to $[redacted] for delays in gen-tie, wind farm and COD milestones • PSE delayed capacity need may result in no required mitigation if COD delayed
Transmission	• Final timing of obtaining long-term firm, point-to-point transmission along the CTS for the project • CTS and BPA remedial action scheme (RAS) delays • Delays in PSE pseudo-tie completion	• PSE not obligated to take energy on a firm basis from NextEra if COD is reached but firm transmission is not obtained • PSE agrees to take commercially reasonable efforts to purchase power
Ongoing Operations	Frequent temporary or permanent reductions in transmission capacity on three transmission wheels of Colstrip Transmission System, BPA Eastern Intertie, and BPA main grid	• Sell energy at Colstrip, acquire third party transmission, or optimize generation between Colstrip 3&4 and Clearwater • With removal of Colstrip 3&4 from rates in 2026, likely additional transmission available

Clearwater provides a diverse set of benefits

Resource Needs

1. Clearwater PPA helps meet PSE's resource needs, contributing [redacted] TWh towards 7.3 TWh 2030 renewable need and 145MW towards 514 MW 2026 capacity need (*figures from 2021 IRP draft*)
2. Clearwater location in Montana provides geographic diversity to PSE's existing wind fleet
3. Clearwater is forecast to generate at a high net capacity factor ("NCF") of [redacted] % relative to Washington generic wind of 37%
4. Execution of PPA contributes to [redacted] % CETA target in 2030 by avoiding risk of delaying progress today and 2% cost cap becoming a constraint prior to 2030 target

Transmission & Strategy

1. Preserves 330 MW of transmission on the Colstrip Transmission System, which is available to third parties through OASIS if PSE does not execute Clearwater PPA
2. Allows PSE to use existing transmission assets in Montana to deliver energy to PSE and create jobs in the local community at a time when existing resources are retiring
3. Increases PSE's experience managing a diverse energy portfolio with increasing intermittent resources
4. Reduces reliance on unspecified market purchases to meet peak needs

Counterparty

1. Mid-stage development project backed by the largest developer and operator of renewable energy, with expertise and financial strength to develop large scale wind project in Montana
2. Partnering with NextEra helps support their investment in local community in Montana of up to 350 construction jobs, $226M landowner payments, and $217M tax revenue

Costs

1. PPA price reflects 80% PTC associated with a 2022 COD
2. Less than ~ 1% impact on power cost
3. Higher portfolio benefits / lower costs compared to PSE's remaining alternatives from the 2018 RFP

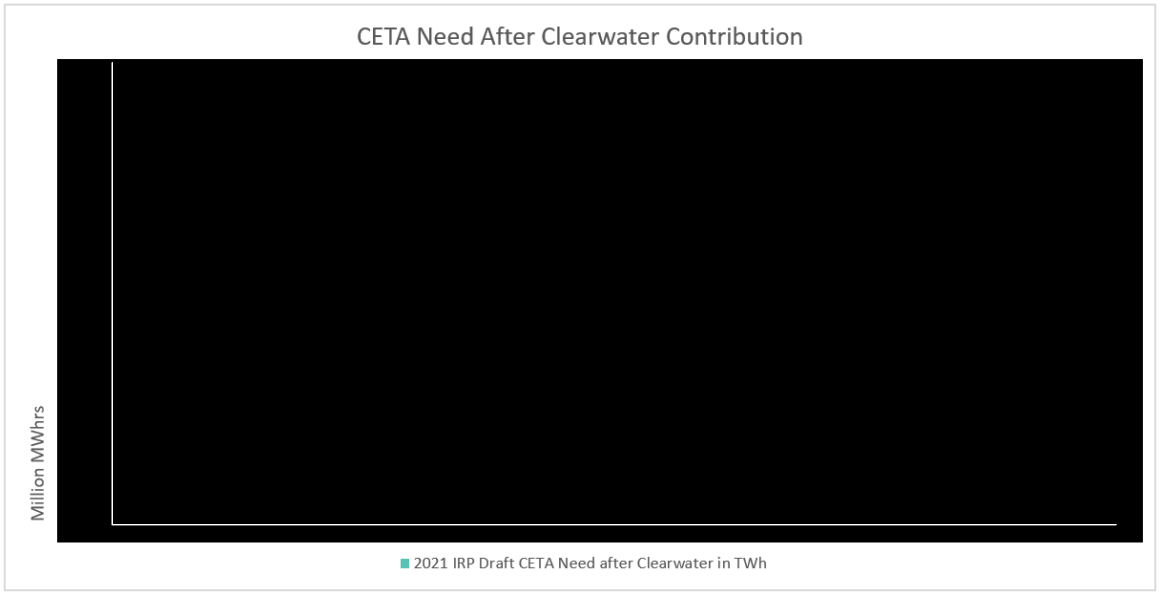
Decisional

Decisional: Based on due diligence performed to date, Resource Acquisition team recommends the EMC authorize PSE to seek board approval at the January 21, 2021 board meeting to execute the following contract:

- Clearwater PPA (counterparty: NextEra) 350 MW, 20-year PPA with a five-year extension option from a Montana wind project, delivering energy as generated to the Colstrip delivery point at interconnection with the Colstrip Transmission System (“CTS”)

Appendix

2021 IRP draft CETA clean energy need with Clearwater PPA



Note: 2021 Draft IRP Results are based on material presented at stakeholders meeting on 12/15/2020. Resource need includes the Draft 2021 conservation targets. IRP Clearwater energy forecast from NREL data from representative project site. Clearwater annual generation forecast from DNVGL resource assessment equal to [redacted] MWh

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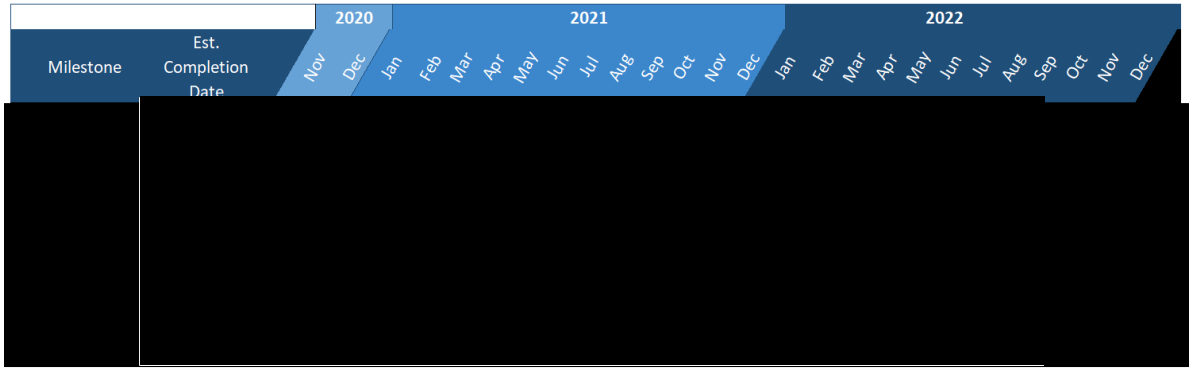
Project Schedule



Notes: Milestone Highlights

Real Estate –	Significant remaining tasks include securing rights to construct interconnection facilities around Colstrip plant and securing State-owned parcels in the project site which impacts approximately seven (7) turbine sites designated for PSE.
Permitting –	Largest permitting-related issue remaining is agreeing with the state of Montana on mitigation package for impacts to sage grouse habitat.
Interconnection –	Includes approximately 18-months for Northwestern to design and construct project interconnection facilities at Colstrip substation.
Construction –	Gen-tie line construction scheduled to begin [redacted] and wind farm construction scheduled to start [redacted].
Procurement –	Commencement of wind turbine procurement shown on schedule in December 2020

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Transmission Schedule

Event	Expected Date
System Impact Study received from Northwestern	*11/30/2020*
Documentation for pseudo-tie submitted	*12/11/2020*
PSE executes 20 MW Partial Service Agreement	12/17/2020
PSE submits 40 MW Eastern Intertie request	12/18/2020
PSE signs Facility Study Agreement	1/17/2021
CTS Owners complete Facility Study	3/17/2021*
BPA executes DTC agreement	4/1/2021
20 MW Partial Service begins	7/1/2021
PSEI executes Pseudo-Tie Agreement	7/1/2021
PSE receives transmission on Eastern Intertie	10/1/2021
PSE begins EIM PR Process	12/1/2021
New 500kV RAS upgrades complete	6/1/2022
New BPA WMRAS Upgrades Complete	8/1/2022
Clearwater Project COD	11/30/2022

*Based on delays experience with SIS the FS estimate may be optimistic and we've adjusted our estimate to June 2021

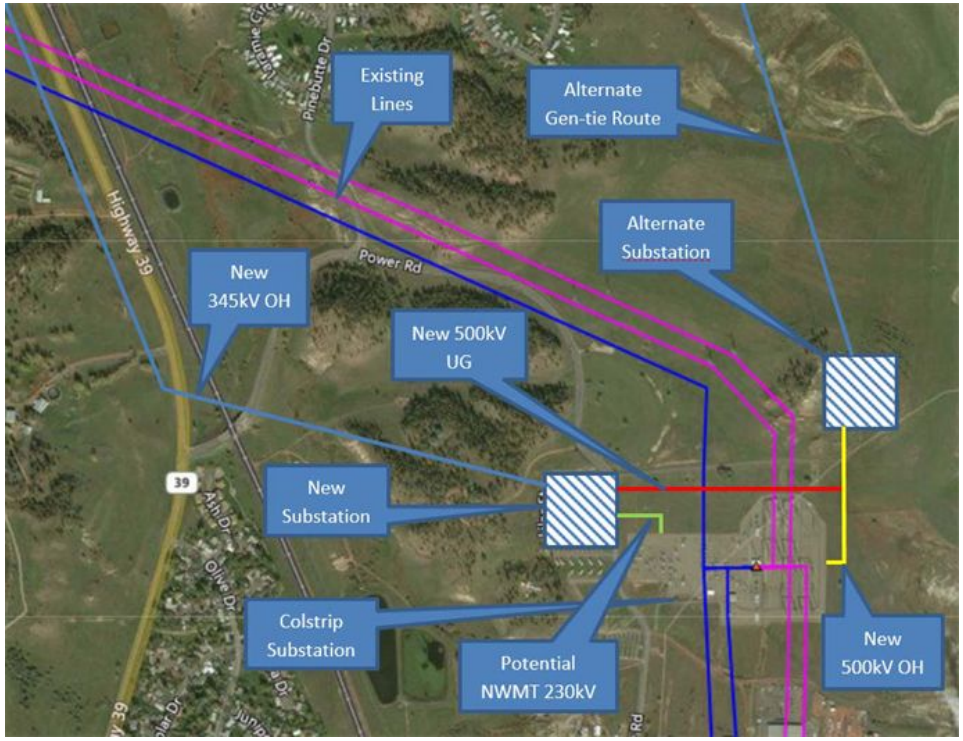
Permit status

Status	Permit	Agency	Est Date	Notes
	Conditional Use Permit	City of Colstrip	NA	Granted Jul 2020
	Section 10 Permit Modification	US Army Corps of Engineers	NA	Granted Oct 2020
	Sage Grouse Mitigation Plan Approval	Montana Sage Grouse Oversight Team	Feb 2021	In process
	Environmental Impact Statement for land lease	Montana Department of Natural Resources & Conservation	Jun 2021	Draft EIS to be submitted to state for review in December 2020
	No Hazard Determinations Modifications	FAA	Q3 2021	Several turbines changed locations. Requests submitted Oct 2020

Development status

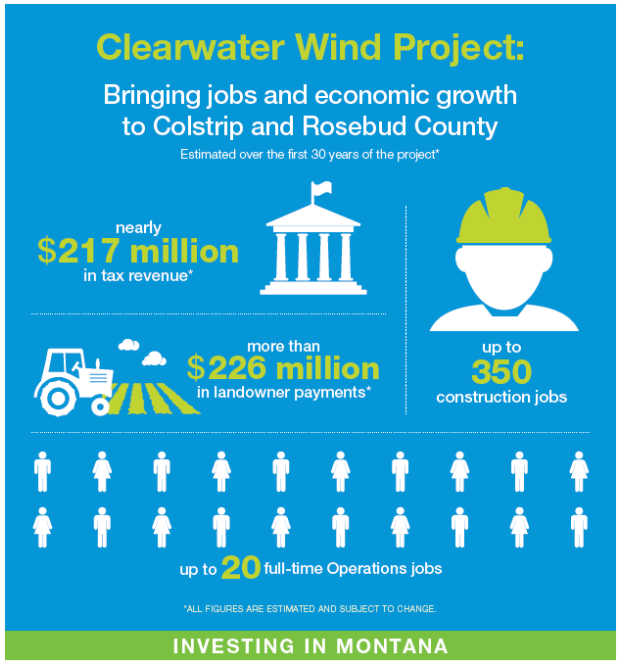
Status	Item	Agency	Est Date	Notes
	Highway Encroachment Agreement for Gen-tie	Montana Department of Transportation	Jan 2021	Submitted July 2020
	Gen-tie line Crossings	Western Area Power Administration, MT Dept of Transportation, BNSF	Apr 2021	All applications filed
	Land Use Change for Alternative Gen-tie Route	Montana Department of Environmental Quality	Q3 2021	Application filed Oct 2020
	Easements into Colstrip Substation	Colstrip Owners	Dec 2020	Discussions underway
	State land leases for Wind Farm	Montana Department of Natural Resources & Conservation	Jun 2021	Lease discussions underway. Dependent on EIS.

Simplified map of existing and proposed transmission and interconnection facilities at Colstrip



Clearwater wind project providing support to Colstrip and Rosebud County through jobs, tax revenue and private land leases

- Economic development agreement with Southeastern Montana Development Corporation (SEMDC) for >$150,000/year for life of project on youth athletics, medical services, water quality studies, scholarships, and grant matching
- Providing impact fees of approximately $5 MM over three years to Rosebud County
- Initial discussions with Miles City Community College on wind technician training program (in conjunction with other regional community colleges)
- Estimated job creation of 350 construction jobs and 20 operations jobs
- Tribal engagement: NextEra proactively reached out to 15 tribes, with 7-8 tribes actively participating in surveys to avoid tribal artifacts, despite no legal requirement to do so on private land
- Donated $1,500 to the Custer County Food Bank at the beginning of COVID (spring 2020)



Clearwater PPA supported and vetted by internal stakeholders

- *Energy Delivery* provided support for transmission service request, associated transmission studies, and transmission risk assessment
- *Resource Planning* provided key inputs from the Draft 2021 IRP, including capacity need, clean energy need, and resource peak contribution analysis
- *Front Office* helped develop PSE's obligations in the event of firm transmission delay, provided supplemental curtailment analysis, power cost analysis, and balancing cost analysis
- *Transmission Contracts* advised on setting up a pseudo-tie and informed Business Initiative that pseudo-tie should not be a gating issue for PPA signature
  - PSE is responsible to set up pseudo-tie in order to balance Clearwater output and meet eligibility requirements for I-937 RPS, if needed for future compliance
- *Load Office* has consulted with NextEra and confirmed general technical requirements for Clearwater participation in the EIM
- *Credit* has provided input for required credit support
- *Tax and Derivative Accounting* have reviewed PPA and provided input
- *Legal* has advised and participated in negotiations at key decision points
- *Regulatory* has advised on PoE rules and PSE term extension option
- *Government Affairs & Public Policy* were consulted on policy and taxation developments in Montana that could have a future impact on the project

PUGET SOUND ENERGY

PSE Report to the Board of Directors:
Clearwater Wind PPA

Attachment 3. Material Terms of the PPA

PSE Report to the Board of Directors: Clearwater Wind PPA

ATTACHMENT 3: Material Terms of the PPA

Material Terms of the PPA

Seller	Clearwater Energy Resources, LLC
Purchaser	Puget Sound Energy, Inc.
Contract Capacity	350 MW
Guaranteed COD	November 30, 2022
Price	[redacted] per MWh unless PSE exercises right to extend term from 20 to 25 years, in which case the price for all 25 years is $[redacted] per MWh
Term	20 Contract Years after the Commercial Operation Date ("COD"), provided that Purchaser has the right to extend the term to 25 years in its sole discretion by delivery of a written notice of extension to Seller no later than December 31, 2025
Delivery Point	(a) The point of interconnection between the project and the transmission provider's transmission system, located at the 500kV busbar in the Colstrip substation; or (b) If there is a delay in the date that Purchaser receives all firm transmission rights and all system upgrades necessary to allow all delivered energy up to the Contract Capacity to be transmitted from the Delivery Point to Purchaser's transmission system on a firm basis have been completed ("Firm Transmission Date"), Purchaser shall, if requested by Seller, (i) submit requests to BPA to redirect up to three hundred fifty (350) MW of existing firm BPA transmission currently held by Purchaser from BPA's Garrison substation to BPAT.PSEI to the intertie between NorthWestern and BPA; (ii) use commercially reasonable efforts to obtain up to three hundred fifty (350) MW of non-firm transmission on the Colstrip Transmission System to match forecasted generation from the Wind Project; and (iii) accept deliveries at either Mid-Columbia or BPAT.PSEI, subject in all cases to Purchaser's rights to reduce any such deliveries as necessitated by system conditions, or to address impacts on Purchaser's utility operations due to the non-firm nature of the deliveries by Seller.
Availability and Winter Output Guarantees	(a) If Seller fails to achieve an availability factor of at least [redacted]% in any contract year (subject to relief for force majeure), Seller must pay liquidated damages to Purchaser in order to compensate for the lost energy below a [redacted]% availability factor. (b) If Seller fails to achieve [redacted] MWh of output during any winter period ("Guaranteed Winter Period Output") (subject to relief for force majeure), Seller must pay liquidated damages to Purchaser in order to compensate for the lost energy below the Guaranteed Winter Period Output. (c) In each case, compensation is based on the difference between the market price for green power and the contract price, and is subject to a $/MWh floor amount that must be paid regardless.

PSE Report to the Board of Directors: Clearwater Wind PPA

ATTACHMENT 3: Material Terms of the PPA

Delay Liquidated Damages	(a) If Seller fails to start construction of the generator tie line on or before November 1, 2021 (as such date may be extended for (i) delays in the Firm Transmission Date beyond December 31, 2022 as indicated in the transmission studies and (ii) Purchaser delays or for up to 180 days for permitted extensions and force majeure), Seller must pay $[redacted] per day for each day of delay until such construction has commenced. (b) If Seller fails to start construction of the project on or before May 1, 2022 (as such date may be extended for (i) delays in the Firm Transmission Date beyond December 31, 2022 as indicated in the transmission studies and (ii) Purchaser delays or for up to 180 days for permitted extensions and force majeure), Seller must pay [redacted] per day for each day of delay until such construction has commenced. (c) If Seller fails to achieve COD on or before November 30, 2022 (as such date may be extended for (i) delays in the Firm Transmission Date beyond December 31, 2022 as indicated in the transmission studies and (ii) Purchaser delays or for up to 180 days for permitted extensions and force majeure), Seller must pay $[redacted] per day for each such day of delay (subject to receiving credit for any delay liquidated damages previously paid with respect to the milestones for commencement of construction of the generator tie line and/or the project).
Purchaser Termination Rights	(a) If Seller fails to start construction of the generator tie line on or before 120 days after the requisite date therefor as described under Delay Liquidated Damages above, (b) If Seller fails to start construction of the project on or before 60 days after the requisite date therefor as described under Delay Liquidated Damages above, (c) Seller fails to achieve the COD on or before 180 days after the requisite date therefor as described under Delay Liquidated Damages above. (d) If the project fails to achieve an availability factor above [redacted] in any two consecutive Contract Years or [redacted] of the Guaranteed Winter Period Output in any two consecutive Winter Periods, with an allowance (which may only be used one time during the entire term) for lost energy if there is a complete failure of the project's transformer during such period.
Mutual Termination Rights	(a) Failure by a Party to make any payment required when due or to perform any other material obligation under the PPA, if such failure is not cured within the specified cure period. (b) If any representation or warranty made by a Party is false in any material respect when made, has resulted in a material adverse effect on the other Party, and is not cured within the specified cure period. (c) If either Party makes an assignment for the benefit of its creditors, files a petition or otherwise commences a proceeding or cause of action under any bankruptcy or similar law, has such petition filed against it and such petition is not withdrawn or dismissed within 60 days, becomes insolvent, or is unable to pay its debts when due. (d) If either Party makes an unpermitted assignment or transfer of the PPA.
Seller Termination Rights	If, as of March 15, 2021, the transmission studies indicate that the aggregate amount of all transmission upgrade costs will exceed $[redacted], then Seller may terminate the PPA by no later than March 31, 2021.

PSE Report to the Board of Directors: Clearwater Wind PPA

ATTACHMENT 3: Material Terms of the PPA

Credit Support	Seller must either maintain an investment grade credit rating or furnish credit support in the form of: (a) a $[redacted] letter of credit; or (b) a combination of (i) a guaranty in the amount $[redacted] *plus* (ii) until the Commercial Operation Date, a guaranty in an amount (capped at $[redacted]) equal to the transmission upgrade costs incurred by Purchaser and a $[redacted] letter of credit.

PUGET SOUND ENERGY

PSE Report to the Board of Directors:
Clearwater Wind PPA

Attachment 4(a). Detailed Project Schedule

Prepared by NextEra

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PSE Report to the Board of Directors:
Clearwater Wind PPA

Attachment 4(b). Turbine Layout

Prepared by NextEra

[redacted]

Clearwater Wind

Non-Binding
Preliminary Site Plan for
Customer Informational Purposes Only

Puget Sound Energy - 350 MW
Remaining Project Turbines
Transmission Centerline
State of Montana Lands Under Option to Lease
Project Boundary

MT
ID
WY

N

0 2 4
Miles

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PSE Report to the Board of Directors:
Clearwater Wind PPA

Attachment 5. Permitting Checklist

Prepared by NextEra

Permitting Agency	Permit	Timeline	Additional Information	Status	Risk Level (1-low to 4-high)	Notes
Federal						
Federal Aviation Administration	Determination of No Hazard (DNH)	6-9 months	Submit new requests for select turbines due to shifts of over 1 arc-second in the field; DNHs to be filed for a small number of T-line pole structures near Forsythe airport	New DNHs to be filed October 2020 and approved by Q3 2021	1	Majority of 320 DNHs to be retained; no issues expected based on airspace evaluation
US Army Corps of Engineers	Section 10 of Rivers and Harbors Act, NWP 12	Complete	Gen-tie crossing of Yellowstone River	Complete 10/15/2020	Complete	Authorized 12-Aug-2019 (NWO-2017-01129-MTB); modification filed 30-Sept-2020. USACE provided correspondence on 15-Oct-2020 that the proposed change still meets the terms and conditions of the verified permit, therefore no additional authorization is required.
US Army Corps of Engineers	Section 404 of Clean Water Act NWP 12 14, and/or 51	N/A	Wetlands and waters of the U.S.	Anticipate non-notifying NWP. However, a pre-construction notification will be submitted prior to start of construction, if required.	1	Pending final site design; individual permit is unlikely. No impacts to ESA species or cultural resources anticipated; no USFWS or SHPO consultation required.
State						
MT Department of Natural Resources & Conservation (DNRC)	Linear Easement	Complete	Gen-tie crossing of Yellowstone River (state owns riverbed)	Complete 9/21/2020	Complete	
MT Department of Transportation (MDOT)	Highway 39 Encroachment Permit	3-4 months	Crossing of Highway 39 via alternate gen-tie route on west side of City of Colstrip	Filed July 2020, pending MDOT feedback	1	
MT Sage Grouse Habitat Conservation Program (MSGHCP) and Oversite Team (MSGOT)	Sage Grouse Avoidance and Mitigation Plan	9-12 months	MSGHCP consultation and MSGOT approval of a mitigation plan is required for any state agency review, approval, or authorization (e.g., permit) when there is disturbance in greater sage-grouse habitat. Mitigation can include contributions to the state Stewardship Fund and/or permittee-responsible projects (e.g., perpetual or termed conservation easements or leases).	Approval expected Feb 2021	2	Pending final site design.
MT Department of Natural Resources & Conservation (DNRC)	State Lands Environmental Impact Statement	9 months	Required prior to construction of wind facilities on state lands. EIS is in progress for approximately 5,000 acres of state lands	Approval expected June 2021	1	Draft EIS to be submitted by end of Q4 2020.
Montana Department of Environmental Quality (DEQ)	MPDES general permit	6-9 months	MT Stormwater and Erosion Control permit.	To be submitted prior to start of construction; stormwater pollution prevention plan has already commenced	1	Pending final site design.
Montana DEQ	Section 401 of the Clean Water Act - Water Quality Certification	45 days	CWA requires state certification for any permit or license (i.e. 404 permit) issued by a federal agency for an activity that may result in a discharge to state waters, including wetlands.	Permit package for transmission line anticipated to be submitted by end of Q4 2020. Package for array anticipated to be submitted Q1 2021	1	Pending final site design.
Montana DEQ	318 Authorization - Temporary Turbidity	45 days	Required for any activity in any state water that will cause unavoidable short-term violations of water quality standards (i.e. temporary construction crossings of waters).	Permit package for transmission line anticipated to be submitted by end of Q4 2020. Package for array anticipated to be submitted Q1 2021	1	Pending final site design.
County/Local						
City of Colstrip	Conditional Use Permit	Complete	Gen-tie to substation at POI	CUP received 7/28/2020	Complete	
Rosebud, Custer, Garfield Counties	Road Use Agreement & Development Agreement	3-6 months	Road use and maintenance agreements covering dust control, road repairs, haul routes, and other traffic activity	In process, expected completion in Q4 2020 for Rosebud & Custer counties	1	Garfield County does not have any county-owned roads in the vicinity of the project; assessing whether road use agreement is needed for this county
Rosebud County	Floodplain Development Permit	60 days	For construction of gen-tie within 100-yr floodplain, in area near Yellowstone River crossing	Application filed Q4 2020	1	
Other Approvals, Colstrip Land Rights						
Colstrip Plant Owners	Transmission Easement	3-6 months	Talen Energy, on behalf of Colstrip Community Services (jointly owned by Puget Sound Energy and Talen Energy), grant of land rights for gen-tie facilities on Colstrip Power Plant land in City of Colstrip	Approval expected Q4 2020	1	Transmission easements are in discussion between legal entities
Western Area Power Administration, MT Department of Transportation, BNSF	Major Crossings	6-9 months	Gen-tie crossings of WAPA, MDOT highway, and BNSF railroads	In progress; all applications have been filed or are in the process of being filed; all agreements will be in hand by April 2021	1	
Montana DEQ	Land Use Change	9-12 months	Westmoreland is applying for a land use change from rural/agricultural to commercial/industrial to permit a gen-tie through the Area D mine reclamation land	Land use application submitted to DEQ on 30-Oct-2020. Approval expected Q3 2021	2	

PUGET SOUND ENERGY

PSE Report to the Board of Directors:
Clearwater Wind PPA

Attachment 6. Transmission Matters

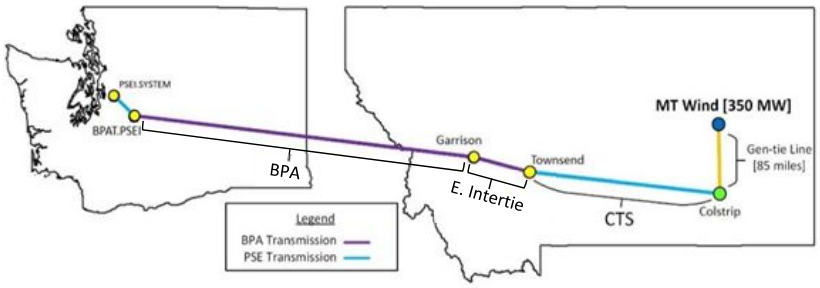
Transmission Matters

This appendix presents an overview of the transmission arrangements needed to deliver the output of the 350 MW Clearwater Wind Project to PSE's customers. The information is presented as follows:

1. Overview of the transmission segments, studies and upgrades
2. A schedule of transmission arrangements and studies
3. Outstanding matters and associated risks and mitigations
4. The NorthWestern Energy System Impact Study prepared for PSE long-term point-to-point transmission service on the Colstrip Transmission System.

1. Overview of Transmission Segments, Studies and Upgrades

The Clearwater Wind Project will repurpose transmission available from the retirement of Colstrip Units 1&2. The transmission path consists of three transmission wheels: (1) Colstrip Transmission System ("CTS"), (2) Eastern Intertie, and (3) BPA main grid. All three segments have been analyzed for potential use for a proposed Montana renewables project. Additionally, to integrate the Clearwater Wind Project into PSE's Balancing Authority Area ("BAA"), the project's output will be connected to PSE's system by a pseudo-tie. This section provides an overview of each transmission wheel and the pseudo-tie.



The Clearwater Wind Project requires a series of transmission studies to assess the impact of delivering the wind energy to the Colstrip Substation and westward on the CTS, and any required upgrades. These studies provide visibility into the costs associated with system upgrades, timelines to complete upgrades, and the resulting transmission system capabilities. They examine a number of new frontiers along the CTS, including the introduction of variable energy on the CTS, impacts on nearby transmission systems (BPA) and the design/scoping of a remedial action scheme ("RAS") across the CTS.

ATTACHMENT 6. TRANSMISSION MATTERS

Colstrip Transmission System

In August 2019, PSE Merchant ("PSEM") submitted a 350 MW transmission service request ("TSR") to PSE Transmission ("PSEI") for service on the CTS with a Source/Point of Receipt ("POR") at Colstrip 500 kV and a Sink/Point of Delivery ("POD") at Townsend 500 kV. These rights will allow energy from the Clearwater wind facility to flow east to west by way of the CTS. The submittal of PSE's TSR on the CTS triggered the need for a System Impact Study ("SIS"). The SIS provides a technical analysis of the impacts of the TSR on the transmission system, and a high-level overview of scope, construction timeline and cost estimates of upgrades required to deliver energy from the new Clearwater wind resource using 350 MW of firm transmission capacity on the CTS.

PSE received the SIS from NorthWestern Energy ("NorthWestern") on November 30, 2020, resulting in an offer of 20 MW of firm service available starting July 1, 2021. The remaining 330 MW of transmission service will require the Clearwater project to connect to a new RAS on the CTS, which will be part of an already planned network upgrade on behalf of the CTS owners. The SIS estimated that the cost to PSE to integrate the Clearwater Wind Project into the new RAS will be $[redacted]. The complete SIS report is appended at the end of this attachment.

NorthWestern will next conduct a Facilities Study ("FS"). The FS will provide more detailed cost and schedule information for the RAS integration work required for the remaining 330 MW of CTS transmission capacity. PSE anticipates that the FS will be completed by June 2021 and the CTS upgrades and RAS will be completed by June 2022.

Eastern Intertie

The Eastern Intertie is owned by the Bonneville Power Administration ("BPA") and connects Townsend to Garrison. PSE holds 680 MW of capacity on the Eastern Intertie through 2027 under the Montana Intertie Agreement, which may be renewed. The Montana Intertie Agreement between BPA, Avista, NorthWestern, PacifiCorp, Portland General and Puget Sound Energy provides for the construction and operation of the Eastern Intertie, cost allocation among the parties to the agreement, and transmission service by BPA over the Eastern Intertie.

PSE had originally planned to use Eastern Intertie capacity that would have been available to PSE after the sale of Colstrip Unit 4; however, as a result of the cancellation of the sale, PSE will secure an additional 40 MW to accommodate the entirety of Clearwater's throughput. This additional capacity is available, and PSE is taking the necessary steps with BPA to secure it. PSE anticipates receiving firm transmission on the Eastern Intertie by July 2022.

BPA Main Grid

PSE holds sufficient firm point-to-point capacity rights on BPA's main grid to transmit the 350 MW of throughput from the Clearwater Wind Project from Garrison to PSE's system at BPAT.PSEI. As a result of PSE's TSR on the CTS, BPA completed an Affected Systems Study on November 6, 2020, which was conducted concurrently and in coordination with the NorthWestern SIS. BPA's Affected System Study identified the need for a change to its Western Montana Remedial Action Scheme ("WMRAS") to integrate the Clearwater project. This WMRAS will operate in concert with the new RAS identified in the SIS. The Affected System Study indicated no cost to PSE for this work, and is projected to be completed in summer

2022, aligning with the CTS RAS upgrade work. PSE anticipates that the BPA WMRAS upgrades will be complete by August 2022.

Pseudo-Tie

To integrate the Clearwater wind resource into PSE's BAA, the project's output will be connected to PSE's system by way of a pseudo-tie. A pseudo-tie is a "virtual" tie-line, between the NorthWestern and PSE BAAs. PSE has begun the process of submitting a pseudo-tie request to PSEI, in accordance with PSEI's Business Practice. PSEI has indicated that determination of the timeline and costs for conducting a feasibility study and establishing the pseudo-tie will in part be driven by the results of the SIS and forthcoming FS. PSE expects to execute a pseudo-tie study agreement by July of 2021. The pseudo-tie must be in place prior to the November 30, 2022 COD, and PSE is confident that this timeline does not present a technical challenge based on prior experience with the Colstrip pseudo-tie.

ATTACHMENT 6. TRANSMISSION MATTERS

2. Schedule of Transmission Arrangements and Studies

Event	Expected Date
System Impact Study received from Northwestern	*11/30/2020*
20 MW Partial Service Agreement executed by PSE	*12/17/2020*
Documentation for pseudo-tie submitted	12/21/2020
PSE signs Facility Study Agreement	1/17/2021
40 MW Eastern Intertie request submitted by PSE	2/1/2021
CTS Owners complete Facility Study*	6/1/2021
BPA executes DTC agreement	4/1/2021
20 MW Partial Service begins	7/1/2021
PSEI executes Pseudo-Tie Agreement	7/1/2021
PSE begins EIM Participating Resource Process	12/1/2021
New 500kV RAS upgrades complete	6/1/2022
PSE receives transmission on Eastern Intertie	7/1/2022
New BPA WMRAS Upgrades Complete	8/1/2022
Clearwater Project COD	11/30/2022

*Earliest potential completion date is March 17, 2021. However, PSE believes that June 2021 is a more realistic expected completion date based on delays experienced with delivery of the SIS.

3. Outstanding Matters and Associated Risks and Mitigations

The resource acquisition team worked closely with PSE's energy delivery team in determining transmission arrangements, monitoring the status and progress of required studies, and assessing the risks associated with delivering the output of the 350 MW Clearwater project to PSE's load. As part of this coordination, Energy Delivery prepared two memoranda for the purpose of this Board Report summarizing key outstanding risks and mitigations related to securing and maintaining the required firm transmission capacity.

Energy Delivery also prepared a memorandum on the BPA Affected Systems Study. Due to the confidentiality requirements associated with protection of Critical Energy Infrastructure Information in the Affected System Study report, this study is password-protected and accessible only to those authorized to the view the information. The Energy Delivery team has therefore prepared a summary of the results of the study, which is included in this attachment.

The Energy Delivery summaries appear below in the following order:

a. BPA Affected System Study Summary

b. Clearwater PPA - Transmission Conceding Risk

c. Clearwater PPA - WECC Path 8 Rating Risk

Memorandum

TO: **Colin Crowley, Business Initiatives**
FROM: Tom Flynn, Brian Tyson, Peter Tassani
DATE: December 9, 2020
SUBJECT: BPA Affected System Study Summary

Background

In August 2019, PSE Merchant ("PSEM") submitted a 350 MW transmission service request ("TSR") to PSE Transmission ("PSEI") on the Colstrip Transmission System ("CTS") with a Source/Point of Receipt ("POR") at Colstrip 500 kV and a Sink/Point of Delivery ("POD") at Townsend 500 kV. Upon completion of an initial analysis, it was determined that the CTS did not have enough available transfer capability to grant the TSR. Therefore, NorthWestern Energy ("NorthWestern"), on behalf of the CTS Owners, performed a System Impact Study ("SIS"), which was completed on November 30, 2020. As required in the SIS process, the Transmission Provider must identify and coordinate a parallel study with any transmission provider(s) that may be affected by this TSR. As a result of the TSR, an Affected System Study was conducted by the Bonneville Power Administration ("BPA").

Summary and Recommendation

The Affected System Study concluded that BPA will make changes to their Western Montana Remedial Action Scheme (WMRAS), in coordination with NorthWestern's new CTS Remedial Action Scheme ("RAS"). PSE will need to participate in the BPA WMRAS, which will be conducted at no cost to PSE and is estimated to be completed by August 2022. This completion date generally aligns with the anticipated completion of the CTS RAS in June 2022 per the CTS Owners' SIS.

Affected System Study Results

The Affected System Study was completed on November 6, 2020 and concluded that PSE will need to participate in BPA's WMRAS in order for the 350 MW TSR on the CTS to be granted by the CTS Owners. BPA is scoping the required network reinforcement project that will modify its existing WMRAS controller. This controller will communicate with the new CTS RAS, and use inputs from the CTS RAS and the WMRAS to trip the Clearwater Wind Project. The new CTS RAS will be activated by June 2022 after the replacement of the Acceleration Trend Relay ("ATR") at Colstrip, per the CTS Owners' SIS.

There will be no cost to PSE for BPA's work. BPA estimated that the WMRAS changes will be completed by August 2022 and BPA will coordinate with NorthWestern on the required work.

ATTACHMENT 6. TRANSMISSION MATTERS

Additional Information

Due to the confidentiality requirements associated with protection of Critical Energy Infrastructure Information in the Affected System Study report, the Energy Delivery team will retain the study in its records. The study is password protected and Energy Delivery will grant access only to those authorized to view the information.

If you have any questions or would like additional information on this subject, please contact Energy Delivery.

PSE Report to the Board of Directors: Clearwater Wind PPA

ATTACHMENT 6. TRANSMISSION MATTERS

Memorandum

TO: **Colin Crowley, Business Initiatives**
FROM: Tom Flynn, Energy Delivery
DATE: December 9, 2020
SUBJECT: Clearwater PPA - WECC Path 8 Rating Risk

Background

Puget Sound Energy Merchant ("PSEM") submitted a transmission service request to the CTS Owners for 350 MW of transmission rights from Colstrip to Townsend. These rights will allow energy from the Clearwater wind facility to flow east to west via the Colstrip Transmission System ("CTS"), which would enable PSEM to utilize existing transmission rights along the BPA Eastern Intertie and BPA network transmission to deliver the power to PSE's load center.

This flow of energy crosses a WECC defined Path 8, which represents energy flowing from Montana into the Pacific Northwest. This path is rated at 2,200 MW based on the output of generation from Colstrip Units 1, 2, 3 and 4. The path rating remained at 2,200 MW after Units 1&2 were shut down in January 2020 and Colstrip 3&4 continued to operate. In May 2020, NorthWestern Energy ("NorthWestern") met with the WECC Path Rating committee and presented its plan for updating the rating of Path 8. NorthWestern proposed to retain Path 8's current rating and to conduct a restudy after the connection of new wind resources on the CTS. All parties agreed that there is no need to study the path rating at this time and the WECC committee approved NorthWestern's proposal to study and update the path rating after new resources are in operation.

As part of the risk and mitigation process for signing a PPA for the Clearwater Wind Project, the Energy Delivery team assessed the impacts to the transmission capacity and contractual rights of Puget Sound Energy's Transmission Provider ("PSEI") and PSEM, if the path rating decreases.

Summary and Recommendation

Energy Delivery consulted its legal counsel Van Ness Feldman for an interpretation and understanding of the potential impacts of a path derate on future transmission capacity and contractual rights across the CTS, and to clarify the provisions in the Colstrip Transmission Agreement ("CTA") and the CTS Owners' Open Access Transmission Tariffs ("OATTs") addressing these potential impacts. It was concluded that in the event that WECC Path 8 is derated, the CTS Owners' transmission capacity rights would be reduced on a pro-rata, non-discriminatory basis by the Transmission Operator (NorthWestern on behalf of the CTS Owners). The associated PSE Merchant contract transmission rights would be accordingly curtailed by the Transmission Operator (NorthWestern).

In addition, PSE and the CTS Owners are not obligated by their transmission tariffs to restore the CTS's original rated capacity. However, if there are new or existing transmission requests by customers (including the CTS Owners' merchants), upgrades would be identified via studies and funding would follow the normal tariff processes.

The future risks of delivery for the Clearwater Wind Project in the event of a CTS derate could be minimized with one or more of the following actions:

1) sell energy at Colstrip,
2) prioritize the scheduling of power from the Clearwater Wind Project over Colstrip output on the derated portion of PSE's 750 MW of transmission capacity (this will be more straightforward starting in 2026 with the removal of Colstrip Units 3&4 from rates),
3) purchase short-term or long-term transmission from CTS Owners with unused transmission capacity,
4) submit a new transmission service request to the CTS Owners to replace PSE's lost transmission capacity, and
5) consider options in the PPA associated with transmission curtailments due to system conditions or emergency conditions.

Furthermore, as part of a potential Path 8 derate, PSEM's contracted BPA transmission rights on the BPA Eastern Intertie and BPA main grid from Garrison would also accordingly be curtailed. Similar mitigation steps to those listed above would apply to working with BPA as the transmission provider.

PSE Capacity Ownership Rights

Section 7(d) of the CTA states the following:

> If the Transmission Operator determines…that capacity of the Transmission System…has been derated so that each Transmission Owner cannot use its Requirements Capacity, then the use of all available capacity will be allocated among the Transmission Owners by the Transmission Operator in the proportion that each Transmission Owner's Requirements Capacity bears to all Transmission Owners' Requirements Capacity.

This means that after a derate the available transmission capacity for each owner is distributed on a pro-rata basis according to each CTS Owner's percentage of the CTS capacity. PSE has 33 percent (746 MW) of the Colstrip-Broadview segment and 39.3 percent (759 MW) of the Broadview-Townsend segment.

Van Ness Feldman noted one potential exception in Section 7(f) of the CTA that could affect the pro-rata capacity reductions:

> Transmission Operator shall interrupt, curtail or otherwise restrict schedules through the Broadview Substation 500/230 kV transformers, described in Exhibit "A", to the extent required by Montana to transmit 822.8 MW of its power through said transformers.

Thus, this 823 MW would appear to be given priority over all other firm schedules, including that of PSEM.

ATTACHMENT 6. TRANSMISSION MATTERS

PSEM Contractual Transmission Rights

PSEM retains approximately 370 MW of contracted transmission on the CTS as a customer of PSEI Transmission for Units 3&4, and has 350 MW of requested transmission pending in study for the Clearwater Wind Project. Section 13.6 of PSE's OATT ("Curtailment of Firm Service") provides in part:

> In the event that a Curtailment on the Transmission Provider's Transmission System, or a portion thereof, is required to maintain reliable operation of such system and the system directly and indirectly interconnected with Transmission Provider's Transmission System, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, the Transmission Provider will curtail service to Network Customers and Transmission Customers taking Firm Point-To-Point Transmission Service on a basis comparable to the curtailment of service to the Transmission Provider's Native Load Customers. All Curtailments will be made on a non-discriminatory basis.

In the event of a derate of the CTS, PSEM's contracted transmission rights would be curtailed by NorthWestern on a non-discriminatory basis per the OATT.

CTS Owners' Obligations to Upgrade CTS in the Event of a Derate

CTS Owners are not obligated under their respective OATTs or the CTA to upgrade or fund upgrades on the CTS, in the event that the path is derated. The CTS Owners could voluntarily agree to fund upgrades or expansions per the CTA (for reliability, business decisions, maintenance, etc.), but this is not a mandatory obligation for the CTS Owners. The PSE OATT provides for a general process to study new transmission service requests, and the CTS Owners would be obligated to study potential upgrades or expansions of the transmission system to accommodate the requested transmission. The costs for these upgrades would be assigned according to standard OATT processes. In general, upgrade costs are funded by the Transmission Customer per PSE OATT Section 27. However, network upgrades that benefit the transmission system can be voluntarily funded by the Transmission Provider, either directly or through a reimbursement process with the Transmission Customer.

Recommended Mitigation Measures

There are several mitigation measures available to manage the potential adverse impacts on PSEM's contracted transmission rights in the event of a derate.

1) PSEM could sell the energy from the Clearwater project to a third party at the Colstrip Point of Receipt ("POR").
2) PSEM could prioritize scheduling power from the Clearwater project over Colstrip output. Note that starting in 2026, Colstrip Units 3&4 will be removed from rates, which would free up370 MW of transmission on the CTS and provide more flexibility in the event of a derate.

3) PSEM could purchase short-term or long-term transmission from other CTS owners with unused transmission capacity. A derate could be a result of long-term closures of Colstrip Units 3&4, in which case other CTS Owners would likely have unused transmission to sell.
4) PSEM could submit a transmission service request to the CTS Owners for PSE's portion of lost transmission capacity due to a derate.
5) PSEM could consider activating provisions in the PPA associated with transmission curtailments due to system conditions or emergency conditions.

At this point, there is no indication of the potential scale of possible derates that could occur, nor what the costs would be to return the path to its original rating. However, the mitigation steps listed above should result in a manageable risk for the project.

Next Steps

The team will continue to monitor the progress of the path rating process once a transmission service agreement is signed and the Clearwater Wind Project is energized. This will include ongoing engagement with the WECC Path Rating Committee and the CTS Owners to determine what action, if any, is needed to maintain an acceptable rating for uninterrupted delivery of Clearwater energy.

Memorandum

TO: **Colin Crowley, Business Initiatives**
FROM: Tom Flynn, Energy Delivery
DATE: December 9, 2020
SUBJECT: Clearwater PPA – Transmission Conceding Risk

Introduction

Among the quantitative and qualitative factors associated with recommending execution of the Clearwater Wind PPA, the value of the transmission rights that PSE will secure on the Colstrip Transmission System ("CTS") as a consequence of the transaction is an important consideration. This memo documents potential risks to the 350 MW of requested transmission on the CTS in the event that the Clearwater Wind PPA is not executed or the Clearwater Wind Project is not constructed.

Background

PSE Merchant ("PSEM") submitted a transmission service request to the CTS owners via PSEI Transmission for 350 MW of transmission rights from Colstrip to Townsend. These rights will allow energy from the Clearwater wind facility to flow east to west by way of the CTS. PSEM received the System Impact Study ("SIS") from the CTS owners on November 30, 2020. The SIS resulted in an offer of 20 MW of firm service available starting July 1, 2021. The remaining 330 MW of transmission will require that the Clearwater Wind Project connect to a new remedial action scheme ("RAS") on the CTS, which will be constructed by the CTS Owners and placed into service by June 2022. NorthWestern Energy ("NorthWestern") will conduct a Facilities Study ("FS") on behalf of the CTS Owners to determine a refined cost and schedule for the new RAS on the CTS. Upon completion of the FS, PSEM will be offered a transmission service agreement per the original transmission request.

Summary of Findings

If the Clearwater Wind Project is cancelled or the PPA is not executed *prior to the execution of a transmission service agreement*, the 330 MW of requested transmission would revert back to PSEI Transmission and be posted on OASIS as available transmission per FERC requirements. The relinquished transmission would then become available to other parties including other CTS owners. Any new transmission requests for a new resource would go into an SIS) that would be managed via a routine FERC queue process. If one of the CTS owners acquires additional CTS transmission, the CTS owner could pair it with existing or newly acquired BPA Eastern Intertie and BPA main grid transmission to deliver energy to its load center.

ATTACHMENT 6. TRANSMISSION MATTERS

If PSEM accepts and signs a transmission service agreement for the 330 MW after the Facilities Study is completed, PSEM would retain the transmission rights. The transmission could then be used for a different project, be redirected, resold, or delayed to a future start date.

This memo serves as a notice of the findings described below. The team recognizes this to be a risk to PSE, consistent with the team's understanding of PSEI's Open Access Transmission Tariff ("OATT").

Discussion

Ending negotiations on the PPA or a cancellation of the PPA prior to PSEM executing the transmission service agreement, would result in PSEM withdrawing its transmission request. Those transmission rights from Colstrip to Townsend would return to PSEI and would be offered as available transmission capacity on OASIS per FERC regulations. This would allow other parties including the CTS Owners, to submit a request for this available transmission from PSEI. Furthermore, a CTS owner could purchase existing available transmission on the Eastern Intertie (184 MW) and deliver to Garrison, which could enable the CTS owner to take delivery of power from a new Montana resource. Alternatively, a third-party could partner with a CTS owner to create a transmission path from this unused transmission and deliver energy from their resource out of Montana. If another party requests any portion of the 330 MW posted on OASIS, any future requests by PSEM for a new project would be queued behind other requests. In both cases, the transmission along the CTS and the available transmission along the Eastern Intertie would be obtainable by other parties, thus decreasing the opportunity for PSE to acquire new resources in Montana and deliver energy to PSE's load. This could result in no new development opportunities in Montana for PSE until the closure of Colstrip Units 3 and/or 4.

If PSE executes a transmission service agreement and for some reason the Clearwater Wind Project is not constructed or the PPA is not executed, PSEM will retain the transmission rights. PSEM could choose to use the transmission or redirect it for another new resource, resell it to a third party, or extend the commencement of transmission service for another resource (extensions are limited to five one-year extensions). This same scenario also applies if NextEra cancels the project or there is a fatal flaw. Once PSEM has accepted and signed a transmission service agreement, PSEM has options and may choose how it will apply the transmission service, even if the Original Source tied to the original transmission service request is no longer feasible.

Next Steps and Recommendation

The team will continue to monitor the progress of the Facilities Study and associated transmission service agreement, and maintain open, transparent dialogue with NextEra on the status of the pending transmission service request. The team continues to believe that the most favorable path forward includes a signed PPA with Clearwater that benefits PSE's customers.

4. The Northwestern Energy System Impact Study

The System Impact Study is appended to this attachment in its original format following this page.

Exhibit Book Part 1: Clearwater Wind PPA Board Package - (3) Clearwater PPA Board Report_010421

350 MW PTP

PUGET SOUND ENERGY

TSR #89692417

LONG TERM POINT-TO-POINT TRANSMISSION SERVICE

SYSTEM IMPACT STUDY

11/30/2020

ELECTRIC TRANSMISSION PLANNING

Table of Contents

Introduction

This System Impact Study ("SIS") report documents work performed by NorthWestern Energy (NWE or NorthWestern) in accordance with the Colstrip Business Practice and the System Impact Study (SIS) Agreement between The Colstrip Transmission System (CTS) Owners and Puget Sound Energy, Inc. through its Energy Supply Merchant group (Transmission Customer). The Transmission Customer requested 350 MW of Long-Term Firm Point-to-Point Transmission Service (PTP) from a new point of receipt at Colstrip to a point of delivery at Townsend for a term of five years (TSR or Requested Service). The Transmission Customer requested an evaluation of conditional curtailment option associated with the Requested Service.
The SIS included an in-depth analysis of the transmission system to a variety of system operating conditions. The mitigation (including cost responsibility) for any transmission violations is defined as part of this Long Term Point-to-Point Transmission Service Request. NWE is responsible for maintaining acceptable system reliability, and must be certain that system reliability is maintained with the addition of a new POR. NWE's Business Practices identify the acceptable tolerance levels.

The findings included in this study do not assure the Transmission Customer that the planned facility will be allowed to operate at full capacity under all operating conditions. Further and more detailed studies may reveal other operating constraints not revealed in this System Impact Study. This Study also does not guarantee the customer's ability to use this point to point service from the point of receipt at all times.

Transmission Service Request

NWE has completed the System Impact Study (SIS) for PTP request #89692417 as submitted by Puget Sound Energy, Inc. through its Energy Supply Merchant group. The requested service is 350 MW from New Point (a Point of Interconnection at the 500 kV switchyard at Colstrip, MT) to Townsend (BPA). The Transmission Customer has also requested a study of maximum output without any of the required mitigation and requested NorthWestern Energy study conditional curtailment as part of this System Impact Study. The TSR details are as follows:

- **Point of Receipt (POR)**
  - New Point (CTS Colstrip, a new 350 MW wind resource with an 80 mile generator lead line connected to Colstrip substation)
- **Point of Delivery (POD)**
  - Townsend
- **Peak Generation**
  - 350 MW
- **Requested Start Date**
  - 7/1/2021 for a term of five years

Study Method

NWE utilized PSS®E software to conduct the SIS analysis for the proposed request to include the specific source data provided in the written application. The study was conducted consistent with NWE's Available Transfer Capability Implementation Document (ATCID) and the Colstrip Transmission System – Transmission Service and Interconnection Processes and Procedures. The PSS®E base cases used were the Western Electricity Coordinating Council (WECC) 2020 Heavy Summer and 2020 Light Summer. Generation dispatch and path flows were modified to stress the system in various ways.

Steady State Power Flow Analysis

The steady state power flow analysis examines steady state, system normal operating conditions with no elements out of service (i.e., P0 conditions) and with various elements out of service (i.e., P1-P7 conditions).

A power flow simulation is completed before and after the addition of the TSR to identify any unacceptable thermal overloads and voltage excursions the TSR may cause. The local area contingencies were the primary focus, but major transmission line outages around the NWE system were also studied.

Results

The results of the power flow analysis showed that transmission capacity is limited by loss of the 500 kV lines exiting Colstrip causing overloads on the underlying 230 kV system. It was determined that 20 MW is available as Partial Interim Service consistent with Section 19.7 of the tariff and the Transmission Customer will be offered a Long Term Point to Point Transmission Service Agreement for 20 MW subject to completion of the new POR. The POR associated with this TSR will not be available until May 2022. The results of the power flow study for the remaining 330 MW of this TSR will require integration of a new 500 kV Remedial Action Scheme (RAS) to protect the system from thermal overloads caused by the addition of the TSR. The requirement for service will include the need for RAS testing and generator commissioning for the new POR. Bonneville Power Administration is a potentially affected system with respect to the RAS and BPA's RAS upgrades west of Garrison.

Assuming the Transmission Customer elects to proceed with the remaining 330MW of the TSR, it will be further evaluated as part of a Facilities Study.

The Conditional Firm Transmission Service Study did not identify any ATC available as part of the conditional curtailment assessment.

Transient Stability Analysis

When a fault occurs on the system protective relaying will respond by opening circuit breakers to remove the affected transmission elements from service. This switching action causes a system disturbance. Faults are simulated to determine if the transmission system will recover to acceptable steady state operating conditions after a system disturbance. Events that were studied include single phase and three phase faults causing either single or multiple branch outages and/or generator outages. The simulations are intended to assess the how the Generation Facility interacts with the rest of the system.

Results

It was determined that there will not be adequate transfer capability to satisfy the full amount of the Requested Service without a new 500 kV RAS. The results of the transient stability analysis showed that the TSR will require integration into a new 500 kV RAS to protect the system from voltage stability issues in order to offer the full 350 MW requested in the transmission service request.

Study Results

The addition of the TSR caused thermal violations and increased voltage stability issues which will require integration into a new 500 kV RAS. The maximum amount of transmission available that the Customer can use without the required RAS is **20 MW** on a partial interim basis.

Required Facilities

The following Transmission Customer facility modifications and system modifications will be required for the requested Transmission Services Agreement:

- To establish a new POR and provide the Requested Service will require integration into the new 500 kV RAS, which includes the need for RAS testing and generator commissioning.

Customer Facility Modifications

None identified.

System Modifications

As described in the preceding sections, this TSR will require integration into a new 500 kV RAS before the full 350 MW of requested transmission can be granted. The CTS owners have a planned project to replace the existing CTS Accelerated Trend Relay (“ATR”) which is planned for completion in 2022 and will result in a new 500 kV RAS as a planned upgrade which is scheduled to be complete by June 1, 2022. The ATR replacement project is required for the

Requested Service and the new 500kV RAS will then be modified to include the new source at the POR and include changes to the design, development, and testing of the new 500kV RAS in conjunction with the new POR.

The system modification costs presented in Table 1 below reflect the engineering and equipment required to add this TSR and its associated 350 MW to the RAS. The combination of the POR and this RAS will affect the requested Commercial Operation Date.

Cost Estimate

A non-binding cost estimate to serve the PTP TSR is summarized in Table 1.

Table 1: High-Level, Non-Binding Estimates of the Costs.

	Conceptual Cost Estimate
System Modifications	
Integration into new 500 kV RAS	[redacted]
Cost Estimate	[redacted]

Notes

1. All costs shown are fully loaded, and do not include the required CIAC tax. Costs are in 2020 dollar values and are subject to change due to inflation costs. The Customer will be responsible for all actual charges required for the PTP request.
2. Costs exclude the new 500 kV RAS (ATR replacement project) which is a CTS owner planned network upgrade and required for the Requested Service.

Planned Network Upgrades and Source Schedule Considerations

The POR source is not expected to be finished with construction until May 2022. All 500 kV RAS work is anticipated to be complete by June 2022. Based on this implementation timeline for the new source and the completion of the ATR replacement project which is a planned network upgrade on behalf of the CTS owners it has been determined that the requested transmission start date of July 1, 2021 is not feasible.

Next Steps

The SIS concluded that 20 MW is available as Partial Interim Service consistent with Section 19.7 of the tariff. The Transmission Customer will be offered a Long Term Point to Point Transmission Service Agreement for 20 MW. The SIS determined that consistent with the tariff when a System Impact Study is required, the provisions of Section 19 will govern the execution of a Service Agreement and the Transmission Provider will be required to execute the transmission service agreement within fifteen (15) days after it is tendered.
A results meeting will be scheduled to discuss the findings of this SIS with the Transmission Customer. If, after the meeting, the Transmission Customer wishes to continue with the remaining 330 MW of the transmission service request, a Facilities Study Agreement will be issued for the remaining 330 MW of the Requested Service.

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PSE Report to the Board of Directors:
Clearwater Wind PPA

Attachment 7. Wind Resource Assessment

Prepared by DNV-GL

Exhibit Book Part 1: Clearwater Wind PPA Board Package - (3) Clearwater PPA Board Report_010421

See the *Clearwater Wind Farm: Preliminary Energy Assessment Report*, dated September 20, 2019.

The assessment has been posted as a separate PDF file attachment to this *Report to the Board of Directors*, in the format provided to PSE by DNV-GL.

PUGET SOUND ENERGY

PSE Report to the Board of Directors:
Clearwater Wind PPA

Attachment 8. Detailed Risks and Mitigations

Detailed Risks and Mitigations

This attachment describes the risks and mitigations associated with the Clearwater Wind Project and PSE's power purchase agreement ("PPA") for the output associated with an approximately 350 MW portion of the anticipated 750 MW first phase of the Clearwater wind development project. Clearwater is a relatively medium risk project because of the challenging development work required to reach commercial operations, including construction of an 85-mile generation-tie line and a complicated interconnection at the existing Colstrip Substation, requiring multilateral agreement among the five Colstrip Owners. Once constructed, the total 750 MW Clearwater Wind Project will almost double the total wind capacity in Montana.

As the anchor off-taker for the Clearwater Wind Project, PSE is taking a significant step forward to support renewable development in Montana, which will be essential in meeting Washington's Clean Energy Transformation Act ("CETA") targets. NextEra Energy Resources ("NEER"), together with its affiliated entities, is the world's largest generator of renewable energy, providing PSE with a business partner that has the scale and experience to develop a project of this size and complexity. In addition to the Clearwater Wind Project, NextEra's Pacific Northwest development activity includes the Wheatridge project in Morrow County, Oregon. Wheatridge is a combined renewable energy facility consisting of wind (300 MW), solar (50 MW) and battery storage (120 MWh) that is on track to reach commercial operations in 2021.

Table 1 describes risks associated with constructing the project. Table 2 describes ongoing risks, counterparty risks and performance risks during the term of the 20-year PPA.

ATTACHMENT 8. DETAILED RISKS AND MITIGATIONS

Table 1. ***Pre-Commercial Development Risks***

Risk Category	PSE Risk	Mitigation
Site control	Delays in obtaining easement at Colstrip property from Colstrip owners may impact project ability to meet COD. Such COD delay could potentially result in additional costs as PSE may have to purchase replacement energy and capacity at higher prices than the Clearwater Wind PPA. PSE's most recent need forecasts indicate that this risk would have relatively little to no impact.	If NextEra fails to achieve the Guaranteed Commencement of Gen-Tie Construction milestone, then PSE would be entitled to collect liquidated damages ("LDs") for each day beyond the milestone date equal to $[redacted] /MW x 350 MW or $[redacted] per day. LDs are capped at $[redacted] million. NextEra is required to submit to PSE a remedial action plan within 10 business days of missing the milestone.
Permitting	Various permits remain outstanding, including the sage grouse mitigation plan approval. See Attachment 5 for the complete permitting status. Permitting delays may impact project ability to meet COD. Such COD delay could potentially result in additional costs as PSE may have to purchase replacement energy and capacity at higher prices than the Clearwater Wind PPA. PSE's most recent need forecasts indicate that this risk would have relatively little to no impact.	NextEra is working through a Montana Sage Grouse Habitat Conservation Program to agree on a mitigation plan. Mitigation plan can include payment into a stewardship fund or conservation easements or leases. If NextEra fails to achieve the Guaranteed Commencement of Wind Project Construction milestone, then PSE would be entitled to collect LDs for each day beyond the milestone date equal to $[redacted] /MW x 350 MW or [redacted] per day. LDs are capped at $[redacted] million. If state leases are not granted, PSE will be allocated additional turbines on private land.

ATTACHMENT 8. DETAILED RISKS AND MITIGATIONS

Risk Category	PSE Risk	Mitigation
		NextEra is required to submit to PSE a remedial action plan within 10 business days of missing the milestone.
Interconnection at Colstrip Substation	NextEra is pursuing two potential interconnection routes to the Colstrip Substation. The alternate route is east of the substation and would avoid a costly crossing of the lines leaving the substation. Delays in obtaining real estate easements and approved engineering design may impact the project's ability to meet COD.	If NextEra fails to achieve the Guaranteed COD, then PSE would be entitled to collect LDs for each day beyond the Guaranteed COD equal to $[redacted] /MW x 350 MW or $[redacted] per day. LDs are capped at $[redacted] million. NextEra is required to submit to PSE a remedial action plan within 10 business days of missing the milestone.
COD risk	NextEra fails to achieve guaranteed COD, potentially resulting in additional costs as PSE may have to purchase replacement energy and capacity at higher prices than the Clearwater Wind PPA. PSE's most recent need forecasts indicate that this risk would have relatively little to no impact.	PSE would be entitled to collect LDs for each day beyond the Guaranteed COD equal to $[redacted] /MW x 350 MW, or $[redacted] per day. COD may be extended by up to 180 days with no LDs, if the delay is caused by Force Majeure or absence of firm transmission. Thereafter, PSE has a right to terminate and collect termination payments equal to market value of the PPA, adjusted for net costs as a result of termination.
Firm transmission upgrades	The System Impact Study ("SIS") that PSE received from NorthWestern Energy on November 30, 2022 contains a preliminary cost estimate for Colstrip Transmission System ("CTS") transmission upgrades of $[redacted]. While no other upgrade costs have been identified, there is a risk that the scope and cost of the required	This figure is far less than the $[redacted] million assumed in the Clearwater Wind PPA as the upper limit for PSE's share of the upgrade costs. Under the PPA, PSE is obligated to pay for transmission upgrade costs up to $[redacted] million, and NextEra is obligated for any upgrade costs in excess of $[redacted] million. NextEra

ATTACHMENT 8. DETAILED RISKS AND MITIGATIONS

Risk Category	PSE Risk	Mitigation
	transmission upgrades will exceed $[redacted] in the more detailed estimate in the Facilities Study ("FS") or that actual costs will be higher than $[redacted]. The FS is expected to be completed in June 2021. PSE and NextEra have agreed that execution of the PPA will not be dependent upon receipt of the FS.	has a right to terminate the PPA by March 15, 2021, if the estimated costs exceed $[redacted] million. PSE's Transmission Policy and Contracts team has assessed the risk that the transmission upgrade cost might increase by these orders of magnitude in the FS and considers the risk to be low. Additionally, since the portfolio benefit of the next best alternative resource portfolio is net present value ("NPV") $80 million less than the benefit of the portfolio that includes Clearwater, even if PSE were required to pay the upper limit assumed in the PPA for the transmission upgrade, Clearwater would still be part of the lowest reasonable cost portfolio.
Firm transmission award timing	Firm transmission award may be delayed beyond Guaranteed COD because of delays in the completion of the FS and the associated upgrades and implementation of new remedial action scheme ("RAS"). NorthWestern anticipates that the RAS will be complete in June 2022, which will then require integration of the full 350 MW for Clearwater into the new RAS at the new Point of Receipt, the Colstrip Substation.	PSE's firm obligation to accept energy from the Clearwater Wind Project commences upon the Firm Transmission Award date. PSE agrees to use commercially reasonable efforts to accept energy from the project if Clearwater reaches COD prior to the firm transmission award. These include: i) submitting requests to BPA to redirect up to 350 MW of existing firm BPA transmission held by PSE from BPA's Garrison Substation to BPAT.PSEI to the intertie between NorthWestern and BPA; ii) obtaining up to 350 MW of non-firm transmission on the Colstrip Transmission

ATTACHMENT 8. DETAILED RISKS AND MITIGATIONS

Risk Category	PSE Risk	Mitigation
		System to match forecasted generation from the wind project; iii) accepting deliveries of energy from the wind project up to 350 MW at Mid-Columbia or the BPAT.PSEI contract point, if operationally feasible.
PSE pseudo-tie	Delay by PSEI in completing the process to establish a pseudo-tie for the Clearwater Wind Project by the Guaranteed COD. A pseudo-tie allows PSE to establish dynamic transfer capability and balance its portion of the Clearwater Wind Project by including the resource in PSEI's Balancing Authority Area ("BAA")	PSE will closely monitor and track the pseudo-tie set-up process. With the establishment of PSEI's new pseudo-tie business practice, PSEI may, at its own discretion, file the Clearwater Wind Project pseudo-tie agreement with the FERC. This filing may result in a delay in the timeline, but still poses little risk to the project because it is within PSE's control and will be actively managed.

Table 2. ***Ongoing risks during the PPA term***

Ongoing Risk Category	PSE Risk	Mitigation
Wind resource output	Wind farm fails to generate output as expected, reducing clean energy contribution to help meet Clean Energy Transformation Act ("CETA") targets and Washington state's renewable portfolio standard ("RPS"). Shortfall in expected generation also results in lower capacity contribution than forecast.	NextEra guarantees [redacted] percent availability on an annual basis and a winter output guarantee between November through March of [redacted] MWh that equates to a net capacity factor ("NCF") of [redacted] percent. Failure to meet the guaranteed minimum winter output or guaranteed annual capacity would trigger liquidated damages in an amount equal to (a) the Output Shortfall, *multiplied by* (c) the greater of (1) the positive difference, if any, of the [redacted] *minus* the [redacted] (2) fifty percent (50 percent) of the weighted average of the [redacted] for the relevant Contract Year and (3) [redacted] per MWh; up to [redacted] million. Failure of the project to achieve an availability factor above [redacted] percent in any two consecutive Contract Years or [redacted] percent of the Guaranteed Winter Period Output in any two consecutive Winter Periods, with a one occurrence allowance for lost energy if there is a complete failure of the project's transformer during such period, triggers a termination right for PSE. PSE would mitigate a shortfall in output through short-term purchases and subsequent capacity and clean energy RFPs.

ATTACHMENT 8. DETAILED RISKS AND MITIGATIONS

Ongoing Risk Category	PSE Risk	Mitigation
WECC path rating and curtailment	A Western Electric Coordinating Council ("WECC") Path Rating Study has the potential to reduce the Path 8 rating. This study will be conducted after the Clearwater Wind Project becomes operational. If WECC reduced the Path 8 rating, then firm transmission rights would be reduced on a pro-rata basis. It would effectively reduce transmission capacity on the CTS line and BPA transmission from Montana. PSE Transmission has assessed this risk and considers it to be relatively low.	PSE could mitigate this outcome by selling energy at Colstrip, acquiring additional third-party transmission rights, or optimizing generation between Colstrip Units 3&4 and Clearwater. In 2026, PSE is required by CETA to remove Colstrip Units 3&4 from rates. This is likely to result in additional available transmission capacity that could be allocated to Clearwater to mitigate the impact of a lower path rating. PSE may also consider options in the PPA associated with protection from purchase obligations in the event of transmission curtailments due to system conditions or emergency conditions. PSE has run a sensitivity analysis that stress-tested the potential for reduced Clearwater throughput, either due to a lower WECC path rating or other potential curtailments by the transmission providers. The sensitivity considered a reduction of the Clearwater NCF from [redacted] percent to an effective low case of [redacted] percent. The results showed that even under this extreme scenario the Clearwater PPA remains the best resource option from the 2018 RFP. The results of this sensitivity are presented in Attachment 9(b).

ATTACHMENT 8. DETAILED RISKS AND MITIGATIONS

Ongoing Risk Category	PSE Risk	Mitigation
Events of default	Events of counterparty default subject to the terms of the PPA (excluding force majeure events) could cause a peak capacity or clean energy shortfall that PSE may need to replace with other resources.	PSE has the right to collect a termination payment that includes stranded transmission costs (i.e., costs and expenses incurred by PSE related to the transmission system upgrades and related work, not to exceed $[redacted] million) and the market value for the agreement to approximate the cost PSE will incur to replace the PPA which is defined as the excess, if any, of the present value as of the early termination date of payments that are to be made under a replacement contract (whether or not actually entered into by PSE) during its term, over (ii) the present value as of the early termination date of payments that would have been made under this Agreement for the period from the early termination date to the then scheduled expiration of the Term (no cap). Prior to COD the termination payment will not exceed outstanding credit support ($[redacted] million) plus the stranded transmission costs.
Montana state or local jurisdictions remove exemption for energy sales from sales and use tax (NextEra is responsible for all other taxes.)	Clearwater PPA energy costs could increase. Current proposals are being discussed in Montana related to renewable energy property taxes, which would be an additional expense for NextEra not PSE.	PSE actively follows tax proposals in Montana and may actively oppose proposals that remove the exemption of energy sales and use tax that would increase costs for PSE's customers.

PUGET SOUND ENERGY

PSE Report to the Board of Directors:
Clearwater Wind PPA

Attachment 9(a). Comparative Analysis: RFP Evaluation Process Document

Exhibit Book Part 1: Clearwater Wind PPA Board Package - (3) Clearwater PPA Board Report_010421

2018 RFP Evaluation Process Document

August 2018 – December 2019

PUGET SOUND ENERGY

2018 RFP EVALUATION PROCESS DOCUMENT

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SECTION 1. EXECUTIVE SUMMARY

The purpose of this document is to provide contemporaneously prepared summary documentation of PSE's evaluation process, results and decision-making related to the 2018 All Resources and Demand Response Requests for Proposals ("2018 RFPs"). Puget Sound Energy's ("PSE" or "the Company") RFP process is guided by rules set forth in Washington Administrative Code Chapter 480-107 ("Chapter 480-107 WAC") and guidance from its most recent Integrated Resource Plan ("IRP").

1. Executive summary

PSE conducted its 2018 RFP evaluation process in an environment of modest but steady economic growth; lower expected load growth, gas and power prices than forecast in the 2017 IRP; and lower than expected capital costs for renewable and storage development resources.[1] At the same time, PSE started to see the impact of declining and expiring tax credits for renewable development projects, as looming deadlines began to put upward pressure on the cost of early development projects unable to meet safe harbor deadlines to lock in higher incentives.[2]

This RFP also took place against a backdrop of changing federal and state environmental policies and regulations. At the federal level, uncertainties included efforts by the current administration to repeal and replace the Clean Power Plan[3] and the potential withdrawal of the U.S. from The Paris Agreement[4] to combat climate change, both of which were announced in 2017. In July 2019, the EPA issued the Affordable Clean Energy rule, which repealed the Clean Power Plan and loosened emissions reductions guidelines for states and power plants. During Phase 1 of the RFP, Initiative 1631 ("I-1631") proposed a Washington state carbon tax that failed to pass at the ballot box in November 2018. However, during Phase 2 of the RFP, the state's legislature passed Senate Bill 5116, The Clean Energy Transformation Act ("CETA"), which sets statewide policy goals for the elimination of coal-fired resources by 2025, 80 percent carbon free generation and overall carbon neutral electricity by 2030, and 100 percent carbon free electricity by 2045.

PSE received nearly 100 proposals from a wide range of resources in response to the 2018 RFPs. Unlike prior RFPs, the vast majority of these proposals were for renewable or non-emitting resources. At the same time, traditional baseload resource options were few in number and faced serious competition on an economic basis from resources capable of contributing to both the renewable resource and peak capacity needs established in the RFP. These "dual value" resources, such as Montana wind and biomass, offered tremendous benefit to the portfolio. Ultimately, three of the four shortlisted proposals offered dual-value contributions to need.

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[1] See Section 3 for a comparison of 2017 IRP to 2018 RFP gas prices, power prices and load forecasts. See also Appendix E for a more detailed discussion of PSE's key assumptions and how these assumptions have changed since the 2017 IRP.
[2] Declining and expiring federal tax credits for renewable development projects include the production tax credit ("PTC") and the investment tax credit ("ITC"). See Section 3 herein for a discussion of PTCs and ITCs.
[3] In December 2017 the EPA began the process of repealing and replacing the Clean Power Plan by asking the public for input.
[4] President Trump announced that the U.S. would cease participation in the 2015 Paris Agreement on June 1, 2017; however, the White House later clarified that the U.S. would abide by withdrawal terms specified in the agreement, which state that the earliest effective withdrawal date by the U.S. cannot be prior to November 4, 2020, four years after the Agreement became effective in the U.S. and one day after the 2020 U.S. presidential election.

2018 RFP EVALUATION PROCESS DOCUMENT

SECTION 1. EXECUTIVE SUMMARY

PSE's evaluation team relied upon its experience as a resource owner and evaluator, its familiarity with the region's energy market, and analytical tools used throughout multiple IRP and RFP cycles to identify the lowest reasonable cost resource opportunities to meet PSE's renewable and capacity needs. To do this, PSE's evaluation process involved quantitative analysis using the Aurora model (variable costs and dispatch) and PSE's portfolio screening and optimization model (fixed costs and portfolio analysis) to analyze resource costs and characteristics; and qualitative analysis based on specific evaluation criteria to compare the risks and merits of each proposal. The evaluation criteria are described in Appendix B. PSE updated its load, power and gas price forecasts prior to filing the RFPs in June 2018 and again prior to the due diligence phase of the evaluation ("Phase 2") to reflect the most current information available to us at the time the analysis was conducted. Key inputs to the quantitative analysis are presented in Appendix E.

The results of the RFP analysis led PSE's RFP team to recommend pursuing the following proposals:

- **Clearwater Wind PPA (#18169),** a 25-year fixed price power purchase agreement ("PPA") delivering up to **350** MW[5] of the output from a Montana wind development project to the **Colstrip Substation**, beginning as early as December 2021;[6]
- **Golden Hills Shaped Wind PPA (#18170),** a 20-year fixed price power purchase agreement ("PPA") delivering to BPAT.PSEI the output from a 200 MW wind development project paired with shaped capacity up to **150** MW during winter peak hours[7], beginning in December 2021;
- **SPI Biomass PPA (#18100),** a 17-year fixed price power purchase agreement ("PPA") delivering 17 MW of firm capacity (and up to an additional 3 MW of variable energy) from a biomass project located on PSE's system to the Fredonia Substation, beginning in January 2021;
- **BPA Peak Capacity Product (#18161),** a 5-year capacity tolling agreement ("CTA") for firm capacity delivered to BPAT.PSEI that may be scheduled in [redacted] increments from [redacted] MW on a [redacted] basis, beginning in January 2022.

Subsequent to PSE's RFP evaluation, the Company received two new unsolicited proposals. PSE performed a re-evaluation of its resource alternatives (described in Section 8), which confirmed its RFP selections and added the following proposal to the recommended short list:

- **Morgan Stanley System PPA (#UP006),** a 5-year fixed price system PPA for 100 MW of firm heavy load hour ("HLH")[8] energy delivered in Q1 and Q4 only, beginning in January 2022.[9]

PSE's analysis shows that when combined with the Company's existing electric resource portfolio, the selected RFP proposals represent the most favorable combination of resources to meet PSE's renewable and capacity needs at the lowest reasonable cost and risk. This report describes the 2018 RFP evaluation

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[5] *Actual contract capacity is expected to be dependent upon the outcome of required transmission studies.*
[6] *Actual contractual commercial operation date ("COD") may be later, depending upon the outcome of required transmission studies.*
[7] *Shaped schedule: November through February, hours ending (HE)* [redacted] *and* [redacted].
[8] *Heavy load hour ("HLH") means hours ending ("HE") 7-11 Monday through Saturday except NERC holidays.*
[9] *MSCG is offering a 0 emissions (no RECs) system PPA.*

process, the results it produced, and how PSE considered a variety of qualitative and quantitative criteria to select resources that best meet the needs of its customers.

2019 IRP update since completing the 2018 RFP:

PSE conducted its 2018 RFP evaluation between August 2018 and July 2019, in parallel with its 2019 integrated resource planning ("IRP") process. Many of the 2018 RFP modeling assumptions were updated to reflect 2019 IRP assumptions vetted by the IRPs public stakeholder groups, the IRP Advisory Group ("IRPAG") and the Technical Advisory Group ("IRTAG"). At the time, the 2019 IRP was expected to be filed in January 2020.

Subsequent to completing the 2018 RFPs, PSE was asked by the WUTC to withhold its next IRP until an upcoming rulemaking could incorporate Washington's new Clean Energy Transformation Act ("CETA") into Chapter 480-100-238 WAC ("the Integrated Resource Planning rule") and Chapter 480-107 WAC ("the Resource Acquisition rule"). This document reflects what PSE knew at the time the RFP evaluation was conducted.

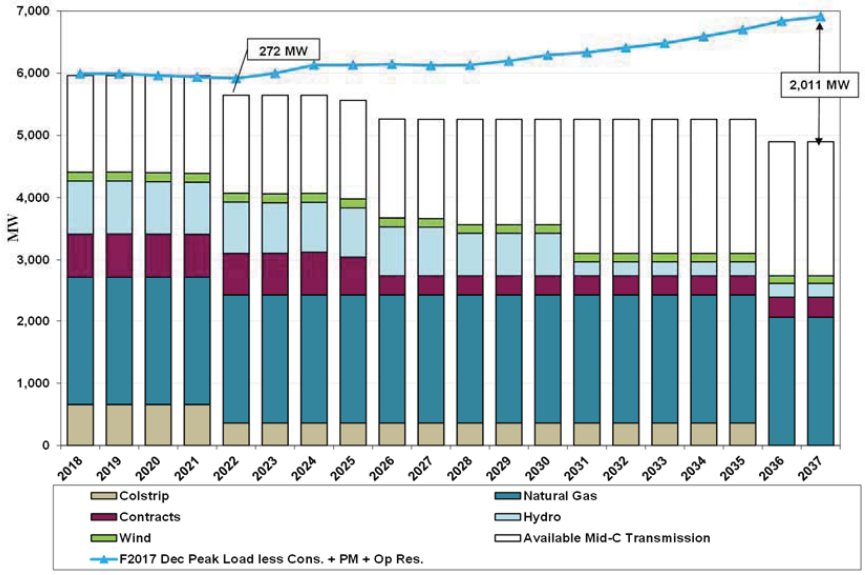
2. Resource need

PSE's electric resource acquisition process is guided by our integrated resource planning analysis, which evaluates and establishes the Company's capacity (physical reliability) and renewable resource (policy driven)[10] needs on a biennial basis, consistent with Chapter 480-100-238 WAC. Our most recent Integrated Resource Plan ("IRP") includes a detailed discussion of PSE's electric planning standard and describes our methodology for analyzing the Company's resource needs. The IRP can be found on PSE's web site at http://www.pse.com/irp.

PSE's 2017 IRP identified a need for new renewable and capacity resources

After publishing the 2017 IRP, PSE updated the assessment of its capacity and renewable resource needs in its 2018 RFP filings to reflect the company's 2017 load forecast and 100 MW of Mid-C transmission determined to be available after the IRP was filed. Figures 1 and 2 include these updates and conservation from the 2017 IRP, but do not include demand response. As shown in Figure 1, PSE forecast a modest capacity need prior to 2021 that was expected to increase to a deficit of 272 MW in 2022 after the retirement of Colstrip 1&2.

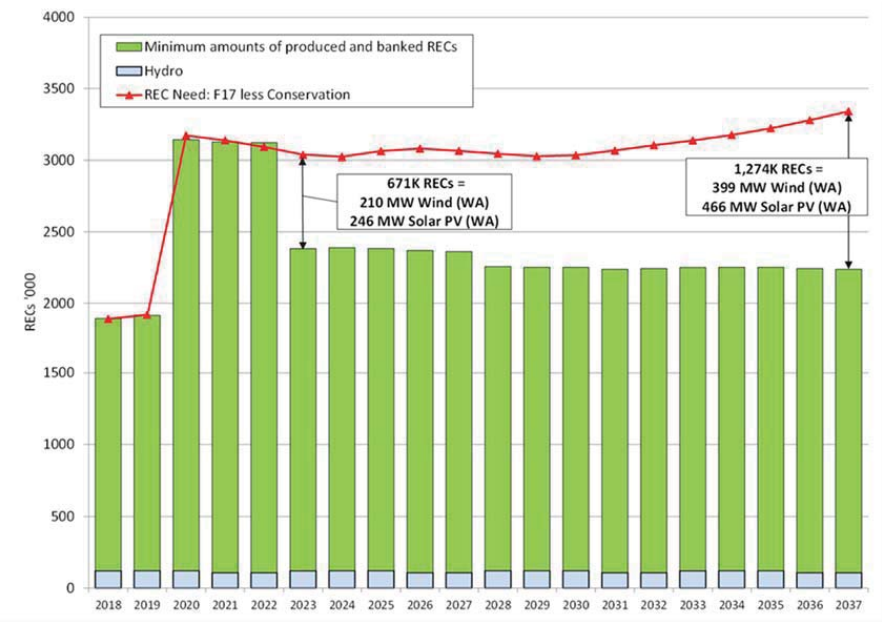
Figure 1. ***Phase 1 Capacity Need (as filed)***



[10] *PSE has a legal obligation to meet the requirements of the Energy Independence Act (Chapter 19.285 RCW), also referred to as Washington state's renewable portfolio standard (RPS). See Section 3 for a discussion of the RPS.*

As shown in Figure 2, the renewable resource need (also known as the "RPS need") forecast demonstrates a need for 671,000 renewable energy credits ("RECs") beginning in 2023. This need is driven by an increase in Washington state's renewable portfolio standard ("RPS") from 9 percent to 15 percent in 2020. However, PSE's inventory of banked RECs delays the need for additional resources to meet this incremental increase until 2023.

Figure 2. ***Renewable Resource Need (as filed)***

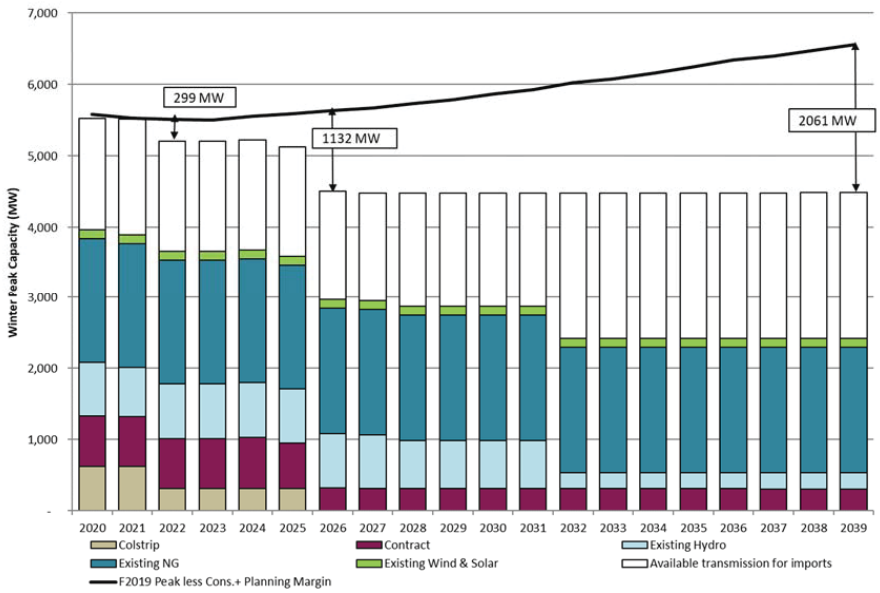


PSE's 2018 RFPs sought resources capable of meeting one or both of its resource needs. Proposals for resources with the ability to meet both the renewable resource and peak capacity needs offered substantial value to PSE's electric power portfolio, avoided certain environmental compliance and permitting risks, and aligned well with the state's clean energy policy goals.

Resource need forecasts updated for Phase 2

PSE updated its renewable resource and capacity need assessments before the second phase of the RFP to reflect the most current information available at the time the analysis was performed. Figures 3 and 4 depict the updated need based on the F2019 load forecast and conservation from the 2017 IRP. Figure 3 shows an overall increase in the need for capacity resources over the planning horizon, including an increase of new capacity in 2022 from 272 MW (as filed) to 299 MW (Phase 2).

Figure 3. ***Phase 2 Capacity Need***



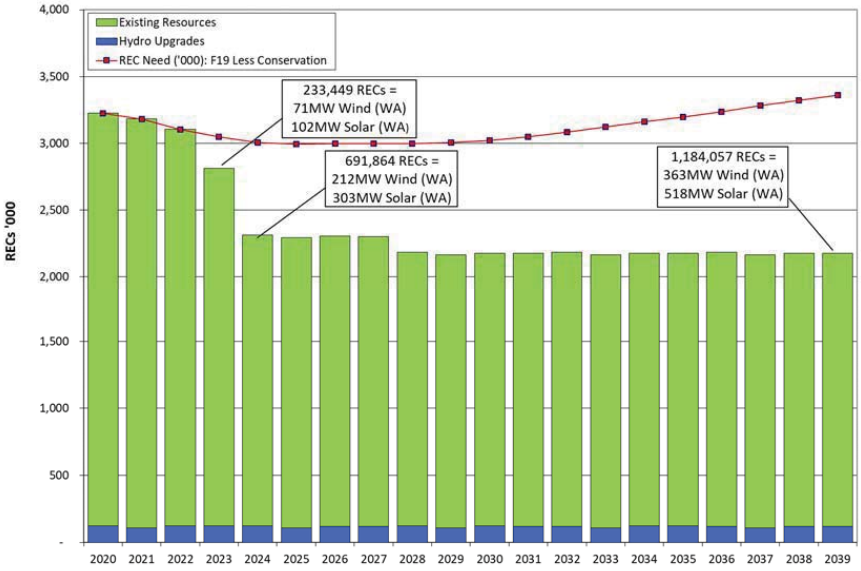
During Phase 2, PSE reached an agreement to decommission Colstrip units 1&2 ("Units 1&2") by the end of 2019. Prior to this agreement, PSE had planned to shut down these units no later than July 2022. This accelerated timeline is not reflected in Figure 3. Instead, the Company released a separate RFP in May 2019 seeking short-term resources to bridge the gap expected to be created by the early closure of Units 1 &2 until long-term resources from the 2018 All Resources RFP could be secured and deployed.

Figures 3 and 4 do not reflect the impact of Senate Bill 5116, also known as the Clean Energy Transformation Act ("CETA"), which became Washington law during Phase 2 of the RFP.[11] However, consistent with CETA's mandate to eliminate coal-fired resources after 2025, the Phase 2 capacity need (shown in Figure 3) does reflect the removal of Colstrip units 3&4 from the company's electric resource portfolio starting in 2026.

Figure 4 shows a reduced renewable need of 233,449 RECs in 2023 (compared to the 671,000 RECs sought in the 2018 RFP filing), which grows to 691,864 RECs in 2024. The renewable resource need is driven by Washington state's RPS, but delayed by PSE's banked RECs until 2023.

[11] CETA sets several statewide policy goals, including a requirement to eliminate coal-fired resources after 2025, 80 percent carbon free generation and overall carbon neutral electricity by 2030, and 100 percent carbon free electricity by 2045.

Figure 4. ***Phase 2 Renewable Resource Need***



3. RFP environment

Forecast gas prices, power prices and load growth have decreased since the 2017 IRP

PSE filed its most recent Integrated Resource Plan (IRP) in November 2017 and performed its 2018 RFP analysis between August 2018 and June 2019. The Company updated its IRP modeling assumptions for each phase of the RFP evaluation to reflect then-current conditions. Table 1 shows how three key assumptions have changed since the 2017 IRP was filed.

Forecast levelized Mid-C power prices dropped nearly $17/MWh and gas prices dropped a little more than $0.50/mmbtu between the IRP and Phase 2 of the RFP. Average annual load growth assumptions also dropped 0.2 percent during the same time period.

Table 1. ***Comparison of Key Modeling Assumptions: 2017 IRP and 2018 RFP***

Modeling Assumption	2017 IRP *(filed Nov. 2017)*	RFP Phase 1 *(Aug. 2018 – Mar. 2019)*	RFP Phase 2 *(Apr. 2019 – Jul. 2019)*	Phase 2 Update *(Aug. 2019 – Nov. 2019)*
Mid-C power prices levelized	$40.48/MWh	$33.92/MWh	$28.75/MWh	$23.66/MWh
Gas prices levelized	$4.02/mmbtu	$3.74/mmbtu	$3.50/mmbtu	No change
Annual average load growth	0.7%	0.5%	0.5%	No change

Consistent with PSE's IRP modeling assumptions, the RFP analysis uses power price forecasts from the Aurora dispatch model and gas price forecasts from Wood Mackenzie. Load forecasting modeling and methodologies are consistent with those described in PSE's most recent Integrated Resource Plan. More information about RFP power and gas price forecasts, load forecasts and other modeling assumptions is provided in Appendix E.

PSE analyzed regional resource adequacy in the 2017 IRP

Because PSE relies in part on wholesale market purchases to meet its current and forecast energy and peak demand obligations, PSE's planning function considers regional resource adequacy in its biennial Integrated Resource Plan. For more than a decade, the Pacific Northwest has experienced a large capacity surplus that has kept wholesale power prices relatively low and made these existing resources a lower cost alternative for filling PSE's peak capacity need than building new generation. The 2017 IRP was prepared using results and data from three studies of regional load/resource balance published by three regional planning entities: the Northwest Power and Conservation Council ("NPCC"),[12] the Pacific

[12] *Source: "Pacific Northwest Power Supply Adequacy Assessment for 2021", published September 27, 2016 by Northwest Power and Conservation Council.*

Northwest Utilities Conference Committee ("PNUCC")[13] and the Bonneville Power Administration ("BPA").[14] While the studies differed in certain details, they all generally anticipated that the Pacific Northwest would cross over into deficit at some point over the next decade unless new supply-side or demand-side resources are developed. The plan goes on to say that the region appears to be in the process of adding new resources (mainly in the form of additional investments in conservation) to fill the expected gap.

PSE conducted extensive analysis in its 2017 IRP and ultimately determined that wholesale market purchases above its current 1,600 MW level, when paired with additional firm transmission rights that PSE may have during peak load events, are a reliable and cost-effective way to meet resource need compared to other available new resource alternatives evaluated in the plan. For a discussion of PSE's analysis of regional resource adequacy in the 2017 IRP and regional studies used in the preparation of the plan, see 2017 IRP Chapter 6 (Electric Analysis), and appendices F (Regional Resource Adequacy Studies) and G (Wholesale Market Risk). An update to this analysis is currently underway for the next IRP, which is expected to be filed in January 2020.

Environmental laws, regulations, policies and tax incentives are changing

Clean Energy Transformation Act ("CETA")

During Phase 2 of the RFP, Washington state's legislature passed Senate Bill 5116, the Clean Energy Transformation Act ("CETA"), which sets statewide policy goals for the elimination of coal-fired resources in 2025, 80 percent carbon free generation and overall carbon neutral electricity by 2030, and 100 percent carbon free electricity by 2045. The Washington Utilities and Transportation Commission ("WUTC") has launched a rulemaking process to clarify and interpret requirements under the Clean Energy Transformation Act. The first utility milestone under the law is to prepare and submit a clean energy implementation plan by 2022.

PSE will have a clearer view of the impacts of the new law on our planning and acquisition functions as these processes progress. In the meantime, the RFP evaluation team considered a range of social costs of carbon in our quantitative analyses and qualitatively considered the environmental risks associated with proposals. A description of the scenarios tested in the quantitative analysis, including the carbon assumptions associated with each scenario, is provided in Appendix E.

The Company will continue to stay engaged in the progress of the WUTC rulemaking process. Meanwhile, PSE will continue to comply with all existing applicable state and federal regulations, such as Washington's Clean Air Rule (Chapter 173-442 WAC), Emission Performance Standards (Chapter 80.80.040 RCW) and The Energy Independence Act (Chapter 19.285 RCW).

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[13] Source: "Northwest Regional Forecast of Power Loads and Resources 2017-2026", published April 2016 by Pacific Northwest Utilities Conference Committee.
[14] Source: "2016 Pacific Northwest Loads and Resources Study", published December 22, 2016 by Bonneville Power Administration.

The Energy Independence Act (Washington's RPS law)

The Energy Independence Act (Chapter 19.285 RCW), also known as Washington state's renewable portfolio standard ("RPS"), requires electric utilities serving at least 25,000 retail customers to use qualifying renewable energy to meet a percentage of customer load. The target percentage has increased over time from 3 percent in 2012 to 9 percent in 2016, and will increase again to 15 percent in 2020.[15]

To contribute to meeting the state RPS, a qualifying renewable resource located outside the Pacific Northwest[16] must be delivered into Washington state on a real-time basis without shaping, storage or integration service. This requirement applied to several wind development resources located in central and southeastern Montana that were proposed in response to PSE's 2018 RFP.

Tax incentives for renewable development projects

There are two primary federal tax incentives available for utility-scale renewable development projects: production tax credits ("PTC"), the type commonly used for wind projects, and investment tax credits ("ITC"), the type commonly used for solar projects. Both types of tax incentives are designed to ramp down or expire over the next three years.

Production Tax Credits

The federal PTC is a per kilowatt-hour tax credit based on output from a qualified renewable energy resource. The PTC rate is an inflation-adjusted rate, currently $25/MWh in 2019. The PTC is available for the first 10 years of production. Starting in 2017, the PTC rate is reduced 20 percent annually through 2019, based on the year construction of a renewable project begins.

Table 2. ***PTC rate reduction schedule***

Start of Construction	Production Tax Credit Rate Percentage	Project Completion Date
2016	100%	2020
2017	80%	2021
2018	60%	2022
2019	40%	2023
2020	0%	

The PTC includes certain requirements that must be met to receive the incentive associated with a particular construction start year. One requirement is that a project must be completed within four years of the construction start date. Additionally, the developer must either spend five percent of the total project capital costs (the "safe harbor" provision) or demonstrate that it commenced "physical work of a

[15] A utility is not required to meet a renewable energy target if it spends at least four percent of its retail revenue requirement on the incremental cost of renewable energy and renewable energy credits. The cost cap for a utility that has no load growth is one percent.

[16] The Pacific Northwest is defined in Section 3 of the Pacific Northwest Electric Power Planning and Conservation Act (94 Stat. 2698; 16 U.S.C. Sec. 839a) for the Bonneville Power Administration.

significant nature" on the facility (the "physical work test") within the construction start year. Assuming the requirements are met, a project with a construction start date in 2019 that is completed by 2021 would be eligible to receive a tax credit of $20/MWh (25/MWH*80 percent).

Investment Tax Credit

The ITC is a dollar for dollar reduction in the income taxes that a company would otherwise pay the federal government. The ITC rate applies to the amount of investment in solar property. The current rate is 30 percent, but it ramps down annually beginning in 2020. The 30 percent ITC rate results in a $30 reduction in taxes paid for a $100 investment, resulting in a net investment of $70.

Table 3. ***ITC rate reduction schedule***

Start of Construction	Investment Tax Credit Rate	Project Completion Date
2019	30%	2023
2020	26%	2023
2021	22%	2023
2022+	10%	Ongoing

Safe harbor rules for the ITC are similar to the PTC rules, although the ITC rules include a sunset clause that requires an ITC project to be completed by 2023 to qualify for a 30 percent, 26 percent or 22 percent credit. Projects completed after 2023 would receive a 10 percent credit.

Solar equipment tariffs

In early 2018, the federal government issued a 30 percent solar panel import tariff under section 201 of the Trade Act of 1974. The tariff is designed to decline over a four year period. In late 2018, under Section 301 of the same act, the federal government imposed a 10 percent tariff on certain Chinese imports that include solar module components such as inverters, junction boxes and backsheets.

The impact of these tariffs have been widespread in the solar industry and likely increased the pricing of solar proposals received in response to the 2018 All Resources RFP. At the same time, solar industry cost reductions and technological advancements, such as the development of bifacial solar technology (and its exemption from the Section 201 tariffs), have had a muting effect on the tariff increases. Ultimately, PSE continued to see lower overall solar pricing in the 2018 RFP, despite any weakening in cost reductions that may have been caused by the tariffs.

Permitting and transmission challenges for development resources

Permitting matters

Development of traditional carbon-emitting capacity resources (e.g., natural gas-fired combustion turbines) in PSE's western Washington service territory is more challenging than ever politically and from a permitting standpoint. PSE received four proposals for natural gas-fired generation resources in

response to the 2018 RFP, each of which proposed either an existing resource or the expansion of an existing site where PSE would be substantially responsible for the permitting.

There are relatively few "shovel ready" renewable (i.e., wind and solar) projects available in the market today. Nearly all of the proposed renewable resources were development projects. Many were early development projects without site control or any completed permitting work, which have greater potential for unknown risks than more mature alternatives. Additionally, while the processes and mitigations required to site wind projects are relatively well established in this region, large-scale solar projects are newer and require much larger permanent footprints than wind projects. Local jurisdictions and agencies continue to wrestle with how to evaluate and mitigate solar project impacts on native habitat and farm land. PSE looks at a variety of factors to determine the relative risk of development proposals (e.g., site control, permitting progress or well-developed permitting and outreach plans, the experience and qualifications of the development team, etc.) and considers potential mitigation opportunities. For selected proposals, PSE monitors project progress during development and construction to ensure that contractually agreed-upon milestones are met.

Batteries are an attractive capacity option from a permitting perspective because the footprint is small and impacts are generally low. As a result, there is more opportunity to site and build these resources, and the projects typically face fewer challenges than other traditional capacity resource options. Other storage resources, such as pumped hydro storage, require large-scale development and construction projects with a variety of potential risks, including long Federal Energy Regulatory Commission ("FERC") permitting and construction timelines that could delay already long lead times and impact expected commercial operation dates. Further development of these resources could help reduce potential risks and make the proposals more attractive in future RFPs.

Transmission matters

Bonneville Power Administration

Transmission to PSE's system is constrained. Although PSE holds transmission rights on the Bonneville Power Administration ("BPA") system that are not tied to specific resources, these rights are earmarked for PSE's programmatic hedging program and for meeting winter capacity need on a short-term basis. Until BPA completes upgrades on critical constrained paths, PSE is unlikely to obtain additional firm transmission to the PSE system for new resources. To qualify as a capacity resource, PSE asked RFP bidders proposing resources on the BPA system to identify available long-term firm transmission to PSE's system or demonstrate that BPA would grant such transmission rights. Therefore, BPAs TSR Study and Expansion Process ("TSEP"), formerly known as Network Open Season ("NOS"), was of particular interest during the 2018 RFP.

In response to increased electric generation resource development in the Northwest, which has been largely driven by wind developers, BPA implemented the TSEP, or Cluster Study, process to help the agency identify and prioritize needed transmission system upgrades. The Cluster Study process eliminated the outdated requests by clearing the existing queue, requiring parties seeking transmission service to submit new requests through TSEP, and obligating all TSEP participants to accept the transmission they request if BPA implements an upgrade. Thus, the TSEP process allowed BPA to prioritize and plan transmission upgrades based on a committed need.

One of the most critical paths for delivering energy to PSE load centers from resources located east of the Cascade Mountains is the Cross Cascades North ("CCN") flowgate. In March 2012, a regional planning entity called ColumbiaGrid released the final report created by the CCN study team, indicating that the best alternative for increasing the transmission capacity on the CCN flowgate is through a new 500kV BPA transmission line, estimated to cost over $1 billion. The report did not specify exactly when a new transmission line would need to be built, and BPA currently does not have such a project in its 10-year plan. There are a few smaller transmission upgrades that will increase the transmission capacity on the CCN flowgate in the near-term; however, PSE expects to have difficulty obtaining new transmission capacity on the CCN flowgate within the next 10 years.

Another critical path for delivering energy is the Cross Cascades South ("CCS") flowgate. In the 2019 TSEP, BPA identified impacts to third-party transmission systems, in order to grant transmission service that impacts the CCS flowgate. The plan of service, costs, and timelines have yet to be determined.

Colstrip Transmission System

Colstrip Units 1&2 were originally planned for closure in July 2022. In May 2019, an announcement was made to expedite the closure date to the end of 2019. PSE's capacity from Units 1&2 utilize three legs of transmission: (1) Colstrip Transmission System ("CTS"), (2) Eastern Intertie, and (3) BPA main grid. All three segments were analyzed for potential use for a proposed Montana renewables project.

This RFP assumed reuse of all three transmission segments associated with the closure of Units 1&2 for a wind resource in Montana. Two of the transmission segments are contracted through BPA and are periodically renewed. BPA contract costs were considered sunk until the point of contract renewal. After renewal, the cost of the BPA transmission would be borne by the Montana wind project. Costs associated with PSE's ownership share of the CTS were also considered to be sunk costs.

The RFP analysis assumed that when Colstrip 1&2 are decommissioned, 300 MW of transmission capacity will be available to PSE on the CTS. An additional 83 MW of transmission is currently available from PSE's transmission provider along the CTS and this capacity could also potentially be used for a resource in Montana.

The transmission capacity available from Units 1&2 along the Eastern Intertie and BPA main grid is also presumed to be 300 MW on each segment. Along the Eastern Intertie, there is a potential to purchase additional transmission from BPA, up to 144 MW.

For the BPA main grid transmission, there is potential to redirect transmission elsewhere in BPA's network based on available transmission capacity ("ATC") analysis and BPA system constraints. The redirects could be utilized for resources elsewhere in the Pacific Northwest, or market purchases at the Mid-Columbia marketing hub ("Mid-C"), if the Colstrip transmission is not reused for a Montana wind resource.

Along with the anticipated transmission availability, there has been considerable discussion of the potential impacts on CTS transmission availability and operating characteristics that could result from changing a thermal resource to a wind resource. The variability of a renewable resource may require upgrades on the CTS to mitigate dynamic flows. Most notably, the Montana Renewable Development Action Plan emphasized the potential need for a new Remedial Action Scheme ("RAS") for Montana wind

resources. The costs and scope for a new RAS are unknown, and this protection scheme would be critical to delivering renewable energy to PSE's load center.

4. Proposals received

RFP proposals received

PSE received a total of 97 proposals for new resources in response to the 2018 All Resources and Demand Response RFPs, the largest response ever to an All Resources RFP. Table 4 compares the proposals received in response to past RFPs to those received in response to the current RFPs.

Table 4. ***RFP proposals received, 2005 - 2018***[17]

As of 3/25/19	2018 All Resource and Demand Response RFPs		2017 Renewables Only RFP (Green Direct 2.0)		2011 All Source RFP		2010 All Source RFP		2008 All Source RFP		2005 All Source RFP	
Resource Type	**# Proposals**	**Max Cap MW**	**# Proposals**	**Max Cap MW**	**# Proposals**	**Max Cap MW**	**# Proposals**	**Max Cap MW**	**# Proposals**	**Max Cap MW***	**# Proposals**	**Max Cap MW**
Solar - PV	16	2240	17	574	2	24	1	10				
Solar - PV + BESS	20	2848										
Wind - Off Shore	1	400										
Wind On Shore	16	3303	20	2601	4	369	21	3776	8	862	10	1165
Wind + Winter Sys PPA	1	371										
Wind + Solar and/or BESS	2	464	4	339								
Storage - Battery ("BESS")	17	1265			2	251						
Storage - Pumped Hydro	2	900										
Biomass	2	72			3	61	9	590				
Biomass + BESS	1	15										
Natural Gas-fired Generation	4	1377			10	2624	18	5342	10	2588	17	4307
Geothermal	2	43									1	48
Hydro - Run of River	1	38	2	4	1	77	2	105	3	165	3	139
System PPA / Call Option	1	100			4	400	10	n/a	9	1675	7	400
Unbundled RECs	5						2	n/a				
Demand Response	6	154					1	80			1	34
Coal - Traditional + IGCC					1	500			1	100	6	4950
Cold Fusion					1	1880						
Distributed Generation											1	5
Waste-to-Energy / Landfill Gas					1	23					1	5
TOTAL	**97**	**13,590**	**43**	**3,518**	**29**	**6,209**	**64**	**9,903**	**31**	**5,390**	**47**	**11,053**

**The Max Cap MW column reflects the total combined potential capacity*

This table demonstrates the significant increase in total proposals received this cycle and the diversity of the resources offered.

[17] Table 4 does not include the two additional unsolicited proposals received subsequent to selecting the short list at the end of Phase 2, which were considered as part of the Phase 2 Update (the "Reevaluation") process between August and November 2019. See Appendix A for a complete list of the proposals received during the 2018 RFP and those received immediately after, which were included in the Phase 2 Update.

2018 RFP EVALUATION PROCESS DOCUMENT

SECTION 4. PROPOSALS RECEIVED

Table 5 summarizes the overall resource mix, total offered capacity, offer structure and operating status of the proposed resources. Totals do not include unsolicited proposals received during the RFP evaluation, which are described later in this section. Demand response proposals are not included in the operating status column totals. See Appendix A for a complete list of proposals received, including unsolicited proposals.

Table 5. ***2018 RFP proposals by resource type[18]***

Resource Type	# Proposals	Max Cap MW	Offer Structure(s)			Operating Status		
			Own	PPA/Toll/ Other Agmt	Both	Development	Construction	Operating
Solar - PV	16	2,240	1	14	1	16		
Solar - PV + BESS	20	2,848		18	2	20		
Wind - Off Shore	1	400			1	1		
Wind On Shore	16	3,303	3	11	2	15		1
Wind + Winter Sys PPA	1	371		1		1		
Wind + Solar + BESS	2	464	1	1		2		
Storage - Battery ("BESS")	17	1,265	1	8	8	17		
Storage - Pumped Hydro	2	900			2	2		
Biomass	2	72		2				2
Biomass + BESS	1	15		1		1		
Natural Gas CCCT	2	1,020		1	1			2
Natural Gas SCCT	1	245			1	1		
Natural Gas Recip	1	112	1			1		
Geothermal	2	43			2	1	1	
Hydro - Run of River	1	38		1				1
System PPA / Call Option	1	100		1				1
Unbundled RECs	5	n/a		5		5		
DR Direct Load Control	4	109		4				
DR C&I Curtailment	2	44		2				
TOTAL	**97**	**13,589**	**7**	**70**	**20**	**83**	**1**	**7**

**The Max Cap MW column reflects the total combined potential capacity*

Most RFP proposals included multiple offer options in which one or more of the terms or features varied. Some renewable generation proposals offered configurations including battery storage as a way to align delivery of intermittently produced generation with PSE's load. Two respondents offered hybrid proposals featuring a combination of wind and solar generation with options to include battery storage. Proposals often contained pricing for multiple offer structure options, such as the sale of assets (e.g., existing plant sale, various build and transfer options, or development rights), offtake agreements (e.g., power purchases, capacity tolling or unbundled renewable energy credits ("RECs")), or demand response program agreements. Some proposals offered pricing options adjusted for different transmission delivery points, start dates or resource capacities. Many offtake agreement proposals offered pricing options for different term lengths or price structures (e.g., fixed or escalating pricing). Additionally, some demand response proposals featured a variety of program options and recruitment levels from different customer classes.

[18] *Table acronyms include: battery energy storage system ("BESS"), commercial and industrial customers ("C&I"), combined cycle combustion turbine ("CCCT"), demand response ("DR"), power purchase agreement ("PPA"), renewable energy credit ("REC") and simple cycle combustion turbine ("SCCT").*

As shown in Table 5, almost 93 percent of proposals offered at least one offtake agreement option and nearly 28 percent of proposals offered at least one ownership option. Nearly 92 percent proposed development resources, many of which were early stage development projects.

Location is another key criterion affecting transmission and interconnection feasibility and cost, permitting and public support. Figure 5 depicts generally the location of resources proposed in response to the RFP.

Figure 5. ***Illustrative Map of Proposed RFP Resources***

As shown, PSE received proposals for resources located in five states this RFP cycle. Roughly 70 percent of proposed projects representing nearly all proposed resource types were located in Washington. Resources are grouped primarily along the I-5 corridor and in central and southeast Washington. PSE also received proposals for eleven resources located in Oregon and nine resources located in Montana. Oregon proposals included a variety of renewables, hybrid renewables with storage options, and gas-fired generation located primarily in the northeast quadrant of the state. Resources in Montana included six wind projects, a pumped storage project and a pair of solar projects (one with a battery storage option). Additionally, PSE received three proposals for resources located in Idaho and Nevada.

Unsolicited proposals received during the RFP process

The Company received two unsolicited proposals during the Phase 1 evaluation[19] and three unsolicited proposals during the Phase 2 evaluation.[20] To ensure selection of the lowest reasonable cost and risk options available to PSE, unsolicited proposals received a preliminary cost screening alongside the RFP analysis, consistent with our Phase 1 quantitative analysis. If determined to be competitive on a cost basis with PSE's RFP proposals, an unsolicited proposal would be rolled into the RFP process for a full quantitative and qualitative evaluation.

Subsequent to selecting the RFP short list at the end of the evaluation process and initiating negotiation discussions with selected counterparties, PSE received two new unsolicited proposals.[21] PSE customarily considers new and unsolicited information and re-evaluates its resource decisions to ensure that the Company selects the lowest reasonable cost solutions to meet customer needs, consistent with resource acquisition prudence rules and policies including WAC 480-107. As such, PSE performed a Phase 2 Update (also referred to herein as the "re-evaluation") analysis of its resource options, including the two new proposal. The re-evaluation is discussed in Section 8.

See Appendix A for a complete list of the 2018 RFP and unsolicited proposals received during the RFP evaluation.

Self-build proposals

PSE used capital and operational resource costs produced by HDR as part of a study commissioned for the 2019 IRP to approximate self-build resource costs for a variety of renewable and capacity resources. Phase 1 costs were based on a draft report from HDR, which was later revised as a result of feedback from the IRP stakeholder group. PSE updated its resource cost assumptions for Phase 2 based on the final report. Generic resource costs and other key assumptions are presented in Appendix E.

Self-build challenges: Renewable resources

Prior to the 2018 RFP, PSE determined that it would be at a competitive disadvantage with renewable developers this RFP cycle. Indicative prices from the Company's 2017 Renewable Resources RFP were low and PSE knew that many of the same sellers would respond to its 2018 RFP. Additionally, many wind developers had already purchased turbines in 2017 and planned to qualify for 80 percent of the PTC by

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[19] Unsolicited proposals received during the Phase 1 evaluation included an offer to purchase or offtake power from a [redacted] MW pumped hydro storage project to be located in central Washington and an offer to purchase unbundled RECs from an operating solar farm located in Idaho.

[20] Unsolicited proposals received during the Phase 2 evaluation included three solar farms, a [redacted] MW development project in southwestern Washington and two development projects in Oregon for between [redacted] and [redacted] MW of solar power with options to include battery storage.

[21] Unsolicited proposals received during the negotiation process including an offer to purchase or offtake power from [redacted] operating natural gas-fired facility, and an up to [redacted] MW system power PPA with seasonal and heavy load hour ("HLH") shaping and no emissions (no RECs).

completing construction in 2021.[22] Because PSE is unable to commit financial resources before evaluating alternatives in an RFP, the way a developer might, the Company's earliest opportunity to lock in a PTC rate would have been 2019. A project with a construction start date in 2019 could qualify for just 40 percent of the PTC. Alternatively, PSE would be on equal footing with developers in its ability to capture a higher ITC rate for solar projects. However, while a developer may choose to factor the full benefit of the ITC into its PPA pricing, a benefit to PSE's customers, tax rules provide that a utility's investors must keep a portion of the ITC benefits based on IRS normalization rules. In other words, customers would not receive the full benefit of the ITC for a solar self-build resource.

Self-build challenges: Natural gas-fired resources

Given the substantial uncertainties surrounding federal and state environmental policies this RFP cycle, a challenging permitting environment and the potential for delays to the commercial operation date of a new resource, PSE did not actively pursue a self-build natural gas-fired peaker or combined cycle project in this RFP. Similar to its approach to renewable self-build, PSE used the generic resource costs developed by HDR for the 2019 IRP as a proxy for self-build gas resources in its RFP analysis.

Transmission redirect option

The "transmission redirect option" refers to an assumption that when Colstrip Units 1&2 are shut down, the BPA transmission used to deliver the energy to PSE's load could be "redirected" from Garrison-PSEI, to Mid-C-PSEI. This option assumes that the transmission would be available beginning January 2022 for a 50-year term, thereby providing additional firm capacity for market purchases. PSE originally assumed that 300 MW could be redirected from Garrison to Mid-C; however, based on further internal analysis, discussion with BPA, and updated ATC calculations and flowgate constraints within BPA's network, it was determined that only up to 100 MW could be redirected to Mid-C. While redirecting the remaining 200 MW remained potentially feasible, the location, source and cost of this redirect were unclear. As a result, PSE withdrew this portion of the redirect from its analysis and assumed a 100 MW redirect instead.

The 100 MW redirect paired with market option was later eliminated from consideration during Phase 2 based on the standalone portfolio analysis results. The results determined that two of the proposed Montana wind proposals, both of which assumed use of this transmission, offered more favorable portfolio benefits than the transmission redirect option. The results of the Phase 2 standalone portfolio analysis can be found in Appendix D.

[22] A developer that either spent five percent of a project's total capital costs (the "safe harbor" provision) or that can demonstrate it commenced "physical work of a significant nature" on the facility (the "physical work test") in 2017 and completes construction within four years of the construction start date would be eligible to receive 80 percent of the PTC, the rate associated with a 2017 construction start date.

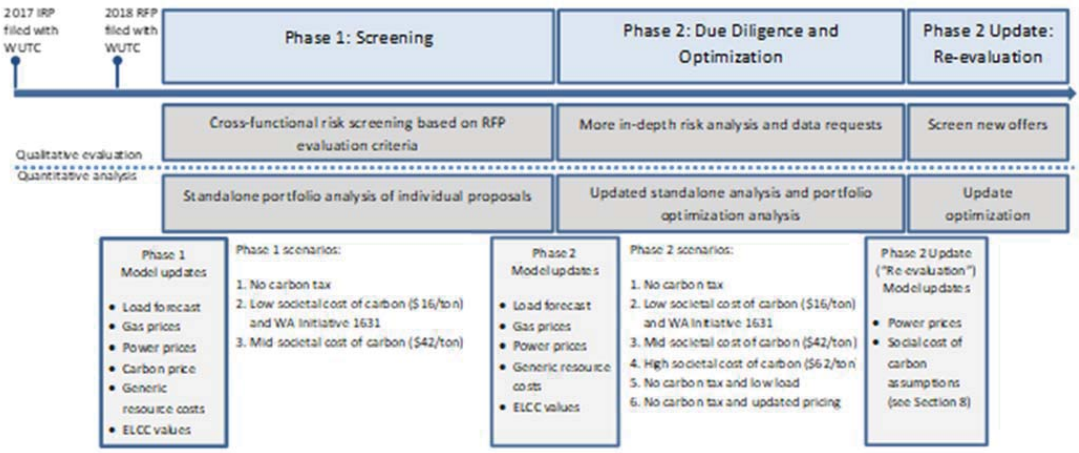
5. Evaluation process overview

PSE's resource evaluation process is designed to be consistent with guidance set forth in the Washington Administrative Code ("WAC") and the Revised Code of Washington ("RCW"), which encourage utilities to seek resources that provide clean, safe and reliable power to meet their renewable and capacity needs using lowest reasonable cost as a criterion. RCW 19.280.020 defines "lowest reasonable cost" as "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." Further, WAC 480-107-035 provides guidance regarding the minimum criteria that must be considered when evaluating and comparing resources:

At a minimum, the ranking criteria must recognize resource cost, market-volatility risks, demand-side resource uncertainties, resource dispatchability, resource effect on system operation, credit and financial risks to the utility, the risks imposed on ratepayers, public policies regarding resource preference adopted by Washington state or the federal government, and environmental effects including those associated with resources that emit carbon dioxide. The ranking criteria must recognize differences in relative amounts of risk inherent among different technologies, fuel sources, financing arrangements, and contract provisions. The ranking process must complement power acquisition goals identified in the utility's integrated resource plan.

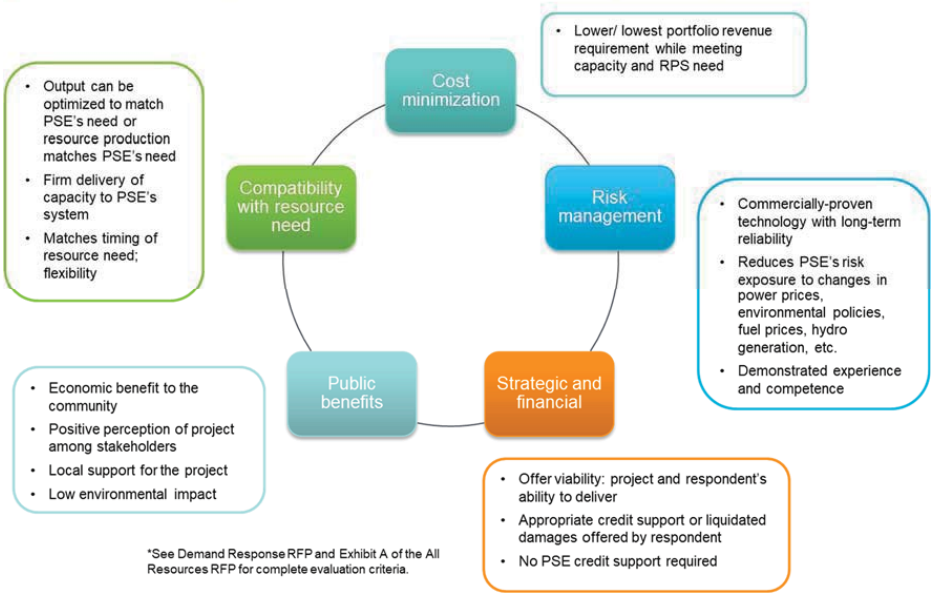
PSE follows a structured, two-phased evaluation process (shown in Figure 6) to screen and rank individual proposals based on an evaluation of costs, risks and benefits. The first phase includes a preliminary qualitative and quantitative screening designed to identify the most promising proposals and eliminate resources with prohibitive costs, minimal portfolio benefits or excessive risk. The second phase includes a more rigorous due diligence review and portfolio optimization analysis, with the goal of identifying a shortlist of resources representing a combined best-fit, lowest reasonable cost solution to meet the resource needs established in the RFP.

Figure 6. ***2018 RFP Evaluation Process Overview***



PSE considers a variety of quantitative and qualitative factors to reasonably compare proposals with diverse attributes. Each proposal is evaluated based on its compliance with either the All Resources or Demand Response RFP, and according to the criteria summarized in Figure 7.

Figure 7. ***Summary of RFP evaluation criteria (See Appendix B for a detailed list)***



Section 6 (Phase 1) and Section 7 (Phase 2) describe in detail the two phases of PSE's analysis process and results. See also Appendix E for details related to the models, assumptions and scenarios used in PSE's 2018 RFP analysis.

Reporting and transparency

The RFP team kept PSE's Energy Management Committee ("EMC") apprised of its progress and decisions throughout the RFP evaluation process. The team presented four updates to the EMC during the RFP evaluation: (1) a summary of proposals received in September 2018, (2) a report on the Phase 1 results in March 2019, (3) an update on Phase 2 in June 2019, and (4) a report on the Phase 2 results in July 2019. Subsequent to the RFP, the team continued to present updates to the EMC as new information became available during the early part of the negotiation process. This included a report on the Phase 2 Update ("Re-evaluation") results in November 2019. The RFP team will continue to update the EMC and PSE's Board of Directors on an as-needed basis as negotiations with selected counterparties continue and will seek appropriate approvals prior to executing contracts with selected counterparties. Copies of updates presented to the EMC during the RFP evaluation are attached as Appendix F.

In addition to its internal reporting, PSE's RFP team kept the WUTC apprised of its progress. Subsequent to filing the draft RFP, PSE engaged in multiple calls with WUTC staff related to the contents of the draft RFPs and to establish a reasonable process for addressing public comments. During the evaluation process, PSE presented updates to WUTC staff on three occasions: (1) a summary of proposals received in September 2018, (2) a report on the Phase 1 results in March 2019, and (3) a report on the Phase 2 and Phase 2 update results in December 2019. PSE also hosted members of the WUTC staff policy team to review the RFP proposals at PSE's Bellevue headquarters in June 2019.

The Resource Acquisition rule, in Chapter 480-107-035 WAC, requires utilities to keep a summary of RFP proposals received available on site for public review once the proposals are opened for ranking. This rule also requires that the summary be updated to include the final ranking for each proposal at the conclusion of the RFP. PSE has complied with this rule and will update the summary with final rankings upon completing the RFP.

6. Screening process and results ("Phase 1")

The Phase 1 evaluation process included an assessment of both the qualitative and quantitative attributes of individual proposals; screened and ranked proposals on an economic basis; and eliminated proposals with prohibitively high cost, lower benefit to PSE's power portfolio than alternatives, or unacceptable risks (also called "fatal flaws"). Examples of fatal flaws include, but are not limited to: proposals that failed to provide sufficient information to substantiate a viable project, feasibility constraints, the inability to permit the project or deliver energy, commercially unproven technology, excessive counterparty risk, and regulatory or legal risk associated with noncompliance that could adversely affect PSE.

Upon completing the Phase 1 screening, the RFP team identified a "candidate list" of the most promising proposals for a more thorough due diligence analysis and further quantitative scrutiny in Phase 2. The following discussion describes in detail PSE's Phase 1 analysis and results.

Phase 1 qualitative analysis: Cross-functional risk screening

The RFP team conducted a qualitative review in Phase 1 to identify, assess and document the risks associated with each RFP proposal. This process included identifying potential risks for more focused examination should a proposal advance to Phase 2 and any fatal flaws that would immediately eliminate a proposal from further consideration. The team also considered the relative likelihood that certain substantial risks might occur.

Throughout Phase 1, the RFP team met weekly with a cross-functional evaluation team of subject matter experts ("SMEs") to discuss the costs, risks and merits of individual proposals. Each week, SMEs would review and evaluate a subset of proposals (typically four to six per week) based on the evaluation criteria described in Section 5 and Appendix B. During the meetings, SMEs summarized the proposal elements associated with their areas of expertise, described their overall findings and discussed potential risks that might impact PSE as an owner or offtaker. SMEs also prepared follow-up questions for the developers on an as-needed basis. Many of the concerns and questions raised in Phase 1 later became the basis for data requests during Phase 2. At a minimum, the weekly meetings included team discussion of commercial terms, counterparty considerations, development status including site control and permitting matters, technical considerations, operating characteristics, transmission and interconnection matters, community and government relations, and periodic updates on the economic analysis. On an as-needed basis, PSE invited additional SMEs to review certain proposals. For example, when natural gas-fired resources were discussed, PSE included experts from its natural gas fuel supply and environmental compliance teams.

After the weekly review meetings, SME findings were aggregated and documented in a memorandum format. A summary of these findings is presented in the Executive Summary attached to Appendix C.

One of the central challenges this RFP cycle was the proportionally large number of proposals for development projects (nearly 92 percent), most of which were early development projects. This is a shift from prior RFPs, which generally attracted a more balanced mix of operational, mature and early development options. PSE's analysis found that while some early development offers were competitively priced, they also introduced considerably more uncertainty. In general, existing projects without operational issues and more mature development projects proposed by experienced developers with

bankable plans (i.e., site control, secured permits, etc.) were considered to be substantially less risky than early development alternatives.

In Phase 1, PSE tended to give proposals the benefit of the doubt related to unknowns or uncertainties, while documenting potential risks for further review and verification in Phase 2. Additionally, if certain elements of a proposal were either missing or unclear, PSE generally requested supplemental information or clarification from developers. However, two proposals were considered to be extremely underdeveloped. Neither proposal contained the minimum amount of information needed to substantiate or evaluate the viability of the proposed resource, or its associated costs and risks. These two proposals were subsequently removed from consideration. They were the only proposals eliminated during Phase 1 based on qualitative fatal flaws.

Phase 1 quantitative analysis: Economic screening of individual proposals

PSE used PSM III and the Aurora dispatch model to perform the quantitative analysis for both phases of its RFP evaluation. Aurora is a forecasting and energy dispatch model used to provide revenue and production inputs to the PSM III model. PSE used Aurora to develop Mid-C market power prices for its pricing scenarios. Other key inputs from Aurora included revenues, energy dispatch, variable costs (such as fuel and variable O&M), emissions related to existing resources, and market purchases and sales.

PSM III is a Microsoft Excel-based financial optimization model developed by PSE to evaluate the incremental cost and risk of a wide variety of resource alternatives and portfolio strategies. At a high level, the model calculates the long-term revenue requirements for PSE's incremental generic power portfolio based on the 2017 IRP resource strategy and a current outlook on the Company's capacity, renewable and energy needs. Generic resources are then replaced in the model with a specific proposal from the 2018 RFP to measure the impact on PSE's overall portfolio cost. This allows PSE to compare the cost of individual RFP offers to the cost of generic resources and each other.

PSM III calculates five metrics used by the RFP team to assess the economic competiveness of individual proposals: portfolio benefit, levelized net cost per kW or REC, levelized portfolio benefit per kW or REC, levelized cost, and portfolio benefit ratio. A definition for each metric is included in Appendix E. Each metric provides a slightly different perspective on the economic benefits associated with the proposals. The evaluation process used multiple metrics in its resource analysis because no one metric provides a complete view of the relative competitiveness of an individual proposal. As an example, levelized cost of energy is a traditional metric used by the industry for the purposes of comparing proposals; however, it does not take into account whether or how much a resource would contribute to meeting PSE's capacity or renewable resource needs.

PSE's Phase 1 screening analyzed each project on a standalone basis and, using the metrics from PSM III, compared the portfolio impact in three potential future scenarios. Each of the scenarios was constructed using base demand, gas price and generic resource cost assumptions; however, carbon assumptions were varied to test a range of potential future carbon costs:

- Scenario 1: No carbon tax
- Scenario 2: Low societal cost of carbon ($16/ton)[23]
- Scenario 3: Mid-societal cost of carbon ($42/ton)[24]

The 2018 RFP evaluation was performed in parallel with the development of PSE's 2019 IRP and, as a result, many of the assumptions were evolving throughout the RFP evaluation process. Subsequent to the 2017 IRP, PSE updated a variety of modeling assumptions including gas prices, Mid-C market power prices, load forecasts, generic resource cost assumptions and other key inputs. PSE's Phase 1 modeling assumptions are presented in Appendix E.

Value stream considerations in the quantitative analysis

The Phase 1 quantitative analysis considered the cost of a particular proposal compared to its value within PSE's electric power portfolio. The primary value streams included the contribution of a resource toward meeting PSE's renewable resource need, its peak capacity need, or both. The RFP team compiled two distinct lists to rank these values: 1) resources capable of meeting the renewable resource need and 2) resources capable of meeting the peak capacity need. Two metrics were most useful in understanding the contributions of resources with different attributes to each of these resource needs, the portfolio benefit per kW metric (PB/Kw-yr) for capacity need and the portfolio benefit per REC metric (PB/REC) for renewable resource need. In general, most proposals offered either a material peak capacity or renewable resource contribution, but not both. Most renewable resources offered only a very minor contribution to the peak capacity need and, therefore, only appear on the renewable ranking list. However, there were several exceptions, such as Montana wind, Columbia Gorge wind, and biomass, which offered considerable contributions to meeting both the renewable resource and peak capacity needs. These resources appear on both lists. Phase 1 quantitative analysis results and rankings for both the renewable resources and peak capacity needs are presented in Appendix C.

Wind and solar projects, which comprised the bulk of early-development proposals received in the RFP, featured capacity factors ranging between 20 percent and 50 percent, varying due to site-specific attributes and the proposed generation technology. The projected correlation between the hourly and seasonal generation profiles and PSE load projections were important considerations in valuing a project's contribution to meeting peak capacity need. This metric, represented as percentage, is a fractional quantity based on the characteristics of a resource relative to a "perfect" capacity resource's contribution to a peak capacity event. This value is closely tied to expected load carrying capability ("ELCC"). ELCC assumptions for the 2018 RFP are described in Appendix E. The methodology for calculating the value of ELCC assumptions is described in Appendix N to PSE's 2017 IRP.

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[23] The Scenario 2 low societal cost of carbon assumption ($16/ton) is based on a Washington state carbon tax proposed in Initiative 1631, which failed to pass at the ballot box in November 2018.

[24] Source of Scenario 3 mid-societal cost of carbon assumption ($42/ton): "Technical Support Document: Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis – Under Executive Order 12866, Interagency Working Group on Social Cost of Greenhouse Gases," United States Government, Aug. 2016.

Because peak capacity resources must be available when and where needed, PSE's analysis considered the characteristics of the resource, the proposed delivery point and the likely availability of "firm" delivery to PSE's system when determining the application of ELCC values for resources. Firm delivery to PSE's system means that the energy output from the proposed project would be delivered on an as-generated basis, with less risk of curtailment due to a transmission constraint.

To qualify as a capacity resource, proposed projects intertied on third-party transmission systems, often BPA, were assessed to determine whether a request for firm, point-to-point transmission to PSE's system would likely be granted. Since many of the RFP responses proposed early development projects, developers often had not yet secured interconnection and transmission services. Some awaited the outcome of pending analysis and studies performed by the transmission operator. If PSE's energy delivery team determined that a proposed resource was unlikely to be granted firm delivery to PSE's system (or if the potential solution was determined to be too difficult or too uncertain), the proposal did not receive the benefit of a contribution to capacity in PSE's analysis. In Phase 1, PSE's quantitative analysis generally gave projects the benefit of the doubt regarding the likelihood that transmission would be granted; however, transmission and interconnection availability and cost risks became a common topic in data requests and received more critical consideration in Phase 2.

To allow additional flexibility for developers in the 2018 RFP, PSE considered resource proposals with a variety of delivery points including busbar (typically the project's point of interconnection ("POI")), the Mid-Columbia energy delivery point ("Mid-C") and BPAT.PSEI, or that are located on PSE's system. Projects located on PSE's system or delivering to BPAT.PSEI could be analyzed with a contribution to peak capacity, while other projects delivering to busbar or Mid-C generally could not. Proposed resources delivering to Mid-C generally assumed that PSE could leverage existing transmission capacity to the Company's load center (PSEI.SYSTEM). However, this transmission pathway is often used for short-term transactions in high-load, high-demand scenarios. Because a new resource delivering to Mid-C would supplant an existing capacity asset (market purchases) already counted toward meeting PSE's peak capacity need, its contribution to peak capacity could not be considered an incremental benefit to PSE's power portfolio in the RFP analysis.

Project proposals featuring busbar delivery pushed to PSE the risk of securing transmission service from the project's POI to the Company's load center (PSEI.SYSTEM). PSE's analysis assessed on a case-by-case basis the most applicable delivery point, and the likelihood and costs of securing firm point-to-point transmission service to PSE's system. The nine Montana renewable projects are notable examples of this scenario, in which the sellers proposed to intertie their projects to the Colstrip Transmission System ("CTS"). Montana resource proposals pushed the responsibility for securing transmission for these projects to PSE, assuming that PSE could use 300 MW of existing transmission rights presumed to be available after the closure of Colstrip Units 1&2 to bring wind power from areas along the CTS to BPAT.PSEI. At the time of PSE's analysis, the relevant transmission operators and affected parties had not yet studied the effect on the transmission system of replacing Units 1&2 with a potential new variable resource generator. As such, PSE's assessment of projects with interconnection points along this transmission pathway included this risk as part of its Phase 1 qualitative analysis.

Key findings by resource type

Energy storage

Of the 97 proposals received in response to the 2018 RFP, two were pumped hydro storage projects, 17 were standalone battery energy storage systems ("BESS"), and another 23 offered renewable generation paired with a BESS resource. PSE's quantitative analysis applies several value streams to storage resources. Value streams for BESS projects and pumped hydro storage projects include a contribution to peak capacity (with firm energy delivery to PSE's system) and a flexibility benefit. Additionally, BESS projects located on PSE's system receive a transmission system deferral value.

The *contribution to peak capacity value* is described in the previous section on pages 25 and 26.

Battery energy storage:

Costs declining, but still higher than alternative capacity resources

	Proposed	Phase 2
Battery only	17	0
Battery + renewable	23	0

The *transmission system deferral value* is an avoided cost metric representing the mitigation benefit of neither building nor retrofitting transmission assets as a result of adding the operational flexibility of a battery to the transmission system. PSE's analysis assumed a deferral value of $26/kW-yr escalated at 2.5 percent annually. This proxy value was applied to all BESS proposals in the preliminary quantitative screening. This is conceptually similar to the benefit of the doubt approach applied throughout Phase 1.[25]

The *flexibility value* quantifies the sub-hourly benefits of adding a generation asset to the transmission system. These benefits, which apply to both pumped hydro and battery energy storage resources, include: regulation up and down, voltage control, frequency control, spinning reserves, non-spinning reserves and supplemental reserves. Storage resources with higher maximum output capacities and longer durations offered greater flexibility benefits.

Pumped hydro storage:

Very high cost compared to alternatives; large projects with substantial development and/or construction risks

	Proposed	Phase 2
Pumped hydro storage	2	0

Even with these value streams applied and a significant decrease in pricing over the past several years, BESS proposals were not competitive enough with other capacity alternatives in PSE's screening analysis to be selected for Phase 2 consideration. The pumped hydro storage proposals had even higher costs than the BESS proposals, very long lead times and considerable development or construction risks; they were also not selected for Phase 2 consideration. This cycle, PSE received enough proposals with sufficiently attractive capacity contributions to effectively meet its physical reliability need at substantially lower costs than those proposed for storage. However, as traditional capacity resource options become

[25] *If any of the BESS proposals had been selected for further consideration in Phase 2, PSE would have evaluated these resources on a site-specific basis.*

increasingly scarce, ELCC returns from intermittent resources with common generation profiles diminish, and lithium-ion battery prices continue to drop, it is possible and potentially even likely that BESS resources will be better positioned to compete with other alternatives to meet PSE's peak capacity needs in future RFPs.

Solar resources

Solar project prices in the 2018 RFP continued to decrease on a cost-of-energy basis. As a result, a fairly large number of the proposed solar projects (8 of 16) performed well enough in the screening analysis to be selected for Phase 2 consideration. However, proposals featuring solar and BESS resources combined did not fare as well because most were delivered to Mid-C, negating the capacity value of the BESS. Many of the solar proposals were for early development projects proposed by smaller, less-experienced firms, which introduced more uncertainty and increased the potential for unknown development risks. Often, these proposals had yet to fully secure site control, apply for critical permits, or apply for interconnection and transmission service to initiate system operator studies that determine system and facility impacts.

Solar resources:

Cost of energy declining; however, dual-value resources able to meet both capacity and renewable resource needs had higher portfolio values than solar

Capacity contribution of solar with storage options negated by Mid-C delivery

	Proposed	Phase 2
Solar only	16	8
Solar + battery	20	1
Solar + wind + battery	2	0

Wind resources

Eight of the 17 wind proposals advanced for further due diligence in Phase 2. Three of the selected proposals were Montana wind proposals and four were located along the Columbia River Gorge (the "Gorge") in Oregon or Washington.

Wind resources:

Montana and Columbia Gorge wind projects benefitted in the analysis due to their ability to help meet renewable and capacity need

	Proposed	Phase 2
Wind only	17	8
Wind + solar + battery	2	0

Montana wind proposals, in particular, performed very well in the Phase 1 analysis, despite some general early development risks and the risks associated with certain transmission assumptions discussed earlier in this section (namely that PSE would be able to use its existing Colstrip Units 1&2 transmission rights for an intermittent resource). The higher expected capacity factors of these resources combined with seasonal and daily wind shapes that are expected to have a high level of correlation to PSE's load produced a high ELCC value relative to other intermittent resources. Montana resources ultimately benefitted in PSE's analysis from the dual values of contributing to the renewable resource and peak capacity needs established in the RFP. Three of the six proposed Montana wind projects were selected for further evaluation in Phase 2.

Wind projects located in the Columbia River Gorge (the "Gorge") area provided dual-value renewable and capacity contribution benefits similar to Montana wind projects, although the ELCC value was lower, due to a lower seasonal correlation between expected production and PSE's load. One Gorge wind project attempted to alleviate that concern by adding a winter-only, peak-hour capacity agreement to provide guaranteed firm energy delivered to PSE's system from a pool of the seller's other resources when PSE's load is assumed to be at its highest.

Additionally, PSE received a single offshore wind project, which was eliminated because it was extremely high cost and the proposal was underdeveloped. This project did not proceed to Phase 2.

Biomass resources

Of the three biomass projects proposed into the RFP, only one advanced to Phase 2. In general, the biomass projects were relatively expensive from an energy standpoint. However, the selected biomass resource is already operating and would provide baseload output, which resulted in a higher contribution to capacity value than the other biomass proposals. Similar to the Montana and Gorge wind proposals, the biomass resource selected for Phase 2 benefitted in PSE's analysis from its contribution to both the renewable resource and peak capacity needs defined in the RFP.

Biomass resources:

Selected proposal is an operating facility that would provide baseload output; project benefitted in the analysis due to its ability to help meet renewable and capacity need

	Proposed	Phase 2
Biomass	2	1
Biomass + battery	1	0

Demand response programs

PSE received a total of six demand response proposals in the 2018 RFP. Three targeted residential direct load control opportunities such as smart thermostat and smart water heater technologies, one targeted behavioral demand response technology for residential customers, and two others targeted commercial and industrial curtailment. The capacity offered by the demand response projects was generally modest compared to generation resources, ranging between 9 MW and 40 MW.

Demand response programs:

Selected proposal benefitted in Phase 1 analysis from a substantial T&D deferral value assumption that required further analysis in Phase 2

	Proposed	Phase 2
Demand response	6	1

ELCC value assumptions were updated in the RFP Phase 1 analysis to align with then-current draft 2019 IRP assumptions. This update resulted in a 40 percent lower demand response ELCC value than assumed in the 2017 IRP. As a result, only one of the demand response proposals performed well enough in the standalone portfolio analysis to be selected for consideration in Phase 2.[26]

[26] *ELCC values were again updated in Phase 2 to align with the final 2019 IRP assumptions, resulting in an overall net reduction of about 50 percent compared to the 2017 IRP (from 77 percent in the 2017 IRP to 38 percent in the 2019 IRP). As a result of this*

Most demand response vendors were unable to demonstrate sufficient experience in a market with a peak load profile similar to the Pacific Northwest, which made it challenging to evaluate the potential for risk in achieving expected results when demand side reductions are most needed. Additionally, PSE is in the process of rolling out advanced metering infrastructure ("AMI") and implementing a distributed energy resource management ("DERM") system to utilize the data. None of the demand response vendors had any experience integrating with a DERM system, which introduced potential risk for PSE customers.

Natural gas-fired generation resources

Natural gas-fired generation projects have historically represented a high percentage of proposals received in PSE's All Resources RFPs, averaging about 33 percent of the total proposals received since 2005. This cycle, only four of the 97 proposals received were for natural gas-fired resources. Two of the four advanced to Phase 2 based on their contribution to peak capacity value and their relatively lower cost compared to other capacity resource alternatives available in the RFP. One proposed an operational combined cycle project and the other proposed to install retrofitted aircraft engines at an existing PSE site. Risks for these resources included gas transportation concerns, future clean energy legislation compliance (the Clean Energy Transformation Act became Washington law during Phase 2), and significant reputational risks given changing public and municipal preferences. Additionally, the concept of a thermal expansion project co-located at an operational PSE gas plant site raised significant permitting feasibility questions for the development project and concerns that the operating permit for the existing facility could be reopened, putting existing operating limits at risk.

Natural gas-fired generation resources:

Relatively lower cost capacity option compared to storage; however, dual-value resources able to meet both capacity and renewable resource needs had higher portfolio values than gas-fired resources

	Proposed	Phase 2
Natural gas resources	4	2

Other resources

PSE received and assessed several other miscellaneous resource proposals in Phase 1, one run-of-river hydro, two geothermal, a system PPA capacity call option, and five unbundled REC proposals. The hydro proposal was selected to advance to Phase 2 because it is an operating plant with a potentially high contribution to capacity. The geothermal proposals were not selected for Phase 2 because they offered relatively expensive energy and little capacity value. The system PPA capacity call option was not selected

Other resources:

Selected resources included an operating run-of-river hydro plant with potentially high contribution to capacity and low cost RECs

	Proposed	Phase 2
Geothermal	2	0
Run-of-river hydro	1	1
Capacity call option	1	0
Unbundled RECs	5	3

change, the cost of demand response roughly doubled on a per megawatt basis (assuming no change to the pricing) over the course of the RFP because twice as much of the same resource would be required to achieve the same peak capacity contribution.

for Phase 2 because it delivered to Mid-C, which negated its contribution to capacity value. The unbundled REC proposals posed little general offtake risk, as many of the underlying projects were either operating or soon-to-be constructed. Of the six proposals (one was unsolicited), three proceeded to Phase 2 due to their relatively low costs and small sizes, two potentially valuable attributes for consideration in the Phase 2 portfolio optimization.

Phase 1 results: The "candidate" list

PSE completed its Phase 1 evaluation of proposals and presented an update to its Energy Management Committee ("EMC") in March 2019. At the conclusion of its preliminary screening, PSE selected a list of 25 "candidate" proposals for further evaluation in Phase 2. Selected proposals were generally those that ranked most favorably in the quantitative screening relative to one or both of the resource needs (as defined in the 2018 RFP) and had no known fatal flaws. Projects that provided a contribution to both resource needs were generally selected for Phase 2, due to the relatively high total portfolio benefit produced by the dual value streams. The detailed results of PSE's Phase 1 qualitative and quantitative analysis are provided in Appendix C.

Overall, the high number of renewable resource projects selected for Phase 2 consideration aligned well with public and state policy preferences and, specifically, the Clean Energy Transformation Act, which became Washington law during PSE's Phase 2 analysis. In addition to the selected renewables and a handful of low or non-emitting capacity resources, PSE also chose to include two natural gas-fired resources on its candidate list. This decision was made to ensure that there would be sufficient capacity resources in the Phase 2 candidate pool to meet PSE's physical reliability need. The gas resource proposals added potentially valuable resource and locational diversity to the mix, as well as substantially higher ELCC values than most other alternatives. However, they also carried potentially substantial risks that required additional scrutiny and careful consideration in Phase 2.

After eliminating proposals with prohibitively higher costs than alternatives, PSE recognized that it would have relatively few proposals with significant capacity contributions to compare in Phase 2 without including any thermal generation. The team also recognized that several of the selected candidates proposed development projects that have potentially material risks, which may or may not be acceptable to PSE. Additionally, the selected Montana wind resources, which were some of the most favorable in the Phase 1 quantitative analysis, were all proposing to use the same Colstrip 1&2 transmission rights to bring their power to PSE's load. In other words, they were mutually exclusive.

Table 6. ***Candidate List for Phase 2 evaluation***

ID	Project Name	Resource Type	Nameplate	Counterparty	State
18100	SPI Industrial	Biomass	17 MW	SPI	WA
18201	[redacted]	Demand Response	[redacted] MW	[redacted]	WA
18169	ClearWater Wind	MT Wind	300 MW	NextEra	MT
18173	[redacted]	MT Wind	[redacted]	[redacted]	MT
18176		MT Wind			MT
18163		REC Only			OR
18165		REC Only			OR
18190		REC Only			WA
18107		Run-of-River			ID
18135		Solar			WA
18111		Solar			WA
18122		Solar			WA
18131		Solar			WA
18127		Solar			WA
18114		Solar			WA
18112		Solar			WA
18125		Solar			WA
18139		Solar + BESS			OR
18105		Thermal			WA
18103		Thermal			OR
XXXXX	Transmission Redirect**	Transmission	100 MW	BPA Transmission	N/A
18175	[redacted]	Wind	[redacted]	[redacted]	WA
18132		Wind			OR
18179		Wind			WA
18170	Golden Hill Wind - Shaped	Wind			OR
18166	[redacted]	Wind			OR

The "transmission redirect option" in Table 6 refers to an assumption in the analysis that when Colstrip Units 1&2 shut down, the BPA transmission used to deliver the energy to PSE's load could be "redirected" from Garrison-PSEI, to Mid-C-PSEI. This option assumes that the transmission would be available beginning January 2022 for a 50-year term, thereby providing additional firm capacity for market purchases.

7. Optimization and due diligence process and results ("Phase 2")

The Phase 2 evaluation process took a more rigorous, in-depth look at the most promising RFP proposals, examining risks identified during Phase 1 and subjecting each proposal to further quantitative scrutiny. In Phase 1, PSE gave proposals the benefit of the doubt with regard to unknown or uncertain qualitative and quantitative risks; in Phase 2, we investigated those risks and verified or adjusted our assumptions. Phase 2 included an updated standalone portfolio analysis for each individual candidate proposal based on the most current information available to PSE. Phase 2 also included portfolio optimization analysis to identify the best combination of resources to meet the renewable and capacity resource needs established in the RFP at the lowest reasonable cost.

At the end of Phase 2, the RFP team considered together the results of the updated standalone portfolio analysis, the optimization analysis and the qualitative findings of its cross-functional evaluation team, and recommended to PSE's management a shortlist consistent with the optimized resource portfolio. Shortlisted resources advanced to the final phase of the 2018 RFP, negotiations with counterparties.

Revised candidate list for Phase 2 evaluation

At the end of Phase 1, PSE contacted respondents to provide an update on the status of their proposals. Subsequent to those notifications, PSE received several updates from respondents, adjusting the terms of their proposals. Four of the adjustments resulted in changes to the candidate list, as summarized below.

Added to the candidate list:

- Bonneville Power Administration adjusted the delivery point of its BPA Peak Capacity Product proposal (#18161) from the Mid-C to PSE's load (PSEI.SYSTEM), which allowed PSE to consider the project's contribution to the peak capacity need.
- [redacted] reduced the price of its [redacted] unbundled REC proposal (#UP002), which improved its relative ranking in the quantitative analysis. This proposal was originally submitted as an unsolicited proposal partway through the Phase 1 analysis.
- [redacted] reduced the price of its commercial and industrial curtailment proposal (#18205), which improved its relative ranking in the quantitative analysis.

Removed from the candidate list:

- [redacted] withdrew its [redacted] Solar proposal (#18112) for unspecified reasons at the beginning of Phase 2.

As a result of these changes, the total number of Phase 2 candidate proposals increased to 27.

Phase 2 qualitative analysis: Due diligence evaluation

The qualitative review began with a goal to investigate the risks and information gaps identified during Phase 1 for each Phase 2 proposal. Risks included development challenges that could delay the proposed commercial operation date of a resource, and issues that could cause operational or reputational harm to PSE, if the Company were to either acquire or enter into an offtake agreement for the proposed resource.

To clarify proposal details and develop a better understanding of perceived risks, the RFP team compiled a series of data requests developed by the subject matter experts ("SMEs") who performed the Phase 1 qualitative screening. Data requests were organized into the following topics: commercial matters (e.g., counterparty considerations, schedule, proposal terms, etc.), energy delivery (i.e., interconnection and transmission), technical and operations (e.g., technology, operational characteristics, maintenance, etc.), permitting matters (or compliance for existing resources), site control and outreach.

Sample data requests:

- **Commercial** – Does seller intend to continue as the long-term owner and operator of the project after COD?
- **Energy Delivery** – Please provide a status update on the Interconnection Agreement negotiations.
- **Technology** – Please provide site suitability analysis documentation showing that the proposed turbine's design parameters for average wind speed, turbulence, wind shear, etc. are a good fit for the site.
- **Permitting** – Please provide copies (or links) to all baseline environmental and background studies, permit applications/approvals, staff reports and permits that exist for the project.
- **Site Control** – Please provide copies of deeds, leases and easements necessary for the generation tie-line.
- **Outreach** – Detail any plans for government and key stakeholder outreach to garner support for the project.

SMEs also conducted independent investigations to assess the validity of development plans and risk mitigations using publicly available information sources. Examples of public information sources utilized during the evaluation include, but are not limited to, public permitting meetings (e.g., Oregon EFSC), media reports and information posted on transmission provider OASIS sites.

Phase 2 included weekly meetings, in which the RFP team met with evaluation team SMEs to discuss new information received through data request responses and independent investigation, assess its impact on the qualitative risk assessment of the proposals, and determine whether any additional data requests or other follow-up activities would be necessary to complete the qualitative review. On an as-needed basis, the RFP team sent supplemental data requests or arranged phone conversations between respondents and relevant SMEs to clarify or expand upon certain data request responses.

After completing the Phase 2 qualitative review, SME findings were aggregated and documented in a memorandum format. A summary of these findings is presented in the Executive Summary attached to Appendix D.

Key qualitative findings

At the close of the Phase 2 due diligence review, PSE's evaluation of the candidate proposals was substantially complete and documentation of the evaluation team's findings took a much more critical view of qualitative risks than it had in Phase 1. In general, existing projects without operational issues and development projects backed by experienced developers with bankable plans (e.g., site control achieved, permits secured, etc.) were considered to be substantially less risky than early development projects.

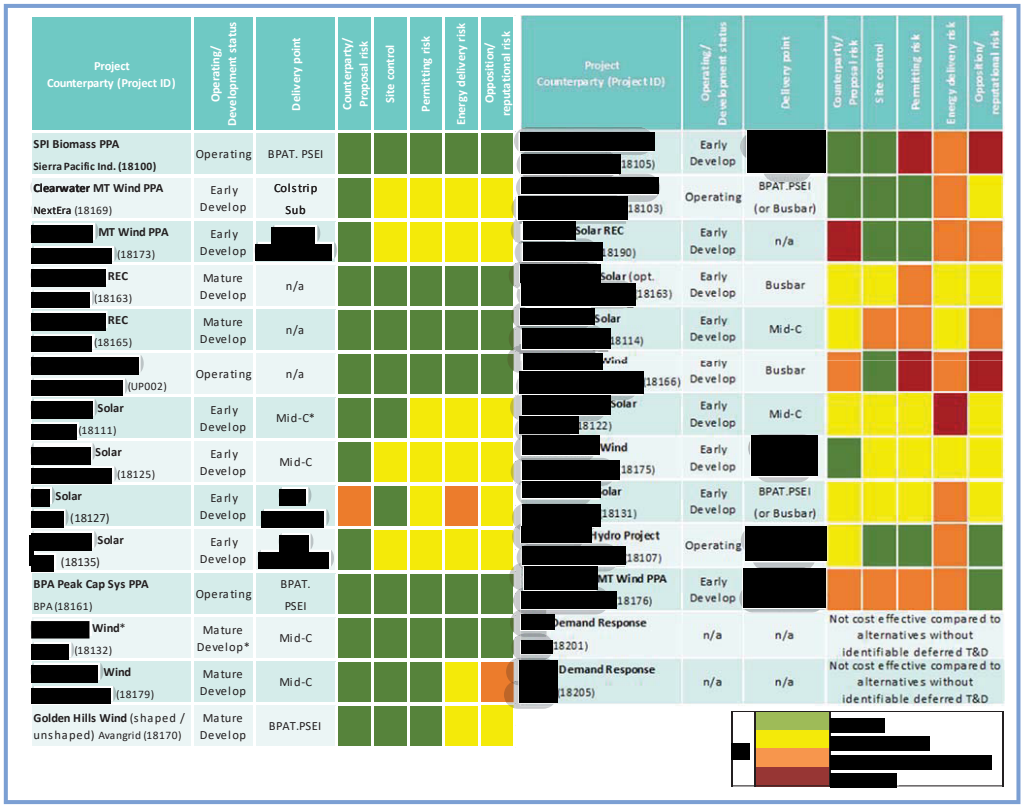
With the exception of the three unbundled REC proposals and the [redacted] Repower proposal (#18132), nearly all of the Phase 2 candidates presented some amount of material risk. Despite this, only two proposals were removed from consideration during Phase 2 based only on qualitative fatal flaws:

- [redacted] **Energy Center (#18105)** proposed by [redacted] proposed expanding PSE's existing [redacted] plant to include a new aeroderivative peaker. The evaluation team ultimately determined that additional thermal development at this site would be extremely risky for both the expansion project and the existing operational plant, particularly with regard to permitting and reputational risks. In addition to significant risks associated with the development project related to permitting, opposition and energy delivery; attempting to modify an existing site could reopen the operating permit for the [redacted] plant and place its existing operating limits under review.

- [redacted] **Unbundled RECs (#18190)** proposed by [redacted] Energy: PSE eliminated this proposal based on a variety of substantial qualitative concerns, including: interconnection uncertainties that could impact the total REC output of the underlying projects, substantial feasibility risks for the underlying projects, potential legal issues associated with the Energy Facility Siting Evaluation Council permitting decision ([redacted] County has applied for judicial review), counterparty risks, and concerns about local opposition related to siting the projects on commercial agricultural land.

These proposals were not included in the Phase 2 portfolio optimization analysis, which is described later in this section, beginning on page 37. Table 7 is an illustrative depiction of the qualitative results associated with the 27 Phase 2 proposals. A more detailed qualitative summary can be found in Appendix D.

Table 7. ***At-a-glance qualitative risk comparison***



Project Counterparty (Project ID)	Operating/ Development status	Delivery point	Counterparty/ Proposal risk	Site control	Permitting risk	Energy delivery risk	Opposition/ reputational risk
SPI Biomass PPA Sierra Pacific Ind. (18100)	Operating	BPAT. PSEI					
Clearwater MT Wind PPA NextEra (18169)	Early Develop	Colstrip Sub					
[redacted] MT Wind PPA [redacted] (18173)	Early Develop	[redacted]					
[redacted] REC [redacted] (18163)	Mature Develop	n/a					
[redacted] REC [redacted] (18165)	Mature Develop	n/a					
[redacted] (UP002)	Operating	n/a					
[redacted] Solar [redacted] (18111)	Early Develop	Mid-C*					
[redacted] Solar [redacted] (18125)	Early Develop	Mid-C					
[redacted] Solar [redacted] (18127)	Early Develop	[redacted]					
[redacted] Solar [redacted] (18135)	Early Develop	[redacted]					
BPA Peak Cap Sys PPA BPA (18161)	Operating	BPAT. PSEI					
[redacted] Wind* [redacted] (18132)	Mature Develop*	Mid-C					
[redacted] Wind [redacted] (18179)	Mature Develop	Mid-C					
Golden Hills Wind (shaped / unshaped) Avangrid (18170)	Mature Develop	BPAT.PSEI					

Project Counterparty (Project ID)	Operating/ Development status	Delivery point	Counterparty/ Proposal risk	Site control	Permitting risk	Energy delivery risk	Opposition/ reputational risk
[redacted] 18105)	Early Develop	[redacted]					
[redacted] 18103)	Operating	BPAT.PSEI (or Busbar)					
Solar REC [redacted] 18190)	Early Develop	n/a					
Solar (opt. [redacted] 18163)	Early Develop	Busbar					
Solar [redacted] 18114)	Early Develop	Mid-C					
Wind [redacted] 18166)	Early Develop	Busbar					
Solar [redacted] 18122)	Early Develop	Mid-C					
Wind [redacted] 18175)	Early Develop	[redacted]					
Solar [redacted] 18131)	Early Develop	BPAT.PSEI (or Busbar)					
Hydro Project [redacted] 18107)	Operating	[redacted]					
MT Wind PPA [redacted] 18176)	Early Develop	[redacted]					
Demand Response [redacted] 18201)	n/a	n/a	Not cost effective compared to alternatives without identifiable deferred T&D				
Demand Response [redacted] 18205)	n/a	n/a	Not cost effective compared to alternatives without identifiable deferred T&D				

Phase 2 quantitative analysis: Individual proposal analysis and portfolio optimization

Similar to Phase 1, PSE used PSM III and the Aurora dispatch model to perform the quantitative analysis for Phase 2. PSE updated a variety of key assumptions in Phase 2 as new information became available, including its load forecast, gas and power price forecasts, effective load carrying capability ("ELCC") values, and generic resource costs. PSE also updated its pricing scenarios, adding three new scenarios to those it tested in Phase 1, which allowed PSE to stress test proposals in different potential future pricing environments. PSE's models, key assumptions and scenarios are all described in detail in Appendix E.

As shown in Table 8, PSE utilized six scenarios to help answer several key questions. For example, how might economic conditions and load growth affect resource decisions? What are the key decision points and most important uncertainties in the long-term planning horizon, and when should we make those decisions? What impact might very different levels of carbon prices have on resource decisions?

Table 8. ***Modeling scenarios used in Phase 2 analysis***

Scenarios	Phase	WECC /PSE Demand	Gas Price	Generic Resource Costs
1. No carbon tax	1 + 2	Base	Base	Base
2. CO2 (low societal $16/ton)	1 + 2	Base	Base	Base
3. CO2 (mid-societal $42/ton)	1 + 2	Base	Base	Base
4. CO2 (high societal $62/ton)	2	Base	Base	Base
5. No CO2 low load	2	Low	Low	Base
6. No CO2 updated pricing	2	Base	Update	Base

As shown, PSE's scenarios were designed to test a range of potential future carbon costs, from $0/ton to as high as $62/ton. This analysis offered insights into how portfolio costs might be affected by potential carbon legislation. The Scenario 2 low societal cost of carbon assumption ($16/ton) is based on a Washington state carbon tax proposed in Initiative 1631, which failed to pass at the ballot box in November 2018. The Scenario 3 mid-societal ($42/ton) and Scenario 4 high societal ($62/ton) cost of carbon assumptions are based on estimates from the United States Government Interagency Working Group's technical support document on the social cost of carbon, which was published in August 2016.[27] Scenario 6 reflects updated pricing as a result of California Senate Bill 100, which sets a statewide renewable energy requirement of 100 percent renewables by 2045.

In addition to updating its modeling assumptions and scenarios, PSE hired DNV GL to perform a reasonableness check of the net capacity factors for all Phase 2 wind and solar projects to ensure that

[27] *"Technical Support Document: Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis – Under Executive Order 12866, Interagency Working Group on Social Cost of Greenhouse Gases," United States Government, Aug. 2016.*

proposed outputs were not overestimated by developers. Additionally, the consultant developed a stochastic analysis of the hourly outputs for PSE to use in resource adequacy and integration modeling. In general, DNV GL found that the net capacity factors provided by the respondents were reasonable with one exception. DNV GL's analysis indicated that the [redacted] Tribe presented a very optimistic view of the potential output from the proposed [redacted] Wind Project (#18176).

Updated economic analysis of individual proposals

In Phase 2, PSE updated its standalone portfolio analysis for each candidate proposal based on the most current information available to PSE at the time the analysis was conducted. Changes included updated assumptions and scenarios as described on page 37. PSE also included new proposal information received from respondents through data requests and other updates. Proposals were individually re-ranked in Phase 2 using the key metrics produced by PSM III: portfolio benefit, levelized net cost per kW or REC, levelized portfolio benefit per kW or REC, levelized cost, and portfolio benefit ratio. Overall, the standalone analysis process in Phase 2 was fundamentally the same as the Phase 1 process described in Section 6.

While this analysis is useful for the purposes of comparing and ranking proposals on a standalone basis, it does not consider the benefits of resource combinations to meet the combined resource needs of the RFP. It cannot take into account the efficiencies and economic benefits of pooling resources with complementing attributes or an optimally-sized solution to meet both the renewable and capacity resource needs. In other words, it does not account for the fact that a lower individually ranked resource (from a portfolio benefit perspective) could be part of a lowest reasonable cost, best-fit to need solution in the optimal portfolio because its unique "fit" provides economic savings when paired with other resources. For this reason, PSE uses a portfolio optimization approach to analyze and identify the optimal resource portfolio.

Updated standalone portfolio analysis results and rankings for Phase 2 proposals are presented in Appendix D. See also Appendix E for details about the 2018 RFP models, key assumptions, scenarios and metrics.

Portfolio optimization analysis

The Phase 2 quantitative evaluation included optimization analysis to identify the lowest reasonable cost, best-fit solution to meet PSE's renewable and capacity resource needs with a combination of RFP resources. In the standalone analysis, proposals were compared with each other only indirectly. In that analysis, the portion of any renewable or peak capacity need not supplied by the analyzed project were met with generic resources. In the portfolio optimization analysis, the renewable and peak capacity resource needs are fully met with RFP resources.

Six proposals were eliminated during Phase 2 prior to the optimization analysis. The [redacted] Energy Center (#18105) and [redacted] Unbundled REC (#18190) proposals were eliminated based on qualitative fatal flaws discussed on page 35. Four additional proposals were eliminated based on a combination of quantitative and qualitative findings, as described below:

- [redacted] **Montana Wind Project (#18176)** proposed by the [redacted] Tribe: As described above, this proposal was eliminated based on third-party review of net capacity factors

provided by the seller, which were determined to be unrealistic. PSE further determined that the seller had not yet erected meteorological towers on site to verify or support the proposed output. This proposal was removed from consideration and was not included in either the Phase 2 standalone portfolio analysis or the optimization analysis.

- [redacted] **Hydro (#18107)** proposed by [redacted] Energy: This proposal was eliminated prior to the optimization analysis because the RFP evaluation team determined that the run-of-river asset provided little capacity value and was not RPS-compliant. Furthermore, the proposal left what appeared to be a complex and potentially risky energy delivery strategy to PSE.

- [redacted] **Demand Response (#18201)** and [redacted] **Demand Response (#18205):** PSE updated certain assumptions in Phase 2 as new information became available, which substantially reduced ELCC and T&D deferral values for demand response proposals.[28] Over the course of the RFP, the ELCC value for demand response programs dropped by about 50 percent compared to the 2017 IRP (from 77 percent in the 2017 IRP to 38 percent in the 2019 IRP). This change reflects updates to align 2018 RFP assumptions with current 2019 IRP assumptions.[29] As a result of this change, the cost of demand response roughly doubled on a per megawatt basis (assuming no change to the pricing), because twice as much of the same resource would be required to achieve the same peak capacity contribution. Additionally, in Phase 1 PSE gave demand response programs a substantial T&D deferral benefit consistent with its "benefit of the doubt" approach to preliminary screening; however, the RFP team was unable to validate this benefit in its Phase 2 due diligence evaluation. As a result of these changes, demand response was determined not to be cost effective compared to alternatives in this RFP.

  In addition, the demand response proposals had qualitative risks, including uncertainties associated with integrating the programs with PSE's forthcoming distribution energy resource management ("DERM") system. The RFP team also had feasibility concerns about the aggressive ramping schedule of the [redacted] program (#18201) and counterparty concerns (i.e., experience and financial performance) with regard to the [redacted] proposal (#18205). The demand response proposals were, therefore, removed from consideration and were not included in either the Phase 2 standalone portfolio analysis or the optimization analysis.

This left 21 proposals for portfolio optimization, six of which were capacity proposals. Due to the limited number of projects featuring a substantial contribution to capacity, filling the peak capacity need was the primary constraint in the optimization analysis. The renewable resource need was filled coincidentally by projects with dual value renewable (RPS-compliant) and capacity attributes. Three of the four proposals selected in the optimal portfolio featured dual value attributes: the Clearwater Montana Wind Project (#18169), the Golden Hills Shaped Wind Project (#18170), the SPI Burlington Biomass Cogen (#18100), and BPA's Peak Capacity Product (#18161).

[28] Key assumptions used in the RFP analysis, including ELCC and T&D deferral values, are presented in Appendix E.
[29] ELCC assumptions were updated twice during the RFP, first for Phase 1 to align with then-current draft 2019 IRP assumptions and second to align Phase 2 with final 2019 IRP assumptions.

Optimization analysis results are presented in Appendix D. See also Appendix E for a detailed discussion of the optimization process, findings and results. This appendix also describes the models, key assumptions, scenarios and metrics used in the analysis.

Phase 2 Results: The short list

The RFP team completed its 2018 RFP analysis and presented a recommended shortlist to its Energy Management Committee ("EMC") in June 2019. At that meeting, the team sought and received officer approval to begin negotiations with the selected counterparties.

Table 9. ***Short List Resource Selections***

Project Counterparty (Project ID)	Operating/ Development status	Delivery point	Counterparty/ Proposal risk	Site control	Permitting risk	Energy delivery risk	Opposition/ reputational risk
SPI Biomass PPA Sierra Pacific Ind. (18100)	Operating	BPAT. PSEI					
[redacted]**MT Wind PPA** [redacted] (18169)	Early Develop	[redacted]					
BPA Peak Cap Sys PPA BPA (18161)	Operating	BPAT. PSEI					
Golden Hills Wind (shaped / unshaped) Avangrid (18170)	Mature Develop	BPAT.PSEI					

To mitigate risk exposure and maximize optionality during negotiations, four projects were selected as backup options. These proposals fared well in the analysis, but were not selected as part of the optimal portfolio. Backup options included [redacted] Montana Wind Project (#18173), [redacted] Power Project (#18103), [redacted] Project (#18132) and [redacted] Solar Project (#18131). The RFP team brought forward the [redacted] Power Project (#18103) as a backup in the case risks surrounding the Colstrip Transmission System are realized to an extent that delivery of Montana wind becomes impossible, or prohibitively expensive. These risks were to be realized, both **Clearwater** (#18169) and [redacted] (#18173) would be removed from consideration as they both plan to interconnect and deliver energy to PSE using this transmission path. Because [redacted] does not contribute to PSE's renewable need, [redacted] (#18132) and the [redacted] Solar (#18131) would be needed to meet the renewable resource need in the absence of Montana wind.

Independent Energy Assessment

Three of the four selected proposals were renewable energy projects featuring a contribution to peak capacity. The capacity value from the Golden Hills Wind Project (#18170) was guaranteed via the shaped product and the SPI Burlington Biomass Cogen (#18100) is a baseload resource with a strong operating history. This left Clearwater Montana Wind Project (#18169) as the only selected project featuring a strong promised contribution to peak capacity with little offered security beyond any guarantees that might be built into the agreement.

To obtain third-party verification of the seller's claims prior to signing agreements, PSE hired DNV GL to perform an independent wind resource assessment. Additionally, DNV GL would determine whether the Clearwater (#18169) wind shape matches analysis performed by NextEra Analytics, a subsidiary of the NextEra parent company. DNV GL was chosen to perform this analysis based on their expertise in conducting bankable energy assessment reports. The deliverables for this analysis were:

- **Energy Assessment –** included to provide an estimation of long-term wind speed, virtual MET data, central estimate of wind speed and energy production, uncertainties and deviations,
- **Transmission Line Loss Estimate –** requested due to the abnormally long [redacted]-mile generation tie line, and
- **Stochastic Analysis –** included to provide understanding of uncertainty pertaining to the Energy Assessment; will be used as a basis for contractual guarantees.

The DNV GL analysis obtained in late-September 2019 largely corroborated NextEra's claims. NextEra assessed a P50 net capacity factor of [redacted] percent; whereas, DNV GL's analysis resulted in a P50 net capacity factor of [redacted] percent.

8. Re-evaluation of resource alternatives ("Phase 2 Update")

Subsequent to receiving EMC approval to initiate negotiations discussions for the 2018 RFP shortlisted resources, PSE received two new unsolicited proposals:

- from [redacted] on August 29, 2019 (#UP005), an offer to either purchase their interest in the [redacted] natural gas-fired combined cycle facility ([redacted] percent)[30] or offtake power via a 7-year tolling PPA with delivery to BPA's [redacted] Substation, beginning September 1, 2022; and

- from Morgan Stanley Commodities Group ("MSCG") on October 23, 2019 (#UP006), a 3 to 5 year seasonally shaped, heavy load hour ("HLH") PPA with various product structure and pricing options, for up to 100 MW of system power delivered to BPAT.PSEI beginning January 1, 2022.[31]

PSE also received updated pricing for three of the 2018 RFP resources between August and November 2018: the [redacted] (#18173) (lower price), the BPA Peak Capacity Product (#18161) (higher price) and the SPI Burlington Biomass Project (#18100) (lower price).

PSE customarily considers new and unsolicited information and re-evaluates its resource decisions to ensure that the Company selects the lowest reasonable cost solutions to meet customer needs, consistent with resource acquisition prudence rules and policies including WAC 480-107. As such, PSE performed an updated optimization analysis of its resource alternatives between August and November 2019. To ensure that the lowest reasonable cost, best fit combination of alternatives available would be selected, PSE included in its updated analysis all of the original RFP Phase 2 optimization resources, the two new proposals and the pricing updates previously described.

Phase 2 Update: Optimization analysis

The optimization analysis process followed for the Phase 2 Update was fundamentally the same as the Phase 2 process described in Appendix E, using the same models and metrics, and many of the same assumptions as Phase 2. However, PSE did update certain assumptions on an as-needed basis to reflect the most current information available at the time of the analysis, including the following changes:

- updated peak capacity need consistent with PSE's revised 2019 IRP Progress Report filed December 10, 2019,

- updated Mid-C power price forecast (a 20 percent reduction from the previous forecast),[32]

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[30] [redacted]. *The facility nameplate capacity is* [redacted] *MW (including 20 MW of duct firing).* [redacted] *51 percent share amounts to approximately* [redacted] *MW of nameplate capacity.*

[31] *MSCG is offering a 0 emissions (no RECs) system PPA.*

[32] *Updated power price forecast is consistent with the September 19, 2019 IRTAG #8 publication, which was presented to the 2019 IRP Technical Advisory Group, the public stakeholder group which helps to provide input and guidance to PSE's long-term resource planning process.*

- adjusted social cost of carbon assumptions based on guidance from WUTC docket U-190730, dated September 12, 2019 (2.5 percent discount rate scenario, 0.437/ton/MWh market purchase carbon intensity),
- assumed retirement of Colstrip units 1 and 2 by 2020, and
- considered the impact on the capacity need of the sale of Colstrip unit 4, which was announced in December 2019.

The Phase 2 Update optimization analysis results are presented in Appendix D. See also Appendix E for a detailed discussion of the optimization process and results, and the assumptions used in the re-evaluation analysis.

Revised short list

PSE completed its re-evaluation analysis in November 2019 and presented its revised recommended short list to the EMC on November 21, 2019. PSE presented the results of its 2018 RFP and re-evaluation to the WUTC on December 20, 2019. The results of the analysis confirmed the selection of the original Phase 2 shortlist and added one additional resource:

- **Clearwater Wind PPA (#18169),** a 25-year fixed price power purchase agreement ("PPA") delivering up to 350 MW[33] of the output from a Montana wind development project to the Colstrip Substation, beginning as early as December 2021;[34]
- **Golden Hills Shaped Wind PPA (#18170),** a 20-year fixed price power purchase agreement ("PPA") delivering to BPAT.PSEI the output from a 200 MW wind development project paired with shaped capacity up to [redacted] MW during winter peak hours[35], beginning in December 2021;
- **SPI Biomass PPA (#18100),** a 17-year fixed price power purchase agreement ("PPA") delivering 17 MW of firm capacity (and up to an additional 3 MW of variable energy) from a biomass project located on PSE's system to the Fredonia Substation, beginning in January 2021;
- **BPA Peak Capacity Product (#18161),** a 5-year capacity tolling agreement ("CTA") for firm capacity delivered to BPAT.PSEI that may be scheduled in [redacted] increments from [redacted] MW on a [redacted] basis, beginning in January 2022.
- (New) **Morgan Stanley System PPA (#UP006),** a 5-year fixed price system PPA for 100 MW of firm heavy load hour ("HLH")[36] energy delivered in Q1 and Q4 only, beginning in January 2022.[37]

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[33] *Actual contract capacity is expected to be dependent upon the outcome of required transmission studies.*
[34] *Actual contractual commercial operation date ("COD") may be later, depending upon the outcome of required transmission studies.*
[35] *Shaped schedule: November through February, [redacted] and [redacted].*
[36] *Heavy load hour ("HLH") means hours ending ("HE") 7-11 Monday through Saturday except NERC holidays.*
[37] *MSCG is offering a 0 emissions (no RECs) system PPA.*

PSE's analysis recommends adding the MSCG 5-year system power PPA (#UP006) as part of an optimal portfolio solution to help mitigate remaining need not met by the original short list, including need expected to result from the announced sale of Colstrip Unit 4. Additionally, MSCG offers benefits such as: (1) delivery to PSE's system, (2) seasonal shaping and heavy load hour shaping to help meet demand when capacity is most needed and minimize surplus off peak, and (3) a zero emission product (without RECs) that is consistent with Washington laws and policy preferences for low and no emission energy resources.

PSE's analysis shows that when combined with the Company's existing electric resource portfolio, the revised short list represents the most favorable combination of resources to best meet PSE's renewable and capacity needs at the lowest reasonable cost and risk.

9. Next steps

PSE has begun to negotiate with counterparties for selected resources. 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 economics of a proposed resource.

At the conclusion of the RFP, the acquisition team intends to engage in a lessons learned analysis to consider how we might introduce new efficiencies, and improve processes and tools while maintaining a high standard of prudent decision-making. This is important because the 2018 RFP was the largest All Resources RFP to date with nearly double the number of proposals received than our next largest RFP. Our need for new resources is expected to grow substantially over the next two and a half decades, due to expected load growth, retiring resources and expiring contracts, and new requirements associated with the Clean Energy Transformation Act. As such, continually striving to increase our ability to make timely, prudent decisions related to resource acquisitions will continue to be a critical piece of our success in meeting the electric resource needs of our customers at the lowest reasonable cost.

2018 RFP Evaluation Process Document

Appendix A. Proposal List

2018 All Resources RFP Proposal List

Status	Project ID	Resource type (as proposed)*	Project name	RFP counterparty	City / County	State/ Province	Status	COD	Term Start Date	Term End Date	Commercial Structure	Capacity (MW)	Storage Resource Duration (MWh)	Facility Capacity (MW)	Generation Technology (make, model & # units)	Tx Interconnection	Tx Delivery Point
Selected for Phase 2	18100	Biomass	SPI Burlington	Sierra Pacific Industries	Mt. Vernon	WA	Operating	3/1/07	1/1/21	12/31/37	17-yr Project PPA	17	n/a	28	Cogen facility based on McBurney boiler and Siemens ST and generator	Directly connected to PSE's Fredonia Sub	Same as POI
Not selected	18101	Biomass	[redacted]			WA	Operating	7/1/09	7/1/21	9/30/28	7-yr + 3 month Project PPA						Puget Sound Energy
Not selected	18102	Biomass + BESS				WA	Development	Q2 2022	6/30/2022	Unspecified	Project PPA (term length unspecified)					Unspecified- location in [redacted] potential POI	Unspecified
Selected for Phase 2	18103	Nat Gas Turbin CCCT				OR	Operating	8/1/02	9/1/22	8/31/32	10-yr Tolling PPA					500kV	PSE service territory
Not selected	18104	Nat Gas Turbin CCCT				WA	Operating	12/31/08	2022	TBD	5/10-yr Tolling PPA / Asset Sale / 2022-2024 HR Call Option + Tolling PPA					BPA's [redacted] 230kV substation	Multiple
Selected for Phase 2	18105	Nat Gas Turbin SCCT				WA	Development	10/1/21	10/1/21	10/1/26	5-yr Tolling PPA / Asset Purchase						[redacted]
Not selected	18106	Geothermal				NV	Construction	9/1/19	9/1/19	8/31/39	20-yr Project PPA for output from two projects					NV Energy North System	BPAT.PSEI tie point
Selected for Phase 2	18107	Hydro - Run-of River				ID	Operating	4/1/93	1/1/19	1/1/39	20-yr Project PPA						[redacted] Substation
Not selected	18108	Solar - PV + BESS				WA	Development	12/15/22	12/15/22	12/15/42	20-yr Project PPA					BPA [redacted] 230 kV line	BPAT.PSEI
Not selected	18109	Solar - PV + BESS				WA	Development	12/15/22	12/15/22	12/15/42	20-yr Project PPA					BPA [redacted] 115 kV line	BPAT.PSEI
Not selected	18110	Solar - PV				WA	Development	8/1/2021	n/a	n/a	Asset Purchase					[redacted]	[redacted]
Selected for Phase 2	18111	Solar - PV				WA	Development	12/31/22	12/31/22	12/31/42	20-yr Project PPA					Switch or tap on [redacted] 230kV line	PSE System
[redacted]	18112	Solar - PV + BESS				WA	Development	12/1/22	12/1/22	12/1/47	25-yr Project PPA					[redacted] 230 kV tx line	[redacted]
Not selected	18113	Solar - PV				WA	Development	9/15/22	9/15/22	9/15/2037 or 9/15/42	15/20-yr Project PPA					Busbar [redacted] 230 kV	
Selected for Phase 2	18114	Solar - PV				WA	Development	12/1/21	12/1/21	12/1/41	20-yr Project PPA / Asset Purchase					[redacted] Line Tap [redacted] Substation	PSE System
Not selected	18115	Solar - PV				MT	Development	12/31/22	12/31/22	12/31/42	20-yr Project PPA					230kV busbar	[redacted] substation 230kV busbar
[redacted]	18116	Solar - PV				WA	Development	12/1/22	12/1/22	12/1/42	20-yr Project PPA					[redacted] ring buss switchyard adjacent to the [redacted] Substation	Point of Interconnection
[redacted]	18117	Solar - PV				WA	Development	12/31/20	12/31/20	12/31/40	20-yr Project PPA					[redacted] Substation	PSE System
Not selected	18118	Solar - PV				OR	Development	12/31/22	12/31/22	12/31/42	20-yr Project PPA					[redacted] 115kV transmission line	BPAT.PSE
Not selected	18119	Solar - PV + BESS				WA	Development	12/31/22	12/31/22	12/31/42	20-yr Project PPA					[redacted] Substation 230kV bushar	Mid-C
Not selected	18120	Solar - PV				WA	Development	12/31/22	12/31/22	12/31/42	20-yr Project PPA					230kV busbar of the [redacted] Substaiton	BPAT.PSE
Not selected	18121	Solar - PV				WA	Development	12/1/22	12/1/22	12/1/42	20-yr Project PPA					Extension of existing 230kV equipment at the [redacted] Substation	Point of Interconnection
Selected for Phase 2	18122	Solar - PV + BESS				WA	Development	12/31/22	12/31/22	12/31/42	20-yr Project PPA					[redacted] Substation 230 kV busbar	[redacted] Substation 230 kV busbar

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REDACTED VERSION

2018 All Resources RFP Proposal List

Status	Project ID	Resource type (as proposed)*	Project name	RFP counterparty	City / County	State/ Province	Status	COD	Term Start Date	Term End Date	Commercial Structure	Capacity (MW)	Storage Resource Duration (MWh)	Facility Capacity (MW)	Generation Technology (make, model & # units)	Tx Interconnection	Tx Delivery Point
Not selected	18123	Solar - PV + BESS	[redacted]	[redacted]	[redacted]	WA	Development	10/31/22	10/31/22	10/31/42	20-yr Project PPA	[redacted]	[redacted]	[redacted]	[redacted]	[redacted] Substation	[redacted] Substation
[redacted]	18124	Solar - PV				WA	Development	12/1/22	12/1/22	12/1/42	20-yr Project PPA					230kV Buss at the [redacted] Substation	Point of Interconnection
Selected for Phase 2	18125	Solar - PV + BESS				WA	Development	10/31/22	10/31/22	10/31/42	20-yr Project PPA					[redacted] substation	[redacted] substation
[redacted]	18126	Solar - PV				WA	Development	12/1/22	12/1/22	12/1/42	20-yr Project PPA					[redacted] 115kV Dead-End adjacent to the [redacted] Substation	
Selected for Phase 2	18127	Solar - PV				WA	Development	12/15/22	12/15/22	12/15/2037 or 12/15/2042	15/20-yr PPA					Busbar	
Not selected	18128	Solar - PV + BESS				WA	Development	6/1/2022	6/1/2022	6/1/2047	25-year Project PPA					PSE System [redacted]	On PSE System
Not selected	18129	Solar - PV				WA	Development	12/28/20	12/28/20	12/28/40	20-yr Project PPA					PacifiCorp 230 kV [redacted] transmission line	Propose 3 options: busbar, 230 kV [redacted] substation, 230 kV [redacted] substation
Not selected	18130	Solar - PV + BESS				WA	Development	12/15/22	12/15/22	12/15/42	20-yr Project PPA					BPA's N. Bonneville - [redacted]	BPAT.PSEI
Selected for Phase 2	18131	Solar - PV				WA	Development	12/31/22	12/31/22	12/31/47	25-yr Project PPA					[redacted] tie-in of BPA's [redacted] 115kV line	BPAT.PSEI
Selected for Phase 2	18132	Wind - on shore + Solar - PV + BESS options				OR	Development	12/1/2020 Wind, 9/30/2022 Solar + BESS	12/1/2020 Wind, 9/30/2022 Solar + BESS	11/30/2040 Wind, 9/29/2042 Solar + BESS	20-yr Project PPA					[redacted] Substation 230 kV bus	Mid-C Hub
Not selected	18133	Solar - PV + BESS				OR	Development	10/31/22	10/31/22	10/31/42	20-yr Project PPA					BPA [redacted] 115 kV Transmission Line	BPA [redacted] 115 kV Transmission Line
Not selected	18134	Solar - PV				WA	Development	12/31/2022	1/1/2023	12/31/2042	20-yr Project PPA					[redacted] 230kV tx line, located on site	High-side of the GSU transformer from 34.5kV to 230kV at on-site sub
Selected for Phase 2	18135	Solar - PV + BESS				WA	Development	12/31/22	12/31/22	12/31/42	20-yr Project PPA					[redacted] Substation	
Not selected	18136	Solar - PV + BESS				WA	Development	9/1/22	9/1/22	8/31/42	20-yr Project PPA						115 kV [redacted] Line
Not selected	18137	Solar - PV + BESS				WA	Development	9/1/22	9/1/22	8/31/42	20-yr Project PPA						115 kV [redacted] Line

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2018 All Resources RFP Proposal List

Status	Project ID	Resource type (as proposed)*	Project name	RFP counterparty	City / County	State/ Province	Status	COD	Term Start Date	Term End Date	Commercial Structure	Storage Resource	Facility Capacity	Generation Technology	Tx Interconnection	Tx Delivery Point
Not selected	18138	Solar - PV + BESS	[redacted]			MT	Development	1/1/22	1/1/22	12/31/42	20-yr Project PPA / Asset Purchase	[redacted]			00kV bus at the Substation	Same as the POI
Selected for Phase 2	18139	Solar - PV + BESS				OR	Development	12/31/22	12/31/22	12/31/37	10/15-yr Project PPA (confirm offer term)				PA 230 kV (either circuit depending on outage	BPA 230 kV (either circuit depending on outage
Not selected	18140	Solar - PV + BESS				WA	Development	12/15/22	12/15/22	12/15/42	20-yr Project PPA				PA's 115 kV line	BPAT.PSEI
Not selected	18141	Solar - PV + BESS				WA	Development	9/30/22	9/30/22	9/29/47	25-yr take or pay PPA w purchase options / 25-yr fixed PPA				230 kV bus at substation WA	230 kV bus at substation WA
Not selected	18142	Solar - PV + BESS				OR	Development	9/30/22	9/30/22	9/29/42	20-yr Project PPA				Substation 230 kV us	BPA 230 kV
Not selected	18143	Storage - Battery				WA	Development	12/31/2020	n/a	n/a	Asset sale				Substation	Point of Interconnection
Not selected	18144	Storage - battery				WA	Development	12/31/21	12/31/21	12/31/41	10/20-yr Tolling PPA				30kV bus of the Substation	230kV bus of the Substation
Not selected	18145	Storage - Battery				WA	Development	9/30/22	9/30/22	9/30/42	20-yr Tolling PPA / Asset Purchase				100kV ubstation	100kV substation
Not selected	18146	Storage - Battery				WA	Development	9/30/2022	9/30/2022	9/30/2042	20-yr Tolling PPA				15kV bus at ubstation	Substation
Not selected	18147	Storage - Battery				WA	Development	9/1/22	9/1/22	8/31/32	10/20-yr Storage Capacity Contract				15 kV line in PSE service erritory	115kV bus at Substation
Not selected	18148	Storage - Battery				WA	Development	12/1/22	8/1/22	8/30/42	20-yr Capacity Agreement / Asset Purchase				Collector 230 V	PSEI.SYSTEM. However,
Not selected	18149	Storage - Battery				WA	Development	9/30/23	9/30/23	9/30/42	20-25-year Storage Agreement				SE	PSE
Not selected	18150	Storage - Battery				WA	Development	9/30/23	9/30/23	9/30/42	20-yr StorageTolling PPA					Site of PSE Choice
Not selected	18151	Storage - Battery				WA	Development	9/30/2018	9/30/2018	9/30/2038	20-yr Storage Tolling PPA				SE Substation 15 kV bus	PSE Substation 115 kV bus
Not selected	18152	Storage - Battery				WA	Development	9/30/22	9/30/22	9/30/42	20-yr Tolling PPA / Asset Purchase				230kV substation	230kV substation
Not selected	18153	Storage - Battery				WA	Development	9/30/23	9/30/23	9/30/42	20-25-year PPA					Substation at Cogeneration Facility
Not selected	18154	Storage - Battery				WA	Development	9/30/22	9/30/2022 or 1/1/2023	9/30/2037 or 1/1/2038	15-yr Tolling PPA, Purchase Option in Yr 5					Substation 115 kV
Not selected	18155	Storage - Battery				WA	Development	9/30/22	9/30/2022 or 1/1/2024	9/30/2037 or 1/1/2039	15-yr Tolling PPA, Purchase Option in Yr 6					Substation 115 kV

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REDACTED VERSION

Status	Project ID	Resource type (as proposed)*	Project name	RFP counterparty	City / County	State/ Province	Status	COD	Term Start Date	Term End Date	Commercial Structure	Capacity (MW)	Storage Resource Duration (MWh)	Facility Capacity (MW)	Generation Technology (make, model & # units)	Tx Interconnection	Tx Delivery Point
Not selected	18156	Storage - Battery	[redacted]			WA	Development	9/30/22	9/30/22	9/30/42	20-yr Tolling PPA / Asset Purchase	[redacted]				115 kV Substation	115 kV Substation
Not selected	18157	Storage - Battery				WA	Development	9/30/22	9/30/22	9/30/42	20-yr Tolling PPA / Asset Purchase					115 kV Substation	115 kV Substation
Not selected	18158	Storage - Battery				WA	Development	9/30/22	9/30/22	9/30/42	20-yr Tolling PPA / Asset Purchase					115 kV Substation	115 kV Substation
Not selected	18159	Storage - Pumped Hydro				WA	Development	10/1/2025	1/1/2026	12/31/2065	40-yr PPA / Asset Purchase					500-kV yard,	500kV Substation
Not selected	18160	Storage - Pumped Hydro				MT	Development	3/1/2023	3/1/2023	3/1/2043	20-yr Project PPA / Asset Purchase					500 kV substation between , Montana	Same as Point of Interconnection
Added to Phase 2 - new delivery point	18161	System PPA - Peak Capacity Product	BPA Peak Capacity Product	BPA	n/a	WA	n/a	n/a	1/1/22	12/31/26	5-year call option	100	n/a	n/a	n/a	n/a	Mid-C
Not selected	18162	Unbundled RECs	[redacted]			OR	Development	1/1/2022	1/1/2022	12/31/2031	10-year REC Purchase Agreement for 100,000 RECs per year	[redacted]				n/a	n/a
Selected for Phase 2	18163	Unbundled RECs				OR	Development	12/31/2019	1/1/2022	12/31/2038	17-year REC purchase agreement					n/a	various
Not selected	18164	Unbundled RECs				OR	Development	6/1/2017	1/1/2022	12/31/2038	17-year REC purchase agreement					n/a	Various
Selected for Phase 2	18165	Unbundled RECs				OR	Development	12/31/2019	1/1/2022	12/31/2038	17-year REC purchase agreement					n/a	Substation
Selected for Phase 2	18166	Wind - on shore				OR	Development	12/31/20	12/31/20	12/31/45	Development Asset Purchase / BOT / 25-yr PPA / Prepaid PPA					BPA substation located on the 230kV transmission line	PSE System
Not selected	18167	Wind - off shore				WA	Development	12/31/2029	1/1/2030	12/31/2054	25-yr Project PPA / Asset purchase					WA	WA
Not selected	18168	Wind - on shore				WA	Operating	10/4/10	10/4/20	10/3/25	Assignment of existing PPA (last 5 years)					Substation	Substation
Selected for Phase 2	18169	Wind - on shore	**Clearwater Wind**	NextEra Energy Resources **Development, LLC**	Rosebud and **Custer counties**	MT	Development	12/31/20	12/1/20	11/30/40	20-yr Project PPA	**300**	**n/a**	**300**	**GE2.52-127-89HH-159T**	500 kV **Colstrip** substation	500 kV **Colstrip** substation
Selected for Phase 2	18170	Wind - on shore + System PPA	Golden Hills Wind + Winter System PPA	Avangrid Renewables	The Dalles	OR	Development	12/31/20	12/31/20	12/31/40	20-yr Project PPA + Winter System PPA	200 Wind + 171 System PPA	n/a	200	42 Vestas V150 4.2 MW Turbines + 9 Gamesa G114 2.625 MW Turbines	New Breaker at 230kV Biglow Canyon Substation	PSE System
Not selected	18171	Wind - on shore	[redacted]			WA	Development	12/31/21	12/31/21	12/31/41	20-yr Project PPA	[redacted]				115 kV Switching Station	Four options: 1) BPAT.PSEI, 2) PUD, 3) Mid-C, 4) Project Busbar
Not selected	18172	Wind - on shore				OR	Development	1/1/21	1/1/21	12/31/35	15-yr Project PPA					BPA 230kV	BPAT.PSEI
Selected for Phase 2	18173	Wind - on shore				MT	Development	10/31/22	10/31/22	10/31/42	20-yr Project PPA					substation on the 500kV Transmission Line between	substation on the 500kV Transmission Line between
Not selected	18174	Wind - on shore				MT	Development	12/1/20	12/1/20	12/31/50	Asset Purchase					230 kV system substation.	230 kV system substation.
Selected for Phase 2	18175	Wind - on shore				WA	Development	10/31/20	11/1/20	10/31/45	25-yr Project PPA					BPA 115 kV Substation	BPA 115 kV Substation

Status	Project ID	Resource type (as proposed)*	Project name	RFP counterparty	City / County	State/ Province	Status	COD	Term Start Date	Term End Date	Commercial Structure	Capacity (MW)	Storage Resource Duration (MWh)	Facility Capacity (MW)	Generation Technology (make, model & # units)	Tx Interconnection	Tx Delivery Point
Selected for Phase 2	18176	Wind - on shore	[redacted]	[redacted]	[redacted]	MT	Development	12/31/22	12/31/22	12/31/42	20-yr Project PPA	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Not selected	18177	Wind - on shore + Solar - PV + BESS options	[redacted]	[redacted]	[redacted]	WA	Development	12/15/21	12/15/21	12/14/41	Development Asset Purchase / BOT	[redacted]	[redacted]	[redacted]	[redacted]	[redacted] point on BPA [redacted] 230kV	Preliminary: Mid-C
Not selected	18178	Wind - on shore	[redacted]	[redacted]	[redacted]	WA	Development	12/31/22	1/1/23	12/31/42	20-yr Project PPA	[redacted]	[redacted]	[redacted]	[redacted]	BPA 115kV [redacted] substation	BPA 115kV [redacted] substation
Selected for Phase 2	18179	Wind - on shore	[redacted]	[redacted]	[redacted]	WA	Development	12/1/21	12/1/21	12/1/41	20-yr Project PPA	[redacted]	[redacted]	[redacted]	[redacted]	230 kV [redacted] [redacted] Line Tap	PSE System
Not selected	18180	Wind - on shore	[redacted]	[redacted]	[redacted]	WA	Development	1/1/21	1/1/21	1/1/41	20-yr Project PPA	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	busbar
Not selected	18181	Wind - on shore	[redacted]	[redacted]	[redacted]	OR	Development	12/31/20	n/a	n/a	Asset Purchase	[redacted]	[redacted]	[redacted]	[redacted]	230kV [redacted] transmission or the 115/230kV [redacted] substation	BPAT.PSE
Not selected	18182	Wind - on shore	[redacted]	[redacted]	[redacted]	WA	Development	12/15/22	12/15/22	12/14/42	Development Asset Purchase	[redacted]	[redacted]	[redacted]	[redacted]	[redacted] point on BPA [redacted] 500kV	Preliminary: Mid-C
Not selected	18183	Wind - on shore	[redacted]	[redacted]	[redacted]	MT	Development	6/1/20	6/1/20	6/1/30	10-yr Project PPA / BOT Asset Purchase	[redacted]	[redacted]	[redacted]	[redacted]	[redacted] on a 230 kV Line, where we will interlink with BPA to then deliver energy to PSE	BPA [redacted] 230kV
Not selected	18184	Solar - PV + BESS	[redacted]	[redacted]	[redacted]	WA	Development	10/31/22	10/31/22	10/31/42	20-yr Project PPA	[redacted]	[redacted]	[redacted]	[redacted]	[redacted] substation	[redacted] substation
Not selected	18185	Wind - on shore	[redacted]	[redacted]	[redacted]	MT	Development	12/31/20	12/31/20	12/31/40	20-yr Project PPA	[redacted]	[redacted]	[redacted]	[redacted]	[redacted] 230 kV substation	Mid-C
Not selected	18186	Geothermal	[redacted]	[redacted]	[redacted]	ID	Development	1/1/2024	1/1/2024	12/31/1943	20-yr Project PPA	[redacted]	[redacted]	[redacted]	[redacted]	[redacted] Substation, Idaho	BPAT.PSEI
Not selected	18187	Solar - PV + BESS	[redacted]	[redacted]	[redacted]	OR	Development	10/31/22	10/31/22	10/31/42	20-yr Project PPA	[redacted]	[redacted]	[redacted]	[redacted]	[redacted] 230 kV bus	[redacted] 230 kV bus
Not selected	18188	NatGas Turbine Recip	[redacted]	[redacted]	[redacted]	WA	Development	4/15/21	n/a	n/a	Asset purchase - EPC offer	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	Hi-pot side of GSU at your [redacted] power plant
Not selected	18189	Storage - Battery	[redacted]	[redacted]	[redacted]	WA	Development	8/1/20	8/1/20	7/31/40	20-yr Tolling PPA	[redacted]	[redacted]	[redacted]	[redacted]	[redacted] 115 kV Substation [redacted]	[redacted] Substation
Selected for Phase 2	18190	Unbundled RECs	[redacted]	[redacted]	[redacted]	WA	Development	10/31/2019	10/31/19	10/31/29	10-year REC purchase agreement (from 5 solar farms totalling 25 MW ac)	[redacted]	[redacted]	[redacted]	[redacted]	Various	PSE distribution system
[redacted]	New offer UP005	Solar - PV	[redacted]	[redacted]	[redacted]	WA	Development	12/2020	12/2020	12/2040	20-year Project PPA	[redacted]	[redacted]	[redacted]	[redacted]	[redacted] 115 kV line [redacted] or BPA Substation	POI
Not selected	UP001 Unsolicited Proposal	Storage - Pumped Hydro	[redacted]	[redacted]	[redacted]	WA	Development	2025-2026	Unspecified	Unspecified	Long-term Project PPA / Ownership	[redacted]	[redacted]	[redacted]	[redacted]	BPA or PSE	Unspecified
Added to Phase 2 - new lower price	UP002 Unsolicited Proposal	Unbundled RECs	[redacted]	[redacted]	[redacted]	ID	Operating	2/23/2017	2020	2029	10-year REC purchase agreement	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	n/a
[redacted]	UP003 Unsolicited Proposal	Solar - PV + BESS	[redacted]	[redacted]	[redacted]	OR	Development	12/1/2022	12/1/22	12/1/47	25-year Project PPA	[redacted]	[redacted]	[redacted]	[redacted]	[redacted] 230 kV BPA [redacted]	POI
[redacted]	UP004 Unsolicited Proposal	Solar - PV + BESS	[redacted]	[redacted]	[redacted]	OR	Development	12/1/2022	12/1/22	12/1/47	25-year Project PPA	[redacted]	[redacted]	[redacted]	[redacted]	[redacted] kV BPA [redacted] Substation	POI

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REDACTED VERSION

2018 All Resources RFP Proposal List

Status	Project ID	Resource type (as proposed)*	Project name	RFP counterparty	City / County	State/ Province	Status	COD	Term Start Date	Term End Date	Commercial Structure	Capacity (MW)	Storage Resource Duration (MWh)	Facility Capacity (MW)	Generation Technology (make, model & # units)	Tx Interconnection	Tx Delivery Point
Received after Phase 2 - 08/20/19	UP005 Unsolicited Proposal	Nat Gas Turbine CCCT	[redacted]			WA	Operating	2002	9/1/22	9/1/29	Asset sale or 7-year Tolling PPA	[redacted]				BPA's [redacted] 230 kV Substation	POI
Received after Phase 2 - 10/23/19	UP006 Unsolicited Proposal	System PPA – Seasonal HLH (no carbon, no RECs)	MSCG System PPA - Carbon Free	Morgan Stanley Commodities Group	n/a	WA	n/a	n/a	1/1/22	12/31/26	3-5 year system PPA for carbon free (no RECs) firm flat seasonal shaped heavy load hour (HLH) delivery	50-100	n/a	100	n/a	n/a	BPAT.PSEI

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REDACTED VERSION

2018 Demand Response RFP Proposal List

Confidential

Status	Project ID	Resource type	Project name	RFP counterparty	City	State/ Province	Term Start Date	Term End Date	Capacity (MW)
Not selected	18200	Direct Load Control	[redacted]			NC	2019	2023	[redacted]
Selected for Phase 2	18201a	Direct Load Control				WA	2023	2028	
Not selected	18202	Direct Load Control				MN	2019	2028	
Not selected	18203	Direct Load Control				CA	2019	2023	
Not selected	18204	C&I Curtailment				Canada	2019	2023	
Added to Phase 2 - reduced price	18205	C&I Curtailment				MA	2019	2023	

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REDACTED VERSION

2018 RFP Evaluation Process Document:

Appendix B. Evaluation Criteria

2018 RFP EVALUATION PROCESS DOCUMENT

APPENDIX B. EVALUATION CRITERIA

Evaluation Criteria

PSE's evaluation of new long-term electric generation resources is based on an assessment of five primary criteria:

- Compatibility with resource need
- Cost minimization
- Risk management
- Public benefits
- Strategic and financial

Each criterion is further delineated into more detailed criteria elements, as described in the following tables.

1. Compatibility with Resource Need

Criteria Element	Description
1. Timing	PSE prefers proposals that offer: • energy and/or capacity in a time frame consistent with PSE's needs • substantial assurance of being commercially available according to the schedule proposed • flexibility in development schedule and/or contract start date to accommodate PSE's timing needs
2. Match to need through ownership	Proposals that offer generation from an underlying asset that closely matches PSE's annual capacity requirements, or that offer output which can be controlled by PSE are preferred to those that rely on shaping through short- or long-term arrangements.
3. Match to need through contract	PSE prefers proposals that provide a fixed annual price and closely match PSE's annual capacity requirements. PSE seeks proposals that provide fixed transmission capacity from BPA's system to PSE's system and closely match PSE's annual capacity requirements.

Criteria Element	Description
4. RPS requirement	Proposals in which qualified renewable generation and/or RECs are closely aligned with PSE's renewable need as mandated by the Energy Independence Act, Chapter 19.285 RCW.
5. Operational flexibility	PSE prefers proposals that offer control of project output whereby the Company may respond to seasonal and real-time fluctuations in load/resource balance and system reliability events. This includes, for example, dispatch or displacement of the project in real time and, for jointly-owned projects, the ability for PSE to elect to use generation output that would otherwise be displaced by the other owner for reliability purposes. Additionally, PSE prefers proposals that provide the ability to carry operating reserves.
6. Performance within existing PSE generation portfolio	Analyses will include such factors as: • impact on system reliability • system dispatch and displacement • location with respect to the regional transmission system and PSE's electric system • impacts on system reserves, load following, integration costs and other factors
7. Resource mix/diversity	The diversity of resource technology and fuel types will be considered in a manner consistent with PSE's *Integrated Resource Plan*.[1] Specific considerations shall include: • technology type • fuel supply type • fuel supply source • fuel supply reliability, including control and deliverability

[1] *PSE's most recent Integrated Resource Plan can be found at www.pse.com/irp.*

2. Cost Minimization

Criteria Element	Description
1. Resource cost	PSE prefers proposals that provide the lowest reasonable cost throughout the project life, taking into account the price of the proposal and other factors that impact PSE's overall cost. Such factors include, but are not limited to: • capital cost • financing cost • operation and maintenance cost • expected or potential carbon control or mitigation costs • fuel and fuel transportation cost • fixed and variable power purchase agreement cost • transmission cost • ancillary services • integration costs • transmission system upgrades • cost to rebalance debt/equity ratio for imputed debt and consolidated debt • cost of credit facilities • transaction costs and other management costs, etc. • cost to meet environmental compliance, including capital improvements and/or capacity limitations and restrictions • renewable energy credits or other environmental attributes
2. Transmission	PSE prefers long-term firm delivery of energy to its service area. In the absence of the assurance of firm delivery at the time of the proposal, PSE prefers proposals that provide a high likelihood of acquiring adequate transmission rights. Proposals that do not include long-term firm transmission to PSE's service area, that would produce congestion or increase PSE's transmission costs will be compared unfavorably with other proposals and/or will be assessed the additional cost to PSE as part of the evaluation process.
3. Portfolio cost impact	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.

3. Risk Management

Criteria Element	Description
1. Status and schedule	All else being equal, PSE prefers operating projects first, projects under construction second, and development projects third. With respect to development projects, PSE prefers proposals that demonstrate the respondent has the experience and financial resources to complete the project and has made significant progress in securing necessary permits, property rights, equipment, regulatory approvals, water rights, wastewater and disposal rights, project agreements and all other rights or arrangements necessary for a completely commercially operational project within the time frame proposed for commercial operation.
2. Price volatility	Proposals that provide significant long-term control of fixed and variable costs are preferred.
3. Resource flexibility and stability	PSE prefers proposals that provide flexibility for expansion to meet PSE's growing needs as required. Proposals that include project agreements and all other rights and arrangements coterminous with power purchase delivery periods or project life are preferred.
4. Resource Technology	Proposals based on commercially-proven technology with demonstrated long-term reliability and performance history are preferred. Proposals based on technologies whose output may be controlled are preferred.
5. Long-term flexibility	PSE prefers proposals that offer the Company the flexibility to adjust its position in a resource long term, up to and including termination.
6. Project risk	Proposals that minimize risk for timely plant completion within cost projections are preferred. Proposals that minimize exposure to environmental risk or other potential liability, including expected or potential carbon control or mitigation costs, are preferred.

Criteria Element	Description
7. Impact on PSE's overall risk position	Proposals and combinations of proposals will be evaluated to determine the impact of the proposal(s) on PSE's overall risk position with respect to PSE's generation portfolio. Risk scenarios will include factors such as hydroelectric production variation, wind generation variability, fuel price volatility, carbon control costs, and power market price volatility. Additional risk scenarios will examine the correlation between fuel prices and power market prices, and alternative market price scenarios. Other considerations will include exposure to transmission congestion and costs. All else being equal, PSE prefers proposals that result in lower generation portfolio performance risk.
8. Environmental and permitting risk	PSE's evaluation process will include an assessment of the following criteria: • status in acquiring needed permits • risk associated with future environmental regulation and taxes, including greenhouse gas emissions • compliance with state RPS • compliance with regional generator performance standards and import standards
9. Respondent risk	PSE will consider information requested in ***Section 4*** of the RFP document and ***Exhibit B*** in determining the risk associated with the financial condition and performance of a respondent and any third parties relied upon by the respondent. Lower-risk respondents are preferred.
10. Ability to deliver as proposed	PSE will use the information provided in response to ***Exhibit B*** to evaluate the experience and qualifications of the project team, an important consideration when judging a respondent's ability to deliver a commercially operable project in the time frame proposed. PSE prefers respondents with proven track records. Information submitted in response to ***Exhibit B***, which addresses project development status and schedule, will also be used to evaluate the respondent's ability to meet the proposed commercial operation date.

Criteria Element	Description
11. Status of transmission rights	The ability to transmit power from the project site to one or more points on PSE's electric system is a requirement (particularly to points on the system where the deliveries may be used to serve load with limited or no transmission congestion). PSE will use information provided in ***Exhibit B*** and, if necessary, the PowerWorld software tools, to assess whether and to what extent the required transmission will be available, and whether and to what extent the necessary transmission paths are constrained.
12. Security and control	Proposals that supply firm, fixed price fuel supply are preferred. Proposals that offer alternative methods of managing price volatility will be favorably considered. Proposals that supply firm energy and capacity are preferred.
13. Federal regulatory approvals	PSE will consider the effect of any federal regulatory approvals that would result from accepting the proposal, including, but not limited to, requirements under Sections 203 and 205 of the Federal Power Act. Proposals that eliminate or minimize the effect of any such federal regulatory approvals are preferred.

4. Public Benefits

Criteria Element	Description
1. Environmental impacts	Proposals that minimize environmental impacts are preferred. Environmental impacts refer to the full range of issues evaluated in an environmental impact statement or environmental assessment. PSE will consider information supplied in response to ***Exhibit B*** in its evaluation of the environmental impacts of a proposed acquisition.
2. Resource location	Proposed resources located such that they provide benefits to the regional and PSE transmission systems, or require minimal or no transmission upgrades are preferred. Proposals that are not dependent upon constrained transmission or fuel transportation paths are preferred. Proposed resources located within PSE's service territory are preferred.
3. Community impacts	Proposals that demonstrate support from public, local, state and federal government entities and Native American Tribes, if applicable, as well as other stakeholders, are preferred.

5. Strategic and Financial

Criteria Element	Description
1. Capital structure impacts	PSE's quantitative analysis will impute the anticipated equity cost needed to offset any adverse effects on its capital structure associated with accounting requirements (e.g., FASB ASC 810) that may require PSE to consolidate the respondent's balance sheet. All else being equal, PSE prefers proposals that avoid risks associated with a requirement to consolidate a respondent's financials with PSE's financials (e.g., pursuant to FASB ASC 810). All else being equal, proposals are preferred that would not increase PSE's exposure to adverse impacts on its financial position (e.g., by requiring PSE to impute debt, to account for the transaction as a capital lease (e.g., under FASB ASC 840), to account for or report the transaction as a financial derivative transaction (e.g., pursuant to FASB ASC 815), by otherwise adversely affecting PSE's financial leverage, operating leverage, credit rating, cash flow, income statement or balance sheet, or by imposing credit requirements or increasing liquidity risk).
2. Future exposure to environmental regulations and/or taxes	Proposals for resources with lower potential exposure to future environmental regulations and/or taxes are preferred.
3. Guarantees and security	PSE will consider information provided in response to ***Exhibit B*** to determine whether it will require any additional guarantees or credit support pursuant to ***Section 5*** of the RFP document. PSE's credit risk department may require the seller to provide performance assurance. PSE will expect sellers with sub-investment-grade credit ratings (or being of similar creditworthiness) to provide performance assurance acceptable to the Company. PSE will not accept collateral thresholds, credit ratings triggers, general adequate assurances language or similar language that might require the Company to provide performance assurance.

2018 RFP Evaluation Process Document

Appendix C. Phase 1 Results

PUGET SOUND ENERGY

2018 RFP Evaluation Process Document

C.1 Phase 1 Executive Summary

2018 RFP – Executive Summary*

Quantitative results are the product of analysis performed in PSM III version 25.10.

Candidate Short List: Proposals selected for Phase 2 optimization and due diligence (organized alphabetically by project name)

Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18100 **SPI Burlington Biomass** Sierra Pacific Industries PPA Operational Biomass 17 MW nameplate PPA start: 01/01/2021 17 years capacity		• Relatively inexpensive • REC producing • Proportionally high contribution to the capacity need. • Existing operational site • Interconnected with PSE system • Minimal risks all-around	• Sierra Pacific Industries is a privately held company so less financial information is available than if it had been public	**Selected -** The RFP team recommends this project proceed to the next phase of the 2018 all-resource RFP due to the high levelized portfolio benefit over renewable energy credit ("REC") ranking, and due to the relatively high levelized portfolio benefit over kilowatt year ranking and low qualitative risks.

**This matrix summarizes key findings from PSE's Phase 1 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Some proposals contain multiple offers. The quantitative results shown in the table represent the best offer from each proposal in the no CO2 scenario. PSE also considered*
****Indicates primary ranking criteria for particular proposal category.*

Common acronyms:

BESS	Battery energy storage system
BTS	Build to sell
DAS	Development asset sale
COD	Commercial operation date
CTA	Capacity Tolling Agreement
PPA	Power purchase agreement
REC	Renewable energy credit

Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18103 [redacted] CTA or Asset Transfer Operational Combined Cycle [redacted] MW** or [redacted] MW Start: 06/01/2022 Term: 10 year (PPA)		• Second least expensive thermal proposal currently in RFP • Existing operational site (rather than new build) • Strong presence in the community • Expansion opportunity on adjacent land	• Would likely be impacted by carbon legislation currently being considered in Olympia • Given the ongoing social controversy surrounding greenhouse gas ("GHG"), including the contribution to climate change from the local natural gas system and electric generation, there would likely be considerable reputational risk. • Is not clear whether there is firm gas transport to plant, which would be required to count as a capacity resource	**Selected -** The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18105 [redacted] CTA** and BTS [redacted] MW** or [redacted] MW COD: 01/01/2022 5, 15, and 20** year term		• Least expensive thermal proposal in RFP • Expansion of existing site rather than a new thermal facility. • Technology is relatively site-agnostic and can potentially be designed to integrate with other sites. • [redacted] proposal could likely be facilitated with firm gas supply with existing facilities.	• Air permit path is complex and possibly not feasible. • The likely-to-be-required air permit modification could bring more operational constraints for the existing generation units. • PSE will experience significant resistance from local governments, local stakeholders, environmental stakeholders, and native tribes for expansion of the company's thermal generation portfolio. • Given the ongoing social controversy surrounding greenhouse gas ("GHG"), including the contribution to climate change from the local natural gas system and electric generation, the proposed schedule and general project feasibility seem to be in question.	**Selected -** The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.

**This matrix summarizes key findings from PSE's Phase 1 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Some proposals contain multiple offers. The quantitative results shown in the table represent the best offer from each proposal in the no CO2 scenario. PSE also considered*
****Indicates primary ranking criteria for particular proposal category.*

Common acronyms:

BESS	Battery energy storage system
BTS	Build to sell
DAS	Development asset sale
COD	Commercial operation date
CTA	Capacity Tolling Agreement
PPA	Power purchase agreement
REC	Renewable energy credit

Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18107 [redacted] PPA Operational Hydro [redacted] MW start: 1/1/2021 (assumed) Term: 20 year (assumed)		• Existing operational site (rather than new build) • Clean energy (although not RPS compliant) • Run-of-river hydro can be less environmentally impactful than standard hydro Little to no permitting or real estate risk due to current operational status	• Not RPS complaint (although clean energy) • Proposal is missing important details regarding pricing, term length, term, etc. • Although PSE has worked with this counterparty before, possible risks remain	**Selected -** The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18111 [redacted] PPA** or BTS Development solar Solar: [redacted] MWac COD: 12/31/2022 Term: 20 year (PPA)		• Relatively high quantitative score for solar project • Strong counterparty with extensive renewable energy development experience with existing contractual relationships with PSE • Site control has been achieved • Permitting status is sufficient at this stage • Located on PSEs system in [redacted] County avoids community concerns in [redacted] County	• While on PSE's system, complex delivery due to ATC constrains in area. Delivery is possible to Mid-C however may be difficult given projects proximity to the [redacted] substation	**Selected – T**he RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.

**This matrix summarizes key findings from PSE's Phase 1 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Some proposals contain multiple offers. The quantitative results shown in the table represent the best offer from each proposal in the no CO2 scenario. PSE also considered*
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Common acronyms:

BESS	Battery energy storage system
BTS	Build to sell
DAS	Development asset sale
COD	Commercial operation date
CTA	Capacity Tolling Agreement
PPA	Power purchase agreement
REC	Renewable energy credit

Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18112 [redacted] PPA**, Optional BESS Development solar Solar: [redacted] MWac** BESS [redacted] MWh / [redacted] MW / 2 HR COD: 12/31/2022 Term: 25 year		• Developer has solar development experience (primarily on a smaller scale) • Located on PSEs system in [redacted] County avoids community concerns in [redacted] County	• Developer has primarily small scale solar development experience and no experience in the northwest • Project acreage appears to be too small for proposed nameplate capacity • Permitting information provided is insufficient • While on PSE's system, complex delivery due to ATC constrains in area. Delivery is possible to Mid-C	**Not selected -** The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18114 [redacted] PPA Solar Generation [redacted] MW_{AC} COD: Q4 2020 20 year term		• [redacted] is assessed to be a relatively strong parent company • Site as proposed doesn't have major implications on agricultural land • Long-term site control is secured	• Need specifics on parent company support, or financing otherwise • Solar facilities are under contention in [redacted] County • Permitting will require a transfer of an EFSEC permit, which will bring a viability and reputation risk to the project and PSE • Transmission and energy delivery may be overly expensive or otherwise not feasible	**Selected – T**he RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.

**This matrix summarizes key findings from PSE's Phase 1 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Some proposals contain multiple offers. The quantitative results shown in the table represent the best offer from each proposal in the no CO2 scenario. PSE also considered*
****Indicates primary ranking criteria for particular proposal category.*

Common acronyms:

BESS	Battery energy storage system
BTS	Build to sell
DAS	Development asset sale
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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18122 [redacted] PPA**, Optional BESS Development Wind [redacted] MW_{AC}** & [redacted] MW 1 Hr BESS COD: 12/31/2022 20 year term		• Large counterparty and promise of guaranty from an investment grade entity, a letter of credit, or cash. • Relatively inexpensive solar energy with potential for battery storage. • Long-term site control is secured	• Energy delivery has been left to PSE and appears to be complicated, and might pose a feasibility risk • Significant viability issues delivering to PSE • Solar development not positively looked at in this area • Site may block the view of a local real estate development.	**Selected –** The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18125 [redacted] PPA Development Solar [redacted] MW_{AC} COD: 10/31/2022 Term: 15 year or 20 year**		• Strong counterparty with extensive renewable energy development experience • Site control appears to be more than adequate given proposed size of project	• While on PSE's system, complex delivery due to ATC constrains in area. Delivery is possible to MidC • Site permitting is in a relatively early state of development • Minimal information provided regarding community relations and or support	**Selected –** The RFP team recommends this project proceed to the next phase of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over renewable energy credit ("REC") ranking.
18127 [redacted] PPA Development Solar [redacted] MW_{AC} COD: 12/31/2022 Term: 15 year or 20 year**		• Extensive solar energy development experience including having developed, currently owning and operating [redacted] solar project in Washington State. • Location on existing project site may provide economy of scale in development and operation of project. • County has expressed support in the project	• May be siting concerns given proximity to wind turbines with required setbacks • Assumes use of PSE site control with current [redacted] landowners • CUP required to permit project	**Selected –** The RFP team recommends this project proceed to the next phase of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over renewable energy credit ("REC") ranking.

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REDACTED VERSION

Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18131 [redacted] PPA** or BTS Development Wind [redacted] MW** or [redacted] MW COD: 12/1/2022 25 year term		• Credit support in the form of a parent guarantee, letter of credit, or cash • Long-term site control secured • Permitting likely to meet proposed timeline • Community relations plan was strong when compared to other proposals	• Less experience when compared to other counterparties • [redacted] MW option would possibly run into available transmission capacity issues • [redacted] tribe may request compensation from project	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18132 [redacted] PPA** Development Wind**, Solar, BESS [redacted] MW** COD: 01/01/2021 Term: 20 year		• Strong counterparty with extensive renewable energy development experience • Wind is an existing site, therefore little concern for site control or community relations	• May be concern for permitting required for a repower • MidC delivery negates any capacity value brought by the BESS Option • Repowered project may not create as much excitement given the lack of an incrementally new project	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18135 [redacted] PPA** or BTS Development Solar [redacted] MW** or [redacted] MW Solar Optional [redacted] MW 4 Hr BESS COD: 12/1/2022 20 year term PPA		• Large counterparty with experience all over the world • Letter of intent with an option to lease has been signed	• Minimal detail regarding creditworthiness or financing was included in the proposal • Transmission directly to PSE appears to be overly expensive or infeasible. Mid-C delivery with no contribution to peak capacity is likely the best offer configuration • Permitting plan is underdeveloped	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18139 [redacted] PPA Development Solar [redacted] MW Solar with optional [redacted] MW** or [redacted] MW 1.82 Hr BESS COD: 12/31/2022 10 year term PPA		• Large multi-national counterparty with greater-than-average renewable development experience	• Site control not-yet secured, and no indication of pending agreement was provided • Energy delivery has been left to PSE and appears to be complicated, and might pose a feasibility risk • Permitting process has not yet begun, and presents minimal evidence that they have the ability to identify and secure all permits • Community relations was not covered sufficiently, and tribal support may be required	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18163 [redacted] REC purchase Underlying solar projects [redacted] RECS per year Start of term: 1/1/2022 18 year term		• Interconnection at distribution voltage dictates that each as-generated MWh produce two Washington State RECs.	• Little detail regarding underlying solar facilities	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18165 [redacted] REC purchase Underlying solar project [redacted] RECS per year Start of term: 1/1/2022** or 2024 16 or 18** year term		• Not applicable	• Little detail regarding underlying solar facility	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18166 [redacted] DAS, BTS, or PPA** Development Wind [redacted] MW COD: 12/1/2020, 2021, or 2022** 25 year term		• Long-term site control established	• Significant concerns regarding the counterparty's ability to develop, finance, and construct the facility • Relatively small counterparty with inconclusive rights to the project's developmental assets • Timing of project is contingent on BPA infrastructure upgrades to enable transmission capacity • Project owner, [redacted] seemed uninterested in furthering project development via first-hand experience at 2/22/19 public hearing • Timeline as-proposed is likely not feasible and pricing is likely contingent on timing due to PTC safe harbor	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18169 **Clearwater Wind** NextEra Energy Resources Development, LLC PPA** or 50% Ownership + PPA Development Wind 300 MW** or 400 MW COD: 12/31/2020 or 2021** 20 or 25** year term		• Relatively cost efficient way to meet REC and contribution to peak capacity need • Large and experienced counterparty • Site control is reportedly achieved, but supporting documentation was not included in proposal • Public has been notified of the project as a 750 MW facility • Shape of wind based on 6 operating MET towers appears to fit well with PSE's needs	• Minimal experience in the Pacific Northwest • Large generation-tie transmission line is required • There is a potential issue with sage grouse habitat	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18170 **Golden Hills Wind** Avangrid Renewables PPA, PPA-shaped**, BTS Development Wind 200 MW** COD: 12/1/2020** Term: 20 year**		• Strong counterparty with extensive renewable energy development experience with existing contractual relationships with PSE • Shaped product offers capacity contribution during peak winter months • Likely low risk to real estate given advanced level • Permitting well advanced with EFSC permit application already amended	• Complex energy delivery will require additional vetting • Complexity of shaped product will require additional vetting	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18173 [redacted] PPA** Development Wind [redacted] MW or [redacted] MW COD: 10/31/2022** Term: 20**		• Strong counterparty with extensive renewable energy development experience • May only need single landowner which would indicate little real estate challenges • Favorable state support, however local level of support unknown	• Possibly require DNRC land which could complicate site control and permitting • Permitting is relatively early in development, however there may be concerns for meeting scheduled COD • Use of [redacted] is under ongoing review, however may be problematic	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18175 [redacted] PPA, BTS, or WSPP Shaped** Development Wind [redacted] MW COD: 10/1/2020 25 year term		• Long-term site control is secured • Western Systems Power Pool ("WSPP") schedule C delivery is a unique value	• Counterparty and financing details will require data requests • Energy delivery has been left to PSE and appears to be complicated, and might pose a feasibility risk • Mid-C delivery will likely be necessarily, which would negate a contribution to peak capacity • Permitting plan seems either underdeveloped or underrepresented in the proposal • Outreach plan is underdeveloped	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18176 [redacted] PPA** Development Wind [redacted] MW** or [redacted] MW COD: 12/31/2022 Term: N/A		• Indications of strong local, state and environmental support • Potential to partner with a local Native American tribe • Located near [redacted] and in the same County [redacted] • Counterparty has indicated a plan to partner and/or otherwise engage an experienced renewable energy developer on the project	• Counterparty does not have experience designing, financing, building, owning or operating a large scale renewable or other energy projects • Use of [redacted] is under ongoing review, however may be problematic • Additional detail needed regarding the real estate and permitting considerations necessary for the site	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18179 [redacted] PPA**, DBS Development Wind [redacted] MW** COD: 12/31/2021 Term: 20 year		• Strong counterparty with extensive renewable energy development experience • Real estate appears adequate and relatively low risk • Project sizing has been altered in order to address some local viewshed concerns	• History of considerable local and County level opposition to the project • Counterparty bypassed the County permitting process by pursing permit approval through the state's EFSEC process	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18190 [redacted] REC Offer [redacted] Underlying proposed solar facilities [redacted] RECs / year COD: 01/01/2022 12, 15**, or 20 years		• Inexpensive RECs • Site control is secured • EFSEC projects have been approved by Governor Inslee	• Realizing full REC-output of underlying projects is unlikely due to interconnection issues • [redacted] is currently in litigation with [redacted] over interconnection issues with the underlying projects • [redacted] County opposes the EFSEC decision and has applied for judicial review • Major feasibility concerns with some of the underlying projects, and schedule concerns for all • Projects sited in commercial agricultural land and many stakeholders in the County oppose development on these lands	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking. .

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18201 [redacted] Direct load control Bring your own thermostat, smart water heater [redacted] MW COD: 1/1/2023 Term: 6 years		• Industry leader by Navigant study • [redacted] PSE DR RFP finalist • Itron manages all program implementation • Strong financial, WA based • The [redacted] MW option makes it a small scale project to test out	• No convincing reason provided to suggest a ramp up in DR deployment just in a year in 2023	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
XXXXX [redacted] N/A Transmission Redirect [redacted] MW**, [redacted] MW COD: 01/01/2022 Term: 55 year book life		• If feasible, redirect to MidC would provide a strong capacity resource	• Increased exposure to market prices (for redirect to MidC) • Ambiguity regarding how much redirect is possible to MidC ([redacted] MW assumed), therefore how much would be required to redirect elsewhere on BPAs system • If greater than [redacted] MW were to be redirected, the amount above [redacted] MW would have to redirect to another PSEI node, e.g. PGE, etc. Source of energy at second redirect point unknown	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.

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Resources eliminated during the Phase 1 screening (organized alphabetically by project name)

Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18101 [redacted] PPA Operating Biomass [redacted] MW Start of Term: 07/01/2021 7.25 Year Term		• The project is already operational, and therefore has viability issues largely solved • Transmission and energy delivery options seem viable on initial review	• Local community is fairly charged and might lump this project in with the nearby [redacted] facility in their protests, even though it is a REC generating facility	**Not selected -** The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18102 [redacted] PPA Proposed Biomass [redacted] to [redacted] MW Start of Term: 01/01/2022 Unknown term duration		• Site control is allegedly secured via reserved land on existing property	• Most qualitative details required to be addressed in the 2018 RFP, including counterparty, permitting, energy delivery, and community relations were not adequately covered in the proposal	**Not selected –** The RFP team does not recommend this project to proceed to Phase 2 of the 2018 RFP due to a significant lack of detail in the proposal that resulted in the inability to analyze the proposal on a quantitative or qualitative basis.

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18104 [redacted] CTA, 50%** or 100% Asset Sale, or HRCO Operating CC Thermal Plant [redacted] MW to [redacted] MW Start of Term: 01/01/2022 3 to 10 Year Term		• This was one of two already-operating thermal facilities proposed into the 2018 RFP • Large counterparty and promise of guaranty from an investment grade entity, a letter of credit, or cash • Counterparty has strong renewable energy portfolio • Site control and permitting should not represent issues to PSE or [redacted]	• Heat rate call option ("HRCO") at [redacted] MMBTU represents a poor value requiring significant additional pipeline capacity • Energy delivery is expensive and complex • Singing a new deal with a thermal resource represents a potentially significant reputational risk with governmental agencies, NGOs, activists, as well as typical energy consumers • Combined cycle turbine starts up slower than other thermal proposals • Ownership would likely involve significant facility upgrades not included in phase 1 quantitative analysis	**Not selected -** The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking as well as the potentially significant reputational risk with signing a new long-term agreement with a thermal generation resource.
18106 [redacted] PPA** Development Geothermal [redacted] MW** COD: 09/01/2021** Term: 20 year**		• Geothermal asset may provide clean capacity product	• May not qualify for Washington State RPS due to location in Nevada, relatively far away from Washington.	**Not selected -** The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking as well as feasibility concerns regarding Transmission and Energy Delivery.
18108 [redacted] PPA Developmental Solar [redacted] MW Solar* and optional [redacted] MW 4 Hour BESS COD: 12/15/2022 15 or 20* year term		• [redacted] is an experienced renewable energy developer, specifically in the solar production • Seller promises letter of credit and has experience obtaining financing with many major banks and financial institutions • Permitting timeline seems feasible for COD, but not for the proposed start of construction	• Site control is not established, and presents a feasibility risk to the project since the land is being sold via auction • Transmission capacity to PSE's system will likely be contingent on a BPA cluster study, with the results presenting a cost and feasibility risk • Solar proposals in [redacted] County present some reputational risk • [redacted] MW capacity seems to facilitate PURPA considerations	**Not selected –** The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking as well as feasibility concerns regarding Transmission and Energy Delivery.

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18109 [redacted] PPA Developmental Solar [redacted] MW Solar* and optional [redacted] MW 4 Hour BESS COD: 12/15/2022 15 or 20* year term		• [redacted] is an experienced renewable energy developer, specifically in the solar production • Seller promises letter of credit and has experience obtaining financing with many major banks and financial institutions • Long-term site control is achieved • Permitting timeline seems feasible	• Transmission capacity to PSE's system will likely be contingent on a BPA cluster study, with the results presenting a cost and feasibility risk • [redacted] MW capacity seems to facilitate PURPA considerations	**Not selected –** The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking as well as feasibility concerns regarding Transmission and Energy Delivery.
18110 [redacted] BTS or DAS Developmental Solar [redacted] MW Solar* and optional [redacted] MW 4 Hour BESS COD: 12/15/2022 15 or 20* year term		• Long-term site control is achieved	• Counterparty has minimal project development and construction experience • Project financing plan has very minimal detail • Expensive energy delivery to PSE or Mid-C due to available transmission capacity limitations • Minimal detail in community relations plan • Solar proposals in [redacted] County present some reputational risk	**Not selected –** The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18113 [redacted] PPA** Developmental Solar [redacted] MW** COD: 12/31/2022** 15** or 20 year term		• Extensive solar energy development experience including having developed, currently owning and operating [redacted] solar project in Washington State. • Site control has been achieved • ODOE certificate secured	• Complex delivery to PSE requires multiple transmission legs at additional cost	**Not selected –** The RFP evaluation team does not recommend [redacted] proposal for phase 2 consideration in the 2018 All Resource RFP due to its low quantitative score.

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18115 [redacted] PPA Developmental Solar [redacted] MW COD: 12/31/2022 20 year term		• Large counterparty and promise of guaranty from an investment grade entity, a letter of credit, or cash • Long-term site control is secured for a wind project, and can likely be altered to allow for Solar development	• Solar energy in Montana does not appear to provide the same cost efficiency, net capacity factor, or contribution to peak capacity when compared to the larger wind projects in the region • Energy delivery has been left to PSE and will be infeasible or expensive • Minimal details regarding a permitting plan of action	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18116 [redacted] PPA Development Solar [redacted] MW COD: 12/1/2022 20** or 25 year term		• This proposal was removed from consideration by the developer on January 11th 2018.	• This proposal was removed from consideration by the developer on January 11th 2018.	**Not selected –** This proposal was removed from consideration by the developer on January 11th 2018.
18117 [redacted] 15-yr/20-yr PPA, Development Wind Up to [redacted] MW COD: 1/1/2021 Term:		• Project was [redacted] withdrawn from the 2018 All Resources RFP [redacted]	• Project [redacted] withdrawn from the 2018 All Resources RFP [redacted]	**Not selected -** Project [redacted] withdrawing from the 2018 All Resources RFP

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18118 [redacted] PPA Developmental Solar [redacted] MW COD: 12/31/2022 20 year term		• Large counterparty and promise of guaranty from an investment grade entity, a letter of credit, or cash • Long-term site control has been secured via land leases • Permitting has been largely secured via Oregon EFSC in [redacted]	• Long-point to point transmission is unlikely to be feasible • Lack of cohesive community relations plan coupled with EFSC permit presents some reputational risk to the project and to PSE	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 All Resources RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18119 [redacted] PPA Developmental Solar [redacted] MW Solar with Optional [redacted] MW 1 Hr BESS COD: 12/31/2022 20 year term		• Large counterparty and promise of guaranty from an investment grade entity, a letter of credit, or cash • Long-term site control for the project is achieved • While energy delivery was largely left to PSE, on initial review, it appears to be feasible	• Generation-tie line still requires land-use rights • Relatively insufficient permitting plan • Potential issues with proximity to nearby airport • Minimal details regarding a community relations plan	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18120 [redacted] PPA Developmental Solar [redacted] MW COD: 12/31/2022 20 year term		• Large counterparty and promise of guaranty from an investment grade entity, a letter of credit, or cash • Long-term site control appears to be obtained imminently, however, minimal detail was included in the proposal	• BPA transmission would require significant network upgrades which indicate cost and schedule risk • Relatively insufficient permitting plan • Minimal details regarding a community relations plan	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18121 [redacted] PPA Developmental Solar [redacted] MW COD: 12/1/2022 20** or 25 year term		• Letters of intent have been signed with potential lessors, and there should be plenty of time to finalize lease agreements • Community relations plan appears to be adequate	• Three of four proposals into the 2018 RFP were withdrawn due to infeasibility in January 2018 • Transmission plan is undeveloped and reliant on PSE being a network customer of BPA, which is not and will not be the case • Permitting plan is relatively insufficient and underdeveloped • [redacted] presents a risk to the ongoing operation of the site	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18123 [redacted] PPA Developmental Solar + BESS [redacted] MW Solar & optional [redacted] or [redacted] MW, 2, 4**, 6 Hr BESS COD: 10/31/2022 20** or 25 year term		• Apparently strong counterparty with extensive experience in the development, construction, and operation of renewable generation • Site control projected to be achieved by Q2 2019	• Generation-tie line not included in proposed site control • Interconnection queue position was described in the proposal, but could not be confirmed by RFP team • Relatively insufficient information provided in the proposal • [redacted] County generally interested in renewables, including solar, but some nearby communities have opposed development	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18124 [redacted] Operating Status & Offer PPA Development Solar [redacted] MW or [redacted] MW COD: 12/1/2022 20** or 25 year term		• This proposal was removed from consideration by the developer on January 11th 2018.	• This proposal was removed from consideration by the developer on January 11th 2018.	**Not selected –** This proposal was removed from consideration by the developer on January 11th 2018.

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18126 [redacted] PPA Development Solar [redacted] MW or [redacted] MW COD: 12/1/2022 20** or 25 year term		• This proposal was removed from consideration by the developer on January 11th 2018.	• This proposal was removed from consideration by the developer on January 11th 2018.	**Not selected –** This proposal was removed from consideration by the developer on January 11th 2018.
18128 [redacted] PPA**, Optional BESS Development solar Solar: [redacted] MWac** BESS: [redacted] MWh / [redacted] MW / 2 HR COD: 06/01/2022 Term: 25 year		• Location in [redacted] County in [redacted] relatively favorable location within the county. • Real estate appears to be of an advanced stage and sufficient for proposed project size	• Counterparty solar experience exclusively small scale. • While on PSE's system, complex delivery due to ATC constrains in area. Delivery is possible to Mid-C • Developer withholds the rights to pursue state EFSEC permitting process, which would circumvent the county/local concerns, possibly engendering local hostility to the project	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18129 [redacted] PPA** Development Solar [redacted] MWac** COD: 01/01/2021 or 01/01/2023** Term: 15 or 20** year term		• Developer appears to have experience in the solar industry developing utility scale solar projects • Relatively advanced stage of permitting with comprehensive permitting matrix provided by developer • Real estate appears to be more than sufficient for the proposed project size	• Proposed plan for energy delivery includes multiple transmission segments that would be costly	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18130 [redacted] PPA Development Solar + BESS [redacted] MW Solar & [redacted] MW 4 Hr BESS COD: 12/15/2022 15 or 20** year term		• [redacted] is an experienced renewable energy developer, specifically in the solar production • Seller promises letter of credit and has experience obtaining financing with many major banks and financial institutions	• Long-term site control is not yet obtained • A BPA cluster study will likely be required to fixed point to point delivery to PSE's system, which brings cost and schedule variability • Permitting progress has not yet begun as of the date of proposal submission • Nameplate of [redacted] MW, a multiple of [redacted] MW, indicates developer consideration for PURPA eligibility	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking as well as feasibility concerns regarding Transmission and Energy Delivery.
18133 [redacted] PPA Development Solar + BESS [redacted] MW Solar & [redacted] or [redacted] MW, 2** or 4 Hr, BESS COD: 12/15/2022 15 or 20** year term		• Experienced renewable developer, especially with wind assets • Project expected to be financed on balance sheet • Long-term site control is achieved	• Proposed energy delivery plan is potentially not feasible, or overly expensive • Community relations was not covered in the proposal	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18134 [redacted] PPA Development Solar [redacted] MW COD: 1/1/2023 20 year term		• Financial support through [redacted] and other long-term debt partners • Long-term site control is not yet achieved, but is reportedly close	• [redacted] only has moderate renewable development, construction, and operational experience • Energy delivery plan as proposed is likely infeasible, and transmission will need to be wheeled through BPA and Mid-C • Community relations was not sufficiently covered in the proposal and solar development in [redacted] County is [redacted] unpopular	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18136 [redacted] PPA Development Solar + BESS [redacted] or [redacted] MW Solar & [redacted] or [redacted] MW, 4 Hr BESS COD: 9/31/2022 20 year term		• Long-term site control is achieved	• [redacted] is a newer company with minimal construction and operational experience • Transmission left to PSE (busbar delivery) and will likely route to Mid-C, removing any contribution to capacity • Relatively immature permitting plan • Community relations was not covered in the proposal	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18137 [redacted] PPA Development Solar + BESS [redacted] or [redacted] MW Solar & [redacted] or [redacted] MW, 4 Hr BESS COD: 9/31/2022 20 year term		• Long-term site control is achieved	• [redacted] is a newer company with minimal construction and operational experience • Transmission left to PSE (busbar delivery) and will likely route to Mid-C, removing any contribution to capacity • Relatively immature permitting plan • Community relations was not covered in the proposal	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking as well as insufficient progress and level of detail provided when compared to other proposals in the RFP, especially regarding Transmission and Energy Delivery.
18138 [redacted] PPA Development Solar + BESS [redacted] or [redacted] MW Solar & [redacted] MW, 2**, 4, or 6 Hr BESS COD: 3/31/2022 20 year term		• Long-term site control is achieved • Significant efforts identifying and securing State and Federal permits	• [redacted] is listed as a primary partner to [redacted] has had ongoing issues meeting construction schedule commitments with an in-construction wind farm [redacted] • Solar energy in Montana does not appear to provide the same cost efficiency, net capacity factor, or contribution to peak capacity when compared to the larger wind projects in the region • Minimal time has apparently been spent regarding local County permits • Community relations was not covered in the proposal	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18140 [redacted] PPA Development Solar + BESS [redacted] MW Solar & [redacted] MW 4 Hr BESS COD: 12/15/2022 15 or 20** year term		• [redacted] is an experienced renewable energy developer, specifically in the solar production • Seller promises letter of credit and has experience obtaining financing with many major banks and financial institutions • Long-term site control has been secured • Generic, but relatively comprehensive, community relations plan	• Transmission capacity to PSE's system will likely be contingent on a BPA cluster study, with the results presenting a cost and feasibility risk • The permitting plan is not far along and there are potential schedule issues with the permitting as proposed	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18141 [redacted] PPA** Development Solar + BESS [redacted] MW Solar** [redacted] MW / [redacted] MWh / 4 Hr BESS** COD: 9/30/2022** Term: 25 year**		• Located on existing [redacted] windfarm location may ease development efforts • Developer has experience in the region and with [redacted] • Purchase option (pricing undefined) offers some flexibility for asset purchase	• Developer does not provide much financial information therefore financial credit worthiness is difficult to assess. • Not apparent what value project brings with use of existing [redacted] • Little permitting work has been completed • Use of [redacted] transmission may be problematic and/or crowd out a future wind expansion at the site.	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18142 [redacted] PPA Development Solar + BESS [redacted] or [redacted] MW Solar & [redacted] or [redacted] MW, 4 Hr BESS COD: 9/30/2022 20 or 25** year term		• Large publically traded counterparty with strong financial performance and much experience in renewable development, construction, and operation • [redacted] • Long-term site control is not yet achieved as of the proposal submission, but indications were that it would occur soon	• There is apparently insufficient transmission capacity to secure firm point-to-point capacity • Energy delivery plan as proposed requires PSE to be a network customer with BPA, which is not and will not be the case • Permitting will require amendments, and not enough specifics on the plan was included in the proposal • There was a relatively low amount of detail provided regarding the community relations plan	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18143 [redacted] BTS Development BESS [redacted] MW, 2** or 4 Hr Lithium Ion or [redacted] MW, 4 or 6 Hr Flow BESS COD: 12/31/2020		• Long-term site control secured • [redacted] is a Seattle-based company that should be able to engage the local community effectively	• Similar to every other stand-alone BESS proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Newer developer who recently lost a court battle [redacted] regarding PURPA eligibility • Site is in a location that has medium risk for gopher indicator soils, which has caused issues for PSE in the past	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18144 [redacted] CTA Development BESS [redacted] MW, 4 Hr Lithium Ion BESS COD: 12/31/2021 10 or 20** year term		• Large counterparty and promise of guaranty from an investment grade entity, a letter of credit, or cash • Site is on Invenergy-owned land	• Similar to every other stand-alone BESS proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Transmission queue position with PSE has not yet been applied for • Firm available transmission capacity is likely not obtainable • Permitting process is relatively immature • Community relations was not covered in proposal	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18145 **Bremerton Energy Storage** Invenergy Renewables LLC CTA or BTS Development BESS 100 MW, 2** or 4 Hr, Li-Ion BESS COD: 12/31/2021 20 year term		• Large counterparty and promise of guaranty from an investment grade entity, a letter of credit, or cash	• Similar to every other stand-alone BESS proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Long-term site control is not secured • Site appears to be part of an active gravel pit • Permitting process is early in development • Community relations is not discussed in proposal	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18146 [redacted] CTA or BTS Development BESS [redacted] MW, 4 Hr, Li-Ion BESS COD: 09/30/2022 20 year term		• Large multinational counterparty with experience in renewable and green power • Strong financial performance and credit rating, and project would be financed on balance sheet	• Similar to every other stand-alone BESS proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Long-term site control is not yet secured • Project is not yet in transmission queue, and would likely require significant network upgrades • Community relations plan is lacking and is very necessary as the site is located in a commercial and industrial load center of PSE's service territory	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18147 [redacted] CTA Development BESS [redacted] or [redacted] MW, 4 Hr Li-Ion BESS COD: 09/30/2022 10 year term		• Not applicable	• Similar to every other stand-alone BESS proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • [redacted] is a newer company with minimal construction and operational experience • Site control has not yet been obtained • Project is not yet in transmission queue • Permitting for site is immature • Community relations was not addressed in proposal and will be required as the site is in a major suburban load center in PSE's service territory	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18148 [redacted] CTA or BTS** Development BESS [redacted] MW / [redacted] MWh / 2 hr BESS** COD: 08/01/2022** Term: 20 year (CTA)**		• Extensive solar energy development experience including having developed, currently owning and operating [redacted] solar project in Washington State. • Strong management team, with storage experience • Location on existing project site may provide economy of scale in development and operation of project. • Would be located on existing PSE owned property	• May be siting concerns given proximity to wind turbines with required setbacks • There may be permitting concerns at this location. • Relatively low risk regarding community engagement; optics would fit well at location given the existing wind, solar and visitors center	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18149 [redacted] CTA** or BTS Development BESS [redacted] or [redacted] MW, 4 Hr Li-Ion BESS COD: 09/30/2022 20 or 25 year CTA term		• [redacted] would likely be excited about energy storage solutions	• Similar to every other stand-alone BESS proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Site is presumed to be located on PSE property, but the site may or may not be utilized by PSE system development in the future • Counterparty has defaulted on an agreement in the past with PSE • Interconnection and energy delivery plan is early on in process and contingent on PSE development • Permitting plan is early in development	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18150 [redacted] CTA** or BTS Development BESS [redacted] or [redacted] MW, 4 Hr Li-Ion BESS COD: 09/30/2022 20 or 25 year CTA term		• Site is on developer-owned property • City of [redacted] would likely allow battery storage outright	• Similar to every other stand-alone BESS proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Counterparty has defaulted on an agreement in the past with PSE • Interconnection and energy delivery was left to PSE • Community relations was not addressed in proposal, and the existing BESS installed in area had technical and communications challenges	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18151 [redacted] CTA** Development BESS [redacted] MW / [redacted] MWh / 4 hr [redacted] MW / [redacted] MWh / 4 hr COD: 09/31/2022 Term: 20 year		• Developer presents minimal relative risk, having previously developed large utility scale BESS systems • May be minor permitting risks	• It is unclear whether project is intended to by interconnected to PSE's [redacted] distribuiton substation (as stated) or BPA's [redacted] transmission substation (as depicted in the project documentation) • Similar to every other stand-alone BESS proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18152 [redacted] CTA** or BTS Development BESS [redacted]MW, 4 Hr Li-Ion BESS COD: 09/30/2022 20 or 25 year CTA term		• [redacted] is assessed to be a relatively strong parent company • Project is proposed to be located on PSE-owned land • Interconnection with [redacted] substation unlikely to cause major upgrades	• Similar to every other stand-alone BESS proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Permitting process is extremely immature, and it is unknown how the County will treat BESS projects • Community relations was not sufficiently covered in the proposal	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18154 [redacted] CTA** Development BESS Multiple options: [redacted]MW / [redacted]MWh / 2 hr [redacted]MW / [redacted]MWh / 4 hr** [redacted]MW / [redacted]MWh / 4 hr COD: 01/01/2022 or 01/01/2023** Term: 16 year**		• Management team has a deep background and experience developing renewable energy projects • Site control should already be obtained • Interconnected onto PSE's system • Likely local support for the project	• Company is relatively new and does not have any projects built or operational to date • Similar to every other stand-alone BESS proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Possibly wetland concerns for the site	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18155 [redacted] CTA** Development BESS Multiple options: [redacted]MW / [redacted]MWh / 2 hr [redacted]MW / [redacted]MWh / 4 hr** [redacted]MW / [redacted]MWh / 4 hr COD: 01/01/2022 or 01/01/2023** Term: 16 year**		• Management team has a deep background and experience developing renewable energy projects • Site control currently in negotiations with land owner • Interconnected onto PSE's system • Likely local support for the project	• Company is relatively new and does not have any projects built or operational to date • Similar to every other stand-alone BESS proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Permitting is in an early stage, however relatively further along than other BESS proposals	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18156 [redacted] CTA** Development BESS Multiple options: [redacted] MW / [redacted] MWh / 4 hr [redacted] MW / [redacted] MWh / 4 hr [redacted] MW / [redacted] MWh / 4 hr** COD: 09/30/2022** Term: 20 year**		• Management team has a deep background and experience developing renewable energy projects • Located on PSE property • Interconnected onto PSE's system • Likely local support for the project	• Company is relatively new and does not have any BESS experience or projects built to date • Similar to every other stand-alone BESS proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Cycle count limitations are exceptionally restrictive on potential operations	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18157 [redacted] CTA** Development BESS Multiple options: [redacted] MW / [redacted] MWh / 4 hr [redacted] MW / [redacted] MWh / 4 hr [redacted] MW / [redacted] MWh / 4 hr** COD: 09/30/2022** Term: 20 year**		• Management team has a deep background and experience developing renewable energy projects • Located on private property adjacent to PSE substation • Interconnected onto PSE's system • Likely local support for the project	• Company is relatively new and does not have any BESS experience or projects built to date • Similar to every other stand-alone BESS proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Cycle count limitations are exceptionally restrictive on potential operations	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18158 [redacted] CTA** Development BESS Multiple options: [redacted] MW / [redacted] MWh / 4 hr [redacted] MW / [redacted] MWh / 4 hr 100 MW / [redacted] MWh / 4 hr** [redacted] 09/30/2022** Term: 20 year**		• Management team has a deep background and experience developing renewable energy projects • Located on PSE property • Interconnected onto PSE's system • Likely local support for the project	• Company is relatively new and does not have any BESS experience or projects built to date • Similar to every other stand-alone BESS proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Cycle count limitations are exceptionally restrictive on potential operations	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18159 [redacted] CTA** or BTS Development Pumped Hydro [redacted] or [redacted] MW, 6.4 Hr daily storage COD: 03/30/2023 20 CTA term		• Counterparty has worked with reputable engineering firm for project development	• Capital costs are significant and financing will be difficult and complex • Technology is very new to PSE and North America and requires significant investigation • Significant issues involving permitting and ongoing operation of the facility • Transmission left to PSE would likely be very complex due to large capacity and bidirectional requirements • Site control status is unknown	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18160 [redacted] CTA** or BTS Development Pumped Hydro [redacted] MW, 8.5 Hr COD: 03/30/2023 20 CTA term		• Major permitting hurdles, including FERC licensing, have been secured • Long-term site control is achieved	• Technology is very new to PSE and North America and requires significant investigation • Transmission left to PSE would likely be very complex due to large capacity and bidirectional requirements • Interconnecting resource into [redacted] might drive limitations on renewable energy development in Montana serving PSE load	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18161 **BPA Peak Capacity** Bonneville Power Administration PPA** Operational portfolio of projects 1000 MW** COD: 01/01/2022** Term: 5 year**		• Counterparty is well known with existing ties to PSE and therefore very limited risk for this proposal • There are no permitting, real estate or community relations concerns as the proposal is based on currently operational projects	• Delivery to Mid-C presents a major concern as delivery to Mid-C negates any incremental capacity value, as energy would have to rely on current Mid-C BPAT.PSEI paths to get back to PSE system.	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18162 [redacted] REC purchase Operational portfolio of projects [redacted] RECS per year Start of term: 1/1/2022 10 year term		• Strong counterparty with extensive renewable energy development experience with existing contractual relationships with PSE • Underlying projects are operational therefore no real estate, permitting, or community relations concerns	• Other than low quantitative ranking, there are no major concerns with this proposal	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18164 [redacted] REC purchase Underlying solar projects [redacted] RECS per year Start of term: 1/1/2026 13 year term		• Full site control for underlying projects is assumed • Interconnection is secured • REC delivery through WREGIS	• Low-risk	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18167 [redacted] PPA Development Wind (Offshore) [redacted] MW COD: 12/31/2029 Term: 25 year		• Developer demonstrates a relative high level of acumen in offshore wind development on the west coast • West coast offshore wind could prove to be a viable resource in the future • Developer has conducted extensive community and tribal outreach for this project	• Considerable counterparty risk, including questionable ability to finance the project without considerable commitment and risk by PSE • Leases are through the federal BOEM with a long process for obtaining and uncertain outcome • Permitting is through the federal BOEM with a long process for obtaining and uncertain outcome • Interconnection and energy delivery would be complex and will require extensive vetting • Start of offer is well outside of the time scope of PSE's 2018 All Resource RFP	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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18168 [redacted] AAA Operating Wind [redacted] MW COD: 10/4/2020 5-year term		• Project is operating	• Low-risk • Start of term and duration do not match PSE's need as stated in the IRP and RFP • Counterparty is potentially facing bankruptcy	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18171 [redacted] PPA Development Wind [redacted] MW COD: 12/31/2020** or 12/31/2021 Term: 20 year		• Strong counterparty with extensive renewable energy development experience • Real estate and permitting appear to be sufficient at this stage of development	• Proposal has expired as per the original proposal documentation (expired on 1/1/2019) • Complicated delivery to PSE likely required	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18172 [redacted] PPA Developmental Wind [redacted] MW COD: 1/1/2021 15 or 20** year term		• [redacted] is a large publically traded company with a solid balance sheet and solid credit rating • Long-term site control is secured • Community relations was well addressed in the proposal and well-exceeds the EFSC requirements	• Relative to most of their endeavors, [redacted] is relatively inexperienced with renewable energy • Permitting schedule is aggressive and will be difficult to achieve as proposed • [redacted] has reportedly been a difficult interconnection counterparty to work with • Transmission capacity to PSE's system will likely be contingent on a BPA cluster study, with the results presenting a cost and feasibility risk	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18174 [redacted] PPA** or BTS Developmental Wind [redacted] or [redacted] MW COD: 1/1/2020** or 2021 30 year term		• Long-term site control is secured • County will likely be supportive of wind development	• [redacted] is owned by [redacted] a vertically integrated company in [redacted] that has experienced significant financial issues • CTS option was not quantified, and energy delivery and REC creation will be difficult as proposed • Proposal does not adequately address permitting requirements • It is unclear as to whether proposer has engaged local land owners	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18177 [redacted] DAS or BTS Developmental Wind [redacted] MW COD: Q4 2020		• Long-term site control has been achieved • Mid-C delivery seems viable • Community relations was well-addressed in the proposal • The permitting process seemed relatively mature	• Insufficient data was provided regarding the counterparty background and financing plan • Insufficient data was provided to quantitatively assess the project	**Not selected** – The RFP team does not recommend this proceed past Stage 1 of the RFP. There are several qualitative concerns evaluated in this proposal regarding the counterparty, financing, interconnection, and energy delivery. However, the primary fatal flaw is that capital and ongoing O&M costs are assumed to be facilitated directly by PSE, but no capital cost estimates were issued with the proposal. Without this information, the RFP team is unable to sufficiently assess the proposal quantitatively.
18178 [redacted] PPA Developmental Wind [redacted] MW COD: 12/31/2022 20 year term		• Balance sheet financing is great, assuming parent company is willing to guarantee the project • Long-term site control is secured • Interconnection studies through BPA are complete • Community relations plan seems sufficient, but requires more detail	• Energy delivery left to PSE and appears to be overly expensive or otherwise infeasible • Permitting plan requires significant development • Company is relatively unknown to PSE and not much background information was provided	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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18180 [redacted] PPA Developmental Wind [redacted] MW COD: 1/1/2021 or 2022 20 year term		• Long-term site control is apparently secured • Interconnection studies through BPA are complete • Project received Washington State EFSEC in 2012 after a contentious permitting process	• This would be [redacted]'s first experience in the Pacific Northwest • Insufficient detail regarding company financial health and project financing strategy was included in the proposal • Energy delivery has been left to PSE and appears to be complicated, and might pose a feasibility risk • Significant reputational issues with proximity to local fisheries as well as blocking a view of the Columbia River Gorge	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18181 [redacted] PPA** or BTS Developmental Wind [redacted] MW COD: 12/12/2020 20 year term		• Large counterparty and promise of guaranty from an investment grade entity, a letter of credit, or cash • Long-term site control is secured • Interconnection process with BPA is well underway • There are nearby wind farms, not many residential neighbors, and the RFP team believes the local community and government support solar development • Permitting plan has minimal detail and represents a schedule and feasibility risk for the project	• Long-term firm point-to-point transmission appears to not be feasible • Community relations was not addressed in the proposal	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18182 [redacted] PPA**, DAS, or BTS Developmental Wind [redacted] MW COD: 12/01/2022 20 year term		• Long-term site control is secured • Permitting is early in process but presents little schedule or viability risk	• Insufficient data was provided regarding the counterparty background and financing plan • Energy delivery has been left to PSE and appears to be complicated, and might pose a feasibility risk • Community and government relations is supposedly strong, but little detail was provided to support it	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18183 [redacted] PPA** Developmental Wind [redacted] MW COD: June 2020 10 or 15 year term		• Not applicable	• Insufficient data was provided regarding the counterparty background and financing plan • Insufficient data was provided to quantitatively or qualitatively assess the project	**Not selected** – Beyond a discussion of potential agreement terms, the proposal did not include enough detail to sufficiently assess on either a qualitative or quantitative basis. The RFP team does not recommend this proposal move beyond the first phase of the RFP process.
18184 [redacted] PPA Developmental Solar + BESS [redacted] MW & optional [redacted] or [redacted] MW, 2 or 4** Hr, BESS COD: 10/31/2022 20** or 25 year term		• Apparently strong counterparty with extensive experience in the development, construction, and operation of renewable generation • Site control projected to be achieved by Q2 2019	• RFP team could not confirm interconnection queue position asserted in the proposal • Energy delivery would likely need to be periodically curtailed • The permitting plan is largely underdeveloped, and there are potential issues with wetlands and Mazama Pocket Gophers that threaten project viability and schedule • There are potential glare issues with local roadway in the City of [redacted]	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18185 [redacted] PPA Developmental Wind [redacted] MW COD: 12/31/2020 20 year term		• Apparently strong counterparty with extensive experience in the development, construction, and operation of renewable generation • Letter of intents have indicated likely site control in the near future • Backup point of interconnection at [redacted] is likely a feasible energy delivery option • Permitting is in the early stages, but since only construction permits will be required it represents a low risk	• [redacted] intends to secure long-term firm point-to-point transmission with [redacted] and [redacted] but have not yet taken steps to secure it • Community and government relations was not adequately assessed in the proposal, but presents only a minor risk for the project as renewable energy is seen in a generally positive light	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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Project	Quantitative Results** [See quantitative results in Section C.2]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18186 [redacted] 15-yr/20-yr PPA, Development Wind Up to [redacted] MW COD: 1/1/2021 Term:		• Long-term site control is secured • Interconnection studies with BPA are complete, and an engineering and procurement agreement is soon to be secured • Real-time delivery to PSE will not be necessary to secure RECs since the project is within BPA's regional territory • Project appears to be fully permitted, with the exception of ministerial approvals	• Developer is relatively inexperienced at developing, permitting, construction, and operating generation sites • Impact to local prime agricultural land might cause some local tension	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18187 [redacted] PPA Developmental Solar + BESS [redacted] MW Solar & optional [redacted] or [redacted] MW, 2** or 4 Hr, BESS COD: 10/31/2022 15 or 20** year term		• Apparently strong counterparty with extensive experience in the development, construction, and operation of renewable generation • Long-term site control is secured	• Energy delivery has been left to PSE and appears to be complicated, and might pose a feasibility or cost risk • Permitting process has not appreciably started, but represents a slight schedule and feasibility risk	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18188 [redacted] EPC Development Reciprocating Thermal [redacted] MW Duel Fuel or [redacted] MW Single Fuel COD: 4/15/2021		• Expansion of existing site rather than a new thermal facility. • Technology is relatively site-agnostic and can potentially be designed to integrate with other sites. • Project could likely be facilitated with firm gas supply with existing facilities.	• Air permit path is complex and possibly not feasible. • The likely-to-be-required air permit modification could bring more operational constraints for the existing generation units. • PSE will experience significant resistance from local governments, local stakeholders, environmental stakeholders, and native tribes for expansion of the company's thermal generation portfolio. • Given the ongoing social controversy surrounding greenhouse gas ("GHG"), including the contribution to climate change from the local natural gas system and electric generation, the proposed schedule and general project feasibility seem to be in question.	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.

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18189 [redacted] CTA** Development BESS [redacted] MW / [redacted] MWh / 2 hr [redacted] MW / [redacted] MWh / 2 hr COD: 08/01/2020 Term: 20 year		• Developer has experience in BESS projects, particularly with integration and control software • Location at [redacted] site may offer development synergies, however permitting may be complicated with location [redacted]	• Similar to every other stand-alone BESS proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18200 [redacted] Direct load control Smart thermostat, smart water heater [redacted] MW COD: 1/1/2019 Term: 5 years		• Detailed project implementation plan and schedule provided • Minimum PSE engagement • Seamless customer interruption • Strong parent company financials • Past [redacted] program experience (90,000 units)	• Lack of demonstrated winter peaking experience	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18202 [redacted] Direct load control Smart water heater [redacted] MW COD: 1/1/2019 Term: 10 years		• Vendor can also monitor and control load control switches, EVs, Solar PV, energy storage, building controls, HVAC and other demand side assets	• Solution seems limited in its initial deployment • Seems optimistic as to resource availability • Lack of demonstrated program experience	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.

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18203 [redacted] Behavioral demand response 100% Residential [redacted] MW COD: 1/1/2019 Term: 5 years		• Existing working relationship with PSE on other energy efficiency projects • Cumulative 1.5M utility customer • [redacted]	• Program is day-ahead and limits peak capacity contribution • Lack of demonstrated winter peaking experience • Aggressive program benefit assumption to roll out 375k customers to achieve [redacted] MW of savings	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18204 [redacted] EMIS and traditional demand response programs [redacted] MW COD: 1/1/2019 Term: 5 years		• EMIS technology and program has longer term impact and savings averaging 3.5% across the board due to behavioral changes • Experience with Winter DR programs [redacted]	• Heavy PSE involvement for marketing, Data, Customer Service • Program is day-ahead and limits peak capacity contribution • High counter-party risk as being a small private consulting company	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18205 [redacted] Commercial & industrial direct install [redacted] MW, mixed Day-ahead, hour-ahead, and 10-min ready MWs COD: 1/1/2019 Term: 5 Years		• Utilize existing relationship [redacted] • [redacted] • Over [redacted] MW DR under management (self-claimed)	• Mixed program contribution to peak capacity could limit program effectiveness • Very expensive pricing	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.

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UP001 [redacted] CTA or BTS** Development Pumped Hydro [redacted] or [redacted] MW, 6.4 Hr daily storage COD: 03/30/2023 20 CTA term		• Not applicable	• Insufficient data was provided regarding the counterparty background and financing plan • Insufficient data was provided to qualitatively assess the project • Insufficient data to quantitatively assess CTA	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
UP002 [redacted] REC purchase Underlying operating solar project [redacted] RECS per year Start of term: 2020 9-year or 14-year term		• Not applicable[1] *[1]Proposal was submitted late in Phase 1 (Feb. 7, 2018) when PSE was finalizing its Phase 1 results. PSE quantitatively screened the two offers, but neither offer was quantitatively competitive with PSE's other renewable resource alternatives. Had the proposal fared better in the quantitative analysis, an assessment of its qualitative merits and risks would have followed.*	• Price is higher and volume is smaller than other REC offers received in response this RFP.	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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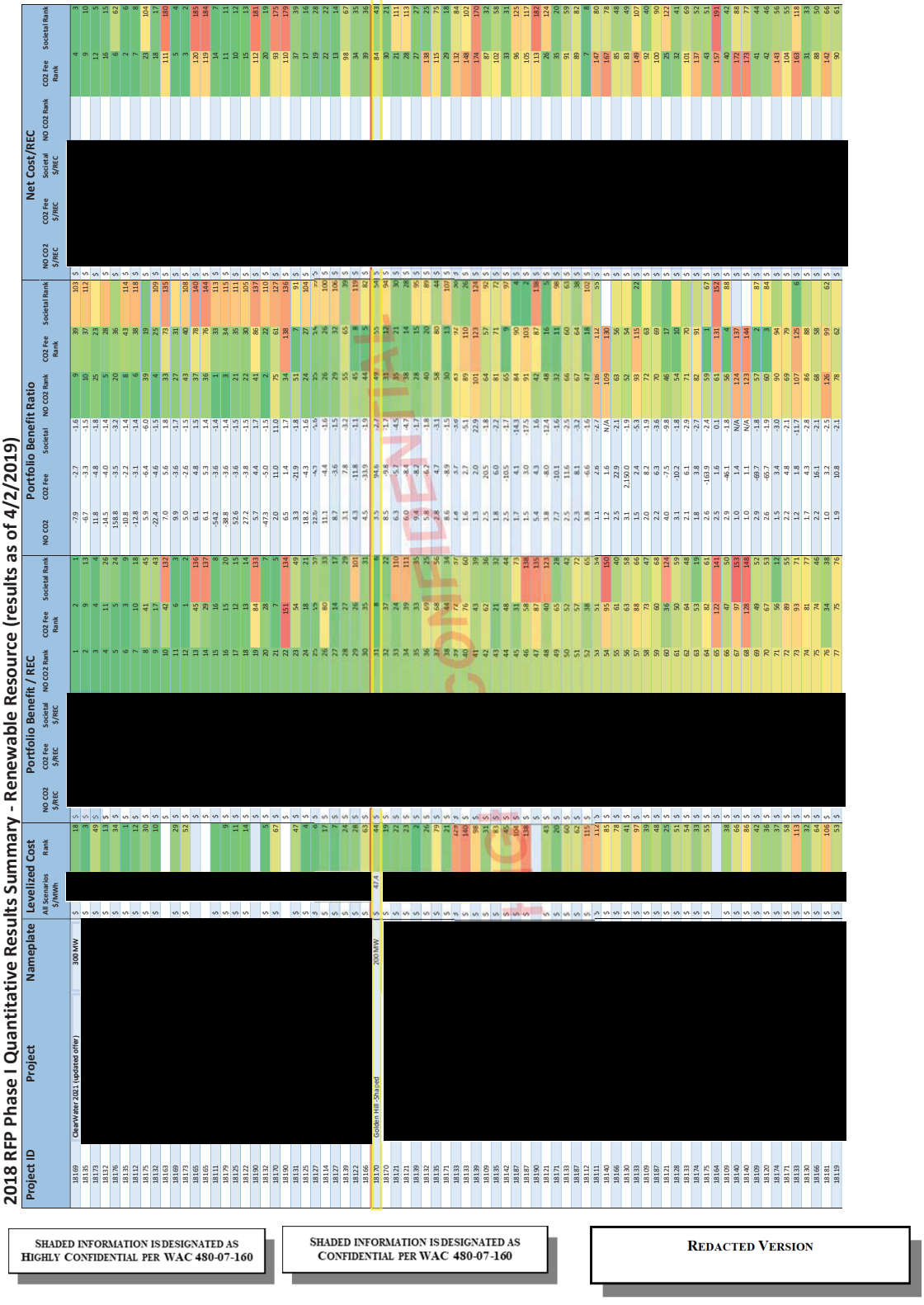
PUGET SOUND ENERGY

2018 RFP Evaluation Process Document

C.2 Phase 1 Standalone Portfolio Analysis Results



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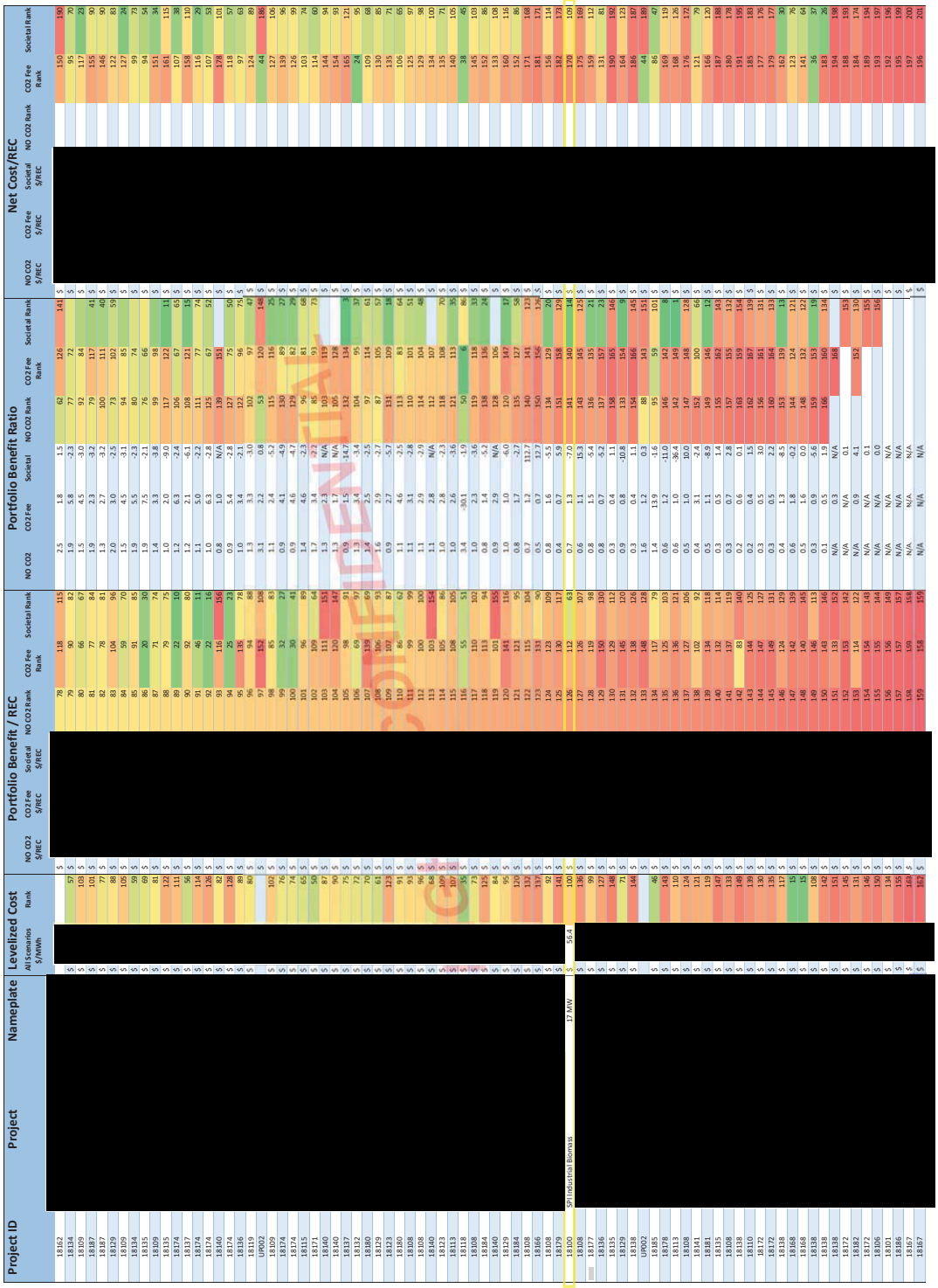

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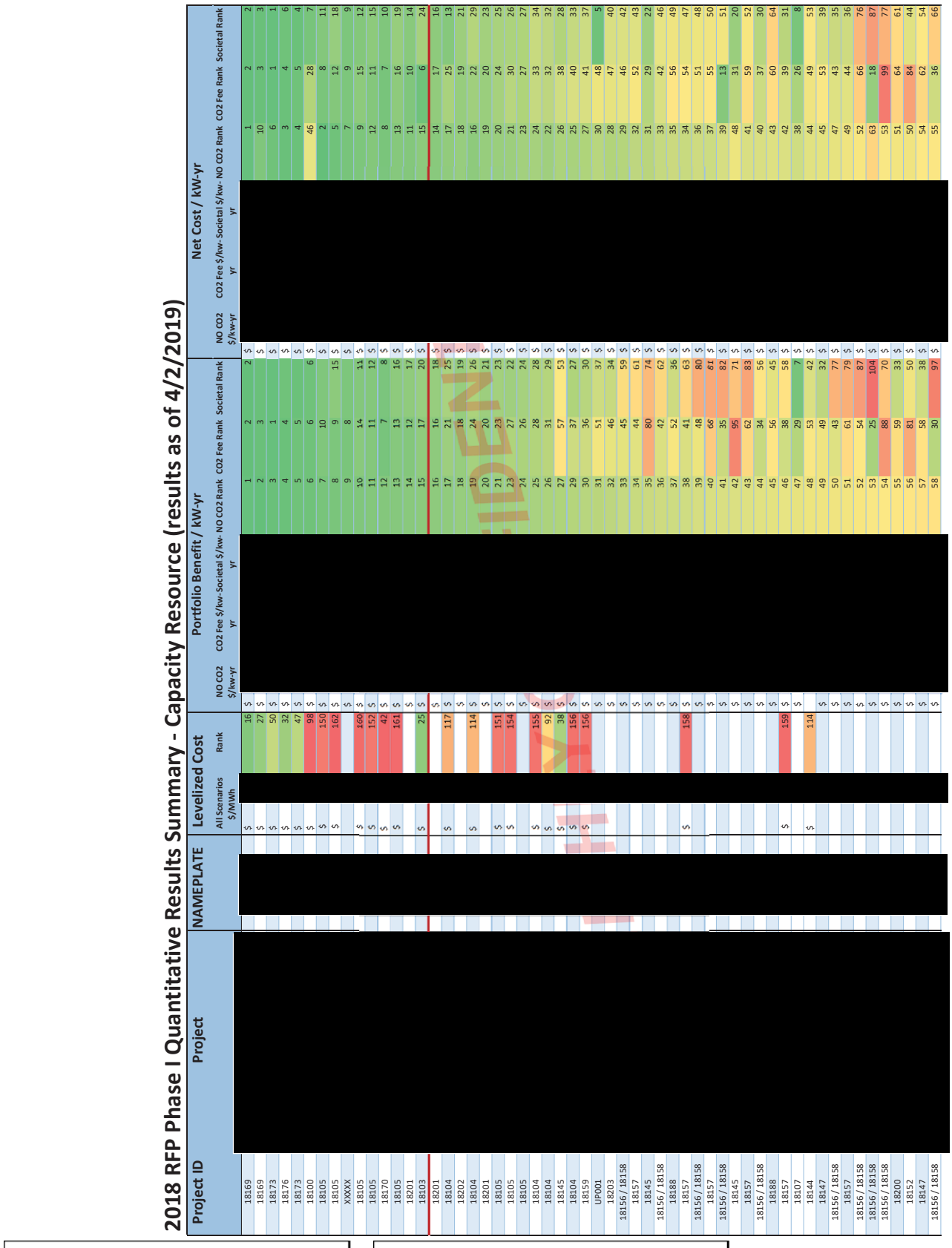
Project ID	Project	Nameplate	Levelized Cost All Scenarios $/MWh	Levelized Cost Rank	Portfolio Benefit / REC NO CO2 $/REC	Portfolio Benefit / REC CO2 Fee $/REC	Portfolio Benefit / REC Societal $/REC	Portfolio Benefit / REC NO CO2 Rank	Portfolio Benefit / REC CO2 Fee Rank	Portfolio Benefit / REC Societal Rank	Portfolio Benefit Ratio NO CO2	Portfolio Benefit Ratio CO2 Fee	Portfolio Benefit Ratio Societal	Portfolio Benefit Ratio NO CO2 Rank	Portfolio Benefit Ratio CO2 Fee Rank	Portfolio Benefit Ratio Societal Rank	Net Cost/REC NO CO2 $/REC	Net Cost/REC CO2 Fee $/REC	Net Cost/REC Societal $/REC	Net Cost/REC NO CO2 Rank	Net Cost/REC CO2 Fee Rank	Net Cost/REC Societal Rank
18116	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18116	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18131	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18116	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18116	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18116	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18116	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18126	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18126	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18126	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18126	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18124	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18124	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18124	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18124	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18124	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18124	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18124	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18124	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18169	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18169	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18182	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18183	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18102	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Notes
1. Ranking color scheme: green is high ranking, red is low ranking.
2. Grayed out lines at towards the bottom of the list indicate either withdrawn proposals or proposals with fatal flaws.
3. REC only proposals have N/A value for levelized cost because this is less meaningful metric for those proposals.
4. Some propsals have N/A value for portfolio benefit. The reason is that if the portfolio benefit results in a net cost, the portfolio benefit ratio calculation breaks down and is meaningless.

2018 RFP Phase I Quantitative Results Summary - Capacity Resource (results as of 4/2/2019)



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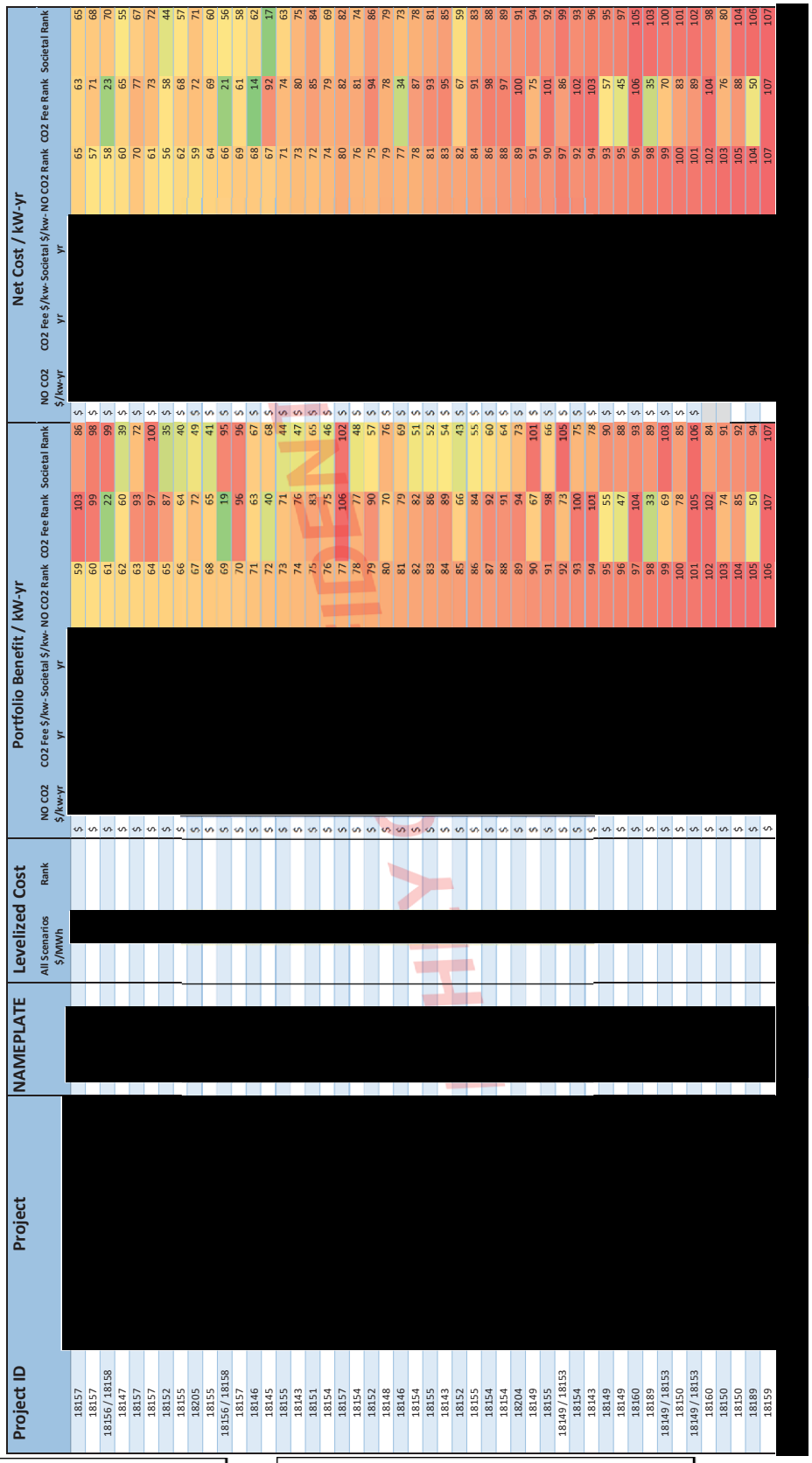

Project ID	Project	NAMEPLATE	Levelized Cost		Portfolio Benefit / kW-yr								Net Cost / kW-yr							
			All Scenarios $/MWh	Rank	NO CO2 $/kw-yr	CO2 Fee $/kw-yr	Societal $/kw-yr	NO CO2 Rank	CO2 Fee Rank	Societal Rank	NO CO2	CO2 Fee	Societal	NO CO2 Rank	CO2 Fee Rank	Societal Rank	NO CO2 $/kw-yr	CO2 Fee $/kw-yr	Societal $/kw-yr	
18157					$			59	103	86	$			65	63	65	$			
18157					$			60	99	98	$			57	71	68	$			
18156 / 18158					$			61	22	99	$			58	23	70	$			
18147					$			62	60	39	$			60	65	55	$			
18157					$			63	93	72	$			70	77	67	$			
18157					$			64	97	100	$			61	73	72	$			
18152					$			65	87	35	$			56	58	44	$			
18155					$			66	64	40	$			62	68	57	$			
18205					$			67	72	49	$			59	72	71	$			
18155					$			68	65	41	$			64	69	60	$			
18156 / 18158					$			69	19	95	$			66	21	56	$			
18157					$			70	96	96	$			69	61	58	$			
18146					$			71	63	67	$			68	14	62	$			
18145					$			72	40	68	$			67	92	17	$			
18155					$			73	71	44	$			71	74	63	$			
18143					$			74	76	47	$			73	80	75	$			
18151					$			75	83	65	$			72	85	84	$			
18154					$			76	75	46	$			74	79	69	$			
18157					$			77	106	102	$			80	82	82	$			
18154					$			78	77	48	$			76	81	74	$			
18152					$			79	90	57	$			75	94	86	$			
18148					$			80	70	76	$			79	78	79	$			
18146					$			81	79	69	$			77	34	73	$			
18154					$			82	82	51	$			78	87	78	$			
18155					$			83	86	52	$			81	93	81	$			
18143					$			84	89	54	$			83	95	85	$			
18152					$			85	66	43	$			82	67	59	$			
18155					$			86	84	55	$			84	91	83	$			
18154					$			87	92	60	$			86	98	88	$			
18154					$			88	91	64	$			88	97	89	$			
18204					$			89	94	73	$			89	100	91	$			
18149					$			90	67	101	$			91	75	94	$			
18155					$			91	98	66	$			90	101	92	$			
18149 / 18153					$			92	73	105	$			97	86	99	$			
18154					$			93	100	75	$			92	102	93	$			
18143					$			94	101	78	$			94	103	96	$			
18149					$			95	55	90	$			93	57	95	$			
18160					$			96	47	88	$			95	45	97	$			
18189					$			97	104	93	$			96	106	105	$			
18149 / 18153					$			98	33	89	$			98	35	103	$			
18150					$			99	69	103	$			99	70	100	$			
18149 / 18153					$			100	78	85	$			100	83	101	$			
18160					$			101	105	106	$			101	89	102	$			
18150					$			102	102	84	$			102	104	98	$			
18150					$			103	74	91	$			103	76	80	$			
18189					$			104	85	92	$			105	88	104	$			
18159					$			105	50	94	$			104	50	106	$			
								106	107	107				107	107	107				

Notes
1. Ranking color scheme: green is high ranking, red is low ranking.
2. Grayed out lines at towards the bottom of the list indicate either withdrawn proposals or proposals with fatal flaws.
3. Energy storage proposals have N/A value for levelized cost since the energy storage proposal is net user of energy it does not have levelized cost in $/MWh.

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REDACTED VERSION

PUGET SOUND ENERGY

2018 RFP Evaluation Process Document

Appendix D. Phase 2 Results and Phase 2 Update Results (the "Re-evaluation")

PUGET SOUND ENERGY

2018 RFP Evaluation Process Document

D.1 Phase 2 Executive Summary

2018 RFP – Executive Summary*

Quantitative results are the product of analysis performed in PSM III version 25.13.

Phase 2 Candidate Short List: Proposals selected for contracting phase of RFP

Project	Summary Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18100 **SPI Burlington Biomass** Sierra Pacific Industries PPA Operational biomass 17 MW nameplate PPA start: 01/01/2021 Term: 17 years capacity	Levelized cost: $[redacted] MWh Portfolio benefit: $14.132 M Levelized PB/REC: [redacted]*** Peak capacity PB / kW-Yr: [redacted] Net cost PV: $33.613 M Peak capacity contribution (MW): 16.4 Annual REC contribution: [redacted]	• Existing/operating facility so no development risk • Biomass project is REC producing • High effective load-carrying capability (ELCC), i.e. contribution to peak capacity need • Interconnected onto PSE's system	• Sierra Pacific Industries is a privately held company, so less financial information is available than if it were public • A disruption of mill operations would likely impact long-term operation of the facility	**Selected -** Project selected during portfolio optimization and qualitative risks appear to be minimal.

*This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.
**Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.
***Indicates primary ranking criteria for particular proposal category.

Common acronyms:

BESS	Battery energy storage system
BTS	Build to sell
COD	Commercial operation date
CTA	Capacity Tolling Agreement
DAS	Development asset sale
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REC	Renewable energy credit

Project	Summary Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18161 **BPA Peak Capacity** Bonneville Power Administration PPA** Operational portfolio of projects 100 MW** PPA start: 01/01/2022** Term: 5 years**	Levelized cost: [redacted] Portfolio benefit: ($8.028 M) Peak capacity PB / kW-Yr: [redacted]*** Net cost PV: $25.426 M Peak capacity contribution (MW): 100 Annual REC contribution: 0	• Counterparty is well known with existing ties to PSE and, therefore, very limited risk for this proposal • There are no permitting, real estate or community relations concerns as the proposal is based on currently operational projects • As a response to data requests, Bonneville Power Administration (BPA) moved their delivery location from Mid-C to BPAT.PSEI		**Selected -** Project selected during portfolio optimization and qualitative risks appear to be minimal.
18169 **Clearwater Wind** NextEra Energy Resources Development, LLC PPA** or 50% ownership+PPA Development wind 300 MW** or 400 MW COD: 12/31/2021** Term: 20 or 25** years	Levelized cost: [redacted] / MWh Portfolio benefit: $417.294 M Levelized PB/REC: [redacted] *** Peak capacity PB / kW-Yr: [redacted] Net cost PV: $24.422 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Relatively cost efficient way to contribute towards both the REC and contribution to peak capacity need • Large and experienced counterparty • Site control is reportedly achieved, but supporting documentation was not included in proposal • Public has been notified of the project as a 750 MW facility • Shape of wind based on 6 operating meteorological towers appears to fit well with PSE's needs	• Lengthy gen-tie line for which site-control has not yet been fully obtained • Transmission from [redacted] to PSE brings both schedule and cost risk to PSE as the potential energy offtaker • There is a potential permitting issue with sage grouse habitat	**Selected -** Project selected during portfolio optimization and qualitative risks appear to be manageable. Due to available transmission capacity limitations between [redacted] and PSE, the [redacted] and **Clearwater** projects are considered mutually exclusive.
18170 **Golden Hills Wind** Avangrid Renewables [redacted] PPA-shaped [redacted] Development wind 200 MW** COD: 12/31/2020** Term: 20 years**	Levelized cost: $[redacted] / MWh Portfolio benefit: $106.924 M Levelized PB/REC: $[redacted] *** Net cost PV: $74.948 M Peak capacity contribution (MW): 51.6 Annual REC contribution: [redacted]	• Strong counterparty with extensive renewable energy development experience and existing contractual relationships with PSE • Shaped product offers capacity contribution during peak winter months • Site control is achieved • Permitting well advanced with Oregon Energy Facility Siting Council (EFSC) permit application already amended	• Complex energy delivery will require additional vetting • Complexity of shaped product will require additional vetting	**Selected -** Project selected during portfolio optimization and qualitative risks appear to be manageable.

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
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REC	Renewable energy credit

Project	Summary Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18173 [redacted] PPA** Development wind [redacted] MW or [redacted] MW COD: 10/31/2022** Term: 20 years**	Levelized cost: $[redacted] / MWh Portfolio benefit: $280.504 M Levelized PB/REC: $[redacted] *** Peak capacity PB / kW-Yr: [redacted] Net cost PV: $116.358 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Strong counterparty with extensive renewable energy development experience • Project may be sited on a single landowner's property, which would likely minimize real estate complexity • Favorable state support; however, local level of support unknown	• Project site may include Montana Department of Natural Resources and Conservation (DNRC) land, which could complicate site control and permitting • Permitting is in a relatively early stage of development; risk of potential delay to scheduled COD • Assumed use of [redacted] brings both schedule and cost risk to PSE as the potential energy offtaker	**Selected -** Project selected during portfolio optimization and qualitative risks appear to be manageable. Due to available transmission capacity limitations between [redacted] and PSE, the [redacted] and [redacted] projects are considered mutually exclusive.

*This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.
**Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.
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Phase 2 proposals not selected for contracting phase of RFP

Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18103 [redacted] CTA** or asset transfer Operational combined cycle [redacted] MW** or [redacted] MW Start: 06/01/2022 Term: 10 years	Levelized cost: [redacted] / MWh Portfolio benefit: ($29.120 M) Peak capacity PB / kW-Yr: ([redacted])*** Net cost PV: $163.748 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Existing/operating facility (rather than new build) therefore no development risk • Existing presence in the community with local opposition unlikely	• High social cost of carbon adversely impacts project economics in certain quantitative scenarios • In light of recently passed Clean Energy Transition Act (SB5116), advancement of this and other fossil fuel-based projects represents considerable reputational and financial risk • Lack of firm delivery of natural gas is a risk to the effective load-carrying capability (ELCC) of the project	**Not Selected –** Project not selected during portfolio optimization process.
18105 [redacted] CTA** or BTS [redacted] thermal expansion [redacted] MW** or [redacted] MW COD: 01/01/2022 Term: 5, 15, or 20** years	Levelized cost: $[redacted] / MWh Portfolio benefit: ($16.898 M) Peak capacity PB / kW-Yr: [redacted]*** Net cost PV: $85.973 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Proposed expansion of existing [redacted] may bring O&M cost savings on a per-kW basis (versus an entirely new thermal facility) • Technology is relatively site-agnostic and can potentially be designed to integrate at other sites • [redacted] MW proposal would likely be facilitated with firm gas supply from existing facilities	• In light of recently passed Clean Energy Transition Act (Washington State Bill 5116), advancement of new fossil fuel-based projects represents considerable reputational and financial risk • Proposed project would require extensive integration with existing [redacted], the viability of which is unknown at this time • Would require review and likely modification of air permit for co-located generation facility. Process expected to be exceedingly difficult and the outcome uncertain, with possible impacts to existing facility operational permits • PSE will likely experience significant resistance from local governments, local stakeholders, environmental stakeholders, and native tribes for expansion of the company's CO_2 emitting portfolio • Strong likelihood of considerable delays to COD due to expected public protest, litigation and permit process	**Not Selected –** Project not selected due to qualitative risks.

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
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Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18107 [redacted] PPA** Operational hydro [redacted] MW Start: 1/1/2021 (assumed) Term: 20 years (assumed)	Levelized cost: [redacted] / MWh Portfolio benefit: ($36.163 M) Levelized PB/REC: [redacted] *** Net Cost PV: $38.677 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• No development risk; project is an existing operating facility • Clean energy (although not RPS compliant) • Run-of-river hydro can be less environmentally impactful than standard hydro • Little to no permitting or real estate risk due to current operational status	• Run-of-river asset provides little capacity value. • Not RPS complaint (although clean energy) • Energy delivery strategy has been left to PSE, and appears to be complex	**Not Selected –** Project not selected due to qualitative risks and did not show potential during standalone quantitative analysis.
18111 [redacted] PPA** Development solar Solar: [redacted] MWac COD: 12/31/2022 Term: 20 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $107.686 M Levelized PB/REC: [redacted] *** Net cost PV: $51.359 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Relatively high quantitative score for solar project • Strong counterparty with extensive renewable energy development experience and existing contractual relationships with PSE • Site control has been achieved • Permitting status is sufficient at this stage • Located on PSE's system in [redacted] County; avoids community concerns in [redacted] County	• While on PSE's system, complex delivery due to available transmission capacity (ATC) constraints in area. Delivery is possible to Mid-C; however, may be difficult given project's proximity to the Rocky Reach substation • Contribution to PSE's peak capacity need is negated due to Mid-C delivery	**Not Selected –** Project not selected during portfolio optimization process.
18112 [redacted] PPA** Development solar Solar: n/a COD: n/a Term: n/a	Levelized cost: [redacted] Portfolio benefit: N/A Levelized PB/REC: [redacted] Net cost PV: N/A Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Project withdrawn by applicant	• Project withdrawn by applicant	**Not Selected -** Project withdrawn by applicant.

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
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Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18114 [redacted] PPA Solar generation [redacted] MW_{AC} COD: 12/1/2021 Term: 20 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $45.772 M Levelized PB/REC: $[redacted] *** Net Cost PV: $36.011 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• [redacted] is assessed to be a relatively strong parent company	• Environmental permitting not yet begun. • Permitting will require the transfer of a Washington Energy Facility Site Evaluation Council (EFSEC) permit, which introduces a viability and reputational risk to the project and PSE • Transmission and energy delivery may be overly expensive or otherwise infeasible • Contribution to PSE's peak capacity need is negated due to Mid-C delivery • Current site leases were executed for wind projects; it is not yet known whether or not land owners would be amenable to solar leases	**Not Selected –** Project not selected during portfolio optimization process.
18122 [redacted] PPA**, optional BESS Development Wind [redacted] MW_{AC}** & [redacted] MW 1 Hr BESS COD: 1/1/2023 Term: 20 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $32.877 M Levelized PB/REC: $[redacted] *** Net Cost PV: $35.687 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Large counterparty and promise of guaranty from an investment grade entity, a letter of credit, or cash • Long-term site control for project site is secured	• Energy delivery has been left to PSE, appears to be complicated, and might pose a feasibility risk • Solar development is viewed with skepticism in this area; history of active local opposition • Site may block the view of a local real estate development • Contribution to the peak capacity need is negated due to Mid-C delivery	**Not Selected –** Project not selected during portfolio optimization process.
18125 [redacted] PPA Development solar [redacted] MW_{AC} COD: 1/1/2023 Term: 15 or 20** years	Levelized cost: $[redacted] / MWh Portfolio benefit: $55.283 M Levelized PB/REC: [redacted] *** Net Cost PV: $32.311 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Strong counterparty with extensive renewable energy development experience	• While interconnected to PSE's system, complex delivery due to available transmission capacity (ATC) constraints in the area • Site permitting is in a relatively early stage of development • Minimal information provided regarding community relations and or support	**Not Selected –** Project not selected during portfolio optimization process.

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REC	Renewable energy credit

Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18127 [redacted] PPA Development solar [redacted] MW_{AC} COD: 12/31/2022 Term: 15** or 20 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $119.579 M Levelized PB/REC: $[redacted] *** Net Cost PV: $60.272 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Extensive solar energy development experience; developed, currently owns and operates [redacted] solar installation in Washington State • Location on existing project site may provide economies of scale in developing and operating project • County has expressed support for the project	• Potential siting risks given proximity to wind turbines with required setbacks • Assumes use of [redacted] with current [redacted] landowners • Interconnection and energy delivery assume use of PSE existing infrastructure and analysis assumes no coincidental curtailment due to overproduction between existing wind and proposed solar • Conditional Use Permit (CUP) required to permit project	**Not Selected –** Project not selected during portfolio optimization process.
18131 [redacted] PPA** or BTS Development Wind [redacted] MW** or [redacted] MW COD: 12/31/2022 Term: 25 years	Levelized cost: [redacted] / MWh Portfolio benefit: $11.525 M Levelized PB/REC: $[redacted] *** Net Cost PV: $20.124 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Proposes to provide credit support in the form of a parent guarantee, letter of credit, or cash • Long-term site control for most of the site is secured • Community relations plan is strong compared to other proposals	• Less experienced than other counterparties • [redacted] MW offer configuration would likely exceed available transmission capacity • [redacted] tribe may request compensation from project	**Not Selected –** Project not selected during portfolio optimization process.
18132 [redacted] PPA** Development wind [redacted] MW COD: 01/01/2023 Term: 20 years	Levelized cost: [redacted] / MWh Portfolio benefit: $61.479 M Levelized PB/REC: $[redacted] *** Net Cost PV: $20.702 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Strong counterparty with extensive renewable energy development experience • Repower of existing wind project; site control and community relations risks are unlikely • Oregon Energy Facility Siting Council (EFSC) amendment secured during Phase 2 of the RFP	• Contribution to PSE's peak capacity need is negated due to Mid-C delivery	**Not Selected –** Project not selected during portfolio optimization process.

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.*
****Indicates primary ranking criteria for particular proposal category.*

Common acronyms:

BESS	Battery energy storage system
BTS	Build to sell
COD	Commercial operation date
CTA	Capacity Tolling Agreement
DAS	Development asset sale
PPA	Power purchase agreement
REC	Renewable energy credit

Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18135 [redacted] PPA** or BTS Development solar [redacted] MW or [redacted] MW solar Optional [redacted] MW, 4-hr BESS COD: 1/1/2023 Term: 20 years	Levelized cost: [redacted] / MWh Portfolio benefit: $123.395 M Levelized PB/REC: [redacted]*** Net Cost PV: $55.724 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Large counterparty with experience all over the world • Letter of intent with an option to lease has been signed for project lands	• Contribution to PSE's peak capacity need is negated due to Mid-C delivery • Permitting plan is underdeveloped • There is no site control for current generation-tie line alignment • Project is on irrigated farmland--mitigation strategy not included in proposal, but developer has retained a "Seattle PR firm" for support	**Not Selected –** Project not selected during portfolio optimization process.
18139 [redacted] PPA Development solar [redacted] MW solar* with optional [redacted] MW of [redacted] MW, 1.82-hr BESS COD: 1/1/2023 Term: 10 years	Levelized cost: [redacted] / MWh Portfolio benefit: $26.120 M Levelized PB/REC: [redacted]*** Net Cost PV: $15.659 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Large multi-national counterparty with greater-than-average renewable development experience	• Site control not yet secured and copy of anticipated letter of intent has not been provided • Energy delivery has been left to PSE, appears to be complicated, and may pose a feasibility risk • Respondent provided little to no evidence of a successful permitting strategy • Community relations matters were not covered sufficiently, and tribal support may be required	**Not Selected –** Project not selected during portfolio optimization process.
18163 [redacted] REC purchase Underlying solar projects [redacted] RECS per year Start of term: 1/1/2022 Term: 18 years	Levelized cost: [redacted] / MWh Portfolio benefit: $19.635 M Levelized PB/REC: [redacted]*** Net Cost PV: $2.412 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Interconnection at distribution voltage dictates that each as-generated MWh produces two Washington State RECs	• Little detail regarding underlying solar facilities	**Not Selected –** Project not selected during portfolio optimization process.

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***Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.*
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Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18165 [redacted] REC purchase Underlying solar project [redacted] RECS per year Start of term: 1/1/2022** or 2024 Term: 16 or 18** years	Levelized cost: $[redacted] / MWh Portfolio benefit: $13.181 M Levelized PB/REC: $[redacted] *** Net Cost PV: $1.755 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Not applicable	• Little detail regarding underlying solar facility	**Not Selected –** Project not selected during portfolio optimization process.
18166 [redacted] Development asset sale, BTS or PPA** Development wind [redacted] MW COD: 12/1/2020, 2021*, or 2022 Term: 25 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $114.836 M Levelized PB/REC: $[redacted] *** Net Cost PV: $121.737 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Long-term site control established	• Significant concerns regarding the counterparty's ability to develop, finance, and construct the facility • Relatively small counterparty with inconclusive rights to the project's developmental assets • Timing of project is contingent on Bonneville Power Administration (BPA) infrastructure upgrades to enable transmission capacity • Project owner, [redacted], seemed uninterested in furthering project development via first-hand experience at [redacted] public hearing • Timeline as-proposed is likely infeasible and pricing is likely contingent on timing due to production tax credit (PTC) safe harbor	**Not Selected –** Project not selected during portfolio optimization process.
18175 [redacted] PPA, BTS**, or WSPP shaped Development wind [redacted] MW COD: 1/1/2021 Term: 25 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $176.514 M Levelized PB/REC: $[redacted] *** Peak capacity PB / kW-Yr: [redacted] Net Cost PV: $177.135 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Long-term site control is secured • Western Systems Power Pool (WSPP) schedule C delivery is a unique value	• Counterparty and financing details will require data requests • Energy delivery has been left to PSE, appears to be complicated, and might pose a feasibility risk • Mid-C delivery will likely be necessary, which would negate a contribution to PSE's peak capacity • Permitting plan seems either underdeveloped or underrepresented in the proposal • Outreach plan is underdeveloped	**Not Selected –** Project not selected during portfolio optimization process.

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Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18176 [redacted] PPA** Development wind [redacted] MW** or [redacted] MW COD: 12/31/2022 Term: 20	Levelized cost: $[redacted] / MWh Portfolio benefit: $135,600 M Levelized PB/REC: $[redacted]*** Peak capacity PB / kW-Yr: $75.00 Net Cost PV: $242524 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Indications of strong local, state and environmental support • Counterparty has indicated a plan to partner and/or otherwise engage an experienced renewable energy developer on the project • Potential to partner with a local Native American tribe • Located near [redacted] and in the same County ([redacted])	• Counterparty does not have experience designing, financing, building, owning or operating a large scale renewable or other energy project • Assumed use of [redacted] may be problematic for full proposed output • Additional detail needed regarding the real estate and permitting considerations necessary for the site	**Not Selected –** Project not selected during portfolio optimization process.
18179 [redacted] PPA** or DBS Development wind [redacted] MW** COD: 12/31/2021 Term: 20 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $70.371 M Levelized PB/REC: $[redacted]*** Net Cost PV: $28,121 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Strong counterparty with extensive renewable energy development experience • Real estate appears adequate and relatively low risk • Project size has been altered to address some local viewshed concerns	• History of considerable local and county-level opposition to the project • Counterparty bypassed the County permitting process by pursing permit approval through the state's Washington Energy Facility Site Evaluation Council (EFSEC) process	**Not Selected –** Project not selected during portfolio optimization process.
18190 **Columbia Solar REC Only** TUUSSO Energy, LLC REC purchase 5 underlying proposed solar facilities 110,000 RECs / year COD: 01/01/2022 Term: 12, 15, or 20** years	Levelized cost: $5.15 / MWh Portfolio benefit: $46.975 M Levelized PB/REC: $40.69*** Net Cost PV: $5.948 M Peak capacity contribution (MW): 0 Annual REC contribution: 110,000	• Inexpensive RECs • Site control is secured • Washington Energy Facility Site Evaluation Council (EFSEC) projects have been approved by Governor Inslee	• Realizing full REC-output of underlying projects is unlikely due to interconnection issues • [redacted] is currently in litigation with [redacted] over interconnection issues with the underlying projects • [redacted] County opposes the EFSEC decision and has applied for judicial review • Major feasibility concerns with some and schedule concerns for all of the underlying projects • Projects sited on commercial agricultural land and many stakeholders in the county oppose development of these lands	**Not Selected –** Project not selected due to qualitative risks.

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Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18201 [redacted] Direct load control Bring your own thermostat, smart water heater [redacted] MW COD: 1/1/2023 Term: 6 years	Not applicable, please see selection recommendation & rational section to the right	• Described as an industry leader in a recent Navigant study • [redacted] • [redacted] manages all program implementation • Excellent financial strength, Washington based • The [redacted] MW option makes it a small scale project well suited for conceptual testing	• Proposal schedule includes significant ramp up of customer participation in first program year (2023); unclear if this is feasible • Concern about ability to integrate with PSE's in-development distributed energy resource management system (DERMs)	**Not Selected –** Project not selected due to qualitative risks and because demand response was determined not to be cost effective in the 2018 RFP without identifiable deferred transmission and distribution costs.
18205 [redacted] Commercial & industrial curtailment [redacted] MW COD: 1/1/2021 Term: 5 years	Not applicable, please see selection recommendation & rational section to the right	• Winter peak experience • Commercial and Industrial segment provides a diversification benefit	• Concern about ability to integrate with PSE's in-development distributed energy resource management system (DERMS) • Counterparty has only been established since 2016, and has not been financially profitable.	**Not Selected –** Project not selected due to qualitative risks and because demand response was determined not to be cost effective in the 2018 RFP without identifiable deferred transmission and distribution costs.
UP002 [redacted]nly REC purchase [redacted] RECs / year COD: 1/1/2020 Term: 15 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $4.502 M Levelized PB/REC: $[redacted] *** Net Cost PV: $1.153 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Not applicable	• Price is higher and volume is smaller than other REC offers received in response this RFP.	**Not Selected –** Project not selected during portfolio optimization process.

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Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
XXXXX **Colstrip Transmission System Redirect** Puget Sound Energy N/A Transmission redirect [redacted]MW**, [redacted]MW COD: 01/01/2022 Term: 55-year book life	Levelized cost: [redacted]) Portfolio benefit: $57.274 M Peak Capacity PB / kW-Yr: [redacted]*** Net Cost PV: $27.905 M Peak capacity contribution (MW): [redacted]) Annual REC contribution: [redacted])	• If feasible, redirect to Mid-C would provide a strong capacity resource	• Increased exposure to market prices (for redirect to Mid-C) • Redirects require Available Transmission Capacity (ATC) between the new points of receipt and delivery. With no ATC between Mid-C and BPAT.PSEI, a redirect to Mid-C is unfeasible. • Redirecting elsewhere on BPA's system would require appropriate ATC as well as an energy source at the redirect point, which may nullify contribution to peak capacity.	**Not Selected –** Proposal withdrawn from consideration due to lack of Available Transmission Capacity (ATC).

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2018 RFP Evaluation Process Document

D.2 Phase 2 Standalone Portfolio Analysis Results

2018 RFP Phase II Quantitative Results Summary- CAPACITY PROPOSALS

As of July 23, 2019

Primary Ranking Criteria
Secondary Criteria
Cutoff Line

	ID	Capacity Proposals: Project Name	Technology	Term Start	Book Life / Contract Term	Nameplate Capacity (MW)	Peak Capacity Credit	Levelized PB /(Peak Capacity kW - YR): NO CO2 Low Load	NO CO2 Updated w/5830	NO CO2	Low Societal	Mid Societal	High Societal	Ranking Levelized PB / (Peak Capacity kW - YR): NO CO2 Low Load	NO CO2 Updated w/5830	NO CO2	Low Societal	Mid Societal	High Societal	Net Cost/KW-Yr: NO CO2 Low Load	NO CO2 Updated w/5830	NO CO2	Low Societal	Mid Societal	High Societal	Ranking Net Cost/KW-Yr: NO CO2 Low Load	NO CO2 Updated w/5830	NO CO2	Low Societal	Mid Societal	High Societal
1	18170	Golden Hills Shaped	Wind	Dec-20	25	200 MW	78.8	[redacted]						5	1	2	4	1	1	[redacted]						8	8	5	4	5	4
2	18169	ClearWater 2021 (updated offer)	MT Wind	Dec-21	25	300 MW	[redacted]							6	2	1	1	2	2							1	1	1	1	1	1
3	18100	SPI Industrial Biomass	Biomass	Jan-21	17	17 MW	16.4							4	3	3	3	3	3							9	9	9	7	7	5
4	18173	[redacted]	MT Wind	Oct-22	20	[redacted]MW	[redacted]							3	4	4	2	4	4							4	6	3	3	3	3
5	18173	[redacted]	MT Wind	Oct-22	20	[redacted]MW	[redacted]							2	5	5	5	5	5							3	3	2	2	2	2
6	16161	BPA Peak Capacity Product	Capacity	Jan-22	5	100 MW	54.0							10	10	10	10	10	10							7	7	8	11	11	9
7	[redacted]													7	7	6	7	6	7							2	2	4	6	8	6
8														9	8	7	9	9	9							6	4	6	9	10	8
9														8	9	8	8	7	8							5	5	7	8	9	7
10																															
11																															
12																															
13																															

Notes:

1. The metric shown-- Levelized PB /(Peak Capacity kW - YR)-- is the portfolio benefit attributable to peak capacity service divided by the average peak capacity.

2. Generation Resources with a peak capacity contribution (as described by ELCC, or Effective Load Carrying Contribution) of 30% or higher were considered "Capacity Resources".

3. Generation Resources with Mid-C delivery are not considered Capacity resources regardless of ELCC.

4. Capacity-specific contracts and products such as Demand Response, Transmission Redirect, and BPA Capacity are considered alongside generation resources

5. None of the demand response projects in Phase II were selected, as there was no identifiable deferred T&D value that would have made it a cost effective solution. In addition, the providers' lack of experience in integrating with PSE's DERM (Distributed Energy Resource Management) system was deemed to be a critical hindrance to implementation.

6. Transmission Redirect has been eliminated as a viable option to meet capacity need.

7. All of the Demand Response projects were eliminated as viable options to meet capacity need.

8 [redacted] was eliminated as a viable option due to various qualitative factors, including indeterminate production capacity figures.

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2018 RFP Phase II Quantitative Results Summary- RENEWABLE PROPOSALS

Primary Ranking Criteria
Secondary Criteria
Cutoff Line

As of July 23, 2019

		Renewable Proposals					Levelized PB / REC						Ranking Levelized PB / REC						LEVELIZED $/REC						Ranking LEVELIZED $/REC						Net Cost/REC						Ranking Net Cost/REC					
	ID	Project Name	Technology	Term Start	Book Life / Contract Term	Nameplate Capacity (MW)	NO CO2 Low Load	NO CO2 Updated w/SB100	NO CO2	Low Societal	Mid Societal	High Societal	NO CO2 Low Load	NO CO2 Updated w/SB100	NO CO2	Low Societal	Mid Societal	High Societal	NO CO2 Low Load	NO CO2 Updated w/SB100	NO CO2	Low Societal	Mid Societal	High Societal	NO CO2 low load	NO CO2 Updated w/SB100	NO CO2	Low Societal	Mid Societal	High Societal	NO CO2 Low Load	NO CO2 Updated w/SB100	NO CO2	Low Societal	Mid Societal	High Societal	NO CO2 Low Load	NO CO2 Updated w/SB100	NO CO2 base	Low Societal	Mid Societal	High Societal
1	18163	[redacted]	REC Only	Jan-22	18	[redacted]	[redacted]						1	1	3	24	34	36	[redacted]												[redacted]						8	3	15	26	32	31
2	18165		REC Only	Jan-22	18								2	2	4	23	35	35																			12	6	18	28	35	33
3	18190		REC Only	Jan-20	20								3	3	1	20	33	33																			7	2	13	24	31	29
4	18169		MT Wind	Dec-21	25								24	4	6	1	1	1							17	17	17	17	17	17							1	1	1	1	1	1
5	18190		REC Only	Jan-20	15								19	5	14	26	32	32																			9	4	16	27	33	32
6	18190		REC Only	Jan-20	12								21	6	1	20	31	33																			11	5	13	24	34	29
7	18173		MT Wind	Oct-22	20								30	7	18	13	4	2							26	26	26	26	26	26							22	20	19	10	4	2
8	18190		Wind	Dec-21	20								5	8	10	15	20	19							13	13	13	13	13	13							18	10	6	12	13	13
9	18135		Solar	Jan-23	20								7	9	5	3	7	6							2	2	2	2	2	2							3	11	2	2	6	6
10	18111		Solar	Dec-22	20								6	10	11	4	3	5							6	6	6	6	6	6							4	12	9	4	3	5
11	18127		Solar	Dec-22	15								11	11	24	6	8	7							5	5	5	5	5	5							10	15	24	6	7	8
12	18135		Solar	Jan-23	20								8	12	7	9	9	10							8	8	8	8	8	8							13	17	3	7	9	10
13	18125		Solar	Jan-23	20								10	13	8	10	10	11							10	10	10	10	10	10							14	18	4	8	10	11
14	18127		Solar	Dec-22	15								15	14	26	12	11	12							4	4	4	4	4	4							15	16	25	11	12	14
15	18132		Wind	Jan-23	20								4	15	12	2	5	4							11	11	11	11	11	11							2	7	8	3	5	4
16	18125		Solar	Jan-23	15								14	16	13	14	12	15							9	9	9	9	9	9							16	19	5	13	14	17
17	18173		MT Wind	Oct-22	20								27	17	23	19	14	13							21	21	21	21	21	21							24	22	21	18	15	12
18	18111		Solar	Dec-22	20								12	18	9	7	2								18	18	18	18	18	18							29	33	26	17	2	3
19	18139		Solar	Jan-23	10								18	19	17	17	15	18							1	1	1	1	1	1							17	14	10	19	20	20
20	18132		Wind	Jan-22	20								9	20	15	5	13	14							7	7	7	7	7	7							6	9	12	5	8	7
21	18114		Solar	Dec-21	20								16	21	16	16	18	9							12	12	12	12	12	12							19	21	7	14	16	18
22	18179		Wind	Jan-21	25								31	22	31	29	25	23							23	23	23	23	23	23							32	30	33	22	18	36
23	18166		Wind	Jan-21	25								20	23	25	25	21	21							22	22	22	22	22	22							23	25	27	23	24	23
24	18132		Wind	Jan-21	20								13	24	20	11	16	17							3	3	3	3	3	3							5	8	11	9	11	9
25	18170		Wind	Dec-20	20								22	26	29	8	6	3							15	15	15	15	15	15							20	13	17	15	17	15
26	18122		Solar	Jan-23	20								17	27	21	18	19	20							14	14	14	14	14	1							21	24	20	16	19	19
27	18166		Wind	Jan-23	25								23	28	30	30	26	26							29	29	29	29	29	2							28	29	31	32	27	24
28	18131		Solar	Dec-22	25								35	29	22	22	22	22							19	19	19	19	19	19							25	27	22	20	22	22
		[redacted]											26	30	28	27	24	25							16	16	16	16	16	16							27	26	28	29	25	25
													34	31	33	33	29	29							27	27	27	27	27	27							31	28	29	30	26	35
													25	32	32	32	27	27							28	28	28	28	28	28							30	31	32	33	29	27
													29	33	19	28	17	16							24	24	24	24	24	24							33	32	30	31	21	16
													33	34	35	34	28	28							30	30	30	30	30	30							35	34	34	34	28	26
													28	25	27	31	23	24							20	20	20	20	20	20							26	23	23	21	23	21
													32	35	34	35	30	30							25	25	25	25	25	25							34	35	35	35	30	28
													36	36	36	36	36	31							31	31	31	31	31	31							36	36	36	36	36	34

Notes:
1. The metric shown-- Levelized PB / RECs-- is the portfolio benefit attributable divided by RECs generated.
2. For generation resources with a peak capacity contribution (as described by ELCC, or Effective Load Carrying Contribution) of 3.2% or higher, the Renewable Portfolio Benefit was recomputed by isolating the portfolio benefit attributable to REC generation. Resources with Mid-C delivery are considered to have zero capacity value.
3. [redacted] was eliminated as a viable option due to various qualitative factors, including indeterminate production capacity figures.

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2018 RFP Evaluation Process Document

D.3 Phase 2 Portfolio Optimization Analysis Results

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Portfolio Optimization Summary: as of 7.23.2019

(A) List	(B) Project ID	(C) Resource	(D) Project	(E) Nameplate	(F) Peak Capacity Credit	(G) RECs[1]	(H) Preferred Optimized Portfolio: Clearwater 350MW + Renewables	(I) As Proposed Optimized Portfolio: Clearwater 300MW + Renewables	(J) Optimized Lowest Cost Portfolio to Solve for 0 Capacity Deficit with Generic Battery	(K) Backup Portfolio: [redacted] Renewables	(L) Contingency Portfolio: [redacted] No MT Wind	(M) Optimized Lowest Cost Portfolio with NO Carbon Costs Consideration	(N) Optimized Lowest Cost Portfolio with Carbon Costs Consideration
1	18100	Biomass	SPI	17 MW	16 MW	[redacted]	X	X	X	X			X
2	18161	Call Option	BPA Peak Capacity Product	100 MW	53 MW	N/A	X	X	X	X	X		X
3a.	18169	MT Wind	Clearwater 350MW [2 3]	350 MW	[redacted] MW	[redacted]	X						
3b.	18169	MT Wind	Clearwater 300MW	300 MW	[redacted] MW	[redacted]		X	X			X	X
4a.	18173	MT Wind	[redacted]	[redacted] MW	[redacted] MW	[redacted]				X			
4b.	18173	MT Wind		[redacted] MW	[redacted] MW								
5a.	18170	Wind	Golden Hill Shaped	200 MW	77 MW	[redacted]	X	X	X	X			X
5b.	18170	Wind	[redacted]	[redacted] MW	[redacted]						X		
6	18132	Wind		[redacted] MW							X		X
7	18179	Wind		[redacted] MW									X
8	18166	Wind		[redacted] MW									X
9	18175	Wind		[redacted] MW									X
10	18125	Solar		[redacted] MW									X
11	18111	Solar		[redacted] MW									X
12	18127	Solar		[redacted] MW									X
13	18135	Solar		[redacted] MW									X
14	18139	Solar		[redacted] MW									X
15	18131	Solar		[redacted] MW							X		
16	18114	Solar		[redacted] MW									X
17	18122	Solar		[redacted] MW									X
18	18163	REC-only		[redacted] MW									
19	18165	REC-only		[redacted] MW									
20	UP-002	REC-only		[redacted] MW									
21	18103	Thermal		[redacted] MW							X	X	
22	XXXXX	Generic	Generic Peaker	237 MW	224 MW	N/A							
23	XXXXX	Generic	Generic Battery	61 MW	23 MW	N/A			X				X
24		**Total Peak Capacity Credits - MWs**					[redacted] MW	[redacted] MW	[redacted] MW	[redacted] MW	[redacted] MW	[redacted] MW	[redacted] MW
25		**Peak Capacity Surplus / (Deficit) in 2022** [4]					[redacted] MW	[redacted] MW	[redacted] MW	[redacted] MW	[redacted] MW	[redacted] MW	[redacted] MW
26		**Total Annual RECs**					2,139,656	1,986,862	1,986,862	1,773,109	1,044,255	1,216,764	6,481,035
27		**Portfolio Benefits - $M**					$408	$397	$273	$286	$275	$477	-$491
28													
29		**With Consideration of Social Cost of Carbon:**											
30		**Portfolio Benefits w/ Carbon Costs as an Adder - $M** [5]					$1,038	$934	$829	$716	-$42	$354	$2,024
31		**Portfolio Benefits w/ Carbon Costs in Dispatch Costs - $M**					$959	$937	$800	$605	$281	$667	$2,175

Peak Capacity and REC Need 2022-2025	2022	2023	2024	2025
Peak Capacity Need	299 MW	291 MW	328 MW	457 MW
REC Need	0	233,449	691,864	700,482

1. The annual project RECs in column I does not include 0.2X apprenticeship multiplier.
2. The optimization model chose a portfolio with **350**MW from Clearwater. NextEra submitted proposals for both **300**MW and **400**MW, but not **350**MW. The **350**MW size of the project is reduced from the proposed **400**MW option based on available transmission capacity. The 350MW option will have to be negotiated with NextEra. Current indicative results reflect pricing based on the 300MW offer.
3. The current project COD for **Clearwater** is Dec 2021. There has been perceived timing risks for PSE to secure long-term transmission rights to bring the energy home. If the COD is delayed to Dec 2022 to mitigate this risk, NPV of $35M increase in total PPA costs is projected. The next highest ranked portfolio ([redacted]) is $[redacted]M more expensive than the recommended portfolio, yet sharing the same timing risks on transmission.
4. Final Portfolio ELCC reduces the sum of individual project peak capacity contribution by 8 MW. It could potentially be mitigated by 1) short-term capacity purchase for $[redacted]k per year; 2) a [redacted] MW battery for $[redacted]M.
5. Social cost of carbon at $86/metric ton in 2010 dollars plus escalation is added to total portfolio costs as fixed cost.

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2018 RFP Evaluation Process Document

D.4 Phase 2 Update Portfolio Optimization Analysis Results

Portfolio Optimization Summary: as of 11.21.2019

(A) List	(B) Project ID	(C) Resource	(D) Project	(E) Nameplate	(F) Peak Capacity Credit	(G) RECs[1]	(H) Recommended Portfolio: [redacted] Renewables	(I) Backup Portfolio: [redacted] Renewables	(J) Contingency Portfolio: No MT Wind	(K) Optimized Least Cost Portfolio with NO Carbon Costs Consideration	(L) Optimized Least Cost Portfolio with Carbon Costs Consideration
1	18100	Biomass	SPI	17 MW	[redacted] MW	[redacted]	X	X	X		X
2	18161	Call Option	BPA Peak Capacity Product	100 MW	[redacted] MW	[redacted]	X	X			X
3a.	18169	MT Wind	[redacted]	[redacted] MW	[redacted] MW	[redacted]	X			X	X
3b.	18169	MT Wind	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
4a.	18173	MT Wind	[redacted]	[redacted] MW	[redacted] MW	[redacted]		X			
4b.	18173	MT Wind	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
5a.	18170	Wind	Golden Hills Shaped	200 MW	[redacted] MW	[redacted]	X	X			X
5b.	18170	Wind	[redacted]	[redacted] MW	[redacted] MW	[redacted]			X		
6	xxxxx	System PPA	Morgan Stanley Sys PPA	100 MW	[redacted] MW	[redacted]	X	X	X		X
6	18132	Wind	[redacted]	[redacted] MW	[redacted] MW	[redacted]			X		
7	18179	Wind	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
8	18166	Wind	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
9	18175	Wind	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
10	18125	Solar	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
11	18111	Solar	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
12	18127	Solar	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
13	18135	Solar	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
14	18139	Solar	[redacted]	[redacted] MW	[redacted] MW	[redacted]			X		X
15	18131	Solar	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
16	18114	Solar	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
17	18122	Solar	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
18	18163	REC-only	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
19	18165	REC-only	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
20	UP-002	REC-only	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
21	18103	Thermal	[redacted]	[redacted] MW	[redacted] MW	[redacted]			X	X	
22	XXXXX	Thermal	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
23	XXXXX	Generic	Generic Peaker	237 MW	224 MW	N/A					
24	XXXXX	Generic	Generic Battery	175 MW	66 MW	N/A					
25		**Total Peak Capacity Credits - MWs**					[redacted] MW	[redacted] MW	[redacted] MW	[redacted] MW	[redacted] MW
26		**Total Annual RECs**					2,189,656	1,773,109	1,297,005	1,419,658	2,406,449
27		**Portfolio Benefits - $M**					$679	$619	$739	$926	$658
28		**Portfolio Benefits w/ Carbon Costs as an Adder - $M [2,3]**					$1,179	$945	$827	$1,046	$1,206

Peak Capacity and REC Need 2022-2025	2022	2023	2024	2025
Peak Capacity Need	299 MW	292 MW	358 MW	477 MW
REC Need	0	233,449	691,864	700,482

1. The annual project RECs in column G do not include 0.2X apprenticeship multiplier.
2. The social cost of carbon at $62/metric ton in 2007 dollars plus escalation is added to the total portfolio costs as a fixed cost. Source: UTC docket U-190730, Sept 12, 2019.
3. Emission rate of 0.437 metric tons of CO2/MWh for market purchases is included in social cost of carbon calculation.

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2018 RFP Evaluation Process Document

Appendix E. Quantitative Evaluation Process

2018 RFP EVALUATION PROCESS DOCUMENT

APPENDIX E. QUANTITATIVE EVALUATION PROCESS

2019 IRP update since completing the 2018 RFP:

PSE conducted its 2018 RFP evaluation between August 2018 and July 2019, in parallel with its 2019 integrated resource planning ("IRP") process. Many of the 2018 RFP modeling assumptions were updated to reflect 2019 IRP assumptions vetted by the IRPs public stakeholder groups, the IRP Advisory Group ("IRPAG") and the Technical Advisory Group ("IRTAG"). At the time, the 2019 IRP was expected to be filed in January 2020.

Subsequent to completing the 2018 RFPs, PSE was asked by the WUTC to withhold its next IRP until an upcoming rulemaking could incorporate Washington's new Clean Energy Transformation Act ("CETA") into Chapter 480-100-238 WAC ("the Integrated Resource Planning rule") and Chapter 480-107 WAC ("the Resource Acquisition rule"). This document reflects what PSE knew at the time the RFP evaluation was conducted.

PSE's 2018 RFP evaluation process includes a two-step approach designed to identify and evaluate the most promising proposals in the context of the utility's overall portfolio of assets. Each phase has a qualitative and a quantitative component, and each proposal is evaluated in a manner designed to consider the benefits, risks and costs of the proposal. This appendix describes the quantitative analysis components of the RFP evaluation process.

1. Models and Assumptions

Models and metrics

PSE used two primary models to perform the quantitative analysis for its 2018 RFP: PSE's portfolio screening and optimization model (PSM III) and the Aurora dispatch model. This section describes at a high level our models and metrics. For a more robust discussion of the models, how they interact and help us to evaluate resources, see Appendix N to the 2017 IRP.

Aurora dispatch model

The Aurora dispatch model analyzes the western power market to produce hourly electricity price forecasts of potential future market conditions and resource dispatch. PSE used Aurora to develop Mid-Columbia ("Mid-C") market power prices for its pricing scenarios (described on pages 6 and 7). Power prices were based on capacity expansion power price run modeled for the entire WECC region, which included assumptions for gas prices, regional load, renewable portfolio standards for multiple states, carbon taxes, resource assumptions and hydro shaping. The resulting prices were used in the Aurora input price run to isolate PSE's portfolio as a price taker.

The Aurora results provide several key inputs for PSM III, including estimates of energy output by resource, variable costs or dispatch costs (fuel and variable O&M), emissions, and market purchases and sales.

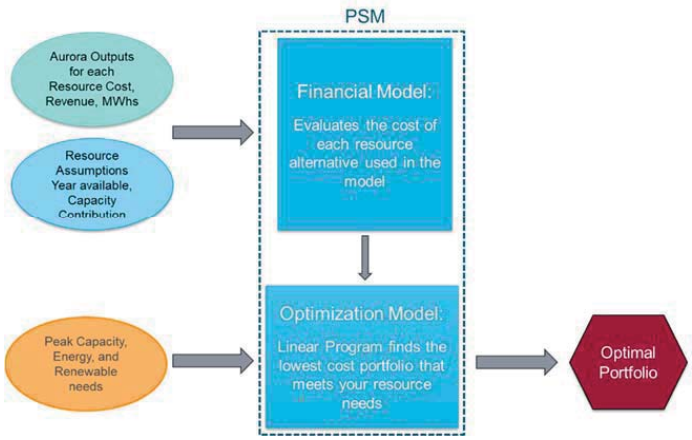
Portfolio Screening Model (PSM III)

PSM III is a Microsoft Excel-based capacity expansion model developed by PSE to evaluate the incremental cost and risk of a wide variety of resource alternatives and portfolio strategies. At a high level, the model calculates the long-term revenue requirements of PSE's incremental generic power portfolio based on the 2017 IRP resource strategy and a current outlook on the Company's capacity, renewable and energy needs. Generic resources are then replaced in the model with a specific proposal or combination of proposals from the 2018 RFP to measure the impact on PSE's overall portfolio cost. Step 1 (individual proposal screening) evaluates the incremental cost and benefit impact on the portfolio of replacing a generic resource (or resources) with a single RFP proposal, and ranks the results for that proposal compared to all other RFP alternatives. Step 2 (portfolio optimization) evaluates the incremental impact on the portfolio of replacing all generic resources with a combination of RFP resources to meet the resource needs established in the RFP. The results of different combinations of resources are compared and the model identifies an optimal portfolio that best meets both the Company's RPS-driven renewable and capacity resource needs at the lowest reasonable cost.

Incremental cost includes: (i) the variable fuel cost and emissions for PSE's existing fleet, (ii) the variable cost of fuel emissions and operations and maintenance for new resources, (iii) the fixed depreciation and capital cost of investments in new resources, (iv) the market purchases or sales in hours when resources are deficient or surplus to PSE's need, and (v) end effects with replacement resources.

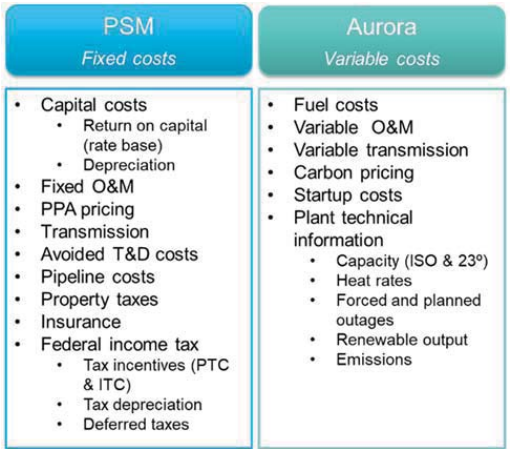
Figure 1 is a flow chart diagram depicting the information flow between PSM III and Aurora to calculate the optimal portfolio within PSM III. The diagram depicts both the financial component and the optimization component of PSM III. The financial component aggregates the cost and calculates the unique revenue requirement for each individual project. The optimization function identifies the optimal portfolio to meet PSE's resource needs at the lowest reasonable cost.

Figure 1. ***Information flow between PSM III and Aurora***



The interaction between PSM III and Aurora can also be described in terms of the costs they account for in the analysis. Figure 2 depicts the cost inputs analyzed by PSM III and Aurora.

Figure 2. ***Cost inputs analyzed by PSM III and Aurora***



Frontline Systems Risk Solver Platform

PSE's analysis is designed to produce a least-cost mix of resources using a linear programming, dual-simplex method that minimizes the present value of portfolio costs subject to meeting capacity and renewable portfolio standard constraints. PSE uses the Frontline Systems Risk Solver Platform ("Risk Solver") for the linear programming optimization. Risk Solver is an Excel add-in that pairs with PSM III. Key inputs used by Risk Solver include:

- Variable fuel cost, O&M and market value offset for output from existing and new resources (from Aurora)
- Fixed O&M
- Capital cost of new resources
- Book and Tax depreciation
- Transmission costs
- Gas transportation costs
- Social cost of carbon
- Peak capacity credit
- Renewable energy creit
- Market power purchases and sales
- Taxes and tax incentives for production tax credits and investment tax credits
- End effects after 20-year for resources added to the portfolio
- Financial assumptions (i.e., cost of capital, deprecation and escalation rates)
- Emissions

Specific details about the PSM III model are presented in Appendix N to the 2017 Integrated Resource Plan.

Screening model metrics

PSM III calculates five metrics used by PSE to assess the relative competiveness of individual proposals: portfolio benefit,[1] levelized cost, levelized portfolio benefit per kW-yr or REC, levelized net cost per kW-yr or REC. Figure 3 defines each of the five metrics used to screen and rank the proposals.

PSE's analysis relies on multiple metrics because each metric provides a slightly different perspective on the economic benefits associated the proposals. No one metric fully reflects all of the costs and benefits of an individual proposal, or allows us to compare resources with different attributes on an apples to apples basis. For example, levelized cost of energy is a traditional metric used by the industry to compare resource costs; however, this metric does not take into account a resource's contribution toward meeting PSE's physical capacity or renewable energy resource needs.

Figure 3. ***Key metrics produced by PSM III***

- **Portfolio Benefit ($):** difference between the net present value portfolio revenue requirement with the proposed project in the portfolio replacing an equivalent amount of generic resource, and the net present value portfolio revenue requirement of the all generic portfolio. (Higher is better. Useful for comparing projects with the same winter capacity value or the same contribution to meeting PSE's renewable energy target.)
- **Levelized Cost ($/MWh):** the net present value of the proposed project's revenue requirement divided by the net present value of the proposed project's generation. (Lower is better. Useful for comparing projects that have the same or similar operating characteristics.)
- **Levelized portfolio benefit per Renewable Energy Credit ($PB/REC):** a project's portfolio benefit divided by the net present value of the project's contribution to PSE's renewable energy target. (Higher is better. Useful for comparing different project sizes and technologies.)
- **Levelized portfolio benefit per unit of Levelized Peak Capacity ($PB/Peak Capacity kW-yr):** A project's portfolio benefit divided by the present value of the peak capacity contribution. (Higher is better. Useful for comparing different project sizes and technologies.)
- **Levelized net cost per Renewable Energy Credit ($/kW-yr or $/REC):** difference between the net present value project revenue requirement and the net present value market revenue of the project's generation divided by the net present value of the project's capacity contribution. If a renewable project is being considered, then the numerator is divided by the net present value of the project's contribution to PSE's renewable energy target. (Lower is better. Useful for comparing different project sizes and technologies.)

[1] PSE's analysis calculated the portfolio benefit with and without the social cost of carbon. Carbon cost assumptions are discussed on pages 9 and 10.

Key Assumptions

The Company filed its most recent integrated resource plan with the Washington Utilities and Transportation Commission ("WUTC") in November 2017 and performed its 2018 RFP analysis between August 2018 and June 2019. The RFP team performed its RFP analysis in parallel with the development of PSE's anticipated 2019 IRP. As a result, many of the modeling assumptions used in the RFP analysis evolved during the evaluation process. Subsequent to completing its RFP analysis in June and receiving management approval in July 2019 to begin negotiation discussions with selected, PSE received two new unsolicited proposals and several pricing updates from 2018 RFP respondents. PSE performed a re-evaluation of its resource alternatives between August and November 2019, which included updated optimization analysis, as shown in Figure 4.

PSE updated its modeling assumptions for each phase of the RFP evaluation to reflect then-current conditions. In general, key assumptions were refreshed on an as-needed basis prior to each phase of the RFP, although, some assumptions were updated during the phases as new information became available. Figure 4 depicts generally the timing and nature of these updates relative to the RFP timeline.

Figure 4. ***Timing of key assumptions updates during the RFP evaluation process***

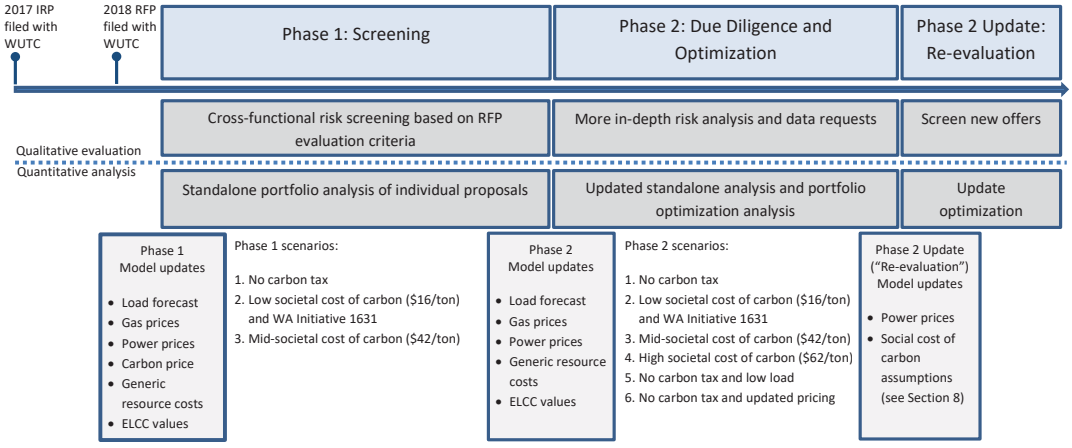


Table 1 shows how three key assumptions—gas prices, power prices and load forecasts—have changed since the 2017 IRP was filed. Forecast levelized Mid-C power prices dropped nearly $17/MWh between the 2017 IRP and completion of the RFP analysis. Forecast levelized gas prices dropped a little more than $0.50/mmbtu between the 2017 IRP and the end of the RFP. Overall, average annual load growth assumptions also dropped 0.2 percent between the 2017 IRP filing and the end of the RFP.

Table 1. ***Comparison of Key Modeling Assumptions: 2017 IRP and 2018 RFP***

Modeling Assumption	2017 IRP *(filed Nov. 2017)*	RFP Phase 1 *(Aug. 2018 – Mar. 2019)*	RFP Phase 2 *(Apr. 2019 – Jul. 2019)*	Phase 2 Update *(Aug. 2019 – Nov. 2019)*
Mid-C power prices levelized	$40.48/MWh	$33.92/MWh	$28.75/MWh	$23.66/MWh
Gas prices levelized	$4.02/mmbtu	$3.74/mmbtu	$3.50/mmbtu	No change
Annual average load growth	0.7%	0.5%	0.5%	No change

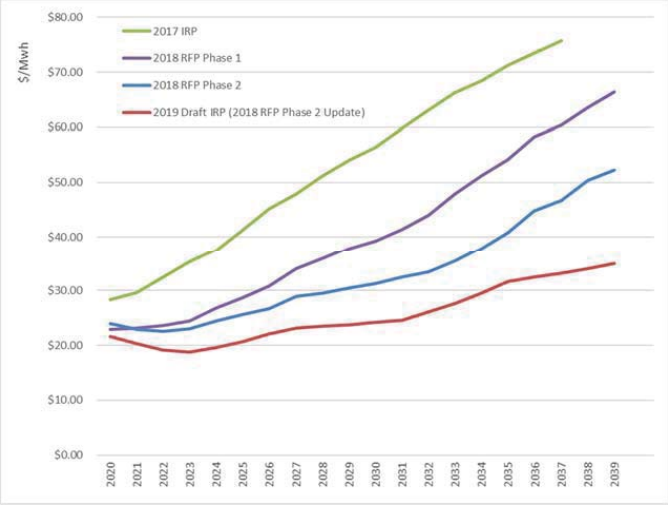
The underlying forecasts for these assumptions are presented in the discussion that follows. Additional assumptions discussed in this appendix include carbon costs, generic resource costs, generic peak capacity contributions by resource type and general location, transmission system deferral values assumed for storage and demand response proposals, and flexibility values assumed for storage resources.

Power Price Forecasts

As described on page 1 of this appendix, the 2018 RFP analysis uses the Aurora dispatch model to forecast wholesale power prices for the WECC region and the Mid-C. Power prices for the 2018 RFP were developed using the same methodology used by the Company in its integrated resource planning process. A description of this methodology is provided in Appendix N to PSE's 2017 IRP.

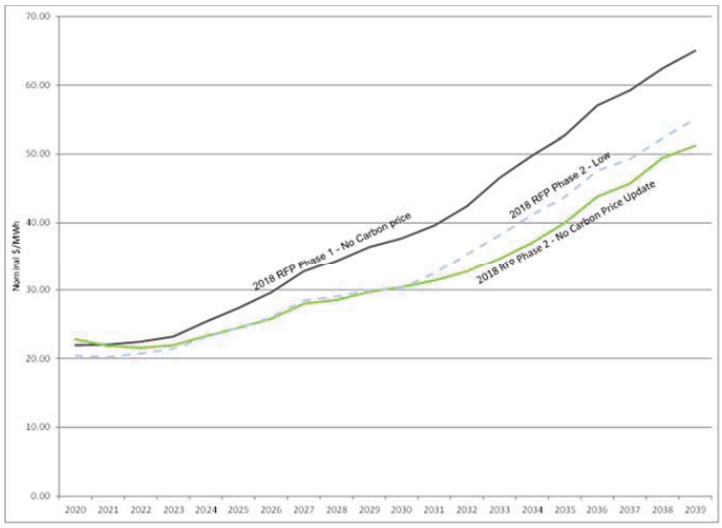
PSE updated its power prices subsequent to the 2017 IRP three times during the RFP analysis process: prior to Phase 1, prior to Phase 2 and again for its Phase 2 Update (the "re-evaluation"). The last forecast includes in its assumptions the adoption of Washington state SB 5116, the Clean Energy Transformation Act ("CETA"). Figure 5 compares the 2017 IRP forecast to those used in the RFP analyses.

Figure 5. ***Comparison of IRP and RFP power price assumptions***



In Phase 2, PSE added two additional power price forecasts to its base forecast to test the impact of different power prices on proposals. Figure 6 shows the range of Phase 2 power prices tested, which were consistent with then-current draft 2019 IRP power price assumptions. The *RFP Phase 1 – No Carbon* power price is consistent with the draft 2019 IRP *Base + No CO2* price scenario. The *RFP Phase 2 - Low* price is consistent with the draft 2019 IRP *Low* price scenario. The *RFP Phase 2 - No Carbon Price Update* includes updated natural gas prices and California Senate Bill 100 ("SB 100"), which mandates 100 percent renewable power generation in the state by 2045. The 2018 RFP prices assume a 50 percent renewable portfolio standard ("RPS") for California by 2030.

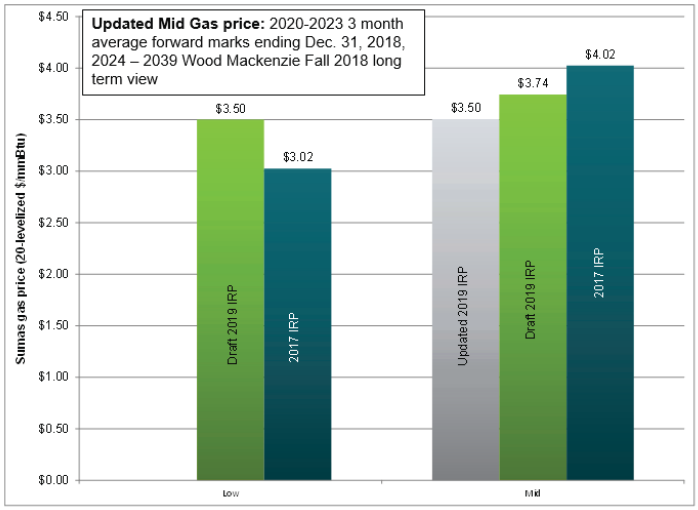
Figure 6. ***Range of power price forecasts tested in Phase 2***



Natural Gas Price Forecasts

The 2018 RFP analysis used Wood Mackenzie gas price forecasts. Gas prices were updated twice subsequent to the 2017 IRP filing, prior to RFP Phase 1 and again prior to RFP Phase 2. Figure 7 compares the 2017 IRP gas prices to the draft 2019 IRP gas prices, which were also used in the 2018 RFP analysis.

Figure 7. ***Comparison of 2017 and draft 2019 IRP gas prices***



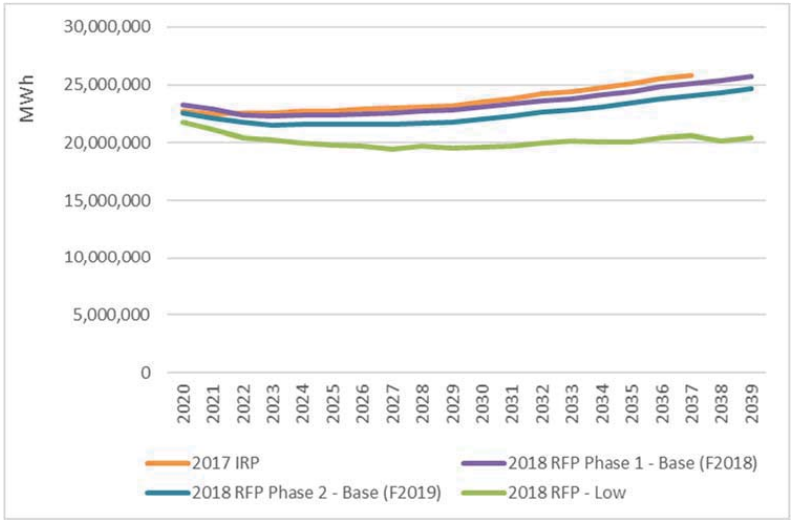
PSE's RFP gas price assumptions were based on then-current 2019 IRP gas price forecasts as described below.

- The **2017 IRP gas prices** were based on 2018 to 2021 three-month average forward marks ending November 27, 2016, and on the 2022 to 2037 Wood Mackenzie Fall 2016 long-term forecast.
- The **2019 draft IRP gas prices (also used for RFP Phase 1)** were based on 2020 to 2023 three-month average forward marks ending June 29, 2018, and on the 2024 to 2039 Wood Mackenzie Spring 2018 long-term forecast.
- The **2019 IRP updated gas price (also used for RFP Phase 2)** was based on 2020 to 2023 three-month average forward marks ending December 31, 2018, and on the 2024 to 2039 Wood Mackenzie Fall 2018 long-term forecast.

Load forecasts

Load forecast modeling and methodologies are consistent with those described in Appendix E to PSE's 2017 IRP. Prior to each phase of the RFP, PSE updated its model to reflect the Company's most current load forecast information. PSE used the F2018 load forecast in its Phase 1 analysis and the F2019 load forecast in its Phase 2 analysis.

Figure 8. ***Load forecast assumptions***

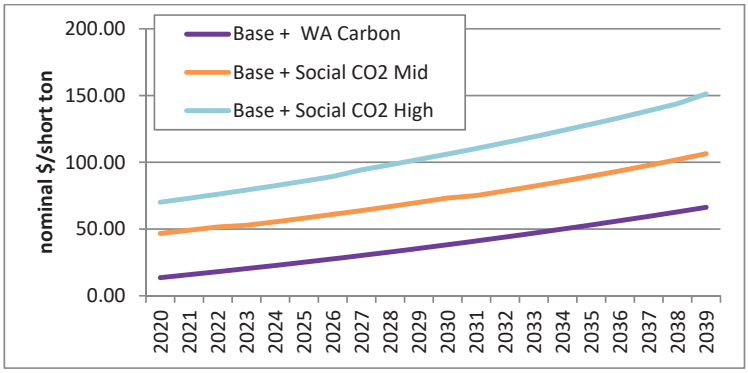


Carbon price forecasts

The carbon price forecasts used in the 2018 RFP are consistent with those used for the 2017 IRP. The Base + Washington Carbon forecast is based on a state carbon tax proposed in Initiative 1631, which failed to pass at the ballot box in November 2018. The Base + Social CO2 Mid forecast and Base + Social CO2 High forecasts are based on analysis presented in the U.S. Government's Interagency Working Group on Social Cost of Greenhouse Gases' 2016 report.[2]

[2] *"Technical Support Document: Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis Under Executive Order 12866, Interagency Working Group on Social Cost of Greenhouse Gases," United States Government, Aug. 2016.*

Figure 9. ***2018 RFP carbon price assumptions***



PSE updated its social cost of cabon assumptions in its Phase 2 Update analysis (the "re-evaluation"), which was conducted between August and November 2019. These updates were made to incorporate Washington Utilities and Transportation Commission ("WUTC") guidance in WUTC docket U-190730, dated September 12, 2019.

The updates include a 2.5 percent discount rate scenario and 0.437 ton/MWh market purchase carbon intensity, consistent with guidance from the U.S. Government's 2016 *Technical Support Document: Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis Under Executive Order 12866*. Figure 10 is an excerpt from the technical support document (originally Figure ES-1). The highlighted column reflects assumptions used in re-evaluation analysis.

Figure 10. ***Social Cost f CO_2, 2010 – 2050 (in $2007 per metric ton of CO_2)***

Year	5% Average	**3% Average**	2.5% Average	High Impact (95th Pct at 3%)
2010	10	**31**	50	86
2015	11	**36**	56	105
2020	12	**42**	62	123
2025	14	**46**	68	138
2030	16	**50**	73	152
2035	18	**55**	78	168
2040	21	**60**	84	183
2045	23	**64**	89	197
2050	26	**69**	95	212

Generic resource cost assumptions

Generic resource capital costs are updated biennially as part of PSE's integrated resource planning process. The planning team hired HDR to perform a cost analysis to develop generic resource costs for its 2019 IRP. HDR produced its report (referred to in tables 2 and 3 below as the "draft report") prior to the beginning of the 2018 RFP. The RFP Phase 1 generic resource cost assumptions are based on the costs

reflected in this report. Table 2 compares the generic resource costs assumed in the 2017 IRP to those assumed in draft 2019 IRP (also used for Phase 1 of the 2018 RFP).

Table 2. ***Generic resource costs: 2017 IRP vs. draft 2019 IRP (also used for RFP Phase 1)***

	2017 IRP			Draft 2019 IRP			Cost change from 2017 IRP to Draft 2019 IRP		
2018 $/kW	EPC Cost	Owner's Costs + Interconnection	Total Costs	EPC Cost	Owner's Costs + Interconnection	Total Costs	EPC Cost	Owner's Costs + Interconnection	All in Costs
CCCT	$1,020	$358	$1,378	$898	$269	$1,167	($122)	($89)	($211)
Frame Peaker (Fuel Fuel)	$526	$172	$698	$554	$271	$825	$28	$99	$127
Recip Engine (NG only)	$1,030	$312	$1,341	$842	$350	$1,192	($188)	$38	($149)
WA Wind	$1,548	$656	$2,204	$1,656	$386	$2,042	$108	($270)	($162)
MT Wind	$1,471	$1,312	$2,783	$1,633	$1,111	$2,744	$162	($201)	($39)
Solar	$1,497	$874	$2,371	$1,352	$570	$1,922	($145)	($304)	($449)
Biomass	$4,084	$207	$4,291	$7,036	$2,659	$9,695	$2,952	$2,452	$5,404
Offshore Wind	$5,717	$1,795	$7,512	$5,000	$1,547	$6,547	($717)	($248)	($965)
Li-Ion Battery 2-hr	$1,313	$342	$1,655	$1,331	$599	$1,930	$18	$257	$275
Li-Ion Battery 4-hr	$2,116	$552	$2,668	$2,346	$708	$3,054	$230	$156	$386
Flow Battery 4-hr	$1,870	$674	$2,544	$1,493	$618	$2,111	($377)	($56)	($433)
Flow Battery 6-hr	$2,447	$882	$3,329	$2,050	$708	$2,758	($397)	($174)	($571)
Pumped Storage	$2,503	$127	$2,630	$1,800	$879	$2,679	($703)	$752	$49

The HDR report was subsequently presented to the IRP advisory group ("IRPAG"), a group of external stakeholders representing various interest groups, WUTC staff and PSE subject matter experts who participate in PSE's long-term resource planning process. Based on feedback from the IRPAG, HDR updated certain costs (shown in Table 3) in a revised final report. PSE updated the generic resource cost assumptions in its RFP Phase 2 analysis to reflect these changes.

Table 3. ***Comparison of RFP Phase 1 and Phase 2 generic resource costs***

	Solar capital cost ($/kW)	MT wind capital cost ($/kW)	WA wind capital cost ($/kW)	Frame Peaker FOM[3] ($/kW-yr)
RFP Phase 1 *(draft HDR report)*	$1,922	$2,744	$2,042	$3.93
RFP Phase 2 *(final HDR report)*	$1,614	$1,617	$1,633	$11.40[4]

Electric load carrying capability assumptions

Effective load carrying capability ("ELCC") is an approach to comparing the relative peak capacity contribution of resources with different operating characteristics. The ELCC, or peak capacity benefit, is defined as the relative contribution of a resource to meeting a utility's peak capacity need, compared to

[3] Fixed O&M costs ("FOM")
[4] HDR's updated frame peaker FOM assumption ($11.40/kw-yr) shown in Table 3 above includes $3.93/kw-yr FOM + $7.47/kw-yr for 48 hours of oil stored on site.

that of a gas-fired peaking plant with an equivalent nameplate capacity. Because ELCC values are highly dependent on the load characteristics and mix of resources owned by a utility, they are unique to each utility.

Given the large volume of offers received, PSE's Phase 1 screening applied generic ELCC value assumptions to RFP resources based on the resource type, nameplate capacity and general location.[5] ELCC values used in Phase 1 of the 2018 RFP are generally consistent with 2017 IRP assumptions,[6] with the exception of the values used for storage and demand response resources. Values for these resources were updated to align with draft 2019 IRP assumptions, because the new values for these resources had dropped materially compared to the 2017 assumptions.

In Phase 2, PSE updated its generic ELCC value assumptions for all resource types (shown in Table 4) to align with expected 2019 IRP assumptions.

Table 4. ***Updated Phase 2 generic ELCC modeling assumptions by resource type***

Resource	Nameplate (MW)	IRP **2017** Peak Capacity Solve to 5% LOLP Relative to New Peaker	IRP **2019** Peak Capacity Solve to 5% LOLP Relative to Perfect Capacity
Existing Wind	823	11%	9.7%
Skookumchuck	131	40%	36.0%
Generic Montana Wind	100	49%	51.4%
Generic Washington Wind	100	16%	6.4%
Generic Offshore WA Wind	100	51%	47.6%
Generic Washington Solar	100	0%	1.0%
Lund Hill Solar	150	N/A	2.4%

Storage Resources	Nameplate (MW)	IRP 2017 Peak Capacity EUE at 5% LOLP	IRP 2019 Peak Capacity EUE at 5% LOLP
Lithium-Ion 2 hr, 82% RT efficiency	25	60%	19.2%
Lithium-Ion 4 hr, 87% RT efficiency	25	88%	38.4%
Flow 4 hr, 73% RT efficiency	25	76%	36.0%
Flow 6 hr, 73% RT efficiency	25	N/A	46.4%
Demand Response	100	77%	38.2%

[5] *Because peak capacity resources must be available when and where needed, PSE's analysis considered the characteristics of the resource, the proposed delivery point and the likely availability of "firm" delivery to PSE's system when determining the application of ELCC values for resources.*

[6] *The 2018 RFP ELCC values included one small change related to the solar ELCC. The 2017 IRP assumed an ELCC of 0 percent for a 50 MW Washington solar facility. The All Resources RFP assumed an ELCC of 2 percent for a 50 MW Washington solar facility.*

Storage Resources	Nameplate (MW)	IRP 2017 Peak Capacity EUE at 5% LOLP	IRP 2019 Peak Capacity EUE at 5% LOLP
3 hr duration, 6 hr delay, 10 calls per year			

In addition to updating its generic ELCC value assumptions, PSE applied a more critical eye to each proposal that advanced to Phase 2 and developed a project-specific ELCC value for each resource based on its unique attributes. The RFP team began its Phase 2 due diligence review by requesting missing data from respondents, clarifying uncertainties and obtaining an independent reasonableness assessment of wind and solar production values (via third-party consultant DNV-GL). The team used this information to study the proposals and determine the ELCC value, or peak capacity benefit, of each Phase 2 project. Project-specific ELCC values are presented and discussed in Section 3.

Additional value stream assumptions for storage and demand response resources

Transmission system deferral value

The transmission system deferral value is an avoided cost metric representing the mitigation benefit of neither building nor retrofitting transmission assets as a result of adding either the operational flexibility of a battery or peak savings from demand response resources. PSE's analysis assumed a generic deferral value of $26/kW-yr escalated at 2.5 percent annually based on a proxy value used for regional planning in the Northwest Power and Conservation Council's *Seventh Power Plan*.[7] This proxy value was applied to all proposed battery energy storage systems ("BESS") located on PSE's system and proposed demand response programs in the preliminary quantitative screening. This is conceptually similar to the "benefit of the doubt" approach applied throughout Phase 1.

No on-system BESS proposals were selected for further consideration in Phase 2 due to their higher costs compared to other capacity alternatives, even with the assumed transmission system deferral value. If any of these resources had been selected for Phase 2 analysis, PSE would have evaluated these resources on a site-specific basis.

PSE did select two demand response proposals for Phase 2 analysis. As part of its due diligence review, the RFP team took a closer look at the transmission system deferral value assumed for demand response proposals in Phase 1 and ultimately determined that it could not confirm the validity of the assumption. The net result of this change combined with the updated ELCC value (described in the previous section), meant that the cost to acquire the same level of peak demand response roughly doubled on a per megawatt basis (assuming no change to the pricing). Demand response proposals were subsequently eliminated from Phase 2 consideration.

[7] *"Appendix J: Demand Response Resources - Background Information,"* Seventh Northwest Conservation and Electric Power Plan*, Feb. 2016, p. J-4.*

Flexibility value

The flexibility value quantifies the sub-hourly benefits of adding a generation asset to the transmission system. These benefits, which apply to both pumped hydro and battery energy storage resources, include: regulation up and down, voltage control, frequency control, spinning reserves, non-spinning reserves and supplemental reserves. Storage resources with higher maximum output capacities and longer durations offered greater flexibility benefits.

Scenarios

PSE's Phase 1 screening analyzed each project on a standalone basis and, using the metrics from PSM III, compared the incremental portfolio cost and benefit impact in three potential future pricing scenarios. Each of the scenarios was constructed using base demand and gas price forecasts, as well as base generic resource cost assumptions; however, carbon costs varied as follows:

- Scenario 1: No carbon tax
- Scenario 2: Low societal cost of carbon ($16/ton)[8]
- Scenario 3: Mid-societal cost of carbon ($42/ton)[9]

The Phase 2 evaluation included an update of the standalone analysis to test the incremental impact of individual RFP proposals on the power portfolio. Phase 2 also included optimization analysis to test the incremental impact of combinations of proposals on the portfolio. In this phase, PSE added three new scenarios to those it tested in Phase 1, allowing PSE to stress test the proposals in different future pricing environments. Table 5 summarizes the key assumptions associated with each of the six scenarios tested.

Table 5. ***Modeling scenarios used in both phases of the RFP analysis***

Scenarios	Phase	WECC /PSE Demand	Gas Price	Generic Resource Costs
1. No carbon tax	1 + 2	Base	Base	Base
2. CO2 (low societal $16/ton)	1 + 2	Base	Base	Base
3. CO2 (mid-societal $42/ton)	1 + 2	Base	Base	Base
4. CO2 (high societal $62/ton)	2	Base	Base	Base
5. No CO2 low load	2	Low	Low	Base
6. No CO2 updated pricing	2	Base	Update	Base

[8] The Scenario 2 low societal cost of carbon assumption ($16/ton) is based on a Washington state carbon tax proposed in Initiative 1631, which failed to pass at the ballot box in November 2018.

[9] Source of Scenario 3 mid-societal cost of carbon assumption ($42/ton): "Technical Support Document: Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis – Under Executive Order 12866, Interagency Working Group on Social Cost of Greenhouse Gases," United States Government, Aug. 2016.

As shown, PSE's scenarios were designed to test a range of potential future carbon costs, from $0/ton to as high as $62/ton. This analysis offered insights into how portfolio costs might be affected by carbon legislation. Scenario 6 also reflects updated pricing as result of California Senate Bill 100 ("SB 100"), which mandates 100 percent renewable power generation in the state by 2045.

This analysis allows PSE to ask key questions. For example, how might economic conditions and load growth affect resource decisions? What are the key decision points and most important uncertainties in the long-term planning horizon, and when should we make those decisions? What impact might very different levels of carbon prices have on resource decisions? In this way, PSE can use this analysis to quantify how sensitive portfolio and resource costs and benefits are to our planning assumptions.

2. Phase 1: Screening Analysis

Standalone portfolio analysis for each individual proposal

The RFP process began with a Phase 1 preliminary analysis designed to screen and rank proposals on an individual economic basis, eliminate resources with prohibitively high cost or risk, and identify a list of the most promising candidates for more focused scrutiny in Phase 2. Altogether, PSE received 97 proposals representing a combined total of 13,589 MW of operating capacity. Many proposals offered a variety of offer options, varying features and terms, such as start date or commercial operation date, contract term duration, maximum capacity, energy delivery point, offer structure (e.g., ownership, development assets, offtake agreement, etc.) or pricing structure (e.g., fixed or escalating). Some proposals also offered combinations of resources, pairing renewable generation with battery energy storage to better align generation output with PSE's peak capacity need. In all, PSE analyzed more than 282 offer options in its Phase 1 analysis.

The RFP team used PSM III to analyze each RFP proposal on a standalone basis in three potential future pricing scenarios, using the five key metrics produced by the model (presented in Figure 3 on page 4). As described in Section 1, the model calculates the long-term revenue requirements for PSE's incremental generic power portfolio based on the 2017 IRP resource strategy and a current outlook on the Company's capacity, renewable and energy needs. Generic resources are then replaced in the model with a proposal from the 2018 RFP to measure the impact on PSE's overall portfolio cost. Individual RFP offer results can then be compared to the cost of generic resources and each other.

PSE's analysis considered each proposal's ability to help meet the Company's physical reliability need ("capacity need"), renewable resource need ("RPS need"), or both. To compare and rank individual proposal results, the RFP team compiled the results for all RFP proposals into two categories: (1) those that helped meet the RPS need, and (2) those that help meet peak capacity need. In general, most proposals offered either peak capacity or renewable attributes. Most renewable resources had very little impact on PSE's peak capacity need and, therefore, only appear on the renewable ranking list. However, in several cases renewable resources offered a significant contribution toward meeting PSE's peak capacity. Some examples of this include Montana and Columbia Gorge wind, and biomass resources. In such cases, the resource appeared on both lists.

The detailed results of PSE's Phase 1 quantitative analysis are provided in Appendix C. The RFP team primarily used the portfolio benefit per kW-yr metric to rank capacity proposals and the portfolio benefit per REC metric to rank renewable proposals. Proposals with a positive portfolio benefit ranked more favorably than a generic resource. Proposals with a negative portfolio benefit ranked less favorably than a generic resource.

The Candidate List

At the end of Phase 1, the RFP team identified a "candidate list" of the most promising resources for further due diligence and optimization analysis in Phase 2. Selected proposals were generally those that ranked most favorably in the quantitative screening relative to one or both of the resource needs and had

no known fatal flaws. Projects that provided a contribution to both resource needs were generally selected, due to the relatively high total portfolio benefit produced by the dual value streams.

Table 6. ***Candidate List for Phase 2 Evaluation***

ID	Project Name	Resource Type	Nameplate	Counterparty	State
18100	SPI Industrial	Biomass	17 MW	SPI	WA
18201	[redacted]	Demand Response	[redacted] MW	[redacted]	WA
18169	ClearWater Wind	MT Wind	300 MW	NextEra	MT
18173	[redacted]	MT Wind	[redacted]	[redacted]	MT
18176	[redacted]	MT Wind	[redacted]	[redacted]	MT
18163	[redacted]	REC Only	[redacted]	[redacted]	OR
18165	[redacted]	REC Only	[redacted]	[redacted]	OR
18190	[redacted]	REC Only	[redacted]	[redacted]	WA
18107	[redacted]	Run-of-River	[redacted]	[redacted]	ID
18135	[redacted]	Solar	[redacted]	[redacted]	WA
18111	[redacted]	Solar	[redacted]	[redacted]	WA
18122	[redacted]	Solar	[redacted]	[redacted]	WA
18131	[redacted]	Solar	[redacted]	[redacted]	WA
18127	[redacted]	Solar	[redacted]	[redacted]	WA
18114	[redacted]	Solar	[redacted]	[redacted]	WA
18112	[redacted]	Solar	[redacted]	[redacted]	WA
18125	[redacted]	Solar	[redacted]	[redacted]	WA
18139	[redacted]	Solar + BESS	[redacted]	[redacted]	OR
18105	[redacted]	Thermal	[redacted]	[redacted]	WA
18103	[redacted]	Thermal	[redacted]	[redacted]	OR
XXXXX	[redacted]	Transmission	[redacted]	[redacted]	N/A
18175	[redacted]	Wind	[redacted]	[redacted]	WA
18132	[redacted]	Wind	[redacted]	[redacted]	OR
18179	[redacted]	Wind	[redacted]	[redacted]	WA
18170	Golden Hill Wind - Shaped	Wind	[redacted]	Avangrid	OR
18166	[redacted]	Wind	[redacted]	[redacted]	OR

3. Phase 2: Due Diligence and Optimization Analysis

As PSE transitioned to the second phase of its evaluation, it was important to consider not only the individual risks and merits of each proposal, but also the portfolio impacts of potential resource combinations. With this goal in mind, PSE updated its standalone portfolio analysis of individual proposals and performed an optimization analysis to identify the best combination of proposals to best meet the Company's resource needs at the lowest reasonable cost.

Phase 2 also involved a more in-depth assessment of the most favorable proposals from Phase 1. Whereas Phase 1 generally gave proposals the benefit of the doubt with regard to uncertainties or minor omissions, Phase 2 took a more critical view of each individual proposal, closely examining the details, seeking clarification or supplemental information when needed, and updating or validating our modeling assumptions as needed.

Adjustments to the candidate list

Early in Phase 2, PSE received a number of proposal updates from respondents. Four of the updates resulted in changes to the candidate list. These changes are summarized in Table 7.

Table 7. ***Changes to Candidate List in early Phase 2***

ID	Project name	Resource Type	Nameplate	Counterparty	State	Summary of change
Added to Phase 2 candidate list						
18161	BPA Peak Capacity Product	Call option/ Sys PPA	100 MW	BPA	WA	Adjusted delivery point from Mid-C to PSEI.SYSTEM
UP002	[redacted]	REC Only	[redacted] RECs	[redacted]	ID	Price reduction
18205	[redacted]	Demand Response	[redacted] MW	[redacted]	WA	Price reduction
Removed from Phase 2 candidate list						
18112	[redacted]	Solar	[redacted] MW	[redacted]	WA	Withdrawn by seller

Updated standalone portfolio analysis for each individual proposal

In this phase, PSE updated its standalone portfolio analysis and individually re-ranked each candidate proposal using the same models (Aurora and PSM III) and metrics (see Figure 3 on page 4) that were used in Phase 1. While the tools and processes were fundamentally the same, PSE did update its models to reflect new proposal information received from respondents and updates to PSE's assumptions (presented in detail in Section 1) including, but not limited to, gas and power price forecasts, load forecasts, generic resource cost assumptions and ELCC values. To ensure that Phase 2 modeling assumptions would be as current as possible, the team delayed completion of its evaluation

[10] Commercial and industrial customers ("C&I")

and resource selection to incorporate a new lower natural gas price scenario (Scenario 6 in Table 5 on page 14) and the Company's new F2019 load forecast.

In addition to updating its generic ELCC assumptions, PSE also took a closer look at the specific capacity contributions of each individual RFP proposals. In Phase 1, the analysis applied a generic ELCC proxy value to the proposals based on each project's resource type, nameplate capacity and general location. In Phase 2, PSE's planning group performed a study to determine the ELCC of each individual RFP project, based on its unique characteristics and attributes, its nameplate capacity and its specific location. Table 8 summarizes the project-specific ELCCs generated for the Phase 2 intermittent renewable generation resources.

Table 8. ***Phase 2 project-specific ELCCs for intermittent generation resources***

Resource	Peak Capacity [MW]	Nameplate [MW]	ELCC
[redacted]			45.00%
			5.40%
			44.90%
			1.71%
			31.92%
			1.82%
			0.69%
			1.49%
			46.07%
			2.00%
			0.75%
			1.56%
			19.90%
			16.00%
			1.00%
			1.13%

Because peak capacity resources must be available when and where needed, both phases of PSE's analysis also considered the proposed delivery point and the likely availability of "firm" delivery to PSE's system when determining the application of ELCC values for resources. Not all proposals listed in Table 8 received the benefit of an ELCC value in PSE's analysis. Proposals delivering to Mid-C that assumed use of PSE's existing transmission resources did not receive an ELCC value. This existing transmission capacity is currently used for short-term resources to meet peak need in high demand scenarios. Because a new resource proposing to leverage this transmission would supplant an existing capacity resource (market purchases), the proposed resource's contribution to capacity cannot be considered an incremental benefit to PSE's power portfolio. Additionally, proposals featuring busbar delivery (typically a project's point of interconnection) were analyzed on a case-by-case basis to identify the most applicable delivery point, and the likelihood and costs of securing firm point-to-point

transmission service to PSE's system. Projects unable to deliver generation output to PSE's system on a firm basis did not receive an ELCC benefit in PSE's analysis. For more on this topic, see Section 6 of the 2018 RFP Evaluation Process Document.

PSE also updated its pricing scenarios to stress test proposals in different potential pricing environments. The Phase 2 analysis included three new scenarios (for a total of six, as shown in Table 5 on pages 14) to those it tested in Phase 1, including: a scenario to test the impact of higher carbon costs ($62 per ton) compared to those in tested in phase 1 (a range of $0 to $42 per ton), a scenario to test the impact of lower load and gas prices, and a scenario to test the impact of the updated draft 2019 gas price.

While this standalone portfolio analysis is useful for comparing and ranking proposals on an individual basis, it does not consider the benefits of resource combinations to meet the combined resource needs of the RFP. It cannot take into account the efficiencies and economic benefits of pooling resources with complementing attributes or an optimally-sized solution to meet both the renewable and capacity resource needs. In other words, it does not account for the fact that a lower individually ranked resource (from a portfolio benefit perspective) could be part of a lowest reasonable cost, best-fit to need solution in the optimal portfolio because its unique "fit" provides economic savings when paired with other resources. For this reason, PSE uses a portfolio optimization approach to analyze and identify the optimal resource portfolio.

Updated standalone portfolio analysis results and rankings for Phase 2 proposals are presented in Appendix D.

Proposals included in the optimization analysis

The RFP team eliminated six proposals during the Phase 2 evaluation prior to the optimization analysis. Proposals were eliminated for a variety of quantitative and qualitative reasons, as described in Section 7 of the 2018 RFP Evaluation Process Document. This left a total of 21 proposals for portfolio optimization analysis, six of which were capacity resources.

Portfolio optimization analysis

In both RFP phases, the RFP team analyzed and individually ranked proposals using five metrics, including the benefit per kw-year metric for projects providing a peak capacity contribution, and the portfolio benefit per REC metric for projects providing a renewable energy credit ("REC") contribution. This analysis is useful for comparing resources on a standalone basis; however, combining the highest ranked capacity resource and the highest ranked renewable resource will not necessarily result in an optimal solution to meet both resource needs at the most substantial cost savings to customers. In

fact, this simple approach could result in the selection of either too much or too little resources to meet PSE's needs.[11]

Instead, the RFP team used the PSM III financial model and the Risk Solver optimizing module (described in Section 1) to analyze combinations of candidate proposals to determine the best resource solution to meet both of PSE resource needs at the lowest reasonable cost, while accounting for various constraints. Due to the limited number of proposals featuring a substantial contribution to capacity (6 total), filling the peak capacity need was the primary constraint in the optimization analysis. Additionally, the model took other constraints and considerations into account. For example, there were three Montana wind projects all ranking relatively highly on a standalone basis at the end of Phase 2; however, all three Montana wind developers proposed to interconnect their projects to the Colstrip Transmission System ("CTS"), which had limited available transmission capacity. As a result, only one of three Montana wind projects could be selected in the optimized portfolio. In another example, Avangrid proposed two offers to offtake power from its Golden Hills wind project (#18170): (1) [redacted] and (2) an as-produced wind product paired with winter peak capacity. While both offer options were evaluated in Phase 2, they relied on wind output from the same project and were mutually exclusive; only one of the two offers could be selected in the optimized portfolio.

The model creates optimal, integrated portfolios for each scenario considered in the analysis. In this case, optimization was performed in two market price scenarios, (1) market with social cost of carbon and (2) market without social cost of carbon. A portfolio with a high portfolio benefit in the market without social cost of carbon scenario may not perform well in the market with social cost of carbon scenario, and vice versa. This occurred in the 2018 RFP analysis with a portfolio that included a combined cycle natural gas plant. Due to its high peak capacity contribution compared to renewable resources, the portfolio performed well in the market with no social cost of carbon scenario; however, the portfolio costs increased significantly when carbon costs were introduced. A different situation occurred with the portfolio that provided the highest portfolio benefit in the market with social cost of carbon scenario. In this case, the model selected an unnecessary solar project in excess of PSE's RPS-driven renewable need because it was speculating on the price of RECs and the value of selling excess RECs into the market, potentially reducing overall portfolio costs.

Once the model identified the optimal portfolio, the RFP team assessed the portfolio's combined ELCC value to identify any diversification benefits or saturation reductions caused by similarities or differences in the expected generation profiles of the selected resources. For example, two 100 MW Washington wind projects, on an individual basis, are assumed to each provide 16 MW of peak capacity credit (for a total of 32 MW of peak capacity value); however, on a combined portfolio basis, the same two Washington wind projects would only provide 30 MW of total peak capacity credit, due to the value erosion caused by the similarity of their generation profiles.

Optimization analysis results are presented in Appendix D.

[11] *See Section 2 of the RFP Evaluation Process Document for a discussion of the peak capacity and renewable (RPS-compliant) resource needs defined in the 2018 RFP.*

The optimal portfolio

PSE completed Phase 2 in July 2019 and presented an optimal portfolio of four proposals to its Energy Management Committee ("EMC"): (1) a 17-year PPA to offtake power from the SPI Biomass facility (#18100) offered by Sierra Pacific Industries, (2) a 25-year PPA to offtake power from the Clearwater wind project (#18169) in Montana offered by NextEra, (3) a 20-year PPA to offtake power from the Golden Hills wind project (#18170) in Oregon paired with a winter peak shaping product offered by Avangrid, and a 5-year peak capacity call option (#18161) for system resources offered by BPA. Table 9 shows the optimal portfolio, including its portfolio benefit, contribution to peak capacity and contribution to meet RPS requirements.

Table 9. ***Optimal portfolio as determined by Phase 2 optimization analysis***

(A) List	(B) Project ID	(C) Resource	(D) Project	(E) Nameplate	(F) Peak Capacity Credit	(G) RECs[1]	(H) Preferred Optimized Portfolio	(I) As Proposed Optimized Portfolio
1	18100	Biomass	SPI	17 MW	16 MW	[redacted]	X	X
2	18161	Call Option	BPA Peak Capacity Product	100 MW	53 MW	N/A	X	X
3	18169	MT Wind	Clearwater 350MW[2 3]	350 MW	146 MW	[redacted]	X	
4	18169	MT Wind	Clearwater 300MW	300 MW	130 MW	[redacted]		X
5	18170	Wind	Golden Hill Shaped	200 MW	77 MW	[redacted]	X	X
6		**Total Peak Capacity Credits - MWs**					[redacted] MW	[redacted] MW
7		**Peak Capacity Surplus / (Deficit) in 2022**[4]					[redacted] MW	[redacted] MW
8		**Total Annual RECs**					2,189,656	1,986,862
9		**Portfolio Benefits - $M**					$408	$397
10								
11		**With Consideration of Social Cost of Carbon:**						
12		**Portfolio Benefits w/ Carbon Costs as an Adder - $M**[5]					$1,038	$934
13		**Portfolio Benefits w/ Carbon Costs in Dispatch Costs - $M**					$959	$937

Peak Capacity and REC Need 2022-2025	2022	2023	2024	2025
Peak Capacity Need	299 MW	291 MW	328 MW	457 MW
REC Need	0	233,449	691,864	700,482

Table notes:

1. The annual project RECs in column I does not include 0.2X apprenticeship multiplier.
*2. The optimization model chose a portfolio with **350** MW from **Clearwater** (#18169). **NextEra** submitted proposals for both **300** MW and **400** MW, but not **350** MW. The 350 MW size of the project is reduced from the proposed **400** MW option based on available transmission capacity. The **350** MW option will have to be negotiated with **NextEra.** Current indicative results reflect pricing based on the **300** MW offer.*
*3. The current project COD for **Clearwater** (#18169) is Dec 2021. There has been perceived timing risks for PSE to secure long-term transmission rights to bring the energy home. If the commercial operation date is delayed to Dec 2022 to mitigate this risk, the net present value of the PPA cost will increase by up to $35M. Without **Clearwater** (#18169), the next lowest cost portfolio is $123M more expensive than the recommended portfolio and it would have the same timing risks related to transmission, because the next lowest cost portfolio includes the [redacted] project (#18173), which uses the same Colstrip transmission path.*
4. Final Portfolio ELCC reduces the sum of individual project peak capacity contribution by 8 MW. It could potentially be mitigated by (1) short-term capacity purchase for $720k per year; or (2) a 20 MW battery for $41M.
5. The social cost of carbon at $62/metric ton in 2020 dollars plus escalation is added to total portfolio costs as a fixed cost.

All four resources selected by the model included a substantial capacity benefit. Three of the four selected proposals—SPI biomass (#18100), Clearwater wind (#18169) and Golden Hills shaped wind (#18170)—offered a contribution to help meet both the renewable and capacity needs. The fourth proposal for the BPA peak capacity product (#18161), offered a call option in winter peak months for BPA system resources, which are primarily non-emitting hydro resources.

PSE's EMC approved for negotiation a short list composed of the four resources selected in the model as the optimal portfolio at its July 2019 meeting.

4. Phase 2 Update: The re-evaluation process

Subsequent to the EMC approving the RFP short list in July 2019, PSE received two new proposals and three pricing updates from RFP respondents. To ensure selection of the best-fit combination of renewable and capacity resources to meet customer needs at the lowest reasonable cost, PSE ran an updated optimization analysis to reflect these changes. This updated analysis is alternately referred to in PSE's documentation as "the re-evaluation process" and "the Phase 2 Update".

Table 10 summarizes the RFP proposal updates and new unsolicited proposals received after the completion of Phase 2.

Table 10. ***Offer updates and new unsolicited proposals received after short list selection***

Date Received	Project name	Resource Type	Nameplate Capacity	Counterparty	State	Summary of change
New unsolicited proposals						
8/29/19	[redacted] (#UP005)	Asset sale/ 7-year project PPA	[redacted] MW	[redacted]	WA	New proposal for power from [redacted] share of natural gas-fired CCCT facility (51%) delivered to PSEI.SYS beginning Sept. 1, 2022
10/23/19	MSCG System PPA (#UP006)	3 to 5-year system PPA	100 MW	Morgan Stanley Capital Group ("MSCG")	WA	New proposal for 0 emissions (no RECs) system power delivered to PSEI.SYS in Q1 and Q4 HLH beginning Jan. 1, 2022
RFP proposal updates						
9/9/19	BPA Peak Capacity Product (#18161)	5-year system PPA	100 MW	Bonneville Power Association ("BPA")	WA	Increased price by email
8/29/19	[redacted] (#18173)	20-year sroject PPA	300 MW	[redacted]	MT	Lowered price by email
10/30/19	SPI Burlington Biomass Project (#18100)	17-year project PPA	17 MW	Sierra Pacific Industries ("SPI")	WA	Lowered price verbally during a meeting

Portfolio optimization analysis

The Phase 2 Update optimization analysis process was fundamentally the same as the Phase 2 process described in Section 3. PSE used the same models and metrics, and many of the same assumptions used in Phase 2. However, PSE did update certain assumptions on an as-needed basis to reflect the most current information available at the time the analysis was performed, including the following changes:

- updated peak capacity need consistent with PSE's revised 2019 IRP Progress Report filed December 10, 2019,

- updated Mid-C power price forecast (a 20 percent reduction from the previous forecast),[12]
- adjusted social cost of carbon assumptions based on guidance from WUTC docket U-190730, dated September 12, 2019 (2.5 percent discount rate scenario, 0.437 ton/MWh market purchase carbon intensity),
- assumed retirement of Colstrip units 1 and 2 by 2020, and
- considered the impact on the capacity need of the sale of Colstrip unit 4, which was announced in December 2019 (shown in Table 12 below).

The optimal portfolio

PSE completed its re-evaluation analysis in November 2019, resulting in a revised optimal portfolio. The revised results confirmed the selection of the original Phase 2 short list resources and added one additional resource, the MSCG system power PPA (#UP006). Table 11 shows how the updated assumptions impacted the Phase 2 optimal portfolio. Detailed optimization results are presented in Appendix D.

Table 11. ***Updated portfolio optimization***[13]

(A) List	(B) Project ID	(C) Resource	(D) Project	(E) Nameplate	(F) Peak Capacity Credit	(G) RECs[1]	(H) Recommended Portfolio
1	18100	Biomass	SPI	17 MW	16 MW	[redacted]	X
2	18161	Call Option	BPA Peak Capacity Product	100 MW	53 MW	N/A	X
3	18169	MT Wind	[redacted]	[redacted] MW	[redacted] MW	[redacted]	X
4	18169	MT Wind		[redacted] MW	[redacted] MW		
5	18170	Wind	Golden Hills Shaped	200 MW	77 MW	[redacted]	X
6	xxxxx	System PPA	Morgan Stanley Sys PPA	100 MW	81 MW	N/A	X
7		**Total Peak Capacity Credits - MWs**					[redacted] MW
8		**Total Annual RECs**					**2,189,656**
9		**Portfolio Benefits - $M**					**$679**
10		**Portfolio Benefits w/ Carbon Costs as an Adder - $M** [2,3]					**$1,179**

[12] Updated power price forecast is consistent with the September 19, 2019 IRTAG #8 publication, which was presented to the 2019 IRP Technical Advisory Group, the public stakeholder group which helps to provide input and guidance to PSE's long-term resource planning process.

[13] The notes on this table mean the following:

Note 1: The portfolio benefit change includes the benefits compared to the re-established baseline generic portfolio when key assumptions were changed.

Note 2: In addition to note 1, the portfolio benefit with carbon costs change reflects updated social cost of carbon pricing and market purchase carbon intensity, per UTC docket U-190730, dated 9-12-2019.

Table 12 shows the updated peak capacity need, less the original shortlist, less the newly added MSCG System PPA, with and without the announced sale of Colstrip Unit 4.

Table 12. ***Updated portfolio capacity need with revised short list resources***[14]

Peak Capacity Need 2022-2026	2022	2023	2024	2025	2026
Need before Colstrip Transaction	299 MW	292 MW	358 MW	477 MW	1124 MW
July EMC Resources Contributed Peak Capacity	[redacted]				
Need / (Surplus) without MSCG					
MSCG Contributed Peak Capacity	79 MW	79 MW	79 MW	79 MW	79 MW
Need / (Surplus) with MSCG	[redacted]				
Additional Need from Colstrip Transaction	95 MW	95 MW	95 MW	95 MW	0 MW
Peak Need / (Surplus) after Resources	[redacted]				

As shown in Table 12, the addition of the MSCG 5-year system power PPA (#UP006) is expected to help meet a portion of PSE's resource needs in 2025 and 2026 not met by the original short list. Additionally, the MSCG System PPA would help mitigate need resulting from the announced sale of Colstrip Unit 4. MSCG offers additional benefits such as delivery to PSE's system, seasonal shaping to help meet need in Q1 and Q4 during heavy load hours, and a 0 emission product (without RECs. The seasonal and heavy load hour shaping helps to meet deficits in the hours and months when capacity is most needed while minimizing surplus off peak. The zero emission product is consistent with Washington laws and policy preferences for emission reductions from energy resources.

PSE presented the revised optimization results to its EMC in November 2019 and recommended adding MSCG to its short list for negotiation.

[14] *Table 2 provides a snapshot of the resource need between 2022 and 2026. Once the Colstrip 4 transaction is approved, resource need will increase by 95 MW from 2020 to 2025.*

2018 RFP Evaluation Process Document

Appendix F. Presentations

PUGET SOUND ENERGY

2018 RFP Evaluation Process Document

F.1 Presentations to PSE's Energy Management Committee ("EMC")

2018 All Resources and Demand Response RFP

PUGET SOUND ENERGY

EMC Informational

September 20, 2018

Cindy Song

Manager Business Initiatives

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Nearly 100 proposals received

Resource type	# Proposals	Size range (MW / RECs, roughly)
Solar	36	35 – 290 MW
Wind	20	45 – 500 MW
Storage – battery	17	10 – 200 MW / 30 – 800 MWh
Storage – pumped hydro	2	330 – 500 MW
Biomass	3	10 – 55 MW
Natural Gas-fired Gen.	4	50 – 620 MW
Geothermal	2	15-25 MW
Hydro - run of river	1	40 MW
System PPA / Call Option	1	100 MW
Unbundled RECs	4	35,000 - 130,000 RECs
Demand Response	6	20-40 MW
Total	**96**	

[redacted] ENERGY

Largest response to an All Source RFP to date

As of 9/20/2018	2018 All Resource and Demand Response RFPs		Past RFP's									
			2017 Renewables Only RFP (Green Direct 2.0)[1]		2011 All Source RFP		2010 All Source RFP		2008 All Source RFP		2005 All Source RFP	
Resource Type	**# Proposals**	**Max Cap MW**	**# Proposals**	**Max Cap MW**	**# Proposals**	**Max Cap MW**	**# Proposals**	**Max Cap MW**	**# Proposals**	**Max Cap MW[1]**	**# Proposals**	**Max Cap MW**
Solar - PV	16	2240	17	574	2	24	1	10				
Solar - PV + BESS	20	2848										
Wind - Off Shore	1	400										
Wind On Shore	16	3303	20	2601	4	369	21	3776	8	862	10	1165
Wind + Winter Sys PPA	1	371										
Wind + Solar and/or BESS	2	464	4	339								
Storage - Battery ("BESS")	17	1265			2	251						
Storage - Pumped Hydro	2	900										
Biomass	2	72			3	61	9	590				
Biomass + BESS	1	15										
Natural Gas-fired Generation[2]	4	1377			10	2624	18	5342	10	2588	17	4307
Geothermal	2	43									1	48
Hydro - Run of River	1	38	2	4	1	77	2	105	3	165	3	139
System PPA / Call Option	1	100			4	400	10	n/a	9	1675	7	400
Unbundled RECs	4						2	n/a				
Demand Response	6	154					1	80			1	34
Coal - Traditional + IGCC					1	500			1	100	6	4950
Cold Fusion					1	1880						
Distributed Generation											1	5
Waste-to-Energy / Landfill Gas					1	23					1	5
TOTAL	**96**	**13,590**	**43**	**3,518**	**29**	**6,209**	**64**	**9,903**	**31**	**5,390**	**47**	**11,053**

[1] The 2017 Green Direct RFP sought large and small (<5 MW) renewable resources to serve multiple voluntary green power programs.
[2] Natural gas-fired generation may include CCCTs, SCCTs, reciprocating engines, combined heat and power facilities and gas turbine equipment sales.

92% of proposals offered a PPA option, 29% of proposals offered an ownership option

Resource Type	# Proposals	Max Cap MW[1]	Offer Structure(s)		
			Own	PPA/Toll/ Other Agmt	Both
Solar - PV	16	2,240	1	14	1
Solar - PV + BESS	20	2,848		18	2
Wind - Off Shore	1	400			1
Wind On Shore	16	3,303	3	11	2
Wind + Winter Sys PPA	1	371		1	
Wind + Solar + BESS	2	464	1	1	
Storage - Battery ("BESS")	17	1,265	1	8	8
Storage - Pumped Hydro	2	900			2
Biomass	2	72		2	
Biomass + BESS	1	15		1	
Natural Gas CCCT	2	1,020		1	1
Natural Gas SCCT	1	245			1
Natural Gas Recip	1	112	1		
Geothermal	2	43			2
Hydro - Run of River	1	38		1	
System PPA / Call Option	1	100		1	
Unbundled RECs	4	n/a		4	
DR Direct Load Control	4	109		4	
DR C&I Curtailment[2]	2	44		2	
TOTAL	**96**	**13,589**	**7**	**69**	**20**

- 90% of proposed projects are in development stage
- Many proposals included multiple offer options, such as:
  - Multiple structure options:
    - development rights
    - asset purchase
    - PPA, Toll or other agreement
  - Fixed/escalating PPA pricing
  - Various term lengths and/ or start dates
  - Hybrid options to include storage, or to pair solar with wind
  - Transmission delivery points

[1] MW column reflects total combined potential capacity.
[2] Commercial & Industrial Curtailment (C&I Curtailment).

70% of projects proposed are located in Washington

- Battery energy storage system (BESS)
- Biomass
- Biomass + BESS
- Geothermal
- Hydro – run of river
- Natural gas-fired generation
- Pumped hydro storage
- Solar - PV
- Solar + BESS
- Wind
- Wind + Solar + BESS options

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ENERGY

2018 RFP timeline

Mar 29, 2018	Jun 28, 2018	Aug 17, 2018	Feb/Mar 2019	Q2 2019
Draft RFP Filed with WUTC	WUTC Approved All Resource & Demand Response RFP	Proposals are due to PSE	Complete Phase 1 evaluation, select candidate list for Phase 2 evaluation	Complete Phase 2 evaluation, select final short list

EMC Touchpoints

Pre-file Informational ✓ Feb 15, 2018 ✓ Mar 22, 2018 ✓ May 24, 2018		Sep 20, 2018 Informational update on proposals received	Feb/Mar 2019 Informational update at the end of Phase 1	Q2 2019 Decisional to get approval to start negotiations

[redacted] ENERGY

RFP Phase 1 Results

PUGET SOUND ENERGY

EMC Informational

March 21, 2019

Cindy Song

Manager Business Initiatives

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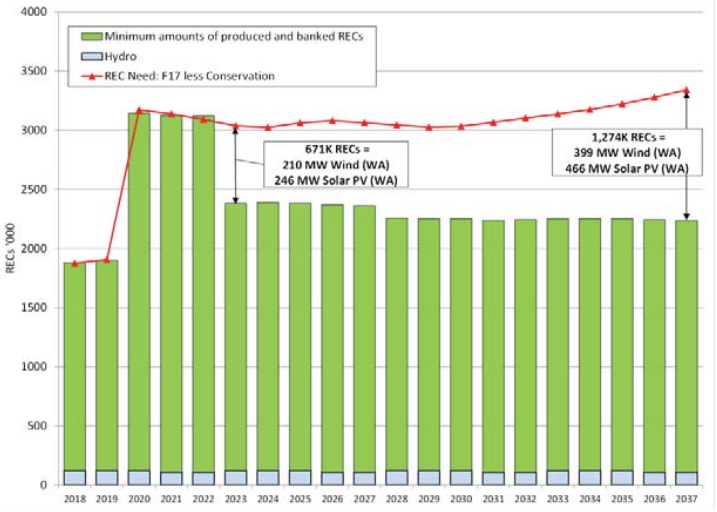
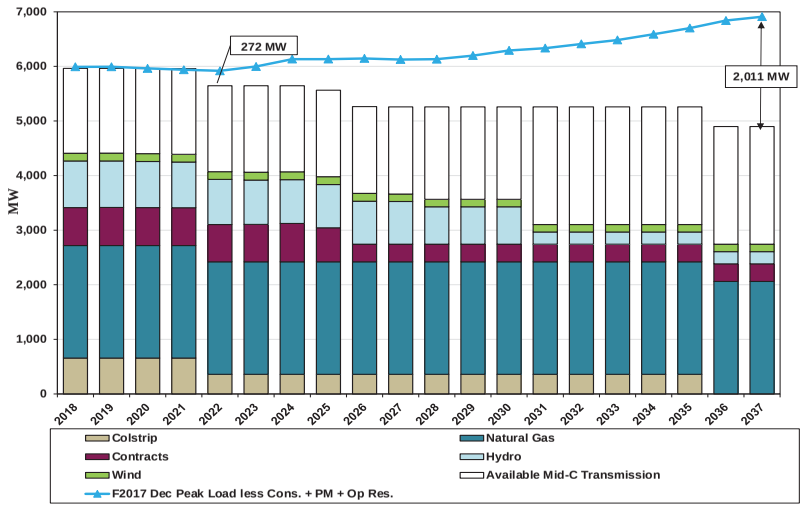
PSE filed RFPs for capacity and renewable resources in June 2018

- RFPs were filed to meet renewable energy credit (REC) and capacity needs beginning in 2021 and 2022 respectively
- Proposals were due August 2018
- RFPs produced a record response with nearly 100 proposals received in a wide variety of resource and technology options

REC need



Capacity need



Observations from Phase 1

- Solar prices have dramatically declined compared to other resource types
- Battery storage prices have also considerably declined and show potential, but are not yet competitive with alternatives available to PSE in this RFP
- Of 97 total proposals, 40 included battery storage configurations, while only 4 offered gas-fired generation
- Phase 1 analysis suggests many renewables are beating our current projections for Mid-C transmission redirects

Proposals selected for Phase 2 evaluation reflect resource and technology diversity

As of 3/18/19	Proposals Received[1]		Phase 2 Candidate List	
Resource Type	**# Proposals**	**Max Cap MW**	**# Proposals**	**Max Cap MW**
Solar - PV	16	2240	8	1050
Solar - PV + BESS	20	2848	1	100
Wind - Off Shore	1	400	0	0
Wind On Shore	16	3303	7	1642
Wind + Winter Sys PPA	1	371	1	200
Wind + Solar and/or BESS	2	464	0	0
Storage - Battery ("BESS")	17	1265	0	0
Storage - Pumped Hydro	2	900	0	0
Biomass	2	72	1	17
Biomass + BESS	1	15	0	0
Natural Gas-fired Generation	4	1377	2	348
Geothermal	2	43	0	0
Hydro - Run of River	1	38	1	38
System PPA / Call Option	1	100	0	0
Unbundled RECs	5	n/a	3	n/a
Demand Response	6	154	1	8.7
TOTAL	**97**	**13,590**	**25**	**3,404**

[1]PSE also received two unsolicited proposals during Phase 1, one REC-only and one pumped hydro storage. While the proposals are not included in the table count above, they were evaluated as part of the Phase 1 analysis.

Candidate list for Phase 2

(results are a snap shot in time, subject to change)

ID	Project Name	Resource Type	Nameplate	Counterparty	State
18100	SPI Industrial	Biomass	17 MW	SPI	WA
18201	[redacted]	Demand Response	[redacted] MW	[redacted]	WA
18169	ClearWater Wind	MT Wind	300 MW	NextEra	MT
18173	[redacted]	MT Wind	[redacted]	[redacted]	MT
18176		MT Wind			MT
18163		REC Only			OR
18165		REC Only			OR
18190		REC Only			WA
18107		Run-of-River			ID
18135		Solar			WA
18111		Solar			WA
18122		Solar			WA
18131		Solar			WA
18127		Solar			WA
18114		Solar			WA
18112		Solar			WA
18125		Solar			WA
18139		Solar + BESS			OR
18105		Thermal			WA
18103		Thermal			OR
XXXXX		Transmission			N/A
18175		Wind			WA
18132		Wind			OR
18179		Wind			WA
18170	Golden Hill Wind - Shaped	Wind		Avangrid	OR
18166	[redacted]	Wind		[redacted]	OR

Proposals shown here are best offers from each proposal.

* Numbers shown are rounded to the nearest 5MW.

** Reflects a redirect of 100MW of BPA transmission from [redacted] available January, 2022 for a 50-year term, and using Mid-C forecast for energy pricing. [redacted] MW may be available for redirect on BPA's system, however it is likely only [redacted] MW is possible for redirect to Mid-C. Redirects are assessed given the most current data and are a snap shot of the present system. The results are subject to change and may vary in the future based on updated ATC calculations and flow gate constraints within BPA's network. While redirect of the remaining [redacted] MW is feasible, the location, source and cost of this redirect remains under review, therefore not included in this analysis.

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Phase 2 next steps

March 2019	March 27, 2019	April 2, 2019	April 5, 2019	June 2019
Phase 1 evaluation completed; notifications and data requests sent to respondents	Phase 2 kickoff meeting for RFP evaluation team	Present Phase 1 results to WUTC staff	First round data requests due from respondents	Complete Phase 2 evaluation, select final short list

EMC Touchpoints

March 19, 2019				June 2019
Informational update on Phase 1 results (detailed results to follow)				Decisional to receive approval to begin negotiations

Phase 2 considerations:

- Detailed, cross-functional due diligence to evaluate costs, risks and merits of each proposal
- Additional scenario testing in portfolio screening model
- Update ELCC assumptions to match most current IRP assumptions
- Potential impacts of Clean Energy Bill (anticipated April 2019)

RFP Phase 1 Results:

Appendix to EMC informational presentation on March 21, 2019

EMC Informational
April 5, 2019

Cindy Song
Manager Business Initiatives

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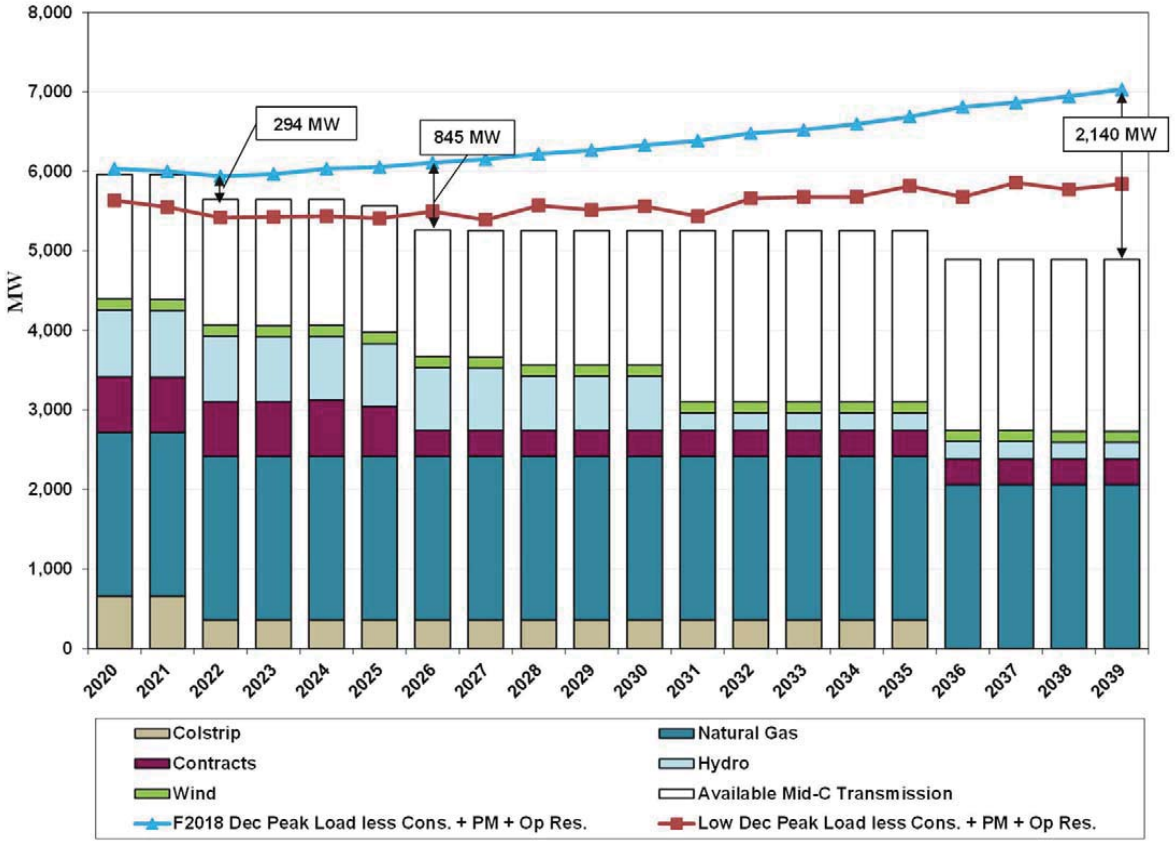
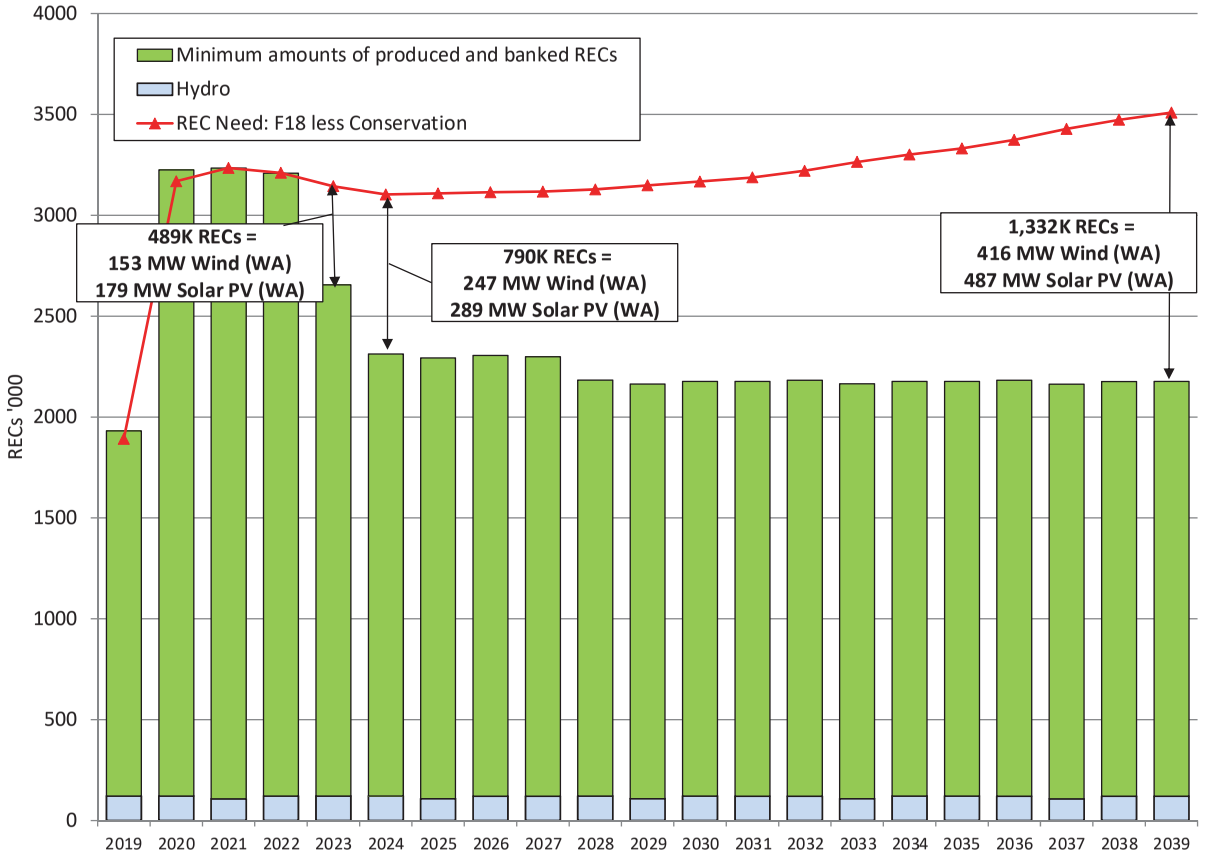
Appendix

- Phase 1 resource need assumption
- Quantitative screening metrics definitions
- Phase 1 price scenarios
- Phase 1 detailed results
  - Quantitative analysis results
  - Executive summary of qualitative results

Phase 1: Peak need updated to F2018 demand forecast



Phase 1: Renewable need updated to F2018 demand forecast



Source: 2017 IRP renewable need forecast updated based on F2018 demand forecast (August 2018)

Quantitative screening metrics allow PSE to compare and rank resources with different characteristics and capacities

Portfolio benefit ($)
Useful for comparing projects with the same winter capacity value

Difference between net present value portfolio revenue requirement of proposed project (replaces a generic resource), and the net present portfolio revenue requirement of the generic portfolio strategy.

Levelized cost
($/MWh-REC)
Useful for comparing projects with the same or similar operating characteristics

A resource's net present value revenue requirement of the 20-year period with end effects, divided by the net present value generation.

Portfolio benefit/REC
($/MWh-REC)
Useful for comparing projects with the same or similar operating characteristics

Provides a slightly different view than the above metric by taking the portfolio benefit divided by RECs.

Levelized portfolio benefit/Unit of contribution to need ($PB/kW-yr):
Useful for comparing different capacity resource types and sizes

A project's portfolio benefit divided by the present value of the project's capacity contribution.

Additional screening metrics

Net cost/REC
($/MWh-REC)
Useful for comparing renewable projects of different sizes

Present value of the cost less the market value of the energy divided by the RECs.

Portfolio benefit ratio
Useful for comparing projects with the same or similar operating characteristics; removes size bias

Portfolio benefit divided by the net present value of the proposed revenue requirement. Allows projects of different capacities to be by eliminating bias for size.

Net cost/peak capacity credit ($/kW)
Useful for comparing cost of peak capacity credit across technologies

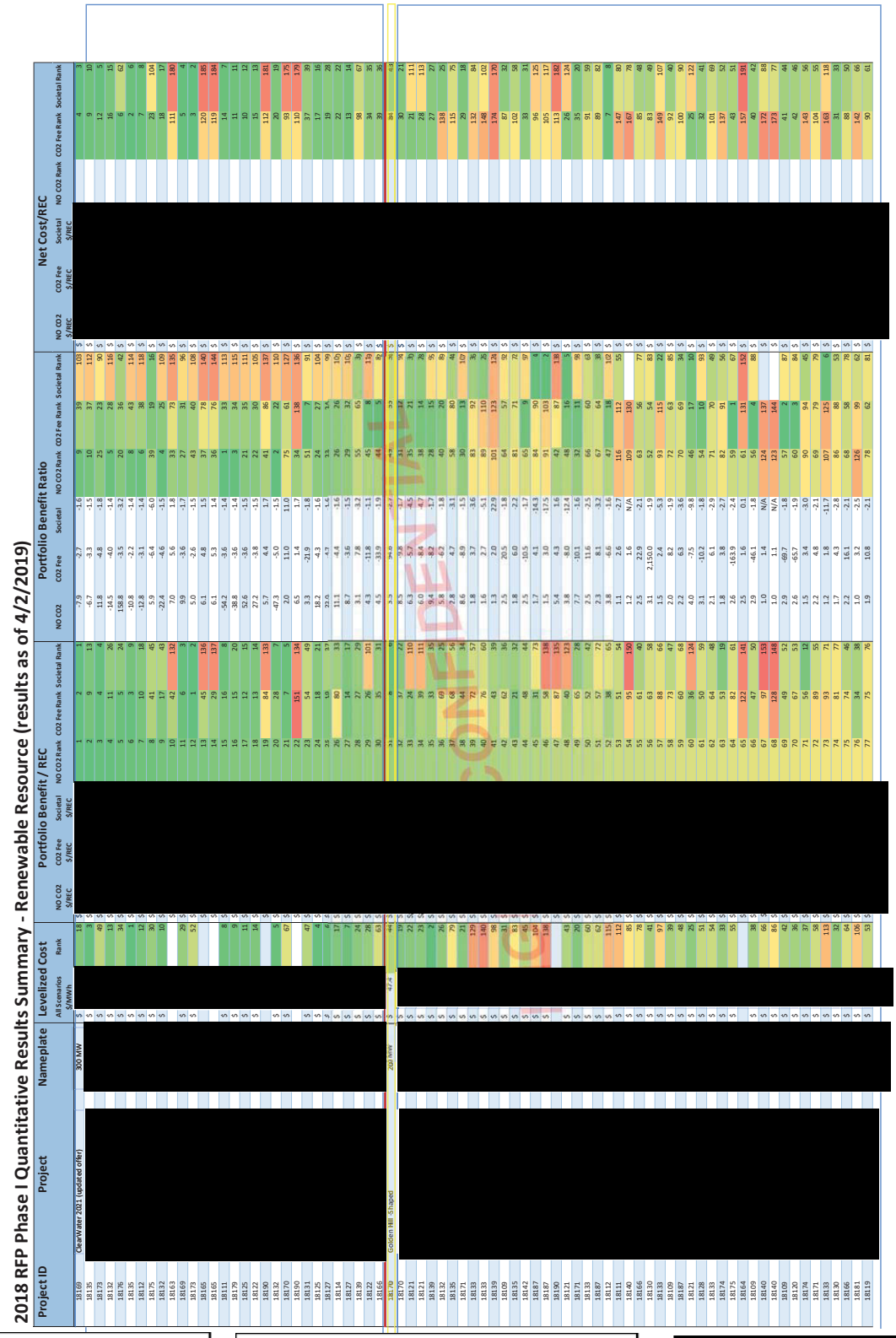
Present value of the cost less the market value of the energy divided peak capacity credit.

Phase 1 price scenarios

1. **No carbon tax** – Base case from the 2017 IRP with no carbon tax

2. **CO2 (Initiative 1631)** – Scenario 1 + $16/ton carbon price

3. **CO2 (WECC-wide social cost)** – Scenario 1 + $42/ton carbon price



2018 RFP Phase I Quantitative Results Summary - Renewable Resource (results as of 4/2/2019)

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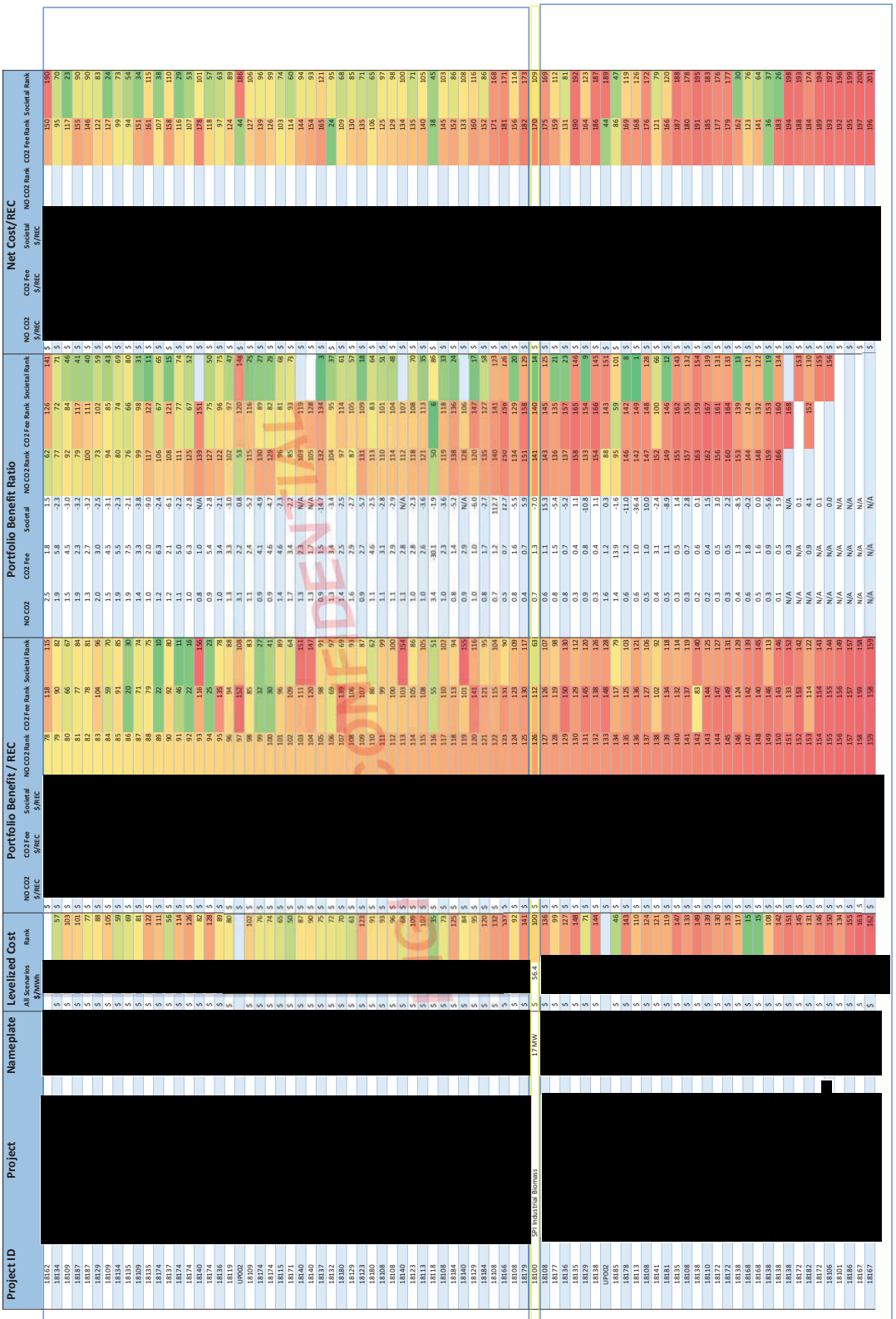

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Project ID	Project	Nameplate	Levelized Cost		Portfolio Benefit / REC								Portfolio Benefit Ratio						Net Cost/REC					
			All Scenarios $/MWh	Rank	NO CO2 $/REC	CO2 Fee $/REC	Societal $/REC	NO CO2 Rank	CO2 Fee Rank	Societal Rank	NO CO2	CO2 Fee	Societal	NO CO2 Rank	CO2 Fee Rank	Societal Rank	NO CO2 $/REC	CO2 Fee $/REC	Societal $/REC	NO CO2 Rank	CO2 Fee Rank	Societal Rank
[redacted]																								

Notes
1. Ranking color scheme: green is high ranking, red is low ranking.
2. Grayed out lines at towards the bottom of the list indicate either withdrawn proposals or proposals with fatal flaws.
3. REC only proposals have N/A value for levelized cost because this is less meaningful metric for those proposals.
4. Some proposals have N/A value for portfolio benefit. The reason is that if the portfolio benefit results in a net cost, the portfolio benefit ratio calculation breaks down and is meaningless.

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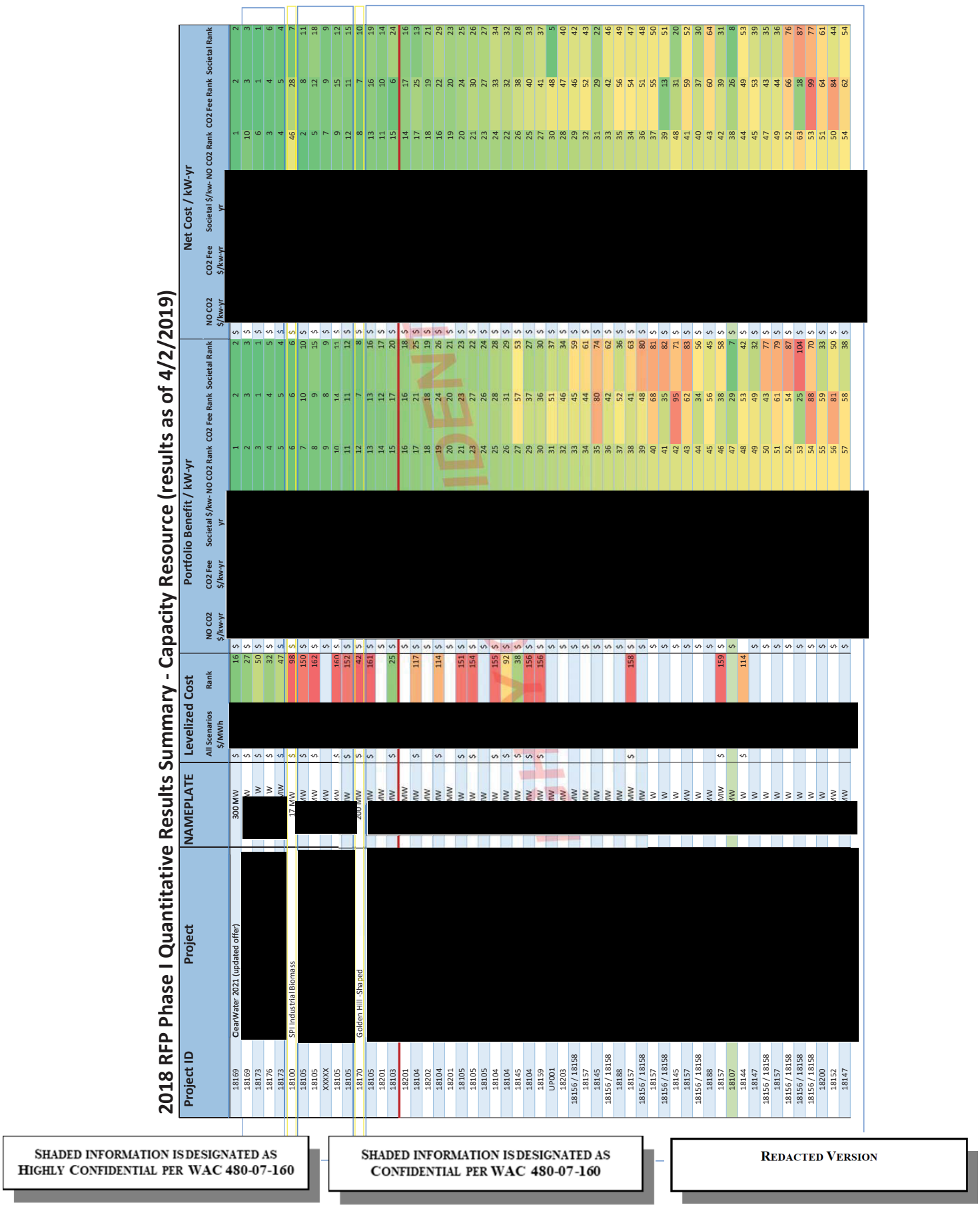

2018 RFP Phase I Quantitative Results Summary - Capacity Resource (results as of 4/2/2019)

Project ID	Project	NAMEPLATE	Levelized Cost		Portfolio Benefit / kW-yr								Net Cost / kW-yr							
			All Scenarios $/MWh	Rank	NO CO2 $/kw-yr	CO2 Fee $/kw-yr	Societal $/kw-yr	NO CO2 Rank	CO2 Fee Rank	Societal Rank	NO CO2 $/kw-yr	CO2 Fee $/kw-yr	Societal $/kw-yr	NO CO2 Rank	CO2 Fee Rank	Societal Rank
18169	ClearWater 2021 (updated offer)	300 MW	$	16	$			1	1	2	$ 2			2	1	2
18169		MW	$	27	$			2	2	3	$ 3			3	10	3
18173		W	$	50	$			3	3	1	$ 1			1	6	1
18176		W	$	32	$			4	4	5	$ 5			6	3	4
18173		MW	$	47	$			5	5	4	$ 4			4	4	5
18100	SPI Industrial Biomass	17 MW	$	98	$			6	6	6	$ 6			5	46	28
18105		MW	$	150	$			7	10	10	$ 10			10	2	8
18105		MW	$	162	$			8	9	15	$ 15			15	5	12
XXXXX		MW	$		$			9	8	9	$ 9			9	7	9
18105		MW	$	160	$			10	14	11	$ 11			11	9	15
18105		W	$	152	$			11	11	12	$ 12			12	12	11
18170	Golden Hill -Shaped	200 MW	$	42	$			12	7	8	$ 8			8	8	7
18105		MW	$	161	$			13	13	16	$ 16			16	13	16
18201		MW	$		$			14	12	17	$ 17			17	11	10
18103		MW	$	25	$			15	17	20	$ 20			20	15	6
18201		MW	$		$			16	16	18	$ 18			18	14	17
18104		MW	$	117	$			17	21	25	$ 25			25	17	25
18202		MW	$		$			18	18	19	$ 19			19	18	19
18104		MW	$	114	$			19	24	26	$ 26			26	16	22
18201		MW	$		$			20	20	21	$ 21			21	19	20
18105		W	$	151	$			21	23	23	$ 23			22	20	24
18105		W	$	154	$			23	27	22	$ 22			24	21	30
18105		W	$		$			24	26	24	$ 24			23	23	27
18104		W	$	155	$			25	28	28	$ 28			28	24	33
18104		MW	$	92	$			26	31	29	$ 29			29	22	32
18145		MW	$	38	$			27	57	53	$ 53			53	26	38
18104		MW	$	156	$			29	37	27	$ 27			27	25	40
18159		MW	$	156	$			30	36	30	$ 30			30	27	41
UP001		MW	$		$			31	51	37	$ 37			31	30	48
18203		MW	$		$			32	46	34	$ 34			32	28	47
18156 / 18158		MW	$		$			33	45	59	$ 59			34	29	46
18157		MW	$		$			34	44	61	$ 61			35	32	52
18145		MW	$		$			35	80	74	$ 74			36	31	29
18156 / 18158		MW	$		$			36	42	62	$ 62			37	33	42
18188		MW	$		$			37	52	36	$ 36			38	35	56
18157		MW	$	158	$			38	41	63	$ 63			39	34	54
18156 / 18158		W	$		$			39	48	80	$ 80			40	36	51
18157		W	$		$			40	68	81	$ 81			41	37	55
18156 / 18158		W	$		$			41	35	82	$ 82			42	39	13
18145		W	$		$			42	95	71	$ 71			43	48	31
18157		MW	$		$			43	62	83	$ 83			44	41	59
18156 / 18158		W	$		$			44	34	56	$ 56			45	40	37
18188		MW	$		$			45	56	45	$ 45			46	43	60
18157		MW	$	159	$			46	38	58	$ 58			47	42	39
18107		MW	$		$			47	29	7	$ 7			48	38	26
18144		W	$	114	$			48	53	42	$ 42			49	44	49
18147		W	$		$			49	49	32	$ 32			50	45	53
18156 / 18158		W	$		$			50	43	77	$ 77			51	47	43
18157		W	$		$			51	61	79	$ 79			52	49	44
18156 / 18158		W	$		$			52	54	87	$ 87			53	52	66
18156 / 18158		W	$		$			53	25	104	$ 104			54	63	18
18156 / 18158		W	$		$			54	88	70	$ 70			55	53	99
18200		W	$		$			55	59	33	$ 33			56	51	64
18152		MW	$		$			56	81	50	$ 50			57	50	84
18147		MW	$		$			57	58	38	$ 38			58	54	62

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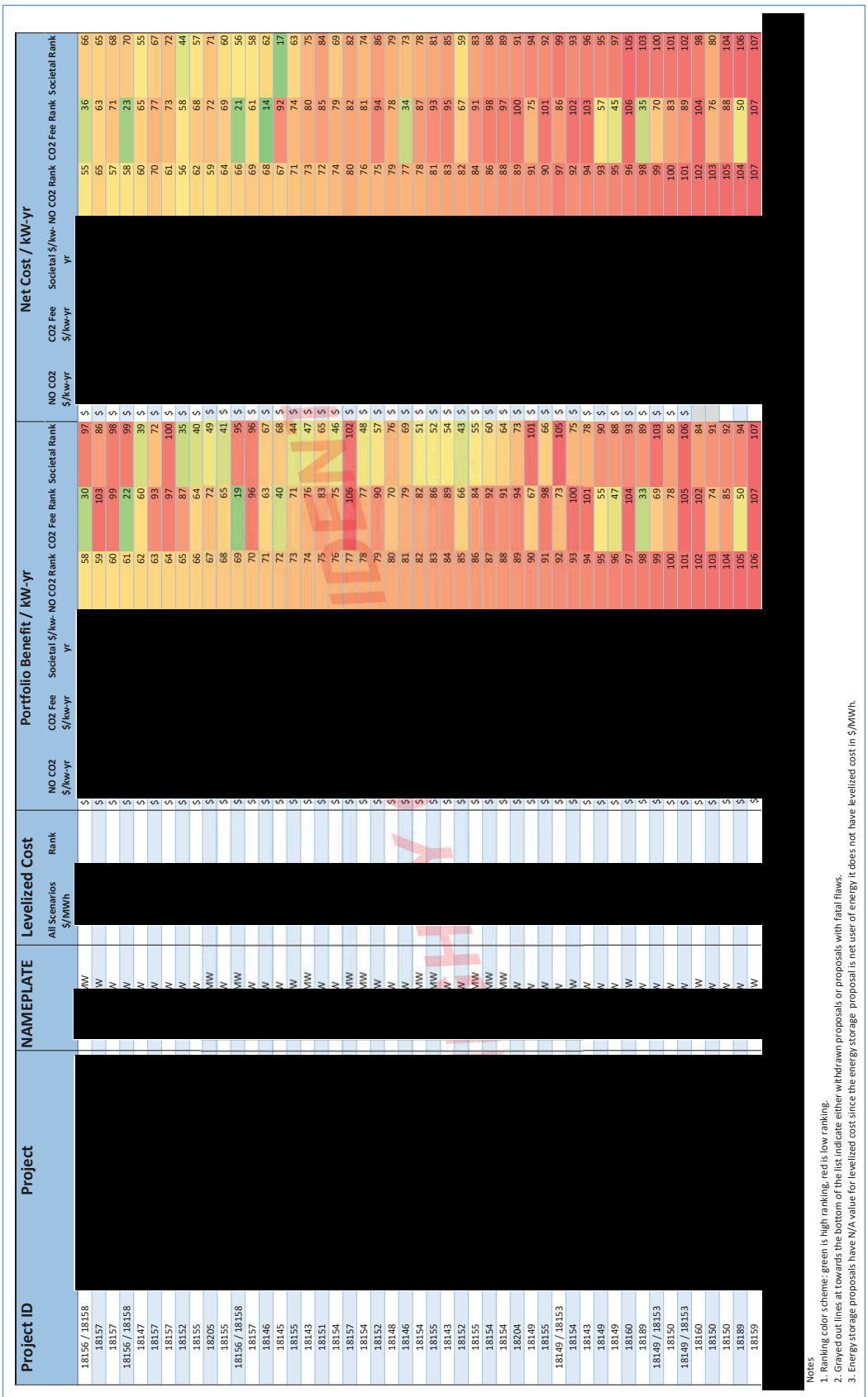
REDACTED VERSION



Project ID	Project	NAMEPLATE	Levelized Cost		Portfolio Benefit / kW-yr								Net Cost / kW-yr					
			All Scenarios $/MWh	Rank	NO CO2 $/kw-yr	CO2 Fee $/kw-yr	Societal $/kw-yr	$/kw-NO CO2	Rank	CO2 Fee	Rank	Societal	NO CO2 $/kw-yr	CO2 Fee $/kw-yr	Societal $/kw-yr	$/kw-NO CO2	Rank	CO2 Fee	Rank	Societal	Rank
18156 / 18158		MW			$				58	30	97	$					55	36		66
18157		W			$				59	103	86	$					65	63		65
18157		W			$				60	99	98	$					57	71		68
18156 / 18158		W			$				61	22	99	$					58	23		70
18147		W			$				62	60	39	$					60	65		55
18157		W			$				63	93	72	$					70	77		67
18157		W			$				64	97	100	$					61	73		72
18152		W			$				65	87	35	$					56	58		44
18155		W			$				66	64	40	$					62	68		57
18205		MW			$				67	72	49	$					59	72		71
18155		W			$				68	65	41	$					64	69		60
18156 / 18158		MW			$				69	19	95	$					66	21		56
18157		W			$				70	96	96	$					69	61		58
18146		W			$				71	63	67	$					68	14		62
18145		W			$				72	40	68	$					67	92		17
18155		MW			$				73	71	44	$					71	74		63
18143		W			$				74	76	47	$					73	80		75
18151		W			$				75	83	65	$					72	85		84
18154		W			$				76	75	46	$					74	79		69
18157		MW			$				77	106	102	$					80	82		82
18154		MW			$				78	77	48	$					76	81		74
18152		W			$				79	90	57	$					75	94		86
18148		W			$				80	70	76	$					79	78		79
18146		W			$				81	79	69	$					77	34		73
18154		MW			$				82	82	51	$					78	87		78
18155		MW			$				83	86	52	$					81	93		81
18143		W			$				84	89	54	$					83	95		85
18152		W			$				85	66	43	$					82	67		59
18155		MW			$				86	84	55	$					84	91		83
18154		MW			$				87	92	60	$					86	98		88
18154		W			$				88	91	64	$					88	97		89
18204		MW			$				89	94	73	$					89	100		91
18149		W			$				90	67	101	$					91	75		94
18155		W			$				91	98	66	$					90	101		92
18149 / 18153		W			$				92	73	105	$					97	86		99
18154		W			$				93	100	75	$					92	102		93
18143		W			$				94	101	78	$					94	103		96
18149		W			$				95	55	90	$					93	57		95
18149		W			$				96	47	88	$					95	45		97
18160		W			$				97	104	93	$					96	106		105
18189		W			$				98	33	89	$					98	35		103
18149 / 18153		W			$				99	69	103	$					99	70		100
18150		W			$				100	78	85	$					100	83		101
18149 / 18153		W			$				101	105	106	$					101	89		102
18160		W			$				102	102	84						102	104		98
18150		W			$				103	74	91						103	76		80
18150		W			$				104	85	92						105	88		104
18189		W			$				105	50	94						104	50		106
18159		W			$				106	107	107						107	107		107

Notes
1. Ranking color scheme: green is high ranking, red is low ranking.
2. Grayed out lines at towards the bottom of the list indicate either withdrawn proposals or proposals with fatal flaws.
3. Energy storage proposals have N/A value for levelized cost since the energy storage proposal is net user of energy It does not have levelized cost in $/MWh.

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REDACTED VERSION

2018 RFP – Executive Summary*

Quantitative results are on pages 8-12 herein.

Candidate Short List: Proposals selected for Phase 2 optimization and due diligence (organized alphabetically by project name)

Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18100 **SPI Burlington Biomass** Sierra Pacific Industries Power Purchase Agreement ("PPA") Operational Biomass 17 MW nameplate Commercial Operation Date ("COD"): 01/01/2021 17 years capacity		• Relatively inexpensive • REC producing • Proportionally high contribution to the capacity need. • Existing operational site • Interconnected with PSE system • Minimal risks all-around	• Sierra Pacific Industries is a privately held company so less financial information is available than if it had been public	**Selected -** The RFP team recommends this project proceed to the next phase of the 2018 all-resource RFP due to the high levelized portfolio benefit over renewable energy credit ("REC") ranking, and due to the relatively high levelized portfolio benefit over kilowatt year ranking and low qualitative risks.
18103 [redacted] Capacity Tolling Agreement ("CTA") or Asset Transfer Operational Combined Cycle [redacted] MW** or [redacted] MW Start: 06/01/2022 Term: 10 year (PPA)		• Second least expensive thermal proposal currently in RFP • Existing operational site (rather than new build) • Strong presence in the community • Expansion opportunity on adjacent land	• Would likely be impacted by carbon legislation currently being considered in Olympia • Given the ongoing social controversy surrounding greenhouse gas ("GHG"), including the contribution to climate change from the local natural gas system and electric generation, there would likely be considerable reputational risk. • Is not clear whether there is firm gas transport to plant, which would be required to count as a capacity resource	**Selected -** The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.

**This matrix summarizes key findings from PSE's Phase 1 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Some proposals contain multiple offers. The quantitative results shown in the table represent the best offer from each proposal in the no CO2 scenario. PSE also considered*
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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18105 [redacted] CTA** and Build to Sell ("BTS") [redacted] Thermal Expansion [redacted] MW** or [redacted] MW COD: 01/01/2022 5, 15, and 20** year term		• Least expensive thermal proposal in RFP • Expansion of existing site rather than a new thermal facility. • Technology is relatively site-agnostic and can potentially be designed to integrate with other sites. • [redacted] MW proposal could likely be facilitated with firm gas supply with existing facilities.	• Air permit path is complex and possibly not feasible. • The likely-to-be-required air permit modification could bring more operational constraints for the existing generation units. • PSE will experience significant resistance from local governments, local stakeholders, environmental stakeholders, and native tribes for expansion of the company's thermal generation portfolio. • Given the ongoing social controversy surrounding greenhouse gas ("GHG"), including the contribution to climate change from the local natural gas system and electric generation, the proposed schedule and general project feasibility seem to be in question.	**Selected -** The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18107 [redacted] PPA Operational Hydro [redacted] MW start: 1/1/2021 (assumed) Term: 20 year (assumed)		• Existing operational site (rather than new build) • Clean energy (although not Renewable Portfolio Standard ("RPS") compliant) • Run-of-river hydro can be less environmentally impactful than standard hydro Little to no permitting or real estate risk due to current operational status	• Not RPS complaint (although clean energy) • Proposal is missing important details regarding pricing, term length, term, etc. • Although PSE has worked with this counterparty before, possible risks remain	**Selected -** The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18111 [redacted] PPA** or BTS Development solar Solar: [redacted] MWac COD: 12/31/2022 Term: 20 year (PPA)		• Relatively high quantitative score for solar project • Strong counterparty with extensive renewable energy development experience with existing contractual relationships with PSE • Site control has been achieved • Permitting status is sufficient at this stage • Located on PSEs system in [redacted] County avoids community concerns in [redacted] County	• While on PSE's system, complex delivery due to available transmission capacity ("ATC") constrains in area. Delivery is possible to Mid-C however may be difficult given projects proximity to the [redacted] substation	**Selected – T**he RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.

**This matrix summarizes key findings from PSE's Phase 1 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Some proposals contain multiple offers. The quantitative results shown in the table represent the best offer from each proposal in the no CO2 scenario. PSE also considered*
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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18112 [redacted] PPA** and Optional Energy Storage System Development solar Solar: [redacted] MWac** Storage: [redacted] MWh / [redacted] MW / 2 HR COD: 12/31/2022 Term: 25 year		• Developer has solar development experience (primarily on a smaller scale) • Located on PSE's system [redacted] County avoids community concerns in [redacted] County	• Developer has primarily small scale solar development experience and no experience in the northwest • Project acreage appears to be too small for proposed nameplate capacity • Permitting information provided is insufficient • While on PSE's system, complex delivery due to ATC constrains in area. Delivery is possible to Mid-C	**Not selected -** The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18114 [redacted] PPA Solar Generation [redacted] MW_{AC} COD: Q4 2020 20 year term		• [redacted] s assessed to be a relatively strong parent company • Site as proposed doesn't have major implications on agricultural land • Long-term site control is secured	• Need specifics on parent company support, or financing otherwise • Solar facilities are under contention in [redacted] County • Permitting will require a transfer of an Energy Facility Site Evaluation Council ("EFSEC") permit, which will bring a viability and reputation risk to the project and PSE • Transmission and energy delivery may be overly expensive or otherwise not feasible	**Selected –** The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18122 [redacted] PPA**, Optional Energy Storage System Development Wind [redacted] MW_{AC}** & [redacted] MW 1 Hr Energy Storage System COD: 12/31/2022 20 year term		• Large counterparty and promise of guaranty from an investment grade entity, a letter of credit, or cash. • Relatively inexpensive solar energy with potential for battery storage. • Long-term site control is secured	• Energy delivery has been left to PSE and appears to be complicated, and might pose a feasibility risk • Significant viability issues delivering to PSE • Solar development not positively looked at in this area • Site may block the view of a local real estate development.	**Selected –** The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.

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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18125 [redacted] PPA Development Solar [redacted] MW_{AC} COD: 10/31/2022 Term: 15 year or 20 year**		• Strong counterparty with extensive renewable energy development experience • Site control appears to be more than adequate given proposed size of project	• While on PSE's system, complex delivery due to ATC constrains in area. Delivery is possible to Mid-C • Site permitting is in a relatively early state of development • Minimal information provided regarding community relations and or support	**Selected –** The RFP team recommends this project proceed to the next phase of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over renewable energy credit ("REC") ranking.
18127 [redacted] PPA Development Solar [redacted] MW_{AC} COD: 12/31/2022 Term: 15 year or 20 year**		• Extensive solar energy development experience including having developed, currently owning and operating [redacted] solar project in Washington State. • Location on existing project site may provide economy of scale in development and operation of project. • County has expressed support in the project	• May be siting concerns given proximity to wind turbines with required setbacks • Assumes use of [redacted] with current [redacted] landowners • CUP required to permit project	**Selected –** The RFP team recommends this project proceed to the next phase of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over renewable energy credit ("REC") ranking.
18131 [redacted] PPA** or BTS Development Wind [redacted] MW** or [redacted] MW COD: 12/1/2022 25 year term		• Credit support in the form of a parent guarantee, letter of credit, or cash • Long-term site control secured • Permitting likely to meet proposed timeline • Community relations plan was strong when compared to other proposals	• Less experience when compared to other counterparties • [redacted] MW option would possibly run into available transmission capacity issues • [redacted] tribe may request compensation from project	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.

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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18132 [redacted] PPA** Development Wind**, Solar, Energy Storage System [redacted] MW** COD: 01/01/2021 Term: 20 year		• Strong counterparty with extensive renewable energy development experience • Wind is an existing site, therefore little concern for site control or community relations	• May be concern for permitting required for a repower • Mid-C delivery negates any capacity value brought by the Energy Storage System Option • Repowered project may not create as much excitement given the lack of an incrementally new project	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18135 [redacted] PPA** or BTS Development Solar [redacted] MW** or [redacted] MW Solar Optional [redacted] MW 4 Hr Energy Storage System COD: 12/1/2022 20 year term PPA		• Large counterparty with experience all over the world • Letter of intent with an option to lease has been signed	• Minimal detail regarding creditworthiness or financing was included in the proposal • Transmission directly to PSE appears to be overly expensive or infeasible. Mid-C delivery with no contribution to peak capacity is likely the best offer configuration • Permitting plan is underdeveloped	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18139 [redacted] PPA Development Solar [redacted] MW Solar with optional [redacted] MW** or [redacted] MW 1.82 Hr Energy Storage System COD: 12/31/2022 10 year term PPA		• Large multi-national counterparty with greater-than-average renewable development experience	• Site control not-yet secured, and no indication of pending agreement was provided • Energy delivery has been left to PSE and appears to be complicated, and might pose a feasibility risk • Permitting process has not yet begun, and presents minimal evidence that they have the ability to identify and secure all permits • Community relations was not covered sufficiently, and tribal support may be required	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.

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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18163 [redacted] REC purchase Underlying solar projects [redacted] RECS per year Start of term: 1/1/2022 18 year term		• Minimal risk regarding underlying projects • Interconnection at distribution voltage dictates that each as-generated MWh produce two Washington State RECs.	• Little detail regarding underlying solar facilities	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18165 [redacted] REC purchase Underlying solar project [redacted] RECS per year Start of term: 1/1/2022** or 2024 16 or 18** year term		• Minimal risk regarding underlying project	• Little detail regarding underlying solar facility	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18166 [redacted] Developmental Asset Sale ("DAS"), BTS, or PPA** Development Wind [redacted] MW COD: 12/1/2020, 2021, or 2022** 25 year term		• Long-term site control established	• Significant concerns regarding the counterparty's ability to develop, finance, and construct the facility • Relatively small counterparty with inconclusive rights to the project's developmental assets • Timing of project is contingent on BPA infrastructure upgrades to enable transmission capacity • Project owner, [redacted] seemed uninterested in furthering project development via first-hand experience at [redacted] public hearing • Timeline as-proposed is likely not feasible and pricing is likely contingent on timing due to PTC safe harbor	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.

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****Indicates primary ranking criteria for particular proposal category.*

Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
[redacted] PPA** or 50% Ownership + PPA Development Wind [redacted] MW** or [redacted] MW COD: 12/31/2020 or 2021** 20 or 25** year term		• Relatively cost efficient way to meet REC and contribution to peak capacity need • Large and experienced counterparty • Site control is reportedly achieved, but supporting documentation was not included in proposal • Public has been notified of the project as a [redacted] MW facility • Shape of wind based on 6 operating MET towers appears to fit well with PSE's needs	• Minimal experience in the Pacific Northwest • Large generation-tie transmission line is required • There is a potential issue with sage grouse habitat	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18170 **Golden Hills Wind** Avangrid Renewables PPA, PPA-shaped**, BTS Development Wind 200 MW** COD: 12/1/2020** Term: 20 year**		• Strong counterparty with extensive renewable energy development experience with existing contractual relationships with PSE • Shaped product offers capacity contribution during peak winter months • Likely low risk to real estate given advanced level • Permitting well advanced with Oregon Energy Facility Siting Council ("EFSC") permit application already amended	• Complex energy delivery will require additional vetting • Complexity of shaped product will require additional vetting	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18173 [redacted] PPA** Development Wind [redacted] MW or [redacted]* MW COD: 10/31/2022** Term: 20**		• Strong counterparty with extensive renewable energy development experience • May only need single landowner which would indicate little real estate challenges • Favorable state support, however local level of support unknown	• Possibly require DNRC land which could complicate site control and permitting • Permitting is relatively early in development, however there may be concerns for meeting scheduled COD • Use of Colstrip Transmission System is under ongoing review, however may be problematic	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.

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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
[redacted] PPA, BTS, or WSPP Shaped** Development Wind [redacted] MW COD: 10/1/2020 25 year term		• Long-term site control is secured • Western Systems Power Pool ("WSPP") schedule C delivery is a unique value	• Counterparty and financing details will require data requests • Energy delivery has been left to PSE and appears to be complicated, and might pose a feasibility risk • Mid-C delivery will likely be necessarily, which would negate a contribution to peak capacity • Permitting plan seems either underdeveloped or underrepresented in the proposal • Outreach plan is underdeveloped	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18176 [redacted] PPA** Development Wind [redacted] MW** or [redacted] MW COD: 12/31/2022 Term: N/A		• Indications of strong local, state and environmental support • Potential to partner with a local Native American tribe • Located near [redacted] and in the same County ([redacted]) • Counterparty has indicated a plan to partner and/or otherwise engage an experienced renewable energy developer on the project	• Counterparty does not have experience designing, financing, building, owning or operating a large scale renewable or other energy projects • Use of [redacted] is under ongoing review, however may be problematic • Additional detail needed regarding the real estate and permitting considerations necessary for the site	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
18179 [redacted] PPA**, BTS Development Wind [redacted] MW** COD: 12/31/2021 Term: 20 year		• Strong counterparty with extensive renewable energy development experience • Real estate appears adequate and relatively low risk • Project sizing has been altered in order to address some local viewshed concerns	• History of considerable local and County level opposition to the project • Counterparty bypassed the County permitting process by pursing permit approval through the state's EFSEC process	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.

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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18190 [redacted] REC Offer [redacted] Underlying proposed solar facilities [redacted] RECs / year COD: 01/01/2022 12, 15**, or 20 years		• Inexpensive RECs • Site control is secured • EFSEC projects have been approved by Governor Inslee	• Realizing full REC-output of underlying projects is unlikely due to interconnection issues • [redacted] is currently in litigation with PSE over interconnection issues with the underlying projects • [redacted] County opposes the EFSEC decision and has applied for judicial review • Major feasibility concerns with some of the underlying projects, and schedule concerns for all • Projects sited in commercial agricultural land and many stakeholders in the County oppose development on these lands	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking. .
18201 [redacted] Direct load control Bring your own thermostat, smart water heater [redacted] MW COD: 1/1/2023 Term: 6 years		• Industry leader by Navigant study • 2016 PSE Demand Response ("DR") RFP finalist • Itron manages all program implementation • Strong financial, WA based • The [redacted] W option makes it a small scale project to test out	• No convincing reason provided to suggest a ramp up in DR deployment just in a year in 2023	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.
XXXXX [redacted] N/A Transmission Redirect [redacted] MW**, [redacted] MW COD: 01/01/2022 Term: 55 year book life		• If feasible, redirect to Mid-C would provide a strong capacity resource	• Increased exposure to market prices (for redirect to Mid-C) • Ambiguity regarding how much redirect is possible to Mid-C [redacted] MW assumed), therefore how much would be required to redirect elsewhere on BPAs system • If greater than [redacted] MW were to be redirected, the amount above [redacted] MW would have to redirect to another PSEI node, e.g. PGE, etc. Source of energy at second redirect point unknown	**Selected** – The RFP team recommends this project proceed to the next of the 2018 all-resource RFP due to the relatively high levelized portfolio benefit over kilowatt year ranking.

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****Indicates primary ranking criteria for particular proposal category.*

Resources eliminated during the Phase 1 screening (organized alphabetically by project name)

Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18101 [redacted] PPA Operating Biomass [redacted] MW Start of Term: 07/01/2021 7.25 Year Term		• The project is already operational, and therefore has viability issues largely solved • Transmission and energy delivery options seem viable on initial review	• Local community is fairly charged and might lump this project in with the nearby [redacted] facility in their protests, even though it is a REC generating facility	**Not selected -** The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18102 [redacted] PPA Proposed Biomass [redacted] to [redacted] MW Start of Term: 01/01/2022 Unknown term duration		• Site control is allegedly secured via reserved land on existing property	• Most qualitative details required to be addressed in the 2018 RFP, including counterparty, permitting, energy delivery, and community relations were not adequately covered in the proposal	**Not selected –** The RFP team does not recommend this project to proceed to Phase 2 of the 2018 RFP due to a significant lack of detail in the proposal that resulted in the inability to analyze the proposal on a quantitative or qualitative basis.

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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18104 [redacted] CTA, 50%** or 100% Asset Sale, or HRCO Operating CC Thermal Plant [redacted] MW to [redacted] MW Start of Term: 01/01/2022 3 to 10 Year Term		• This was one of two already-operating thermal facilities proposed into the 2018 RFP • Large counterparty and promise of guaranty from an investment grade entity, a letter of credit, or cash • Counterparty has strong renewable energy portfolio • Site control and permitting should not represent issues to PSE or Invenergy	• Heat rate call option ("HRCO") at [redacted] MMBTU represents a poor value requiring significant additional pipeline capacity • Energy delivery is expensive and complex • Singing a new deal with a thermal resource represents a potentially significant reputational risk with governmental agencies, NGOs, activists, as well as typical energy consumers • Combined cycle turbine starts up slower than other thermal proposals • Ownership would likely involve significant facility upgrades not included in phase 1 quantitative analysis	**Not selected -** The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking as well as the potentially significant reputational risk with signing a new long-term agreement with a thermal generation resource.
18106 [redacted] PPA** Development Geothermal [redacted] MW** COD: 09/01/2021** Term: 20 year**		• Geothermal asset may provide clean capacity product	• May not qualify for Washington State RPS due to location in Nevada, relatively far away from Washington.	**Not selected -** The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking as well as feasibility concerns regarding Transmission and Energy Delivery.
18108 [redacted] PPA Developmental Solar [redacted] MW Solar* and optional [redacted] MW 4 Hour Energy Storage System COD: 12/15/2022 15 or 20* year term		• [redacted] is an experienced renewable energy developer, specifically in the solar production • Seller promises letter of credit and has experience obtaining financing with many major banks and financial institutions • Permitting timeline seems feasible for COD, but not for the proposed start of construction	• Site control is not established, and presents a feasibility risk to the project since the land is being sold via auction • Transmission capacity to PSE's system will likely be contingent on a BPA cluster study, with the results presenting a cost and feasibility risk • Solar proposals in [redacted] County present some reputational risk • [redacted] MW capacity seems to facilitate Public Utility Regulatory Policies Act ("PURPA") considerations	**Not selected –** The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking as well as feasibility concerns regarding Transmission and Energy Delivery.

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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18109 [redacted] PPA Developmental Solar [redacted]MW Solar* and optional [redacted]MW 4 Hour Energy Storage System COD: 12/15/2022 15 or 20* year term		• [redacted] is an experienced renewable energy developer, specifically in the solar production • Seller promises letter of credit and has experience obtaining financing with many major banks and financial institutions • Long-term site control is achieved • Permitting timeline seems feasible	• Transmission capacity to PSE's system will likely be contingent on a BPA cluster study, with the results presenting a cost and feasibility risk • [redacted]MW capacity seems to facilitate PURPA considerations	**Not selected –** The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking as well as feasibility concerns regarding Transmission and Energy Delivery.
18110 [redacted] BTS or DAS Developmental Solar [redacted]MW Solar* and optional [redacted]MW 4 Hour Energy Storage System COD: 12/15/2022 15 or 20* year term		• Long-term site control is achieved	• Counterparty has minimal project development and construction experience • Project financing plan has very minimal detail • Expensive energy delivery to PSE or Mid-C due to available transmission capacity limitations • Minimal detail in community relations plan • Solar proposals in [redacted] County present some reputational risk	**Not selected –** The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18113 [redacted] PPA** Developmental Solar [redacted]MW** COD: 12/31/2022** 15** or 20 year term		• Extensive solar energy development experience including having developed, currently owning and operating [redacted] solar project in Washington State. • Site control has been achieved • ODOE certificate secured	• Complex delivery to PSE requires multiple transmission legs at additional cost	**Not selected –** The RFP evaluation team does not recommend [redacted] proposal for phase 2 consideration in the 2018 All Resource RFP due to its low quantitative score.

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18115 [redacted] Developmental Solar [redacted] MW COD: 12/31/2022 20 year term		• Large counterparty and promise of guaranty from an investment grade entity, a letter of credit, or cash • Long-term site control is secured for a wind project, and can likely be altered to allow for Solar development	• Solar energy in Montana does not appear to provide the same cost efficiency, net capacity factor, or contribution to peak capacity when compared to the larger wind projects in the region • Energy delivery has been left to PSE and will be infeasible or expensive • Minimal details regarding a permitting plan of action	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
[redacted] PPA Development Solar [redacted] MW COD: 12/1/2022 20** or 25 year term		• This proposal was removed from consideration by the developer on January 11th 2018.	• This proposal was removed from consideration by the developer on January 11th 2018.	**Not selected –** This proposal was removed from consideration by the developer on January 11th 2018.
[redacted] 15-yr/20-yr PPA, Development Wind Up to [redacted] MW COD: 1/1/2021 Term:		• Project was [redacted] nd withdrawing from the 2018 All-Resource RFP	• Project was [redacted] and withdrawing from the 2018 All-Resource RFP	**Not selected -** [redacted] and withdrawing from the 2018 All-Resource RFP

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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18118 [redacted] PPA Developmental Solar [redacted] MW COD: 12/31/2022 20 year term		• Large counterparty and promise of guaranty from an investment grade entity, a letter of credit, or cash • Long-term site control has been secured via land leases • Permitting has been largely secured via Oregon EFSC in February 2018	• Long-point to point transmission is unlikely to be feasible • Lack of cohesive community relations plan coupled with EFSC permit presents some reputational risk to the project and to PSE	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18119 [redacted] PPA Developmental Solar [redacted] MW Solar with Optional [redacted] MW 1 Hr Energy Storage System COD: 12/31/2022 20 year term		• Large counterparty and promise of guaranty from an investment grade entity, a letter of credit, or cash • Long-term site control for the project is achieved • While energy delivery was largely left to PSE, on initial review, it appears to be feasible	• Generation-tie line still requires land-use rights • Relatively insufficient permitting plan • Potential issues with proximity to nearby airport • Minimal details regarding a community relations plan	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18120 [redacted] PPA Developmental Solar [redacted] MW COD: 12/31/2022 20 year term		• Large counterparty and promise of guaranty from an investment grade entity, a letter of credit, or cash • Long-term site control appears to be obtained imminently, however, minimal detail was included in the proposal	• BPA transmission would require significant network upgrades which indicate cost and schedule risk • Relatively insufficient permitting plan • Minimal details regarding a community relations plan	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18121 [redacted] PPA Developmental Solar [redacted] MW COD: 12/1/2022 20** or 25 year term		• Letters of intent have been signed with potential lessors, and there should be plenty of time to finalize lease agreements • Community relations plan appears to be adequate	• [redacted] proposals into the 2018 RFP were withdrawn due to infeasibility in January 2018 • Transmission plan is undeveloped and reliant on PSE being a network customer of BPA, which is not and will not be the case • Permitting plan is relatively insufficient and underdeveloped • Recent fires in this area, in close proximity to Interstate 90, presents a risk to the ongoing operation of the site	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
[redacted] PPA Developmental Solar + Energy Storage System [redacted] MW Solar & optional [redacted] or [redacted] MW, 2, 4**, 6 Hr Energy Storage System COD: 10/31/2022 20** or 25 year term		• Apparently strong counterparty with extensive experience in the development, construction, and operation of renewable generation • Site control projected to be achieved by Q2 2019	• Generation-tie line not included in proposed site control • Interconnection queue position was described in the proposal, but could not be confirmed by RFP team • Relatively insufficient information provided in the proposal • [redacted] County generally interested in renewables, including solar, but some nearby communities have opposed development	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18124 [redacted] Operating Status & Offer PPA Development Solar [redacted]** MW or [redacted] MW COD: 12/1/2022 20** or 25 year term		• This proposal was removed from consideration by the developer on January 11th 2018.	• This proposal was removed from consideration by the developer on January 11th 2018.	**Not selected –** This proposal was removed from consideration by the developer on January 11th 2018.

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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18126 [redacted] PPA Development Solar [redacted]** MW or [redacted] MW COD: 12/1/2022 20** or 25 year term		• This proposal was removed from consideration by the developer on January 11th 2018.	• This proposal was removed from consideration by the developer on January 11th 2018.	**Not selected –** This proposal was removed from consideration by the developer on January 11th 2018.
18128 [redacted] PPA**, Optional Energy Storage System Development solar Solar: [redacted] MWac** Storage: [redacted] MWh / [redacted] MW / 2 HR COD: 06/01/2022 Term: 25 year		• Location in [redacted] relatively favorable location within the county. • Real estate appears to be of an advanced stage and sufficient for proposed project size	• Counterparty solar experience exclusively small scale. • While on PSE's system, complex delivery due to ATC constrains in area. Delivery is possible to Mid-C • Developer withholds the rights to pursue state EFSEC permitting process, which would circumvent the county/local concerns, possibly engendering local hostility to the project	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18129 [redacted] PPA** Development Solar [redacted] MWac** COD: 01/01/2021 or 01/01/2023** Term: 15 or 20** year term		• Developer appears to have experience in the solar industry developing utility scale solar projects • Relatively advanced stage of permitting with comprehensive permitting matrix provided by developer • Real estate appears to be more than sufficient for the proposed project size	• Proposed plan for energy delivery includes multiple transmission segments that would be costly	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18130 [redacted] PPA Development Solar + Energy Storage System [redacted]MW Solar & [redacted] MW 4 Hr Energy Storage System COD: 12/15/2022 15 or 20** year term		• [redacted] is an experienced renewable energy developer, specifically in the solar production • Seller promises letter of credit and has experience obtaining financing with many major banks and financial institutions	• Long-term site control is not yet obtained • A BPA cluster study will likely be required to fixed point to point delivery to PSE's system, which brings cost and schedule variability • Permitting progress has not yet begun as of the date of proposal submission • Nameplate o[redacted] MW, a multiple of [redacted]MW, indicates developer consideration for PURPA eligibility	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking as well as feasibility concerns regarding Transmission and Energy Delivery.
18133 [redacted] PPA Development Solar + Energy Storage System [redacted]MW Solar & [redacted]** or [redacted]MW, 2** or 4 Hr, Energy Storage System COD: 12/15/2022 15 or 20** year term		• Experienced renewable developer, especially with wind assets • Project expected to be financed on balance sheet • Long-term site control is achieved	• Proposed energy delivery plan is potentially not feasible, or overly expensive • Community relations was not covered in the proposal	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18134 [redacted] PPA Development Solar [redacted]MW COD: 1/1/2023 20 year term		• Financial support through [redacted] and other long-term debt partners • Long-term site control is not yet achieved, but is reportedly close	• [redacted] only has moderate renewable development, construction, and operational experience • Energy delivery plan as proposed is likely infeasible, and transmission will need to be wheeled through BPA and Mid-C • Community relations was not sufficiently covered in the proposal and solar development in [redacted] County is currently unpopular	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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REDACTED VERSION

Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18136 [redacted] PPA Development Solar + Energy Storage System [redacted] or [redacted] MW Solar & [redacted] or [redacted]* MW, 4 Hr Energy Storage System COD: 9/31/2022 20 year term		• Long-term site control is achieved	• [redacted] is a newer company with minimal construction and operational experience • Transmission left to PSE (busbar delivery) and will likely route to Mid-C, removing any contribution to capacity • Relatively immature permitting plan • Community relations was not covered in the proposal	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
[redacted] PPA Development Solar + Energy Storage System [redacted] or [redacted] MW Solar & [redacted] or [redacted]** MW, 4 Hr Energy Storage System COD: 9/31/2022 20 year term		• Long-term site control is achieved	• [redacted] is a newer company with minimal construction and operational experience • Transmission left to PSE (busbar delivery) and will likely route to Mid-C, removing any contribution to capacity • Relatively immature permitting plan • Community relations was not covered in the proposal	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking as well as insufficient progress and level of detail provided when compared to other proposals in the RFP, especially regarding Transmission and Energy Delivery.
18138 [redacted] PPA Development Solar + Energy Storage System [redacted]** or [redacted] MW Solar & [redacted] MW, 2**, 4, or 6 Hr Energy Storage System COD: 3/31/2022 20 year term		• Long-term site control is achieved • Significant efforts identifying and securing State and Federal permits	• [redacted] is listed as a primary partner to [redacted] and [redacted] has had ongoing issues meeting construction schedule commitments with an in-construction wind farm [redacted] • Solar energy in Montana does not appear to provide the same cost efficiency, net capacity factor, or contribution to peak capacity when compared to the larger wind projects in the region • Minimal time has apparently been spent regarding local County permits • Community relations was not covered in the proposal	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18140 [redacted] PPA Development Solar + Energy Storage System [redacted] MW Solar & [redacted] MW 4 Hr Energy Storage System COD: 12/15/2022 15 or 20** year term		• [redacted] is an experienced renewable energy developer, specifically in the solar production • Seller promises letter of credit and has experience obtaining financing with many major banks and financial institutions • Long-term site control has been secured • [redacted] but relatively comprehensive, community relations plan	• Transmission capacity to PSE's system will likely be contingent on a BPA cluster study, with the results presenting a cost and feasibility risk • The permitting plan is not far along and there are potential schedule issues with the permitting as proposed	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18141 [redacted] PPA** Development Solar + Energy Storage System [redacted] MW Solar** [redacted] MW / [redacted] MWh / 4 Hr Energy Storage System** COD: 9/30/2022** Term: 25 year**		• Located on [redacted] location may ease development efforts • Developer has experience in the region [redacted] • Purchase option (pricing undefined) offers some flexibility for asset purchase	• Developer does not provide much financial information therefore financial credit worthiness is difficult to assess. • Not apparent what value project brings with use of existing [redacted] • Little permitting work has been completed • Use of [redacted] transmission may be problematic and/or crowd out a future wind expansion at the site.	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18142 [redacted] PPA Development Solar + Energy Storage System [redacted] or [redacted] MW Solar & [redacted] or [redacted] MW, 4 Hr Energy Storage System COD: 9/30/2022 20 or 25** year term		• Large publically traded counterparty with strong financial performance and much experience in renewable development, construction, and operation • Project would be financed on balance sheet • Long-term site control is not yet achieved as of the proposal submission, but indications were that it would occur soon	• There is apparently insufficient transmission capacity to secure firm point-to-point capacity • Energy delivery plan as proposed requires PSE to be a network customer with BPA, which is not and will not be the case • Permitting will require amendments, and not enough specifics on the plan was included in the proposal • There was a relatively low amount of detail provided regarding the community relations plan	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18143 [redacted] BTS Development Energy Storage System [redacted] MW, 2** or 4 Hr Lithium Ion or [redacted] MW, 4 or 6 Hr Flow Energy Storage System COD: 12/31/2020		• Long-term site control secured • [redacted] is a Seattle-based company that should be able to engage the local community effectively	• Similar to every other stand-alone Energy Storage System proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Newer developer who recently lost a court battle [redacted] regarding PURPA eligibility • Site is in a location that has medium risk for gopher indicator soils, which has caused issues for PSE in the past	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
[redacted] CTA Development Energy Storage System [redacted] MW, 4 Hr Lithium Ion Energy Storage System COD: 12/31/2021 10 or 20** year term		• Large counterparty and promise of guaranty from an investment grade entity, a letter of credit, or cash • Site is on [redacted] land	• Similar to every other stand-alone Energy Storage System proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Transmission queue position with PSE has not yet been applied for • Firm available transmission capacity is likely not obtainable • Permitting process is relatively immature • Community relations was not covered in proposal	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18145 [redacted] CTA or BTS Development Energy Storage System [redacted] MW, 2** or 4 Hr, Li-Ion Energy Storage System COD: 12/31/2021 20 year term		• Large counterparty and promise of guaranty from an investment grade entity, a letter of credit, or cash	• Similar to every other stand-alone Energy Storage System proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Long-term site control is not secured • Site appears to be part of an active gravel pit • Permitting process is early in development • Community relations is not discussed in proposal	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.

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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18146 [redacted] CTA or BTS Development Energy Storage System [redacted]MW, 4 Hr, Li-Ion Energy Storage System COD: 09/30/2022 20 year term		• Large multinational counterparty with experience in renewable and green power • Strong financial performance and credit rating, and project would be financed on balance sheet	• Similar to every other stand-alone Energy Storage System proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Long-term site control is not yet secured • Project is not yet in transmission queue, and would likely require significant network upgrades • Community relations plan is lacking and is very necessary as the site is located in a commercial and industrial load center of PSE's service territory	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18147 [redacted] CTA Development Energy Storage System [redacted] or [redacted]** MW, 4 Hr Li-Ion Energy Storage System COD: 09/30/2022 10 year term		• Not applicable	• Similar to every other stand-alone Energy Storage System proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • [redacted] is a newer company with minimal construction and operational experience • Site control has not yet been obtained • Project is not yet in transmission queue • Permitting for site is immature • Community relations was not addressed in proposal and will be required as the site is in a major suburban load center in PSE's service territory	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18148 [redacted] CTA or BTS** Development Energy Storage System [redacted]MW / [redacted]MWh / 2 hr Energy Storage System ** COD: 08/01/2022** Term: 20 year (CTA)**		• Extensive solar energy development experience including having developed, currently owning and operating [redacted] solar project in Washington State. • Strong management team, with storage experience • Location on existing [redacted] may provide economy of scale in development and operation of project. • Would be located on [redacted] property	• May be siting concerns given proximity to wind turbines with required setbacks • There may be permitting concerns at this location. • Relatively low risk regarding community engagement; optics would fit well at location given the existing [redacted]	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.

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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18149 [redacted] CTA** or BTS Development Energy Storage System [redacted] or [redacted]* MW, 4 Hr Li-Ion Energy Storage System COD: 09/30/2022 20 or 25 year CTA term		• City of [redacted] would likely be excited about energy storage solutions	• Similar to every other stand-alone Energy Storage System proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Site is presumed to be located on PSE property, but the site may or may not be utilized by PSE system development in the future • Counterparty has defaulted on an agreement in the past with PSE • Interconnection and energy delivery plan is early on in process and contingent on PSE development • Permitting plan is early in development	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18150 [redacted] CTA** or BTS Development Energy Storage System [redacted] or [redacted]* MW, 4 Hr Li-Ion Energy Storage System COD: 09/30/2022 20 or 25 year CTA term		• Site is on developer-owned property • City of [redacted] would likely allow battery storage outright	• Similar to every other stand-alone Energy Storage System proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Counterparty has defaulted on an agreement in the past with PSE • Interconnection and energy delivery was left to PSE • Community relations was not addressed in proposal, and the existing Energy Storage System installed in area had technical and communications challenges	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
[redacted] CTA** Development Energy Storage System [redacted] MW / [redacted] MWh / 4 hr [redacted] MW / [redacted] MWh / 4 hr COD: 09/31/2022 Term: 20 year		• Developer presents minimal relative risk, having previously developed large utility scale Energy Storage System systems • May be minor permitting risks	• It is unclear whether project is intended to by interconnected to PSE's [redacted] distribution substation (as stated) or BPA's [redacted] transmission substation (as depicted in the project documentation) • Similar to every other stand-alone Energy Storage System proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.

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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18152 [redacted] CTA** or BTS Development Energy Storage System [redacted] or [redacted] MW, 4 Hr Li-Ion Energy Storage System COD: 09/30/2022 20 or 25 year CTA term		• [redacted] is assessed to be a relatively strong parent company • Project is proposed to be located on PSE-owned land • Interconnection with [redacted] substation unlikely to cause major upgrades	• Similar to every other stand-alone Energy Storage System proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Permitting process is extremely immature, and it is unknown how the County will treat Energy Storage System projects • Community relations was not sufficiently covered in the proposal	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18154 [redacted] CTA** Development Energy Storage System Multiple options: [redacted] MW / [redacted] MWh / 2 hr [redacted] MW / [redacted] MWh / 4 hr** [redacted] MW / [redacted] MWh / 4 hr COD: 01/01/2022 or 01/01/2023** Term: 16 year**		• Management team has a deep background and experience developing renewable energy projects • Site control should already be obtained • Interconnected onto PSE's system • Likely local support for the project	• Company is relatively new and does not have any projects built or operational to date • Similar to every other stand-alone Energy Storage System proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Possibly wetland concerns for the site	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18155 [redacted] CTA** Development Energy Storage System Multiple options: [redacted] MW / [redacted] MWh / 2 hr [redacted] MW / [redacted] MWh / 4 hr** [redacted] MW / [redacted] MWh / 4 hr COD: 01/01/2022 or 01/01/2023** Term: 16 year**		• Management team has a deep background and experience developing renewable energy projects • Site control currently in negotiations with land owner • Interconnected onto PSE's system • Likely local support for the project	• Company is relatively new and does not have any projects built or operational to date • Similar to every other stand-alone Energy Storage System proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Permitting is in an early stage, however relatively further along than other Energy Storage System proposals	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.

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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18156 [redacted] CTA** Development Energy Storage System Multiple options: [redacted] MW / [redacted] MWh / 4 hr [redacted] MW / [redacted] MWh / 4 hr [redacted] MW / [redacted] MWh / 4 hr** COD: 09/30/2022** Term: 20 year**		• Management team has a deep background and experience developing renewable energy projects • Located on PSE property • Interconnected onto PSE's system • Likely local support for the project	• Company is relatively new and does not have any Energy Storage System experience or projects built to date • Similar to every other stand-alone Energy Storage System proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Cycle count limitations are exceptionally restrictive on potential operations	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18157 [redacted] CTA** Development Energy Storage System Multiple options: [redacted] MW / [redacted] MWh / 4 hr [redacted] MW / [redacted] MWh / 4 hr [redacted] MW / [redacted] MWh / 4 hr** COD: 09/30/2022** Term: 20 year**		• Management team has a deep background and experience developing renewable energy projects • Located on private property adjacent to PSE substation • Interconnected onto PSE's system • Likely local support for the project	• Company is relatively new and does not have any Energy Storage System experience or projects built to date • Similar to every other stand-alone Energy Storage System proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Cycle count limitations are exceptionally restrictive on potential operations	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18158 [redacted] CTA** Development Energy Storage System Multiple options: [redacted] MW / [redacted] MWh / 4 hr [redacted] MW / [redacted] MWh / 4 hr [redacted] MW / [redacted] MWh / 4 hr** COD: 09/30/2022** Term: 20 year**		• Management team has a deep background and experience developing renewable energy projects • Located on PSE property • Interconnected onto PSE's system • Likely local support for the project	• Company is relatively new and does not have any Energy Storage System experience or projects built to date • Similar to every other stand-alone Energy Storage System proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed • Cycle count limitations are exceptionally restrictive on potential operations	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.

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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18159 [redacted] CTA** or BTS Development Pumped Hydro [redacted] or [redacted] MW, 6.4 Hr daily storage COD: 03/30/2023 20 CTA term		• Counterparty has worked with reputable engineering firm for project development	• Capital costs are significant and financing will be difficult and complex • Technology is very new to PSE and North America and requires significant investigation • Significant issues involving permitting and ongoing operation of the facility • Transmission left to PSE would likely be very complex due to large capacity and bidirectional requirements • Site control status is unknown	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18160 [redacted] CTA** or BTS Development Pumped Hydro [redacted] MW, 8.5 Hr COD: 03/30/2023 20 CTA term		• Major permitting hurdles, including FERC licensing, have been secured • Long-term site control is achieved	• Technology is very new to PSE and North America and requires significant investigation • Transmission left to PSE would likely be very complex due to large capacity and bidirectional requirements • Interconnecting resource into Colstrip Transmission System might drive limitations on renewable energy development in Montana serving PSE load	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18161 **BPA Peak Capacity** Bonneville Power Administration PPA** Operational portfolio of projects 1000 MW** COD: 01/01/2022** Term: 5 year**		• Counterparty is well known with existing ties to PSE and therefore no risk for this proposal • There are no permitting, real estate or community relations concerns as the proposal is based on currently operational projects	• Delivery to Mid-C presents a major concern as delivery to Mid-C negates any incremental capacity value, as energy would have to rely on current Mid-C BPAT.PSEI paths to get back to PSE system.	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18162 [redacted] REC purchase Operational portfolio of projects [redacted] RECS per year Start of term: 1/1/2022 10 year term		• Strong counterparty with extensive renewable energy development experience with existing contractual relationships with PSE • Underlying projects are operational therefore no real estate, permitting, or community relations concerns	• Other than low quantitative ranking, there are no major concerns with this proposal	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18164 [redacted] REC purchase Underlying solar projects [redacted] RECS per year Start of term: 1/1/2026 13 year term		• Full site control for underlying projects is assumed • Interconnection is secured • REC delivery through WREGIS	• Low-risk	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18167 [redacted] PPA Development Wind (Offshore) [redacted] MW COD: 12/31/2029 Term: 25 year		• Developer demonstrates a relative high level of acumen in offshore wind development on the west coast • West coast offshore wind could prove to be a viable resource in the future • Developer has conducted extensive community and tribal outreach for this project	• Considerable counterparty risk, including questionable ability to finance the project without considerable commitment and risk by PSE • Leases are through the federal BOEM with a long process for obtaining and uncertain outcome • Permitting is through the federal BOEM with a long process for obtaining and uncertain outcome • Interconnection and energy delivery would be complex and will require extensive vetting • Start of offer is well outside of the time scope of PSE's 2018 All Resource RFP	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18168 [redacted] AAA Operating Wind [redacted] MW COD: 10/4/2020 5-year term		• Project is operating	• Low-risk • Start of term and duration do not match PSE's need as stated in the IRP and RFP • Counterparty is potentially facing bankruptcy	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18171 [redacted] PPA Development Wind [redacted] MW COD: 12/31/2020** or 12/31/2021 Term: 20 year		• Strong counterparty with extensive renewable energy development experience • Real estate and permitting appear to be sufficient at this stage of development	• Proposal has expired as per the original proposal documentation (expired on 1/1/2019) • Complicated delivery to PSE likely required	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18172 [redacted] PPA Developmental Wind [redacted] MW COD: 1/1/2021 15 or 20** year term		• [redacted] s a large publically traded company with a solid balance sheet and solid credit rating • Long-term site control is secured • Community relations was well addressed in the proposal and well-exceeds the EFSC requirements	• Relative to most of their endeavors, [redacted] is relatively inexperienced with renewable energy • Permitting schedule is aggressive and will be difficult to achieve as proposed • [redacted] has reportedly been a difficult interconnection counterparty to work with • Transmission capacity to PSE's system will likely be contingent on a BPA cluster study, with the results presenting a cost and feasibility risk	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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18174 [redacted] PPA** or BTS Developmental Wind [redacted] or [redacted]** MW COD: 1/1/2020** or 2021 30 year term		• Long-term site control is secured • County will likely be supportive of wind development	• [redacted] is owned by [redacted] a vertically integrated company in [redacted] that has experienced significant financial issues • Colstrip Transmission System option was not quantified, and energy delivery and REC creation will be difficult as proposed • Proposal does not adequately address permitting requirements • It is unclear as to whether proposer has engaged local land owners	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18177 [redacted] DAS or BTS Developmental Wind [redacted] MW COD: Q4 2020		• Long-term site control has been achieved • Mid-C delivery seems viable • Community relations was well-addressed in the proposal • The permitting process seemed relatively mature	• Insufficient data was provided regarding the counterparty background and financing plan • Insufficient data was provided to quantitatively assess the project	**Not selected** – The RFP team does not recommend this proceed past Stage 1 of the RFP. There are several qualitative concerns evaluated in this proposal regarding the counterparty, financing, interconnection, and energy delivery. However, the primary fatal flaw is that capital and ongoing O&M costs are assumed to be facilitated directly by PSE, but no capital cost estimates were issued with the proposal. Without this information, the RFP team is unable to sufficiently assess the proposal quantitatively.
18178 [redacted] PPA Developmental Wind [redacted] MW COD: 12/31/2022 20 year term		• Balance sheet financing is great as long as parent company is willing to guarantee the project • Long-term site control is secured • Interconnection studies through BPA are complete • Community relations plan seems sufficient, but requires more detail	• Energy delivery left to PSE and appears to be overly expensive or otherwise infeasible • Permitting plan requires significant development • Company is relatively unknown to PSE and not much background information was provided	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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18180 [redacted] PPA Developmental Wind [redacted] MW COD: 1/1/2021 or 2022 20 year term		• Long-term site control is apparently secured • Interconnection studies through BPA are complete • Project received Washington State EFSEC in 2012 after a contentious permitting process	• This would be [redacted] first experience in the Pacific Northwest • Insufficient detail regarding company financial health and project financing strategy was included in the proposal • Energy delivery has been left to PSE and appears to be complicated, and might pose a feasibility risk • Significant reputational issues with proximity to local fisheries as well as blocking a view of the [redacted] River [redacted]	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18181 [redacted] PPA** or BTS Developmental Wind [redacted] MW COD: 12/12/2020 20 year term		• Large counterparty and promise of guaranty from an investment grade entity, a letter of credit, or cash • Long-term site control is secured • Interconnection process with BPA is well underway • There are nearby wind farms, not many residential neighbors, and the RFP team believes the local community and government support solar development • Permitting plan has minimal detail and represents a schedule and feasibility risk for the project	• Long-term firm point-to-point transmission appears to not be feasible • Community relations was not addressed in the proposal	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18182 [redacted] PPA**, DAS, or BTS Developmental Wind [redacted] MW COD: 12/01/2022 20 year term		• Long-term site control is secured • Permitting is early in process but presents little schedule or viability risk	• Insufficient data was provided regarding the counterparty background and financing plan • Energy delivery has been left to PSE and appears to be complicated, and might pose a feasibility risk • Community and government relations is supposedly strong, but little detail was provided to support it	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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18183 [redacted] PPA** Developmental Wind [redacted] MW COD: June 2020 10 or 15 year term		• Not applicable	• Insufficient data was provided regarding the counterparty background and financing plan • Insufficient data was provided to quantitatively or qualitatively assess the project	**Not selected** – Beyond a discussion of potential agreement terms, the proposal did not include enough detail to sufficiently assess on either a qualitative or quantitative basis. The RFP team does not recommend this proposal move beyond the first phase of the RFP process.
18184 [redacted] PPA Developmental Solar + Energy Storage System [redacted] MW & optional [redacted] or [redacted]** MW, 2 or 4** Hr, Energy Storage System COD: 10/31/2022 20** or 25 year term		• Apparently strong counterparty with extensive experience in the development, construction, and operation of renewable generation • Site control projected to be achieved by Q2 2019	• RFP team could not confirm interconnection queue position asserted in the proposal • Energy delivery would likely need to be periodically curtailed • The permitting plan is largely underdeveloped, and there are potential issues with wetlands and Mazama Pocket Gophers that threaten project viability and schedule • There are potential glare issues with local roadway in the City of [redacted]	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
[redacted] PPA Developmental Wind [redacted] MW COD: 12/31/2020 20 year term		• Apparently strong counterparty with extensive experience in the development, construction, and operation of renewable generation • Letter of intents have indicated likely site control in the near future • Backup point of interconnection at [redacted] is likely a feasible energy delivery option • Permitting is in the early stages, but since only construction permits will be required it represents a low risk	• [redacted] intends to secure long-term firm point-to-point transmission with [redacted], but have not yet taken steps to secure it • Community and government relations was not adequately assessed in the proposal, but presents only a minor risk for the project as renewable energy is seen in a generally positive light	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

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Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
18186 [redacted] 15-yr/20-yr PPA, Development Wind Up to [redacted] MW COD: 1/1/2021 Term:		• Long-term site control is secured • Interconnection studies with BPA are complete, and an engineering and procurement agreement is soon to be secured • Real-time delivery to PSE will not be necessary to secure RECs since the project is within BPA's regional territory • Project appears to be fully permitted, with the exception of [redacted] approvals	• Developer is relatively inexperienced at developing, permitting, construction, and operating generation sites • Impact to local prime agricultural land might cause some local tension	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
18187 [redacted] PPA Developmental Solar + Energy Storage System [redacted] MW Solar & optional [redacted] ** or [redacted] MW, 2** or 4 Hr, Energy Storage System COD: 10/31/2022 15 or 20** year term		• Apparently strong counterparty with extensive experience in the development, construction, and operation of renewable generation • Long-term site control is secured	• Energy delivery has been left to PSE and appears to be complicated, and might pose a feasibility or cost risk • Permitting process has not appreciably started, but represents a slight schedule and feasibility risk	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.
[redacted] EPC Development Reciprocating Thermal [redacted] MW Duel Fuel or [redacted] MW Single Fuel COD: 4/15/2021		• Expansion of existing [redacted] facility. • Technology is relatively site-agnostic and can potentially be designed to integrate with other sites. • Project could likely be facilitated with firm gas supply with existing facilities.	• Air permit path is complex and possibly not feasible. • The likely-to-be-required air permit modification could bring more operational constraints for the existing generation units. • PSE will experience significant resistance from local governments, local stakeholders, environmental stakeholders, and native tribes for expansion of the company's thermal generation portfolio. • Given the ongoing social controversy surrounding greenhouse gas ("GHG"), including the contribution to climate change from the local natural gas system and electric generation, the proposed schedule and general project feasibility seem to be in question.	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.

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18189 [redacted] CTA** Development Energy Storage System 25 MW / 50 MWh / 2 hr 50 MW / 100 MWh / 2 hr COD: 08/01/2020 Term: 20 year		• Developer has experience in Energy Storage System projects, particularly with integration and control software • Location at an existing site may offer development synergies, however permitting may be complicated with location at existing gas plant	• Similar to every other stand-alone Energy Storage System proposal in the 2018 RFP, the transmission and distribution investment-deferral value is currently unknown for the point of interconnection as proposed	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18200 [redacted] Direct load control Smart thermostat, smart water heater 9-36 MW COD: 1/1/2019 Term: 5 years		• Detailed project implementation plan and schedule provided • Minimum PSE engagement • Seamless customer interruption • Strong parent company financials • [redacted]	• Lack of demonstrated winter peaking experience	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18202 [redacted] Direct load control Smart water heater 1-22 MW COD: 1/1/2019 Term: 10 years		• Vendor can also monitor and control load control switches, electric vehicles, solar photo voltaic, energy storage, building controls, heating, ventilation, air conditioning, and other demand side assets	• Solution seems limited in its initial deployment • Seems optimistic as to resource availability • Lack of demonstrated program experience	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.

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18203 [redacted] Behavioral demand response 100% Residential 6-28 MW COD: 1/1/2019 Term: 5 years		• Existing working relationship with [redacted] on other energy efficiency projects • Cumulative 1.5M utility customer • Claim to be the [redacted] company, [redacted]	• Program is day-ahead and limits peak capacity contribution • Lack of demonstrated winter peaking experience • Aggressive program benefit assumption to roll out 375k customers to achieve [redacted] of savings	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18204 [redacted] EMIS and traditional demand response programs [redacted] MW COD: 1/1/2019 Term: 5 years		• EMIS technology and program has longer term impact and savings averaging 3.5% across the board due to behavioral changes • Experience with Winter DR programs [redacted]	• Heavy PSE involvement for marketing, Data, Customer Service • Program is day-ahead and limits peak capacity contribution • High counter-party risk as being a small private consulting company	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
18205 [redacted] Commercial & industrial direct install [redacted] MW, mixed Day-ahead, hour-ahead, and 10-min ready MWs COD: 1/1/2019 Term: 5 Years		• Utilize existing relationship ([redacted]) • [redacted] • Over 1000MW DR under management (self-claimed)	• Mixed program contribution to peak capacity could limit program effectiveness • Very expensive pricing	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.

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****Indicates primary ranking criteria for particular proposal category.*

Project	Quantitative Results** [See quantitative results, pages 8-12 herein.]	Qualitative Advantages (+)	Qualitative Risks (-)	Selection recommendation & Rationale
UP001 [redacted] CTA or BTS** Development Pumped Hydro [redacted] or [redacted]** MW, 6.4 Hr daily storage COD: 03/30/2023 20 CTA term		• Not applicable	• Insufficient data was provided regarding the counterparty background and financing plan • Insufficient data was provided to qualitatively assess the project • Insufficient data to quantitatively assess CTA	**Not selected** – The RFP team does not recommend this project proceed to the next of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over kilowatt year ranking.
UP002 [redacted] REC purchase Underlying operating solar project [redacted] RECS per year Start of term: 2020 9-year or 14-year term		• Not applicable[1] *[1]Proposal was submitted late in Phase 1 (Feb. 7, 2018) when PSE was finalizing its Phase 1 results. PSE quantitatively screened the two offers, but neither offer was quantitatively competitive with PSE's other renewable resource alternatives. Had the proposal fared better in the quantitative analysis, an assessment of its qualitative merits and risks would have followed.*	• Price is higher and volume is smaller than other REC offers received in response this RFP.	**Not selected** – The RFP team does not recommend this project proceed to the next phase of the 2018 all-resource RFP due to the relatively low levelized portfolio benefit over renewable energy credit ("REC") ranking.

**This matrix summarizes key findings from PSE's Phase 1 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Some proposals contain multiple offers. The quantitative results shown in the table represent the best offer from each proposal in the no CO2 scenario. PSE also considered*
****Indicates primary ranking criteria for particular proposal category.*

2018 All Resources RFP
Phase 2 update

PUGET SOUND ENERGY

EMC Informational

June 20, 2019

Cindy Song
Business Initiatives Manager

CONFIDENTIAL

Informational

Intended recommendation: at the July EMC meeting ask for approval with projects selected from the RFP and approval to proceed with negotiations.

RFP timeline

	Date	Milestone
✓	March 29, 2018	Draft RFP filed with WUTC
✓	June 28, 2018	WUTC approved Demand Response and All Resource RFPs
✓	July 3, 2018	PSE released final RFPs
✓	August 17, 2018	Offers were due to PSE
✓	March 2019	Complete Phase 1 evaluation, select Phase 2 candidate list
	July 2019	Complete Phase 2 evaluation, select final short list
	To follow	Notify respondents; contract negotiations

Capacity resource need updated to 299MW in 2022 and REC need updated to 233,449 RECs in 2023

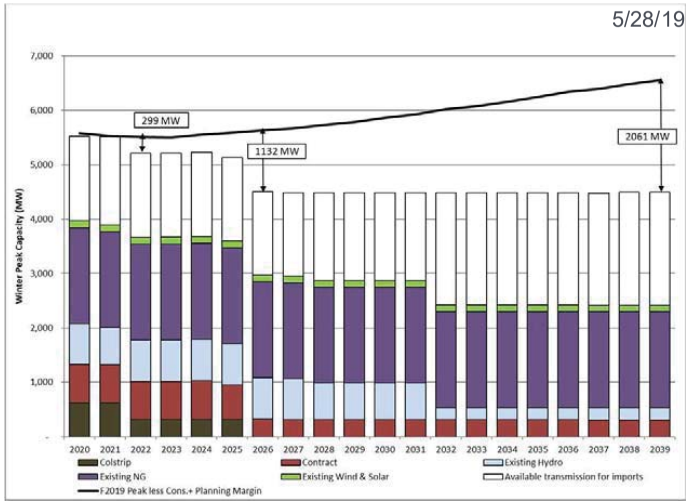
Resource need forecasts updated in Phase 2 analysis to reflect draft 2019 IRP need assessments and F2019 load forecast*

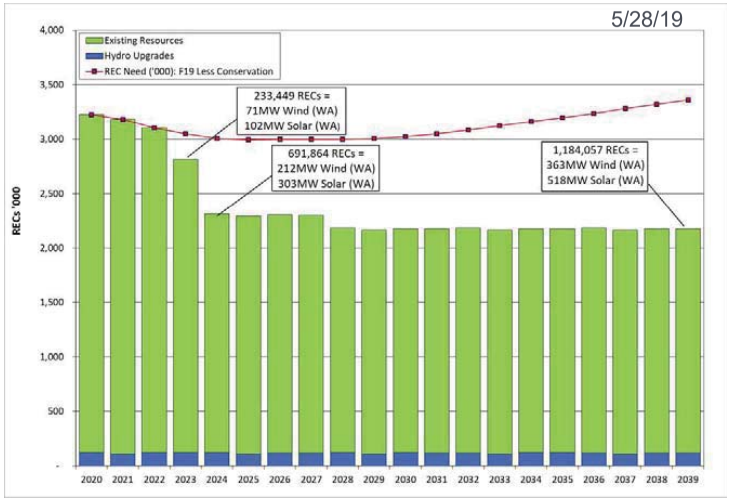
2018 RFP Capacity Need – Phase 2 update

- PSE seeks 299 MW capacity by end of 2022
- Products that fill winter need while minimizing surpluses in other parts of the year will evaluate more favorably
- Need based on F2019 forecast net conservation, 2019 IRP resource adequacy

2018 RFP REC Need – Phase 2 update**

- REC need is driven by the increase in the RPS from 9% to 15% in 2020
- Projected need to meet the RPS is 233,449 RECs by 2023
- PSE's inventory of banked RECs delays need until 2023





*Original RFP issued to fill 272 MW capacity need in 2022 and 671,000 REC renewable need in 2023. See appendix A for memorandum on how the capacity need changed from 272 MW to 299 MW.

**REC need reflects renewable need driven by RCW 19.285 (RPS). It does not reflect the impact of SB 5116 (Clean Energy Transformation Act).

Total of 97 proposals received in 2018 RFPs; 25 proposals advanced to Phase 2 for further analysis

Proposals selected for Phase 2 evaluation reflect resource and technology diversity

Updated 6/20/19	Proposals Received*		Phase 2 Candidate List		Revised Phase 2 Candidate List **	
Resource Type	**# Proposals**	**Max Cap MW**	**# Proposals**	**Max Cap MW**	**# Proposals**	**Max Cap MW**
Solar - PV	16	2240	8	1050	7	890
Solar - PV + BESS	20	2848	1	100	1	100
Wind - Off Shore	1	400	0	0	0	0
Wind On Shore	16	3303	7	1642	7	1642
Wind + Winter Sys PPA	1	371	1	200	1	200
Wind + Solar and/or BESS	2	464	0	0	0	0
Storage - Battery ("BESS")	17	1265	0	0	0	0
Storage - Pumped Hydro	2	900	0	0	0	0
Biomass	2	72	1	17	1	17
Biomass + BESS	1	15	0	0	0	0
Natural Gas-fired Generation	4	1377	2	348	2	348
Geothermal	2	43	0	0	0	0
Hydro - Run of River	1	38	1	38	1	38
System PPA / Call Option	1	100	0	0	1	100
Unbundled RECs	5	n/a	3	n/a	4	n/a
Demand Response	6	154	1	8.7	2	33.7
TOTAL	**97**	**13,590**	**25**	**3,404**	**27**	**3,369**

Revised candidate list reflects the following changes:

- 1 solar proposal withdrawn by the respondent (removed)
- 1 unsolicited REC and 1 demand response proposal reduced pricing (added)
- 1 system PPA/call option moved delivery point to BPAT.PSEI (added)

** In addition to the 97 RFP proposals shown above, PSE also received two unsolicited proposals during Phase 1 (a pumped hydro and a REC-only proposal) and three unsolicited proposals during Phase 2 (all solar). None of these offers were competitive with the RFP proposals. However, the REC-only proposal price was reduced in Phase 2 and the proposal was added to the revised candidate list.*

*** See appendix B for full list of proposals evaluated in Phase 2.*

14 proposals selected for Phase 2 optimization analysis

Optimization list reflects a snapshot in time and is subject to change

- Updated scenario analysis in Phase 2 reflects current IRP assumptions and new information provided by respondents*
- Phase 2 proposals with a combination of the most favorable quantitative results across scenarios and no qualitative fatal flaws advanced for optimization analysis**

As of 6/20/19

	ID	Project Name	Resource Type	Nameplate	Counterparty	State
1	18100	SPI Industrial	Biomass	17 MW	SPI	WA
2	18169	ClearWater Wind	MT Wind	300 MW	NextEra	MT
3	18173	[redacted]	MT Wind	[redacted]W*	[redacted]	MT
4	18163		REC Only	REC		OR
5	18165		REC Only	REC		OR
6	UP002		REC Only	REC		ID
7	18111		Solar	W		WA
8	18125		Solar	W		WA
9	18127		Solar	W		WA
10	18135		Solar	W		WA
11	18161		Sys PPA/Call Opt.	W		OR
12	18132		Wind	W*		OR
13	18179		Wind	W		WA
14	18170	Golden Hills Wind - Shaped / Unshaped	Wind	200 MW	Avangrid	OR

* Updated Phase 2 assumptions include, but are not limited to, capacity and renewable need forecasts, power and gas price forecasts, and generic resource costs. See Appendix C for scenarios used in Phase 2 quantitative analysis and stand-alone proposal ranking results.

** Three proposals were eliminated in Phase 2 for qualitative reasons: Garfield Peak MT Wind (#18176) (insufficient met data to support capacity factor; substantial development risks), and the two Phase 2 demand response proposals (#18201 and #18205) (incompatible with PSE's Distributed Energy Resource Management System implementation). See RFP executive summary and proposal memos for detailed qualitative assessment.

At-a-glance qualitative assessment for projects selected for optimization analysis* *(results as of Jun. 20, 2019 subject to change)*

Key: Low Risk; Acceptable Risk; Substantial Material Risk; Fatal Flaw

	Project Counterparty (Project ID)	REC contribution (RECs/yr)	MW Capacity contribution	Term start / length	Operating/ Development status	Delivery point	Counterparty/ Proposal risk	Site control	Permitting risk	Energy delivery risk	Opposition/ reputational risk	Other considerations*
1	**SPI Biomass PPA** Sierra Pacific Ind. (18100)	[redacted]	16	1/2021 17 yrs	Operating	BPAT. PSEI						Offers renewable resource diversity to portfolio
2	**Clearwater MT Wind PPA** NextEra (18169)	[redacted]		12/2021 25 yrs	Early Develop	BPAT. PSEI						MT proposals are mutually exclusive
3	[redacted]			10/2022 20 yrs	Early Develop	BPAT. PSEI						MT proposals are mutually exclusive
4				1/2022 18 yrs	Mature Develop	n/a						Screening model selects RECs for arbitrage benefit, not to meet RPS
5				1/2022 18 yrs	Mature Develop	n/a						Screening model selects RECs for arbitrage benefit, not to meet RPS
6				1/2020 15 yrs	Operating	n/a						Screening model selects RECs for arbitrage benefit, not to meet RPS
7				12/2022 20 yrs	Early Develop	Mid-C*						Mid-C delivery due to lack of transmission ATC
8				12/2022 20 yrs	Early Develop	Mid-C						
9				12/2022 20 yrs	Early Develop	[redacted]						Proposes independently operated solar co-located with [redacted]
10				12/2022 20 yrs	Early Develop	[redacted]						
11	**BPA Peak Cap Sys PPA** BPA (18161)	0	54	1/2022 5 yrs	Operating	BPAT. PSEI						
12	[redacted]			12/2022 20 yrs	Mature Develop*	Mid-C						Operational project subject to repower
13				12/2021 20 yrs	Mature Develop	Mid-C*						Mid-C delivery due to lack of transmission ATC
14	**Golden Hills Wind** (shaped / unshaped) Avangrid (18170)	[redacted]	79	12/2021 25 yrs	Early Develop	BPAT. PSEI						Full transmission may not be firm

*Table summarizes certain key qualitative findings of most favorable Phase 2 resources. See RFP Executive Summary and proposal memos for detailed findings.

Draft **portfolio optimization** results

(results as of Jun. 20, 2019, subject to change)

(A) List	(B) Project ID	(C) Resource	(D) Project	(E) Term Start	(F) Term	(G) Nameplate	(H) Peak Capacity Credit	(I) RECs[1]	(J) Recommended Portfolio: As Proposed MT Wind - [redacted]	(K) Recommended Portfolio: Preferred MT Wind - [redacted]
1	18100	Biomass	SPI	1/1/2021	17	17 MW	16 MW	[redacted]	X	X
2	18161	Call Option	BPA Peak Capacity Product	1/1/2022	5	100 MW	54 MW	N/A	X	X
3a.	18169	MT Wind	[redacted]	12/31/2021	25	[redacted]	150 MW	[redacted]		X
3b.	18169	MT Wind		12/31/2021	25		135 MW		X	
4a.	18173	MT Wind		10/31/2022	20		136 MW			
4b.	18173	MT Wind		10/31/2022	20		100 MW			
5a.	18170	Wind	Golden Hill Shaped	12/31/2021	20	200 MW	79 MW		X	X
5b.	18170	Wind	[redacted]	12/31/2021	20	[redacted]	52 MW			
6	18132	Wind		1/1/2023	20		0 MW			
7	18179	Wind		12/1/2021	20		0 MW			
8	18125	Solar		10/31/2022	20		0 MW			
9	18111	Solar		12/31/2022	20		0 MW			
10	18127	Solar		12/15/2022	20		0 MW			
11	18135	Solar		12/31/2022	20		0 MW			
12	18163	REC-only		1/1/2022	17		0 MW			
13	18165	REC-only		1/1/2022	17		0 MW			
14	UP002	REC-only		1/1/2020	10		0 MW			
15		**Total MWs**							[redacted] MW	[redacted] MW
16		**Peak Capacity Surplus / (Deficit) in 2022**							[redacted] MW)	[redacted] W
17		**Total RECs**							1,986,862	2,189,656
18		**Total Portfolio Benefits - $ millions**							$375	$369
19		**Sensitivity Analysis with Social Cost of Carbon:**								
20		**Total Portfolio Benefits with Social Cost of Carbon as Planning Adder - $ millions[3]**							$678	$726
21		**Total Portfolio Benefits with Social Cost of Carbon as Dispatch Adder - $ millions**							$909	$991

Peak Capacity and REC Need 2022-2025	2022	2023	2024	2025
Peak Capacity Need	299 MW	[redacted] MW	[redacted] MW	[redacted] MW
REC Need	0	233,449	691,864	700,482

1. The annual project RECs in column I does not include 0.2X apprenticeship multiplier.
2. The optimization model chose a portfolio with 350MW from Clearwater. NextEra submitted proposals for both 300MW and 400MW, but not 350MW. The 350MW size of the project is reduced from the proposed 400MW option based on available transmission capacity. The 350MW option will have to be negotiated with NextEra. Current indictive results reflect pricing based on the
3. Social cost of carbon at $86/metric ton in 2010 dollars plus escalation is added to total portfolio costs as fixed cost.

APPENDIX A

Resource need memo: evolution of need from 2017 IRP to 2018 all resources RFP Phase 2

PUGET SOUND ENERGY

PUGET SOUND ENERGY

Memorandum

TO: PSE EMC Committee Members

FROM: Elizabeth Hossner

SUBJECT: Updates to peak capacity need since the 2017 IRP and draft 2019 IRP

DATE: June 20, 2019

Introduction

Physical need refers to the resources required to ensure reliable operation of the system. It is an operational requirement that includes three components: customer demand, planning margins and operating reserves. The word "load" – as in "PSE must meet load obligations" – specifically refers to customer demand plus planning margins plus operating reserve obligations. The planning margin and operating reserves are amounts over and above customer demand that ensure the system has enough flexibility to handle balancing needs and unexpected events such as variations in temperature, hydro and wind generation; equipment failure; or transmission interruption with minimal interruption of service.

When we compare physical need with the peak capacity value of existing resources, the resulting gap identifies resource need. PSE incorporates a planning margin in its description of resource need in order to achieve a 5 percent loss of load probability (LOLP). The 5 percent LOLP is an industry standard resource adequacy metric used to evaluate the ability of a utility to serve its load, and one that is used by the Pacific Northwest Resource Adequacy Forum.

2017 IRP

In the 2017 IRP, using the LOLP methodology, we determined that we needed 123 MW of resources by December 2020 before conservation which became a surplus 121 MW after all cost effective conservation, and a surplus 73 MW in December 2018. The 2017 IRP was filed on November 15, 2017 and used the F2016 demand forecast. Given that the demand forecast was updated and we found some errors in the calculation, the peak capacity need was updated to a deficit of 103 MW in December 2018.

Updates to 2017 IRP

Given that the demand forecast was updated and we found some errors in the calculation, the peak capacity need was updated to a deficit of 103 MW in December 2018. The following table documents the changes and updates to December 2022 peak capacity calculation.

Table 1 - Changes to 2022 Peak Capacity Need to the 2017 IRP

(Deficit)/Surplus – Peak MW	Total December 2022 Peak Need w/o DSR	Total December 2022 Peak Need w/ DSR
2017 IRP	(621)	(192)
1. Updated to F2017 forecast and added 100 MW Mid-C transmission	(341)	(7)
2. Removed spinning reserves. The spinning reserves (50% of contingency reserves) were being removed from the hydro resources and that capacity was turned into available mid-C transmission. This increased the Mid-C transmission, but we were still counting the full amount of contingency reserves, so it was being double counted. This adjustment resulted in less available transmission to Mid-C	(610)	(272)* *Published number from 2018 RFP
3. Updated to F2018 Forecast	(704)	(294)* *Currently in Phase 1 of the RFP
4. Removed PSEI transmission from calculation. We previously assumed that Sch. 449 only used 300 MW, so that left 150 MW of free transmission. Wild Horse peak capacity is 30 MW, so that left 120 MW of available Mid-C transmission. As published on PSE OASIS, Sch. 449 has firm rights for all 450 MW.	(828)	(417)
5. Add 94 MW transmission from Garrison, removed BPA loss return, updated Wells percent share.	(808)	(397)

Given all the changes since the 2017 IRP, the peak need in 2022 went from a deficit of 192 MW to a deficit of 397 MW. The final peak deficit in December 2018 is 103 MW and was presented as part of the winter peak plan in the October 25 EMC.

The table below is the breakdown of peak need for December 2022.

Table 2 – Breakdown of 2022 Peak Need from Updates to 2017 IRP

	December 2022 w/o DSR	December 2022 w/ DSR
Peak Demand	5,228 MW	5,228 MW
Planning Margin	13.5%	13.5%
Normal Peak Load + PM	5,932 MW	5,932 MW
Operating Reserves	406 MW	394 MW
Total Capacity Need	6,337 MW	6,325 MW
Total Resources	(4,012) MW	(4,399) MW
Available Mid-C Transmissions	(1,541) MW	(1,541) MW
Total	**784 MW**	**386 MW**
Operating Reserves on new resources	24 MW	12 MW
Total Resource (Deficit)/Surplus	**(808) MW**	**(397) MW**

Draft 2019 IRP

The updated peak need before conservation for the Draft 2019 IRP is a deficit of 685 MW in December 2022 which translates to a 16.5% planning margin, including operating reserves. This is up from the 13.5% in the 2017 IRP where operating reserves was calculated as a separate number. The change in peak need from the 2017 IRP of 123 MW in 2020 to 685 MW in 2022 the 2019 IRP has to do with the updates in the resource adequacy model. Below is a table documenting the updates and the changes to the peak need.

Table 3 – Changes to 2022 Peak Capacity Need in Draft 2019 IRP

Revisions	MW Needed for 5 % LOLP	Incremental Change	Total Change
2017 IRP, Study Period Oct 2020-Sep 2021			
Resource need	123		
2019 IRP, Study Period Oct 2022-Sep 2023			
2017 IRP resource need, Colstrip 1&2 retired	503	380	380
Model updates			
• Improved sampling of outage and renewable generation scenarios, temporarily disabled NWPP reserve sharing and wholesale market purchase risk	490	(13)	367
• Full coverage of all hydro × temperature years for synchronization with GENESYS	636	146	513
• Updated transmission access model	972	336	849
• Updated operating reserve definition	804	(168)	681
• Redeveloped logic for calling on contingency reserves, including the NWPP reserve sharing group	717	(87)	594

F18 load forecast	539	(178)	416
Expansion of scenarios from 77 to 88 temperature years – from 6160 to 7040 simulations	531	(8)	408
Updated draws for PSE wind resources	497	(34)	374
Updated available transmission to Mid-C (additional transmission contract award)	389	(108)	266
Updated outage draws and resource capabilities (corrected outage rates on PSE resources)	535	146	412
Updated hydro year forecast, BPA 2016 Rate Case	535	0	412
Updated contract interchange	546	11	423
Updated third-party load reserve obligations	548	2	425
Updated loss return calculation	558	10	435
Updated balancing reserves	601	43	478
Included Green Direct 2 resource, 150 MW solar	576	(25)	453
Updated available transmission to Mid-C (corrected portion of access rights)	706	130	583
Updated wholesale market purchase risk model (GENESYS base for PSE: 3400 MW SW import maximum, updated PSE resource capabilities, embed Green Direct 2 resources into GENESYS)	750	44	627
Corrected outage rates on PSE resources	688	(62)	565
Corrected modeling for Canadian entitlement and loss returns at Mid-C	779	91	656
Corrected available transmission to Mid-C (increased total transmission amount)	680	(99)	557
Corrected PSE share of Mid-C hydro projects	679	(1)	556
Corrected transmission contract on Goldendale	688	9	565
Corrected existing Columbia River gorge wind data	753	65	630
Corrected Northwest Power Pool logic	744	(9)	621
Corrected logic for release of operating reserves	738	(6)	615
Corrected transmission access for Wild Horse	759	21	636
Analysis of random seed impact: 500 simulations, mean of resource need results Closest seeds to mean results chosen	748	(11)	625
Corrected minor error in hydro data	748	0	625
Updated wind data to ensure correlations are captured for Columbia River gorge wind, Skookumchuck, and hypothetical new resources	755	7	632
Adaptation to perfect capacity, instead of peaker-equivalent capacity	703	(52)	580
Implemented hydro peaking model for Columbia River hydro generation	682	(21)	559
Updated all data for existing and future contracted renewable generation using new data from DNV GL analysis Average of 5 runs (**Resource Need**)	**685**	3	562

The table below is the breakdown of peak need for December 2022 before conservation comparing the 2017 IRP, the 2018 RFP phase I, winter peak plan, and the 2019 IRP.

Table 4 – Comparison of how 2022 Peak Need Changes over Time

	2017 IRP	2018 RFP Phase I	Winter Peak Plan	Draft 2019 IRP
Peak Demand	5,301 MW	5,228 MW	5,228 MW	5,064 MW
Planning Margin	13.5%	13.5%	13.5%	16.5%
Normal Peak Load + PM	6,001 MW	5,922 MW	5,932 MW	5,897 MW
Operating Reserves	410 MW	407 MW	406 MW	
Total Capacity Need	6,415 MW	6,330 MW	6,337 MW	5,897 MW
Total Resources	(4,072) MW	(4,072) MW	(4,012) MW	(3,671) MW
Available Mid-C Transmissions	(1,741) MW	(1,574) MW	(1,541) MW	(1,541) MW
Total	**602 MW**	**684 MW**	**784 MW**	**685 MW**
Operating Reserves on new resources	18 MW	21 MW	24 MW	
Total Resource (Deficit)/Surplus	**(620) MW**	**(704) MW**	**(808) MW**	**(685) MW**

The total capacity contribution from resources has been updated based on the 2019 IRP ELCC. The 2019 IRP updated the approach to look at "perfect" capacity as the comparison instead of a NG plant. With this approach, all resources now have an ELCC. The table below is the update to the peak capacity contribution of resources.

Table 5 – Update to Peak Capacity Contribution of Resources

	Winter Peak Plan	Draft 2019 IRP
Colstrip 3&4	360	314
Encogen	173	167
Ferndale w/ DF	285	240
Frederickson 1&2	168	146
Freddy 1	124	124
Fredonia 1&2	234	194
Fredonia 3&4	126	102
Goldendale w/ DF	315	254
Mint Farm w/ DF	320	257
Sumas	148	130
Whitehorn 2&3	168	146

Lund Hill Solar (Green Direct)	-	4
Hopkins Ridge	17	15
Klondike III	6	5
LSR	38	33
Skookumchuck wind (Green Direct)	52	47
Wild Horse	30	26
Priest Rapids	5	5
Rock Island	137	137
Rocky Reach	311	311
Wanapum	5	5
Wells	95	95
Lower Baker	64	88
Upper Baker	94	89
Snoqualmie Falls	39	39
Contracts	698	696
Total Resources	**4,012 MW**	**3,671 MW**

6/5/2019 Updated Peak Need for RFP Phase II

An update on the peak need was made on June 5, 2019 for the RFP phase II, to reflect the demand forecast update to the F2019. The Draft 2019 IRP uses a version of the F2018 demand forecast where the conservation targets are applied through 2019, but no new conservation starting Jan. 1, 2020. The Draft 2019 IRP evaluates for new conservation starting in 2020. The Draft 2019 IRP has a peak demand of 5,064 in 2022 and the updated F2019 gross conservation has a peak demand of 5,107 MW, a difference of (47) MW. With the updated demand forecast, the total peak need deficit in 2022 is 630 MW before conservation, or 299 MW after conservation.

Table 6 – Breakdown of 2022 Peak Need from Updated Peak Need for RFP Phase II

	December 2022 w/o DSR	December 2022 w/ DSR
Peak Demand	5,017 MW	5,017 MW
Planning Margin	16.5%	16.5%
Normal Peak Load + PM	5,842 MW	5,842 MW
Total Resources	(3,671) MW	(4,002) MW
Available Mid-C Transmissions	(1,541) MW	(1,541) MW
Total Resource (Deficit)/Surplus	**(630) MW**	**(299) MW**

APPENDIX B

Phase 2 Candidate List

PUGET SOUND ENERGY

Phase 2 candidate list[1]

As of 6/20/19

	ID	Project Name	Resource Type	Nameplate	Counterparty	State
1	18100	SPI Industrial	Biomass	17 MW	SPI	WA
2	18201	[redacted]	Demand Response	[redacted] MW	[redacted]	WA
3	18205	[redacted]	Demand Response	[redacted] MW	[redacted]	MA
4	18169	ClearWater Wind	MT Wind	300 MW	NextEra	MT
5	18173	[redacted]	MT Wind	[redacted] W*	[redacted]	MT
6	18176	[redacted]	MT Wind	[redacted] W*	[redacted]	MT
7	18163	[redacted]	REC Only	[redacted] REC	[redacted]	OR
8	18165	[redacted]	REC Only	[redacted] REC	[redacted]	OR
9	18190	[redacted]	REC Only	[redacted] REC	[redacted]	WA
10	UP002	[redacted]	REC Only	[redacted] REC	[redacted]	ID
11	18107	[redacted]	Run-of-River	[redacted] W	[redacted]	ID
12	18135	[redacted]	Solar	[redacted] W	[redacted]	WA
13	18111	[redacted]	Solar	[redacted] MW	[redacted]	WA
14	18122	[redacted]	Solar	[redacted] W	[redacted]	WA
15	18131	[redacted]	Solar	[redacted] W	[redacted]	WA
16	18127	[redacted]	Solar	[redacted] MW	[redacted]	WA
17	18114	[redacted]	Solar	[redacted] MW	[redacted]	WA
18	18125	[redacted]	Solar	[redacted] MW	[redacted]	WA
19	18139	[redacted]	Solar + BESS	[redacted] W BESS	[redacted]	OR
20	18105	[redacted]	Thermal	[redacted] W	[redacted]	WA
21	18103	[redacted]	Thermal	[redacted] MW	[redacted]	OR
22	18161	BPA Peak Capacity Product	Sys PPA/Call Opt.	100 MW	BPA	OR
23	XXXXX	[redacted]	Transmission	[redacted] MW	[redacted]	N/A
24	18175	[redacted]	Wind	[redacted] MW	[redacted]	WA
25	18132	[redacted]	Wind	[redacted] MW*	[redacted]	OR
26	18179	[redacted]	Wind	[redacted] MW	[redacted]	WA
27	18170	Golden Hill Wind - Shaped	Wind	200 MW	Avangrid	OR
28	18166	[redacted]	Wind	[redacted] MW	[redacted]	OR

* Numbers shown are rounded to the nearest 5 MW.

** Assumes a redirect of 100MW of BPA transmission from [redacted] to Mid-C to PSEI, available January, 2022 for a 50-year term, and using Mid-C forecast for energy pricing. Redirect originally under consideration was removed during Phase 2, as the available ATC associated with the assumption has already been included as an existing resource in the current capacity need assessment (shown on slide 5) and does not represent an incremental solution.

*** [redacted] (#18111)

[1]*The candidate list reflects the best offer from each proposal. The list was revised early in Phase 2 to remove the [redacted] proposal (#18112) (withdrawn developer), and to add the BPA Peak Capacity Product (#16161) (adjusted original delivery point from Mid-C to BPAT.PSEI), the [redacted] proposal (#18205) (repriced after Phase 1 elimination) and the unsolicited [redacted] proposal (#UP002) (repriced after Phase 1 elimination).*

APPENDIX C

2018 All Resources RFP Phase 2 quantitative analysis scenarios and stand-alone proposal ranking results

PUGET SOUND ENERGY

RFP Phase 2 price scenarios

Scenarios	Phase	WECC /PSE Demand	Gas Price	Generic Resource Costs
1. No carbon tax	1 + 2	Base	Base	Base
2. CO2 (low societal $16/ton)	1 + 2	Base	Base	Base
3. CO2 (mid-societal $42/ton)	1 + 2	Base	Base	Base
4. CO2 (high societal $62/ton)	2	Base	Base	Base
5. No CO2 low load	2	Low	Low	Base
6. No CO2 updated w/CA SB100	2	Base	Update	Base

2018 RFP Phase II Preliminary Quantitative Results Summary- CAPACITY PROPOSALS

Preliminary Figures Only- Subject to Change

As of June 12, 2019

Primary Ranking Criteria

Secondary Criteria

Cutoff Line

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC
	ID	Capacity Proposals: Project Name	Technology	Term Start	Book Life / Contract Term	Nameplate Capacity (MW)	Peak Capacity Credit	Levelized PB /(Peak Capacity kW - YR)						Ranking Levelized PB / (Peak Capacity kW - YR)						Net Cost/KW-Yr						Ranking Net Cost/KW-Yr					
								NO CO2 Low Load	NO CO2 Updated w/58100	NO CO2	Low Societal	Mid Societal	High Societal	NO CO2 Low Load	NO CO2 Updated w/58100	NO CO2	Low Societal	Mid Societal	High Societal	NO CO2 Low Load	NO CO2 Updated w/58100	NO CO2	Low Societal	Mid Societal	High Societal	NO CO2 Low Load	NO CO2 Updated w/58100	NO CO2	Low Societal	Mid Societal	High Societal
1	18170	Golden Hills Shaped	Wind	Dec-20	25	200 MW	78.8	[redacted]						1	1	2	1	2	1	[redacted]						8	8	7	4	5	4
2	18169	ClearWater 2021 (updated offer)	MT Wind	Dec-21	[redacted]	300 MW	[redacted]							6	2	1	2	1	2							1	1	1	1	1	1
3	18100	SPI Industrial Biomass	Biomass	Jan-21	17	17 MW	16.4							5	3	3	4	3	3							9	9	9	7	6	5
4	18173	[redacted]	MT Wind	Oct-22	20	[redacted] MW								4	4	4	3	4	4							4	6	3	3	3	3
5	18173		MT Wind	Oct-22	20	MW								3	5	5	5	5	5							3	3	2	2	2	2
6	18105		Thermal	Jan-22	20	MW								7	7	6	7	6	7							2	2	4	6	7	6
7	18103		Thermal	Jun-22	10	MW								9	8	7	9	9	9							6	4	5	9	9	8
8	18105		Thermal	Jan-22	20	MW								8	9	8	8	7	8							5	5	6	8	8	7
9	*16161*	*BPA Peak Capacity (Footnote 9)*	*Capacity*	*Jan-22*	*5*	*100 MW*	*54.0*							*10*	*10*	*10*	*10*	*10*	*10*							*7*	*7*	*8*	*10*	*10*	*9*
10	[redacted]																														
11																															
12																															

Notes:

1. The metric shown-- Levelized PB /(Peak Capacity kW - YR)-- is the portfolio benefit attributable to peak capacity service divided by the average peak capacity.

2. Generation Resources with a peak capacity contribution (as described by ELCC, or Effective Load Carrying Contribution) of 30% or higher were considered "Capacity Resources".

3. Generation Resources with Mid-C delivery are not considered Capacity resources regardless of ELCC.

4. Capacity-specific contracts and products such as Demand Response, Transmission Redirect, and BPA Capacity are considered alongside generation resources

5. None of the demand response projects in Phase II were selected, as there was no identifiable deferred T&D value that would have made it a cost effective solution. In addition, the providers' lack of experience in integrating with PSE's DERM (Distributed Energy Resource Management) system was deemed to be a critical hindrance to implementation.

6. Transmission Redirect has been eliminated as a viable option to meet capacity need.

7. All of the Demand Response projects were eliminated as viable options to meet capacity need.

8. [redacted] was eliminated as a viable option due to various qualitative factors, including indeterminate production capacity figures.

9. BPA's Peak Capacity product, highlighted in green, is included in the optimization modelling even though it ranks low when compared to other long-term projects (generally 20+ years) in the RFP. The product has a unique profile in that it is a short term product (5 years) with a high ELCC of 54% and qualitatively appropriate for implementation.

2018 RFP Phase II Preliminary Quantitative Results Summary- RENEWABLE PROPOSALS

Preliminary Figures Only- Subject to Change

As of June 12, 2019

	ID	Renewable Proposals: Project Name	Technology	Term Start	Book Life / Contract Term	Nameplate Capacity (MW)	Levelized PB / REC: NO CO2 Low Load	NO CO2 Updated w/SB 100	NO CO2	Low Societal	Mid Societal	High Societal	Ranking Levelized PB / REC: NO CO2 Low Load	NO CO2 Updated w/SB 100	NO CO2	Low Societal	Mid Societal	High Societal	LEVELIZED $/REC: NO CO2 Low Load	NO CO2 Updated w/SB 100	NO CO2	Low Societal	Mid Societal	High Societal	Ranking LEVELIZED $/REC: NO CO2 Low Load	NO CO2 Updated w/SB 100	NO CO2	Low Societal	Mid Societal	High Societal	Net Cost/REC: NO CO2 Low Load	NO CO2 Updated w/SB 100	NO CO2	Low Societal	Mid Societal	High Societal	Ranking Net Cost/REC: NO CO2 Low Load	NO CO2 Updated w/SB 100	NO CO2 Base	Low Societal	Mid Societal	High Societal
1	18163	[redacted]	REC Only	Jan-22	18	[redacted] REC	[redacted]						1	1	1	22	31	33	[redacted]												[redacted]						7	2	12	23	31	28
2	18165	[redacted]	REC Only	Jan-22	18	[redacted] REC	[redacted]						2	2	2	21	32	32	[redacted]												[redacted]						9	3	15	25	32	30
3	18169	ClearWater 2021 (updated offer)	MT Wind	Dec-21	25	300 MW	[redacted]						21	3	4	1	1		[redacted]						17	17	18	18	17	18	[redacted]						1	1	1	1	1	1
4	18173	[redacted]	MT Wind	Oct-22	20	[redacted] MW	[redacted]						27	4	17	13	4	2	[redacted]						26	26	26	26	26	26	[redacted]						19	17	16	10	4	2
5	18190	[redacted]	Wind	Dec-21	20	[redacted]	[redacted]						4	5	12	24	20	31	[redacted]						13	13	1	1	13	1	[redacted]						15	7	13	24	13	29
6	18135	[redacted]	Solar	Jan-23	20	[redacted]	[redacted]						6	6	3	3	7		[redacted]						2	2	3	3	2	3	[redacted]						3	8	2	2	6	6
7	18111	[redacted]	Solar	Dec-22	20	[redacted]	[redacted]						5	7	8	4	3		[redacted]						6	6	7	7	6	7	[redacted]						4	9	8	4	3	5
8	18127	[redacted]	Solar	Dec-22	15	[redacted]	[redacted]						10	8	23	6	8		[redacted]						5	5	6	6	5	6	[redacted]						8	12	20	6	7	8
9	18135	[redacted]	Solar	Jan-23	20	[redacted]	[redacted]						7	9	5	9	9	10	[redacted]						8	8	9	9	8	9	[redacted]						10	14	3	7	9	10
10	18125	[redacted]	Solar	Jan-23	20	[redacted]	[redacted]						9	10	6	10	10	11	[redacted]						10	10	11	11	10	11	[redacted]						11	15	4	8	10	11
11	18127	[redacted]	Solar	Dec-22	15	[redacted]	[redacted]						14	11	25	12	11	12	[redacted]						4	4	5	5	4	5	[redacted]						12	13	21	11	12	13
12	18132	[redacted]	Wind	Jan-23	20	[redacted]	[redacted]						3	12	9	2	5		[redacted]						11	11	12	12	11	12	[redacted]						2	4	7	3	5	4
13	18125	[redacted]	Solar	Jan-23	15	[redacted]	[redacted]						13	13	10	15	12	15	[redacted]						9	9	10	10	9	10	[redacted]						13	16	5	12	14	16
14	18173	[redacted]	MT Wind	Oct-22	20	[redacted]	[redacted]						25	14	22	19	14	13	[redacted]						21	21	22	22	21	22	[redacted]						21	19	18	17	15	12
15	18111	[redacted]	Solar	Dec-22	20	[redacted]	[redacted]						11	15	7	7	2		[redacted]						18	18	19	19	18	19	[redacted]						26	30	23	16	2	3
16	18139	[redacted]	Solar	Jan-23	10	[redacted]	[redacted]						17	16	15	17	15	18	[redacted]						1	1	2	2	1	2	[redacted]						14	11	9	18	20	19
17	18132	[redacted]	Wind	Jan-22	20	[redacted]	[redacted]						8	17	13	5	13	14	[redacted]						7	7	8	8	7	8	[redacted]						6	6	11	5	8	7
18	18114	[redacted]	Solar	Dec-21	20	[redacted]	[redacted]						15	18	14	16	18	9	[redacted]						12	12	13	13	12	13	[redacted]						16	18	6	13	16	17
19	18166	[redacted]	Wind	Jan-21	25	[redacted]	[redacted]						18	19	24	23	21	20	[redacted]						22	22	23	23	22	23	[redacted]						20	22	24	22	23	22
20	18179	[redacted]	Wind	Jan-21	25	[redacted]	[redacted]						28	20	29	27	24	23	[redacted]						23	23	14	14	23	14	[redacted]						29	27	30	21	18	33
21	18132	[redacted]	Wind	Jan-21	20	[redacted]	[redacted]						12	21	19	11	16	17	[redacted]						3	3	4	4	3	4	[redacted]						5	5	10	9	11	9
22	18170	[redacted]	Wind	Dec-20	20	[redacted]	[redacted]						19	22	27	8	6	3	[redacted]						15	15	16	16	15	16	[redacted]						17	10	14	14	17	14
23	18122	[redacted]	Solar	Jan-23	20	[redacted]	[redacted]						16	23	20	18	19	19	[redacted]						14	14	15	15	14	15	[redacted]						18	20	17	15	19	18
24	18166	[redacted]	Wind	Jan-23	25	[redacted]	[redacted]						20	24	28	28	26	25	[redacted]						29	29	29	29	29	29	[redacted]						25	26	28	29	27	23
25	18131	[redacted]	Solar	Dec-22	25	[redacted]	[redacted]						32	25	21	20	22	21	[redacted]						19	19	20	20	19	20	[redacted]						22	24	19	19	22	20
26	18139	[redacted]	Solar + BES	Jan-23	10	[redacted] BESS	[redacted]						24	26	26	25	23	24	[redacted]						16	16	17	17	16	17	[redacted]						24	23	25	26	25	24
27	18175	[redacted]	Wind	Jan-21	25	[redacted]	[redacted]						31	27	16	30	29	28	[redacted]						27	27	27	27	27	27	[redacted]						28	25	26	27	26	32
28	18166	[redacted]	Wind	Jan-22	25	[redacted]	[redacted]						23	28	30	29	27	26	[redacted]						28	28	28	28	28	28	[redacted]						27	28	29	30	29	26
29	18170	[redacted]	Wind	Dec-20	20	[redacted]	[redacted]						26	29	18	26	17	16	[redacted]						24	24	24	24	24	24	[redacted]						30	29	27	28	21	15
30	18100	SPI Industrial Biomass	Biomass	Jan-21	17	17 MW	[redacted]						30	30	32	31	28	27	[redacted]						30	30	30	30	30	30	[redacted]						32	31	31	31	28	25
31	18170	Golden Hills Shaped	Wind	Dec-20	25	200 MW	[redacted]						22	31	11	14	25	22	[redacted]						20	20	21	21	20	21	[redacted]						23	21	22	20	24	21
32	18139	[redacted]	Solar + BES	Jan-23	10	[redacted] MW BESS	[redacted]						29	32	31	32	30	29	[redacted]						25	25	25	25	25	25	[redacted]						31	32	32	32	30	27
33	18107	[redacted]	Hydro-Run	Jan-21	20	[redacted] MW	[redacted]						33	33	33	33	33	30	[redacted]						31	31	31	31	31	31	[redacted]						33	33	33	33	33	31
34	[redacted]																																										
35	[redacted]																																									
36	[redacted]																																							13	24	[redacted]	29
37	[redacted]																																									

Notes:

1. The metric shown-- Levelized PB / RECs-- is the portfolio benefit attributable divided by RECs generated.

2. For generation resources with a peak capacity contribution (as described by ELCC, or Effective Load Carrying Contribution) of 3.2% or higher, the Renewable Portfolio Benefit was recomputed by isolating the portfolio benefit attributable to REC generation. Resources with Mid-C delivery are considered to have zero capacity value.

3. [redacted] was eliminated as a viable option due to various qualitative factors, including indeterminate production capacity figures.

2018 All Resources RFP:

Phase 2 results and recommended shortlist

PUGET SOUND ENERGY

EMC Decisional

July 23, 2019

Cindy Song

Business Initiatives Manager

Decisional

Recommendation: Approve projects selected from the RFP (slide #5) and authorize RFP team to proceed with contract negotiations.

RFP timeline and next steps

	Date	Milestone
✓	March 29, 2018	Draft RFP filed with WUTC
✓	June 28, 2018	WUTC approved Demand Response and All Resource RFPs
✓	July 3, 2018	PSE released final RFPs
✓	August 17, 2018	Offers were due to PSE
✓	March 2019	Complete Phase 1 evaluation, select Phase 2 candidate list
✓	July 2019	Complete Phase 2 evaluation, select final short list
	July/August 2019	Notify respondents; begin contract negotiations
	To follow	Seek EMC/board approval prior to executing negotiated contracts

Capacity resource need updated to 299 MW in 2022 and REC need updated to 233,449 RECs in 2023

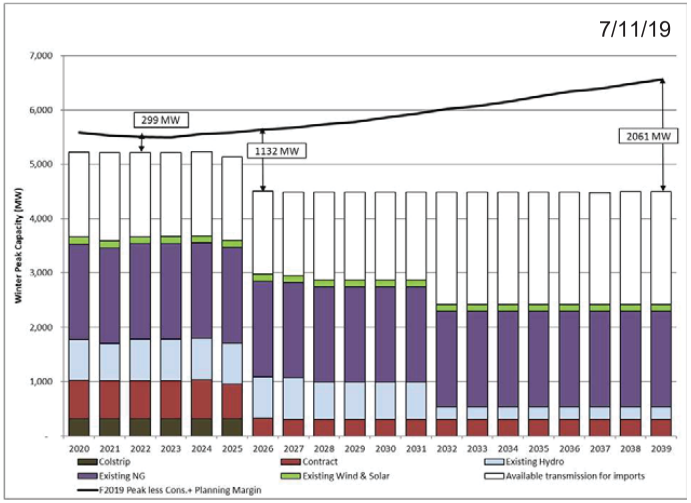
Resource need forecasts updated in Phase 2 analysis to reflect draft 2019 IRP need assessments and F2019 load forecast (net conservation)*

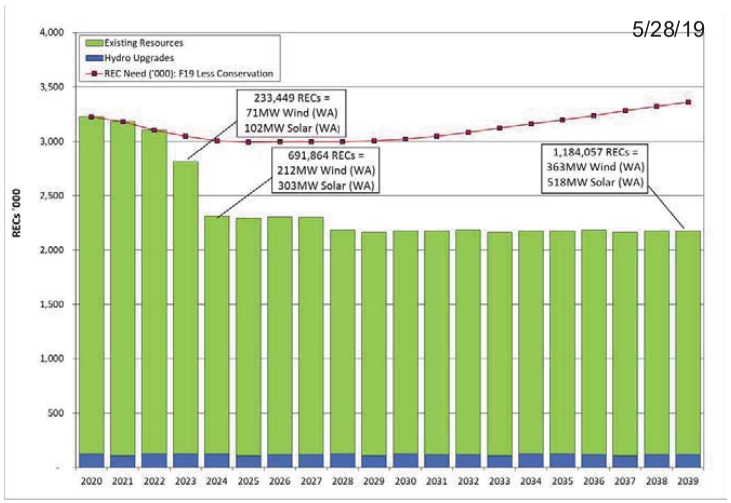
2018 RFP Capacity Need – Phase 2 update

- PSE seeks 299 MW capacity by end of 2022; near-term gap in 2020-2021 to be filled by short-term RFP
- Products that fill winter need while minimizing surpluses in other parts of the year will evaluate more favorably

2018 RFP REC Need – Phase 2 update**

- REC need is driven by the increase in the RPS from 9% to 15% in 2020
- Projected need to meet the RPS is 233,449 RECs by 2023
- PSE's inventory of banked RECs delays need until 2023





**Original RFP issued to fill 272 MW capacity need in 2022 and 671,000 REC renewable need in 2023.*
***REC need reflects renewable need driven by RCW 19.285 (RPS). It does not reflect the impact of SB 5116 (Clean Energy Transformation Act).*

Portfolio optimization results*

(results as of July 23, 2019)

(A) List	(B) Project ID	(C) Resource	(D) Project	(E) Nameplate	(F) Peak Capacity Credit	(G) RECs[1]	(H) Preferred Optimized Portfolio	(I) As Proposed Optimized Portfolio
1	18100	Biomass	SPI	17 MW	16 MW	[redacted]	X	X
2	18161	Call Option	BPA Peak Capacity Product	100 MW	53 MW	N/A	X	X
3	18169	MT Wind	[redacted]	350 MW	[redacted]		X	
4	18169	MT Wind		300 MW				X
5	18170	Wind	Golden Hill Shaped	200 MW	77 MW	[redacted]	X	X
6		**Total Peak Capacity Credits - MWs**					[redacted] MW	[redacted] MW
7		**Peak Capacity Surplus / (Deficit) in 2022** [4]					[redacted] MW	[redacted] MW
8		**Total Annual RECs**					**2,189,656**	**1,986,862**
9		**Portfolio Benefits - $M**					**$408**	**$397**
10								
11		**With Consideration of Social Cost of Carbon:**						
12		**Portfolio Benefits w/ Carbon Costs as an Adder - $M** [5]					**$1,038**	**$934**
13		**Portfolio Benefits w/ Carbon Costs in Dispatch Costs - $M**					**$959**	**$937**

Peak Capacity and REC Need 2022-2025	2022	2023	2024	2025
Peak Capacity Need	299 MW	291 MW	328 MW	457 MW
REC Need	0	233,449	691,864	700,482

1. The annual project RECs in column I does not include 0.2X apprenticeship multiplier.

2. The optimization model chose a portfolio with 350MW from Clearwater. NextEra submitted proposals for both 300MW and 400MW, but not 350MW. The 350MW size of the project is reduced from the proposed 400MW option based on available transmission capacity. The 350MW option will have to be negotiated with NextEra. Current indicative results reflect pricing based on the 300MW offer.

3. The current project COD for Clearwater is Dec 2021. There has been perceived timing risks for PSE to secure long-term transmission rights to bring the energy home. If the COD is delayed to Dec 2022 to mitigate this risk, NPV of PPA cost will increase by up to $35M. Without Clearwater, the next lowest cost portfolio is $123M more expensive than the recommended portfolio. However it would have the same timing risks on transmission because the new lowest cost portfolio includes the [redacted] project, which uses the same Colstrip transmission path.

4. Final Portfolio ELCC reduces the sum of individual project peak capacity contribution by 8 MW. It could potentially be mitigated by 1) short-term capacity purchase for $720k per year; 2) a 20MW battery for $41M.

5. Social cost of carbon at $86/metric ton in 2010 dollars plus escalation is added to total portfolio costs as fixed cost.

[redacted] ENERGY

**Detailed optimization results for Phase 2 proposals are presented in Appendix E. Detailed scenario analysis and standalone proposal ranking results are presented in Appendix C.*

RFP short list – selected four projects to go out and start negotiations

1. SPI Biomass (Sierra Pacific Industries) 17-year PPA
2. Clearwater Montana wind (NextEra) 25-year PPA
3. Golden Hills Oregon wind (Avangrid) 20-year PPA
4. BPA peak capacity product (BPA) 5-year call option

Selected proposal: SPI Biomass PPA

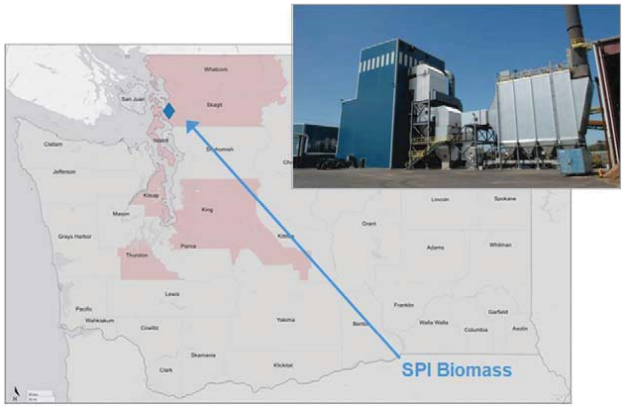
Proposed terms are subject to change

Seller:

- Sierra Pacific Industries (SPI)

Product:

- Delivery of 17 MW of firm capacity (24/7)
- Delivery of up to 20 MW worth of energy (3 MW is variable)
- Minimum availability: [redacted] (92% historic)
- Contribution to Peak Capacity: 16 MW



** The SPI Burlington lumber mill began operating in 2001. The biomass cogeneration facility was added in 2007. Facility is subject to an existing contract with a broker to sell the output through 2020.*

*** Levelized cost of energy is $[redacted]*

Term:

- Start: Jan. 1, 2021*
- 17 years

Point of Delivery:

- SPI.CABO.GEN at Fredonia Substation *(also Point of Interconnection)*

Price**:

Calendar Year	Contract Year	Energy Price ($/MWh	Expected Energy Output (MWh/year)
2021	1	[redacted]	
2022	2		
2023	3		
2024	4		
2025	5		
2026	6		
2027	7		
2028	8		
2029	9		
2030	10		
2031	11		
2032	12		
2033	13		
2034	14		
2035	15		
2036	16		
2037	17		

SHADED INFORMATION IS DESIGNATED AS CONFIDENTIAL PER WAC 480-07-160

REDACTED VERSION

SPI Biomass PPA: Key risks and benefits

Risks and mitigations:

Risk	Responsibility	Impact without mitigation	Proposed PSE mitigation
Availability or production risk	PSE	PSE peak capacity need would be unmet in the short term	Liquidated Damages assessed on counterparty; Trade floor purchases short-term market capacity

Benefits:

- Operational status, solid operating history, reliable fuel supply and interconnection to PSE's system
- High-yield capacity contribution from a renewable resource
- No known community or reputational risks
- Consistent with Washington State's clean energy goals
- Strong counterparty with no project subsidiary
- Counterparty appears motivated to work with PSE to negotiate mutually acceptable PPA terms
- Quantitative analysis demonstrates that SPI Biomass performs well compared to alternatives on a standalone basis and is selected in all optimization portfolios, including the lowest reasonable cost solution

Selected proposal: Clearwater Wind PPA

Proposed terms are subject to change

Seller:

- NextEra Energy, Inc.

Product:

- Nameplate Capacity: Proposed 300 MW*
- NCF: [redacted]%
- Expected Output: [redacted] MWh/year

Term:

- COD: Proposed 12/31/2021**
- Term: 25 years

Point of Delivery:

- Colstrip Substation 500 kV (*also Point of Interconnection*)

**Preferred size [redacted] MW (no offer yet)*
***To be determined based on timing of transmission availability*

[redacted]

Price (based on 300 MW PPA)***:

	PPA		
Calendar Year	Contract Year	Flat Energy Price	Expected Energy Output (MWh/year)
2022	1	[redacted]	
2023	2		
2024	3		
2025	4		
2026	5		
2027	6		
2028	7		
2029	8		
2030	9		
2031	10		
2032	11		
2033	12		
2034	13		
2035	14		
2036	15		
2037	16		
2038	17		
2039	18		
2040	19		
2041	20		
2042	21		
2043	22		
2044	23		
2045	24		
2046	25		

****Price does not include delivery to PSE's system. Levelized cost of energy is $[redacted]*

Clearwater Wind PPA: Key risks and benefits

Risks and mitigations:

Risk	Responsibility	Impact without mitigation	Proposed PSE mitigation
Commercial operation delayed - site control - permitting - construction	NextEra	Short-term capacity deficit	Liquidated Damages assessed on counterparty; Trade floor purchases short-term market capacity
Colstrip Transmission System network upgrades complete later than expected	PSE	Insufficient long-term available transmission capacity (ATC)	PSE purchases available short-term transmission capacity; remaining output curtailed

Benefits:

- Relatively inexpensive large-scale wind project
- Expected capacity factor and wind shape indicate a high-yield capacity contribution from a renewable resource
- Consistent with Washington State's clean energy goals
- Strong counterparty with a parent guarantee
- Quantitative analysis demonstrates Clearwater performs well compared to alternatives on a standalone basis and was the linchpin to meet the RPS and peak capacity needs during portfolio optimization

Selected proposal: Golden Hills Wind (Shaped)

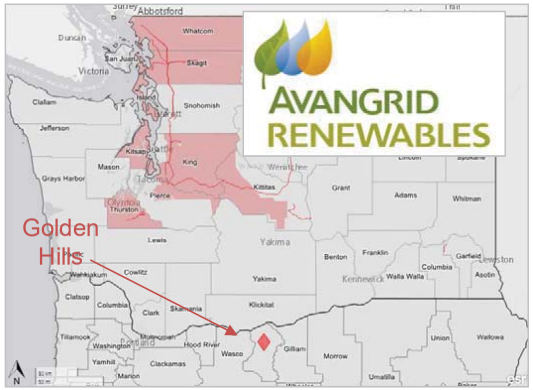
Proposed terms are subject to change

Seller:

- Avangrid Renewables, Inc.

Product:

- Nameplate Capacity: 200 MW
- NCF: [redacted]
- Expected Output: [redacted] MWh/year
- Shaped Capacity: up to [redacted] MW
- Shaped Schedule: Nov - Feb
- Shaped Hours: HE 9-11, 18-21



Term:

- COD: 12/31/2021
- Term: 20 years

Point of Delivery:

- BPAT.PSEI

Price*:

**Levelized cost of energy is $50/MWh.*

		PPA		Winter-Peaking Capacity	
Calendar Year	Contract Year	Flat Energy Price ($/MWh)	Expected Energy Output (MWh/year)	Capacity Price ($/kW-mo)	Capacity (MW)
2022	1	[redacted]		[redacted]	
2023	2				
2024	3				
2025	4				
2026	5				
2027	6				
2028	7				
2029	8				
2030	9				
2031	10				
2032	11				
2033	12				
2034	13				
2035	14				
2036	15				
2037	16				
2038	17				
2039	18				
2040	19				
2041	20				

[redacted] ENERGY

The uniquely shaped output during winter months yields higher peak capacity contribution

- "As generated" Golden Hills Wind has an ELCC of 26%, therefore a peak capacity contribution of 52MW.
- Avangrid Renewables has offered a synthetic peak capacity output profile for winter months (Nov-Feb) that reshapes the wind output in those months to optimize the coincidence to PSE's load profile.
- This reshaped wind product offers an ELCC of 39%, therefore a peak capacity contribution of 79MW.
- PSE has an opportunity to optimize the shaped product, and analysis is ongoing.

Golden Hills PPA: Key risks and benefits

Risks and mitigations:

Risk	Responsibility	Impact without mitigation	Proposed PSE mitigation
Commercial operation delayed - construction	Avangrid	Short-term capacity deficit	Liquidated Damages assessed on counterparty; Trade floor purchases short-term market capacity
Available long-term firm transmission ([redacted] MW) is less than project nameplate capacity (200 MW)	Avangrid	Possible impact to energy delivery in excess of [redacted] MW	Confirm use of short-term firm redirects
Shaped product resource pool may not be 100% renewable	PSE	May misalign with CETA requirements	May require some offset purchases starting in 2030

Benefits:

- Incremental wind asset with shaped capacity product provides contribution to both RPS and capacity needs identified in RFP
- Consistent with Washington State's clean energy goals
- Strong counterparty with a parent guarantee
- Shaped hours are negotiable, allowing optimization to need.
- Quantitative analysis demonstrates that Golden Hills PPA (shaped) performs well compared to alternatives on a standalone basis and is selected in all optimization portfolios, including the lowest reasonable cost solution

[redacted] ENERGY

Selected proposal: BPA Capacity Tolling Agreement (CTA)

Proposed terms are subject to change

Seller:

- Bonneville Power Administration (BPA)

Product:

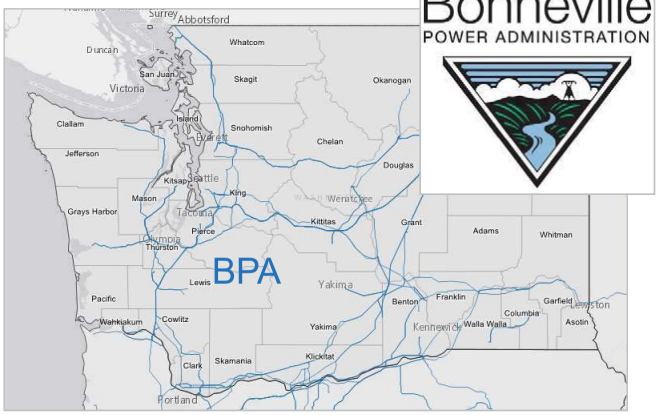
- Capacity: 100 MW
- Firm Capacity which may be scheduled in [redacted] increments from [redacted] MW on a [redacted] basis
- Western Systems Power Pool (WSPP) Schedule C, Heavy Load Hour, Low Carbon Firm Energy

Term:

- Start: 01/01/2022
- Term: 5 years

Point of Delivery:

- BPAT.PSEI
- PSE Covington 230 kV Substation



Price*:

Calendar Year	Contract Year	Energy Price ($/MWh)	Possible Energy Output (MWh/year)	Capacity Price ($/kW-mo)	Capacity (MW)
2022	1	[redacted]	[redacted]	[redacted]	100
2023	2				100
2024	3				100
2025	4				100
2026	5				100

** Powerdex hourly Mid-Columbia index for each hour MWh are delivered*

[redacted] ENERGY

BPA Capacity CTA: Key risks and benefits

Risks and mitigations:

Risk	Responsibility	Impact without mitigation	Proposed mitigation
Increased market exposure	PSE	Potentially higher energy costs	Trade floor implements hedging strategy

Benefits:

- Very strong counterparty with minimal risk of default
- No development risk
- Consistent with Washington State's clean energy goals
- Energy delivered from BPA's system will be certified as an Asset Controlling Supplier (ACS) product, typically 95% carbon free*
- Quantitative analysis demonstrates that BPA Capacity CTA performs well compared to alternatives on a standalone basis and is selected in all optimization portfolios, including the lowest reasonable cost solution

** As reported to the California Air Resources Board (CARB)*

Appendix A

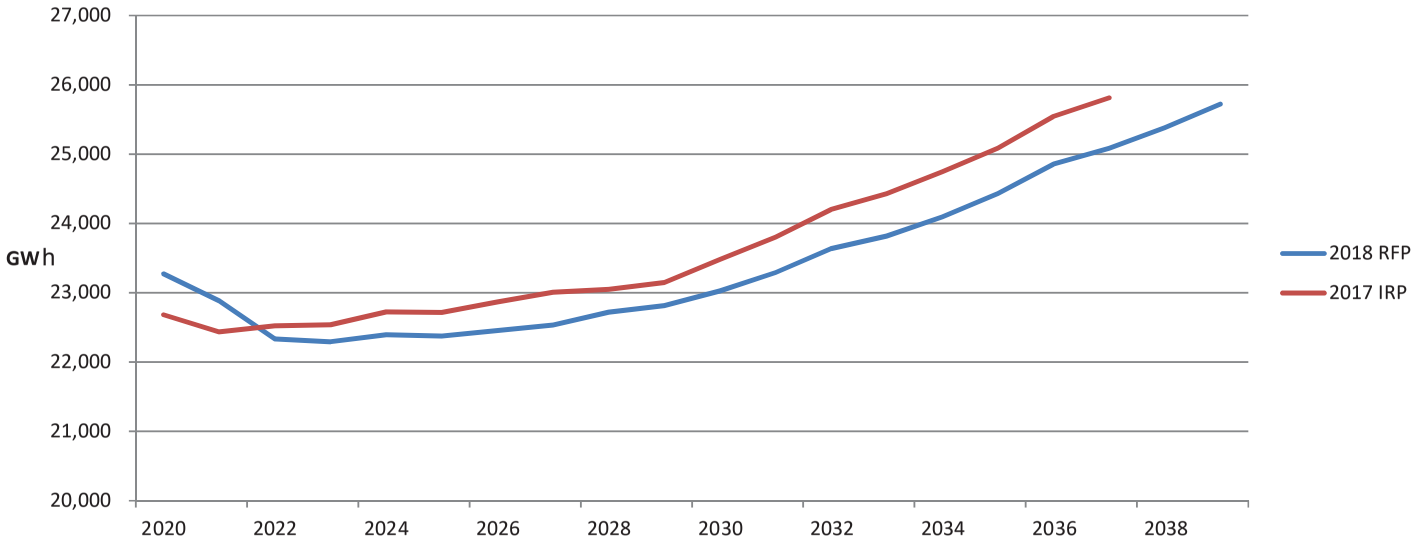
RFP modeling assumptions

PSE updated key Phase 2 modeling assumptions to reflect current draft 2019 IRP assumptions*

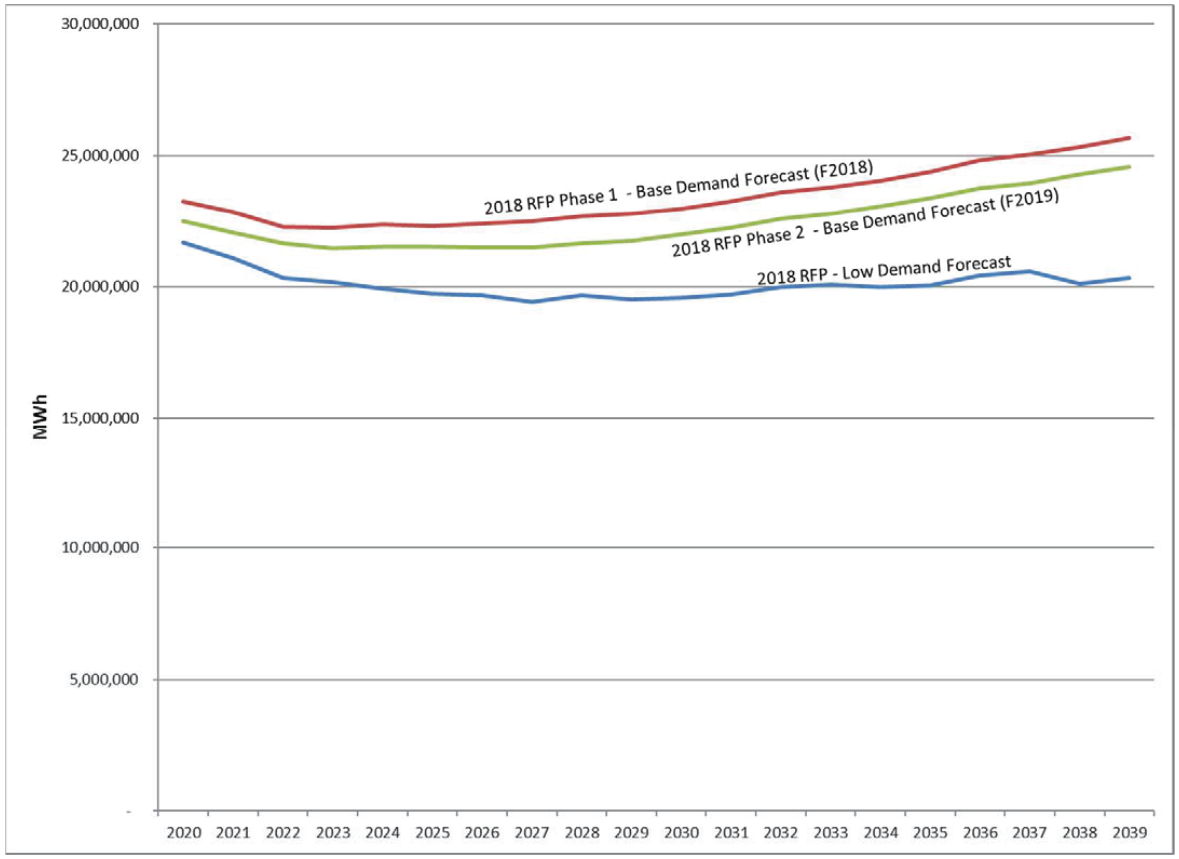
	RFP Phase 2	RFP Phase 1	2017 IRP
Mid-C power prices (Levelized)	$28.75 / MWh	$33.92 / MWh	$40.48 / MWh
Gas prices (Levelized)	$3.50 / mmbtu	$3.74 / mmbtu	$4.02 / mmbtu
Load growth	0.4%	0.5%	0.7%
Effective load carrying capability (ELCC)	See appendix.		

* *This is not intended to be a complete list of all model updates. Certain additional Phase 2 modeling assumptions are described in the appendix.*

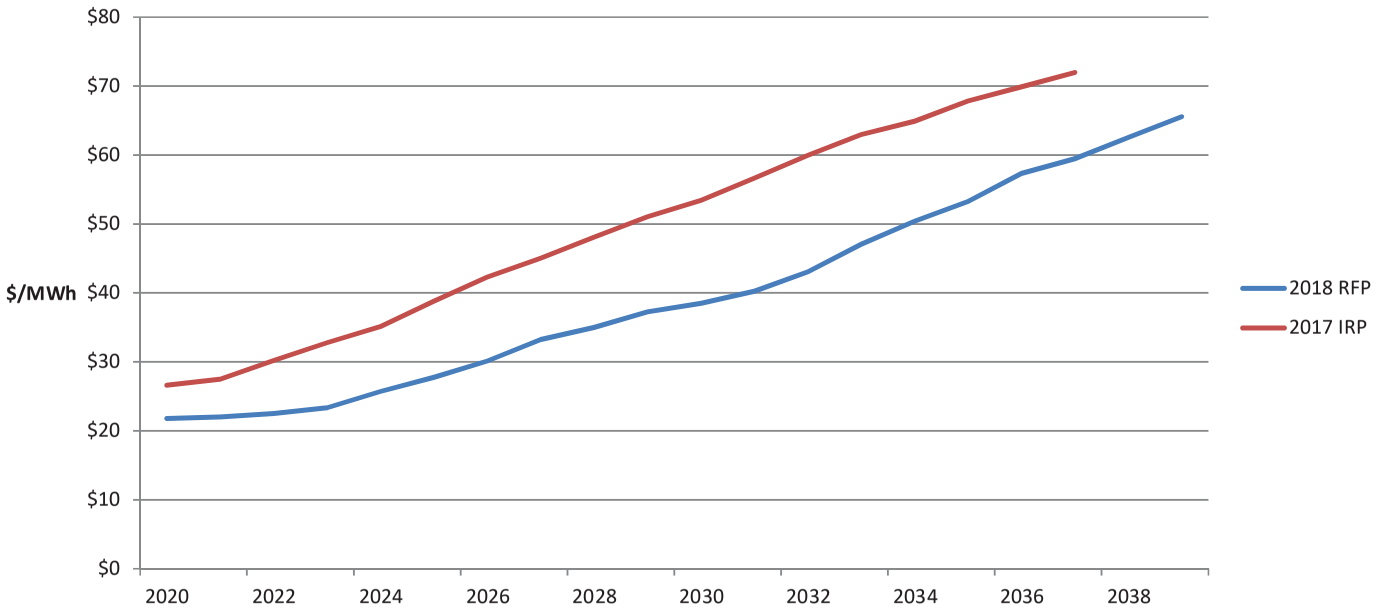
Phase 1: Load forecast comparison



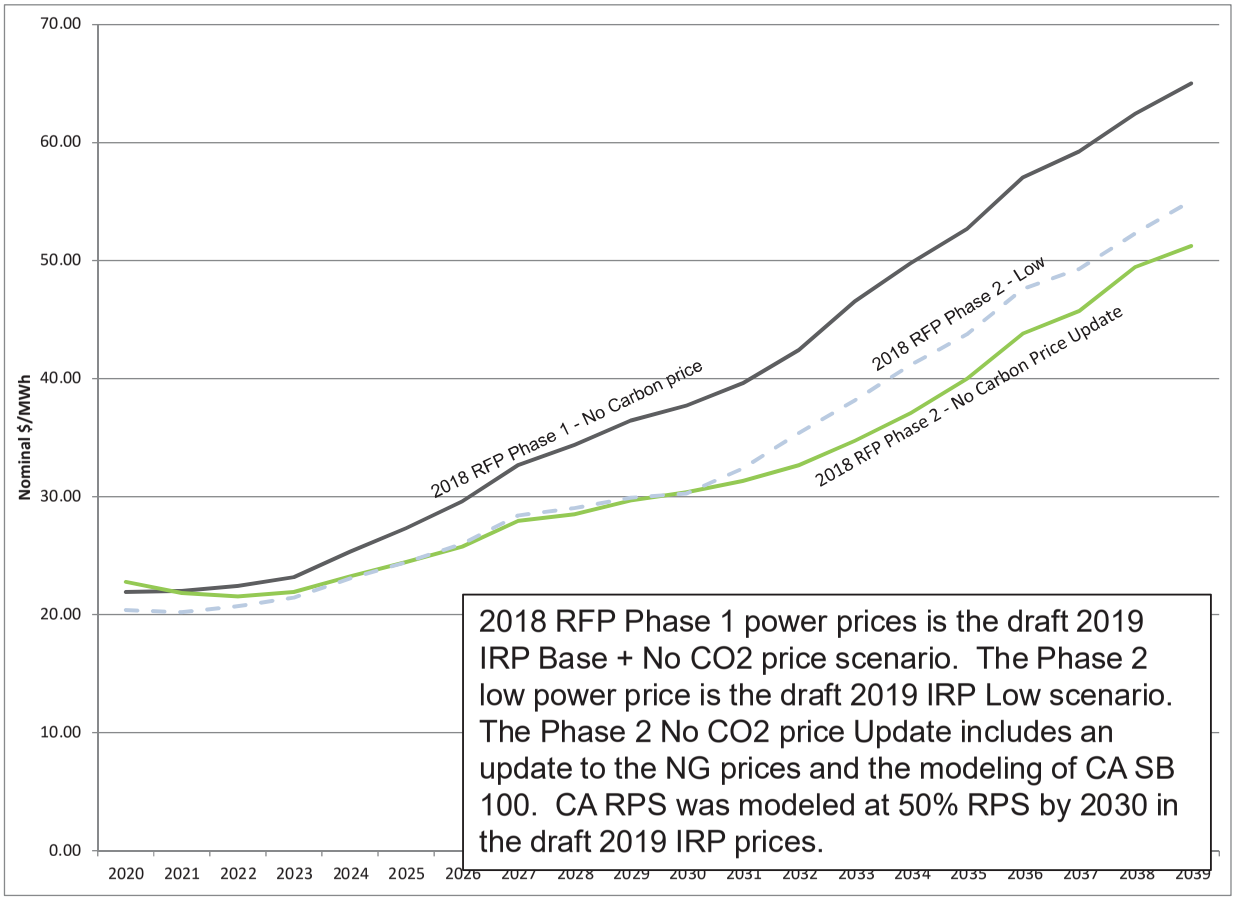
Phase 2: Load forecast comparison



Phase 1: Power price forecast

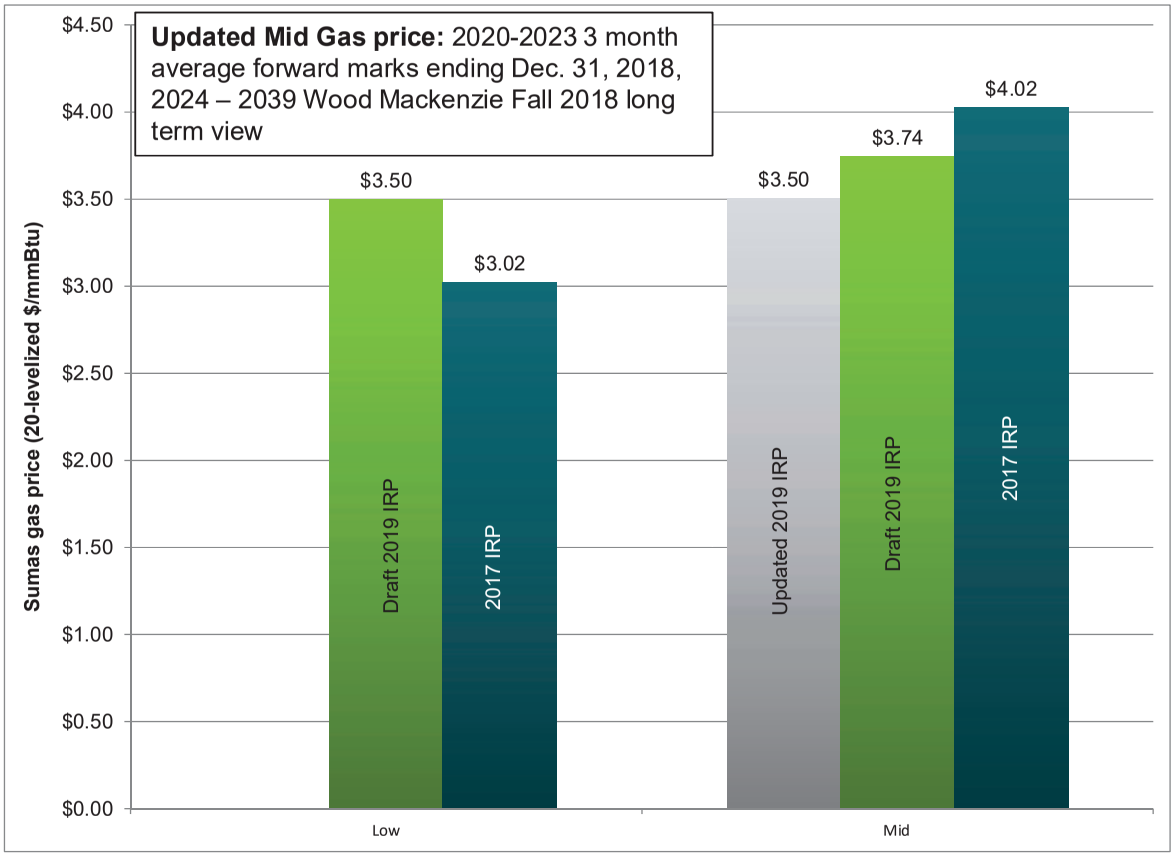


Phase 2: Power price forecast

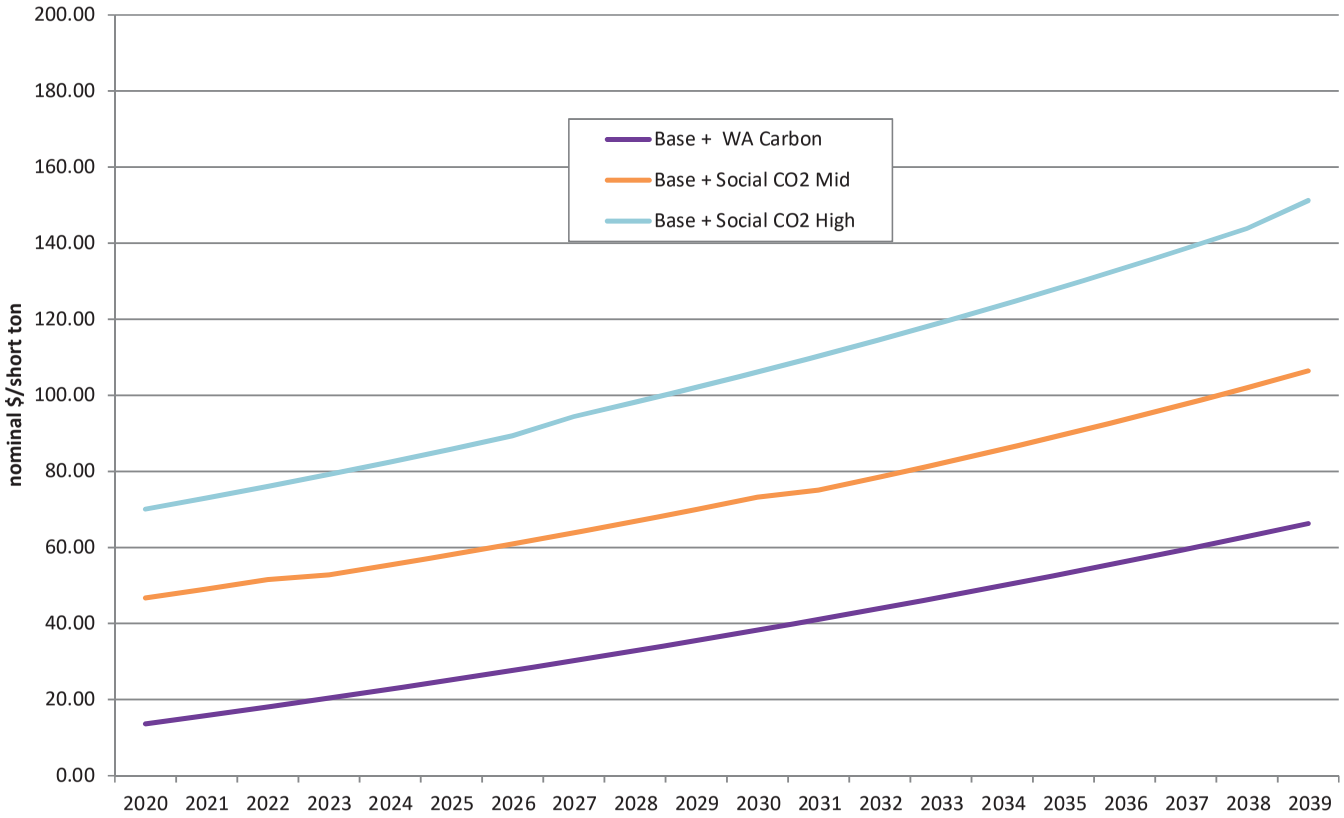


2018 RFP Phase 1 power prices is the draft 2019 IRP Base + No CO2 price scenario. The Phase 2 low power price is the draft 2019 IRP Low scenario. The Phase 2 No CO2 price Update includes an update to the NG prices and the modeling of CA SB 100. CA RPS was modeled at 50% RPS by 2030 in the draft 2019 IRP prices.

Phase 2: Natural gas price forecasts



Carbon Prices



Phase 1: Comparison of generic resource costs

	2017 IRP			2019 IRP			Change in costs from 2019 IRP to 2017 IRP		
2018 $/kW	EPC Cost	Owner's Costs + Interconnection	Total Costs	EPC Cost	Owner's Costs + Interconnection	Total Costs	EPC Cost	Owner's Costs + Interconnection	All in Costs
CCCT	$1,020	$358	$1,378	$898	$269	$1,167	($122)	($89)	($211)
Frame Peaker (Fuel Fuel)	$526	$172	$698	$554	$271	$825	$28	$99	$127
Recip Engine (NG only)	$1,030	$312	$1,341	$842	$350	$1,192	($188)	$38	($149)
WA Wind	$1,548	$656	$2,204	$1,656	$386	$2,042	$108	($270)	($162)
MT Wind	$1,471	$1,312	$2,783	$1,633	$1,111	$2,744	$162	($201)	($39)
Solar	$1,497	$874	$2,371	$1,352	$570	$1,922	($145)	($304)	($449)
Biomass	$4,084	$207	$4,291	$7,036	$2,659	$9,695	$2,952	$2,452	$5,404
Offshore Wind	$5,717	$1,795	$7,512	$5,000	$1,547	$6,547	($717)	($248)	($965)
Li-Ion Battery 2-hr	$1,313	$342	$1,655	$1,331	$599	$1,930	$18	$257	$275
Li-Ion Battery 4-hr	$2,116	$552	$2,668	$2,346	$708	$3,054	$230	$156	$386
Flow Battery 4-hr	$1,870	$674	$2,544	$1,493	$618	$2,111	($377)	($56)	($433)
Flow Battery 6-hr	$2,447	$882	$3,329	$2,050	$708	$2,758	($397)	($174)	($571)
Pumped Storage	$2,503	$127	$2,630	$1,800	$879	$2,679	($703)	$752	$49

Phase 2: Generic resource costs

Generic resource capital costs updated from HDR final report as part of the 2019 IRP.

Cost updates include:

- **Solar capital cost**
  - *Draft: $1,922/kw*
  - Update: $1,614/kw
- **MT wind capital cost**
  - *Draft: $2,744/kw*
  - Update: $1,617/kw
- **WA wind capital cost**
  - *Draft: $2,042/kw*
  - Update: $1,633/kw
- **Frame Peaker FOM cost**
  - *Draft: $3.93/kw-yr*
  - Update: $11.40/kw-yr
    $11.40/kw-yr includes $3.93/kw-yr FOM + $7.47/kw-yr for 48 hours of oil.

PSE also updated ELCC modeling assumptions to reflect current draft 2019 IRP assumptions

Resource	Nameplate (MW)	IRP 2017 Peak Capacity Solve to 5% LOLP Relative to New Peaker	IRP 2019 Peak Capacity Solve to 5% LOLP Relative to Perfect Capacity
Existing Wind	823	11%	9.7%
Skookumchuck	131	40%	36.0%
Generic Montana Wind	100	49%	51.4%
Generic Washington Wind	100	16%	6.4%
Generic Offshore WA Wind	100	51%	47.6%
Generic Washington Solar	100	0%	1.0%
Lund Hill Solar	150	N/A	2.4%

Storage Resources	Nameplate (MW)	IRP 2017 Peak Capacity EUE at 5% LOLP	IRP 2019 Peak Capacity EUE at 5% LOLP
Lithium-Ion 2 hr, 82% RT efficiency	25	60%	19.2%
Lithium-Ion 4 hr, 87% RT efficiency	25	88%	38.4%
Flow 4 hr, 73% RT efficiency	25	76%	36.0%
Flow 6 hr, 73% RT efficiency	25	N/A	46.4%
Demand Response 3 hr duration, 6 hr delay 10 calls per year	100	77%	38.2%

Appendix B

2018 All Resources RFP
Phase 2 Executive Summary

2018 RFP – Executive Summary*

Quantitative results are the product of analysis performed in PSM III version 25.13.

Phase 2 Candidate Short List: Proposals selected for contracting phase of RFP

Project	Summary Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18100 **SPI Burlington Biomass** Sierra Pacific Industries PPA Operational biomass 17 MW nameplate COD: 01/01/2021 Term: 17 years capacity	Levelized cost: [redacted] / MWh Portfolio benefit: $14.132 M Levelized PB/REC: [redacted] ** Peak capacity PB / kW-Yr: ([redacted]) Net cost PV: $33.613 M Peak capacity contribution (MW): 16.4 Annual REC contribution: [redacted]	• Existing/operating facility so no development risk • Biomass project is REC producing • High effective load-carrying capability (ELCC), i.e. contribution to peak capacity need • Interconnected onto PSE's system	• Sierra Pacific Industries is a privately held company, so less financial information is available than if it were public • A disruption of mill operations would likely impact long-term operation of the facility	**Selected -** Project selected during portfolio optimization and qualitative risks appear to be minimal.

*This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.
**Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.
***Indicates primary ranking criteria for particular proposal category.

Common acronyms:

BESS	Battery energy storage system
BTS	Build to sell
COD	Commercial operation date
CTA	Capacity Tolling Agreement
PPA	Power purchase agreement
REC	Renewable energy credit

SHADED INFORMATION IS DESIGNATED AS CONFIDENTIAL PER WAC 480-07-160

REDACTED VERSION

PUGET SOUND ENERGY

Project	Summary Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18161 **BPA Peak Capacity** Bonneville Power Administration PPA** Operational portfolio of projects 100 MW** COD: 01/01/2022** Term: 5 years**	Levelized cost: N/A Portfolio benefit: ($8.028 M) Peak capacity PB / kW-Yr: [redacted]*** Net cost PV: $25.426 M Peak capacity contribution (MW): 100 Annual REC contribution: [redacted]	• Counterparty is well known with existing ties to PSE and, therefore, no risk for this proposal • There are no permitting, real estate or community relations concerns as the proposal is based on currently operational projects • As a response to data requests, Bonneville Power Administration (BPA) moved their delivery location from Mid-C to BPAT.PSEI		**Selected -** Project selected during portfolio optimization and qualitative risks appear to be minimal.
18169 **Clearwater Wind** NextEra Energy Resources Development, LLC PPA** or 50% ownership+PPA Development wind 300 MW** or 400 MW COD: 12/31/2021** Term: 20 or 25** years	Levelized cost: [redacted] Portfolio benefit: $417.294 M Levelized PB/REC: [redacted]*** Peak capacity PB / kW-Yr: [redacted] Net cost PV: $24.422 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Relatively cost efficient way to contribute towards both the REC and contribution to peak capacity need • Large and experienced counterparty • Site control is reportedly achieved, but supporting documentation was not included in proposal • Public has been notified of the project as a [redacted] MW facility • Shape of wind based on 6 operating meteorological towers appears to fit well with PSE's needs	• Lengthy gen-tie line for which site-control has not yet been fully obtained • Transmission from [redacted] to PSE brings both schedule and cost risk to PSE as the energy offtaker • There is a potential permitting issue with sage grouse habitat	**Selected -** Project selected during portfolio optimization and qualitative risks appear to be manageable. Due to available transmission capacity limitations between [redacted] the [redacted] projects are considered mutually exclusive.
18170 **Golden Hills Wind** Avangrid Renewables [redacted] PPA-shaped [redacted] Development wind 200 MW** COD: 12/31/2020** Term: 20 years**	Levelized cost: [redacted] / MWh Portfolio benefit: $106.924 M Levelized PB/REC: [redacted]*** Net cost PV: $74.948 M Peak capacity contribution (MW): 51.6 Annual REC contribution: [redacted]	• Strong counterparty with extensive renewable energy development experience and existing contractual relationships with PSE • Shaped product offers capacity contribution during peak winter months • Site control is achieved • Permitting well advanced with Oregon Energy Facility Siting Council (EFSC) permit application already amended	• Complex energy delivery will require additional vetting • Complexity of shaped product will require additional vetting	**Selected -** Project selected during portfolio optimization and qualitative risks appear to be manageable.

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REC	Renewable energy credit

PUGET SOUND ENERGY

2018 RFP – HIGHLY CONFIDENTIAL
July 23, 2019

Project	Summary Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18173 [redacted] PPA** Development wind [redacted] MW or [redacted]* MW COD: 10/31/2022** Term: 20 years**	Levelized cost: [redacted]/ MWh Portfolio benefit: $280,504 M Levelized PB/REC: $[redacted]*** Peak capacity PB / kW-Yr: [redacted] Net cost PV: $116.358 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Strong counterparty with extensive renewable energy development experience • Project may be sited on a single landowner's property, which would likely minimize real estate complexity • Favorable state support; however, local level of support unknown	• Project site may include Montana Department of Natural Resources and Conservation (DNRC) land, which could complicate site control and permitting • Permitting is in a relatively early stage of development; risk of potential delay to scheduled COD • Assumed use of [redacted] is under ongoing review and may be problematic	**Selected -** Project selected during portfolio optimization and qualitative risks appear to be manageable. Due to available transmission capacity limitations between [redacted] System and [redacted] the projects are considered mutually exclusive.

*This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.
**Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.
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REDACTED VERSION

Phase 2 proposals not selected for contracting phase of RFP

Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18103 [redacted] CTA** or asset transfer Operational combined cycle [redacted] MW** or [redacted] MW Start: 06/01/2022 Term: 10 years	Levelized cost: $[redacted] / MWh Portfolio benefit: ($29.120 M) Peak capacity PB / kW-Yr: [redacted] Net cost PV: $163.748 M Peak capacity contribution (MW): [redacted] Annual REC contribution: 0	• Existing/operating facility (rather than new build) therefore no development risk • Existing presence in the community with local opposition unlikely	• High social cost of carbon adversely impacts project economics in certain quantitative scenarios • In light of recently passed Clean Energy Transition Act (SB5116), advancement of this and other fossil fuel-based projects represents considerable reputational and financial risk • Lack of firm delivery of natural gas is a risk to the effective load-carrying capability (ELCC) of the project	**Not Selected –** Project not selected during portfolio optimization process.
18105 [redacted] CTA** or BTS Frederickson thermal expansion [redacted] MW** or [redacted] MW COD: 01/01/2022 Term: 5, 15, or 20** years	Levelized cost: [redacted] / MWh Portfolio benefit: ($16.898 M) Peak capacity PB / kW-Yr: [redacted] Net cost PV: $85.973 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Proposed expansion of [redacted] facility may bring O&M cost savings on a per-kW basis (versus an entirely new thermal facility) • Technology is relatively site-agnostic and can potentially be designed to integrate at other sites • [redacted] MW proposal would likely be facilitated with firm gas supply from existing facilities	• In light of recently passed Clean Energy Transition Act (Washington State Bill 5116), advancement of new fossil fuel-based projects represents considerable reputational and financial risk • Proposed project would require extensive integration with existing PSE facility, the viability of which is unknown at this time • Would require review and likely modification of air permit for co-located generation facility. Process expected to be exceedingly difficult and the outcome uncertain, with possible impacts to existing facility operational permits • PSE will likely experience significant resistance from local governments, local stakeholders, environmental stakeholders, and native tribes for expansion of the company's CO_2 emitting portfolio • Strong likelihood of considerable delays to COD due to expected public protest, litigation and permit process	**Not Selected –** Project not selected due to qualitative risks.

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.*
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Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18107 [redacted] PPA** Operational hydro [redacted] MW Start: 1/1/2021 (assumed) Term: 20 years (assumed)	Levelized cost: $[redacted] / MWh Portfolio benefit: ($36.163 M) Levelized PB/REC:[redacted] Net Cost PV: $38.677 M Peak capacity contribution (MW):[redacted] Annual REC contribution:[redacted]	• No development risk; project is an existing operating facility • Clean energy (although not RPS compliant) • Run-of-river hydro can be less environmentally impactful than standard hydro • Little to no permitting or real estate risk due to current operational status	• Run-of-river asset provides little capacity value. • Not RPS complaint (although clean energy) • Energy delivery strategy has been left to PSE, and appears to be complex	**Not Selected –** Project not selected due to qualitative risks and did not show potential during standalone quantitative analysis.
18111 [redacted] PPA** Development solar Solar: [redacted] MWac COD: 12/31/2022 Term: 20 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $107.686 M Levelized PB/REC: $[redacted]*** Net cost PV: $51.359 M Peak capacity contribution (MW):[redacted] Annual REC contribution:[redacted]	• Relatively high quantitative score for solar project • Strong counterparty with extensive renewable energy development experience and existing contractual relationships with PSE • Site control has been achieved • Permitting status is sufficient at this stage • Located on PSE's system in [redacted] County; avoids community concerns in [redacted] County	• While on PSE's system, complex delivery due to available transmission capacity (ATC) constraints in area. Delivery is possible to Mid-C; however, may be difficult given project's proximity to [redacted] substation • Contribution to PSE's peak capacity need is negated due to Mid-C delivery	**Not Selected –** Project not selected during portfolio optimization process.
18112 [redacted] PPA** Development solar Solar: n/a COD: n/a Term: n/a	Levelized cost:[redacted] Portfolio benefit: N/A Levelized PB/REC:[redacted] Net cost PV: N/A Peak capacity contribution (MW):[redacted] Annual REC contribution:[redacted]	• Project withdrawn by applicant	• Project withdrawn by applicant	**Not Selected -** Project withdrawn by applicant.

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
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Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18114 [redacted] PPA Solar generation [redacted] MW_{AC} COD: 12/1/2021 Term: 20 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $45.772 M Levelized PB/REC: $[redacted] ** Net Cost PV: $36.011 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• [redacted] is assessed to be a relatively strong parent company	• Environmental permitting not yet begun. • Permitting will require the transfer of a Washington Energy Facility Site Evaluation Council (EFSEC) permit, which introduces a viability and reputational risk to the project and PSE • Transmission and energy delivery may be overly expensive or otherwise infeasible • Contribution to PSE's peak capacity need is negated due to Mid-C delivery • Current site leases were executed for wind projects; it is not yet known whether or not land owners would be amenable to solar leases	**Not Selected –** Project not selected during portfolio optimization process.
18122 [redacted] PPA**, optional BESS Development Wind [redacted] MW_{AC}** & [redacted] MW 1 Hr BESS COD: 1/1/2023 Term: 20 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $32.877 M Levelized PB/REC: $[redacted] *** Net Cost PV: $35.687 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Large counterparty and promise of guaranty from an investment grade entity, a letter of credit, or cash • Long-term site control for project site is secured	• Energy delivery has been left to PSE, appears to be complicated, and might pose a feasibility risk • Solar development is viewed with skepticism in this area; history of active local opposition • Site may block the view of a local real estate development • Contribution to the peak capacity need is negated due to Mid-C delivery	**Not Selected –** Project not selected during portfolio optimization process.
18125 [redacted] PPA Development solar [redacted] MW_{AC} COD: 1/1/2023 Term: 15 or 20** years	Levelized cost: $[redacted] / MWh Portfolio benefit: $55.283 M Levelized PB/REC: [redacted] *** Net Cost PV: $32.311 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Strong counterparty with extensive renewable energy development experience	• While interconnected to PSE's system, complex delivery due to available transmission capacity (ATC) constraints in the area • Site permitting is in a relatively early stage of development • Minimal information provided regarding community relations and or support	**Not Selected –** Project not selected during portfolio optimization process.

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.*
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PPA	Power purchase agreement
REC	Renewable energy credit

Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18127 [redacted] PPA Development solar [redacted] MW_{AC} COD: 12/31/2022 Term: 15** or 20 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $119.579 M Levelized PB/REC: [redacted]** Net Cost PV: $60.272 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Extensive solar energy development experience; developed, currently [redacted] solar installation in Washington State • Location on existing project site may provide economies of scale in developing and operating project • County has expressed support for the project	• Potential siting risks given proximity to wind turbines with required setbacks • Assumes use of PSE site control [redacted] • Interconnection and energy delivery assume use of PSE existing infrastructure and analysis assumes no coincidental curtailment due to overproduction between existing wind and proposed solar • Conditional Use Permit (CUP) required to permit project	**Not Selected –** Project not selected during portfolio optimization process.
18131 [redacted] PPA** or BTS Development Wind [redacted] MW** or [redacted] MW COD: 12/31/2022 Term: 25 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $11.525 M Levelized PB/REC: $[redacted]*** Net Cost PV: $20.124 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Proposes to provide credit support in the form of a parent guarantee, letter of credit, or cash • Long-term site control for most of the site is secured • Community relations plan is strong compared to other proposals	• Less experienced than other counterparties • [redacted] MW offer configuration would likely exceed available transmission capacity • [redacted] tribe may request compensation from project	**Not Selected –** Project not selected during portfolio optimization process.
18132 [redacted] PPA** Development wind [redacted] MW COD: 01/01/2023 Term: 20 years	Levelized cost: [redacted] / MWh Portfolio benefit: $61.479 M Levelized PB/REC: $[redacted]** Net Cost PV: $20.702 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Strong counterparty with extensive renewable energy development experience • Repower of existing wind project; site control and community relations risks are unlikely • Oregon Energy Facility Siting Council (EFSC) amendment secured during Phase 2 of the RFP	• Contribution to PSE's peak capacity need is negated due to Mid-C delivery	**Not Selected –** Project not selected during portfolio optimization process.

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.*
****Indicates primary ranking criteria for particular proposal category.*

Common acronyms:

BESS	Battery energy storage system
BTS	Build to sell
COD	Commercial operation date
CTA	Capacity Tolling Agreement
PPA	Power purchase agreement
REC	Renewable energy credit

Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18135 [redacted] PPA** or BTS Development solar [redacted] MW or [redacted] MW solar Optional 25 MW, 4-hr BESS COD: 1/1/2023 Term: 20 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $123.395 M Levelized PB/REC: $[redacted] *** Net Cost PV: $55.724 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Large counterparty with experience all over the world • Letter of intent with an option to lease has been signed for project lands	• Contribution to PSE's peak capacity need is negated due to Mid-C delivery • Permitting plan is underdeveloped • There is no site control for current generation-tie line alignment • Project is on irrigated farmland--mitigation strategy not included in proposal, but developer has retained a "[redacted] PR firm" for support	**Not Selected –** Project not selected during portfolio optimization process.
18139 [redacted] PPA Development solar [redacted] MW solar* with optional [redacted] MW or [redacted] MW, 1.82-hr BESS COD: 1/1/2023 Term: 10 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $26.120 M Levelized PB/REC: $[redacted] ** Net Cost PV: $15.659 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Large multi-national counterparty with greater-than-average renewable development experience	• Site control not yet secured and copy of anticipated letter of intent has not been provided • Energy delivery has been left to PSE, appears to be complicated, and may pose a feasibility risk • Respondent provided little to no evidence of a successful permitting strategy • Community relations matters were not covered sufficiently, and tribal support may be required	**Not Selected –** Project not selected during portfolio optimization process.
[redacted] REC purchase Underlying solar projects [redacted] RECS per year Start of term: 1/1/2022 Term: 18 years	Levelized cost: [redacted] / MWh Portfolio benefit: $19.635 M Levelized PB/REC: $[redacted] *** Net Cost PV: $2.412 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Minimal risk regarding underlying projects • Interconnection at distribution voltage dictates that each as-generated MWh produces two Washington State RECs	• Little detail regarding underlying solar facilities	**Not Selected –** Project not selected during portfolio optimization process.

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.*
****Indicates primary ranking criteria for particular proposal category.*

Common acronyms:

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CTA	Capacity Tolling Agreement
PPA	Power purchase agreement
REC	Renewable energy credit

Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18165 [redacted] REC purchase Underlying solar project [redacted] RECS per year Start of term: 1/1/2022** or 2024 Term: 16 or 18** years	Levelized cost: $[redacted] / MWh Portfolio benefit: $13.181 M Levelized PB/REC: $[redacted]*** Net Cost PV: $1.755 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Minimal risk regarding underlying project	• Little detail regarding underlying solar facility	**Not Selected –** Project not selected during portfolio optimization process.
18166 [redacted] Development asset sale, BTS or PPA** Development wind [redacted] MW COD: 12/1/2020, 2021*, or 2022 Term: 25 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $114.836 M Levelized PB/REC: $[redacted]*** Net Cost PV: $121.737 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Long-term site control established	• Significant concerns regarding the counterparty's ability to develop, finance, and construct the facility • Relatively small counterparty with inconclusive rights to the project's developmental assets • Timing of project is contingent on Bonneville Power Administration (BPA) infrastructure upgrades to enable transmission capacity • Project owner, [redacted], seemed uninterested in furthering project development via first-hand experience at [redacted] public hearing • Timeline as-proposed is likely infeasible and pricing is likely contingent on timing due to production tax credit (PTC) safe harbor	**Not Selected –** Project not selected during portfolio optimization process.
18175 [redacted] PPA, BTS**, or WSPP shaped Development wind [redacted] MW COD: 1/1/2021 Term: 25 years	Levelized cost: [redacted] / MWh Portfolio benefit: $176.514 M Levelized PB/REC: [redacted]*** Peak capacity PB / kW-Yr: $[redacted] Net Cost PV: $177.135 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Long-term site control is secured • Western Systems Power Pool (WSPP) schedule C delivery is a unique value	• Counterparty and financing details will require data requests • Energy delivery has been left to PSE, appears to be complicated, and might pose a feasibility risk • Mid-C delivery will likely be necessary, which would negate a contribution to PSE's peak capacity • Permitting plan seems either underdeveloped or underrepresented in the proposal • Outreach plan is underdeveloped	**Not Selected –** Project not selected during portfolio optimization process.

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***Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.*
****Indicates primary ranking criteria for particular proposal category.*

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Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18176 [redacted] PPA** Development wind [redacted] MW** or [redacted] MW COD: 12/31/2022 Term: 20	Levelized cost: $[redacted] / MWh Portfolio benefit: $135,600 M Levelized PB/REC: [redacted]*** Peak capacity PB / kW-Yr: $[redacted] Net Cost PV: $242524 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Indications of strong local, state and environmental support • Potential to partner with a local Native American tribe • Located near [redacted] and in the same County ([redacted]) • Counterparty has indicated a plan to partner and/or otherwise engage an experienced renewable energy developer on the project	• Counterparty does not have experience designing, financing, building, owning or operating a large scale renewable or other energy project • Assumed use of [redacted] may be problematic for full proposed output • Additional detail needed regarding the real estate and permitting considerations necessary for the site	**Not Selected –** Project not selected during portfolio optimization process.
18179 [redacted] PPA** or DBS Development wind [redacted] MW** COD: 12/31/2021 Term: 20 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $70.371 M Levelized PB/REC: $[redacted]*** Net Cost PV: $28,121 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Strong counterparty with extensive renewable energy development experience • Real estate appears adequate and relatively low risk • Project size has been altered to address some local viewshed concerns	• History of considerable local and county-level opposition to the project • Counterparty bypassed the County permitting process by pursing permit approval through the state's Washington Energy Facility Site Evaluation Council (EFSEC) process	**Not Selected –** Project not selected during portfolio optimization process.
18190 [redacted] REC purchase 5 underlying proposed solar facilities [redacted] RECs / year COD: 01/01/2022 Term: 12, 15, or 20** years	Levelized cost: $[redacted] / MWh Portfolio benefit: $46.975 M Levelized PB/REC: $[redacted]*** Net Cost PV: $5.948 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Inexpensive RECs • Site control is secured • Washington Energy Facility Site Evaluation Council (EFSEC) projects have been approved by Governor Inslee	• Realizing full REC-output of underlying projects is unlikely due to interconnection issues • [redacted] is currently in litigation with PSE over interconnection issues with the underlying projects • [redacted] County opposes the EFSEC decision and has applied for judicial review • Major feasibility concerns with some and schedule concerns for all of the underlying projects • Projects sited on commercial agricultural land and many stakeholders in the county oppose development of these lands	**Not Selected –** Project not selected due to qualitative risks.

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.*
****Indicates primary ranking criteria for particular proposal category.*

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Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18201 [redacted] Direct load control Bring your own thermostat, smart water heater [redacted] MW COD: 1/1/2023 Term: 6 years	Not applicable, please see selection recommendation & rational section to the right	• Described as an industry leader by a recent [redacted] study • [redacted] • [redacted] manages all program implementation • Excellent financial strength, Washington based • The [redacted] MW option makes it a small scale project well suited for conceptual testing	• Proposal schedule includes significant ramp up of customer participation in first program year (2023); unclear if this is feasible • Concern about ability to integrate with PSE's in-development distributed energy resource management system (DERMs)	**Not Selected –** Project not selected due to qualitative risks and because demand response was determined not to be cost effective in the 2018 RFP without identifiable deferred transmission and distribution costs.
18205 [redacted] Commercial & industrial curtailment [redacted] MW COD: 1/1/2021 Term: 5 years	Not applicable, please see selection recommendation & rational section to the right	• Winter peak experience • Commercial and Industrial segment provides a diversification benefit	• Concern about ability to integrate with PSE's in-development distributed energy resource management system (DERMS) • Counterparty has only been established since 2016, and has not been financially profitable.	**Not Selected –** Project not selected due to qualitative risks and because demand response was determined not to be cost effective in the 2018 RFP without identifiable deferred transmission and distribution costs.
UP002 [redacted] REC purchase [redacted] RECs / year COD: 1/1/2020 Term: 15 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $4.502 M Levelized PB/REC: $[redacted]*** Net Cost PV: $1.153 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Not applicable	• Price is higher and volume is smaller than other REC offers received in response this RFP.	**Not Selected –** Project not selected during portfolio optimization process.

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.*
****Indicates primary ranking criteria for particular proposal category.*

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Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
XXXXX **Colstrip Transmission System Redirect** Puget Sound Energy N/A Transmission redirect [redacted] MW**, [redacted] MW COD: 01/01/2022 Term: 55-year book life	Levelized cost: N/A Portfolio benefit: $57.274 M Peak Capacity PB / kW-Yr: [redacted]*** Net Cost PV: $27.905 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• If feasible, redirect to Mid-C would provide a strong capacity resource	• Increased exposure to market prices (for redirect to Mid-C) • Redirects require Available Transmission Capacity (ATC) between the new points of receipt and delivery. With no ATC between Mid-C and BPAT.PSEI, a redirect to Mid-C is unfeasible. • Redirecting elsewhere on BPA's system would require appropriate ATC as well as an energy source at the redirect point, which may nullify contribution to peak capacity.	**Not Selected –** Proposal withdrawn from consideration due to lack of Available Transmission Capacity (ATC).

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.*
****Indicates primary ranking criteria for particular proposal category.*

Common acronyms:

BESS	Battery energy storage system
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REC	Renewable energy credit

Appendix C

2018 All Resources RFP
Phase 2 quantitative analysis scenarios and stand-alone proposal ranking results

2018 RFP Phase II Quantitative Results Summary- CAPACITY PROPOSALS

As of July 23, 2019

Primary Ranking Criteria
Secondary Criteria
Cutoff Line

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC
	ID	Capacity Proposals: Project Name	Technology	Term Start	Book Life / Contract Term	Nameplate Capacity (MW)	Peak Capacity Credit	Levelized PB /(Peak Capacity kW - YR): NO CO2 Low Load	NO CO2 Updated w/5810 0	NO CO2	Low Societal	Mid Societal	High Societal	Ranking Levelized PB / (Peak Capacity kW - YR): NO CO2 Low Load	NO CO2 Updated w/5810 0	NO CO2	Low Societal	Mid Societal	High Societal	Net Cost/KW-Yr: NO CO2 Low Load	NO CO2 Updated w/5810 0	NO CO2	Low Societal	Mid Societal	High Societal	Ranking Net Cost/KW-Yr: NO CO2 Low Load	NO CO2 Updated w/5810 0	NO CO2	Low Societal	Mid Societal	High Societal
1	18170	Golden Hills Shaded	Wind	Dec-20	25	200 MW	78.8	[redacted]						5	1	2	4	1	1	[redacted]						8	8	5	4	5	4
2	18169	Clearwater 2021 (updated offer)	MT Wind	Dec-21	25	300 MW	[redacted]							6	2	1	1	2	2							1	1	1	1	1	1
3	18100	SPI Industrial Biomass	Biomass	Jan-21	17	17 MW	16.4							4	3	3	3	3	3							9	9	9	7	7	5
4	18173	[redacted]	MT Wind	Oct-22	20	[redacted]	[redacted]							3	4	4	2	4	4							4	6	3	3	3	3
5	18173		MT Wind	Oct-22	20									2	5	5	5	5	5							3	3	2	2	2	2
6	16161		Capacity	Jan-22	5	100 MW	54.0							10	10	10	10	10	10							7	7	8	11	11	9
7														7	7	6	7	6	7							2	2	4	6	8	6
8														9	8	7	9	9	9							6	4	6	9	10	8
9														8	9	8	8	7	8							5	5	7	8	9	7
10																															
11																															
12																															
13																															

Notes:

1. The metric shown-- Levelized PB /(Peak Capacity kW - YR)-- is the portfolio benefit attributable to peak capacity service divided by the average peak capacity.

2. Generation Resources with a peak capacity contribution (as described by ELCC, or Effective Load Carrying Contribution) of 30% or higher were considered "Capacity Resources".

3. Generation Resources with Mid-C delivery are not considered Capacity resources regardless of ELCC.

4. Capacity-specific contracts and products such as Demand Response, Transmission Redirect, and BPA Capacity are considered alongside generation resources

5. None of the demand response projects in Phase II were selected, as there was no identifiable deferred T&D value that would have made it a cost effective solution. In addition, the providers' lack of experience in integrating with PSE's DERM (Distributed Energy Resource Management) system was deemed to be a critical hindrance to implementation.

6. Transmission Redirect has been eliminated as a viable option to meet capacity need.

7. All of the Demand Response projects were eliminated as viable options to meet capacity need.

8. [redacted] was eliminated as a viable option due to various qualitative factors, including indeterminate production capacity figures.

2018 RFP Phase II Quantitative Results Summary- RENEWABLE PROPOSALS

Primary Ranking Criteria
Secondary Criteria
Cutoff Line

As of July 23, 2019

#	ID	Renewable Proposals: Project Name	A: Technology	B: Term Start	C: Book Life / Contract Term	D: Nameplate Capacity (MW)	E–J: Levelized PB / REC (NO CO2 Low Load, NO CO2 Updated w/SB100, NO CO2, Low Societal, Mid Societal, High Societal)	K: Ranking Levelized PB / REC – NO CO2 Low Load	L: NO CO2 Updated w/SB100	M: NO CO2	N: Low Societal	O: Mid Societal	P: High Societal	Q–V: LEVELIZED $/REC (NO CO2 Low Load, NO CO2 Updated w/SB100, NO CO2, Low Societal, Mid Societal, High Societal)	W: Ranking LEVELIZED $/REC – NO CO2 Low Load	X: NO CO2 Updated w/SB100	Y: NO CO2	Z: Low Societal	AA: Mid Societal	AB: High Societal	AC–AH: Net Cost/REC (NO CO2 Low Load, NO CO2 Updated w/SB100, NO CO2, Low Societal, Mid Societal, High Societal)	AI: Ranking Net Cost/REC – NO CO2 Low Load	AJ: NO CO2 Updated w/SB100	AK: NO CO2 base	AL: Low Societal	AM: Mid Societal	AN: High Societal
1	18163	[redacted]	REC Only	Jan-22	18	54,000 REC	[redacted]	1	1	3	24	34	36	[redacted]							[redacted]	8	3	15	26	32	31
2	18165		REC Only	Jan-22	18	35,000 REC		2	2	4	23	35	35									12	6	18	28	35	33
3	18190		REC Only	Jan-20	20	110,000 REC		3	3	1	20	33	33									7	2	13	24	31	29
4	18169	ClearWater 2021 (updated offer)	MT Wind	Dec-21	25	300 MW		24	4	6	1	1	1		17	17	17	17	17	17		1	1	1	1	1	1
5	18190	[redacted]	REC Only	Jan-20	15	110,000 REC		19	5	14	26	32	32									9	4	16	27	33	32
6	18190		REC Only	Jan-20	12	110,000 REC		21	6	1	20	31	33									11	5	13	24	34	29
7	18173		MT Wind	Oct-22	20	295.55 MW		30	7	18	13	4	2		26	26	26	26	26	26		22	20	19	10	4	2
8	18190		Wind	Dec-21	20	100 MW		5	8	10	15	20	19		13	13	13	13	13	13		18	10	6	12	13	13
9	18135		Solar	Jan-23	20	250 MW		7	9	5	3	7	6		2	2	2	2	2	2		3	11	2	2	6	6
10	18111		Solar	Dec-22	20	200 MW		6	10	11	4	3	5		6	6	6	6	6	6		4	12	9	4	3	5
11	18127		Solar	Dec-22	15	275 MW		11	11	24	6	8	7		5	5	5	5	5	5		10	15	24	6	7	8
12	18135		Solar	Jan-23	20	80 MW		8	12	7	9	9	10		8	8	8	8	8	8		13	17	3	7	9	10
13	18125		Solar	Jan-23	20	110 MW		10	13	8	10	10	11		10	10	10	10	10	10		14	18	4	8	10	11
14	18127		Solar	Dec-22	15	275 MW		15	14	26	12	11	12		4	4	4	4	4	4		15	16	25	11	12	14
15	18132		Wind	Jan-23	20	98.9 MW		4	15	12	2	5	4		11	11	11	11	11	11		2	7	8	3	5	4
16	18125		Solar	Jan-23	15	110 MW		14	16	13	14	12	15		9	9	9	9	9	9		16	19	5	13	14	17
17	18173		MT Wind	Oct-22	20	202.1 MW		27	17	23	19	14	13		21	21	21	21	21	21		24	22	21	18	15	12
18	18111		Solar	Dec-22	20	200 MW		12	18	9	7	2			18	18	18	18	18	18		29	33	26	17	2	3
19	18139		Solar	Jan-23	10	100 MW		18	19	17	17	15	18		1	1	1	1	1	1		17	14	10	19	20	20
20	18132		Wind	Jan-22	20	98.9 MW		9	20	15	5	13	14		7	7	7	7	7	7		6	9	12	5	8	7
21	18114		Solar	Dec-21	20	100 MW		16	21	16	16	18	9		12	12	12	12	12	12		19	21	7	14	16	18
22	18179		Wind	Jan-21	25	250 MW		31	22	31	29	25	23		23	23	23	23	23	23		32	30	33	22	18	36
23	18166		Wind	Jan-21	25	192 MW		20	23	25	25	21	21		22	22	22	22	22	22		23	25	27	23	24	23
24	18132		Wind	Jan-21	20	98.9 MW		13	24	20	11	16	17		3	3	3	3	3	3		5	8	11	9	11	9
25	18170		Wind	Dec-20	20	200 MW		22	26	29	8	6	3		15	15	15	15	15	15		20	13	17	15	17	15
26	18122		Solar	Jan-23	20	90 MW		17	27	21	18	19	20		14	14	14	14	14	14		21	24	20	16	19	19
27	18166		Wind	Jan-23	25	192 MW		23	28	30	30	26	26		29	29	29	29	29	2		28	29	31	32	27	24
28	18131		Solar	Dec-22	25	35 MW		35	29	22	22	22	22		19	19	19	19	19	19		25	27	22	20	22	22
								26	30	28	27	24	25		16	16	16	16	16	16		27	26	28	29	25	25
								34	31	33	33	29	29		27	27	27	27	27	27		31	28	29	30	26	35
								25	32	32	32	27	27		28	28	28	28	28	28		30	31	32	33	29	27
								29	33	19	28	17	16		24	24	24	24	24	24		33	32	30	31	21	16
								33	34	35	34	28	28		30	30	30	30	30	30		35	34	34	34	28	26
								28	25	27	31	23	24		20	20	20	20	20	20		26	23	23	21	23	21
								32	35	34	35	30	30		25	25	25	25	25	25		34	35	35	35	30	28
								36	36	36	36	36	31		31	31	31	31	31	3		36	36	36	36	36	34

Notes:
1. The metric shown-- Levelized PB / RECs-- is the portfolio benefit attributable divided by RECs generated.
2. For generation resources with a peak capacity contribution (as described by ELCC, or Effective Load Carrying Contribution) of 3.2% or higher, the Renewable Portfolio Benefit was recomputed by isolating the portfolio benefit attributable to REC generation. Resources with Mid-C delivery are considered to have zero capacity value.
3. [redacted] was eliminated as a viable option due to various qualitative factors, including indeterminate production capacity figures.

Appendix D

2018 All Resources RFP
Phase 2 qualitative assessment dashboard

At-a-glance **qualitative assessment** of Phase 2 proposals *(as of July 23, 2019)*

	Project Counterparty (Project ID)	REC contribution (RECs/yr)	MW Capacity contribution	Term start / length	Operating/ Development status	Delivery point	Counterparty/ Proposal risk	Site control	Permitting risk	Energy delivery risk	Opposition/ reputational risk	Other considerations*
1	**SPI Biomass PPA** Sierra Pacific Ind. (18100)	120,421	16	1/2021 17 yrs	Operating	BPAT. PSEI						Offers renewable resource diversity to portfolio
2	**Clearwater MT Wind PPA** NextEra (18169)	[redacted]	[redacted]	12/2021 25 yrs	Early Develop	[redacted]						MT proposals are mutually exclusive
3	[redacted]	[redacted]	[redacted]	10/20222 0 yrs	Early Develop	[redacted]						MT proposals are mutually exclusive
4	[redacted]	[redacted]	[redacted]	1/2022 18 yrs	Mature Develop	n/a						Screening model selects RECs for arbitrage benefit, not to meet RPS
5	[redacted]	[redacted]	[redacted]	1/2022 18 yrs	Mature Develop	n/a						Screening model selects RECs for arbitrage benefit, not to meet RPS
6	[redacted]	[redacted]	[redacted]	1/2020 15 yrs	Operating	n/a						Screening model selects RECs for arbitrage benefit, not to meet RPS
7	[redacted]	[redacted]	[redacted]	12/2022 20 yrs	Early Develop	Mid-C*						Mid-C delivery due to lack of transmission ATC
8	[redacted]	[redacted]	[redacted]	12/2022 20 yrs	Early Develop	Mid-C						
9	[redacted]	[redacted]	[redacted]	12/2022 20 yrs	Early Develop	[redacted]						Proposes independently operated solar co-located [redacted]
10	[redacted]	[redacted]	[redacted]	12/2022 20 yrs	Early Develop	[redacted] Sub						
11	**BPA Peak Cap Sys PPA** BPA (18161)	0	54	1/2022 5 yrs	Operating	BPAT. PSEI						
12	[redacted]	[redacted]	[redacted]	12/2022 20 yrs	Mature Develop*	Mid-C						Operational project subject to repower
13	[redacted]	[redacted]	[redacted]	12/2021 20 yrs	Mature Develop	Mid-C						Mid-C delivery due to lack of transmission ATC
14	**Golden Hills Wind** (shaped / unshaped) Avangrid (18170)	[redacted]	79	12/2021 25 yrs	Mature Develop	BPAT.PSEI						

Key: Low Risk; Acceptable Risk; Substantial Material Risk; Fatal Flaw

*Table summarizes certain key qualitative findings of Phase 2 resources. See RFP Executive Summary (Appendix B) and proposal memos for detailed findings.

At-a-glance **qualitative assessment** of Phase 2 proposals *(as of July 23, 2019)*

	Project Counterparty (Project ID)	REC contribution (RECs/yr)	MW Capacity contribution	Term start / length	Operating/ Development status	Delivery point	Counterparty/ Proposal risk	Site control	Permitting risk	Energy delivery risk	Opposition/ reputational risk	Other considerations*
15	[redacted]			1/2022 20 yrs	Early Develop	[redacted]						
16				6/2022 10 yrs	Operating	BPAT.PSEI (or Busbar)						
17				10/20222 0 yrs	Early Develop	n/a						
18				12/2022 10 yrs	Early Develop	Busbar						
19				12/2022 20 yrs	Early Develop	Mid-C						
20				1/2022 20 yrs	Early Develop	Busbar						
21				12/2022 20 yrs	Early Develop	Mid-C						
22				12/2021 25 yrs	Early Develop	[redacted] Sub						
23				12/2022 25 yrs	Early Develop	BPAT.PSEI (or Busbar)						
24				1/2019 20 yrs	Operating	[redacted] Sub						
25				12/2022 20 yrs	Early Develop	[redacted]						MT proposals are mutually exclusive
26				2023 6 yrs	n/a	n/a	Not cost effective compared to alternatives without identifiable deferred T&D values; concern about ability to integrate with in-development DERMS.**					
27				2019 5 yrs	n/a	n/a	Not cost effective compared to alternatives without identifiable deferred T&D values; concern about ability to integrate with in-development DERMS.**					

Key: Low Risk; Acceptable Risk; Substantial Material Risk; Fatal Flaw

**Table summarizes certain key qualitative findings of Phase 2 resources. See RFP Executive Summary (Appendix B) and proposal memos for detailed findings.*

*** Distributed energy resource management system (DERMS)*

Appendix E

2018 All Resources RFP
Phase 2 detailed optimization results

SHADED INFORMATION IS DESIGNATED AS HIGHLY CONFIDENTIAL PER WAC 480-07-160

SHADED INFORMATION IS DESIGNATED AS CONFIDENTIAL PER WAC 480-07-160

REDACTED VERSION

Portfolio Optimization Summary: as of 7.23.2019

(A) List	(B) Project ID	(C) Resource	(D) Project	(E) Nameplate	(F) Peak Capacity Credit	(G) RECs[1]	(H) Preferred Optimized Portfolio: Clearwater 350MW + Renewables	(I) As Proposed Optimized Portfolio: Clearwater 300MW + Renewables	(J) Optimized Lowest Cost Portfolio to Solve for 0 Capacity Deficit with Generic Battery	(K) Backup Portfolio: [redacted]	(L) Contingency Portfolio: [redacted]	(M) Optimized Lowest Cost Portfolio with NO Carbon Costs Consideration	(N) Optimized Lowest Cost Portfolio with Carbon Costs Consideration
1	18100	Biomass	SPI	17 MW	16 MW	[redacted]	X	X	X	X			X
2	18161	Call Option	BPA Peak Capacity Product	100 MW	53 MW		X	X	X	X	X		X
3a	18169	MT Wind	Clearwater 350MW [2,3]	350 MW	[redacted] MW		X						
3b	18169	MT Wind	Clearwater 300MW	300 MW	[redacted] MW			X	X			X	X
4a	18173	MT Wind	[redacted]	[redacted] MW	[redacted] MW					X			
4b	18173	MT Wind		[redacted] MW	[redacted] MW								
5a	18170	Wind	Golden Hill Shaped	200 MW	77 MW		X	X	X	X			X
5b	18170	Wind	[redacted]	[redacted] MW	[redacted] MW						X		
6	18132	Wind		[redacted] MW	[redacted] MW						X		X
7	18179	Wind		[redacted] MW	[redacted] MW								X
8	18166	Wind		[redacted] MW	[redacted] MW								X
9	18175	Wind		[redacted] MW	[redacted] MW								X
####	18125	Solar		[redacted] MW	[redacted] MW								X
####	18111	Solar		[redacted] MW	[redacted] MW								X
####	18127	Solar		[redacted] MW	[redacted] MW								X
####	18135	Solar		[redacted] MW	[redacted] MW								X
####	18139	Solar		[redacted] MW	[redacted] MW								X
####	18131	Solar		[redacted] MW	[redacted] MW						X		
####	18114	Solar		[redacted] MW	[redacted] MW								X
####	18122	Solar		[redacted] MW	[redacted] MW								X
####	18163	REC-only		[redacted] MW	[redacted] MW								
####	18165	REC-only		[redacted] MW	[redacted] MW								
####	UP-002	REC-only		[redacted] MW	[redacted] MW								
####	18103	Thermal		[redacted] MW	[redacted] MW						X	X	
####	XXXXX	Generic	Generic Peaker	237 MW	224 MW	N/A							
####	XXXXX	Generic	Generic Battery	61 MW	23 MW	N/A			X				
####		**Total Peak Capacity Credits - MWs**					[redacted] MW	[redacted] W	[redacted] MW	[redacted] MW	[redacted] MW	[redacted] MW	[redacted] MW
####		**Peak Capacity Surplus / (Deficit) in 2022** [4]					[redacted] W [4]	[redacted] W	[redacted] MW	[redacted] MW	[redacted] MW	[redacted] MW	[redacted] MW
####		**Total Annual RECs**					2,189,656	1,986,862	1,986,862	1,773,109	1,044,255	1,216,764	6,481,035
####		**Portfolio Benefits - $M**					$408	$397	$273	$286	$275	$477	-$491
####													
####		**With Consideration of Social Cost of Carbon:**											
####		**Portfolio Benefits w/ Carbon Costs as an Adder - $M** [5]					$1,038	$934	$829	$716	-$42	$354	$2,024
####		**Portfolio Benefits w/ Carbon Costs in Dispatch Costs - $M**					$959	$937	$800	$605	$281	$667	$2,175

Peak Capacity and REC Need 2022-2025	2022	2023	2024	2025
Peak Capacity Need	299 MW	291 MW	328 MW	457 MW
REC Need	0	233,449	691,864	700,482

1. The annual project RECs in column I does not include 0.2X apprenticeship multiplier.
2. The optimization model chose a portfolio with 350MW from Clearwater. NextEra submitted proposals for both 300MW and 400MW, but not 350MW. The 350MW size of the project is reduced from the proposed 400MW option based on available transmission capacity. The 350MW option will have to be negotiated with NextEra. Current indicative results reflect pricing based on the 300MW offer.
3. The current project COD for Clearwater is Dec 2021. There has been perceived timing risks [redacted]. If the COD is delayed to Dec 2022 to mitigate this risk, NPV of [redacted] in total PPA costs is projected. The next highest ranked portfolio [redacted] is $123M more expensive than the recommended portfolio, yet sharing the same timing risks on transmission.
4. Final Portfolio ELCC reduces the sum of individual project peak capacity contribution by 8 MW. It could potentially be mitigated by 1) short-term capacity purchase for $720k per year; 2) a 20MW battery for $41M.
5. Social cost of carbon at $86/metric ton in 2010 dollars plus escalation is added to total portfolio costs as fixed cost.

2018 All Resources RFP Status Update

PUGET SOUND ENERGY

EMC Informational

November 21, 2019

Weimin Dang
Business Initiatives

CONFIDENTIAL

Informational

Intended recommendation: At next month's EMC meeting, ask for approval to execute contracts for the following projects:

- SPI Biomass (counterparty: Sierra Pacific Industries) 17 MW, 17-year PPA
- BPA peak capacity product (counterparty: BPA) 100 MW, 5-year call option
- Morgan Stanley System PPA (counterparty: Morgan Stanley): 100 MW, 5-year PPA (unsolicited proposal received on October 23, 2019)

[redacted] ENERGY

Changes since October EMC

1. Updated peak capacity need from draft 2019 IRP
2. New unsolicited proposal from Morgan Stanley
3. Updated portfolio optimization results
4. Negotiation status update for all shortlisted RFP projects:
   - SPI
   - BPA
   - Golden Hills
   - Clearwater

Draft 2019 IRP projected peak capacity need after current shortlisted RFP resources

[redacted]

PSE

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REDACTED VERSION

Unsolicited proposal: Morgan Stanley System PPA

Proposed terms are indicative, subject to change

Product:

- [redacted]100 MW of firm heavy load hour (HLH) energy (16/6)
- Zero emission, no RECs
- Fixed or indexed pricing

Term:

- [redacted]5 years starting 1/1/2022
- With or without Q2

Point of Delivery:

- BPAT.PSEI or other PSE designated point

LCOE: 5-year, no Q2, 100 MW

- Fixed: [redacted]MWh
- Indexed + Hedging: [redacted]/MWh
- 81 MW peak capacity contribution

Pricing structure alternatives

Term	Volume	Details	Start	End	Fixed Price	MIDC + Adder	Hedge + Adder
3 Year	[redacted]MW	HLH Delivery	Jan-22	Dec-24	$	[redacted]	[redacted]
3 Year	100 MW	HLH Delivery	Jan-22	Dec-24	$		
5 Year	[redacted]MW	HLH Delivery	Jan-22	Dec-26	$		
5 Year	100 MW	HLH Delivery	Jan-22	Dec-26	$		
3 Year	[redacted]MW	HLH Delivery No Q2	Jan-22	Dec-24	$		
3 Year	100 MW	HLH Delivery No Q2	Jan-22	Dec-24	$		
5 Year	[redacted]MW	HLH Delivery No Q2	Jan-22	Dec-26	$		
5 Year	100 MW	HLH Delivery No Q2	Jan-22	Dec-26	$		

[redacted] ENERGY

*Main pricing difference between hedging cost and offered fixed price is due to different pricing dates.

Adding 100 MW Morgan Stanley System PPA will help mitigate Clearwater COD risk and Colstrip risk

Recommendation:

5 years 100 MW HLH delivery no Q2 with fixed price

Benefits:

- Existing counterparty with good reputation
- Zero emission energy from a large renewable pool
- Relatively low capacity pricing
- Fixed pricing reduces exposure to market price volatility [redacted] MWh/year)

Risk & Consideration:

- No renewable attributes (RECs)

[redacted] ENERGY

Updated portfolio optimization

(A) List	(B) Project ID	(C) Resource	(D) Project	(E) Nameplate	(F) Peak Capacity Credit	(G) RECs[1]	(H) Recommended Portfolio
1	18100	Biomass	SPI	17 MW	16 MW	[redacted]	X
2	18161	Call Option	BPA Peak Capacity Product	100 MW	53 MW		X
3	18169	MT Wind	Clearwater 350MW	350 MW	[redacted] W		X
4	18169	MT Wind	Clearwater 300MW	300 MW	[redacted] W		
5	18170	Wind	Golden Hills Shaped	200 MW	77 MW		X
6	xxxxx	System PPA	Morgan Stanley Sys PPA	100 MW	81 MW		X
7		**Total Peak Capacity Credits - MWs**					[redacted] MW
8		**Total Annual RECs**					**2,189,656**
9		**Portfolio Benefits - $M**					**$679**
10		**Portfolio Benefits w/ Carbon Costs as an Adder - $M [2,3]**					**$1,179**

Peak Capacity and REC Need 2022-2025	**2022**	**2023**	**2024**	**2025**
Peak Capacity Need	[redacted]			
Peak Need / (Surplus) after Resources				
REC Need	0	233,449	691,864	700,482
REC Need / (Surplus) after Resources	-2,189,656	-1,956,207	-1,497,791	-1,489,174

1. The annual project RECs in column G do not include 0.2X apprenticeship multiplier.

2. The social cost of carbon at $62/metric ton in 2007 dollars plus escalation is added to the total portfolio costs as a fixed cost. Source: UTC docket U-190730, Sept 12, 2019.

3. Emission rate of 0.437 metric tons of CO2/MWh for market purchases is included in social cost of carbon calculation.

Negotiation status update for all shortlisted RFP projects

1. SPI biomass: near agreement on final terms and price. Intend to ask for approval to execute the contract in next month's EMC.

2. BPA peak capacity product: near agreement on final terms. Intend to ask for approval to execute the contract in next month's EMC.

3. Golden Hills Oregon wind: negotiating with counterparty.

4. Clearwater Montana wind: negotiating with counterparty.

Informational

Intended recommendation: At next month's EMC meeting, ask for approval to execute contracts for the following projects:

- SPI Biomass (counterparty: Sierra Pacific Industries) 17 MW, 17-year PPA
- BPA peak capacity product (counterparty: BPA) 100 MW, 5-year call option
- Morgan Stanley System PPA (counterparty: Morgan Stanley): 100 MW, 5-year PPA (unsolicited proposal received on October 23, 2019)

APPENDIX A

Draft terms for projects we intend to recommend for approval in next month's EMC

[redacted] ENERGY

Selected proposal: SPI Biomass PPA

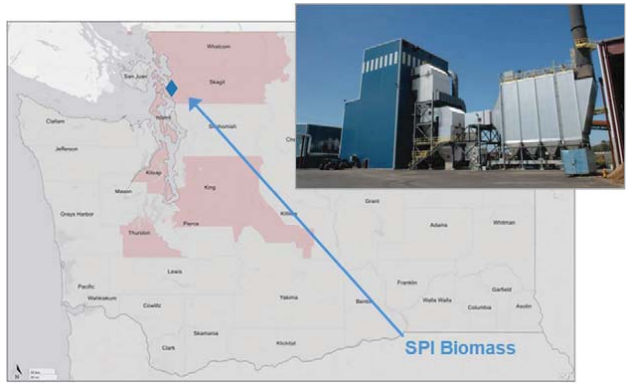
Seller:
- Sierra Pacific Industries (SPI)

Product:
- Delivery of 17 MW of firm capacity (24/7)
- Delivery of up to 20 MW worth of energy (3 MW is variable)
- Minimum availability: [redacted] Nov-Feb, [redacted] Annual (92% historic)
- Contribution to Peak Capacity: 16 MW

Term:
- Start: Jan. 1, 2021*
- 17 years

Point of Delivery:
- SPI.CABO.GEN at Fredonia Substation *(also point of interconnection)*

Pricing: Currently negotiating price. Intend to return to the EMC in December with final price.



Calendar Year	Contract Year	Energy Price ($/MWh	Expected Energy Output (MWh/year)
2021	1	[redacted]	
2022	2		
2023	3		
2024	4		
2025	5		
2026	6		
2027	7		
2028	8		
2029	9		
2030	10		
2031	11		
2032	12		
2033	13		
2034	14		
2035	15		
2036	16		
2037	17		

[redacted] ENERGY

** The SPI Burlington lumber mill began operating in 2001. The biomass cogeneration facility was added in 2007. Facility is subject to an existing contract with a broker to sell the output through 2020.*

*** Levelized cost of energy is* [redacted]

Selected RFP proposal: BPA Capacity Tolling Agreement (CTA)

Proposed terms are subject to change

Seller:

- Bonneville Power Administration (BPA)

Product:

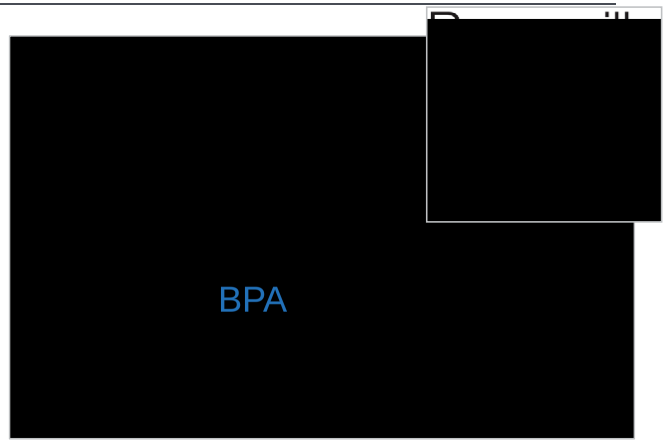
- Capacity: 100 MW
- Firm Capacity that may be scheduled in [redacted] increments from [redacted] MW on a [redacted] basis for up to [redacted]
- Western Systems Power Pool (WSPP) Schedule C, heavy load hour (HLH), low carbon firm energy

Term:

- Start: 01/01/2022
- Term: 5 years

Point of Delivery:

- BPAT.PSEI
- PSE Covington 230 kV Substation



Price*:

Calendar Year	Contract Year	Energy Price ($/MWh)	Possible Energy Output (MWH/Year)		Capacity Price ($/kW-mo)	Capacity (MW)
2022	1	[redacted]			[redacted]	100
2023	2					100
2024	3					100
2025	4					100
2026	5					100

- Mid-C price will be based on Powedex hourly price for each MWh delivered.
- Capacity Price [redacted] that will be indexed to BPA PTP and Ancillary Service Schedules 1 & 2. Rate will be updated on the first day of each new rate period.

[redacted] ENERGY

APPENDIX B

Detailed optimization summary

[redacted] ENERGY

Portfolio Optimization Summary: as of 11.21.2019

(A) List	(B) Project ID	(C) Resource	(D) Project	(E) Nameplate	(F) Peak Capacity Credit	(G) RECs[1]	(H) Recommended Portfolio: [redacted] Renewables	(I) Backup Portfolio: [redacted] Renewables	(J) Contingency Portfolio: No MT Wind	(K) Optimized Least Cost Portfolio with NO Carbon Costs Consideration	(L) Optimized Least Cost Portfolio with Carbon Costs Consideration
1	18100	Biomass	SPI	17 MW	[redacted] MW	[redacted]	X	X	X		X
2	18161	Call Option	BPA Peak Capacity Product	100 MW	[redacted] MW	[redacted]	X	X			X
3a.	18169	MT Wind	[redacted]	[redacted] MW	[redacted] MW	[redacted]	X			X	X
3b.	18169	MT Wind	[redacted]	[redacted] MW	[redacted] MW	[redacted]	[redacted]				
4a.	18173	MT Wind	[redacted]	[redacted] MW	[redacted] MW	[redacted]		X			
4b.	18173	MT Wind	[redacted]	[redacted] MW	[redacted] MW	[redacted]	[redacted]				
5a.	18170	Wind	Golden Hills Shaped	200 MW	[redacted] MW	[redacted]	X	X			X
5b.	18170	Wind	[redacted]	[redacted] MW	[redacted] MW	[redacted]	[redacted]		X		
6	xxxxx	System PPA	Morgan Stanley Sys PPA	100 MW	[redacted] MW	[redacted]	X	X	X		X
6	18132	Wind	[redacted]	[redacted] MW	[redacted] MW	[redacted]	[redacted]		X		
7	18179	Wind	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
8	18166	Wind	[redacted]	[redacted] MW	[redacted] MW	[redacted]	[redacted]				
9	18175	Wind	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
10	18125	Solar	[redacted]	[redacted] MW	[redacted] MW	[redacted]	[redacted]				
11	18111	Solar	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
12	18127	Solar	[redacted]	[redacted] MW	[redacted] MW	[redacted]	[redacted]				
13	18135	Solar	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
14	18139	Solar	[redacted]	[redacted] MW	[redacted] MW	[redacted]	[redacted]		X		X
15	18131	Solar	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
16	18114	Solar	[redacted]	[redacted] MW	[redacted] MW	[redacted]	[redacted]				
17	18122	Solar	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
18	18163	REC-only	[redacted]	[redacted] MW	[redacted] MW	[redacted]	[redacted]				
19	18165	REC-only	[redacted]	[redacted] MW	[redacted] MW	[redacted]					
20	UP-002	REC-only	[redacted]	[redacted] MW	[redacted] MW	[redacted]	[redacted]				
21	18103	Thermal	[redacted]	[redacted] MW	[redacted] MW	[redacted]			X	X	
22	XXXXX	Thermal	[redacted]	[redacted] MW	[redacted] MW	[redacted]	[redacted]				
23	XXXXX	Generic	Generic Peaker	237 MW	224 MW	N/A					
24	XXXXX	Generic	Generic Battery	175 MW	66 MW	N/A					
25		**Total Peak Capacity Credits - MWs**					[redacted] MW	[redacted] MW	[redacted] MW	[redacted] MW	[redacted] MW
26		**Total Annual RECs**					2,189,656	1,773,109	1,297,005	1,419,558	2,406,449
27		**Portfolio Benefits - $M**					$679	$619	$739	$926	$658
28		**Portfolio Benefits w/ Carbon Costs as an Adder - $M [2,3]**					$1,179	$945	$827	$1,046	$1,206

Peak Capacity and REC Need 2022-2025	2022	2023	2024	2025
Peak Capacity Need	299 MW	292 MW	358 MW	477 MW
REC Need	0	233,449	691,864	700,482

1. The annual project RECs in column G do not include 0.2X apprenticeship multiplier.
2. The social cost of carbon at $62/metric ton in 2007 dollars plus escalation is added to the total portfolio costs as a fixed cost. Source: UTC docket U-190730, Sept 12, 2019.
3. Emission rate of 0.437 metric tons of CO2/MWh for market purchases is included in social cost of carbon calculation.

PSE PUGET SOUND ENERGY

PUGET SOUND ENERGY

2018 RFP Evaluation Process Document

F.2 Presentations to WUTC Staff

2018 All Resources and Demand Response RFPs

Update to WUTC: Proposals Received and Evaluation Process

September 12, 2018

Agenda

- RFP schedule and resource need
- Proposals received
- All Resources RFP evaluation process
- Demand Response RFP evaluation process
- Next steps

1 RFP schedule and resource need

Presenter: Cindy Song

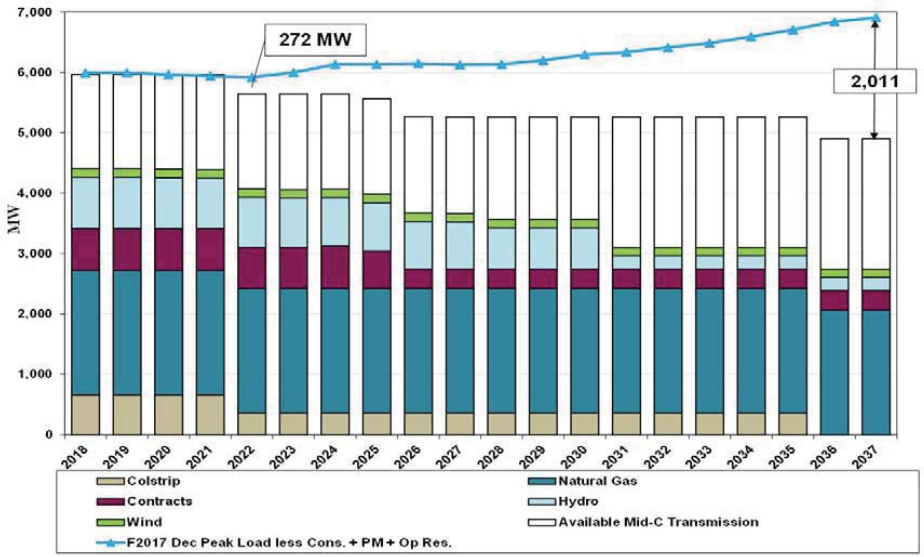
2018 RFP schedule

	Date	Milestone
✓	March 29, 2018	Draft RFP filed with WUTC
✓	June 28, 2018	WUTC approved Demand Response and All Resource RFPs
✓	July 3, 2018	PSE released final RFPs
✓	August 17, 2018	Offers were due to PSE
	Feb/Mar 2019	Complete Phase 1 evaluation, select Phase 2 candidate list
	Q2 2019	Complete Phase 2 evaluation, select final short list

[redacted] ENERGY

PSE seeks 272 MW of capacity by end of 2022

- Target online date by 2022*
- Products that fill winter need while minimizing surpluses in other parts of the year will evaluate more favorably
- Market PPAs must be delivered to BPAT.PSEI**

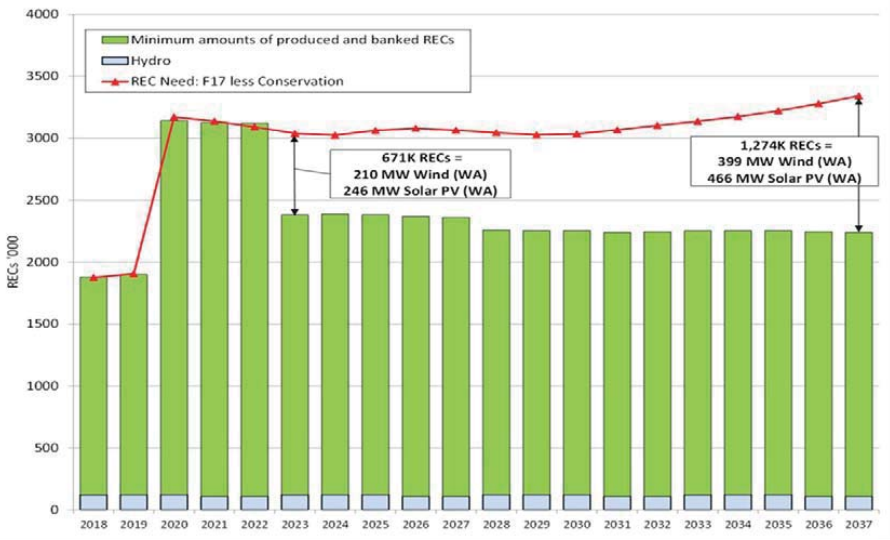


[redacted]

*Target online date is based on earliest need, but will not disqualify long-lead resources.
**Market / Non-unit contingent PPAs delivered to Mid-C or anywhere outside PSE's system are not eligible for this RFP.

Projected need to meet the RPS is 671,000 RECs 2023

- REC need is driven by the increase in the RPS from 9% to 15% in 2020
- PSE's inventory of banked RECs delays need until 2023
- PSE will consider early delivery dates to take advantage of tax incentives prior to phase out
  - PSE will evaluate the tradeoff between capturing the benefit of a higher tax incentive and the carrying cost of acquiring early



- A renewable resource may count toward peak capacity need based on coincident winter peak production
  - PSE will engage reputable consultant for resource due diligence and to develop synthetic distributions for peak capacity calculation
- Proposals which demonstrate that they qualify for Washington state apprenticeship labor credit will add 1.2x multiplier to REC output

[redacted] ENERGY

* If proposing a qualifying renewable resource located outside the Pacific Northwest as defined for the Bonneville Power Administration in Section 3 of the Pacific Northwest Electric Power Planning and Conservation Act (94 Stat. 2698; 16 U.S.C. Sec. 839a), electricity from the facility must be delivered into Washington state on a real-time basis without shaping, storage, or integration services.

2 Proposals received

Presenter: Sheri Maynard

Nearly 100 proposals received

Largest response to an All Source RFP to date

	2018 All Resource and Demand Response RFPs		2017 Renewables Only RFP (Green Direct 2.0)[1]		2011 All Source RFP		2010 All Source RFP		2008 All Source RFP		2005 All Source RFP	
Resource Type	# Proposals	Max Cap MW	# Proposals	Max Cap MW	# Proposals	Max Cap MW	# Proposals	Max Cap MW	# Proposals	Max Cap MW[1]	# Proposals	Max Cap MW
Biomass	2	72			3	61	9	590				
Biomass + BESS	1	15										
Coal - Traditional + IGCC					1	500			1	100	6	4950
Cold Fusion					1	1880						
Demand Response	6	154					1	80			1	34
Distributed Generation											1	5
Geothermal	2	43									1	48
Hydro - Run of River	1	38	2	4	1	77	2	105	3	165	3	139
Natural Gas-fired Generation[2]	4	1377			10	2624	18	5342	10	2588	17	4307
Solar - PV	16	2240	17	574	2	24	1	10				
Solar - PV + BESS	20	2848										
Storage - Battery ("BESS")	17	1265			2	251						
Storage - Pumped Hydro	2	900										
System PPA / Call Option	1	100			4	400	10	n/a	9	1675	7	400
Unbundled RECs[3]	4						2	n/a				
Waste-to-Energy / Landfill Gas					1	23					1	5
Wind - Off Shore	1	400										
Wind On Shore	16	3303	20	2601	4	369	21	3776	8	862	10	1165
Wind + Winter Sys PPA	1	371										
Wind + Solar and/or BESS	2	464	4	339								
TOTAL	96	13,590	43	3,518	29	6,209	64	9,903	31	5,390	47	11,053

[1] The 2017 RFP sought large and small (<5 MW) renewable resources to serve multiple voluntary green power programs.

[2] Natural gas-fired generation may include CCCTs, SCCTs, reciprocating engines, combined heat and power facilities and gas turbine equipment sales.

[redacted] ENERGY

92% of proposals offered a PPA option, 29% of proposals offered an ownership option

Resource Type	# Proposals	Max Cap MW[1]	Offer Structure(s) Own	PPA/Toll/ Other Agmt	Both
Biomass	2	72		2	
Biomass + BESS	1	15		1	
Geothermal	2	43			2
Hydro - Run of River	1	38		1	
Natural Gas CCCT	2	1020		1	1
Natural Gas SCCT	1	245			1
Natural Gas Recip	1	112	1		
Solar - PV	16	2240	1	14	1
Solar - PV + BESS	20	2848		18	2
Storage - Battery ("BESS")	17	1265	1	8	8
Storage - Pumped Hydro	2	900			2
Peak Capacity Call Option	1	100		1	
Unbundled RECs[2]	4	n/a		4	
Wind - Off Shore	1	400			1
Wind On Shore	16	3303	3	11	2
Wind + Winter Sys PPA	1	371		1	
Wind + Solar + BESS	2	464	1	1	
DR Direct Load Control	4	109		4	
DR C&I Curtailment[3]	2	44		2	
TOTAL	96	13,589	7	69	20

- 90% of proposed projects are in development stage
- Many proposals included multiple offer options, such as:
  - Multiple structure options:
    - development rights
    - asset purchase
    - PPA, Toll or other agreement
  - Fixed/escalating PPA pricing
  - Various term lengths and/ or start dates
  - Hybrid options to include storage, or to pair solar with wind
  - Transmission delivery points

[redacted] ENERGY

[1] MW column reflects total combined potential capacity
[2] Unbundled RECs: 1 offer is for a 10-year agreement for up to 100,000 RECs; the other three offers are due to arrive this week from the same entity (REC volume TBD)

70% of projects proposed are located in Washington

[redacted]

SHADED INFORMATION IS DESIGNATED AS HIGHLY CONFIDENTIAL PER WAC 480-07-160

REDACTED VERSION

3 All Resources RFP evaluation process

Presenters: Ryan Sherlock, Bob Williams

Evaluation process is cross-functional and thorough

RFP proposals due

August 17, 2018

Phase 1 evaluation

Qualitative fatal flaw review and cost screen

Phase 2 evaluation

Due diligence evaluation and risk analysis

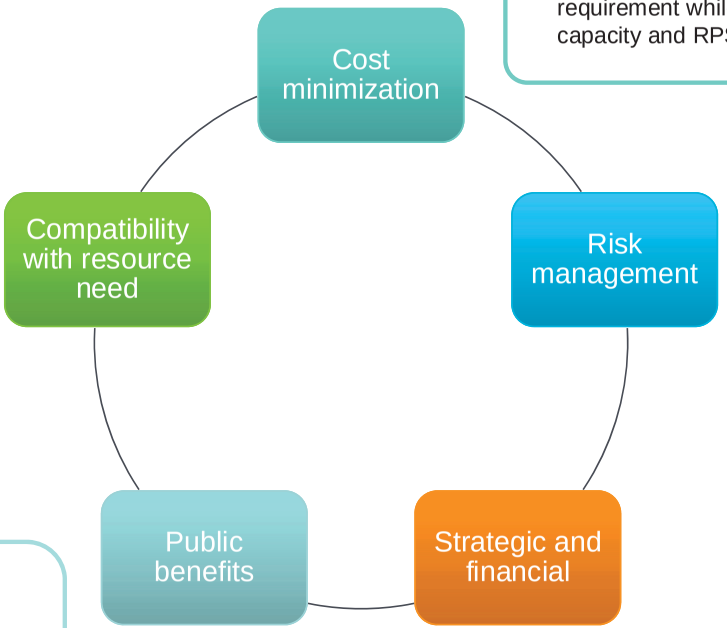
Announce short list

Negotiation to follow

	Evaluation team	Scope of review
Phase 1: Prohibitive cost and fatal flaw screening	• Commercial & Development • Quantitative • Transmission & Integration • Technical / Plant Operations • Fuel Supply • Permitting / Environmental • Real Estate • Community / Government Relations • Power Supply Operations	• Fatal flaw screening of key qualitative attributes (See slide #13) • Static quantitative analysis screening by resource type • Flexibility analysis
Most favorable resources selected to proceed to Phase 2. Respondents notified of status.		
Phase 2: Due Diligence	Phase 1 team, plus: • Credit • Regulatory / Legal • Property Accounting • Finance • Tax • Insurance • Other as needed • e.g. IT, HR, Compliance, etc.	• Formal data requests to respondents • Thorough evaluation of qualitative attributes based on evaluation criteria set forth in RFP • Quantitative portfolio optimization and risk analysis • Scenario analysis
Final short list selected. Respondents notified of status.		

[redacted] ENERGY

Evaluation criteria help identify proposals with lowest reasonable cost and risk*



- Lower/ lowest portfolio revenue requirement while meeting capacity and RPS need

- Output can be optimized to match PSE's need or resource production matches PSE's need
- Firm delivery of capacity to PSE's system
- Matches timing of resource need; flexibility

- Commercially-proven technology with long-term reliability
- Reduces PSE's risk exposure to changes in power prices, environmental policies, fuel prices, hydro generation, etc.

- Economic benefit to the community
- Local support for the project
- Low environmental impact

- Offer viability: project and respondent's ability to deliver
- Appropriate credit support or liquidated damages offered by respondent
- No PSE credit support required

*See Exhibit A of the All Resources RFP for complete evaluation criteria.

Phases allow PSE to focus on most favorable proposals for robust analysis

Phase 1: Screening	Phase 2: Due Diligence
Qualitative review based on evaluation criteria	
Fatal flaw screening	Due diligence evaluation
	Data requests
	Respondent engagement
	Site visits
Static quantitative analysis by resource type	Quantitative portfolio optimization
Scenario analysis	
Flexibility analysis	
• **Purpose:** Eliminate proposals with prohibitive costs and fatal flaws • **Result:** Identify Candidate List[1] for Phase 2 review	• **Purpose:** Thoroughly examine proposals and identify lowest reasonable cost and risk portfolio • **Result:** Identify Short List for negotiation

[1] The Candidate List represents the lowest cost resources with no fatal flaws, and a representative sampling of renewable, hybrid, storage, demand response and capacity resources.

[redacted] ENERGY

Qualitative evaluation asks key questions designed to identify proposal benefits and risks*

- ✓ Are the offer terms acceptable?
- ✓ Is project operating or likely to meet proposed commercial operation date?
- ✓ What is the nameplate capacity of the project? Sized appropriately to help meet need?
- ✓ Where is the project located? Benefits/risks?
- ✓ Does project have site control?
- ✓ What is the permitting status?
- ✓ Status of transmission and interconnection?
- ✓ What is the selected technology? History of reliable operation?
- ✓ What is the useful life of the project?
- ✓ Does the project have community support?
- ✓ What is the status of all relevant agreements?
  Examples: key component supply contracts (e.g. wind turbines), service and maintenance, EPC contract, BOP, interconnection, transmission, permits, site control, etc.

- ✓ Project output?
- ✓ Net capacity factor (NCF)?
- ✓ Degradation?
- ✓ Eligible for tax incentives?

- ✓ Capacity (MW) and duration (MWh)?
- ✓ Roundtrip efficiency?
- ✓ Degradation / augmentation?
- ✓ Flexibility and T&D benefits?

- ✓ Fuel supply and transportation secured? If not, status?
- ✓ Operational characteristics?
- ✓ Emissions? Permitting risks? If operating, compliance history?

- ✓ Project output?
- ✓ Net capacity factor (NCF)?
- ✓ Eligible for tax incentives?

*This list is illustrative only. It does not reflect all eligible resource types or a complete list of criteria considered in the All Resources RFP evaluation. For more detail, see RFP Exhibit A (Evaluation Criteria) and Exhibit B (Proposal Requirements).

[redacted] ENERGY

Examples of fatal flaws

- Significantly higher cost than alternatives
- Proposal fails to provide sufficient information to substantiate a viable project
- No transmission secured and no available transmission between the project and PSE's system
- Insufficient fuel supply or fuel transportation to generation project
- Commercially unproven technology
- Unable to obtain necessary permits to execute the project
- Excessive counterparty risk likely to cause counterparty to be unable to complete the project or meet contractual obligations to PSE
- Regulatory or legal risks associated with non-compliance or other obligations that could adversely impact PSE

Projects are evaluated on a cost and risk basis delivered to PSE's load

Off PSE's system

1. Delivery to PSE's system (e.g. BPAT.PSEI, etc.)

- Developer provides transmission solution to PSE's load center
- Risk analysis: Is there ATC? Are ancillary services included in price? Is transmission long-term firm? Does it include rollover rights?

2. Delivery to Mid-C

- Developer provides transmission solution to PSE via Mid-C
- PSE applies cost to use PSE's existing transmission and integration costs
- Risk analysis: Does developer have long-term firm transmission to Mid-C? If not, is there ATC? Are ancillary services included in price?

3. Delivery to project busbar

- Leaves transmission solution to PSE
- PSE applies cost of transmission from project to PSE's load (inc. ancillary services and any cost to use existing PSE transmission)
- Risk analysis: Is long-term firm ATC available? Rollover rights?

On PSE's system

1. On system

- Project interconnects within PSE's service territory
- PSE applies integration costs
- PSE evaluates transmission solution (and all applicable costs) to PSE's load
- Risk analysis: Is resource interconnection ERIS or NRIS? Is there ATC? Is transmission long-term firm? Does it include rollover rights? Are ancillary services included in price?

Notes:
Available Transmission Capacity (ATC)
Energy Resource Interconnection Service (ERIS)
Network Resource Interconnection Service (NRIS)

Resource costs

PSE uses three models to analyze resource costs and characteristics

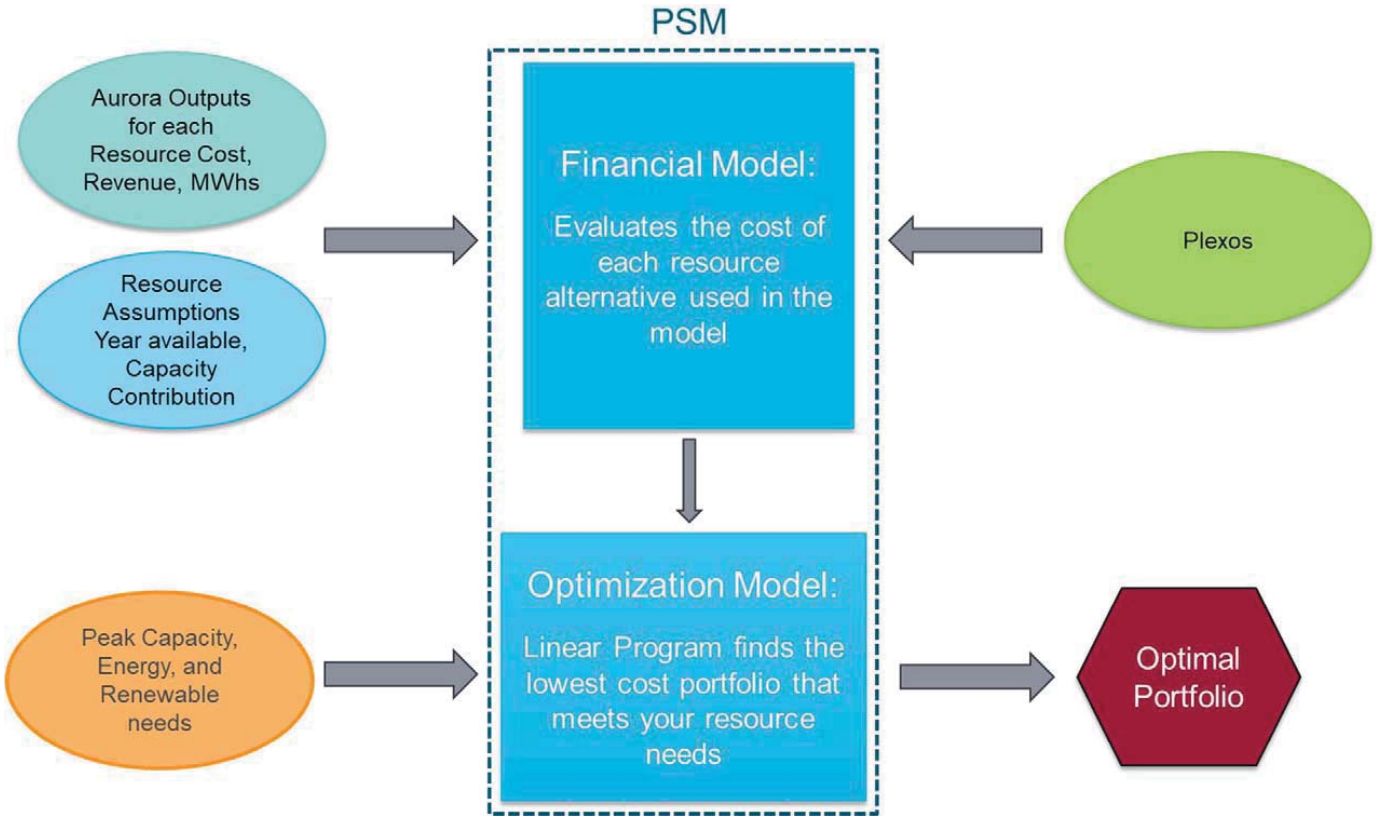
PSM* *Fixed costs*	Aurora *Variable costs*	Plexos *Flexibility*

• Capital costs
  • Return on capital (rate base)
  • Depreciation
• Fixed O&M
• PPA pricing
• Transmission
• Avoided T&D costs
• Pipeline costs
• Property taxes
• Insurance
• Federal income tax
  • Tax incentives (PTC & ITC)
  • Tax depreciation
  • Deferred taxes
	• Fuel costs
	• Variable O&M
	• Variable transmission
	• Carbon pricing
	• Startup costs
	• Plant technical information
	  • Capacity (ISO & 23º)
	  • Heat rates
	  • Forced and planned outages
	  • Renewable output
	  • Emissions
		• Regulation up-down
		• Balancing
		• Reserves
		• Arbitrage

*Portfolio Screening Model (PSM)

[redacted] ENERGY

PSM optimization process



[redacted] ENERGY

Quantitative screening metrics allow PSE to compare and rank resources with different characteristics and capacities

Portfolio benefit ($)
Useful for comparing projects with the same winter capacity value

Difference between net present value portfolio revenue requirement of proposed project (replaces a generic resource), and the net present portfolio revenue requirement of the generic portfolio strategy.

Levelized cost
($/MWh-REC)
Useful for comparing projects with the same or similar operating characteristics

A resource's net present value revenue requirement of the 20-year period with end effects, divided by the net present value generation.

Portfolio benefit ratio
Useful for comparing projects with the same or similar operating characteristics; removes size bias

Portfolio benefit divided by the net present value of the proposed revenue requirement. Allows projects of different capacities to be by eliminating bias for size.

Net cost/peak capacity credit ($/kW)
Useful for comparing cost of peak capacity credit across technologies

Present value of the cost less the market value of the energy divided peak capacity credit.

PSE has updated its RFP modeling assumptions to reflect 2019 IRP assumptions

	2018 RFP	2017 IRP
Mid-C power prices Levelized	$34.28/MWh	$40.48/MWh
Gas prices Levelized	$3.86/mmbtu	4.02/mmbtu
Load growth	0.5%	0.7%

[redacted] ENERGY

RFP price scenarios (subject to change)

	Phase	WECC /PSE Demand	Gas Price	Generic Resource Costs
No carbon tax	1 + 2	Base	Base	Base
CO2 (Initiative 1631)	1 + 2	Base	Base	Base
CO2 (societal)	1 + 2	Base	Base	Base
CO2 (high societal tax)	2	Base	Base	Base
High growth (high societal)	2	High	High	Base
Low growth (no carbon tax)	2	Low	Low	Base

If Initiative 1631 does not pass, the RFP would use assumptions consistent with the 2019 IRP.

[redacted] ENERGY

4 Demand Response RFP evaluation process

Presenter: Wei Dang

DR proposals at a glance

Type	Term	Max MW
Direct Load Control	2019-23	35.5
Direct Load Control	2023-28	24.0
Direct Load Control	2019-28	21.5
Behavioral Demand Response + Direct Load Control	2019-23	28.1
C&I Curtailment*	2019-23	24
C&I Curtailment*	2019-23	40

*Commercial & Industrial (C&I)

[redacted] ENERGY

DR resource objectives

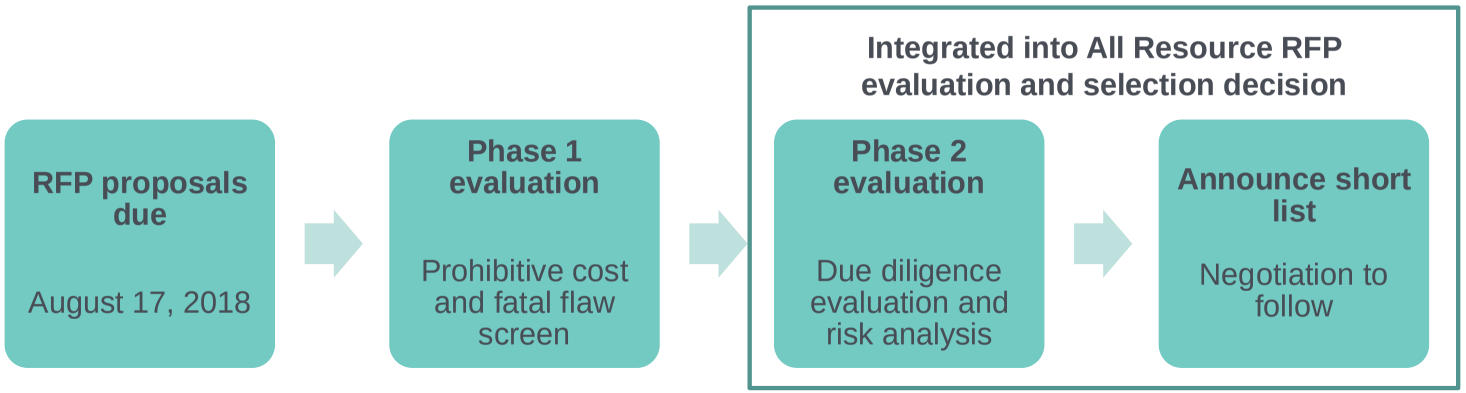
Primary Objectives:

- Ensure DR resource is cost effective and is available:
  - November 1 – February 28/29
  - Weekdays, 7 a.m. – 10 a.m. and 5 p.m. – 9 p.m.
- Provide load response with one of the following options:
  - Hour ahead notification,
  - Day ahead notification, or
  - A combination of hour ahead and day ahead notification
- Total event time ≤ 40 hrs per individual product per season

Secondary Objectives:

- Develop flexible DR capability
  - Provide fast response with notification time of ≤10 mins

DR proposals evaluation process



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

[redacted] ENERGY

Aligned with IRP methodology, using Portfolio Screening Model (PSM)

Costs	Benefits

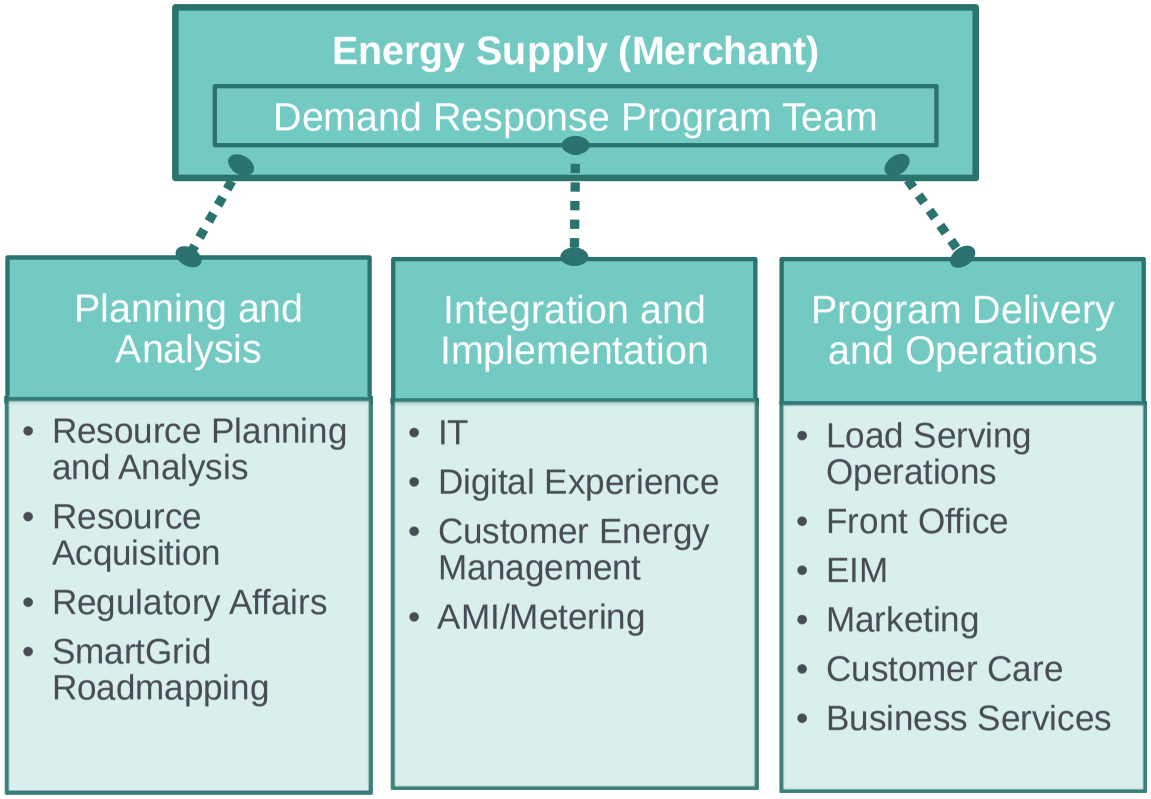
• Technology and Implementation
  • Customer tech. and installation
  • PSE Integration
• Program Administration
	• Peak Capacity
	• System-Wide T&D Deferral

Other Tests / Considerations:

- Program administrator cost (PAC) / Total resource cost (TRC)
- Effective load carrying capability (ELCC)

[redacted] ENERGY

Demand response evaluation team



5 Next steps

Presenter: Sheri Maynard

What's next?

- Next WUTC update: late Q1/early Q2
  - Phase 1 results
  - Candidate short list
  - Phase 2 update/schedule

[redacted] ENERGY

2018 RFP schedule

	Date	Milestone
✓	March 29, 2018	Draft RFP filed with WUTC
✓	June 28, 2018	WUTC approved Demand Response and All Resource RFPs
✓	July 3, 2018	PSE released final RFPs
✓	August 17, 2018	Offers were due to PSE
	Feb/Mar 2019	Complete Phase 1 evaluation, select Phase 2 candidate list
	Q2 2019	Complete Phase 2 evaluation, select final short list

[redacted] ENERGY

Appendix

Appendix

- Proposals received by status and location
- Montana transmission path
- RFP modeling assumptions:
  - Load forecast
  - Power price forecast
  - Carbon price
- Additional screening metrics
- Comparison of generic resource costs
- Program administrator costs (PAC) and total resource costs (TRC) tests
- Effective load carrying capability (ELCC) table

90% of projects proposed are development stage

Resource Type	# Proposals	Max Cap MW[1]	Status		
			Development	Construction	Operating
Biomass	2	72			2
Biomass + BESS	1	15	1		
Geothermal	2	43	1	1	
Hydro - Run of River	1	38			1
Natural Gas CCCT	2	1020			2
Natural Gas SCCT	1	245	1		
Natural Gas Recip	1	112	1		
Solar - PV	16	2240	16		
Solar - PV + BESS	20	2848	20		
Storage - Battery ("BESS")	17	1265	17		
Storage - Pumped Hydro	2	900	2		
Peak Capacity Call Option	1	100			
Unbundled RECs[2]	4	n/a	3		1
Wind - Off Shore	1	400	1		
Wind On Shore	16	3303	14	1	1
Wind + Winter Sys PPA	1	371	1		
Wind + Solar + BESS	2	464	2		
DR Direct Load Control	4	109			
DR C&I Curtailment[3]	2	44			
TOTAL	96	13,589	80	2	7

[1] MW column reflects total combined potential capacity

[2] Unbundled RECs: 1 offer is for a 10-year agreement for up to 100,000 RECs; the other three offers are due to arrive this week from the same entity (REC volume TBD)

[redacted] ENERGY

70% of projects proposed are located in Washington

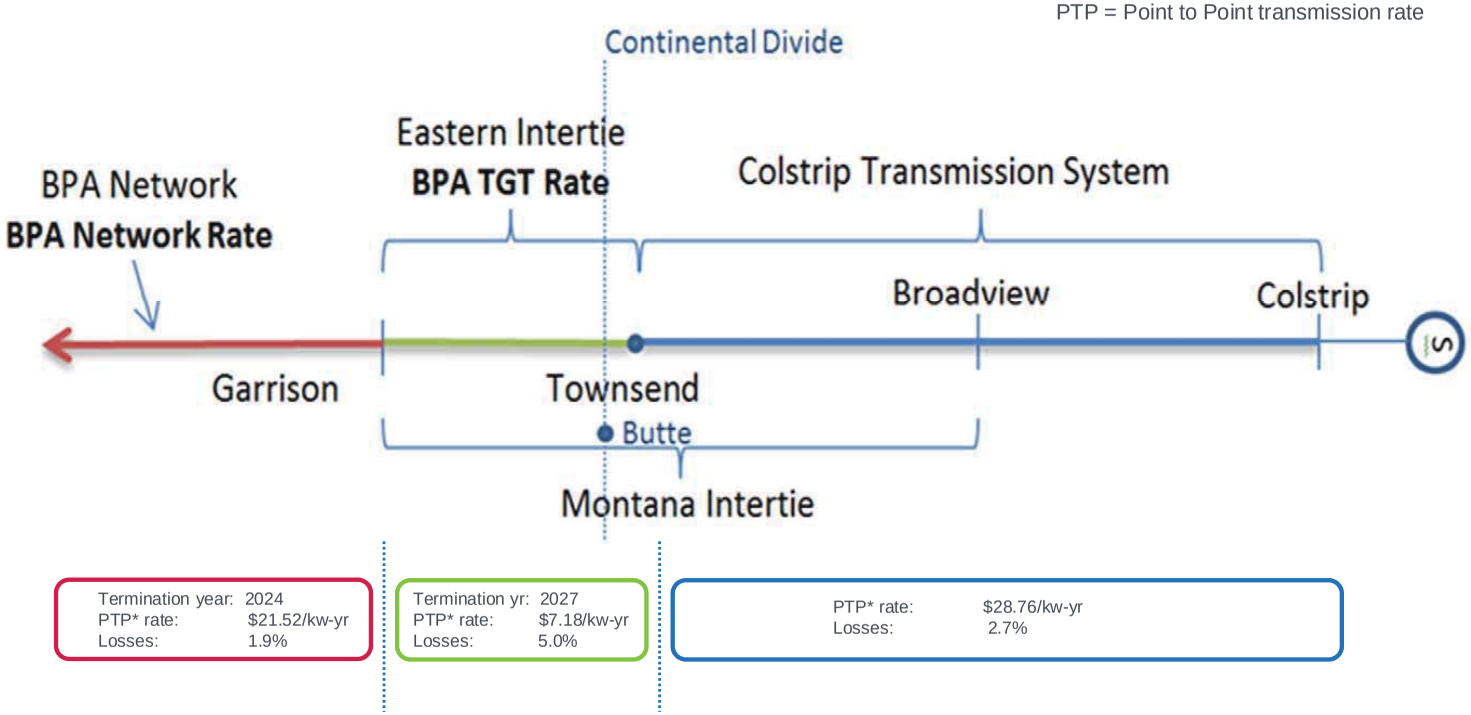
Resource Type	# Proposals	Max Cap MW[1]	Location WA	OR	MT	ID	NV
Biomass	2	72	2				
Biomass + BESS	1	15					
Geothermal	2	43				1	1
Hydro - Run of River	1	38				1	
Natural Gas CCCT	2	1020	1	1			
Natural Gas SCCT	1	245	1				
Natural Gas Recip	1	112	1				
Solar - PV	16	2240	14	2	1		
Solar - PV + BESS	20	2848	15	4	1		
Storage - Battery ("BESS")	17	1265	17				
Storage - Pumped Hydro	2	900	1		1		
Peak Capacity Call Option	1	100		1			
Unbundled RECs[2]	4	n/a		3			
Wind - Off Shore	1	400	1				
Wind On Shore	16	3303	7	3	6		
Wind + Winter Sys PPA	1	371		1			
Wind + Solar + BESS	2	464	1	1			
DR Direct Load Control	4	109	4				
DR C&I Curtailment[3]	2	44	4				
TOTAL	96	13,589	69	16	9	2	1

[1] MW column reflects total combined potential capacity

[2] Unbundled RECs: 1 offer is for a 10-year agreement for up to 100,000 RECs; the other three offers are due to arrive this week from the same entity (REC volume TBD)

Montana transmission path

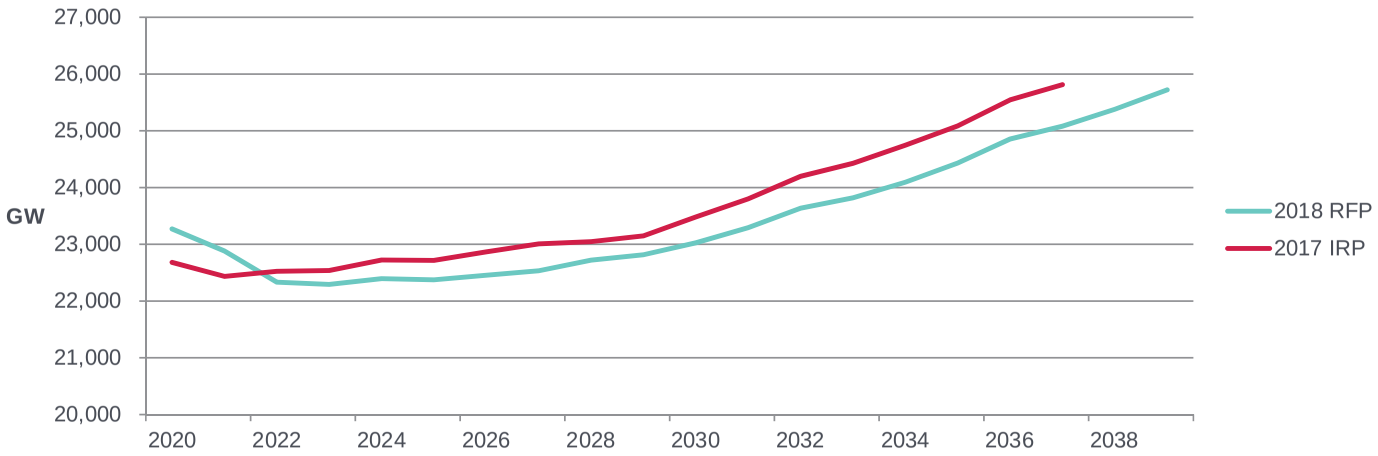
PTP = Point to Point transmission rate



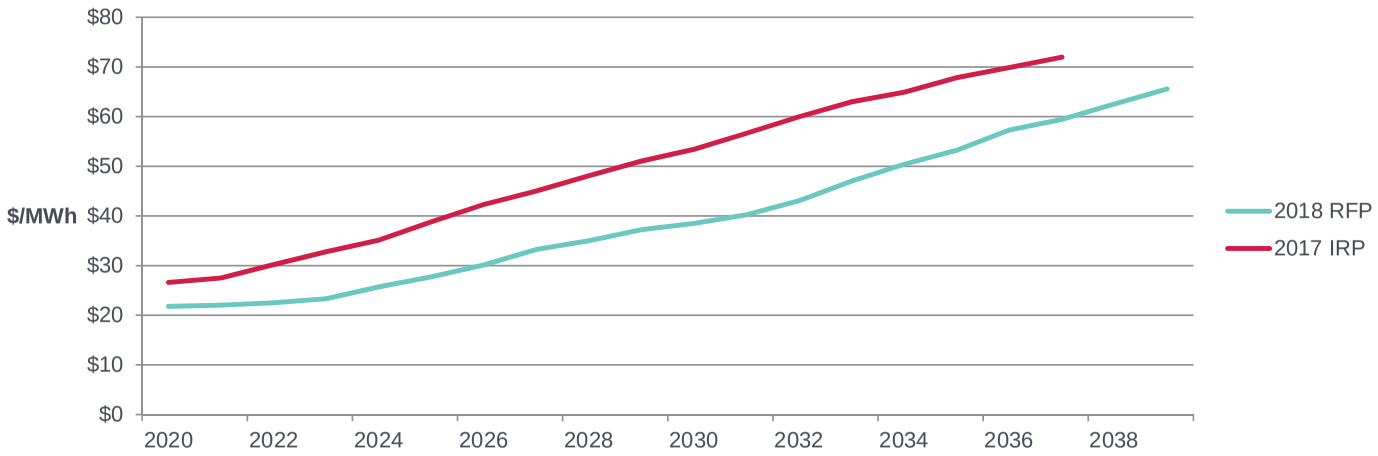
Other costs to consider:

- Additional losses from the project to the delivery point
- Renewable integration costs

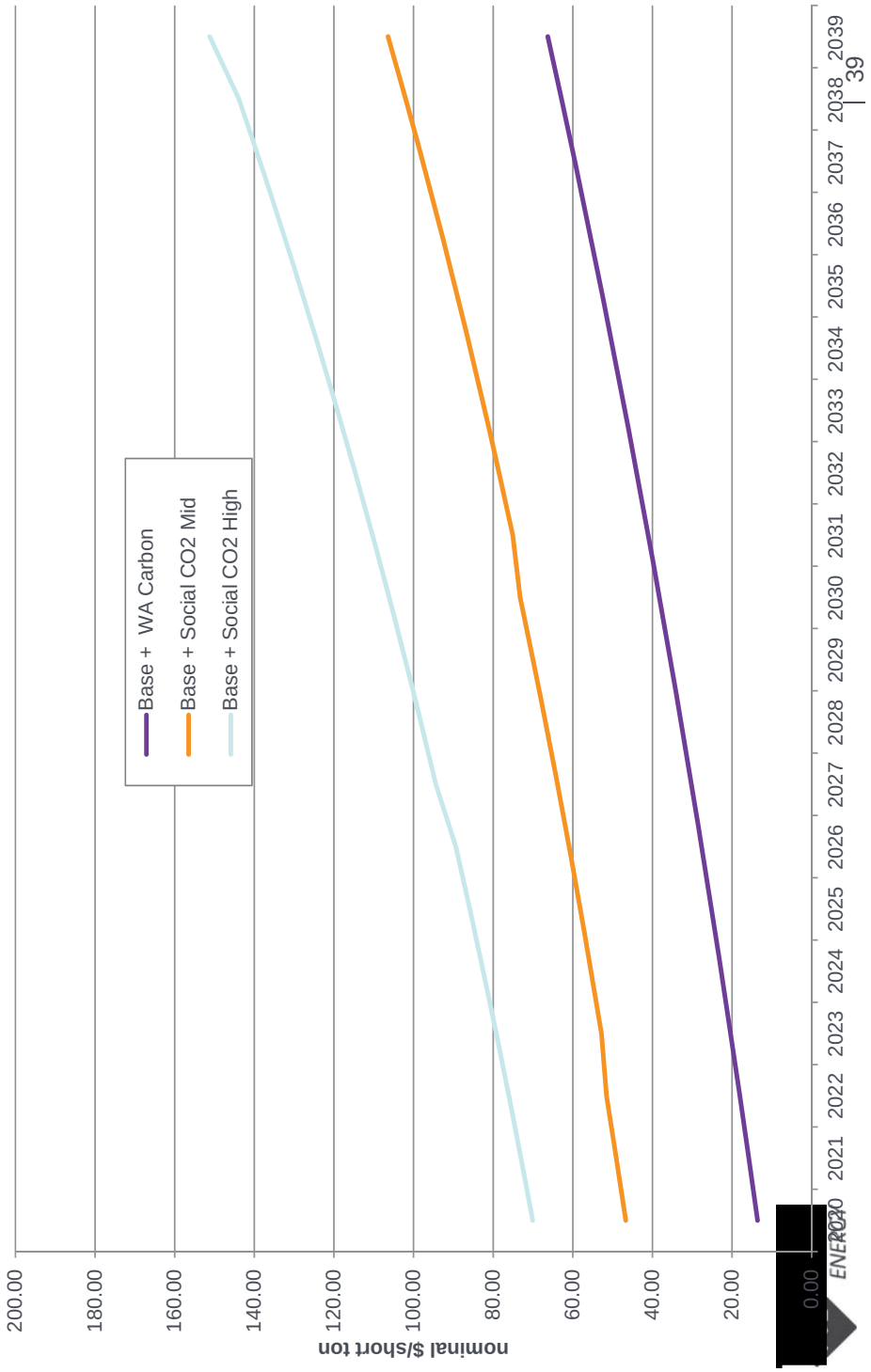
Load forecast comparison



Power price forecast



Carbon price



Additional screening metrics

Net cost/REC
($/MWh-REC)
Useful for comparing renewable projects of different sizes

Present value of the cost less the market value of the energy divided by the RECs.

Portfolio Benefit/REC
($/MWh-REC)
Useful for comparing projects with the same or similar operating characteristics

Provides a slightly different view than the above metric by taking the portfolio benefit divided by RECs.

[redacted] ENERGY

Comparison of generic resource costs

	2017 IRP			2019 IRP			Change in costs from 2019 IRP to 2017 IRP		
2018 $/kW	EPC Cost	Owner's Costs + Interconnection	Total Costs	EPC Cost	Owner's Costs + Interconnection	Total Costs	EPC Cost	Owner's Costs + Interconnection	All in Costs
CCCT	$1,020	$358	$1,378	$898	$269	$1,167	($122)	($89)	($211)
Frame Peaker (Fuel Fuel)	$526	$172	$698	$554	$271	$825	$28	$99	$127
Recip Engine (NG only)	$1,030	$312	$1,341	$842	$350	$1,192	($188)	$38	($149)
WA Wind	$1,548	$656	$2,204	$1,656	$386	$2,042	$108	($270)	($162)
MT Wind	$1,471	$1,312	$2,783	$1,633	$1,111	$2,744	$162	($201)	($39)
Solar	$1,497	$874	$2,371	$1,352	$570	$1,922	($145)	($304)	($449)
Biomass	$4,084	$207	$4,291	$7,036	$2,659	$9,695	$2,952	$2,452	$5,404
Offshore Wind	$5,717	$1,795	$7,512	$5,000	$1,547	$6,547	($717)	($248)	($965)
Li-Ion Battery 2-hr	$1,313	$342	$1,655	$1,331	$599	$1,930	$18	$257	$275
Li-Ion Battery 4-hr	$2,116	$552	$2,668	$2,346	$708	$3,054	$230	$156	$386
Flow Battery 4-hr	$1,870	$674	$2,544	$1,493	$618	$2,111	($377)	($56)	($433)
Flow Battery 6-hr	$2,447	$882	$3,329	$2,050	$708	$2,758	($397)	($174)	($571)
Pumped Storage	$2,503	$127	$2,630	$1,800	$879	$2,679	($703)	$752	$49

[redacted] ENERGY

PAC and TRC tests

PSE will evaluate the cost-effectiveness of proposals in two ways: using the Program Administrator Cost Test (PAC) and Total Resource Cost (TRC) Test

Benefits	PAC	TRC
Avoided Capacity Costs	✓	✓
Avoided Energy Costs	✓	✓
Avoided Transmission & Distribution Costs	✓	✓
Avoided Environmental Compliance Costs	✓	✓

Costs	PAC	TRC
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	✓	✓

Source: Demand Response RFP, Exhibit D: Cost-effectiveness Evaluation Criteria, Tables 1 and 2

ELCC Table

Effective Load Carrying Capability (ELCC) Estimates for Various DR Event Parameters						
Event Duration (Hours)	Call Frequency					
	Elapsed Hours After Last Events					Elapsed Hours Since Start of Last Event
	4	6	8	12	24	24
2	63%	61%	57%	49%		
3	80%	77%	77%	59%		
4	90%	85%	80%	65%	53%	58%
5	94%	89%	84%	68%	55%	

Source: Demand Response RFP, Exhibit D: Cost-effectiveness Evaluation Criteria, Table 3

[redacted] ENERGY

2018 All Resources and Demand Response RFPs

PUGET SOUND ENERGY

Update to WUTC: RFP Process and Phase 1 Results

April 2, 2019

CONFIDENTIAL

Agenda

- RFP schedule and resource need
- Proposals received
- Phase 1 evaluation process
- Phase 1 results
- Phase 2 evaluation process
- Next steps

1 RFP schedule and resource need

Presenter: Cindy Song

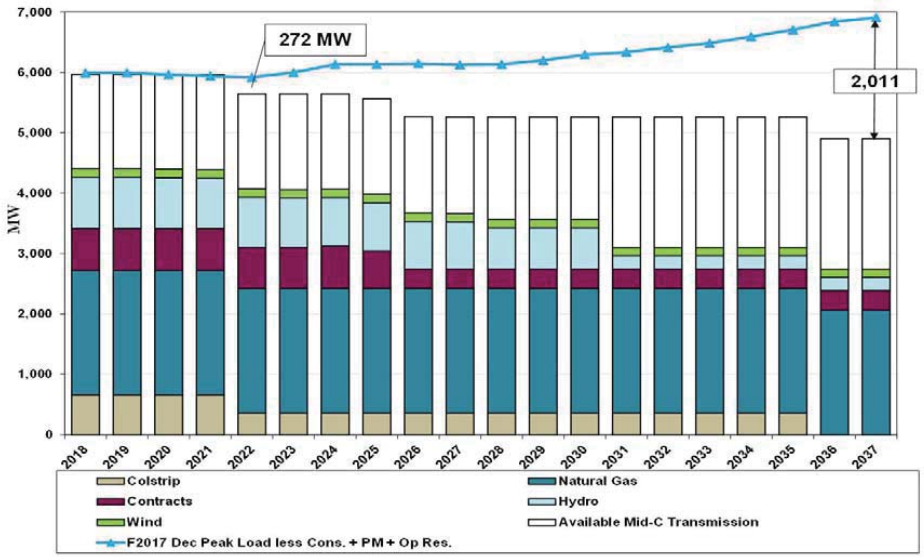
2018 RFP schedule

	Date	Milestone
✓	March 29, 2018	Draft RFP filed with WUTC
✓	June 28, 2018	WUTC approved Demand Response and All Resource RFPs
✓	July 3, 2018	PSE released final RFPs
✓	August 17, 2018	Offers were due to PSE
✓	Feb/Mar 2019	Complete Phase 1 evaluation, select Phase 2 candidate list
	Q2 2019	Complete Phase 2 evaluation, select final short list

[redacted] ENERGY

RFP solicits 272 MW of capacity by end of 2022*

- Target online date by 2022**
- Products that fill winter need while minimizing surpluses in other parts of the year will evaluate more favorably

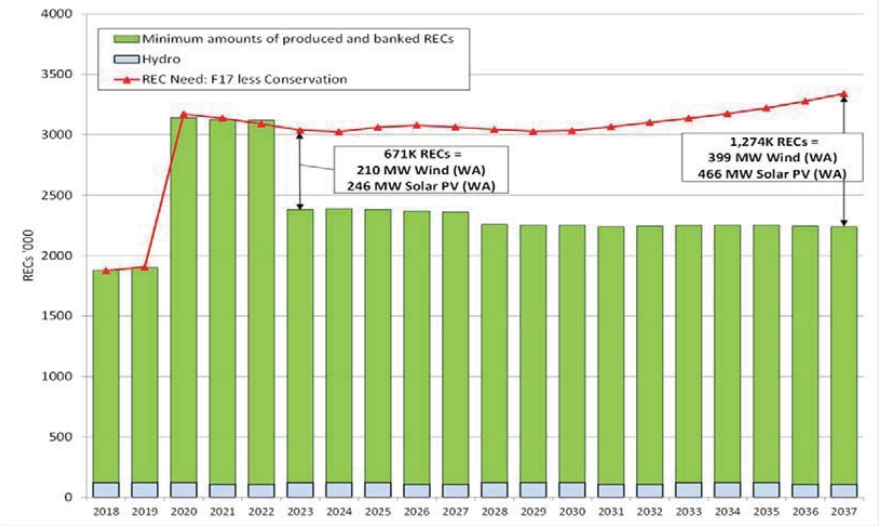


* The All Resources RFP filed with the WUTC in June 2018 reflected then-current resource need projections based on the F2017 load forecast. In August 2018, PSE adjusted its resource need forecast for Phase 1 to reflect the F2018 load forecast. The resource need projection is based on current law and is not predictive of any future or pending legislative action.

** Target online date is based on earliest need, but will not disqualify long-lead resources.

Projected need to meet the RPS is 671,000 RECs 2023*

- REC need is driven by the increase in the RPS from 9% to 15% in 2020**
- PSE's inventory of banked RECs delays need until 2023
- PSE will consider early delivery dates to take advantage of tax incentives prior to phase out
  - PSE will evaluate the tradeoff between capturing the benefit of a higher tax incentive and the carrying cost of acquiring early



- A renewable resource may count toward peak capacity need based on coincident winter peak production
  - PSE will engage reputable consultant for resource due diligence and to develop synthetic distributions for peak capacity calculation
- Proposals which demonstrate that they qualify for Washington state apprenticeship labor credit will add 1.2x multiplier to REC output

* The All Resources RFP filed with the WUTC in June 2018 reflected then-current resource need projections based on the F2017 load forecast. In August 2018, PSE adjusted its resource need forecast for Phase 1 to reflect the F2018 load forecast.

** If proposing a qualifying renewable resource located outside the Pacific Northwest as defined for the Bonneville Power Administration in Section 3 of the Pacific Northwest Electric Power Planning and Conservation Act (94 Stat. 2698; 16 U.S.C. Sec. 839a), electricity from the facility must be delivered into Washington state on a real-time basis without shaping, storage, or integration services.

2 Proposals received

Presenter: Sheri Maynard

Nearly 100 proposals received

Largest response to an All Source RFP to date

As of 3/25/19	2018 All Resource and Demand Response RFPs		2017 Renewables Only RFP (Green Direct 2.0)[1]		2011 All Source RFP		2010 All Source RFP		2008 All Source RFP		2005 All Source RFP	
Resource Type	# Proposals[2]	Max Cap MW	# Proposals	Max Cap MW	# Proposals	Max Cap MW	# Proposals	Max Cap MW	# Proposals	Max Cap MW[1]	# Proposals	Max Cap MW
Solar - PV	16	2240	17	574	2	24	1	10				
Solar - PV + BESS	20	2848										
Wind - Off Shore	1	400										
Wind On Shore	16	3303	20	2601	4	369	21	3776	8	862	10	1165
Wind + Winter Sys PPA	1	371										
Wind + Solar and/or BESS	2	464	4	339								
Storage - Battery ("BESS")	17	1265			2	251						
Storage - Pumped Hydro	2	900										
Biomass	2	72			3	61	9	590				
Biomass + BESS	1	15										
Natural Gas-fired Generation	4	1377			10	2624	18	5342	10	2588	17	4307
Geothermal	2	43									1	48
Hydro - Run of River	1	38	2	4	1	77	2	105	3	165	3	139
System PPA / Call Option	1	100			4	400	10	n/a	9	1675	7	400
Unbundled RECs	5						2	n/a				
Demand Response	6	154					1	80			1	34
Coal - Traditional + IGCC					1	500			1	100	6	4950
Cold Fusion					1	1880						
Distributed Generation											1	5
Waste-to-Energy / Landfill Gas					1	23					1	5
TOTAL	**97**	**13,590**	**43**	**3,518**	**29**	**6,209**	**64**	**9,903**	**31**	**5,390**	**47**	**11,053**

[1] The 2017 RFP sought large and small (<5 MW) renewable resources to serve multiple voluntary green power programs.

[2] PSE also received two unsolicited proposals during Phase 1, a REC-only and a pumped storage hydro storage, which are not included in the table.

[redacted] ENERGY

93% of proposals offered a PPA option, 28% of proposals offered an ownership option

Resource Type	# Proposals	Max Cap MW[1]	Offer Structure(s)		
			Own	PPA/Toll/ Other Agmt	Both
Solar - PV	16	2,240	1	14	1
Solar - PV + BESS	20	2,848		18	2
Wind - Off Shore	1	400			1
Wind On Shore	16	3,303	3	11	2
Wind + Winter Sys PPA	1	371		1	
Wind + Solar + BESS	2	464	1	1	
Storage - Battery ("BESS")	17	1,265	1	8	8
Storage - Pumped Hydro	2	900			2
Biomass	2	72		2	
Biomass + BESS	1	15		1	
Natural Gas CCCT	2	1,020		1	1
Natural Gas SCCT	1	245			1
Natural Gas Recip	1	112	1		
Geothermal	2	43			2
Hydro - Run of River	1	38		1	
System PPA / Call Option	1	100		1	
Unbundled RECs	5	n/a		5	
DR Direct Load Control	4	109		4	
DR C&I Curtailment[2]	2	44		2	
TOTAL	**97**	**13,589**	**7**	**70**	**20**

- 90% of proposed projects are in early development stage
- Many proposals included multiple offer options, such as:
  - Multiple structure options:
    - development rights
    - asset purchase
    - PPA, Toll or other agreement
  - Fixed/escalating PPA pricing
  - Various term lengths and/ or start dates
  - Hybrid options to include storage, or to pair solar with wind
  - Transmission delivery points

[1] MW column reflects total combined potential capacity
[2] Commercial & Industrial Curtailment (C&I Curtailment)

70% of projects proposed are located in Washington

3 Phase 1 evaluation process

Presenters: Will Foster, Wei Dang, Bob Williams

Two-phased evaluation process allows PSE to focus on most favorable proposals for robust analysis

Phase 1: Screening	Phase 2: Due Diligence
Qualitative review based on evaluation criteria	
Fatal flaw screening	Due diligence evaluation
	Data requests
	Respondent engagement
	Site visits
Static quantitative analysis by resource type	Quantitative portfolio optimization
Scenario analysis	
Flexibility analysis	
• **Purpose:** Eliminate proposals with prohibitive costs and fatal flaws • **Result:** Identify Candidate List[1] for Phase 2 review	• **Purpose:** Thoroughly examine proposals and identify lowest reasonable cost and risk portfolio • **Result:** Identify Short List for negotiation

[1] The Candidate List represents the lowest cost resources with no fatal flaws, and a representative sampling of renewable, hybrid, storage, demand response and capacity resources.

[redacted] ENERGY

Phase 1 screening eliminates proposals with higher costs and fatal flaws

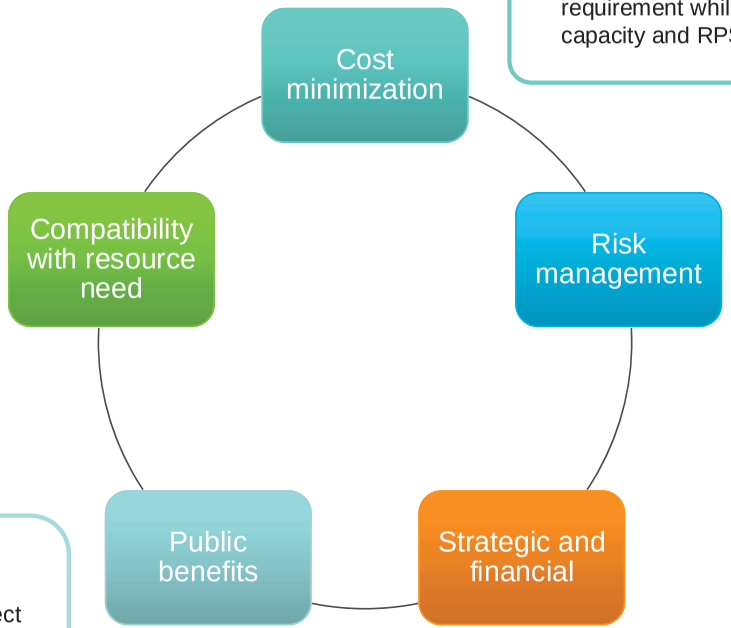
	Evaluation team	Scope of review
Phase 1: Prohibitive cost and fatal flaw screening	All Resources RFP proposals: • Commercial & Development • Quantitative • Planning • Energy Delivery • Technical / Plant Operations • Fuel Supply • Permitting • Real Estate • Community / Government Relations • Regulatory	All Resources and Demand Response RFPs: • Fatal flaw screening of key qualitative attributes (slides 14 and 17) • Static quantitative analysis screening of All Resources and Demand Response proposals by resource type • Flexibility analysis
	Demand Response RFP proposals: • Commercial • Quantitative • Customer Energy Management • Planning • Regulatory	

Most favorable resources selected to proceed to Phase 2. Respondents notified of status.

Additional subject matter experts engaged in Phase 2 for both the All Resources and Demand Response proposals to help thoroughly evaluate the risks and merits of all offers (slide 28).

[redacted] ENERGY

Evaluation criteria help identify proposals with lowest reasonable cost and risk*



- Lower/ lowest portfolio revenue requirement while meeting capacity and RPS need

- Output can be optimized to match PSE's need or resource production matches PSE's need
- Firm delivery of capacity to PSE's system
- Matches timing of resource need; flexibility

- Commercially-proven technology with long-term reliability
- Reduces PSE's risk exposure to changes in power prices, environmental policies, fuel prices, hydro generation, etc.
- Demonstrated experience and competence

- Economic benefit to the community
- Positive perception of project among stakeholders
- Local support for the project
- Low environmental impact

- Offer viability: project and respondent's ability to deliver
- Appropriate credit support or liquidated damages offered by respondent
- No PSE credit support required

*See Demand Response RFP and Exhibit A of the All Resources RFP for complete evaluation criteria.

Qualitative evaluation asks key questions designed to identify proposal benefits and risks*

- ✓ Are the offer terms acceptable?
- ✓ Is project operating or likely to meet proposed commercial operation date?
- ✓ What is the nameplate capacity of the project? Sized appropriately to help meet need?
- ✓ Where is the project located? Benefits/risks?
- ✓ Does project have site control?
- ✓ What is the permitting status?
- ✓ Status of transmission and interconnection?
- ✓ What is the selected technology? History of reliable operation?
- ✓ What is the useful life of the project?
- ✓ Does the project have community support?
- ✓ What is the status of all relevant agreements?
  Examples: key component supply contracts (e.g. wind turbines), service and maintenance, EPC contract, BOP, interconnection, transmission, permits, site control, etc.

- ✓ Project output?
- ✓ Net capacity factor (NCF)?
- ✓ Degradation?
- ✓ Eligible for tax incentives?

- ✓ Capacity (MW) and duration (MWh)?
- ✓ Roundtrip efficiency?
- ✓ Degradation / augmentation?
- ✓ Flexibility and T&D benefits?

- ✓ Fuel supply and transportation secured? If not, status?
- ✓ Operational characteristics?
- ✓ Emissions? Permitting risks? If operating, compliance history?

- ✓ Project output?
- ✓ Net capacity factor (NCF)?
- ✓ Eligible for tax incentives?

*This list is illustrative only. It does not reflect all eligible resource types or a complete list of criteria considered. For more detail, see RFP Exhibit A (Evaluation Criteria) and Exhibit B (Proposal Requirements).

[redacted] ENERGY

Sample qualitative questions for demand response proposals*

- ✓ Are the offer terms acceptable?
- ✓ Is the program operating or likely to meet proposed commercial operation date?
- ✓ Has the respondent entity demonstrated its competence and experience?
- ✓ Does the proposal include a management structure and the relevant experience of assigned personnel?
- ✓ What is the quality of the proposed equipment and services?
- ✓ How does the proposed pricing compare to other alternatives?
- ✓ Does the offer include acceptable performance guarantees?

*This list is illustrative only. It does not reflect a complete list of criteria considered. For more detail, see the Demand Response RFP.

[redacted] ENERGY

Examples of fatal flaws

- Significantly higher cost than alternatives
- Proposal fails to provide sufficient information to substantiate a viable project
- No transmission secured and no available transmission between the project and PSE's system
- Insufficient fuel supply or fuel transportation to generation project
- Commercially unproven technology
- Unable to obtain necessary permits to execute the project
- Excessive counterparty risk likely to cause counterparty to be unable to complete the project or meet contractual obligations to PSE
- Regulatory or legal risks associated with non-compliance or other obligations that could adversely impact PSE

Resource costs

PSE uses three models to analyze resource costs and characteristics

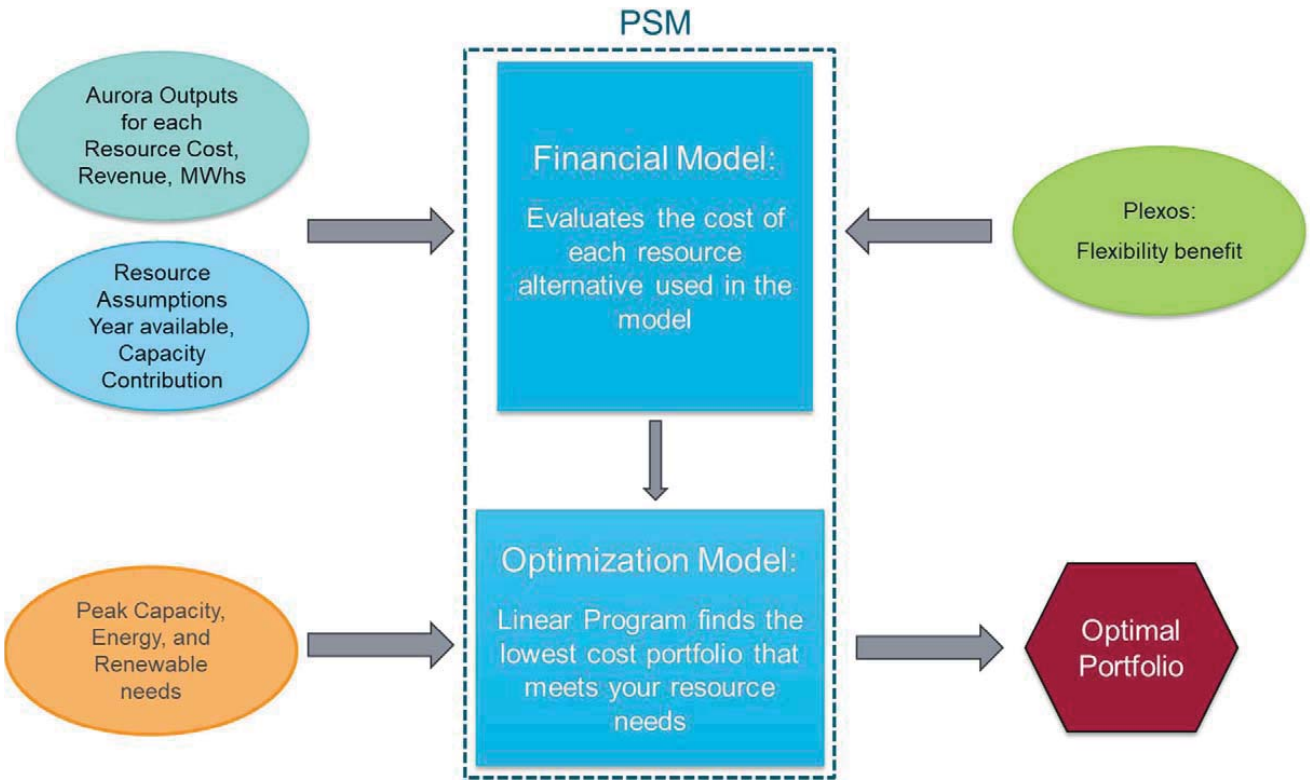
PSM* *Fixed costs*	Aurora *Variable costs*	Plexos *Flexibility*

• Capital costs
  • Return on capital (rate base)
  • Depreciation
• Fixed O&M
• PPA pricing
• Transmission
• Avoided T&D costs
• Pipeline costs
• Property taxes
• Insurance
• Federal income tax
  • Tax incentives (PTC & ITC)
  • Tax depreciation
  • Deferred taxes
	• Fuel costs
	• Variable O&M
	• Variable transmission
	• Carbon pricing
	• Startup costs
	• Plant technical information
	  • Capacity (ISO & 23º)
	  • Heat rates
	  • Forced and planned outages
	  • Renewable output
	  • Emissions
		• Regulation up-down
		• Balancing
		• Reserves
		• Arbitrage

*Portfolio Screening Model (PSM)

[redacted] ENERGY

PSM optimization process



Quantitative screening metrics allow PSE to compare and rank resources with different characteristics and capacities

Portfolio benefit ($) *Useful for comparing projects with the same winter capacity value*	Difference between net present value portfolio revenue requirement of proposed project (replaces a generic resource), and the net present portfolio revenue requirement of the generic portfolio strategy.
Levelized cost **($/MWh-REC)** *Useful for comparing projects with the same or similar operating characteristics*	A resource's net present value revenue requirement over the term of the project, divided by the net present value generation.
Portfolio benefit/REC **($/MWh-REC)** *Useful for comparing projects with the same or similar operating characteristics*	Provides a slightly different view than the above metric by taking the portfolio benefit divided by RECs.
Levelized portfolio benefit/Unit of contribution to need ($PB/kW-yr): *Useful for comparing different capacity resource types and sizes*	A project's portfolio benefit divided by the present value of the project's capacity contribution.

Additional screening metrics

Net cost/REC **($/MWh-REC)** *Useful for comparing renewable projects of different sizes*	Present value of the cost less the market value of the energy divided by the RECs.
Portfolio benefit ratio *Useful for comparing projects with the same or similar operating characteristics; removes size bias*	Portfolio benefit divided by the net present value of the proposed revenue requirement. Allows projects of different capacities to be by eliminating bias for size.
Net cost/peak capacity credit ($/kW) *Useful for comparing cost of peak capacity credit across technologies*	Present value of the cost less the market value of the energy divided peak capacity credit.

[redacted] ENERGY

Phase 1 price scenarios

1. **No carbon tax** – Base case from the 2017 IRP with no carbon tax

2. **CO2 (Initiative 1631)** – Scenario 1 + $16/ton carbon price

3. **CO2 (WECC-wide social cost)** – Scenario 1 + $42/ton carbon price

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4 Phase 1 results

Presenter: Cindy Song

Observations from Phase 1

- Solar prices have dramatically declined compared to other resource types
- Battery storage prices have also considerably declined and show potential, but are not yet competitive with alternatives available to PSE in this RFP
- Of 97 total proposals, 40 included battery storage configurations, while only 4 offered gas-fired generation
- Phase 1 analysis suggests many renewables are beating our current projections for Mid-C transmission redirects

Proposals selected for Phase 2 evaluation reflect resource and technology diversity

As of 3/18/19	Proposals Received[1]		Phase 2 Candidate List	
Resource Type	# Proposals	Max Cap MW	# Proposals	Max Cap MW
Solar - PV	16	2240	8	1050
Solar - PV + BESS	20	2848	1	100
Wind - Off Shore	1	400	0	0
Wind On Shore	16	3303	7	1642
Wind + Winter Sys PPA	1	371	1	200
Wind + Solar and/or BESS	2	464	0	0
Storage - Battery ("BESS")	17	1265	0	0
Storage - Pumped Hydro	2	900	0	0
Biomass	2	72	1	17
Biomass + BESS	1	15	0	0
Natural Gas-fired Generation	4	1377	2	348
Geothermal	2	43	0	0
Hydro - Run of River	1	38	1	38
System PPA / Call Option	1	100	0	0
Unbundled RECs	5	n/a	3	n/a
Demand Response	6	154	1	8.7
TOTAL	**97**	**13,590**	**25**	**3,404**

[1]PSE also received two unsolicited proposals during Phase 1, one REC-only and one pumped hydro storage. While the proposals are not included in the table count above, they were evaluated as part of the Phase 1 analysis.

[redacted] ENERGY

Candidate list for Phase 2

(results are a snap shot in time, subject to change)

ID	Project Name	Resource Type	Nameplate	Counterparty	State
18100	SPI Industrial	Biomass	17 MW	SPI	WA
18201	[redacted]	Demand Response	[redacted] MW	[redacted]	WA
18169	ClearWater Wind	MT Wind	300 MW	NextEra	MT
18173	[redacted]	MT Wind	*	[redacted]	MT
18176	[redacted]	MT Wind	*	[redacted]	MT
18163	[redacted]	REC Only	EC	[redacted]	OR
18165	[redacted]	REC Only	EC	[redacted]	OR
18190	[redacted]	REC Only	REC	[redacted]	WA
18107	[redacted]	Run-of-River	v	[redacted]	ID
18135	[redacted]	Solar	W	[redacted]	WA
18111	[redacted]	Solar	W	[redacted]	WA
18122	[redacted]	Solar	W	[redacted]	WA
18131	[redacted]	Solar	W	[redacted]	WA
18127	[redacted]	Solar	W	[redacted]	WA
18114	[redacted]	Solar	W	[redacted]	WA
18112	[redacted]	Solar	W	[redacted]	WA
18125	[redacted]	Solar	W	[redacted]	WA
18139	[redacted]	Solar + BESS	W BESS	[redacted]	OR
18105	[redacted]	Thermal	W	[redacted]	WA
18103	[redacted]	Thermal	W	[redacted]	OR
XXXXX	[redacted]	Transmission	W	[redacted]	N/A
18175	[redacted]	Wind	W	[redacted]	WA
18132	[redacted]	Wind	*	[redacted]	OR
18179	[redacted]	Wind	W	[redacted]	WA
18170	Golden Hill Wind - Shaped	Wind	200 MW	Avangrid	OR
18166	[redacted]	Wind	[redacted] MW	[redacted]	OR

Proposals shown here are best offers from each proposal.

* Numbers shown are rounded to the nearest 5MW.

** Reflects a redirect of [redacted] MW of BPA transmission from [redacted] to PSEI, available January, 2022 for a 50-year term, and using Mid-C forecast for energy pricing. [redacted] MW may be available for redirect on BPA's system, however it is likely only [redacted] MW is possible for redirect to Mid-C. Redirects are assessed given the most current data and are a snap shot of the present system. The results are subject to change and may vary in the future based on updated ATC calculations and flow gate constraints within BPA's network. While redirect of the remaining [redacted] MW is feasible, the location, source and cost of this redirect remains under review, therefore not included in this analysis.

[redacted] ENERGY

Detailed Phase 1 results

5 Phase 2

Presenter: Will Foster, Wei Dang and Bob Williams

Phase 2 due diligence is designed to identify proposals that are lowest reasonable cost

RFP proposals due

August 17, 2018

Phase 1 evaluation

Qualitative fatal flaw review and cost screen

Phase 2 evaluation

Due diligence evaluation and risk analysis

Announce short list

Negotiation to follow

	Evaluation team	Scope of review
Phase 2: Due Diligence	All Resources RFP proposals: • Phase 1 team (slide 13), plus: • PSE Transmission • Environmental / Compliance • Portfolio Hedging / Power Supply Ops • Risk Control & Credit • Legal • Property Accounting • Tax / Finance • As needed: Insurance / IT / HR	• Thorough evaluation of qualitative attributes based on evaluation criteria set forth in RFPs (slide 14) • Quantitative portfolio optimization and risk analysis • Scenario analysis • Formal data requests and direct discussions with respondents as needed • Site visits as needed
	Demand Response RFP: • Phase 1 team (slide 13), plus: • SmartGrid Roadmapping • IT • Digital Experience • AMI / Metering • Load Serving Operations • EIM • Marketing • Customer Care • Business Services	

Final short list selected. Respondents notified of status.

[redacted] ENERGY

How is Phase 2 different from Phase 1?

Detailed, cross-functional due diligence to evaluate the costs, risks and merits of each proposal based on the evaluation criteria used in Phase 1 screening

- In Phase 1, we gave proposals the benefit of the doubt; in Phase 2, we verify
- Phase 1 analysis relies on the proposals and public information sources; Phase 2 involves more interaction with respondents and a deeper dive into the details of each proposal
    - Phase 2 will include data requests, direct discussion with respondents as needed, and may include site visits
- Phase 2 quantitative analysis will include:
    - Additional scenario testing in portfolio screening model (see slide 30)
    - Update quantitative assumptions as available
- RFP team will consider impacts of the Clean Energy Bill (anticipated April 2019) on potential resource selections

[redacted] ENERGY

Phase 2 price scenarios (subject to change)

	Phase	WECC /PSE Demand	Gas Price*	Generic Resource Costs	CA SB 100
No carbon tax	1 + 2	Base	Base	Base	No
CO2 (Initiative 1631)	1 + 2	Base	Base	Base	No
CO2 (WECC-wide social cost)	1 + 2	Base	Base	Base	No
CO2 (high WECC-wide social cost)	2	Base	Base	Base	No
Low growth (no carbon tax)	2	Low	Low	Base	No
No carbon tax (updated gas price)	2	Base	2018 Price	Base	Yes

Source: Draft 2019 IRP assumptions

[redacted] ENERGY

* The Base and Low gas prices are based on the Wood Mackenzie 2018 spring price. The 2018 Price is based on the 2018 fall price.

PSE will update key Phase 2 modeling assumptions to reflect current draft 2019 IRP assumptions*

	RFP Phase 2	RFP Phase 1	2017 IRP
Mid-C power prices levelized	$28.75/MWh	$33.92/MWh	$40.48/MWh
Gas prices levelized	$3.50/mmbtu	$3.74/mmbtu	4.02/mmbtu
Load growth	0.5%	0.5%	0.7%
Effective load carrying capability (ELCC)	See appendix.		

[redacted] ENERGY

* This is not intended to be a complete list of all model updates. Certain additional Phase 2modeling assumptions are described in the appendix.

5 Next steps

Presenter: Sheri Maynard

What's next?

- Phase 2 evaluation of RFP proposals
- Select short list / present results to PSE management end of Q2
- Next WUTC update: July 2019
  - Phase 2 results
  - Final short list

2018 RFP schedule

	Date	Milestone
✓	March 29, 2018	Draft RFP filed with WUTC
✓	June 28, 2018	WUTC approved Demand Response and All Resource RFPs
✓	July 3, 2018	PSE released final RFPs
✓	August 17, 2018	Offers were due to PSE
✓	Feb/Mar 2019	Complete Phase 1 evaluation, select Phase 2 candidate list
	Late Q2 2019	Complete Phase 2 evaluation, select final short list

[redacted] ENERGY

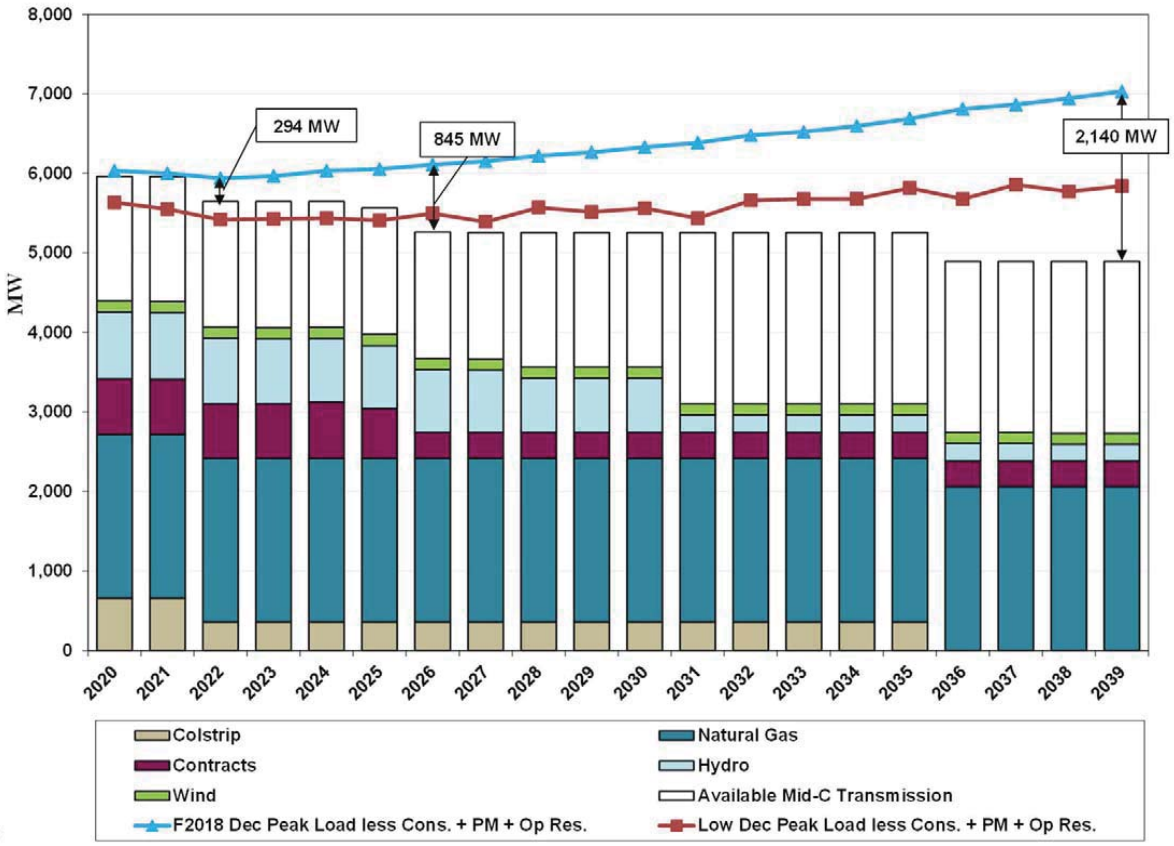
Appendix

Appendix

- RFP modeling assumptions:
  - Resource need
  - Load
  - Power prices
  - Gas prices
  - Carbon prices
  - ELCC contribution
  - Generic resource costs
  - Transmission
- Additional proposal summary slides
- Additional demand response slides

Appendix 1: RFP modeling assumptions

Phase 1: Peak updated to F2018 demand forecast



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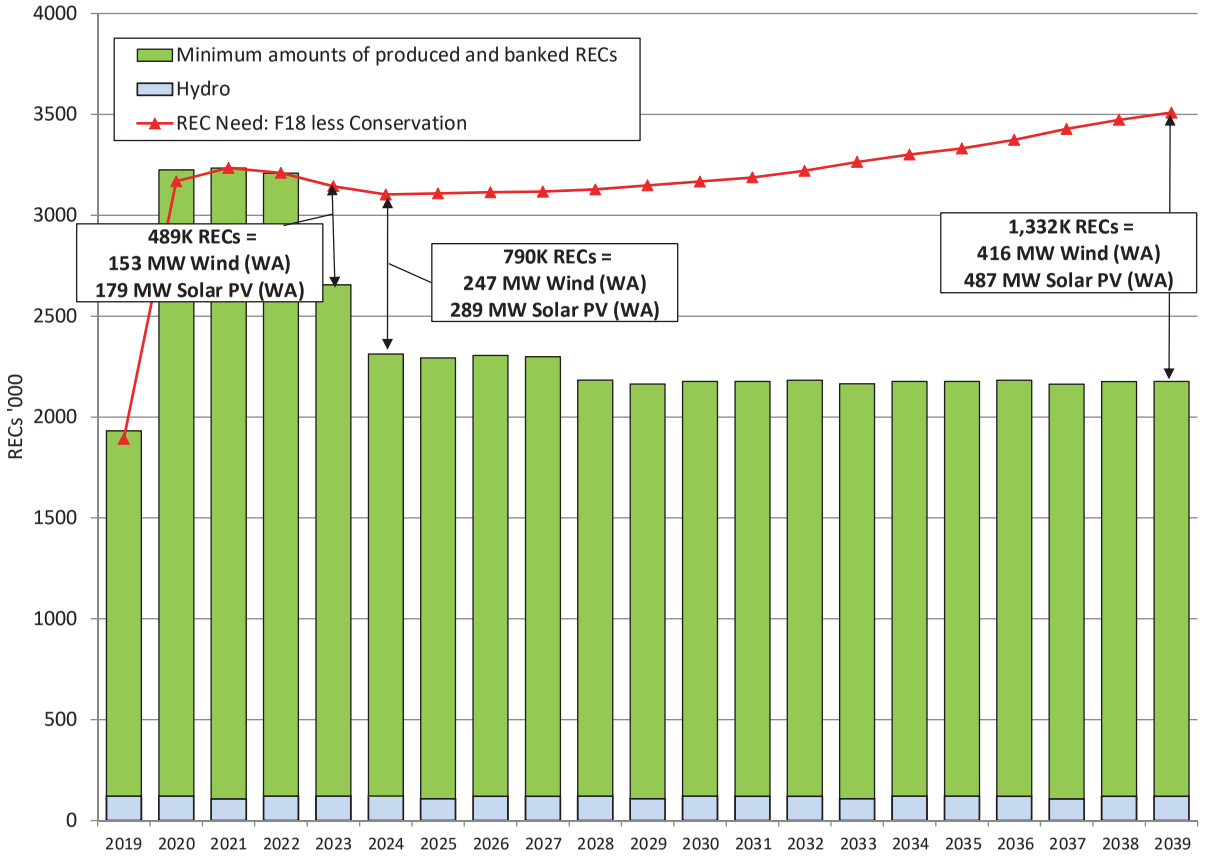
Phase 1: Renewable need updated to F2018 demand forecast



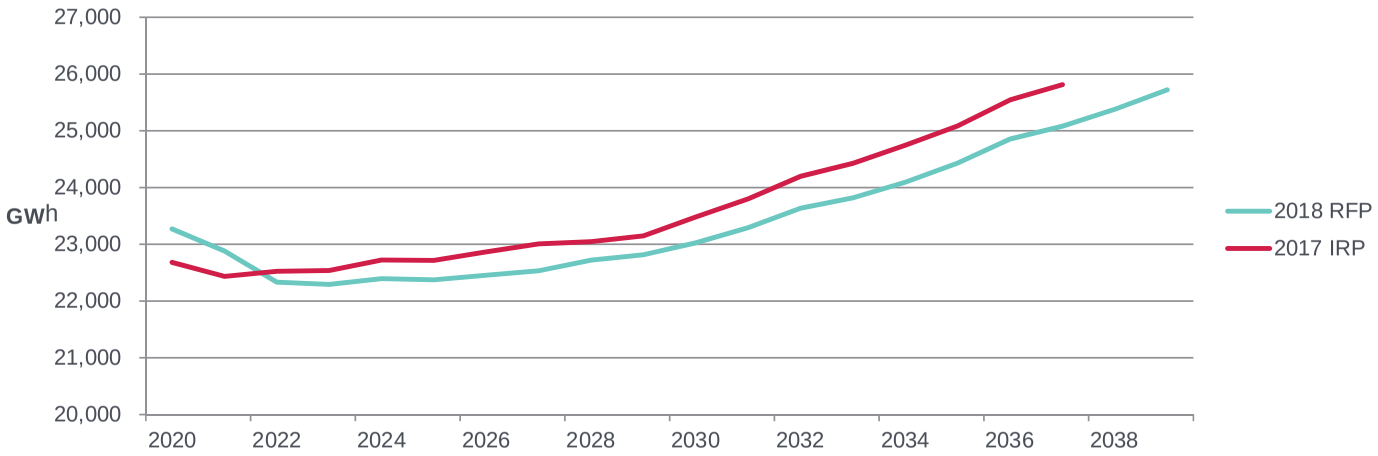
PSE updated key Phase 1 modeling assumptions to reflect then current draft 2019 IRP assumptions*

	RFP Phase 1	2017 IRP
Mid-C power prices Levelized	$33.92/MWh	$40.48/MWh
Gas prices Levelized	$3.74/mmbtu	4.02/mmbtu
Load growth	0.5%	0.7%

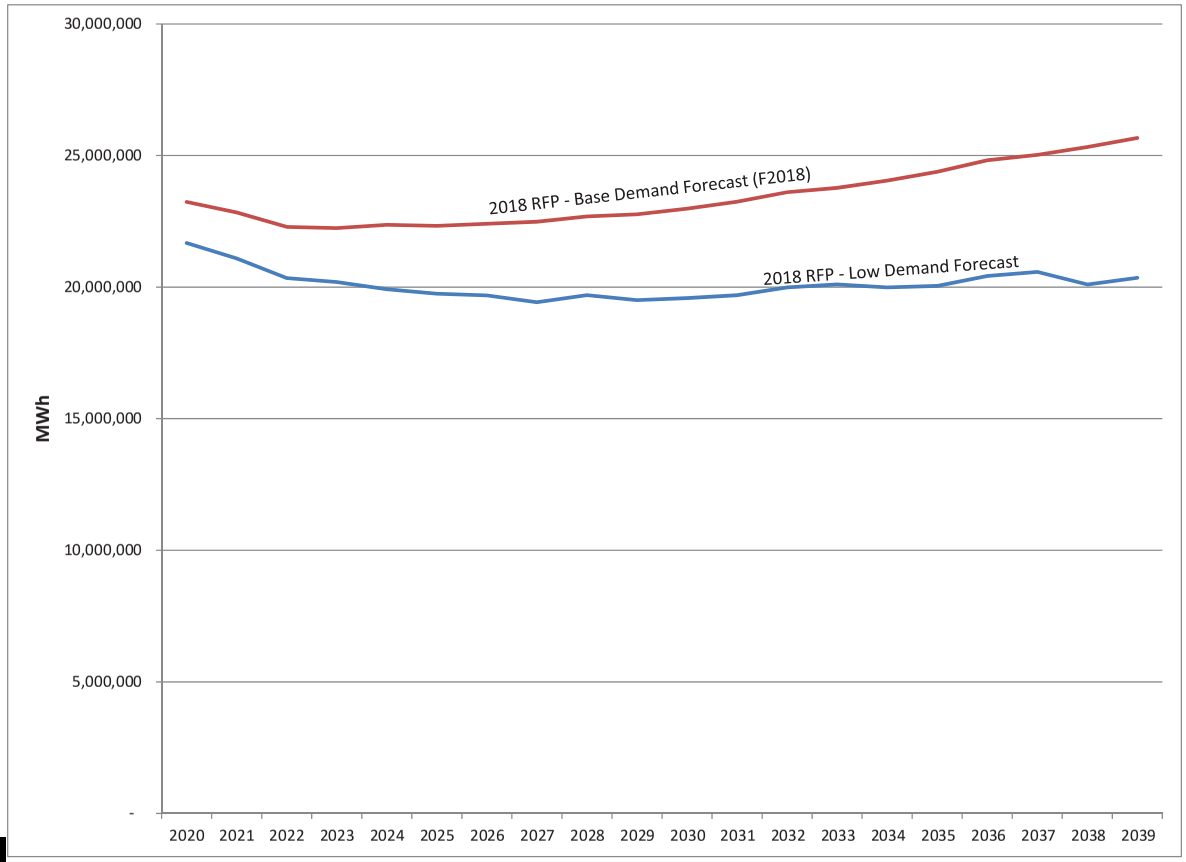
[redacted] ENERGY

* This is not intended to be a complete list of all model updates. Certain additional modeling assumptions are described in the Phase 2 portion of this presentation (including updated ELCC assumptions consistent with the draft 2019 IRP). Other key assumptions are described in the appendix.

Phase 1: Load forecast comparison



Phase 2: Load forecast comparison



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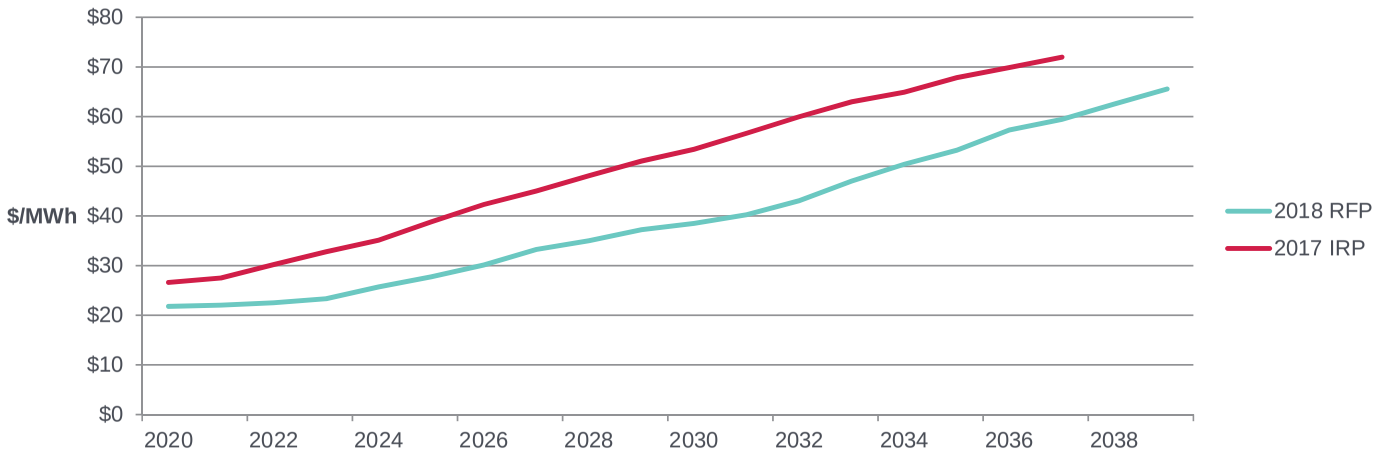
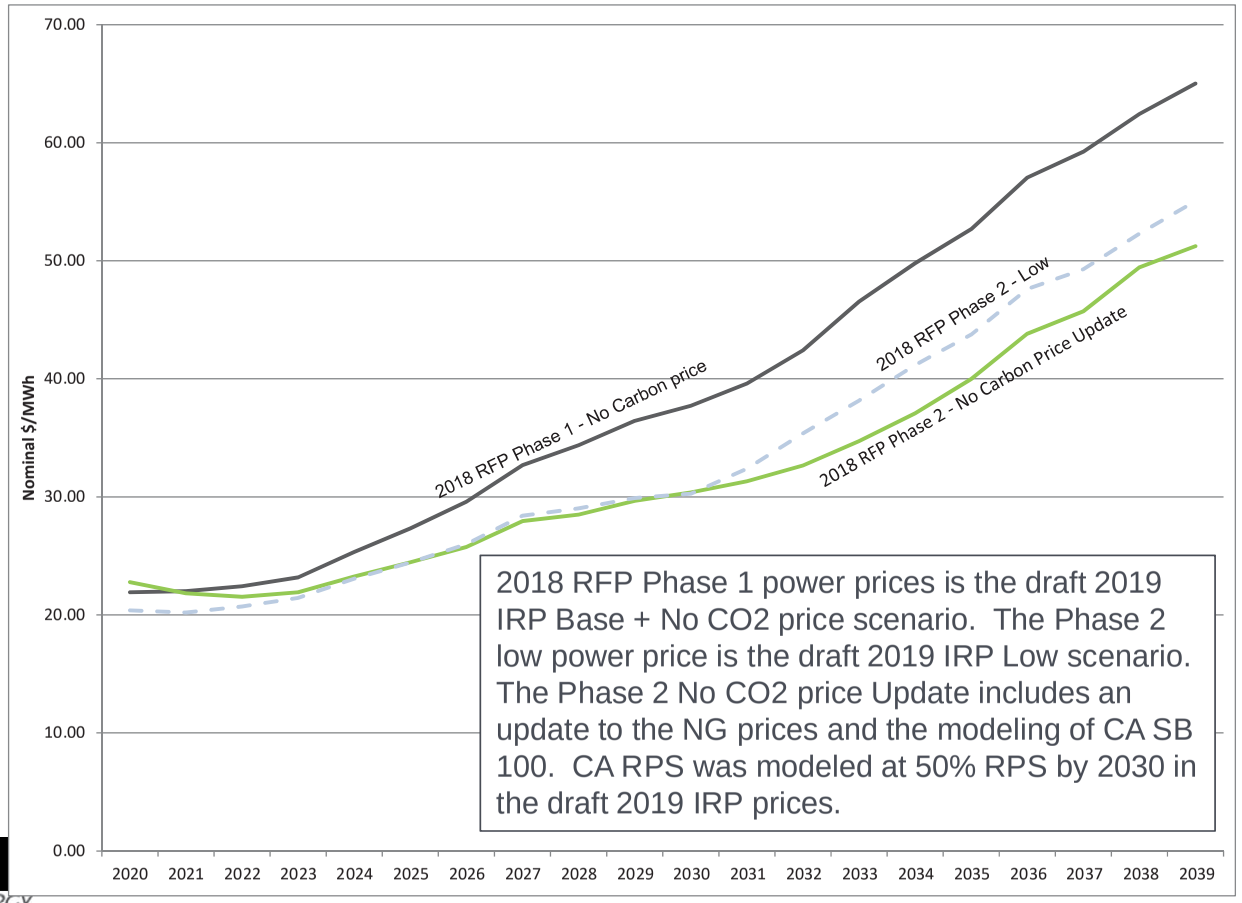
Phase 1: Power price forecast



Phase 2: Power price forecast



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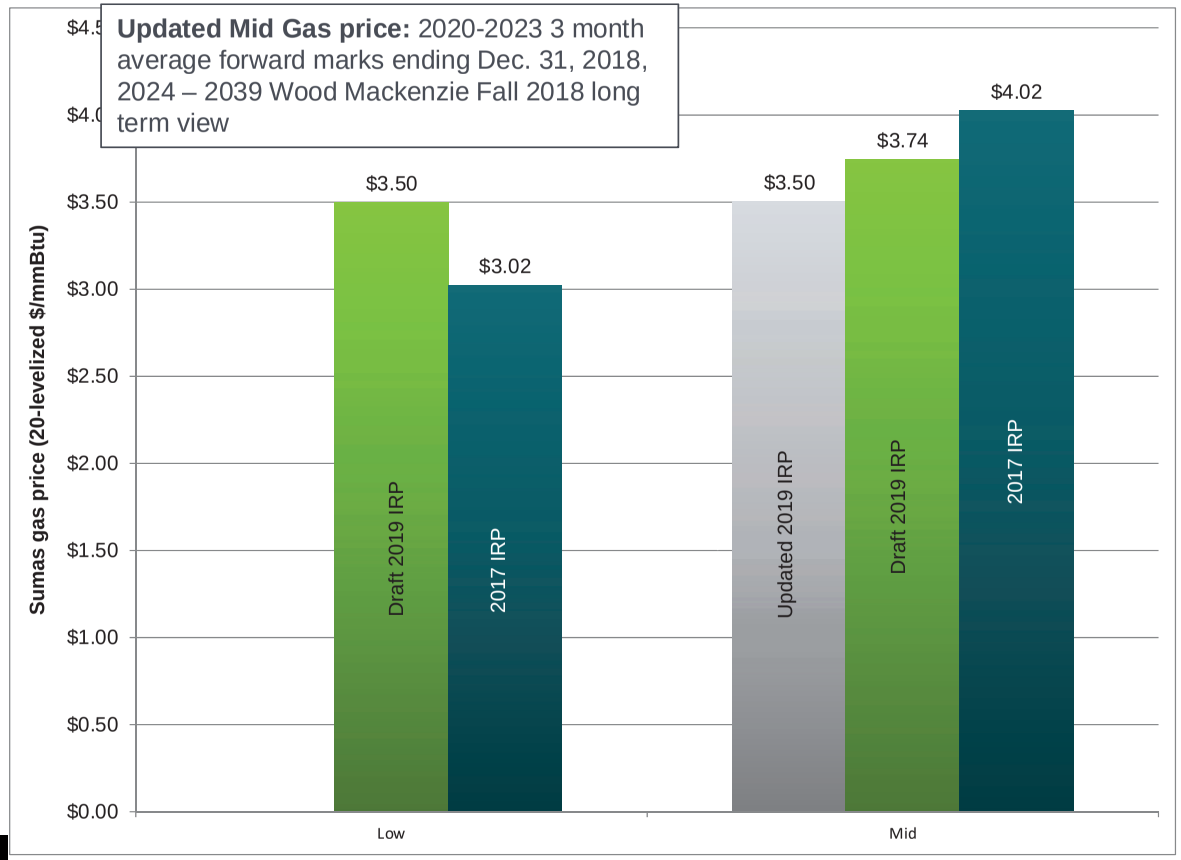
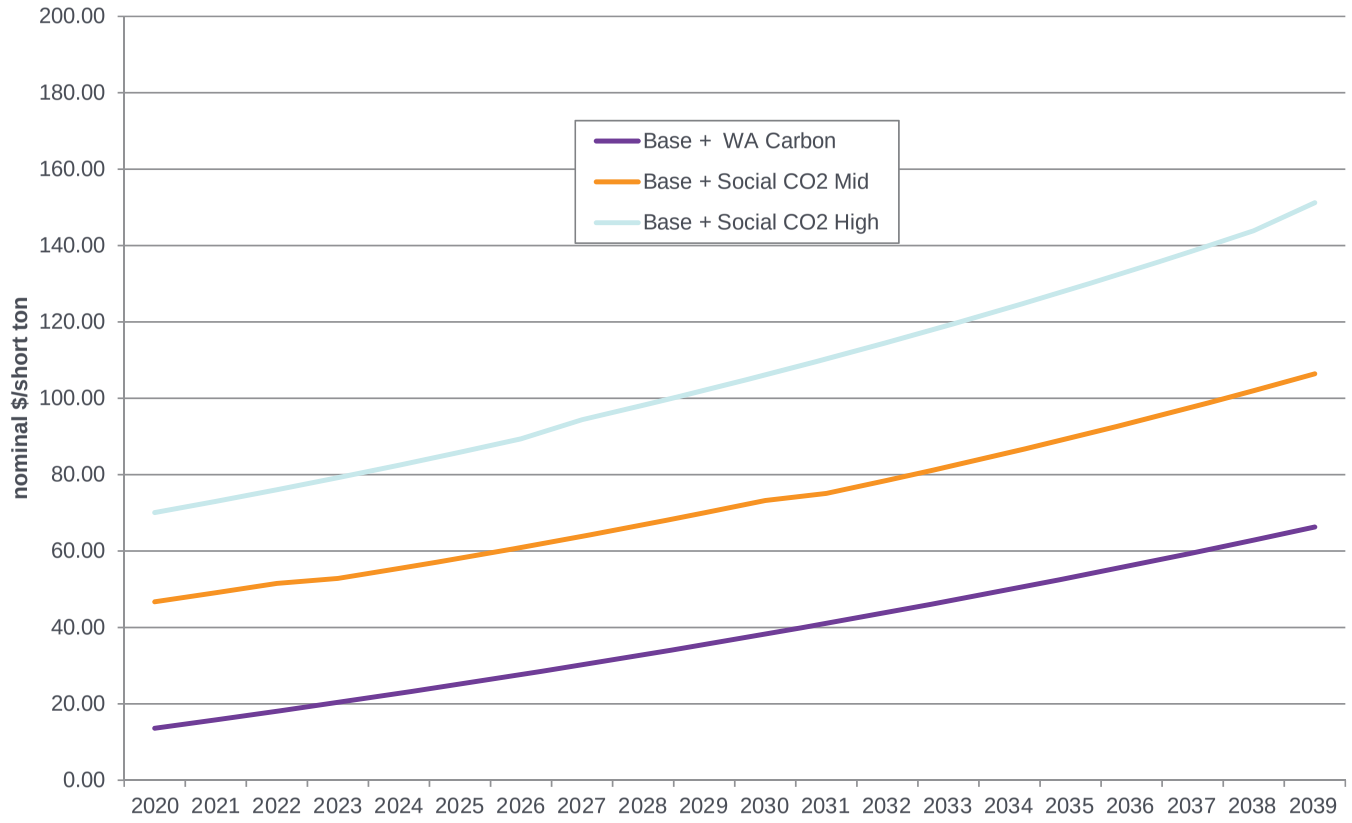
ENERGY

Phase 2: Natural gas price forecasts



Carbon prices



[redacted] ENERGY

Phase 1: Comparison of generic resource costs

	2017 IRP			2019 IRP			Change in costs from 2019 IRP to 2017 IRP		
2018 $/kW	EPC Cost	Owner's Costs + Interconnection	Total Costs	EPC Cost	Owner's Costs + Interconnection	Total Costs	EPC Cost	Owner's Costs + Interconnection	All in Costs
CCCT	$1,020	$358	$1,378	$898	$269	$1,167	($122)	($89)	($211)
Frame Peaker (Fuel Fuel)	$526	$172	$698	$554	$271	$825	$28	$99	$127
Recip Engine (NG only)	$1,030	$312	$1,341	$842	$350	$1,192	($188)	$38	($149)
WA Wind	$1,548	$656	$2,204	$1,656	$386	$2,042	$108	($270)	($162)
MT Wind	$1,471	$1,312	$2,783	$1,633	$1,111	$2,744	$162	($201)	($39)
Solar	$1,497	$874	$2,371	$1,352	$570	$1,922	($145)	($304)	($449)
Biomass	$4,084	$207	$4,291	$7,036	$2,659	$9,695	$2,952	$2,452	$5,404
Offshore Wind	$5,717	$1,795	$7,512	$5,000	$1,547	$6,547	($717)	($248)	($965)
Li-Ion Battery 2-hr	$1,313	$342	$1,655	$1,331	$599	$1,930	$18	$257	$275
Li-Ion Battery 4-hr	$2,116	$552	$2,668	$2,346	$708	$3,054	$230	$156	$386
Flow Battery 4-hr	$1,870	$674	$2,544	$1,493	$618	$2,111	($377)	($56)	($433)
Flow Battery 6-hr	$2,447	$882	$3,329	$2,050	$708	$2,758	($397)	($174)	($571)
Pumped Storage	$2,503	$127	$2,630	$1,800	$879	$2,679	($703)	$752	$49

[redacted] ENERGY

Phase 2: Generic resource costs

Generic resource capital costs updated from HDR final report as part of the 2019 IRP.

<u>Cost updates include:</u>

- Frame peaker FOM cost
  - Draft: $3.93/kw-yr
  - Update: $11.40/kw-yr
    $11.40/kw-yr includes $3.93/kw-yr FOM + $7.47/kw-yr for 48 hours of oil.
- MT wind capital cost
  - Draft: $2,744/kw
  - Update: $1,617/kw
- WA wind capital cost
  - Draft: $2,042/kw
  - Update: $1,633/kw
- Solar capital cost
  - Draft: $1,922/kw
  - Update: $1,614/kw

[redacted] ENERGY

PSE will also update ELCC modeling assumptions to reflect current draft 2019 IRP assumptions

Resource	Nameplate (MW)	IRP 2017 Peak Capacity Solve to 5% LOLP Relative to New Peaker	IRP 2019 Peak Capacity Solve to 5% LOLP Relative to Perfect Capacity
Existing Wind	823	11%	8%
Skookumchuck	131	40%	37%
Green Direct 2 Solar	150	N/A	18%
Generic Montana Wind	100	49%	53%
Generic Washington Wind	100	16%	4%
Generic Offshore WA Wind	100	51%	42%
Generic Washington Solar	100	0%	10%

Energy Limited Resources	Nameplate (MW)	IRP 2017 Peak Capacity EUE at 5% LOLP	IRP 2019 Peak Capacity EUE at 5% LOLP
Lithium-Ion Battery 2 hr, 82% RT efficiency	25	60%	21%
Lithium-Ion Battery 4 hr, 87% RT efficiency	25	88%	42%
Flow Battery 4 hr, 73% RT efficiency	25	76%	39%
Flow Battery 6 hr, 73% RT efficiency	25	N/A	50%
Demand Response 3 hr duration, 6 hr delay	100	77%	40%

Source: 2019 IRTAG Meeting #5 presentation

[redacted] ENERGY

Projects are evaluated on a cost and risk basis delivered to PSE's load

Off PSE's system

1. Delivery to PSE's system (e.g. BPAT.PSEI, etc.)

- Developer provides transmission solution to PSE's load center
- Risk analysis: Is there ATC? Are ancillary services included in price? Is transmission long-term firm? Does it include rollover rights?

2. Delivery to Mid-C

- Developer provides transmission solution to PSE via Mid-C
- PSE applies cost to use PSE's existing transmission and integration costs
- Risk analysis: Does developer have long-term firm transmission to Mid-C? If not, is there ATC? Are ancillary services included in price?

3. Delivery to project busbar

- Leaves transmission solution to PSE
- PSE applies cost of transmission from project to PSE's load (inc. ancillary services and any cost to use existing PSE transmission)
- Risk analysis: Is long-term firm ATC available? Rollover rights?

On PSE's system

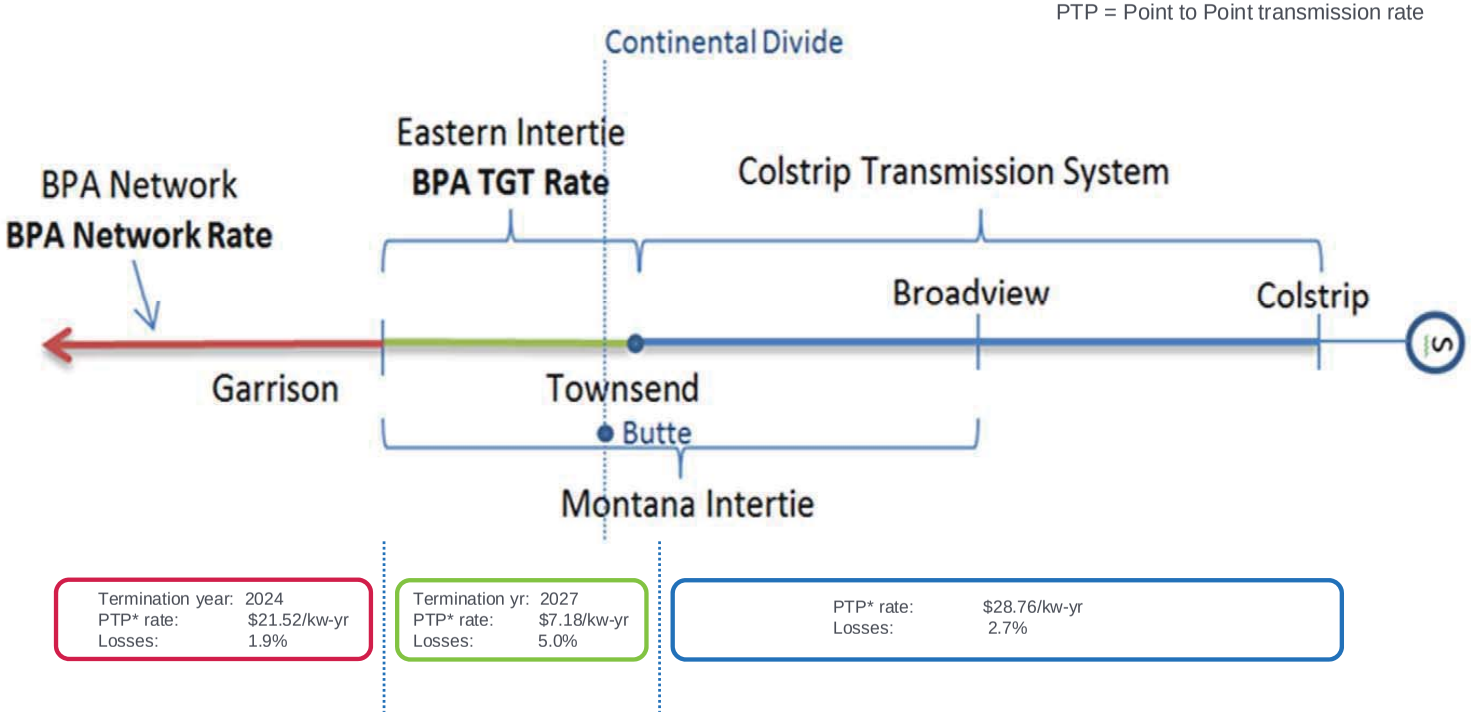
1. On system

- Project interconnects within PSE's service territory
- PSE applies integration costs
- PSE evaluates transmission solution (and all applicable costs) to PSE's load
- Risk analysis: Is resource interconnection ERIS or NRIS? Is there ATC? Is transmission long-term firm? Does it include rollover rights? Are ancillary services included in price?

Notes:
Available Transmission Capacity (ATC)
Energy Resource Interconnection Service (ERIS)
Network Resource Interconnection Service (NRIS)

Montana transmission path

PTP = Point to Point transmission rate



Other costs to consider:

- Additional losses from the project to the delivery point
- Renewable integration costs

Appendix 2: Additional proposal summary slides

Proposals received

Resource type	# Proposals	Size range (MW / RECs, roughly)
Solar	36	35 – 290 MW
Wind	20	45 – 500 MW
Storage – battery	17	10 – 200 MW / 30 – 800 MWh
Storage – pumped hydro	2	330 – 500 MW
Biomass	3	10 – 55 MW
Natural Gas-fired Gen.	4	50 – 620 MW
Geothermal	2	15-25 MW
Hydro - run of river	1	40 MW
System PPA / Call Option	1	100 MW
Unbundled RECs	5	35,000 - 130,000 RECs
Demand Response	6	20-40 MW
Total	**97**	

[redacted] ENERGY

Candidate list for Phase 2

Biomass

Hydro – run of river

Natural gas-fired generation

Solar - PV

Solar + BESS

Wind

Map does not include REC-only (3) or demand response (1) offers.

[redacted] ENERGY

Appendix 3: Additional demand response slides

DR resource objectives

Primary Objectives:

- Ensure DR resource is cost effective and is available:
  - November 1 – February 28/29
  - Weekdays, 7 a.m. – 10 a.m. and 5 p.m. – 9 p.m.
- Provide load response with one of the following options:
  - Hour ahead notification,
  - Day ahead notification, or
  - A combination of hour ahead and day ahead notification
- Total event time ≤ 40 hours per individual product per season

Secondary Objectives:

- Develop flexible DR capability
  - Provide fast response with notification time of ≤10 minutes

[redacted] ENERGY

PAC and TRC tests

PSE will evaluate the cost-effectiveness of proposals in two ways: using the Program Administrator Cost Test (PAC) and Total Resource Cost (TRC) Test

Benefits	PAC	TRC
Avoided Capacity Costs	✓	✓
Avoided Energy Costs	✓	✓
Avoided Transmission & Distribution Costs	✓	✓
Avoided Environmental Compliance Costs	✓	✓

Costs	PAC	TRC
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	✓	✓

Source: Demand Response RFP, Exhibit D: Cost-effectiveness Evaluation Criteria, Tables 1 and 2

[redacted] ENERGY

DR proposals phase I results summary

ID	Project Name	Resource Type	Nameplate	Term	State	Phase I Results
18200	[redacted]	DLC	[redacted] MW	2019-23	[redacted]	Not Selected
18201		DLC	MW	2023-28		Selected
18201		DLC	MW	2023-28		Not Selected
18201		DLC	MW	2023-28		Not Selected
18202		DLC	MW	2019-28		Not Selected
18203		BDR + DLC	MW	2019-23		Not Selected
18204		C&I	MW	2019-23		Not Selected
18205		C&I	MW	2019-23		Not Selected

- PSE received 4 Direct Load Control (DLC) and 2 Commercial & Industrial Curtailment (C&I) proposals. Max proposed MWs between 21.5-40 MWs.
- [redacted] – Option 1 is the only project selected for phase II evaluation primarily based on cost-benefit analysis.

[redacted] ENERGY

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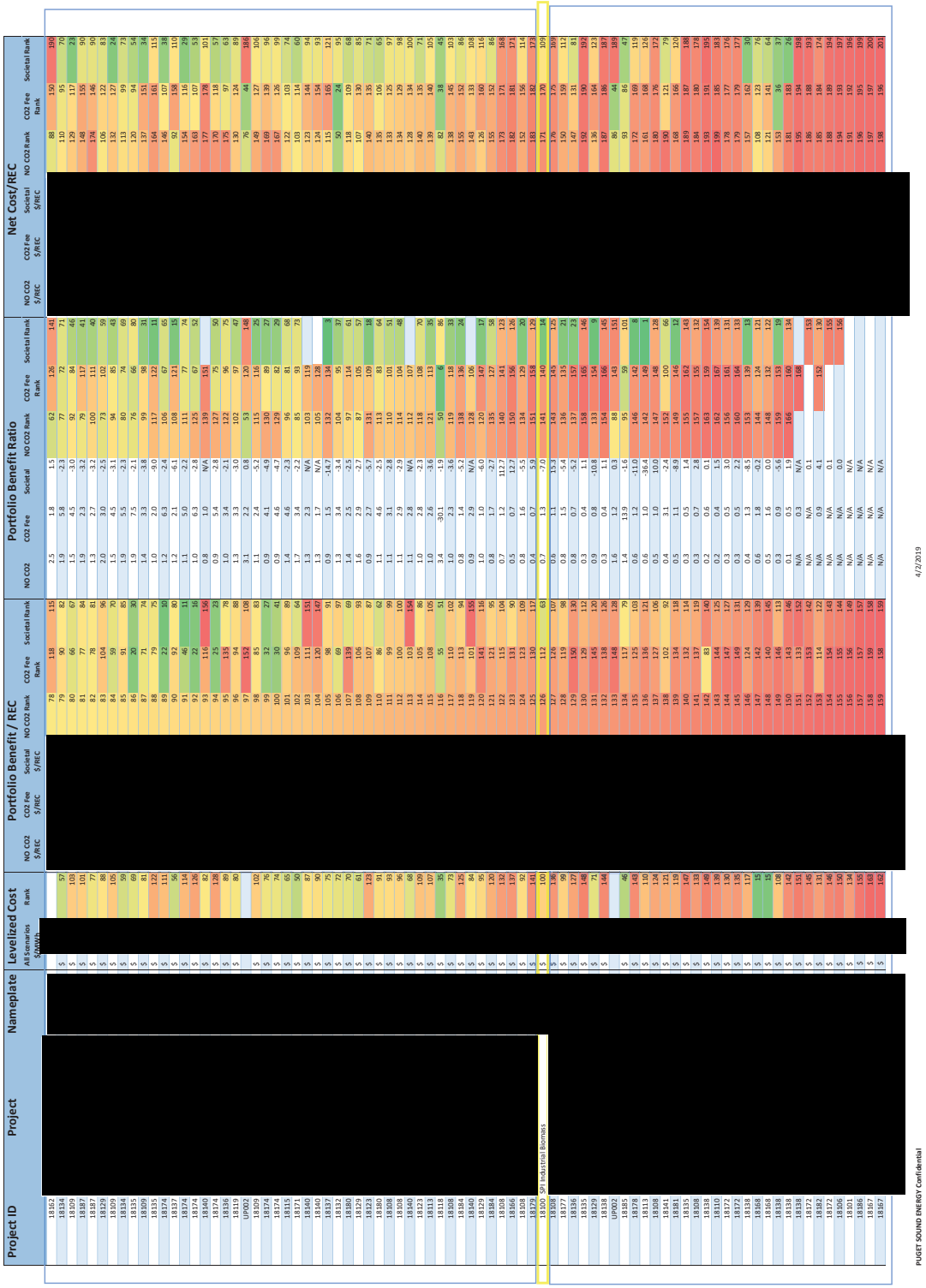

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Project ID	Project	Nameplate	Levelized Cost		Portfolio Benefit / REC						Portfolio Benefit Ratio					Net Cost/REC				
			All Scenarios $/MWH	Rank	NO CO2 $/REC	CO2 Fee $/REC	Societal $/REC	NO CO2 Rank	CO2 Fee Rank	Societal Rank	NO CO2	CO2 Fee	Societal	NO CO2 Rank	CO2 Fee Rank	Societal Rank	NO CO2 $/REC	CO2 Fee $/REC	Societal $/REC	NO CO2 Rank	CO2 Fee Rank	Societal Rank
[redacted]																					

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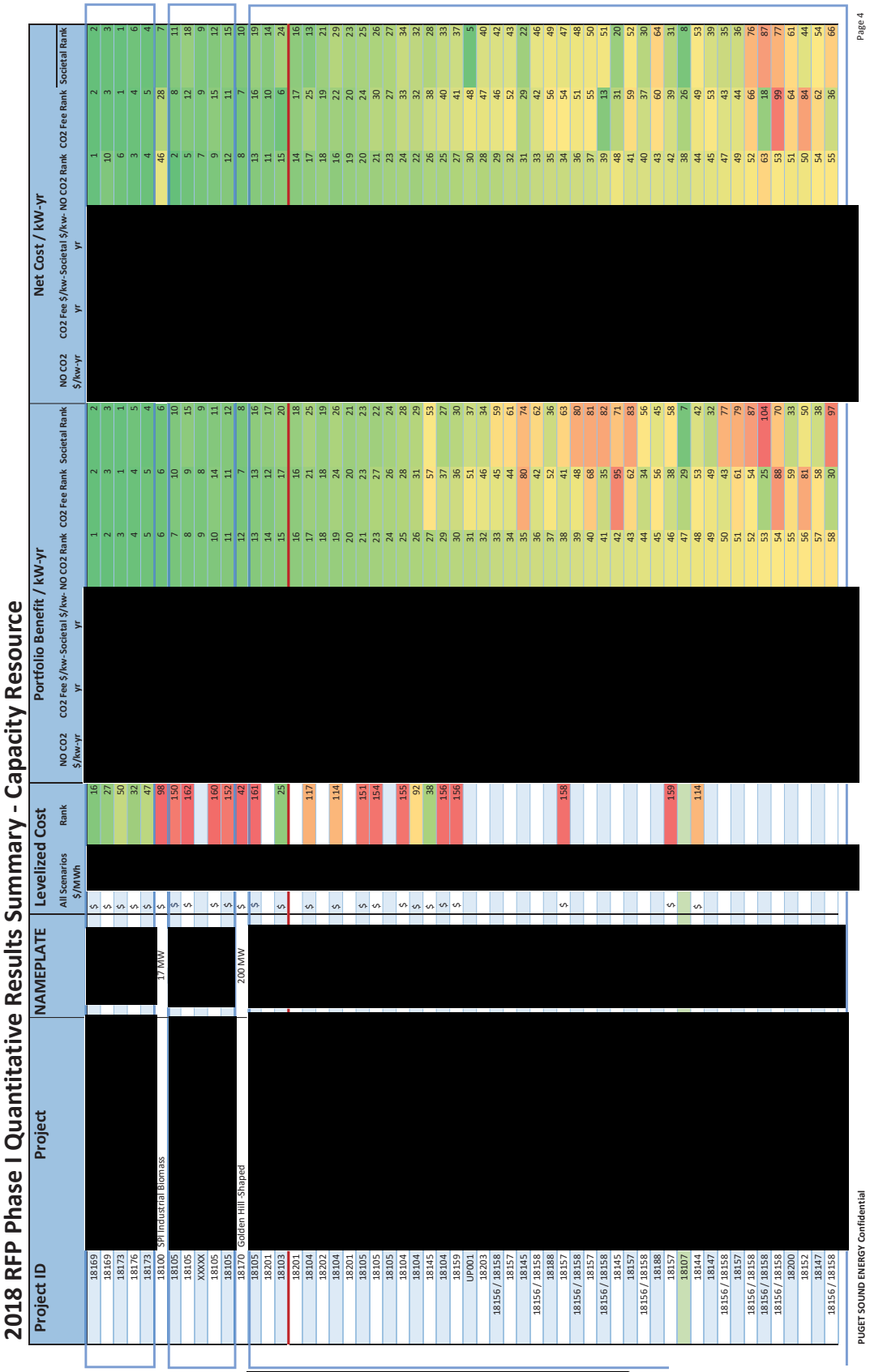

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Project ID	Project	NAMEPLATE	Levelized Cost		Portfolio Benefit / kW-yr								Net Cost / kW-yr							
			All Scenarios $/MWh	Rank	NO CO2 $/kw-yr	CO2 Fee $/kw-yr	Societal $/kw-yr	NO CO2 Rank	CO2 Fee Rank	Societal Rank	NO CO2 $/kw-yr	CO2 Fee $/kw-yr	Societal $/kw-yr	NO CO2 Rank	CO2 Fee Rank	Societal Rank
18157	[redacted]				86	103		59	103	86				65	63	65
18157					98	99		60	99	98				57	71	68
18156 / 18158					99	22		61	22	99				58	23	70
18147					39	60		62	60	39				60	65	55
18157					72	93		63	93	72				70	77	67
18157					100	97		64	97	100				61	73	72
18152					35	87		65	87	35				56	58	44
18155					40	64		66	64	40				62	68	57
18205					49	72		67	72	49				59	72	71
18155					41	65		68	65	41				64	69	60
18156 / 18158					95	19		69	19	95				66	21	56
18157					96	96		70	96	96				69	61	58
18146					67	63		71	63	67				68	14	62
18145					68	40		72	40	68				67	92	17
18155					44	71		73	71	44				71	74	63
18143					47	76		74	76	47				73	80	75
18151					65	83		75	83	65				72	85	84
18154					46	75		76	75	46				74	79	69
18157					102	106		77	106	102				80	82	82
18154					48	77		78	77	48				76	81	74
18152					57	90		79	90	57				75	94	86
18148					76	70		80	70	76				79	78	79
18146					69	79		81	79	69				77	34	73
18154					51	82		82	82	51				78	87	78
18155					52	86		83	86	52				81	93	81
18143					54	89		84	89	54				83	95	85
18152					43	66		85	66	43				82	67	59
18155					55	84		86	84	55				84	91	83
18154					60	92		87	92	60				86	98	88
18154					64	91		88	91	64				88	97	89
18204					73	94		89	94	73				89	100	91
18149					101	67		90	67	101				91	75	94
18155					66	98		91	98	66				90	101	92
18149 / 18153					105	73		92	73	105				97	86	99
18154					75	100		93	100	75				92	102	93
18143					78	101		94	101	78				94	103	96
18149					90	55		95	55	90				93	57	95
18149					88	47		96	47	88				95	45	97
18160					93	104		97	104	93				96	106	105
18189					89	33		98	33	89				98	35	103
18149 / 18153					103	69		99	69	103				99	70	100
18150					85	78		100	78	85				100	83	101
18149 / 18153					106	105		101	105	106				101	89	102
18160					84	102		102	102	84				102	104	98
18150					91	74		103	74	91				103	76	80
18150					92	85		104	85	92				105	88	104
18189					94	50		105	50	94				104	50	106
18159					107	107		106	107	107				107	107	107

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REDACTED VERSION

2018 All Resources and Demand Response RFPs

PUGET SOUND ENERGY

Update to WUTC: RFP Results and Short List (Draft)

December 20, 2019

Agenda

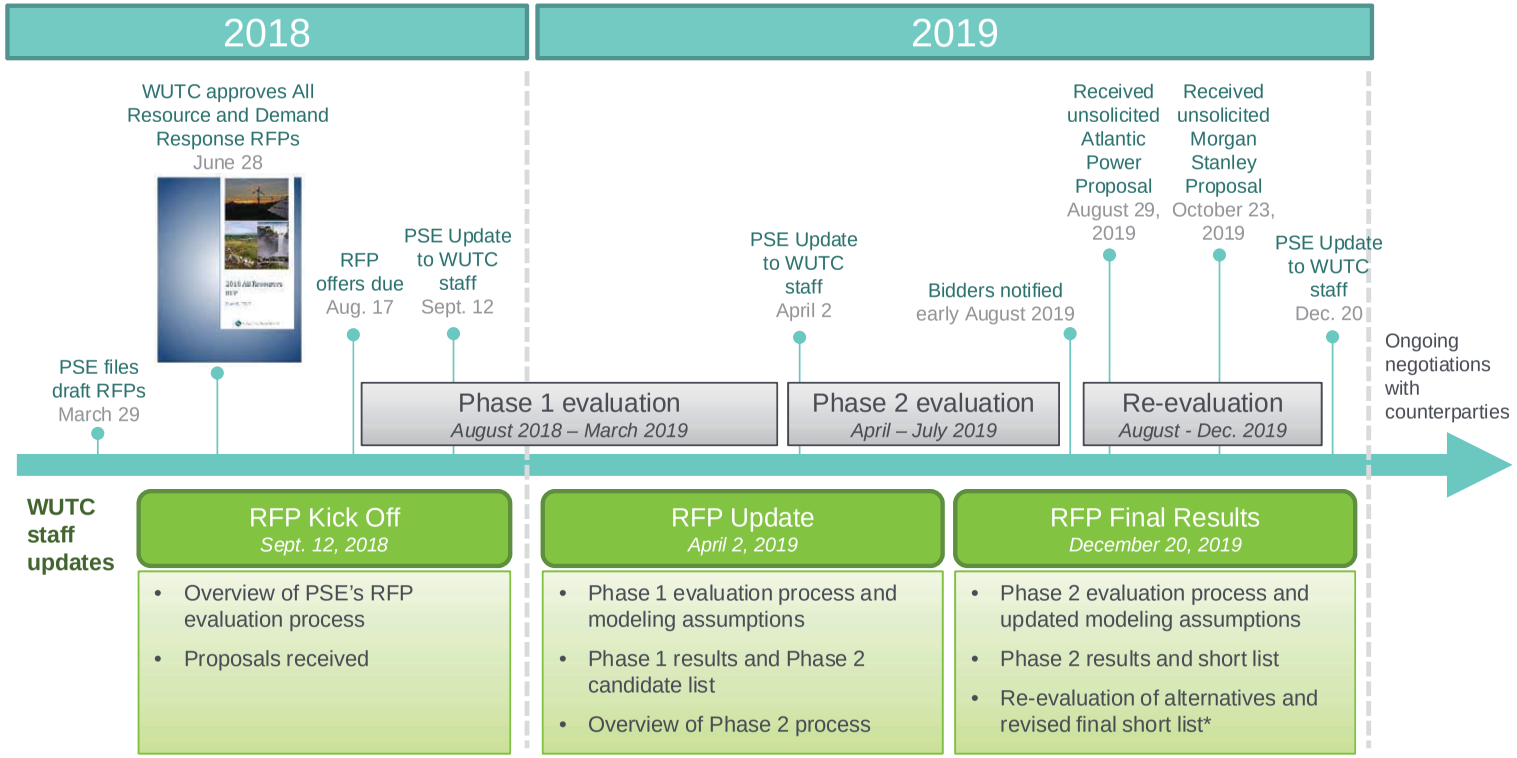
- Introduction and level set to Phase 2
  - RFP timeline
  - Updated resource need
  - Updated Phase 2 candidate list
- Phase 2 evaluation process
  - Process overview
  - Updated assumptions and scenarios
- Phase 2 results and short list (April – July 2019)
- Post-RFP re-evaluation of alternatives (August – December 2019)
  - Updated assumptions, RFP pricing and two new proposals
  - Updated optimization results
  - Revised short list
  - Overview of selected offers

1 Introduction

Presenter: Cindy Song

RFP timeline and UTC staff updates

PSE last met with UTC staff in April to present Phase 1 results



**After selecting a short list at the end of the Phase 2 analysis and notifying respondents of their status, PSE received new proposals from Atlantic Power and Morgan Stanley. PSE performed a re-evaluation of its alternatives and subsequently revised its short list.*

Capacity resource need updated to 299MW in 2022 and REC need updated to 233,449 RECs in 2023*

Resource need forecasts updated in Phase 2 analysis to reflect draft 2019 IRP need assessments and F2019 load forecast (net conservation)

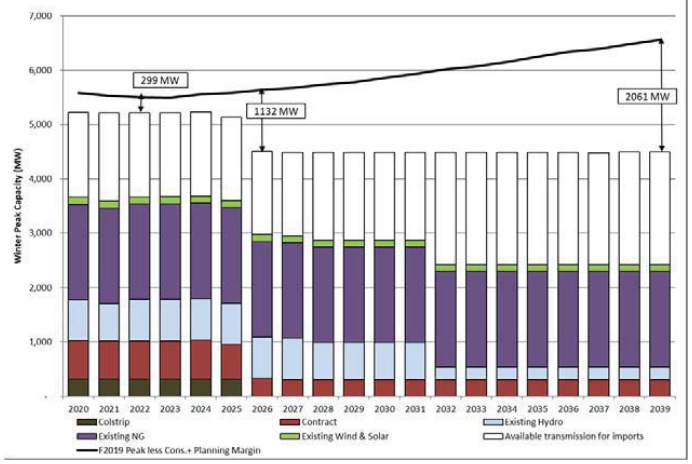
2018 RFP Capacity Need – Phase 2 update

- PSE seeks 299 MW capacity by end of 2022; near-term gap in 2020-2021 to be filled by short-term RFP
- Products that fill winter need while minimizing surpluses in other parts of the year will evaluate more favorably
- Need based on F2019 forecast net conservation (from 2017 IRP), 2019 IRP planning margin

2018 RFP REC Need – Phase 2 update**

- REC need is driven by the increase in the RPS from 9% to 15% in 2020
- Projected need to meet the RPS is 233,449 RECs by 2023
- PSE's inventory of banked RECs delays need until 2023

7/11/19



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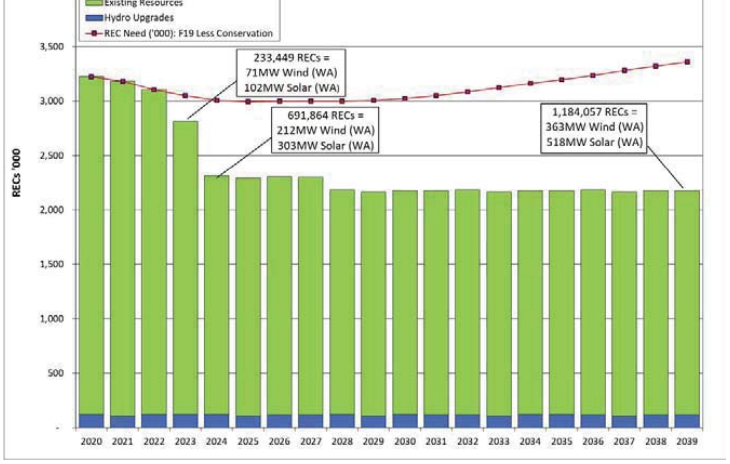


***Original RFP issued to fill 272 MW capacity need in 2022 and renewable need in 2023.*
***REC need reflects renewable need driven by RCW 19.285 (RPS). It does not reflect the impact of SB 5116 (Clean Energy Transformation Act).*

PSE received 97 proposals in response to the 2018 RFPs

27 proposals advanced to Phase 2 for further analysis

Proposals selected for Phase 2 evaluation reflect resource and technology diversity

Updated 6/20/19	Proposals Received*		Phase 2 Candidate List		Revised Phase 2 Candidate List **	
Resource Type	**# Proposals**	**Max Cap MW**	**# Proposals**	**Max Cap MW**	**# Proposals**	**Max Cap MW**
Solar - PV	16	2240	8	1050	7	890
Solar - PV + BESS	20	2848	1	100	1	100
Wind - Off Shore	1	400	0	0	0	0
Wind On Shore	16	3303	7	1642	7	1642
Wind + Winter Sys PPA	1	371	1	200	1	200
Wind + Solar and/or BESS	2	464	0	0	0	0
Storage - Battery ("BESS")	17	1265	0	0	0	0
Storage - Pumped Hydro	2	900	0	0	0	0
Biomass	2	72	1	17	1	17
Biomass + BESS	1	15	0	0	0	0
Natural Gas-fired Generation	4	1377	2	348	2	348
Geothermal	2	43	0	0	0	0
Hydro - Run of River	1	38	1	38	1	38
System PPA / Call Option	1	100	0	0	1	100
Unbundled RECs	5	n/a	3	n/a	4	n/a
Demand Response	6	154	1	8.7	2	33.7
TOTAL	**97**	**13,590**	**25**	**3,404**	**27**	**3,369**

Phase 2 candidate list revised after April 2019 WUTC staff update due to the following changes:

- 1 solar proposal withdrawn by respondent (removed)
- 1 unsolicited REC and 1 demand response proposal reduced pricing (added)
- 1 system PPA/call option moved delivery point from Mid-C to BPAT.PSEI (added)

** In addition to the 97 RFP proposals shown above, PSE also received two unsolicited proposals during Phase 1 (a pumped hydro and a REC-only proposal) and three unsolicited proposals during Phase 2 (all solar). None of these offers were competitive with the RFP proposals. However, the REC-only proposal price was reduced in Phase 2 and the proposal was added to the revised candidate list.*

*** See Slide 7 for a list of proposals evaluated in Phase 2.*

Phase 2 candidate list[1,2]

	ID	Project Name	Resource Type	Nameplate	Counterparty	State
1	18100	SPI Industrial	Biomass	17 MW	SPI	WA
2	18201	[redacted]	Demand Response	[redacted] MW	[redacted]	WA
3	18205	[redacted]	Demand Response	[redacted] MW	[redacted]	MA
4	18169	ClearWater Wind	MT Wind	300 MW	NextEra	MT
5	18173	[redacted]	MT Wind	[redacted] W*	[redacted]	MT
6	18176	[redacted]	MT Wind	[redacted] W*	[redacted]	MT
7	18163	[redacted]	REC Only	[redacted] REC	[redacted]	OR
8	18165	[redacted]	REC Only	[redacted] REC	[redacted]	OR
9	18190	[redacted]	REC Only	[redacted] REC	[redacted]	WA
10	UP002	[redacted]	REC Only	[redacted] REC	[redacted]	ID
11	18107	[redacted]	Run-of-River	[redacted] W	[redacted]	ID
12	18135	[redacted]	Solar	[redacted] W	[redacted]	WA
13	18111	[redacted]	Solar	[redacted] W	[redacted]	WA
14	18122	[redacted]	Solar	[redacted] W	[redacted]	WA
15	18131	[redacted]	Solar	[redacted] W	[redacted]	WA
16	18127	[redacted]	Solar	[redacted] W	[redacted]	WA
17	18114	[redacted]	Solar	[redacted] W	[redacted]	WA
18	18125	[redacted]	Solar	[redacted] W	[redacted]	WA
19	18139	[redacted]	Solar + BESS	[redacted] W BESS	[redacted]	OR
20	18105	[redacted]	Thermal	[redacted] W	[redacted]	WA
21	18103	[redacted]	Thermal	[redacted] W	[redacted]	OR
22	18161	[redacted]	Sys PPA/Call Opt.	[redacted] W	[redacted]	OR
23	XXXXX	[redacted]	Transmission	[redacted] W	[redacted]	N/A
24	18175	[redacted]	Wind	[redacted] W	[redacted]	WA
25	18132	[redacted]	Wind	[redacted] W*	[redacted]	OR
26	18179	[redacted]	Wind	[redacted] W	[redacted]	WA
27	18170	Golden Hill Wind - Shaped	Wind	200 MW	Avangrid	OR
28	18166	[redacted]	Wind	[redacted] MW	[redacted]	OR

* Numbers shown are rounded to the nearest 5 MW.

** Reflects a redirect of [redacted] MW of BPA transmission from [redacted] to PSEI, available January, 2022 for a 50-year term, and using Mid-C forecast for energy pricing. [redacted] MW may be available for redirect on BPA's system, however it is likely only [redacted] MW is possible for redirect to Mid-C. Redirects are assessed given the most current data and are a snap shot of the present system. The results are subject to change and may vary in the future based on updated ATC calculations and flow gate constraints within BPA's network. While redirect of the remaining [redacted] MW is feasible, the location, source and cost of this redirect remains under review, therefore not included in this analysis.

*** [redacted] (formerly [redacted] Solar) (#18111)

[1]The candidate list reflects the best offer from each proposal.
[2]The list was revised early in Phase 2 to remove the [redacted] proposal (#18112) (withdrawn developer), and to add the BPA Peak Capacity Product (#16161) (adjusted original delivery point from Mid-C to BPAT.PSEI), the [redacted] proposal (#18205) (repriced after Phase 1 elimination) and the unsolicited [redacted] proposal (#UP002) (repriced after Phase 1 elimination).

2 Phase 2 evaluation process

Presenter: Bob Williams

How is Phase 2 different than Phase 1?

In Phase 1, we give proposals a reasonable benefit of the doubt; in Phase 2, we verify

Two-phased evaluation process allows PSE to focus on the most favorable proposals for robust analysis.

Phase 1: Screening	Phase 2: Due Diligence
Qualitative review based on evaluation criteria	
Fatal flaw screening	Due diligence evaluation
	Data requests
	Respondent engagement
Static quantitative analysis by resource type	Quantitative portfolio optimization
Scenario analysis	
• **Purpose:** Eliminate proposals with prohibitive costs and fatal flaws • **Result:** Identify Candidate List for Phase 2 review	• **Purpose:** Thoroughly examine proposals and identify lowest reasonable cost and risk portfolio • **Result:** Identify Short List for negotiation

- Phase 1 analysis relied on the proposals and public information sources; Phase 2 involved more interaction with respondents and a deeper dive into the details of each proposal
- Phase 2 quantitative analysis included:
  - Updated quantitative assumptions
  - Optimization analysis and updated standalone portfolio screening analysis in the Portfolio Screening Model (PSM)

[redacted] ENERGY

Phase 2 uses the same evaluation criteria and models as Phase 1

Process includes detailed, cross-functional due diligence to evaluate the costs, risks and merits of each proposal

*See Demand Response RFP and Exhibit A of the All Resources RFP for complete evaluation criteria.

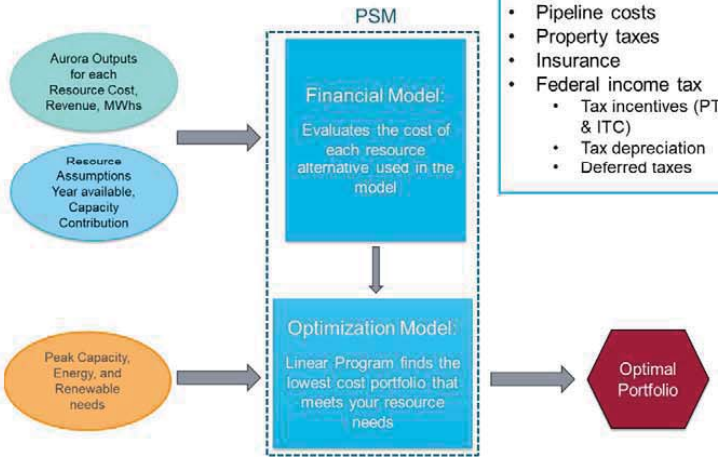
Evaluation criteria help identify proposals with lowest reasonable cost and risk*

Two primary quantitative models help analyze resource costs and characteristics

PSM* *Fixed costs*	Aurora *Variable costs*

• Capital costs
  • Return on capital (rate base)
  • Depreciation
• Fixed O&M
• PPA pricing
• Transmission
• Avoided T&D costs
• Pipeline costs
• Property taxes
• Insurance
• Federal income tax
  • Tax incentives (PTC & ITC)
  • Tax depreciation
  • Deferred taxes
	• Fuel costs
	• Variable O&M
	• Variable transmission
	• Carbon pricing
	• Startup costs
	• Plant technical information
	  • Capacity (ISO & 23°)
	  • Heat rates
	  • Forced and planned outages
	  • Renewable output
	  • Emissions

*Portfolio Screening Model (PSM)



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Phase 2 uses the same quantitative screening metrics as Phase 1

Key metrics allow PSE to compare and rank resources with different characteristics and capacities*

Portfolio benefit ($) — Higher is better

Useful for comparing projects with similar contribution to PSE's winter capacity or renewable needs

- Difference between the net present value portfolio revenue requirement with the proposed project and the net present value portfolio revenue requirement without the proposed project (the all generic portfolio)

Levelized cost ($/MWh) — Lower is better

Useful for comparing projects with the same or similar operating characteristics

- The net present value of the proposed project's revenue requirement divided by the net present value of the proposed project's generation

Levelized portfolio benefit per REC ($PB/REC) — Higher is better

Useful for comparing different project sizes and different technologies

- A proposed project's portfolio benefit divided by the renewable energy credits (REC) it would contribute to help meet PSE's renewable need

Levelized portfolio benefit per unit of levelized peak capacity ($PB/kW-yr) — Higher is better

Useful for comparing different project sizes and different technologies

- A project's portfolio benefit divided by the capacity it would contribute to help meet PSE's winter capacity need

**Primary quantitative screening metrics shown here. Additional metrics shown in appendix.*

Modeling assumptions were updated as new information became available*

Modeling Assumption	2017 IRP (filed Nov. 2017)	RFP Phase 1 (Aug. 2018 – Mar. 2019)	RFP Phase 2 (Apr. 2019 – Jul. 2019)	RFP Phase 2 Update (Aug. 2019 – Nov. 2019)
Mid-C power prices levelized	$40.48/MWh	$33.92/MWh	$28.75/MWh**	$23.66/MWh***
Gas prices levelized	$4.02/mmbtu	$3.74/mmbtu	$3.56/mmbtu	No change
Annual average load growth	0.7%	0.5%	0.5%	No change

**Other updates include testing a wider range of carbon costs (Slides 13 and 41), updating Effective Load Carrying Capability ("ELCC") values for generic resources to reflect 2019 IRP assumptions (Slide 43), and updating proposed RFP resource ELCC values to reflect resource-specific attributes (Slide 44).*

***RFP Phase 2 Mid-C power price reflects the expected impact of California Senate Bill 100.*

****PSE used the RFP Phase 2 Update Mid-C power prices (consistent with September 19, 2019 IRTAG #8 publication) in its post-Phase 2 re-evaluation of resources (Aug.-Nov. 2019). The Update reflects the expected impact of the Clean Energy Transformation Act ("CETA").*

RFP price scenarios

Scenarios	Phase	WECC /PSE Demand	Gas Price*	Generic Resource Costs
1. No carbon tax	1 + 2	Base	Base	Base
2. CO2 (low societal $16/ton)	1 + 2	Base	Base	Base
3. CO2 (mid-societal $42/ton)	1 + 2	Base	Base	Base
4. CO2 (high societal $62/ton)	2	Base	Base	Base
5. No CO2 low load	2	Low	Low	Base
6. No CO2 updated pricing	2	Base	Update	Base

- Added 3 new pricing scenarios in Phase 2 to test:
  - a broader range of future carbon costs (from $0/ton to $62/ton)**
  - the impact of lower load growth (Scenario 5)
  - updated pricing as a result of California's Senate Bill 100, which mandates 100% renewable power generation in the state by 2045 (Scenario 6)

**The Base and Low gas prices are based on the Wood Mackenzie 2018 spring price. The Update price is based on the 2018 fall price.*
***Carbon price forecast assumptions shown on Slide 41.*

4 Phase 2 results

Presenter: Weimin Dang

At-a-glance qualitative assessment*

PSE's cross-functional team evaluated proposals based on a wide range of criteria, consistent with criteria described in Appendix A to the 2018 All Resources RFP and Chapter 480-107-035 WAC

- Table illustrates certain key qualitative findings of Phase 2 resources
- Detailed qualitative findings are presented in the 2018 RFP Evaluation Process Document, the Phase 2 Executive Summary and the individual proposal memos.

Six proposals were eliminated from Phase 2 prior to optimization based on qualitative and/or quantitative criteria

	ID	Project Name	Resource Type	Nameplate	Counterparty	State	Reason(s) for elimination*
1	18201	[redacted]	Demand Response	[redacted] MW	[redacted]	WA	Risks associated with integrating with new DERM, feasibility risks, less cost-effective than originally anticipated
2	18205	[redacted]	Demand Response	[redacted] MW	[redacted]	WA	Risks associated with integrating with new DERM, counterparty risks (experience and financial performance), less cost-effective than originally anticipated
3	18176	[redacted]	MT Wind	[redacted] MW	[redacted]	MT	Third-party review of net capacity factors provided by seller determined they were unrealistic; no met towers on site to verify expected output; significant development risks
4	18190	[redacted]	REC only	[redacted] 000	[redacted]	WA	Risks include interconnection uncertainties that could impact REC output, substantial feasibility risks for underlying projects, potential legal issues associated with EFSC permitting decision [redacted] County applied for judicial review), counterparty risks and concerns about local opposition related to siting projects on commercial agricultural land
5	18107	[redacted]	Run-of-river hydro	[redacted] MW	[redacted]	ID	Run-of-river plant offers little capacity value and is not RPS compliant; complex and potentially risky energy delivery strategy left to PSE
6	18105	[redacted]	Thermal	[redacted] MW	[redacted]	WA	Expansion project development risks related to permitting, PR and energy delivery. Additional development at site also creates substantial permitting and PR risk for existing facility.

**The 2018 RFP Evaluation Process Document (Section 7) and the Executive Summary of Phase 2 Results (Appendix D-1), which describe the reasons for elimination in more detail. Additional findings are summarized in the RFP proposal evaluation memos.*

[redacted] ENERGY

21 proposals selected for Phase 2 optimization analysis

- Phase 2 proposals with a combination of the most favorable quantitative results across scenarios and no obvious qualitative fatal flaws advanced for optimization analysis*
- Updated scenario analysis in Phase 2 reflects current IRP assumptions and new information provided by respondents

	ID	Project Name	Resource Type	Nameplate	Counterparty	State
1	18100	SPI Industrial	Biomass	17 MW	SPI	WA
2	18169	[redacted]	MT Wind	[redacted]		MT
3	18173		MT Wind			MT
4	18163		REC Only			OR
5	18165		REC Only			OR
6	UP002		REC Only			ID
7	18135		Solar			WA
8	18111		Solar			WA
9	18122		Solar			WA
10	18131		Solar			WA
11	18127		Solar			WA
12	18114		Solar			WA
13	18125		Solar			WA
14	18139		Solar + BESS			OR
15	18103		Thermal			OR
16	18161	BPA Peak Capacity Product	SysPPA/Call Opt.	100 MW	BPA	OR
17	18175	[redacted]	Wind	[redacted]		WA
18	18132		Wind			OR
19	18179		Wind			WA
20	18170	Golden Hills Wind – Shaped	Wind	200 MW	Avangrid	OR
21	18166	[redacted]	Wind	[redacted]		OR

[redacted] ENERGY

Qualitative evaluation continued during the optimization analysis. Qualitative results were not final until the end of Phase 2. At-a-glance summary (Slide 15) is consistent with final results.

Portfolio optimization results*

(results as of July 23, 2019)

(A) List	(B) Project ID	(C) Resource	(D) Project	(E) Nameplate	(F) Peak Capacity Credit	(G) RECs[1]	(H) Preferred Optimized Portfolio	(I) As Proposed Optimized Portfolio
1	18100	Biomass	SPI	17 MW	16 MW	[redacted]	X	X
2	18161	Call Option	BPA Peak Capacity Product	100 MW	53 MW	N/A	X	X
3	18169	MT Wind	[redacted]	350 MW	[redacted]		X	
4	18169	MT Wind		300 MW				X
5	18170	Wind	Golden Hill Shaped	200 MW	77 MW	[redacted]	X	X
6		**Total Peak Capacity Credits - MWs**					[redacted] MW	[redacted] MW
7		**Peak Capacity Surplus / (Deficit) in 2022** [4]					[redacted] MW	[redacted] MW
8		**Total Annual RECs**					2,189,656	1,986,862
9		**Portfolio Benefits - $M**					$408	$397
10								
11		**With Consideration of Social Cost of Carbon:**						
12		**Portfolio Benefits w/ Carbon Costs as an Adder - $M** [5]					$1,038	$934
13		**Portfolio Benefits w/ Carbon Costs in Dispatch Costs - $M**					$959	$937

Peak Capacity and REC Need 2022-2025	2022	2023	2024	2025
Peak Capacity Need	299 MW	291 MW	328 MW	457 MW
REC Need	0	233,449	691,864	700,482

1. The annual project RECs in column I does not include 0.2X apprenticeship multiplier.

2. The optimization model chose a portfolio with 350MW from **Clearwater. NextEra** submitted proposals for both 300MW and 400MW, but not 350MW. The 350MW size of the project is reduced from the proposed [redacted] MW option based on available transmission capacity. The 350MW option will have to be negotiated with **NextEra.** Current indicative results reflect pricing based on the 300MW offer.

3. The current project COD for **Clearwater** is Dec 2021. There has been [redacted] timing risks [redacted]. If the COD is delayed to Dec 2022 to mitigate this risk, NPV of PPA cost will increase by up to [redacted]. Without **Clearwater,** the next lowest cost portfolio is $123M more expensive than the recommended portfolio. However it would have the same timing risks on transmission because the new lowest cost portfolio includes the [redacted] project, which uses the same Colstrip transmission path.

4. Final Portfolio ELCC reduces the sum of individual project peak capacity contribution by 8 MW. It could potentially be mitigated by 1) short-term capacity purchase for $720k per year; 2) a 20MW battery for $41M.

5. Social cost of carbon at $86/metric ton in 2010 dollars plus escalation is added to total portfolio costs as fixed cost.

**Detailed Phase 2 qualitative analysis results (standalone analysis and optimization analysis) are presented in Appendix C.*

[redacted] ENERGY

2018 RFP short list (as of July 23, 2019)

PSE notified RFP respondents of their selection status in early August 2019

1. SPI Biomass (Sierra Pacific Industries) 17-year PPA
2. Clearwater Montana wind (NextEra) 25-year PPA
3. Golden Hills Oregon wind (Avangrid) 20-year PPA
4. BPA peak capacity product (BPA) 5-year call option

5 Post-RFP re-evaluation of alternatives

Presenter: Weimin Dang

Re-evaluation of resource alternatives

PSE re-ran its optimization analysis between Aug. 2019 and Dec. 2019 to include the following updates:

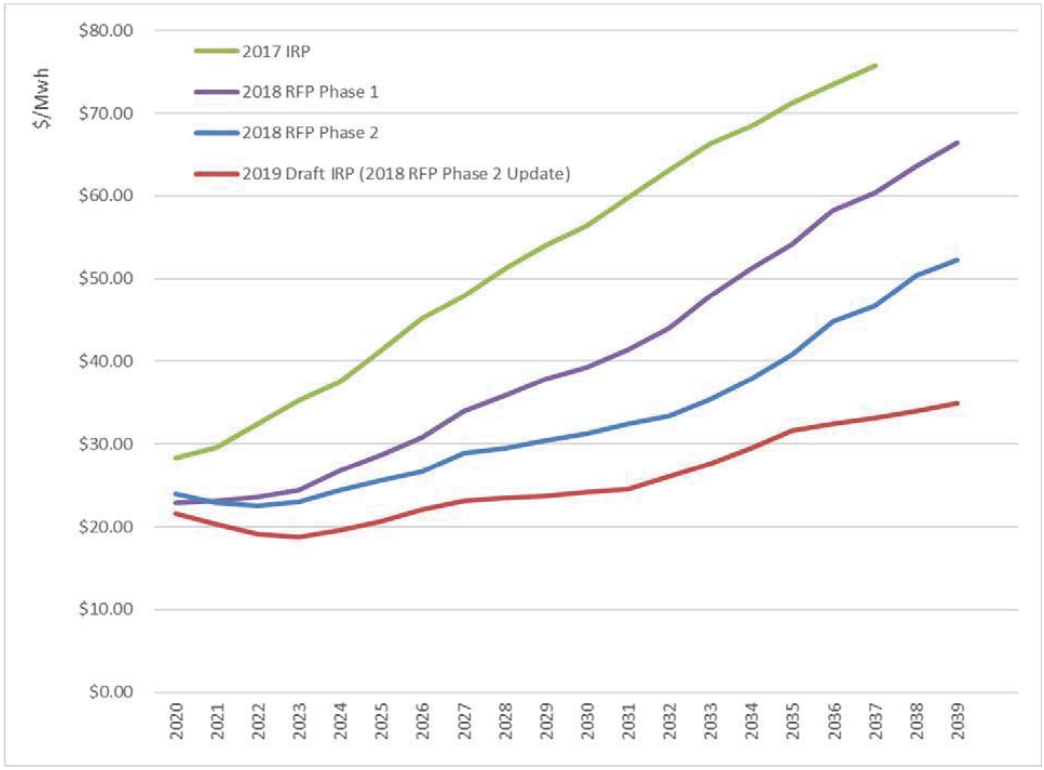
1. Updated peak capacity need based on draft 2019 IRP
2. Updated Mid-C price forecast consistent with September 19, 2019 IRTAG #8 publication (a 20% price reduction from previous forecast)
3. Added new proposal (received 8/29/19) from [redacted] to purchase or offtake power from their interest in [redacted]
4. Added new proposal (received on 10/23/19) from Morgan Stanley for a 3-5-year (no Q2), 100 MW system PPA**
5. Added updated pricing from [redacted] (lower price), BPA (higher price), SPI (lower price) and Morgan Stanley (new structure)
6. Updated social cost of carbon per UTC docket U-190730, dated 9-12-2019 (2.5% discount rate scenario, 0.437ton/MWh market purchase carbon intensity)
7. Retired Colstrip Units 1&2 by 2020
8. Other ad hoc model updates as they became available

[redacted]

***MSCG is offering a zero emissions system PPA (no RECs).*

Updated Mid-C power price forecast (red line)

*Phase 2 Update price forecast dropped 20% compared to the Phase 2 price forecast**



**PSE used the RFP Phase 2 Update Mid-C power prices (consistent with Sep. 19, 2019 IRTAG #8 publication) in its post-Phase 2 re-evaluation of resources (Aug.-Dec. 2019).*

***Range of Phase 2 power prices tested is shown in Appendix A.*

[redacted] ENERGY

Updated **portfolio optimization** confirms selection of shortlisted resources and adds Morgan Stanley PPA

(results as of November 21, 2019)

Confidential

Updated optimization analysis included all 21 proposals from the RFP Phase 2 optimization analysis (Slide 18), the two new proposals from [redacted] and Morgan Stanley, and price updates from SPI, BPA and Morgan Stanley.

(A) List	(B) Project ID	(C) Resource	(D) Project	(E) Nameplate	(F) Peak Capacity Credit	(G) RECs[1]	(H) Recommended Portfolio
1	18100	Biomass	SPI	17 MW	16 MW	[redacted]	X
2	18161	Call Option	BPA Peak Capacity Product	100 MW	53 MW		X
3	18169	MT Wind	Clearwater 350MW	350 MW	[redacted]		X
4	18169	MT Wind	Clearwater 300MW	300 MW			
5	18170	Wind	Golden Hills Shaped	200 MW	77 MW		X
6	xxxxx	System PPA	Morgan Stanley Sys PPA	100 MW	81 MW		X
7		**Total Peak Capacity Credits - MWs**					[redacted] MW
8		**Total Annual RECs**					**2,189,656**
9		**Portfolio Benefits - $M**					**$679**
10		**Portfolio Benefits w/ Carbon Costs as an Adder - $M** [2,3]					**$1,179**

Peak Capacity and REC Need 2022-2025 [4, 5]	**2022**	**2023**	**2024**	**2025**
Peak Capacity Need	299 MW	292 MW	358 MW	477 MW
Peak Need / (Surplus) after [redacted] Resources	[redacted] MW	[redacted] MW	[redacted] MW	[redacted] MW
REC Need	0	233,449	691,864	700,482
REC Need / (Surplus) after [redacted] Resources	-2,189,656	-1,956,207	-1,497,791	-1,489,174

1. *The annual project RECs in column G do not include 0.2X apprenticeship multiplier.*
2. *The social cost of carbon at $62/metric ton in 2007dollars plus escalation is added to the total portfolio costs as a fixed cost. Source: UTC docket U-190730, Sept. 12, 2019.*
3. *Emission rate of 0.437 metric tons of CO2/MWh for market purchases is included in social cost of carbon allocation.*
4. *REC and capacity need assessments updated to reflect CETA impact to market power prices.*
5. *Capacity resource need does not reflect the sale of Colstrip Unit 4 to NorthWestern Energy announced on Dec. 10, 2019.*

[redacted] ENERGY

Selected proposal: Clearwater Wind PPA

Confidential

Proposed terms are subject to change based on negotiations

Seller:

- NextEra Energy, Inc.

Product:

- Nameplate Capacity: Proposed 350 MW
- NCF: [redacted]%
- Expected Output: [redacted] MWh/year

Term:

- COD: Proposed 12/31/2021*
- Term: 25 years

Point of Delivery:

- Colstrip Substation 500 kV (*also Point of Interconnection)*

**To be determined based on timing of transmission availability*

[redacted]

Price**:

	PPA		
Calendar Year	Contract Year	Flat Energy Price	Expected Energy Output (MWh/year)
2022	1		[redacted]
2023	2		
2024	3		
2025	4		
2026	5		
2027	6		
2028	7		
2029	8		
2030	9		
2031	10		
2032	11		
2033	12		
2034	13		
2035	14		
2036	15		
2037	16		
2038	17		
2039	18		
2040	19		
2041	20		
2042	21		
2043	22		
2044	23		
2045	24		
2046	25		

***Price does not include delivery to PSE's system.* [redacted]

PUGET SOUND ENERGY

Selected proposal: Golden Hills Wind (Shaped)

Proposed terms are subject to change based on negotiations

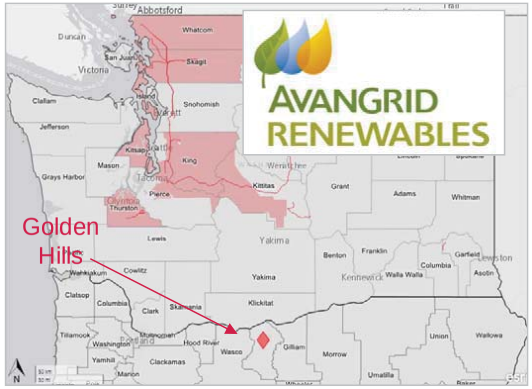
Highly Confidential

Seller:

- Avangrid Renewables, Inc.

Product:

- Nameplate Capacity: 200 MW
- NCF: [redacted]%
- Expected Output: [redacted] MWh/year
- Shaped Capacity: up to [redacted] MW
- Shaped Schedule: Nov - Feb
- Shaped Hours: [redacted]



Term:

- COD: 12/31/2021
- Term: 20 years

Point of Delivery:

- BPAT.PSEI

Price*:

**Levelized cost of energy is $[redacted] MWh.*

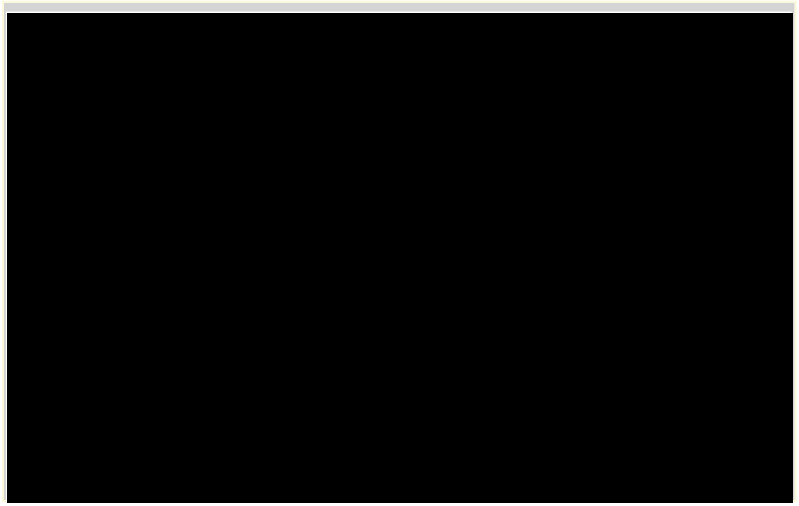
		PPA		Winter-Peaking Capacity	
Calendar Year	Contract Year	Flat Energy Price ($/MWh)	Expected Energy Output (MWh/year)	Capacity Price ($/kW-mo)	Capacity (MW)
2022	1	[redacted]		[redacted]	
2023	2				
2024	3				
2025	4				
2026	5				
2027	6				
2028	7				
2029	8				
2030	9				
2031	10				
2032	11				
2033	12				
2034	13				
2035	14				
2036	15				
2037	16				
2038	17				
2039	18				
2040	19				
2041	20				

PUGET SOUND ENERGY

The uniquely shaped output during winter months yields higher peak capacity contribution

Highly Confidential

- "As generated" Golden Hills Wind has an ELCC of 26%, therefore a peak capacity contribution of 52MW.
- Avangrid Renewables has offered a synthetic peak capacity output profile for winter months (Nov-Feb) that reshapes the wind output in those months to optimize the coincidence to PSE's load profile.
- This reshaped wind product offers an ELCC of 39%, therefore a peak capacity contribution of 79MW.
- PSE has an opportunity to optimize the shaped product, and analysis is ongoing.



Highly Confidential

Selected proposal: SPI Biomass PPA

Proposed terms are subject to change based on negotiations

Seller:

- Sierra Pacific Industries (SPI)

Product:

- Delivery of 17 MW of firm capacity (24/7)
- Delivery of up to 20 MW worth of energy (3 MW is variable)
- Minimum availability: [redacted]% Nov-Feb, [redacted]% Annual (92% historic)
- Contribution to Peak Capacity: 16 MW

[redacted] ENERGY

** The SPI Burlington lumber mill began operating in 2001. The biomass cogeneration facility was added in 2007. Facility is subject to an existing contract with a broker to sell the output through 2020.*

Term:

- Start: Jan. 1, 2021*
- 17 years

Point of Delivery:

- SPI.CABO.GEN at Fredonia Substation *(also point of interconnection)*

Updated pricing:

Calendar Year	Contract Year	Energy Price ($/MWH)	Expected Energy Output (MWh/year)
2021	1	[redacted]	
2022	2		
2023	3		
2024	4		
2025	5		
2026	6		
2027	7		
2028	8		
2029	9		
2030	10		
2031	11		
2032	12		
2033	13		
2034	14		
2035	15		
2036	16		
2037	17		

*** Levelized cost of energy is $[redacted]*

Highly Confidential

Selected proposal: BPA Capacity Tolling Agreement

Proposed terms are subject to change based on negotiations

Seller:

- Bonneville Power Administration (BPA)

Product:

- Capacity: 100 MW
- Firm Capacity that may be scheduled in [redacted] increments from [redacted] MW on a [redacted] basis for up to [redacted]
- Western Systems Power Pool (WSPP) Schedule C, heavy load hour (HLH), low carbon firm energy

Term:

- Start: 01/01/2022
- Term: 5 years

Point of Delivery:

- BPAT.PSEI
- PSE Covington 230 kV Substation

[redacted]

[redacted]

Updated pricing*:

Calendar Year	Contract Year	Energy Price ($/MWh)	Possible Energy Output (MWH/Year)	Capacity Price ($/kW-mo)	Capacity (MW)
2022	1	[redacted]		[redacted]	100
2023	2				100
2024	3				100
2025	4				100
2026	5				100

*Mid-C price will be based on Powerdex hourly price for each MWh delivered.
**Capacity Price [redacted] includes [redacted] that will be indexed to BPA PTP and Ancillary Service Schedules 1 & 2. Rate will be updated on the first day of each new rate period.

Highly Confidential

Selected proposal: Morgan Stanley System PPA

Proposed terms are indicative, subject to change

Product:

- 100 MW of firm heavy load hour (HLH) energy (16/6)
- Zero emission, no RECs
- Fixed pricing
- Q1 and Q4 deliveries only

Term:

- 5 years starting 1/1/2022

Point of Delivery:

- BPAT.PSEI or other PSE designated point

LCOE: 5-year, Q1&Q4, 100 MW

- Fixed: $[redacted]/MWh
- 70 MW peak capacity contribution

Pricing structure alternatives

Term	Volume	Details	Start	End	Fixed Price	MIDC + Adder	Hedge + Adder
3 Year	50 MW	HLH Delivery	Jan-22	Dec-24	$	[redacted]	
3 Year	100 MW	HLH Delivery	Jan-22	Dec-24	$		
5 Year	50 MW	HLH Delivery	Jan-22	Dec-26	$		
5 Year	100 MW	HLH Delivery	Jan-22	Dec-26	$		
3 Year	50 MW	HLH Delivery No Q2	Jan-22	Dec-24	$		
3 Year	100 MW	HLH Delivery No Q2	Jan-22	Dec-24	$		
5 Year	50 MW	HLH Delivery No Q2	Jan-22	Dec-26	$		
5 Year	100 MW	HLH Delivery No Q2	Jan-22	Dec-26	$		
5 Year	100 MW	HLH Delivery Q1&Q4	Jan-22	Dec-26	$		

[redacted] ENERGY

*Main pricing difference between hedging cost and offered fixed price is due to different pricing dates.

What's next?

- Ongoing negotiations with counterparties
- Request approval from PSE management and (as needed) PSE Board to execute contracts with counterparties
- Execute contracts

Appendix

Appendix

A. Additional RFP modeling assumptions and metrics
   - Resource need (as filed)
   - Generic resource costs
   - Carbon cost assumptions
   - ELCC values
   - Transmission assumptions
   - Additional metrics produced by the Portfolio Screening Model

B. Additional proposal summary slides
   - Comparison of 2018 RFP to prior RFPs
   - Original Phase 2 candidate list (presented to UTC staff in April 2019)

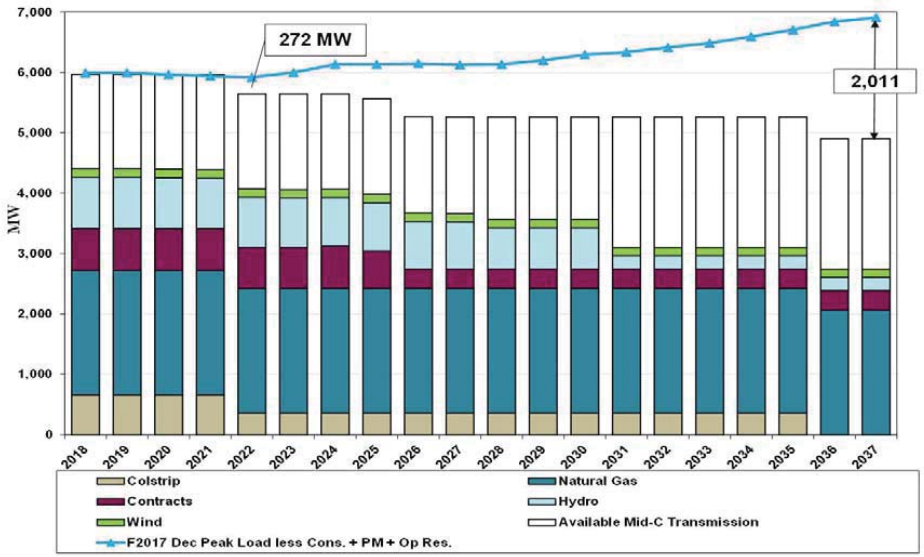
C. Detailed RFP Phase 2 results
   - Executive summary of Phase 2 results
   - Phase 2 standalone portfolio analysis results

Appendix A: Additional modeling assumptions and metrics

RFP solicits 272 MW of capacity by end of 2022*

Resource need as filed in June 2018

- Target online date by 2022**
- Products that fill winter need while minimizing surpluses in other parts of the year will evaluate more favorably



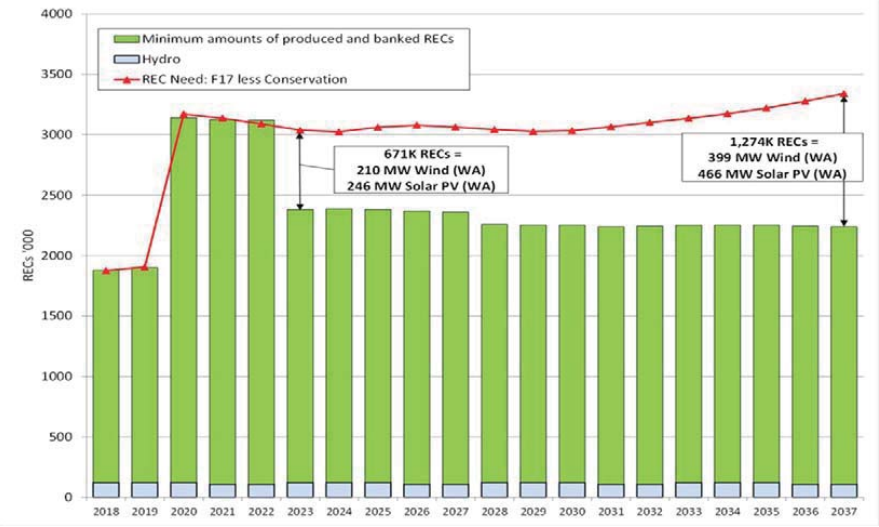
* The All Resources RFP filed with the WUTC in June 2018 reflected then-current resource need projections based on the F2017 load forecast. In August 2018, PSE adjusted its resource need forecast for Phase 1 to reflect the F2018 load forecast. The resource need projection is based on current law and is not predictive of any future or pending legislative action.

** Target online date is based on earliest need, but will not disqualify long-lead resources.

Projected need to meet the RPS is 671,000 RECs 2023*

Resource need as filed in June 2018

- REC need is driven by the increase in the RPS from 9% to 15% in 2020**
- PSE's inventory of banked RECs delays need until 2023
- PSE will consider early delivery dates to take advantage of tax incentives prior to phase out
  - PSE will evaluate the tradeoff between capturing the benefit of a higher tax incentive and the carrying cost of acquiring early

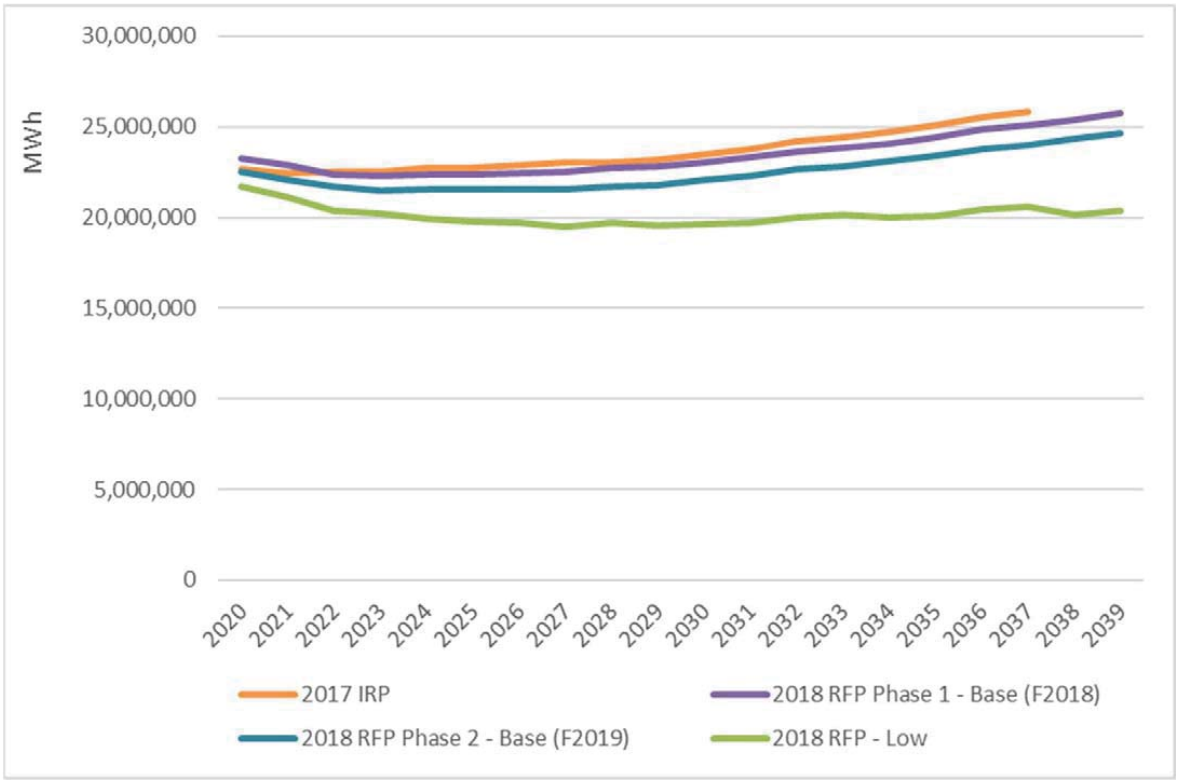


- A renewable resource may count toward peak capacity need based on coincident winter peak production
  - PSE will engage reputable consultant for resource due diligence and to develop synthetic distributions for peak capacity calculation
- Proposals which demonstrate that they qualify for Washington state apprenticeship labor credit will add 1.2x multiplier to REC output

* The All Resources RFP filed with the WUTC in June 2018 reflected then-current resource need projections based on the F2017 load forecast. In August 2018, PSE adjusted its resource need forecast for Phase 1 to reflect the F2018 load forecast.

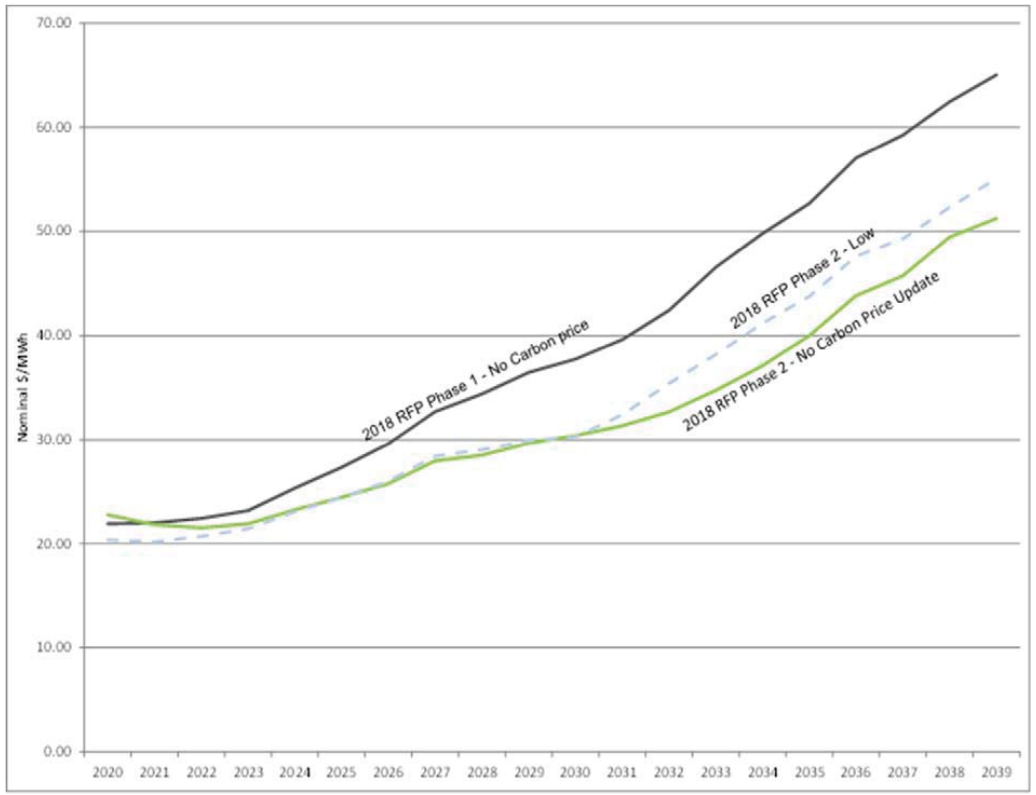
** If proposing a qualifying renewable resource located outside the Pacific Northwest as defined for the Bonneville Power Administration in Section 3 of the Pacific Northwest Electric Power Planning and Conservation Act (94 Stat. 2698; 16 U.S.C. Sec. 839a), electricity from the facility must be delivered into Washington state on a real-time basis without shaping, storage, or integration services.

Load forecast assumptions

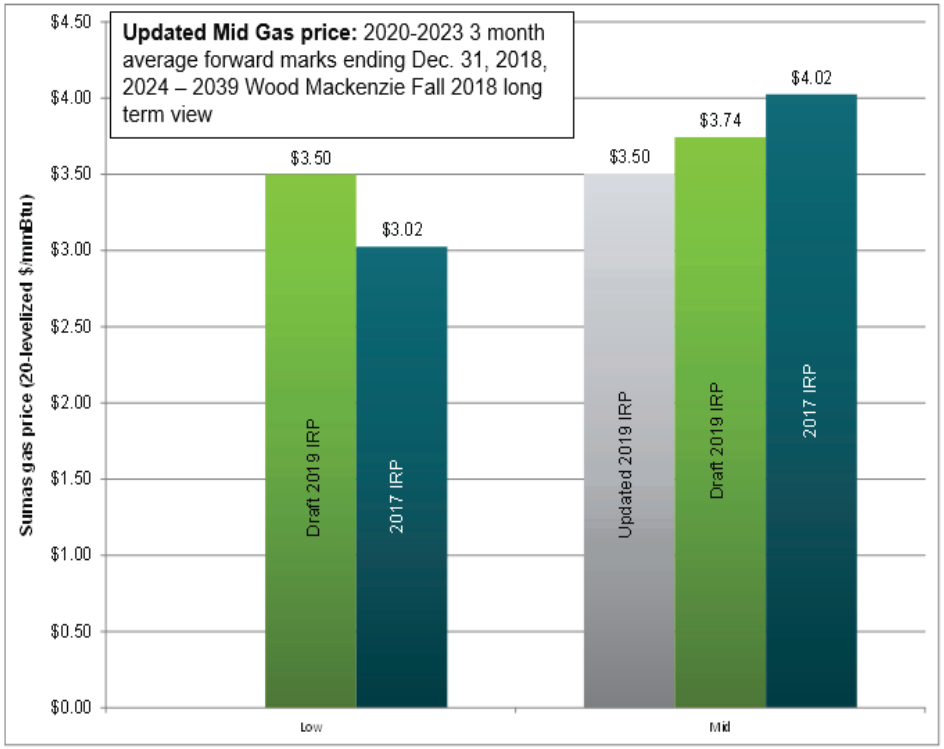


[redacted] ENERGY

Range of power prices tested in Phase 2



Natural gas price forecasts



- PSE used the draft 2019 IRP prices for RFP Phase 1
- PSE used the Updated 2019 IRP price for RFP Phase 2

Generic resource cost assumptions

2017 IRP vs. Draft 2019 IRP (used for RFP Phase 1)

	2017 IRP			Draft 2019 IRP			Cost change from 2017 IRP to Draft 2019 IRP		
2018 $/kW	EPC Cost	Owner's Costs + Interconnection	Total Costs	EPC Cost	Owner's Costs + Interconnection	Total Costs	EPC Cost	Owner's Costs + Interconnection	All in Costs
CCCT	$1,020	$358	$1,378	$898	$269	$1,167	($122)	($89)	($211)
Frame Peaker (Fuel Fuel)	$526	$172	$698	$554	$271	$825	$28	$99	$127
Recip Engine (NG only)	$1,030	$312	$1,341	$842	$350	$1,192	($188)	$38	($149)
WA Wind	$1,548	$656	$2,204	$1,656	$386	$2,042	$108	($270)	($162)
MT Wind	$1,471	$1,312	$2,783	$1,633	$1,111	$2,744	$162	($201)	($39)
Solar	$1,497	$874	$2,371	$1,352	$570	$1,922	($145)	($304)	($449)
Biomass	$4,084	$207	$4,291	$7,036	$2,659	$9,695	$2,952	$2,452	$5,404
Offshore Wind	$5,717	$1,795	$7,512	$5,000	$1,547	$6,547	($717)	($248)	($965)
Li-Ion Battery 2-hr	$1,313	$342	$1,655	$1,331	$599	$1,930	$18	$257	$275
Li-Ion Battery 4-hr	$2,116	$552	$2,668	$2,346	$708	$3,054	$230	$156	$386
Flow Battery 4-hr	$1,870	$674	$2,544	$1,493	$618	$2,111	($377)	($56)	($433)
Flow Battery 6-hr	$2,447	$882	$3,329	$2,050	$708	$2,758	($397)	($174)	($571)
Pumped Storage	$2,503	$127	$2,630	$1,800	$879	$2,679	($703)	$752	$49

*Generic resource costs used in RFP Phase 1 were based on a draft report produced by HDR for the 2019 IRP. This report was later updated; the final report costs were used in RFP Phase 2 (as shown on Slide 40).

[redacted] ENERGY

Generic resource cost assumptions*

Overnight capital cost assumptions generally came down, with the exception of capital costs for frame peakers

	Solar capital cost ($/kW)	MT wind capital cost ($/kW)	WA wind capital cost ($/kW)	Frame Peaker FOM[1] ($/kW-yr)
RFP Phase 1 *(draft HDR report)*	$1,922	$2,744	$2,042	$3.93
RFP Phase 2 *(final HDR report)*	$1,614	$1,617	$1,633	$11.40[2]

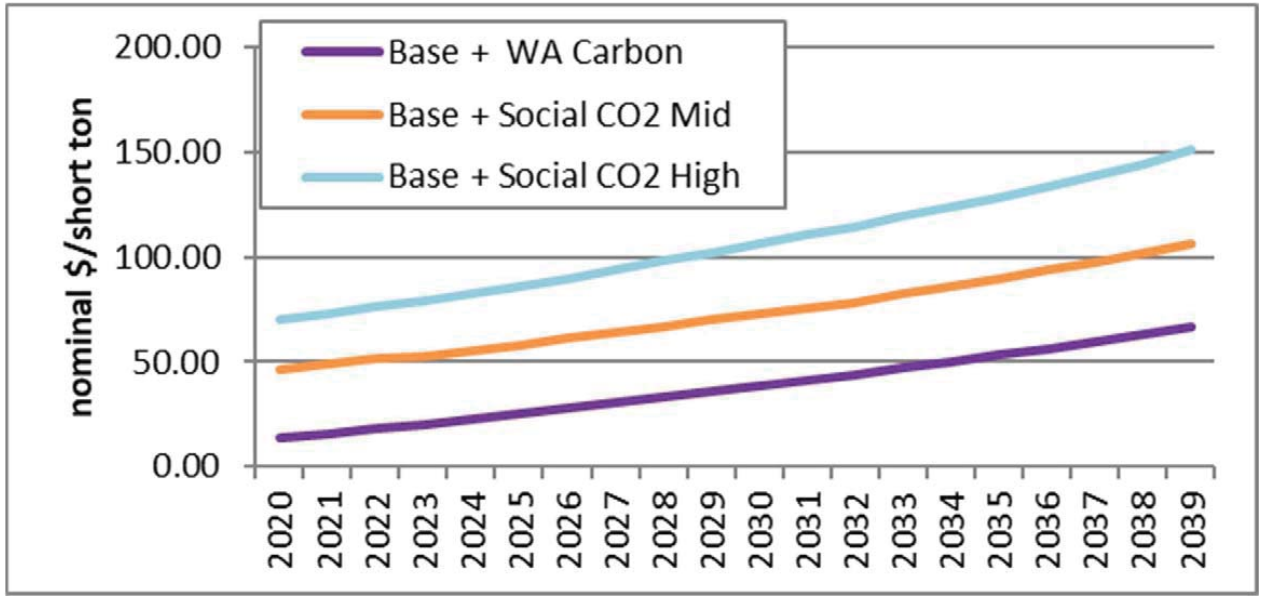
1. Fixed O&M costs ("FOM")
2. HDR's updated frame peaker FOM assumption ($11.40/kw-yr) includes $3.93/kw-yr FOM + $7.47/kw-yr for 48 hours of oil stored on site.

**Phase 1 cost assumptions were based on a draft report produced by HDR for the 2019 IRP. Phase 2 assumptions are based on the final HDR report.*

[redacted] ENERGY

Carbon price forecasts

*Assumptions used in RFP phases 1 & 2**



**Reflects carbon price assumptions used through July 2019. Does not reflect updates to social cost of carbon assumptions used in the Aug-Dec 2019 re-evaluation of alternatives (Slide 42).*

[redacted] ENERGY

Social cost of carbon assumptions

Revised per UTC docket U-190730

Highlighted column reflects assumptions used in the post-RFP re-evaluation analysis conducted between Aug. and Dec. 2019

Table ES-1: Social Cost of CO_2, 2010 – 2050 (in 2007 dollars per metric ton of CO_2)

Year	5% Average	**3% Average**	2.5% Average	High Impact (95^{th} Pct at 3%)
2010	10	**31**	50	86
2015	11	**36**	56	105
2020	12	**42**	62	123
2025	14	**46**	68	138
2030	16	**50**	73	152
2035	18	**55**	78	168
2040	21	**60**	84	183
2045	23	**64**	89	197
2050	26	**69**	95	212

Source: U.S. Government 2016 Technical Support Document: Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis Under Executive Order 12866

[redacted] ENERGY

Generic resource electric load carrying capability (ELCC) values*

Resource	Nameplate (MW)	IRP **2017** Peak Capacity Solve to 5% LOLP Relative to New Peaker	IRP **2019** Peak Capacity Solve to 5% LOLP Relative to Perfect Capacity
Existing Wind	823	11%	9.7%
Skookumchuck	131	40%	36.0%
Generic Montana Wind	100	49%	51.4%
Generic Washington Wind	100	16%	6.4%
Generic Offshore WA Wind	100	51%	47.6%
Generic Washington Solar	100	0%	1.0%
Lund Hill Solar	150	N/A	2.4%

Storage Resources	Nameplate (MW)	IRP 2017 Peak Capacity EUE at 5% LOLP	IRP 2019 Peak Capacity EUE at 5% LOLP
Lithium-Ion 2 hr, 82% RT efficiency	25	60%	19.2%
Lithium-Ion 4 hr, 87% RT efficiency	25	88%	38.4%
Flow 4 hr, 73% RT efficiency	25	76%	36.0%
Flow 6 hr, 73% RT efficiency	25	N/A	46.4%
Demand Response 3 hr duration, 6 hr delay, 10 calls per year	100	77%	38.2%

**Generic proxy values for RFP Phase 1 generally reflected 2017 IRP ELCC values (as published in the 2018 All Resources RFP, Appendix G). ELCC values were later updated to reflect ELCC values updated for the 2019 IRP.*

[redacted] ENERGY

Phase 2 ELCCs* for intermittent generation resources

Resource	Peak Capacity [MW]	Nameplate [MW]	ELCC
[redacted]			45.00%
			5.40%
			44.90%
			1.71%
			31.92%
			1.82%
			0.69%
			1.49%
			46.07%
			2.00%
			0.75%
			1.56%
			19.90%
			16.00%
			1.00%
			1.13%

[redacted] ENERGY

In Phase 2, PSE performed a study to determine the ELCC value of for each individual project, based on its unique characteristics and attributes, its nameplate capacity and its specific location.**

** In Phase 1, PSE applied a generic Electric Load Carrying Capability ("ELCC") proxy value to the proposals based on each project's resource type, nameplate capacity and general location (slide 43).*
*** ELCC values shown in the table do not take into account project delivery points.*

Projects are evaluated on a cost and risk basis delivered to PSE's load

Off PSE's system

1. Delivery to PSE's system (e.g. BPAT.PSEI, etc.)

- Developer provides transmission solution to PSE's load center
- Risk analysis: Is there ATC? Are ancillary services included in price? Is transmission long-term firm? Does it include rollover rights?

2. Delivery to Mid-C

- Developer provides transmission solution to PSE via Mid-C
- PSE applies cost to use PSE's existing transmission and integration costs
- Risk analysis: Does developer have long-term firm transmission to Mid-C? If not, is there ATC? Are ancillary services included in price?

3. Delivery to project busbar

- Leaves transmission solution to PSE
- PSE applies cost of transmission from project to PSE's load (inc. ancillary services and any cost to use existing PSE transmission)
- Risk analysis: Is long-term firm ATC available? Rollover rights?

On PSE's system

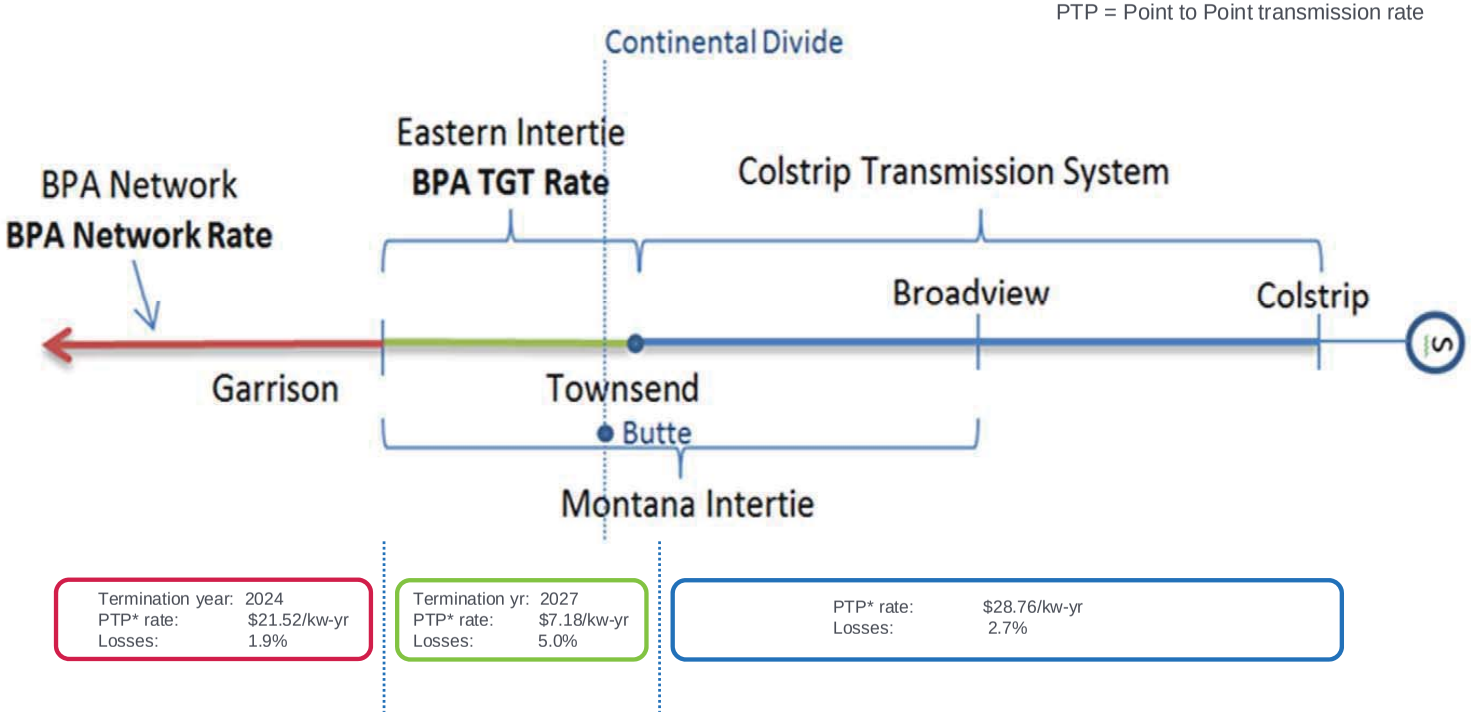
1. On system

- Project interconnects within PSE's service territory
- PSE applies integration costs
- PSE evaluates transmission solution (and all applicable costs) to PSE's load
- Risk analysis: Is resource interconnection ERIS or NRIS? Is there ATC? Is transmission long-term firm? Does it include rollover rights? Are ancillary services included in price?

Notes:
Available Transmission Capacity (ATC)
Energy Resource Interconnection Service (ERIS)
Network Resource Interconnection Service (NRIS)

Montana transmission path

PTP = Point to Point transmission rate



Other costs to consider:

- Additional losses from the project to the delivery point
- Renewable integration costs

Additional quantitative screening metrics

Levelized net cost per REC ($/MWh-REC)

Useful for comparing renewable projects of different sizes

Lower is better

- Difference between the net present value project revenue requirement, and the net present value market revenue of the project's generation divided by the net present value of the project's capacity contribution

Levelized net cost per unit of peak capacity ($/kW)

Useful for comparing peak capacity projects of different sizes

Lower is better

- Difference between the net present value of the cost, and the market value of the energy divided by the peak capacity credit

Portfolio benefit ratio

Useful for comparing projects with similar operating characteristics; removes size bias

Higher is better

- Portfolio benefit divided by the net present value of the proposed project's revenue requirement. Allows projects with different capacities to be compared without a bias for size.

**Key quantitative screening metrics shown in presentation (on slide 11).*

[redacted] ENERGY

Appendix B: Additional proposal summary slides

Nearly 100 proposals received

Largest response to an All Source RFP to date

As of 3/25/19	2018 All Resource and Demand Response RFPs		2017 Renewables Only RFP (Green Direct 2.0)[1]		2011 All Source RFP		2010 All Source RFP		2008 All Source RFP		2005 All Source RFP	
Resource Type	# Proposals[2]	Max Cap MW	# Proposals	Max Cap MW	# Proposals	Max Cap MW	# Proposals	Max Cap MW	# Proposals	Max Cap MW[1]	# Proposals	Max Cap MW
Solar - PV	16	2240	17	574	2	24	1	10				
Solar - PV + BESS	20	2848										
Wind - Off Shore	1	400										
Wind On Shore	16	3303	20	2601	4	369	21	3776	8	862	10	1165
Wind + Winter Sys PPA	1	371										
Wind + Solar and/or BESS	2	464	4	339								
Storage - Battery ("BESS")	17	1265			2	251						
Storage - Pumped Hydro	2	900										
Biomass	2	72			3	61	9	590				
Biomass + BESS	1	15										
Natural Gas-fired Generation	4	1377			10	2624	18	5342	10	2588	17	4307
Geothermal	2	43									1	48
Hydro - Run of River	1	38	2	4	1	77	2	105	3	165	3	139
System PPA / Call Option	1	100			4	400	10	n/a	9	1675	7	400
Unbundled RECs	5						2	n/a				
Demand Response	6	154					1	80			1	34
Coal - Traditional + IGCC					1	500			1	100	6	4950
Cold Fusion					1	1880						
Distributed Generation											1	5
Waste-to-Energy / Landfill Gas					1	23					1	5
TOTAL	**97**	**13,590**	**43**	**3,518**	**29**	**6,209**	**64**	**9,903**	**31**	**5,390**	**47**	**11,053**

[1] The 2017 RFP sought large and small (<5 MW) renewable resources to serve multiple voluntary green power programs.

[2] PSE also received two unsolicited proposals during Phase 1, a REC-only and a pumped storage hydro storage, which are not included in the table.

[redacted] ENERGY

Original Candidate list for Phase 2

(results are a snap shot in time, subject to change)

ID	Project Name	Resource Type	Nameplate	Counterparty	State
18100	SPI Industrial	Biomass	17 MW	SPI	WA
18201	[redacted]	Demand Response	[redacted] MW	[redacted]	WA
18169	ClearWater Wind	MT Wind	300 MW	NextEra	MT
18173	[redacted]	MT Wind	[redacted] W*	[redacted]	MT
18176	[redacted]	MT Wind	[redacted] W*	[redacted]	MT
18163	[redacted]	REC Only	[redacted] REC	[redacted]	OR
18165	[redacted]	REC Only	[redacted] REC	[redacted]	OR
18190	[redacted]	REC Only	[redacted] REC	[redacted]	WA
18107	[redacted]	Run-of-River	[redacted] W	[redacted]	ID
18135	[redacted]	Solar	[redacted] W	[redacted]	WA
18111	[redacted]	Solar	[redacted] W	[redacted]	WA
18122	[redacted]	Solar	[redacted] W	[redacted]	WA
18131	[redacted]	Solar	[redacted] W	[redacted]	WA
18127	[redacted]	Solar	[redacted] W	[redacted]	WA
18114	[redacted]	Solar	[redacted] W	[redacted]	WA
18112	[redacted]	Solar	[redacted] W	[redacted]	WA
18125	[redacted]	Solar	[redacted] W	[redacted]	WA
18139	[redacted]	Solar + BESS	[redacted] W BESS	[redacted]	OR
18105	[redacted]	Thermal	[redacted] W	[redacted]	WA
18103	[redacted]	Thermal	[redacted] W	[redacted]	OR
XXXXX	[redacted]	Transmission	[redacted] W	[redacted]	N/A
18175	[redacted]	Wind	[redacted] W	[redacted]	WA
18132	[redacted]	Wind	[redacted] W*	[redacted]	OR
18179	[redacted]	Wind	[redacted] W	[redacted]	WA
18170	Golden Hill Wind - Shaped	Wind	200 MW	Avangrid	OR
18166	[redacted]	Wind	[redacted] MW	[redacted]	OR

Proposals shown here are best offers from each proposal.

* Numbers shown are rounded to the nearest 5MW.

** Reflects a redirect of [redacted] MW of BPA transmission from [redacted] to PSEI, available January, 2022 for a 50-year term, and using Mid-C forecast for energy pricing. [redacted] MW may be available for redirect on BPA's system, however it is likely only [redacted] MW is possible for redirect to Mid-C. Redirects are assessed given the most current data and are a snap shot of the present system. The results are subject to change and may vary in the future based on updated ATC calculations and flow gate constraints within BPA's network. While redirect of the remaining [redacted] MW is feasible, the location, source and cost of this redirect remains under review, therefore not included in this analysis.

[redacted] ENERGY

Appendix C: Detailed Phase 2 results

Detailed RFP Phase 2 evaluation results

2018 RFP – Executive Summary*

Quantitative results are the product of analysis performed in PSM III version 25.13.

Phase 2 Candidate Short List: Proposals selected for contracting phase of RFP

Project	Summary Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18100 **SPI Burlington Biomass** Sierra Pacific Industries PPA Operational biomass 17 MW nameplate COD: 01/01/2021 Term: 17 years capacity	Levelized cost: $[redacted]/ MWh Portfolio benefit: $14.132 M Levelized PB/REC: [redacted]*** Peak capacity PB / kW-Yr: ([redacted]) Net cost PV: $33.613 M Peak capacity contribution (MW): 16.4 Annual REC contribution: [redacted]	• Existing/operating facility so no development risk • Biomass project is REC producing • High effective load-carrying capability (ELCC), i.e. contribution to peak capacity need • Interconnected onto PSE's system	• Sierra Pacific Industries is a privately held company, so less financial information is available than if it were public • A disruption of mill operations would likely impact long-term operation of the facility	**Selected -** Project selected during portfolio optimization and qualitative risks appear to be minimal.

*This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.
**Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.
***Indicates primary ranking criteria for particular proposal category.

Common acronyms:

BESS	Battery energy storage system
BTS	Build to sell
COD	Commercial operation date
CTA	Capacity Tolling Agreement
PPA	Power purchase agreement
REC	Renewable energy credit

PUGET SOUND ENERGY

Project	Summary Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18161 **BPA Peak Capacity** Bonneville Power Administration PPA** Operational portfolio of projects 100 MW** COD: 01/01/2022** Term: 5 years**	Levelized cost: N/A Portfolio benefit: ($8.028 M) Peak capacity PB / kW-Yr: [redacted]*** Net cost PV: $25.426 M Peak capacity contribution (MW): 100 Annual REC contribution: [redacted]	• Counterparty is well known with existing ties to PSE and, therefore, no risk for this proposal • There are no permitting, real estate or community relations concerns as the proposal is based on currently operational projects • As a response to data requests, Bonneville Power Administration (BPA) moved their delivery location from Mid-C to BPAT.PSEI		**Selected -** Project selected during portfolio optimization and qualitative risks appear to be minimal.
18169 **Clearwater Wind** NextEra Energy Resources Development, LLC PPA** or 50% ownership+PPA Development wind 300 MW** or 400 MW COD: 12/31/2021** Term: 20 or 25** years	Levelized cost: [redacted] Portfolio benefit: $417.294 M Levelized PB/REC: [redacted]*** Peak capacity PB / kW-Yr: [redacted] Net cost PV: $24.422 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Relatively cost efficient way to contribute towards both the REC and contribution to peak capacity need • Large and experienced counterparty • Site control is reportedly achieved, but supporting documentation was not included in proposal • Public has been notified of the project as a 750 MW facility • Shape of wind based on 6 operating meteorological towers appears to fit well with PSE's needs	• Lengthy gen-tie line for which site-control has not yet been fully obtained • Transmission from [redacted] to PSE brings both schedule and cost risk to PSE as the energy offtaker • There is a potential permitting issue with sage grouse habitat	**Selected -** Project selected during portfolio optimization and qualitative risks appear to be manageable. Due to available transmission capacity limitations between [redacted], the [redacted] projects are considered mutually exclusive.
18170 **Golden Hills Wind** Avangrid Renewables [redacted] PPA-shaped [redacted] Development wind 200 MW** COD: 12/31/2020** Term: 20 years**	Levelized cost: [redacted] / MWh Portfolio benefit: $106.924 M Levelized PB/REC: [redacted]*** Net cost PV: $74.948 M Peak capacity contribution (MW): 51.6 Annual REC contribution: [redacted]	• Strong counterparty with extensive renewable energy development experience and existing contractual relationships with PSE • Shaped product offers capacity contribution during peak winter months • Site control is achieved • Permitting well advanced with Oregon Energy Facility Siting Council (EFSC) permit application already amended	• Complex energy delivery will require additional vetting • Complexity of shaped product will require additional vetting	**Selected -** Project selected during portfolio optimization and qualitative risks appear to be manageable.

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.*
****Indicates primary ranking criteria for particular proposal category.*

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PPA	Power purchase agreement
REC	Renewable energy credit

PUGET SOUND ENERGY

2018 RFP – HIGHLY CONFIDENTIAL
July 23, 2019

Project	Summary Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18173 [redacted] PPA** Development wind [redacted] MW or [redacted]** MW COD: 10/31/2022** Term: 20 years**	Levelized cost: [redacted]/ MWh Portfolio benefit: $280,504 M Levelized PB/REC: $[redacted]*** Peak capacity PB / kW-Yr: [redacted] Net cost PV: $116.358 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Strong counterparty with extensive renewable energy development experience • Project may be sited on a single landowner's property, which would likely minimize real estate complexity • Favorable state support; however, local level of support unknown	• Project site may include Montana Department of Natural Resources and Conservation (DNRC) land, which could complicate site control and permitting • Permitting is in a relatively early stage of development; risk of potential delay to scheduled COD • Assumed use of [redacted] is under ongoing review and may be problematic	**Selected -** Project selected during portfolio optimization and qualitative risks appear to be manageable. Due to available transmission capacity limitations between [redacted] and [redacted], the projects are considered mutually exclusive.

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.*
****Indicates primary ranking criteria for particular proposal category.*

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SHADED INFORMATION IS DESIGNATED AS HIGHLY CONFIDENTIAL PER WAC 480-07-160

SHADED INFORMATION IS DESIGNATED AS CONFIDENTIAL PER WAC 480-07-160

REDACTED VERSION

Phase 2 proposals not selected for contracting phase of RFP

Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18103 [redacted] CTA** or asset transfer Operational combined cycle [redacted] MW** or [redacted] MW Start: 06/01/2022 Term: 10 years	Levelized cost: [redacted] / MWh Portfolio benefit: ($29.120 M) Peak capacity PB / kW-Yr: [redacted])*** Net cost PV: $163.748 M Peak capacity contribution (MW): [redacted] Annual REC contribution: 0	• Existing/operating facility (rather than new build) therefore no development risk • Existing presence in the community with local opposition unlikely	• High social cost of carbon adversely impacts project economics in certain quantitative scenarios • In light of recently passed Clean Energy Transition Act (SB5116), advancement of this and other fossil fuel-based projects represents considerable reputational and financial risk • Lack of firm delivery of natural gas is a risk to the effective load-carrying capability (ELCC) of the project	**Not Selected –** Project not selected during portfolio optimization process.
18105 [redacted] CTA** or BTS Frederickson thermal expansion [redacted] MW** or [redacted] MW COD: 01/01/2022 Term: 5, 15, or 20** years	Levelized cost: $[redacted] / MWh Portfolio benefit: ($16.898 M) Peak capacity PB / kW-Yr: [redacted])*** Net cost PV: $85.973 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Proposed expansion of [redacted] facility may bring O&M cost savings on a per-kW basis (versus an entirely new thermal facility) • Technology is relatively site-agnostic and can potentially be designed to integrate at other sites • 98 MW proposal would likely be facilitated with firm gas supply from existing facilities	• In light of recently passed Clean Energy Transition Act (Washington State Bill 5116), advancement of new fossil fuel-based projects represents considerable reputational and financial risk • Proposed project would require extensive integration with existing PSE facility, the viability of which is unknown at this time • Would require review and likely modification of air permit for co-located generation facility. Process expected to be exceedingly difficult and the outcome uncertain, with possible impacts to existing facility operational permits • PSE will likely experience significant resistance from local governments, local stakeholders, environmental stakeholders, and native tribes for expansion of the company's CO_2 emitting portfolio • Strong likelihood of considerable delays to COD due to expected public protest, litigation and permit process	**Not Selected –** Project not selected due to qualitative risks.

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.*
****Indicates primary ranking criteria for particular proposal category.*

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PPA	Power purchase agreement
REC	Renewable energy credit

Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18107 [redacted] PPA** Operational hydro [redacted] MW Start: 1/1/2021 (assumed) Term: 20 years (assumed)	Levelized cost: [redacted] / MWh Portfolio benefit: ($36.163 M) Levelized PB/REC: [redacted])*** Net Cost PV: $38.677 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• No development risk; project is an existing operating facility • Clean energy (although not RPS compliant) • Run-of-river hydro can be less environmentally impactful than standard hydro • Little to no permitting or real estate risk due to current operational status	• Run-of-river asset provides little capacity value. • Not RPS complaint (although clean energy) • Energy delivery strategy has been left to PSE, and appears to be complex	**Not Selected –** Project not selected due to qualitative risks and did not show potential during standalone quantitative analysis.
18111 [redacted] PPA** Development solar Solar: [redacted] MWac COD: 12/31/2022 Term: 20 years	Levelized cost: [redacted] / MWh Portfolio benefit: $107.686 M Levelized PB/REC: $[redacted]*** Net cost PV: $51.359 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Relatively high quantitative score for solar project • Strong counterparty with extensive renewable energy development experience and existing contractual relationships with PSE • Site control has been achieved • Permitting status is sufficient at this stage • Located on PSE's system in [redacted] County; avoids community concerns in [redacted] County	• While on PSE's system, complex delivery due to available transmission capacity (ATC) constraints in area. Delivery is possible to Mid-C; however, may be difficult given project's proximity to [redacted] substation • Contribution to PSE's peak capacity need is negated due to Mid-C delivery	**Not Selected –** Project not selected during portfolio optimization process.
18112 [redacted] PPA** Development solar Solar: n/a COD: n/a Term: n/a	Levelized cost: [redacted] Portfolio benefit: N/A Levelized PB/REC: [redacted] Net cost PV: N/A Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Project withdrawn by applicant	• Project withdrawn by applicant	**Not Selected -** Project withdrawn by applicant.

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.*
****Indicates primary ranking criteria for particular proposal category.*

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Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18114 [redacted] PPA Solar generation [redacted] MW_{AC} COD: 12/1/2021 Term: 20 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $45.772 M Levelized PB/REC: $[redacted] *** Net Cost PV: $36.011 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• [redacted] is assessed to be a relatively strong parent company	• Environmental permitting not yet begun. • Permitting will require the transfer of a Washington Energy Facility Site Evaluation Council (EFSEC) permit, which introduces a viability and reputational risk to the project and PSE • Transmission and energy delivery may be overly expensive or otherwise infeasible • Contribution to PSE's peak capacity need is negated due to Mid-C delivery • Current site leases were executed for wind projects; it is not yet known whether or not land owners would be amenable to solar leases	**Not Selected –** Project not selected during portfolio optimization process.
18122 [redacted] PPA**, optional BESS Development Wind [redacted] MW_{AC}** & [redacted] MW 1 Hr BESS COD: 1/1/2023 Term: 20 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $32.877 M Levelized PB/REC: $[redacted] *** Net Cost PV: $35.687 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Large counterparty and promise of guaranty from an investment grade entity, a letter of credit, or cash • Long-term site control for project site is secured	• Energy delivery has been left to PSE, appears to be complicated, and might pose a feasibility risk • Solar development is viewed with skepticism in this area; history of active local opposition • Site may block the view of a local real estate development • Contribution to the peak capacity need is negated due to Mid-C delivery	**Not Selected –** Project not selected during portfolio optimization process.
18125 [redacted] PPA Development solar [redacted] MW_{AC} COD: 1/1/2023 Term: 15 or 20** years	Levelized cost: $[redacted] / MWh Portfolio benefit: $55.283 M Levelized PB/REC: $[redacted] *** Net Cost PV: $32.311 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Strong counterparty with extensive renewable energy development experience	• While interconnected to PSE's system, complex delivery due to available transmission capacity (ATC) constraints in the area • Site permitting is in a relatively early stage of development • Minimal information provided regarding community relations and or support	**Not Selected –** Project not selected during portfolio optimization process.

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.*
****Indicates primary ranking criteria for particular proposal category.*

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Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18127 [redacted] Development solar [redacted] MW$_{AC}$ COD: 12/31/2022 Term: 15** or 20 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $119.579 M Levelized PB/REC: $[redacted]*** Net Cost PV: $60.272 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Extensive solar energy development experience; developed, currently [redacted] solar installation in Washington State • Location on existing project site may provide economies of scale in developing and operating project • County has expressed support for the project	• Potential siting risks given proximity to wind turbines with required setbacks • Assumes use of PSE site control [redacted] • Interconnection and energy delivery assume use of PSE existing infrastructure and analysis assumes no coincidental curtailment due to overproduction between existing wind and proposed solar • Conditional Use Permit (CUP) required to permit project	**Not Selected –** Project not selected during portfolio optimization process.
18131 [redacted] PPA** or BTS Development Wind [redacted] MW** or [redacted] MW COD: 12/31/2022 Term: 25 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $11.525 M Levelized PB/REC: $[redacted]*** Net Cost PV: $20.124 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Proposes to provide credit support in the form of a parent guarantee, letter of credit, or cash • Long-term site control for most of the site is secured • Community relations plan is strong compared to other proposals	• Less experienced than other counterparties • [redacted] MW offer configuration would likely exceed available transmission capacity • [redacted] tribe may request compensation from project	**Not Selected –** Project not selected during portfolio optimization process.
18132 [redacted] PPA** Development wind [redacted] MW COD: 01/01/2023 Term: 20 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $61.479 M Levelized PB/REC: $[redacted]*** Net Cost PV: $20.702 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Strong counterparty with extensive renewable energy development experience • Repower of existing wind project; site control and community relations risks are unlikely • Oregon Energy Facility Siting Council (EFSC) amendment secured during Phase 2 of the RFP	• Contribution to PSE's peak capacity need is negated due to Mid-C delivery	**Not Selected –** Project not selected during portfolio optimization process.

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.*
****Indicates primary ranking criteria for particular proposal category.*

Common acronyms:

BESS	Battery energy storage system
BTS	Build to sell
COD	Commercial operation date
CTA	Capacity Tolling Agreement
PPA	Power purchase agreement
REC	Renewable energy credit

Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18135 [redacted] PPA** or BTS Development solar [redacted] MW or [redacted] MW solar Optional 25 MW, 4-hr BESS COD: 1/1/2023 Term: 20 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $123.395 M Levelized PB/REC: [redacted] *** Net Cost PV: $55.724 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Large counterparty with experience all over the world • Letter of intent with an option to lease has been signed for project lands	• Contribution to PSE's peak capacity need is negated due to Mid-C delivery • Permitting plan is underdeveloped • There is no site control for current generation-tie line alignment • Project is on irrigated farmland--mitigation strategy not included in proposal, but developer has retained a "[redacted] PR firm" for support	**Not Selected –** Project not selected during portfolio optimization process.
18139 [redacted] PPA Development solar [redacted] MW solar* with optional [redacted] MW or [redacted] MW, 1.82-hr BESS COD: 1/1/2023 Term: 10 years	Levelized cost: [redacted] / MWh Portfolio benefit: $26.120 M Levelized PB/REC: $[redacted] *** Net Cost PV: $15.659 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Large multi-national counterparty with greater-than-average renewable development experience	• Site control not yet secured and copy of anticipated letter of intent has not been provided • Energy delivery has been left to PSE, appears to be complicated, and may pose a feasibility risk • Respondent provided little to no evidence of a successful permitting strategy • Community relations matters were not covered sufficiently, and tribal support may be required	**Not Selected –** Project not selected during portfolio optimization process.
18163 [redacted] REC purchase Underlying solar projects [redacted] RECS per year Start of term: 1/1/2022 Term: 18 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $19.635 M Levelized PB/REC: $[redacted] *** Net Cost PV: $2.412 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Minimal risk regarding underlying projects • Interconnection at distribution voltage dictates that each as-generated MWh produces two Washington State RECs	• Little detail regarding underlying solar facilities	**Not Selected –** Project not selected during portfolio optimization process.

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.*
****Indicates primary ranking criteria for particular proposal category.*

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Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18165 [redacted] REC purchase Underlying solar project [redacted] RECS per year Start of term: 1/1/2022** or 2024 Term: 16 or 18** years	Levelized cost: $[redacted] / MWh Portfolio benefit: $13.181 M Levelized PB/REC: $[redacted]*** Net Cost PV: $1.755 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Minimal risk regarding underlying project	• Little detail regarding underlying solar facility	**Not Selected –** Project not selected during portfolio optimization process.
18166 [redacted] Development asset sale, BTS or PPA** Development wind [redacted] MW COD: 12/1/2020, 2021*, or 2022 Term: 25 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $114.836 M Levelized PB/REC: $[redacted]*** Net Cost PV: $121.737 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Long-term site control established	• Significant concerns regarding the counterparty's ability to develop, finance, and construct the facility • Relatively small counterparty with inconclusive rights to the project's developmental assets • Timing of project is contingent on Bonneville Power Administration (BPA) infrastructure upgrades to enable transmission capacity • Project owner, [redacted], seemed uninterested in furthering project development via first-hand experience at [redacted] public hearing • Timeline as-proposed is likely infeasible and pricing is likely contingent on timing due to production tax credit (PTC) safe harbor	**Not Selected –** Project not selected during portfolio optimization process.
18175 [redacted] PPA, BTS**, or WSPP shaped Development wind [redacted] MW COD: 1/1/2021 Term: 25 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $176.514 M Levelized PB/REC: $[redacted]*** Peak capacity PB / kW-Yr: $[redacted] Net Cost PV: $177.135 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Long-term site control is secured • Western Systems Power Pool (WSPP) schedule C delivery is a unique value	• Counterparty and financing details will require data requests • Energy delivery has been left to PSE, appears to be complicated, and might pose a feasibility risk • Mid-C delivery will likely be necessary, which would negate a contribution to PSE's peak capacity • Permitting plan seems either underdeveloped or underrepresented in the proposal • Outreach plan is underdeveloped	**Not Selected –** Project not selected during portfolio optimization process.

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.*
****Indicates primary ranking criteria for particular proposal category.*

Common acronyms:

BESS	Battery energy storage system
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REC	Renewable energy credit

Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18176 [redacted] PPA** Development wind [redacted] MW** or [redacted] MW COD: 12/31/2022 Term: 20	Levelized cost: $[redacted] / MWh Portfolio benefit: $135,600 M Levelized PB/REC: [redacted]*** Peak capacity PB / kW-Yr: [redacted] Net Cost PV: $242524 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Indications of strong local, state and environmental support • Potential to partner with a local Native American tribe • Located near [redacted] and in the same County ([redacted]) • Counterparty has indicated a plan to partner and/or otherwise engage an experienced renewable energy developer on the project	• Counterparty does not have experience designing, financing, building, owning or operating a large scale renewable or other energy project • Assumed use of [redacted] may be problematic for full proposed output • Additional detail needed regarding the real estate and permitting considerations necessary for the site	**Not Selected –** Project not selected during portfolio optimization process.
18179 [redacted] PPA** or DBS Development wind [redacted] MW** COD: 12/31/2021 Term: 20 years	Levelized cost: $[redacted] / MWh Portfolio benefit: $70.371 M Levelized PB/REC: $[redacted]*** Net Cost PV: $28,121 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Strong counterparty with extensive renewable energy development experience • Real estate appears adequate and relatively low risk • Project size has been altered to address some local viewshed concerns	• History of considerable local and county-level opposition to the project • Counterparty bypassed the County permitting process by pursing permit approval through the state's Washington Energy Facility Site Evaluation Council (EFSEC) process	**Not Selected –** Project not selected during portfolio optimization process.
18190 [redacted] REC purchase 5 underlying proposed solar facilities [redacted] RECs / year COD: 01/01/2022 Term: 12, 15, or 20** years	Levelized cost: $[redacted] / MWh Portfolio benefit: $46.975 M Levelized PB/REC: $[redacted]** Net Cost PV: $5.948 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Inexpensive RECs • Site control is secured • Washington Energy Facility Site Evaluation Council (EFSEC) projects have been approved by Governor Inslee	• Realizing full REC-output of underlying projects is unlikely due to interconnection issues • [redacted] is currently in litigation with PSE over interconnection issues with the underlying projects • [redacted] County opposes the EFSEC decision and has applied for judicial review • Major feasibility concerns with some and schedule concerns for all of the underlying projects • Projects sited on commercial agricultural land and many stakeholders in the county oppose development of these lands	**Not Selected –** Project not selected due to qualitative risks.

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
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Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
18201 [redacted] Direct load control Bring your own thermostat, smart water heater [redacted] MW COD: 1/1/2023 Term: 6 years	Not applicable, please see selection recommendation & rational section to the right	• Described as an industry leader by a recent [redacted] study • [redacted] • [redacted] manages all program implementation • Excellent financial strength, Washington based • The [redacted] MW option makes it a small scale project well suited for conceptual testing	• Proposal schedule includes significant ramp up of customer participation in first program year (2023); unclear if this is feasible • Concern about ability to integrate with PSE's in-development distributed energy resource management system (DERMs)	**Not Selected –** Project not selected due to qualitative risks and because demand response was determined not to be cost effective in the 2018 RFP without identifiable deferred transmission and distribution costs.
18205 [redacted] Commercial & industrial curtailment [redacted] MW COD: 1/1/2021 Term: 5 years	Not applicable, please see selection recommendation & rational section to the right	• Winter peak experience • Commercial and Industrial segment provides a diversification benefit	• Concern about ability to integrate with PSE's in-development distributed energy resource management system (DERMS) • Counterparty has only been established since 2016, and has not been financially profitable.	**Not Selected –** Project not selected due to qualitative risks and because demand response was determined not to be cost effective in the 2018 RFP without identifiable deferred transmission and distribution costs.
UP002 [redacted] REC purchase [redacted] RECs / year COD: 1/1/2020 Term: 15 years	Levelized cost: [redacted] / MWh Portfolio benefit: $4.502 M Levelized PB/REC: [redacted] *** Net Cost PV: $1.153 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• Not applicable	• Price is higher and volume is smaller than other REC offers received in response this RFP.	**Not Selected –** Project not selected during portfolio optimization process.

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.*
****Indicates primary ranking criteria for particular proposal category.*

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Project	Quantitative Results**	Qualitative Advantages (+)	Qualitative Risks (-)	Selection Recommendation & Rationale
XXXXX **Colstrip Transmission System Redirect** Puget Sound Energy N/A Transmission redirect [redacted] MW**, [redacted] MW COD: 01/01/2022 Term: 55-year book life	Levelized cost: N/A Portfolio benefit: $57.274 M Peak Capacity PB / kW-Yr: [redacted]** Net Cost PV: $27.905 M Peak capacity contribution (MW): [redacted] Annual REC contribution: [redacted]	• If feasible, redirect to Mid-C would provide a strong capacity resource	• Increased exposure to market prices (for redirect to Mid-C) • Redirects require Available Transmission Capacity (ATC) between the new points of receipt and delivery. With no ATC between Mid-C and BPAT.PSEI, a redirect to Mid-C is unfeasible. • Redirecting elsewhere on BPA's system would require appropriate ATC as well as an energy source at the redirect point, which may nullify contribution to peak capacity.	**Not Selected –** Proposal withdrawn from consideration due to lack of Available Transmission Capacity (ATC).

**This matrix summarizes key findings from PSE's Phase 2 analysis. A more detailed discussion of the merits and risks of each proposal is documented in individual project memos.*
***Represents best offer configuration from standalone quantitative analysis (PSM version 13, run 20190612) in No C02 updated with SB100 scenario. See detailed Phase 2 standalone quantitative analysis results for individual offer results in all scenarios. Optimization analysis may select different best offer configuration based on best solution (offer or combination of offers) to meet resource need.*
****Indicates primary ranking criteria for particular proposal category.*

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PPA	Power purchase agreement
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2018 RFP Phase II Quantitative Results Summary- CAPACITY PROPOSALS

As of July 23, 2019

Primary Ranking Criteria
Secondary Criteria
Cutoff Line

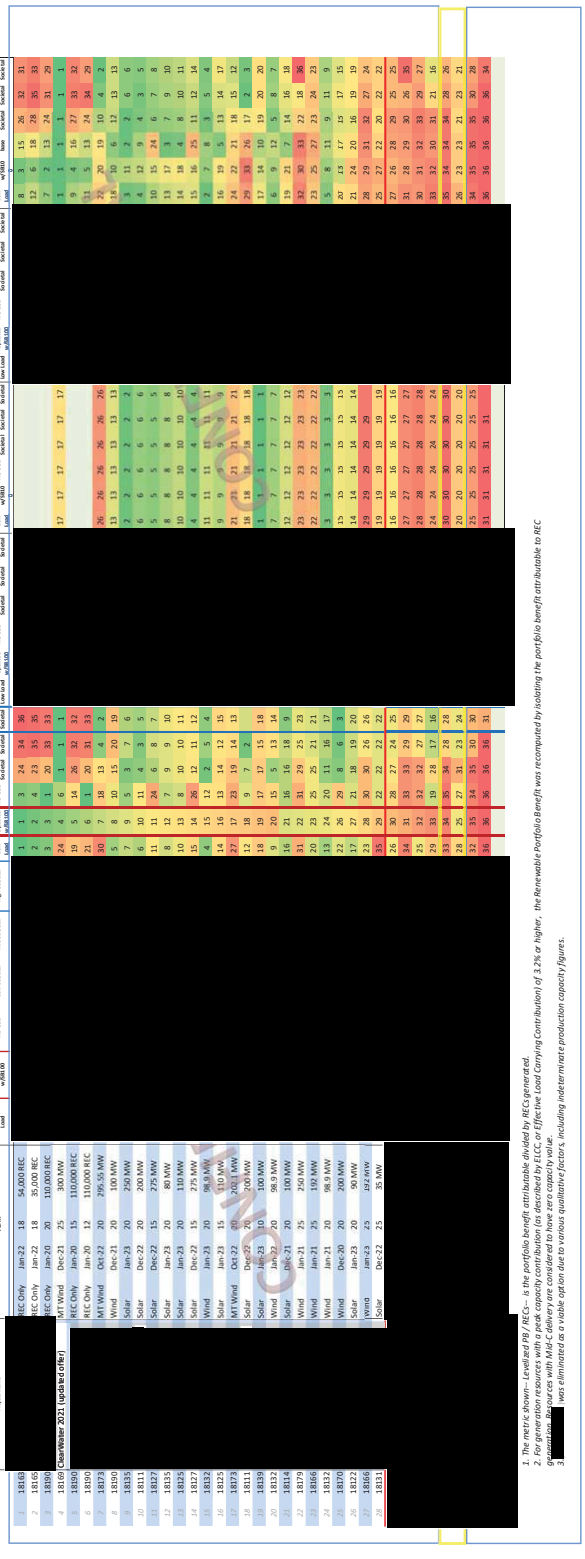
	ID	Capacity Proposals: Project Name	Technology	Term Start	Book Life / Contract Term	Nameplate Capacity (MW)	Peak Capacity Credit	Levelized PB /(Peak Capacity kW - YR): NO CO2 Low Load	NO CO2 Updated w/5810 0	NO CO2	Low Societal	Mid Societal	High Societal	Ranking Levelized PB / (Peak Capacity kW - YR): NO CO2 Low Load	NO CO2 Updated w/5810 0	NO CO2	Low Societal	Mid Societal	High Societal	Net Cost/KW-Yr: NO CO2 Low Load	NO CO2 Updated w/5810 0	NO CO2	Low Societal	Mid Societal	High Societal	Ranking Net Cost/KW-Yr: NO CO2 Low Load	NO CO2 Updated w/5810 0	NO CO2	Low Societal	Mid Societal	High Societal
1	18170	Golden Hills Shaded	Wind	Dec-20	25	200 MW	78.8	[redacted]						5	1	2	4	1	1	[redacted]						8	8	5	4	5	4
2	18169	Clearwater 2021 (updated offer)	MT Wind	Dec-21	25	300 MW	[redacted]							6	2	1	1	2	2							1	1	1	1	1	1
3	18100	SPI Industrial Biomass	Biomass	Jan-21	17	17 MW	16.4							4	3	3	3	3	3							9	9	9	7	7	5
4	18173	[redacted]	MT Wind	Oct-22	20	[redacted]								3	4	4	2	4	4							4	6	3	3	3	3
5	18173		MT Wind	Oct-22	20		[redacted]							2	5	5	5	5	5							3	3	2	2	2	2
6	16161		Capacity	Jan-22	5	100 MW	54.0							10	10	10	10	10	10							7	7	8	11	11	9
7	[redacted]													7	7	6	7	6	7							2	2	4	6	8	6
8														9	8	7	9	9	9							6	4	6	9	10	8
9														8	9	8	8	7	8							5	5	7	8	9	7
10																															
11																															
12																															
13																															

Notes:

1. *The metric shown-- Levelized PB /(Peak Capacity kW - YR)-- is the portfolio benefit attributable to peak capacity service divided by the average peak capacity.*
2. *Generation Resources with a peak capacity contribution (as described by ELCC, or Effective Load Carrying Contribution) of 30% or higher were considered "Capacity Resources".*
3. *Generation Resources with Mid-C delivery are not considered Capacity resources regardless of ELCC.*
4. *Capacity-specific contracts and products such as Demand Response, Transmission Redirect, and BPA Capacity are considered alongside generation resources*
5. *None of the demand response projects in Phase II were selected, as there was no identifiable deferred T&D value that would have made it a cost effective solution. In addition, the providers' lack of experience in integrating with PSE's DERM (Distributed Energy Resource Management) system was deemed to be a critical hindrance to implementation.*
6. *Transmission Redirect has been eliminated as a viable option to meet capacity need.*
7. *All of the Demand Response projects were eliminated as viable options to meet capacity need.*
8. [redacted] *was eliminated as a viable option due to various qualitative factors, including indeterminate production capacity figures.*

2018 RFP Phase II Quantitative Results Summary- RENEWABLE PROPOSALS

As of July 23, 2019



1. The metric shown – Levelized PB / RECs – is the portfolio benefit attributable divided by RECs generated.
2. For generation resources with a peak capacity contribution (as described by ELCC or Effective Load Carrying Contribution) of 3.2% or higher, the Renewable Portfolio Benefit was recomputed by isolating the portfolio benefit attributable to REC generation. Resources with Mid-C delivery are considered to have zero capacity value.
3. [redacted] was eliminated as a viable option due to various qualitative factors, including indeterminate production capacity figures.

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SHADED INFORMATION IS DESIGNATED AS CONFIDENTIAL PER WAC 480-07-160

REDACTED VERSION

Portfolio Optimization Summary: as of 7.23.2019

(A) List	(B) Project ID	(C) Resource	(D) Project	(E) Nameplate	(F) Peak Capacity Credit	(G) RECs[1]	(H) Preferred Optimized Portfolio: Clearwater 350MW + Renewables	(I) As Proposed Optimized Portfolio: Clearwater 300MW + Renewables	(J) Optimized Lowest Cost Portfolio to Solve for 0 Capacity Deficit with Generic Battery	(K) Backup Portfolio: [redacted]	(L) Contingency Portfolio: [redacted]	(M) Optimized Lowest Cost Portfolio with NO Carbon Costs Consideration	(N) Optimized Lowest Cost Portfolio with Carbon Costs Consideration
1	18100	Biomass	SPI	17 MW	16 MW	[redacted]	X	X	X	X			X
2	18161	Call Option	BPA Peak Capacity Product	100 MW	53 MW		X	X	X	X	X		X
3a	18169	MT Wind	Clearwater 350MW [2,3]	350 MW	[redacted] MW		X						
3b	18169	MT Wind	Clearwater 300MW	300 MW	[redacted] MW			X	X			X	X
4a	18173	MT Wind	[redacted]	[redacted] MW	[redacted] MW					X			
4b	18173	MT Wind		[redacted] MW	[redacted] MW								
5a	18170	Wind	Golden Hill Shaped	200 MW	77 MW		X	X	X	X			X
5b	18170	Wind	[redacted]	[redacted] MW	[redacted] MW						X		
6	18132	Wind		[redacted] MW	[redacted] MW						X		X
7	18179	Wind		[redacted] MW	[redacted] MW								X
8	18166	Wind		[redacted] MW	[redacted] MW								X
9	18175	Wind		[redacted] MW	[redacted] MW								X
####	18125	Solar		[redacted] MW	[redacted] MW								X
####	18111	Solar		[redacted] MW	[redacted] MW								X
####	18127	Solar		[redacted] MW	[redacted] MW								X
####	18135	Solar		[redacted] MW	[redacted] MW								X
####	18139	Solar		[redacted] MW	[redacted] MW								X
####	18131	Solar		[redacted] MW	[redacted] MW						X		
####	18114	Solar		[redacted] MW	[redacted] MW								X
####	18122	Solar		[redacted] MW	[redacted] MW								X
####	18163	REC-only		[redacted] MW	[redacted] MW								
####	18165	REC-only		[redacted] MW	[redacted] MW								
####	UP-002	REC-only		[redacted] MW	[redacted] MW								
####	18103	Thermal		[redacted] MW	[redacted] MW						X	X	
####	XXXXX	Generic	Generic Peaker	237 MW	224 MW	N/A							
####	XXXXX	Generic	Generic Battery	61 MW	23 MW	N/A			X				X
####		**Total Peak Capacity Credits - MWs**					[redacted] MW	[redacted] MW	[redacted] MW	[redacted] MW	[redacted] W	[redacted] MW	[redacted] MW
####		**Peak Capacity Surplus / (Deficit) in 2022 [4]**					[redacted] MW	[redacted] MW	[redacted] MW	[redacted] MW	[redacted] W	[redacted] MW	[redacted] MW
####		**Total Annual RECs**					2,189,656	1,986,862	1,986,862	1,773,109	1,044,255	1,216,764	6,481,035
####		**Portfolio Benefits - $M**					$408	$397	$273	$286	$275	$477	-$491
####													
####		**With Consideration of Social Cost of Carbon:**											
####		**Portfolio Benefits w/ Carbon Costs as an Adder - $M [5]**					$1,038	$934	$829	$716	-$42	$354	$2,024
####		**Portfolio Benefits w/ Carbon Costs in Dispatch Costs - $M**					$959	$937	$800	$605	$281	$667	$2,175

Peak Capacity and REC Need 2022-2025	2022	2023	2024	2025
Peak Capacity Need	299 MW	291 MW	328 MW	457 MW
REC Need	0	233,449	691,864	700,482

1. The annual project RECs in column I does not include 0.2X apprenticeship multiplier.
2. The optimization model chose a portfolio with **350**MW from **Clearwater**. **NextEra** submitted proposals for both **300**MW and **400**MW, but not **350**MW. The **350**MW size of the project is reduced from the proposed [redacted] MW option based on available transmission capacity. The **350**MW option will have to be negotiated with **NextEra**. Current indicative results reflect pricing based on the 300MW offer.
3. The current project COD for **Clearwater** is Dec 2021. There has been perceived timing risks [redacted]. If the COD is delayed to Dec 2022 to mitigate this risk, NPV of [redacted] in total PPA costs is projected. The next highest ranked portfolio [redacted] is $123M more expensive than the recommended portfolio, yet sharing the same timing risks on transmission.
4. Final Portfolio ELCC reduces the sum of individual project peak capacity contribution by 8 MW. It could potentially be mitigated by 1) short-term capacity purchase for $720k per year; 2) a 20MW battery for $41M.
5. Social cost of carbon at $86/metric ton in 2010 dollars plus escalation is added to total portfolio costs as fixed cost.

PUGET SOUND ENERGY

PSE Report to the Board of Directors:
Clearwater Wind PPA

Attachment 9(b). Comparative Analysis: Updates Since the 2018 RFP Evaluation

ATTACHMENT 9(b). COMPARATIVE ANALYSIS: UPDATES SINCE THE 2018 RFP EVALUATION

Comparative Analysis: Updates since the 2018 RFP Evaluation

This attachment summarizes the re-evaluation of alternatives and additional quantitative analyses conducted during the negotiation of the Clearwater Wind Power Purchase Agreement ("PPA"), along with informational updates to PSE's Energy Management Committee ("EMC") and Board of Directors. The analyses described in this attachment considered major changes to resource need assumptions that occurred during contract negotiations, as well as updates and sensitivities relating to performance, deliverability and cost assumptions.

The Clearwater Wind PPA negotiations took on an extended nature due to uncertainties caused by delays in the completion of the System Impact Study ("SIS"). PSE submitted a Transmission Service Request ("TSR") for 350 MW of firm transmission service on the Colstrip Transmission System ("CTS") on August 14, 2019. PSE and NorthWestern Energy ("NorthWestern") executed an SIS agreement on September 23, 2019, and NorthWestern subsequently conducted an SIS to assess the scope and cost of required upgrades to provide the requested service. The results of the SIS are fundamental to the viability of the transmission arrangements contemplated for the Clearwater Wind Project, the project's economics, and the terms of the PPA with NextEra. Federal Energy Regulatory Commission ("FERC") guidelines establish a 60-day period to complete and deliver an SIS after a TSR is submitted; however, PSE did not receive the SIS from NorthWestern until November 30, 2020, or 434 days after signing the SIS agreement. This delay was caused by complexities in the coordination process among the five owners of the CTS, and their efforts to harmonize the Clearwater SIS with a separately planned remedial action scheme ("RAS") and upgrades on the CTS under the terms of the Colstrip Transmission Agreement following the retirement of Colstrip Units 1&2.

Re-evaluations and Management Updates

While awaiting the results of the SIS, PSE re-evaluated the Clearwater Wind Project to take into account changes in resource need assumptions that emerged in late July 2020 and were further refined in December 2020 as part of the 2021 Integrated Resource Plan ("IRP") process.

The resource acquisition team also considered updated pricing from NextEra during the course of negotiations. The updated pricing reflected a shorter PPA term, the shifting of firm transmission timing risk from PSE to NextEra, increased credit support and liquidated damages protections for PSE against commercial operation date ("COD") and associated construction-timing risks, the sharing of production tax credit ("PTC") extensions due to changes in the law, winter output guarantees, system curtailment protections, and the unilateral PSE option to extend the contract term for five years.

As new information became available, the resource acquisition team performed analyses to determine whether the Clearwater Wind PPA remained the best resource alternative. In each case, analysis showed conclusively that Clearwater provided the highest portfolio benefit of the resource alternatives from the 2018 All Resources RFP. Therefore, ongoing EMC updates focused primarily on information about the Clearwater wind resource and contractual considerations specifically related to the Clearwater Wind PPA. Below is a chronological list of re-evaluation analyses, updates to PSE's EMC, and updates to the Board of Directors, along with a brief summary of each.

ATTACHMENT 9(b). COMPARATIVE ANALYSIS: UPDATES SINCE THE 2018 RFP EVALUATION

Further details are presented at the end of this Attachment 9(b) as appendices.

1. EMC Informational Update, May 21, 2020.

The resource acquisition team updated the EMC on the following topics:

1) Status of pricing and term negotiations with NextEra

PSE had requested from NextEra price quotes to evaluate shorter pricing terms. NextEra described market liquidity as an issue in Montana, and stated that a shorter-term PPA would lead to a higher PPA price due to the $0 value that they assign to the merchant tail in an illiquid market. In April 2020, NextEra provided a 20-year PPA price of $[redacted]. PSE responded by proposing a floating price at a liquid market hub for years 21-25, as a solution to keep the fixed price of $[redacted]/MWh for years 1-20. The resource acquisition team informed the EMC about the direction of price negotiations and presented PSE's latest fixed price (years 1-20) and floating price (years 21-25) proposal.

2) Progress on project development

NextEra's development work showed that they had made some progress, but still faced challenges. The main challenges included a potentially long approval process for interconnection at a new Colstrip substation, the timing for securing a conditional use permit ("CUP") from the City of Colstrip, as well as the need to secure additional real estate rights along the state highway for the 85-mile generation tie-line.

3) Main gating items for PPA execution and COD

At this time, two main areas of uncertainty were affecting the timing of PPA execution and COD, and they were firm transmission for the project and the Production Tax Credit.

Firm transmission

PSE cannot take delivery from Clearwater until 350 MW of transmission is secured on the Colstrip Transmission System ("CTS"). As described in detail in Attachment 6, Transmission Matters, the submittal of PSE's Transmission Service Request ("TSR") triggered the need for a System Impact Study ("SIS"). The SIS provides a technical analysis of the impacts of the TSR on the transmission system, and a high-level overview of scope, construction timeline and cost estimates of the upgrades required to deliver energy from the new Clearwater wind resource using 350 MW of firm transmission capacity on the CTS.

Completion of the SIS by NorthWestern was taking longer than anticipated. PSE indicated to the EMC that it would be possible to structure the PPA with contingencies around these transmission availability uncertainties. PSE expected the SIS and subsequent Facilities Study ("FS") to be finalized in July 2020 and October 2020, respectively.

In addition to the SIS, PSE also informed the EMC that in a recent meeting with the Western Electricity Coordinating Council ("WECC"), NorthWestern had recommended preserving the current rating on Path 8 and re-studying the rating after the new wind resource comes online.

Production Tax Credit ("PTC")

Under existing tax rules, the Clearwater Wind Project would be eligible for 80 percent of the PTC with a 2021 COD and 60 percent of the PTC with a 2022 COD. The U.S. Department of the Treasury had indicated that it was considering extending the deadline to benefit from 80 percent of the PTC from 2021 through 2022, rather than allowing the credit to drop to 60 percent of its value as it would have under then-current rules. The resource acquisition team noted that an extension through 2022 to qualify for 80 percent of the PTC would provide more time to resolve the uncertainty around transmission, caused by the delayed SIS.

Please see **Appendix 1** to this Attachment 9(b) for this EMC Informational Update presentation.

2. Clearwater Sensitivities, July, 2020.

In July, the resource acquisition team conducted analysis to stress test portfolio benefits for Clearwater to reflect the following updates:

1) CTS transmission derate sensitivity

The resource acquisition team performed a sensitivity based on the recent operating history of the CTS transmission lines, which had experienced higher derates than in the past. Resource acquisition conservatively assumed that Washington wind resources are not subject to any transmission derate risk and represented the risk of future CTS derates as a significant reduction in net capacity factor ("NCF") from [redacted] percent to [redacted] percent.

2) Price update from NextEra with new pricing at $[redacted]/MWh

During a call to discuss PPA terms in June 2020, NextEra informed PSE that it could no longer maintain the $[redacted]/MWh price due to the carrying cost of moving to a 2022 COD. PSE negotiated an important concession on transmission timing risk by transferring this risk to NextEra. As such, the cost of any delay in the availability of firm transmission beyond 2022 would rest with NextEra. PSE calculated this avoided risk to be approximately $[redacted] million per month, an amount equivalent to the payment for lost energy plus the lost PTC benefit amount.

3) Updated wind balancing cost estimate from $[redacted]/MWh to $[redacted]/MWh

The resource acquisition team updated its balancing cost assumptions based on feedback from PSE's energy analysis team. See **Appendix 2** to this Attachment 9(b) for details about the updated balancing cost.

The resource acquisition team incorporated the above costs, transmission de-rate risk factor and sensitivities, and concluded that the Clearwater Wind Project continued to have the highest portfolio benefit among the resource alternatives from the 2018 RFP. The analysis focused on a comparison with the next best non-Montana wind alternatives because the next-best Montana wind projects, [redacted] and [redacted], would have been subject to the same path de-rating risk and balancing

cost as the Clearwater Wind Project. As these two projects still featured higher PPA prices and lower estimated NCFs than Clearwater, they were not relevant to this particular analysis.

The next best non-Montana wind alternatives are the [redacted] Wind Project in Washington and the [redacted] Wind Project in Oregon.[1]

Please see **Appendix 3** to this Attachment 9(b) for details on this analysis.

3. EMC Informational Update, August 27, 2020.

The resource acquisition team updated the EMC on the following topics:

1) Updated peak capacity need from updated F2020 load forecast

In late July 2020, PSE updated its load forecast (the F2020 load forecast) as part of the 2021 IRP process, to reflect the effects of the COVID-19 pandemic and updated economic and demographic assumptions. PSE's capacity need projections were subsequently updated to include the new F2020 load forecast, but did not include updated resource adequacy and conservation assumptions, which were still being developed through the 2021 IRP process.

In light of the updated F2020 peak load forecast and the resulting revised preliminary capacity need described above, the resource acquisition team presented the EMC with an updated view of the need for the capacity contribution of the Clearwater Wind Project. At this time, PSE's proposed sale of Colstrip Unit 4 was still pending. Therefore, two scenarios were presented – with and without the sale of Colstrip. Assuming the sale of Colstrip 4, PSE would still have a capacity need starting in 2022. Without the sale of Colstrip 4, PSE would carry a modest surplus between 2022 and 2024, with a capacity need re-emerging in 2025, followed by a sizable need in 2026.

[1] The [redacted] and [redacted] wind projects were the only remaining non-Montana wind resource alternatives from the 2018 RFP that could provide a meaningful peak capacity contribution (greater than 20 percent).

Figure 1. ***Preliminary Peak Need Forecast Update and Clearwater Contribution***

Table 1 – With Colstrip 4 Sale

	Peak Capacity Need (MW)	2022	2023	2024	2025	2026
1	Peak Capacity Need	77	64	86	152	691
2	Clearwater Peak Capacity	0	(146)	(146)	(146)	(146)
3	Peak Capacity Need Net of Clearwater	77	(82)	(60)	6	545

Note: Interim Peak Capacity Needs Updated for F20 LF as of 08.10.2020, positive numbers represent need
Clearwater COD is anticipated no later than 12/31/22, if COD is before 12/2022 then peak need for 2022 will be addressed

Table 2 – Without Colstrip 4 Sale

	Peak Capacity Need (MW)	2022	2023	2024	2025	2026
1	Peak Capacity Need	(18)	(31)	(9)	57	691
2	Clearwater Peak Capacity	0	(146)	(146)	(146)	(146)
3	Peak Capacity Need Net of Clearwater	(18)	(177)	(155)	(89)	545

Note: Interim Peak Capacity Needs Updated for F20 LF as of 08.10.2020, positive numbers represent need

The team also presented the results of its analysis comparing the portfolio benefit of the Clearwater Wind Project with a 2022 COD to that of a 2025 and 2026 COD.[2] Applying the extended PTC tax incentive rules that were by then in place, the results showed that a 2022 COD had a portfolio benefit of $48 million more than a 2025 COD and $173 million more than a 2026 COD. In addition to Clearwater's capacity contribution, the resource acquisition team emphasized the significant [redacted] TWh of annual renewable energy that the Clearwater Wind Project would contribute toward meeting PSE's 2030 CETA targets. Furthermore, the resource acquisition team informed senior management that it was negotiating with NextEra to share on a 50-50 basis the benefits of any further potential PTC incentives introduced prior to the commercial operations date.

2) Status update on SIS

The resource acquisition team updated the EMC on the status of the NorthWestern SIS. The study result continued to be delayed and the new timeline provided by NorthWestern is now changed to August 31, 2020 from July 2020 in the previous EMC update.

3) Project development progress update

The resource acquisition team reported that NextEra had received approval for its conditional use permit from the City of Colstrip, allowing for construction of an above-ground interconnection with the Colstrip Substation. The resource acquisition team also informed the EMC that PSE's internal teams were progressing in their planning for the procedural aspects of establishing a pseudo-tie – the virtual tie-line that will connect Clearwater's output to PSE's BAA in real time once firm transmission is in place.

[2] PSE considered the potential impact of a price change resulting from delaying the COD of the project to 2025 or 2026. Similar to the price adjustment proposed by NextEra for moving from a 2021 COD to a 2022 COD, PSE extrapolated potential pricing for a 2025 COD and 2026 COD based on the expected lost PTC value of the project. Assuming a $25/MWh PTC price plus inflation, a 2025 COD would lose 20 percent of the project's PTC values, which equates to about $7 million annually over 10 years; and a 2026 COD would lose all 80 percent of the project's PTC values, which equates to about $28 million annually over 10 years.

The resource acquisition team anticipated that it would complete negotiations of the PPA with NextEra in September 2020 following the expected receipt of the SIS from NorthWestern at the end of August.

Please see **Appendix 4** to this Attachment 9(b) for this EMC Informational Update presentation.

4. EMC Informational Update, September 24, 2020.

The resource acquisition team informed the EMC that the SIS was still pending, and that NorthWestern had informed PSE that the SIS would soon be shared with the CTS owners for review. To address the uncertainty of the transmission upgrade costs, PSE negotiated terms with NextEra such that PSE would be responsible for upgrade costs up to $[redacted] million and NextEra would fund costs exceeding $[redacted] million and up to $[redacted] million, beyond which NextEra would have the right to terminate the PPA. All analysis for Clearwater indicated a standalone portfolio benefit and delta in portfolio benefit between Montana and non-Montana resources well in excess of the [redacted] million upper limit of the transmission upgrade costs. Thus, an SIS that forecast upgrade costs at or above $[redacted] million would not impact the anticipated recommendation to execute the Clearwater Wind PPA.

PSE's firm offtake obligations would not start until it received a firm transmission award on the CTS. The team informed the EMC that even though the firm transmission risk now resides with NextEra, PSE had agreed to use commercially reasonable efforts to accept deliveries of energy through alternative means, provided that PSE reserved the right to reduce volumes based on system conditions or PSE's operations. The establishment of the pseudo-tie would still be PSE's responsibility.

The option to extend the PPA by five years remained important to NextEra due to its liquidity concerns over the merchant tail of the contract. The PPA thus contemplated a mutual right to extend the contract for a five-year term, but was conditioned on approval by the WUTC in a rate case proceeding. The pricing did not change based on this change from the pricing presented in the August 27, EMC update. The resource acquisition team emphasized the key benefits the Clearwater Wind PPA offered PSE toward meeting both its capacity and clean energy needs under CETA, at favorable pricing based on capturing 80 percent of the PTC value for a 2022 COD. The team also shared a project schedule provided by NextEra detailing the timing of the project development and construction work to be completed.

Please see **Appendix 5** to this Attachment 9(b) for this EMC Informational Update presentation.

5. CEO Board Update Call, October 7, 2020.

The resource acquisition team updated the board on the status of the pricing and term negotiations with NextEra, and indicated that both the $[redacted]/MWh price and 20-year term were still under negotiation. PSE had concerns about the regulatory risk posed by allowing NextEra to participate in a mutual right to extend the contract by five years, even if subject to WUTC approval. Such a provision was viewed as potentially conflicting with the Purchase of Electricity rules, which limited the length of power purchase agreements to 20 years, unless the RFP explicitly provided otherwise. The

Guaranteed COD was also bracketed as December 31, 2022; however, NextEra had indicated to PSE that a November 30, 2022 COD would be achievable.

The team outlined the main challenges and risks that NextEra faced in the project's development and construction. For site control, NextEra had begun securing leases and easements from the state of Montana, transmission line crossings, and substation lines on Colstrip plant property; however, outcomes were unlikely to be known prior to the anticipated execution of the PPA. The conditional use permit had been granted, but other permit-related work remained, such as a sage grouse mitigation plan and Montana environmental impact statement. An Interconnection design alternative was being considered that would avoid the need for underground lines and crossing agreements from Colstrip owners. The risk of any resulting delay in the COD would rest with NextEra.

Regarding transmission, the team informed the board that the SIS had still not been received from NorthWestern, and that NorthWestern had indicated that delivery could be expected by October 31, 2020. The team noted that while PSE is responsible for making the transmission arrangements, the resource acquisition team had negotiated terms to minimize the risk of transmission delays and cost overruns to PSE customers.

The resource acquisition team presented the results of its portfolio benefit analysis, comparing the Clearwater Wind Project with the next best resource option from the 2018 RFP. The results demonstrated that Clearwater's portfolio benefit was $142.8 million, compared to that of [redacted] at $47.7 million. The team noted that the [redacted] project would carry project development and transmission risks similar to those of Clearwater. Additionally, [redacted] did not have a Large Generator Interconnection Agreement ("LGIA") and would also need to build and connect to a new substation, which together called into question the project's ability to achieve a 2023 COD.

Please see **Appendix 6** to this Attachment 9(b) for this Board Update presentation.

6. EMC Decisional, December 17, 2020.

The resource acquisition team presented updated expected needs for clean energy and capacity resources from the draft 2021 IRP, final contract terms, a project update, and final comparative analysis results supporting the execution of the Clearwater Wind PPA. The EMC authorized PSE to seek approval to execute the Clearwater Wind PPA at the January 21, 2021 board meeting.

1) Updated resource need from draft 2021 IRP

The resource acquisition team updated its expected clean energy and capacity resource need assumptions based on the draft 2021 IRP results shown below, which PSE's resource planning team presented to its stakeholders on December 15, 2021. These forecasts include updated resource adequacy assumptions, cost-effective demand-side resources projections including conservation, and flexibility analysis. The results, presented in figures 2 and 3, illustrate the magnitude of the increase in need for new clean energy resources introduced by CETA, and the overall reduction in expected capacity need through 2045.

Figure 2. ***Renewable resource need/REC need for RCW 19.285 and CETA***

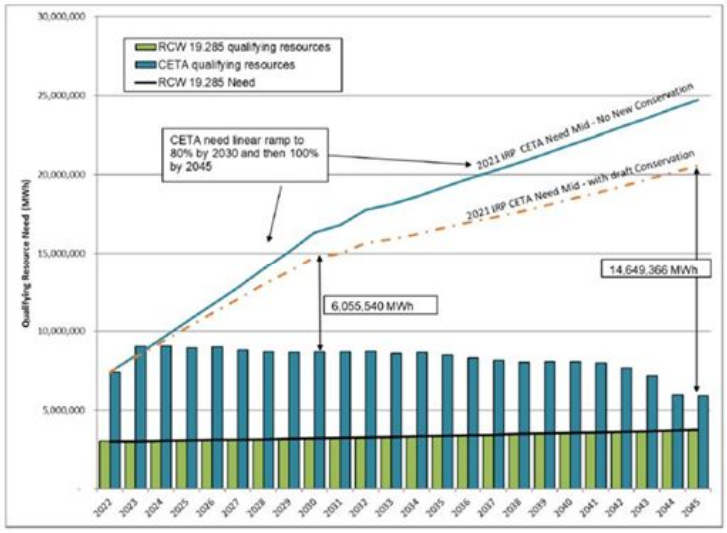
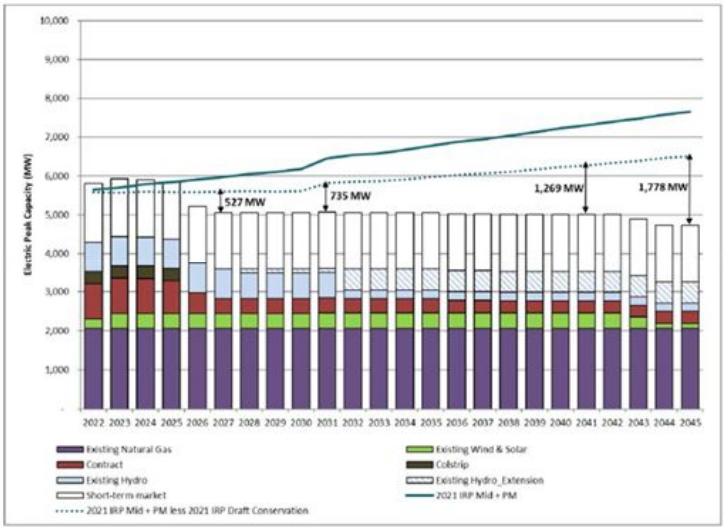


Figure 3. ***Existing Portfolio and Peak Capacity Need***



ATTACHMENT 9(b). COMPARATIVE ANALYSIS: UPDATES SINCE THE 2018 RFP EVALUATION

2) Final contract terms and project update

Key contractual terms

The Clearwater Wind PPA is a 20-year contract with a unilateral PSE right to extend by five years, subject to WUTC approval and exercisable by December 31, 2025. The price for the 20-year term is $[redacted]/MWh, which would be reduced to $[redacted]/MWh if the PPA is extended to 25-years. This reduction would be applied retroactively over the life of the PPA. PSE anticipates that it will exercise this option after WUTC approval in a future regulatory proceeding. The Guaranteed COD is November 30, 2022.

NorthWestern SIS update

The SIS was delivered to PSE on November 30, 2021. The study estimates the cost of upgrades required to integrate the 350 MW Clearwater Wind Project to be $[redacted]. PSE expects to execute a Facilities Study agreement with NorthWestern in January 2021 and currently estimates that the FS will be complete in June 2021. The SIS states that the integration upgrades for Clearwater are anticipated to be completed in June 2022.

Key project risks and mitigations

PSE is protected in the event of a delayed COD through liquidated damages and has no obligation to take energy prior to a firm transmission award.

3) Final comparative analysis

Final comparative portfolio benefit

The results of PSE's final comparative analysis show that the Clearwater Wind PPA continues to present a portfolio benefit of $97.6 million, justifying the carrying cost of Clearwater's surplus capacity as opposed to deferring the addition of new capacity until 2026. The Clearwater portfolio benefit is approximately $79.3 million higher than the next best resource alternative from the 2018 RFP.

Figure 4. ***Portfolio benefit analysis results (December 17, EMC Decisional)***[3]

	Lowest Cost	Lowest Cost	Next Best Alternative 20 Yr
Project Name	Clearwater	Clearwater	[redacted]
Portfolio Benefit with CO2 Costs	$97.6 M	$164.9 M	$18.3 M
Nameplate	350 MW	350 MW	[redacted]
PPA Term	20 Yr	25 Yr	
COD	Nov 30, 2022	Nov 30, 2022	
PPA Price	[redacted]		
NCF Delivered			
Energy Delivered			

[3] *As part of its ongoing 2021 IRP work, PSE's Resource Planning team updated estimates for the effective load carrying capability ("ELCC") of Eastern Montana wind to 41.4 percent using public wind data from the National Renewable Energy Laboratory ("NREL"). The resource acquisition team had previously used an ELCC of 41 percent in its analysis of Clearwater based on data from DNV-GL, but accordingly updated to 41.4 percent in its final analysis to align with the draft 2021 IRP.*

Contribution of Clearwater to capacity and renewable need and value drivers

The Clearwater Wind PPA:

- helps PSE meet its CETA clean energy and capacity needs, contributing [redacted] percent of 2026 capacity need and [redacted] percent of 2030 CETA need;
- maximizes cost benefits of existing PTC rules by capturing 80 percent of the PTC value based on a 2022 COD, compared to 0 percent of the PTC value based on a 2026 COD; and
- preserves PSE's transmission capacity on the CTS. If PSE does not proceed with the Clearwater Wind PPA, it would risk losing all or a portion of the remaining unsecured 330 MW to third parties.

Figure 5 demonstrates Clearwater's contributions to PSE's capacity and renewable energy needs through 2030.

Figure 5. ***Clearwater Contribution to Peak Capacity and CETA Needs, 2023-2030***

		A	B	C	D	E	F	G	H
	2021 Draft IRP Results	2023	2024	2025	2026	2027	2028	2029	2030
1	Peak Capacity Need/(Surplus) before Clearwater (MW)	(205)	(161)	(112)	514	672	690	675	691
2	Clearwater Peak Capacity in (MW)	145	145	145	145	145	145	145	145
3	Peak Capacity Need/(Surplus) (MW)	(350)	(306)	(257)	369	527	545	530	546
4	CETA Need before Clearwater in (TWh)	0.6	1.5	2.6	3.4	4.5	5.6	6.5	7.35
5	Clearwater Clean Energy Addition (TWh)	[redacted]							

Note: 2021 Draft IRP Results are based on material presented at stakeholders meeting on 12/15/2020. Clearwater energy calculated from DNVGL NCF Resource need includes the draft 2021 conservation targets.

Impact of Clearwater on power costs

The Clearwater Wind PPA would increase power costs by less than one percent over the next five years relative to market. Execution of the option to extend the PPA by five years would further reduce costs.

Please see **Appendix 7** of this Attachment 9(b) for this EMC decisional presentation.

7. Board Update Call, January 6, 2021

The board update included four pieces of new information: 1) update on the SIS study results from NorthWestern received on November 30, 2020; 2) revised contract term; 3) revised PPA price; and 4) updated need from the draft 2021 IRP. These updates were provided to inform the board on these key matters prior to the January 21, 2020 board meeting seeking approval to execute the Clearwater Wind PPA.

Please see **Appendix 8** of this Attachment 9(b) for this Board Update presentation.

PUGET SOUND ENERGY

Attachment 9(b), Appendix 1

EMC Informational Update, May 21, 2020

MT Wind
Clearwater Update

PUGET SOUND ENERGY

EMC Informational

May 21, 2020

Colin Crowley
Commercial Acquisitions Manager

Tom Flynn
Manager, Energy Delivery

Progress is being made on PPA negotiation

Seller:

- Clearwater Project Company, LLC with parental guarantee from NextEra Energy Capital Holdings
- Wind project will be located in Custer, Garfield, and Rosebud counties in Montana

Product:

- As generated, busbar deal for ~ 350 MW capacity
- PSE entitled to all environmental attributes
- Forecast NCF (Net Capacity Factor): ~[redacted]%
- 37% ELCC vs generic WA wind of 6%
- Contribution to Peak Capacity: 130 MW

Term:

- Anticipated COD: 2022
- **20 to 25 years (under negotiation)**

Point of Delivery:

- Colstrip

Calendar Year	Contract Year	Energy Price ($/MWh)	Expected Energy Output (MWh/year)
2022	1	[redacted]	[redacted]
2023	2		
2024	3		
2025	4		
2026	5		
2027	6		
2028	7		
2029	8		
2030	9		
2031	10		
2032	11		
2033	12		
2034	13		
2035	14		
2036	15		
2037	16		
2038	17		
2039	18		
2040	19		
2041	20		
2042	21	Mid C Index w/ [redacted] Cap	
2043	22	Mid C Index w/ [redacted] Cap	
2044	23	Mid C Index w/ [redacted] Cap	
2045	24	Mid C Index w/ [redacted] Cap	
2046	25	Mid C Index w/ [redacted] Cap	

PUGET SOUND ENERGY

NextEra is making development progress with some major hurdles still ahead

Challenges

- Interconnection at Colstrip
  - NextEra indicated agreement in principle reached with Colstrip owners to build new substation west of Colstrip substation and install underground 500kV crossing of existing lines
  - Proposal would require crossing and real estate agreements with Colstrip owners
    - No proposals have been presented to PSE as of yet
    - NextEra is also pursuing an alternate route on reclaimed mine which would avoid crossing
  - PSE believes approval process with multiple Colstrip owners could be challenging and time consuming
- City of Colstrip Conditional Use Permit (CUP)
  - NextEra indicated application has been filed and expects approval in June
  - PSE believes timeline is aggressive, though Colstrip should be motivated to approve
  - CUP will go before Zoning Commission and City Council, and include a public meeting and hearing
- Securing remaining real estate rights
  - Several crossings and state highway right-of-way remain to secure 85+ mi. transmission line

Progress

- Sage Grouse mitigation allows for payment into mitigation bank as a alternative to securing mitigation land
- Secured lease for additional land from state of MT within project site with a 5-0 vote.
- NextEra micro-siting turbines for project

PSE team working through two areas of uncertainty impacting timing of PPA execution and Commercial Operations Date

1. Production Tax Credit

PTC rules are in flux resulting in PSE not having a clear incentive for 2021 COD

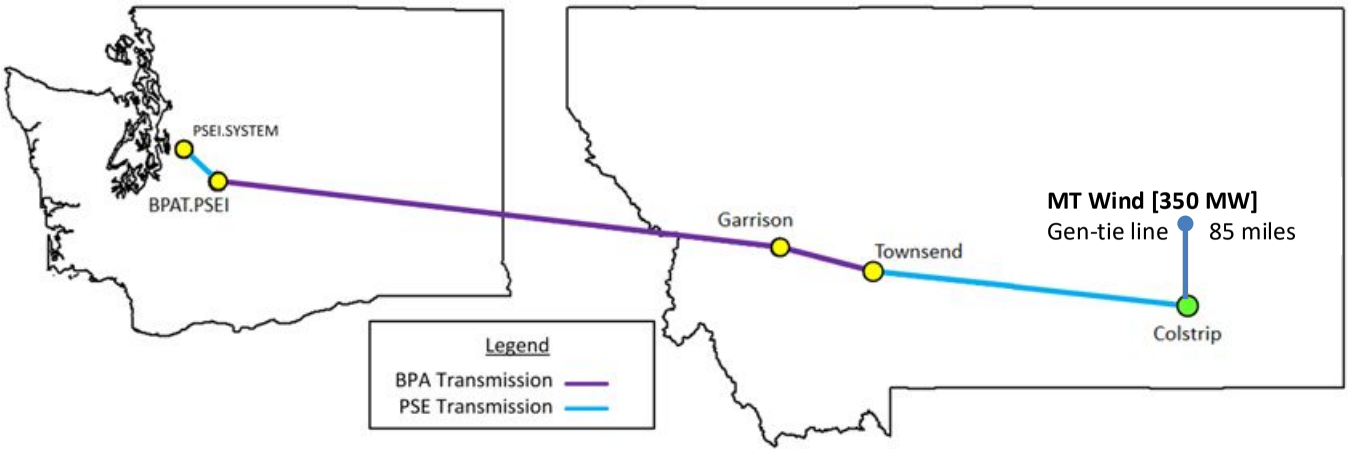
- Treasury sent letter to Senate lawmakers stating developers would likely receive more time to complete projects
- Under existing rules 2021 COD receives 80% PTC and 2022 COD receives 60%
- Anticipated new rules 2021 COD receives 80-100% PTC and 2022 COD receives 80%
- Why is this important? Each 20% of PTC translates into ~ $100M swing in 20 year undiscounted cost of PPA

2. Transmission

PSE cannot take delivery from Clearwater until 350 MW of transmission is secured on Colstrip Transmission System (CTS)

- Timing of Northwestern transmission studies has been a moving target
- Until receipt of transmission studies, transmission upgrade costs and award timeline is largely unknown
- Even with transmission studies, timeline for transmission award will not be binding
- However, with transmission study information, PSE and NextEra should be able to contingency plan and come to an agreement for PPA

Montana Wind Transmission



PUGET SOUND ENERGY

CTS Transmission Service Request Update

- PSE Merchant submitted transmission service request (TSR) on 3/18/2019
- PSE Merchant submitted updated TSR on 6/18/2019.
- PSE Transmission formally accepted TSR on 7/9/2019.
- PSE Merchant signed System Impact Study (SIS) agreement on 9/23/2019.
- CTS Owners and Northwestern forecast SIS completion by 7/31/2020.

- **Upgrades on the CTS, cost estimates and schedule are critical to decision on COD for Clearwater Montana wind project**

PUGET SOUND ENERGY

CTS Transmission Request – Study Timelines

	FERC Timeline	Original Forecast	Actual/Updated Forecast
System Impact Study Agreement	August 2019	July 2019	September 2019
System Impact Study (SIS) Complete	November 2019	March 2020	July 2020
Facility Study (FS) Complete	March 2020	July 2020	October 2020

- Northwestern performs studies on behalf of the five CTS Owners
- CTS Owners must review and approve all agreements and studies.
- Delays due to coordination with multiple CTS owners, complexities of the CTS and Remedial Action Scheme (RAS) design, and impacts on Affected Systems (BPA)
- This is the only TSR in the CTS long-term transmission queue

PUGET SOUND ENERGY

CTS Transmission Request - Risks

- SIS and/or FS are completed too late for 2021 COD
- Scope, cost and schedule of potential CTS upgrades and RAS are unknown until SIS and/or FS are completed
  - SIS may have sufficient information for parties to finalize PPA
- RAS may not be approved by WECC or installed in time for 2021 COD
  - WECC RAS Review Subcommittee meets three times per year
- WECC Path Rating Process (2+ years) extends beyond COD
  - Northwestern presenting to WECC on May 20 to keep current path rating and will re-study after new wind resource goes online
  - Uncertainty about change to transmission capacity after future path rating process
- BPA Affected System study, DTC on Eastern Intertie, Tx on Eastern Intertie, and Pseudo-Tie coordination are minimal risks

Business Initiatives is targeting a November board approval

Key Takeaways

- 2021 COD appears challenging, and with expected changes in applicable tax rules there may be no additional benefit for PSE to rush for a 2021 COD (80% PTC likely to apply to both)
- Transmission studies from Northwestern Energy, expected at end of July (SIS) and in October (FS), should provide enough certainty to bookend transmission upgrade costs and award timing and facilitate execution of PPA
- Business initiatives plans to continue to move forward with PPA negotiations at a steady pace, remain flexible to new developments, and target a 2022 COD
- Anticipated timeline is for an interim EMC update in August, an EMC decisional in October, and board approval in November

Appendix

Clearwater Negotiation Highlights

Area	PSE Position	NextEra Position	PSE Current Draft
PPA term	Trend is towards shorter PPAs (Commercial off-takers < 10 yrs, utilities 20 years or shorter)	Low market liquidity in MT creates risk to NextEra. NextEra models a $0 price for the last five years when comparing 20 year to 25 year	PSE proposed an index price with a cap at the fixed PPA price with intent to lower price of 20 year PPA by allowing NextEra to model forward Mid C price.
Pricing – PTC Tax Equity Impact	PSE expects to receive the benefit of 80% PTC (2021 COD price) for any COD in 2022 and a 50% share of any additional tax benefits that accrue to NextEra.	Under negotiation	Accommodates changes in tax law, including new grant programs or PTC extensions
Operational	Annual Availability Guarantee of 90% Winter output guarantee of [redacted]	NextEra has not disagreed with [redacted] % annual availability NextEra has suggested [redacted] MWh for winter guarantee	Liquidated damages for both annual guarantee and winter output of $[redacted] M and $[redacted] per year. Cap set at annual cap X term of PPA.
Tie Line	Safeguards to protect priority of phase 1 development. PSE is 350 MW of the proposed phase 1 development of 750 MW	NextEra has agreed to prioritize phase 1 to avoid congestion impacts on tie line to PSE deliveries	PSE believes NextEra is in agreement
Credit Support	NextEra to provide credit support of [redacted] M with a portion in the form of an LC pre-COD	PSE to provide credit support	All language related to PSE providing credit support has been struck
Firm Transmission upgrades	PSE agrees to pay first [redacted] M of transmission upgrades on Colstrip Transmission System (CTS)	NextEra agrees to pay transmission incremental transmission costs beyond [redacted] M with a cap on NextEra's share of [redacted] M	PSE believes NextEra is in agreement
Firm Transmission	**PSE's obligation to take deliver from Clearwater will begin when firm transmission is awarded**	**PSE obligation to take delivery should be a firm purchase date to provide NextEra with certainty**	**Development timeline driven by estimated firm transmission date**

PUGET SOUND ENERGY

PUGET SOUND ENERGY

Attachment 9(b), Appendix 2

Clearwater Wind Balancing Cost Study

PUGET SOUND ENERGY

To: Tom Flynn, Evan Sorrell, and Colin Crowley

From: Cuong Nguyen, Sachi Begur, and Cole Rosenberger

CC: Janet Phelps

Date: July 28, 2020

Re: 375 MW Clearwater Wind Balancing Cost Study

Background

PSE seeks to estimate the incremental cost of balancing a 375 MW Montana wind (MTWind) resource, Clearwater Wind, in 2023. This incremental cost would be incurred due to extra requirements for contingency reserves and flexible ramping reserves related to integrating the resource into the PSE balancing authority area (BAA). The study was performed collaboratively between E3 Consulting and PSE staff in two steps:

Step 1: E3 Consulting estimated the Energy Imbalance Market (EIM) flexible ramping reserve requirements in 2023 for:

- **Case 1: Base Case** portfolio
- **Case 2: MTWind Case** portfolio with base case and 375 MW Montana wind

Step 2: PSE's Power Cost & Analytics team implemented the above requirements in PSE's PLEXOS model to estimate the balancing cost of Clearwater Wind.

Key Study Assumptions and Modeling Approach

E3 Consulting estimated the flexible ramping reserve requirements using a combination of PSE's historical load and wind data and a synthetic wind dataset produced by the National Renewable Energy Laboratory (NREL). PSE's analysts estimated the cost of meeting these incremental reserve requirements by simulating PSE's portfolio in a highly comprehensive and realistic PLEXOS model designed to mimic PSE's portfolio operations across multiple time stages. Below are key assumptions in the PLEXOS analysis:

- ❑ 2023 study year;
- ❑ Variable energy resources in PSE's PSE BAA include:
  - Wild Horse (275 MW nameplate capacity, [redacted]% capacity factor)
  - Vantage (90 MW nameplate capacity, [redacted]% capacity factor)

- Skookumchuck (137 MW nameplate capacity, [redacted] % capacity factor)
- Clearwater Wind (375 MW nameplate capacity, [redacted] % capacity factor, [redacted] MWh estimated generation)

- ❑ Assuming a 40% EIM diversity benefit, the flexibility requirements as calculated by E3 Consulting as shown in Table 1;

Table 1. Flexible Ramping Requirements with 40% Diversity Benefit

Metrics	Base Case		Incremental MTWind Case	
	Flex Down	Flex Up	Flex Down	Flex Up
Min Requirement, MW	0	0	0	0
Average Requirement, MW	59	59	29	26
Max Requirement, MW	100	102	86	105

- ❑ The flexible ramping amounts carried into real-time are sufficient to cover net load uncertainty and regulation needs, therefore regulation requirements are not modeled, consistent with the latest operational assumption;
- ❑ A greenhouse gas market or greenhouse gas tax is not yet operational in 2023 in Washington.
- ❑ The contingency reserve requirement is increased by 1.5% of Clearwater Wind output in MTWind Case.

PLEXOS simulates PSE's portfolio in four sequential stages, similar to PSE's current operations:

- Mid-term (MT) stage: mimic seasonal water allocation management. Optimize daily storage target subject to all water regulations and constraints.
- Short-term day-ahead (ST DA) stage: mimic PSE's short-term optimization tool, PCI GenTrader. Optimize hourly combined cycle commitments and 16x8 block trades in the MidC market for the next operating day.
- Short-term intra-day (ST ID): mimic PSE's short-term optimization tool, PCI GenTrader. Optimize hourly trades in the MidC market for the current operating day.
- Short-term real-time (ST RT): mimic short-term CAISO EIM market. Optimize dispatch for slow-start resources, and commitment and dispatch for quick-start resources. No transfer with CAISO EIM market is enabled to avoid overly complicated EIM modeling assumptions.

The PLEXOS model enforces the minimum flexibility requirements shown in Table 1. It also enforces the minimum contingency reserve requirement calculated as the sum of 1.5% of generation and 1.5% of load.

PSE analysts performed detailed portfolio optimizations with and without Clearwater Wind in the PLEXOS simulation environment. The goal of the PLEXOS simulation was to solve for a least cost solution from among generation resources, long-term contracts and short-term bilateral market transactions subject to load serving obligations, transmission constraints, hydro systems regulations, and other constraints.

Study Results

The PLEXOS model estimated the impacts of adding Clearwater Wind on PSE's ability to meet its flexibility requirements. Table 2 presents estimated failures of flexible ramping tests with and without Clearwater Wind in the portfolio. Adding Clearwater Wind to the portfolio, the frequency of flexibility violations in the upward direction increases by 250 occurrences, or 39%, while the frequency of flexibility violations in the downward direction decreases by 22 occurrences, or 13%. Table 3 shows the magnitude of flexibility violations in terms of MWh violated. Both tables show that PSE is at greater risk of failing to meet flexibility up than flexibility down, which is consistent with PSE operations, and that the addition of Clearwater Wind increases the risk of failing flexibility up tests.

Table 2. Count of Flex Failures in 15-min Time Step

Metric	Base Case	MTWind Case	Change
Flex Down	169	147	-22
Flex Up	841	1091	250
Total	1,010	1,238	228

Table 3. Volume of Flex Failures in MWh

Metric	Base Case	MTWind Case	Change
Flex Down	848	838	-10
Flex Up	5,912	10,203	4,291
Total	6,761	11,042	4,281

Table 4 summarizes the balancing cost calculation for Clearwater Wind. Each line item is explained as follows:

First, the PLEXOS simulation shows a total production cost savings of $40.767M as a result of including Clearwater Wind in the PSE portfolio. This total cost savings is the sum of

1. total generation portfolio cost savings due to Clearwater Wind generation displacing existing generator dispatch, and
2. total MidC market cost savings due to Clearwater Wind generation displacing net purchases from the market, net of
3. increased costs due to increased flexibility up and flexibility down requirements, and
4. increased contingency (i.e. spinning and supplemental) reserve requirements.

Items 1 and 2 above make up the energy value of Clearwater Wind, while 3 and 4 represent the balancing cost.

The portfolio cost includes operation and maintenance (O&M) and fuel costs for PSE-owned resources, long-term power purchase agreements, and purchased power costs. It excludes other power costs that are not necessary for portfolio modeling.

Second, the total market value of generation produced by Clearwater Wind is $44.865M. This is calculated as the Clearwater Wind generation output multiplied by the MidC bilateral market index price on an hourly basis.

Third, the flexibility violation cost is $1.057M. This is calculated as the difference in the volume of flexibility violations between the base case and the MT Wind case, multiplied by the reference CAISO violation price of $247/MWh.

Adding all the line items together produces a net balancing cost of $5.155M. Dividing the net balancing cost by the forecast energy production from Clearwater Wind yields a net balancing cost per unit of Clearwater Wind production of [redacted] /MWh.

Table 4. Balancing Cost

Metric	Base Case	MTWind Case	Change
Total Production Cost	$ 433,527,311	$ 392,760,352	$ (40,766,959)
Total Market Value of MT Wind	$ -	$ 44,864,597	$ 44,864,597
Flexibility Violation Cost	$ 1,669,934	$ 2,727,316	$ 1,057,383
		Net Balancing Cost	$ 5,155,021
		Net Balancing Cost per MWh	$ [redacted]

Bonneville Power Administration (BPA) has tariff rates for balancing service. If Clearwater Wind were to be balanced by BPA, the cost would be $2.96/MWh as indicated in Table 5. This includes:

1. $2.69/MWh for regulating, following, and imbalance reserves and
2. $0.27/MWh for spinning, and supplemental reserves

Table 5. BPA Balancing Charges[1]

Product	Rate	Units
Regulating Reserves (A)	0.10	$/KW-mon
Following Reserves (B)	0.40	$/KW-mon
Imbalance Reserves (C)	0.43	$/KW-mon
Spinning Reserves (D)	9.53	$/MWh on 1.5% of actual output
Supplemental Reserves (E)	8.32	$/MWh on 1.5% of actual output
Calculated (A)+(B)+(C) Charges	2.69	$/MWh
Calculated (D)+(E) Charges	0.27	$/MWh
Total Charges	**2.96**	**$/MWh**

PSE's estimated balancing cost is $0.36/MWh or 12% higher than BPA's charges.

[1] Source: https://www.bpa.gov/Finance/RateInformation/Pages/Current-Transmission-Rates.aspx

Conclusion

Given the estimated flexible ramping requirements provided by E3 Consulting, PSE can expect increased balancing costs when Clearwater Wind enters the portfolio. The estimated balancing cost of [redacted] /MWh is slightly higher than the comparable service offered by BPA at $2.96/MWh. PSE can also expected increased risk of failing flexible ramping up tests with Clearwater Wind in the portfolio.

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Attachment 9(b), Appendix 3

Clearwater Sensitivities, July 2020

Appendix 3: Clearwater Sensitivities

This internal analysis of the resource acquisition team presented the results of a re-evaluation of the Clearwater Wind PPA in consideration of the following factors:

- **Risk of a potential future re-dating on the Colstrip Transmission System ("CTS") line after the Clearwater Wind Project is operational.** This risk was measured by conducting sensitivities on the net capacity factor ("NCF") of the project as a proxy for the impact of a derate and resulting curtailment. After consulting with PSE's energy analysis and energy supply teams, the resource acquisition team reduced the forecast NCF for Clearwater from [redacted] percent to [redacted] percent as a worst-case scenario.
- **Increase in the cost of integrating the variable wind output of the Clearwater Wind Project into PSE's balancing authority area ("BAA").** The Bonneville Power Administration's ("BPA") rate for providing balancing integration service is $2.96/MWh, whereas PSE's cost was estimated to be $[redacted]/MWh. This cost was determined through a study performed in collaboration with E3 Consulting, which concluded that PSE's risk for upward-ramping flexibility violations would increase by 39 percent, while decreasing by 13 percent for downward-ramping. A description of this study is provided in Appendix 2 to Attachment 9(b).
- **Price update from NextEra for a 20-year PPA at a fixed [redacted]/MWh, with a 5-year extension of the PPA at a floating market price.**

The results of the analysis, presented in Table 1 (next page), show that the Clearwater Wind Project, remains the best resource selection from among the next best options from the 2018 RFP, even when considering a potential CTS line de-rating, updated integration costs and the updated price and term from NextEra. Next best resource options considered in this sensitivity analysis include the Horse Heaven ("HH") and Summit Ridge ("SR") wind projects in Washington and Oregon respectively, which were the only remaining non-Montana wind resource alternatives from the 2018 RFP that could provide a meaningful peak capacity contribution (greater than 20 percent). The analysis focused on a comparison with the next best non-Montana wind alternatives because the next-best Montana wind projects, [redacted] and [redacted], would have been subject to the same path de-rating risk and balancing cost as the Clearwater Wind Project. As these two projects still featured higher PPA prices and lower estimated NCFs than Clearwater, they were not relevant to this particular analysis.

PSE Report to the Board of Directors: Clearwater Wind PPA

ATTACHMENT 9(b), APPENDIX 3

Table 1. ***Clearwater sensitivity analysis results***

	CW Sensitivity vs. CW Base	CW Sensitivity vs. HH	CW Sensitivity vs. SR
Delta: Portfolio Benefit w/ CO2 cost	-$127.6M	$113.9M	$105.6M
Delta: Portfolio Benefit w/o CO2 cost	$36.6M	$112.7M	-$8.2M
Term	20 Yr	20 Yr	20 Yr
PPA Price	[redacted]MWh	HH [redacted]MWh HH BE [redacted]MWh (37% cut)	SR [redacted]MWh SR BE [redacted]MWh (55% cut)
LCOE net of mkt Rev	$13.80/MWh vs. $21.63/MWh	$30.3/MWh	$32.5/MWh
NCF Delivered	[redacted]	HH [redacted]	SR [redacted]
Energy Delivered	[redacted]	HH [redacted]	SR [redacted]
Peak Capacity	95MW [redacted]	HH 80MW [redacted][3]	SR 38 MW [redacted][4]
Integration costs:	[redacted]	HH [redacted]	SR [redacted]

Table notes

[1] The starting point of this analysis is [redacted] percent NCF for Clearwater, which is the low end of the Clearwater GE Turbine sensitivity analysis. A further 10 percent reduction of the NCF is used as the floor of the transmission line de-rating impact. Note that PSE would not pay for system curtailments.

[2] At a 5.55/kw-year integration cost, [redacted] percent NCF = $[redacted] MWh. Horse Heaven and Summit Ridge at the BPA integration rate. Note the BPA costs are reflected in BPA's fixed and variable transmission tariff. As discussed with the power costs team, resources with similar generation profiles should result in similar integration costs.

[3] For this analysis only, the $[redacted] million transmission upgrade assessment previously assumed for this project was removed, while also keeping the assumption that no firm transmission would be available before 2025.

[4] For this analysis only, Summit Ridge was assumed to be a high effective load carrying capability ("ELCC") Washington generic wind resource, which could be delivered to PSE. Summit Ridge was previously assessed as a Mid-C redirect, resulting in a 0 percent ELCC.

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PUGET SOUND ENERGY

Attachment 9(b), Appendix 4

EMC Informational Update, August 27, 2020

2018 RFP Update
Clearwater PPA

PUGET SOUND ENERGY

EMC Informational

August 27, 2020

Colin Crowley
Commercial Acquisitions Manager

Anticipated recommendation

Based on analysis performed to date, the business initiatives team anticipates a request that the EMC authorize PSE to seek board approval at the board meeting on November 5, 2020 to execute the following contract:

- Clearwater PPA (counterparty: NextEra) 350 MW, 20-25 year PPA from Montana wind project delivering energy as generated to the Colstrip delivery point at interconnection with Colstrip Transmission System (CTS)

Updated peak load forecast has resulted in a closer look at the need for Clearwater capacity contribution

Table 1 – With Colstrip 4 Sale

	Peak Capacity Need (MW)	2022	2023	2024	2025	2026
1	Peak Capacity Need	77	64	86	152	691
2	Clearwater Peak Capacity	0	(146)	(146)	(146)	(146)
3	Peak Capacity Need Net of Clearwater	77	(82)	(60)	6	545

Note: Interim Peak Capacity Needs Updated for F20 LF as of 08.10.2020, positive numbers represent need
Clearwater COD is anticipated no later than 12/31/22, if COD is before 12/2022 then peak need for 2022 will be addressed

Table 2 – Without Colstrip 4 Sale

	Peak Capacity Need (MW)	2022	2023	2024	2025	2026
1	Peak Capacity Need	(18)	(31)	(9)	57	691
2	Clearwater Peak Capacity	0	(146)	(146)	(146)	(146)
3	Peak Capacity Need Net of Clearwater	(18)	(177)	(155)	(89)	545

Note: Interim Peak Capacity Needs Updated for F20 LF as of 08.10.2020 , positive numbers represent need

- Clearwater capacity is needed with assumed Colstrip sale
- Without Colstrip sale, Clearwater capacity is needed in 2025

Clearwater 2022 COD is supported by combination of capacity need, PTC phase out, and CETA glide path

- PTC phase out supports the current plan for a 2022 Clearwater Commercial Operations Date ("COD")
- Under existing tax incentive rules, a Clearwater 2022 COD provides the portfolio benefits listed in the table below relative to later COD dates
- PSE is negotiating with NextEra to share potential future tax benefits in a "Green New Deal" scenario
- Assuming PSE and NextEra can execute an agreement in November, NextEra expects to start clearing gen-tie line path before winter to stay on track with a 2022 COD

	(A)	(B)	(C)	(D)
	Delivery Date	PTC Rate	PPA Rate $/MWh	Benefit of 2022 COD
1	2022-23	80%	$ [redacted]	
2	2025	60%	$	$48M
3	2026	0	$	$173M

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PUGET SOUND ENERGY

Clearwater is a key component of PSE's strategy to meet CETA obligations in 2030

Clean Energy Supplier	Technology	Term	Energy / Capacity	Starting year
Avangrid	Wind	20 years	200 MW capacity	2022
Sierra Pacific Industries ("SPI")	Biomass	17 years	17 MW capacity	2021
Energy Keepers, Inc. ("EKI")	Hydro	15 years	40 MW Energy	2020
Under Negotiation				
NextEra	Wind	20-25 years	350 MW capacity	2022

- Avangrid Golden Hills and SPI executed as part of 2018 All Source RFP
- EKI PPA executed through counterparty RFP
- NextEra Clearwater in negotiations as final resource from 2018 All Source RFP
- BPA call option from 2018 All Source RFP expires before 2030

Delivery of System Impact Study by Northwestern is a key gating issue with PPA

Latest Developments

- Northwestern delayed System Impact Study ("SIS") until August 31st
- NextEra received favorable Conditional Use Permit ("CUP") decision to above ground lines
- Business Initiatives is making progress with internal stakeholders with pseudo-tie and contractual terms

Next Steps

- Complete negotiations with NextEra in September after receipt of SIS
- Provide an informational update at September EMC outlining key terms of the PPA

Anticipated recommendation

Based on analysis performed to date, the business initiatives team anticipates a request that the EMC authorize PSE to seek board approval at the board meeting on November 5, 2020 to execute the following contract:

- Clearwater PPA (counterparty: NextEra) 350 MW, 20-25 year PPA from Montana wind project delivering energy as generated to the Colstrip delivery point at interconnection with Colstrip Transmission System (CTS)

Appendix

Clearwater contribution to CETA resource need

	CETA Progress (TWh)	2022
1	F20 Load Adjusted for Conservation, Green Direct & Schedule 91	18.6
2	CETA Resource need to meet 2030 80% Compliance	14.9
3	Less Existing CETA Resources	(6.2)
4	Less CETA Resources Executed in 2020	(1.2)
5	Net remaining CETA Resource Need to meet 2030 80% Compliance	7.5
6	PSE Percentage Clean Energy including 2020 Executed Resources and Existing CETA Resources	40%

- Clearwater will contribute [redacted] TWh annually to CETA resources and reduce need in row 5 to [redacted] TWh
- PSE Clean Energy percentage in 2022 will increase to 47% with the addition of Clearwater

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PUGET SOUND ENERGY

PUGET SOUND ENERGY

Attachment 9(b), Appendix 5

EMC Informational Update, September 24, 2020

2018 RFP Update
Clearwater Wind PPA

PUGET SOUND ENERGY

EMC Informational

September 24, 2020

Colin Crowley
Commercial Acquisition Manager

Anticipated recommendation

Based on due diligence performed to date, the business initiatives team anticipates a request that the EMC authorize PSE to seek board approval at the board meeting on November 5, 2020 to execute the following contract:

- Clearwater PPA (counterparty: NextEra) 350 MW, 20-year PPA from Montana wind project delivering energy as generated to the Colstrip delivery point at interconnection with Colstrip Transmission System (“CTS”)

PPA contemplates a range of cost outcomes for transmission upgrades

CTS Transmission Upgrade Costs

- Potentially required because of wind using Colstrip Transmission System ("CTS")
- Timing and costs determined through transmission studies
  - Business Initiatives believes the Colstrip owners, including PSE's Transmission Policy and Contracts ("TPC"), should receive a draft System Impact Study ("SIS") shortly
  - PSE is responsible to fund transmission upgrade costs up to $[redacted] M
  - NextEra is responsible to fund estimated transmission upgrade costs [redacted] M-[redacted] M
  - NextEra has a walk right if transmission cost estimate in studies is greater than $[redacted] M
  - Actual costs will not be known until the transmission upgrades are complete, and NextEra assumes risk between actual and forecast beyond $[redacted] M

As Part of Anticipated Recommendation

Authorize PSE expenditures up to $[redacted] M

- Provided the estimated upgrade costs in preliminary System Impact Study ("SIS") are less than $[redacted] M
- $[redacted] M authorization includes [redacted] M flexibility to negotiate cost sharing above current PPA obligation if final SIS or facilities study ("FS") estimate costs > $[redacted] M

PUGET SOUND ENERGY

NextEra bears the timing risk for CTS firm transmission award and PSE agrees to take steps to mitigate offtake risk

Firm Transmission Award Timing

- Important to PSE that firm offtake obligations do not start until PSE is awarded CTS firm transmission
- PSE agrees to use commercially reasonable efforts to accept energy deliveries if Clearwater reaches COD prior to firm transmission award
  - Accept deliveries of Clearwater output at Mid C or at PSE's system
  - Redirect BPA transmission to intertie between Northwestern and BPA
  - PSE reserves the right to reduce volumes based on system conditions or utility operations
  - Prior to undertaking any actions, PSE and NextEra will develop an operational protocol

As Part of Anticipated Recommendation

- Approve PSE mitigation obligations
- PSE is responsible for establishing pseudo-tie
- Feedback from Transmission Contracts is pseudo-tie should not be a gating issue for PPA signature

Anticipated recommendation

Based on analysis performed to date, the business initiatives team anticipates a request that the EMC authorize PSE to seek board approval at the board meeting on November 5, 2020 to execute the following contract:

- Clearwater PPA (counterparty: NextEra) 350 MW, 20-25 year PPA from Montana wind project delivering energy as generated to the Colstrip delivery point at interconnection with Colstrip Transmission System (CTS)

Five year contract extension provides PSE with favorable pricing and addresses NextEra liquidity concerns

Five year Extension to 20-year PPA

- Option is important to NextEra because of MT liquidity concerns
- PSE receives favorable pricing relative to a 20-year PPA with no extension
- Option to extend agreement for years 21-25 is a mutual right
- Exercise period is between January 1, 2025 to December 31, 2025

As Part of Anticipated Recommendation

- Approve mutual extension right
- Extension right is null and void if not approved by WUTC in GRC or PCORC

Clearwater provides key benefits by addressing PSE's capacity and clean energy needs at a favorable price

Capacity

- Potential to address capacity need for 2022
  - Assumes schedule consistent with 9/2022 COD in LGIA
  - Assumes CTS firm transmission awarded prior to 12/2022
  - Need accounts for Colstrip 4 sale
- Meets forecast capacity need for 2023-2025
  - Accounts for Colstrip 4 sale
- Contributes 146 MW towards 691 MW capacity need in 2026

Clean Energy

- Contributes [redacted] TWh annually to CETA resource need
- Planned pseudo-tie arrangement allows Clearwater output to be delivered into WA in real-time to meet eligibility requirements for I-937 RPS if needed for future compliance

Other Benefits

- PPA takes advantage of favorable pricing from 80% PTC prior to phase out of PTC
- Supports PSE CETA glide path and operational learning consistent with ratable new builds between 2022-2030
- Provides commercial support for NextEra for new clean energy development in MT that may prove helpful for PSE to add more MT resources in future

Anticipated recommendation

Based on due diligence performed to date, the business initiatives team anticipates a request that the EMC authorize PSE to seek board approval at the board meeting on November 5, 2020 to execute the following contract:

- Clearwater PPA (counterparty: NextEra) 350 MW, 20-year PPA from Montana wind project delivering energy as generated to the Colstrip delivery point at interconnection with Colstrip Transmission System (CTS)

Appendix

Montana Wind: Clearwater PPA

Seller:

- NextEra Energy

Product: (based on latest PPA draft)

- As generated 350 MW capacity wind project
- All environmental attributes
- Minimum availability: 90% Annual
- Winter Output Guarantee: 348,450 MWh Nov-Feb
- Contribution to Peak Capacity: 146 MW
- Additional Tax Benefits established prior to COD will be shared 50%/50%
- New DNVGL energy assessment due early October

Term: (based on latest PPA draft)

- Guaranteed COD: December 31, 2022
- 20 years with option for 5 year extension

Point of Delivery:

- Colstrip

Calendar Year	Contract Year	Energy Price ($/MWh) -- Under Negotiation	DNVGL P50 Net Energy Output (GWh/year)
2022	1	[redacted]	[redacted]
2023	2		
2024	3		
2025	4		
2026	5		
2027	6		
2028	7		
2029	8		
2030	9		
2031	10		
2032	11		
2033	12		
2034	13		
2035	14		
2036	15		
2037	16		
2038	17		
2039	18		
2040	19		
2041	20		
2042	21	Daily Mid C Index	
2043	22	Daily Mid C Index	
2044	23	Daily Mid C Index	
2045	24	Daily Mid C Index	
2046	25	Daily Mid C Index	

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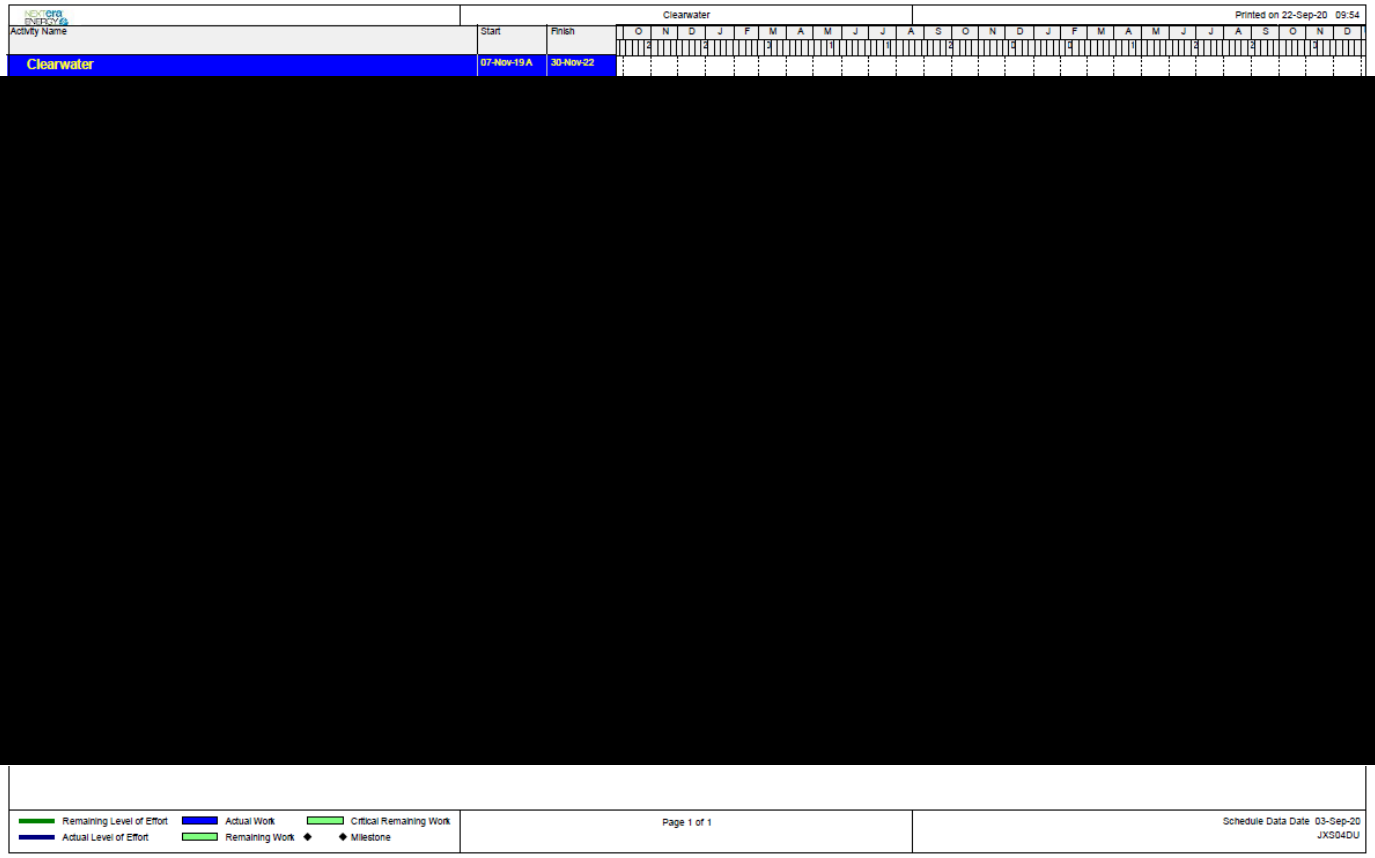
PUGET SOUND ENERGY

Project Schedule



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Clearwater contribution to CETA resource need

	CETA Progress (TWh)	2022
1	F20 Load Adjusted for Conservation, Green Direct & Schedule 91	18.6
2	CETA Resource need to meet 2030 80% Compliance	14.9
3	Less Existing CETA Resources	(6.2)
4	Less CETA Resources Executed in 2020	(1.2)
5	Net remaining CETA Resource Need to meet 2030 80% Compliance	7.5
6	PSE Percentage Clean Energy including 2020 Executed Resources and Existing CETA Resources	40%

- Clearwater will contribute [redacted] TWh annually to CETA resources and reduce need in row 5 to [redacted] TWh
- PSE Clean Energy percentage in 2022 will increase to 47% with the addition of Clearwater

PUGET SOUND ENERGY

Attachment 9(b), Appendix 6

Board Update Call, October 7, 2020

2018 All Resources RFP
Clearwater PPA Update

CEO Board Update Call

October 7, 2020

CONFIDENTIAL

Clearwater PPA overview

Seller:

- [Clearwater Project Company, LLC], Affiliate of NextEra Energy, Inc. and NextEra Energy Resources, LLC

Product:

- As generated 350 MW wind project
- All environmental attributes
- Point of delivery: Colstrip substation

Key terms:

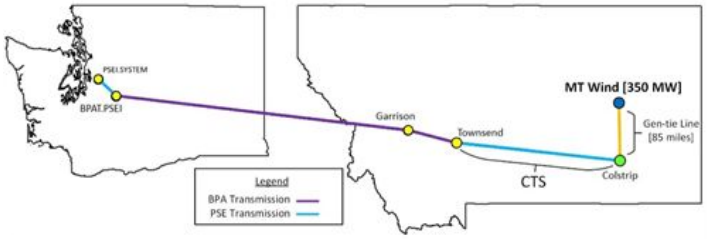
- Guaranteed COD: [12/31/2022]
- Term: 20 years (under negotiation)

Price and generation output (price under negotiation):

Price for generated energy	$[redacted]/MWh fixed
Expected PPA Annual Payments	$37.9M
Net Capacity Factor ("NCF")	[redacted]%
Expected annual generation	[redacted]

Notes: NCF subject to change based on turbine selection.

Transmission Path:



2

Early development project construction risks remain, including site control and permitting to construct the 350 MW wind farm & ~ 85 mile generation tie line. NextEra is responsible for commercial operation delay risk.

Site Control	- Outstanding rights include State of Montana leases and easements, transmission line crossings, and agreements for substation and transmission lines on Colstrip plant property. - NextEra has initiated efforts, however the outcome unlikely to be known by the time a PPA would need to be signed to achieve 2022 project COD.
Permitting	- Colstrip conditional use permit granted. Remaining permits include Corps of Engineers approvals, sage grouse mitigation plan approval and Montana environmental impact statement. - Some of these permits and approvals unlikely to be in hand by the time a PPA would need to be signed to achieve 2022 project COD.
Interconnection	- Current design includes crossing Colstrip plant transmission lines which will require the Colstrip owners to grant a separate crossing agreement to allow interconnection. - NextEra is also pursuing an alternate gen-tie route through Westmoreland mine reclamation land that would avoid need to underground lines and secure crossing agreement from Colstrip owners.

3

Clearwater is ~65 miles north of Colstrip plant and will use transmission rights available from Colstrip 1&2 retirement and existing PSE transmission rights.

Delivery from Clearwater project to PSE will utilize three legs of transmission

1. **Colstrip Transmission System ("CTS")**
   - **System Impact Study ("SIS")**: will provide a preliminary assessment of the cost and scope of needed upgrades, such as a Remedial Action Scheme ("RAS"). Expected by 10/31/2020.
     - **Remedial Action Scheme ("RAS")**: Included in SIS. Transmission system upgrades needed to enable the transfer of energy across the CTS. Allows communication and coordination between generators during system instability.
   - **Facilities Study ("FS")**: follows the SIS and will provide a good faith detailed estimate of cost, scope and timeline for completing upgrades. Expected 60 days following the SIS.
   - **Western Energy Coordinating Council ("WECC") Path Rating**: WECC east to west path rating for the Montana to Pac NW Path 8 is expected to be reviewed once the Clearwater resource is online, which has the potential to reduce the CTS line path rating. Outcome unlikely to be known before project COD.

2. **Eastern Intertie**
   - No additional work needed.

3. **BPA main grid**
   - **Affected system study**: similar to SIS, where an adjacent transmission provider performs a study on their system based on the impacts of a new generator. Results provide a preliminary assessment of cost and scope of needed upgrades, such as a RAS. Study results expected by 10/31/2020.
   - **Dynamic Transfer Capability ("DTC")**: BPA has previously studied and indicated sufficient DTC is available for PSE. DTC allows for varied energy output from moment to moment and is required to deliver energy across the BPA interties in real-time. Once affected system study is finalized a DTC offer will be provided to PSE.

PSE is responsible for transmission and has negotiated PPA terms to minimize risk of transmission delays and cost overruns to PSE customers.

Risk Description	Potential Impact	Proposed PSE mitigation
• PSE is responsible to fund transmission upgrade costs up to [redacted] M • NextEra is responsible to fund transmission upgrade costs above $[redacted] M • NextEra has a walk right if transmission cost estimate in studies is greater than $[redacted] M	NextEra elects to terminate	• Execute PPA after receiving SIS results, remove NextEra's termination right • PSE and NextEra may agree to fund additional transmission costs above $[redacted] M through a cost sharing arrangement
Firm transmission award delay	Capacity deficit	• Manage with short-term purchases. Firm offtake obligations begin when PSE is awarded transmission • In event of delay in firm transmission, PSE agrees to use good faith efforts to accept energy deliveries subject to right to reduce offtake for operational considerations

Compared to the next best alternative, Clearwater has lower cost by ~$95M NPV and has an earlier commercial operation date.

- Next best alternative is [redacted], which is also a Montana wind project in early development stage.
- [redacted] would have similar project development and transmission risk.
- Currently [redacted] does not have LGIA and in addition it would interconnect to the CTS through a new substation to be built. Facilities Study indicates a minimum of 36 months to complete the new substation, which calls into question the feasibility of a 2023 COD.

	Lowest Cost	Next Best Alternative
Project Name	**Clearwater**	[redacted]
Portfolio Benefit with CO2 Costs	$142.8M	$47.7M
Nameplate	350 MW	296MW
PPA Term	20 Yr	20 Yr
COD	Dec 31, 2022	Dec 31, 2023
PPA Price	$[redacted]/MWh	$[redacted]/MWh
NCF Delivered	[redacted]%	[redacted]%
Energy Output	[redacted] MWh	[redacted] MWh

PUGET SOUND ENERGY

Attachment 9(b), Appendix 7

EMC Decisional, December 17, 2020

2018 RFP Clearwater Wind PPA Execution

PUGET SOUND ENERGY

EMC Decisional

December 17, 2020

Colin Crowley
Manager, Business Initiatives

Decisional

Decisional: Based on due diligence performed to date, Resource Acquisition team recommends the EMC authorize PSE to seek board approval at the January 21, 2021 board meeting to execute the following contract:

- Clearwater PPA (counterparty: NextEra) 350 MW, 20-year PPA with a five-year extension option from a Montana wind project, delivering energy as generated to the Colstrip delivery point at interconnection with the Colstrip Transmission System (“CTS”)

Clearwater PPA offers PSE large renewable position in attractive Montana wind region

Seller:

- Clearwater Energy Resources, LLC
  Affiliate of NextEra Energy, Inc. and NextEra Energy Resources, LLC

Product:

- As generated 350 MW wind project
- All environmental attributes
- Guaranteed Nov-Feb output of 348,450 MWh
- Point of delivery: Colstrip Substation

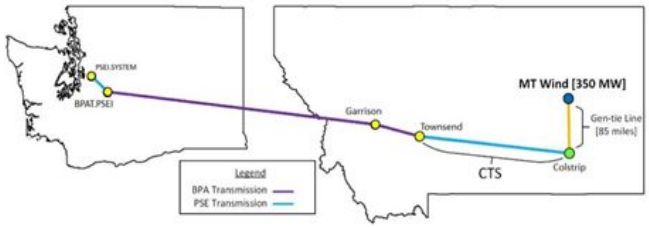
Key terms:

- Guaranteed COD: 11/30/2022
- Term: 20 year with 5-yr extension option
  - If exercised, retroactive contract price adjusted to $[redacted] for full term
- Additional benefits from change in tax law prior to COD shared 50-50

Price and generation output:

Price for generated energy	$[redacted] /MWh fixed
Expected PPA Annual Payments	$[redacted] M
Net Capacity Factor (NCF)	[redacted] %
Expected annual generation	[redacted] MWh

Transmission path:



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REDACTED VERSION

5-year extension option on PPA term

- Extension option is unilateral right for PSE
- Execution of the extension option is anticipated after the Commission approval at a future regulatory proceeding to address uncertainty in WAC 480-107-075 rules governing purchases of electricity supply agreements longer than 20 years
- Extension option provides benefit to customers of a lower cost for a 25-year PPA

Estimated transmission upgrade cost on the Colstrip Transmission System is relatively low at $[redacted]K

System Impact Study

- Northwestern Energy (NWE) delivered the System Impact Study ("SIS") to PSE on November 30, 2020.
- The SIS provides a preliminary assessment of the cost and scope of needed upgrades on Colstrip Transmission System (CTS) to integrate the new Clearwater wind resource.
- The preliminary cost of upgrades that are required to integrate the 350 MW Clearwater project is estimated at $[redacted]
- 20MW is available now with no upgrades and the remaining 330 MW will be available after integration with a planned new Remedial Action Scheme ("RAS"). The RAS work is anticipated to be completed in June 2022.

Facility Study

- Facilities Study Agreement with NWE expected to be executed by January 2021. The Facilities Study will provide more detailed analysis of the cost and timeline for completing upgrades for the remaining 330 MW.
- The Facilities Study is expected to be complete by June 2021.

Clearwater prices of [redacted] for 20-year PPA and [redacted] for 25-year PPA provide the highest portfolio benefit compared to alternatives from the 2018 RFP

- The Clearwater PPA offers the highest portfolio benefit compared with the next best alternative resources in the 2018 RFP
  - 20-yr Clearwater PPA term has a $80M portfolio benefit advantage
- The next best alternative from the 2018 RFP is another Montana wind project
  - This project is exposed to the same transmission risk, but contributes lower portfolio benefits than Clearwater

	Lowest Cost	Lowest Cost	Next Best Alternative 20 Yr
Project Name	**Clearwater**	**Clearwater**	[redacted]
Portfolio Benefit with CO2 Costs	$97.6 M	$164.9 M	$18.3 M
Nameplate	350 MW	350 MW	296.7 MW
PPA Term	20 Yr	25 Yr	20 Yr
COD	Nov 30, 2022	Nov 30, 2022	Dec 31, 2023
PPA Price	[redacted] /MWh	[redacted] /MWh	$[redacted] /MWh
NCF Delivered	[redacted] %	[redacted] %	[redacted] %
Energy Delivered	[redacted] MWh	[redacted] MWh	[redacted] MWh

Despite decreased peak need from draft 2021 IRP, the Clearwater project contributes significant value to the portfolio by adding Montana wind at 80% PTC to meet CETA need

		A	B	C	D	E	F	G	H
	2021 Draft IRP Results	2023	2024	2025	**2026**	2027	2028	2029	**2030**
1	Peak Capacity Need/(Surplus) before Clearwater (MW)	(205)	(161)	(112)	514	672	690	675	691
2	Clearwater Peak Capacity in (MW)	145	145	145	145	145	145	145	145
3	Peak Capacity Need/(Surplus) (MW)	(350)	(306)	(257)	369	527	545	530	546
4	CETA Need before Clearwater in (TWh)	0.6	1.5	2.6	3.4	4.5	5.6	6.5	7.35
5	Clearwater Clean Energy Addition (TWh)	[redacted]							

Note: 2021 Draft IRP Results are based on material presented at stakeholders meeting on 12/15/2020. Clearwater energy calculated from DNVGL NCF. Resource need includes the draft 2021 conservation targets.

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REDACTED VERSION

Clearwater supports three primary business drivers

#1 – Helps PSE meet the CETA clean energy need and the capacity needs

Clearwater contributes [redacted] **% of 2026** capacity need and [redacted] **% of 2030** CETA need (see table above)

#2 - Maximizes cost benefit through existing PTC rules

PPA price reflects 80% PTC associated with 2022 COD, compared to a 2026 COD with 0% PTC

#3 – Preserves PSE transmission capacity on the CTS transmission line

In the event PSE does not proceed with Clearwater, there is a risk of losing all or a portion of the 330 MW transmission capacity when it is offered through OASIS

- 2750 MW of interconnection requests indicate intense competition for transmission capacity
- With Clearwater, PSE will acquire 20 MW of transmission offered without upgrades and the remaining 330 MW of transmission after system upgrades have been completed

Clearwater PPA increases power cost less than 1% over the next five years

- Clearwater wind PPA increase total power costs 0.7% relative to the market purchased energy
- REC value from Clearwater is estimated at $8.5M/Yr
  - REC transactions are recorded separately from power costs
- Execution of option to extend to 25-yr PPA reduces cost by $1.6M/Yr

($ in millions)	2021	2022	2023	2024	2025
PPA payment	[redacted]				
Incremental transmission costs	$0	$0.2	$0.4	$0.4	$0.4
Return on PPA @ 7.39%	[redacted]				
Balancing cost	$0	$0.5	$4.7	$4.7	$4.7
Total cost	[redacted]				
Displaced market purchases	$0	$4.7	$37.3	$38.9	$39.1
Net power cost increase	**$0**	**$0.1**	**$10.4**	**$8.8**	**$8.6**

*Note: Analysis uses Platt's forward market prices as of 7/28/20 for displaced market purchases and 20-year PPA price of [redacted]
Balancing cost calculated using PSE portfolio model in Plexos and flexible capacity requirement input from E3
Incremental transmission costs represents additional 40 MW of BPA transmission on Eastern Intertie

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REDACTED VERSION

PUGET SOUND ENERGY

Key risk factors in development, transmission, and ongoing operations all have identified mitigation steps

Risk	Description	Mitigation Strategy
Development	Potential project delays related to the following: • Acquisition of real estate rights at Colstrip property adjacent to the Colstrip Substation • Acquisition of leases for project property from the State of Montana, a State Highway encroachment permit for the gen-tie line, and various crossing permits • Execution of transmission line crossing agreements required with Northwestern and the CTS Owners • Approval for Sage grouse mitigation plan or EIS associated with State of Montana wind farm lease • Approval of an amendment to mine reclamation plan required for alternate route into Colstrip	• PSE entitled to collect liquidated damages ("LDs") up to $[redacted]M for delays in gen-tie, wind farm and COD milestones • PSE delayed capacity need may result in no required mitigation if COD delayed
Transmission	• Final timing of obtaining long-term firm, point-to-point transmission along the CTS for the project • CTS and BPA remedial action scheme (RAS) delays • Delays in PSE pseudo-tie completion	• PSE not obligated to take energy on a firm basis from NextEra if COD is reached but firm transmission is not obtained • PSE agrees to take commercially reasonable efforts to purchase power
Ongoing Operations	Frequent temporary or permanent reductions in transmission capacity on three transmission wheels of Colstrip Transmission System, BPA Eastern Intertie, and BPA main grid	• Sell energy at Colstrip, acquire third party transmission, or optimize generation between Colstrip 3&4 and Clearwater • With removal of Colstrip 3&4 from rates in 2026, likely additional transmission available

Clearwater provides a diverse set of benefits

Resource Needs

1. Clearwater PPA helps meet PSE's resource needs, contributing [redacted] TWh towards 7.3 TWh 2030 renewable need and 145MW towards 514 MW 2026 capacity need (*figures from 2021 IRP draft*)
2. Clearwater location in Montana provides geographic diversity to PSE's existing wind fleet
3. Clearwater is forecast to generate at a high net capacity factor ("NCF") of [redacted]% relative to Washington generic wind of 37%
4. Execution of PPA contributes to 80% CETA target in 2030 by avoiding risk of delaying progress today and 2% cost cap becoming a constraint prior to 2030 target

Transmission & Strategy

1. Preserves 330 MW of transmission on the Colstrip Transmission System, which is available to third parties through OASIS if PSE does not execute Clearwater PPA
2. Allows PSE to use existing transmission assets in Montana to deliver energy to PSE and create jobs in the local community at a time when existing resources are retiring
3. Increases PSE's experience managing a diverse energy portfolio with increasing intermittent resources
4. Reduces reliance on unspecified market purchases to meet peak needs

Counterparty

1. Mid-stage development project backed by the largest developer and operator of renewable energy, with expertise and financial strength to develop large scale wind project in Montana
2. Partnering with NextEra helps support their investment in local community in Montana of up to 350 construction jobs, $[redacted] M landowner payments, and $[redacted] M tax revenue

Costs

1. PPA price reflects 80% PTC associated with a 2022 COD
2. Less than ~ 1% impact on power cost
3. Higher portfolio benefits / lower costs compared to PSE's remaining alternatives from the 2018 RFP

Decisional

Decisional: Based on due diligence performed to date, Resource Acquisition team recommends the EMC authorize PSE to seek board approval at the January 21, 2021 board meeting to execute the following contract:

- Clearwater PPA (counterparty: NextEra) 350 MW, 20-year PPA with a five-year extension option from a Montana wind project, delivering energy as generated to the Colstrip delivery point at interconnection with the Colstrip Transmission System (“CTS”)

Appendix

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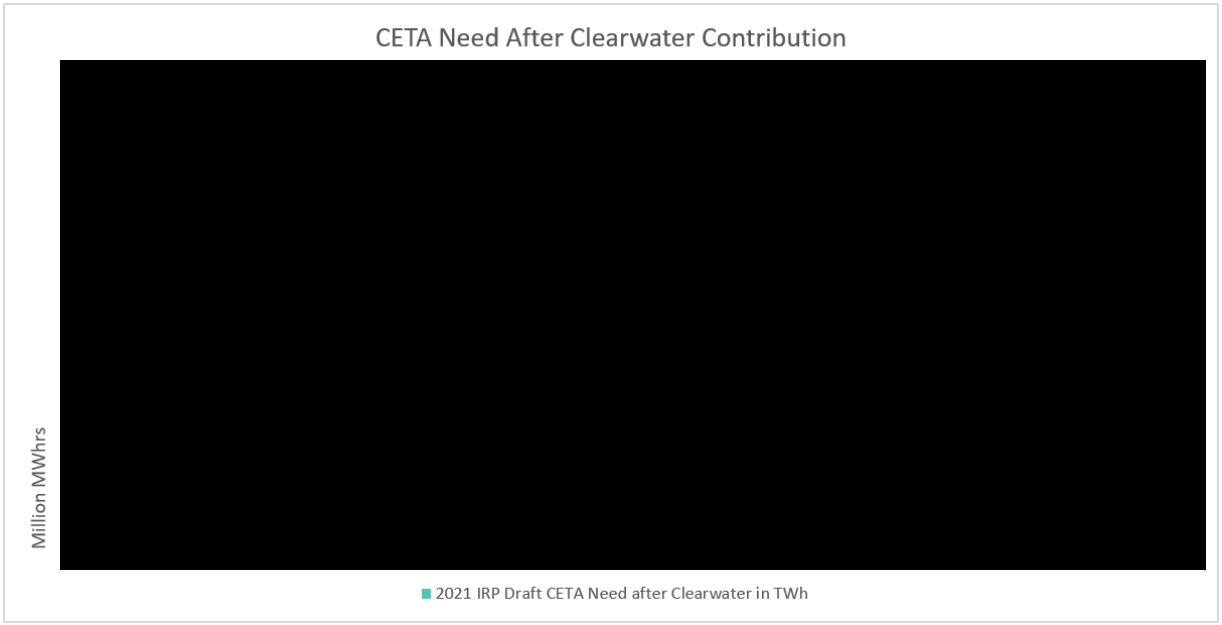
REDACTED VERSION

2021 IRP draft CETA clean energy need with Clearwater PPA



Note: 2021 Draft IRP Results are based on material presented at stakeholders meeting on 12/15/2020. Resource need includes the Draft 2021 conservation targets. IRP Clearwater energy forecast from NREL data from representative project site. Clearwater annual generation forecast from DNVGL resource assessment equal to [redacted] MWh

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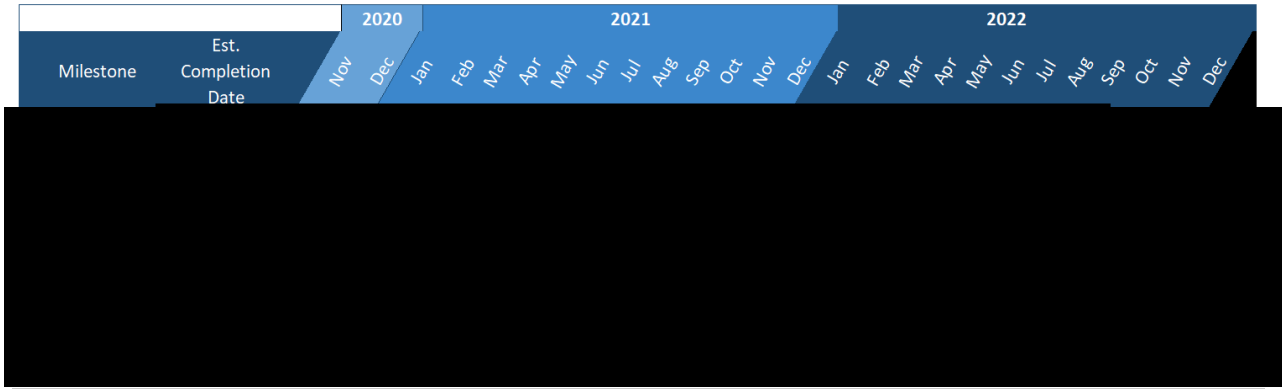
REDACTED VERSION

Project Schedule



Notes: Milestone Highlights

Real Estate –	Significant remaining tasks include securing rights to construct interconnection facilities around Colstrip plant and securing State-owned parcels in the project site which impacts approximately seven (7) turbine sites designated for PSE.
Permitting –	Largest permitting-related issue remaining is agreeing with the state of Montana on mitigation package for impacts to sage grouse habitat.
Interconnection –	Includes approximately 18-months for Northwestern to design and construct project interconnection facilities at Colstrip substation.
Construction –	Gen-tie line construction scheduled to begin [redacted] /21 and wind farm construction scheduled to start [redacted] /22.
Procurement –	Commencement of wind turbine procurement shown on schedule in [redacted] 2020

Transmission Schedule

Event	Expected Date
System Impact Study received from Northwestern	[redacted]
Documentation for pseudo-tie submitted	
PSE executes 20 MW Partial Service Agreement	
PSE submits 40 MW Eastern Intertie request	
PSE signs Facility Study Agreement	
CTS Owners complete Facility Study	
BPA executes DTC agreement	
20 MW Partial Service begins	
PSEI executes Pseudo-Tie Agreement	
PSE receives transmission on Eastern Intertie	
PSE begins EIM PR Process	
New 500kV RAS upgrades complete	
New BPA WMRAS Upgrades Complete	
Clearwater Project COD	11/30/2022

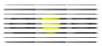
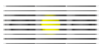
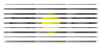
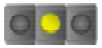
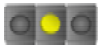
*Based on delays experience with SIS the FS estimate may be optimistic and we've adjusted our estimate to June 2021

PUGET SOUND ENERGY

Permit status

Status	Permit	Agency	Est Date	Notes
	Conditional Use Permit	City of Colstrip	NA	Granted Jul 2020
	Section 10 Permit Modification	US Army Corps of Engineers	NA	Granted Oct 2020
	Sage Grouse Mitigation Plan Approval	Montana Sage Grouse Oversight Team	Feb 2021	In process
	Environmental Impact Statement for land lease	Montana Department of Natural Resources & Conservation	Jun 2021	Draft EIS to be submitted to state for review in December 2020
	No Hazard Determinations Modifications	FAA	Q3 2021	Several turbines changed locations. Requests submitted Oct 2020

Development status

Status	Item	Agency	Est Date	Notes
	Highway Encroachment Agreement for Gen-tie	Montana Department of Transportation	Jan 2021	Submitted July 2020
	Gen-tie line Crossings	Western Area Power Administration, MT Dept of Transportation, BNSF	Apr 2021	All applications filed
	Land Use Change for Alternative Gen-tie Route	Montana Department of Environmental Quality	Q3 2021	Application filed Oct 2020
	Easements into Colstrip Substation	Colstrip Owners	Dec 2020	Discussions underway
	State land leases for Wind Farm	Montana Department of Natural Resources & Conservation	Jun 2021	Lease discussions underway. Dependent on EIS.

Simplified map of existing and proposed transmission and interconnection facilities at Colstrip

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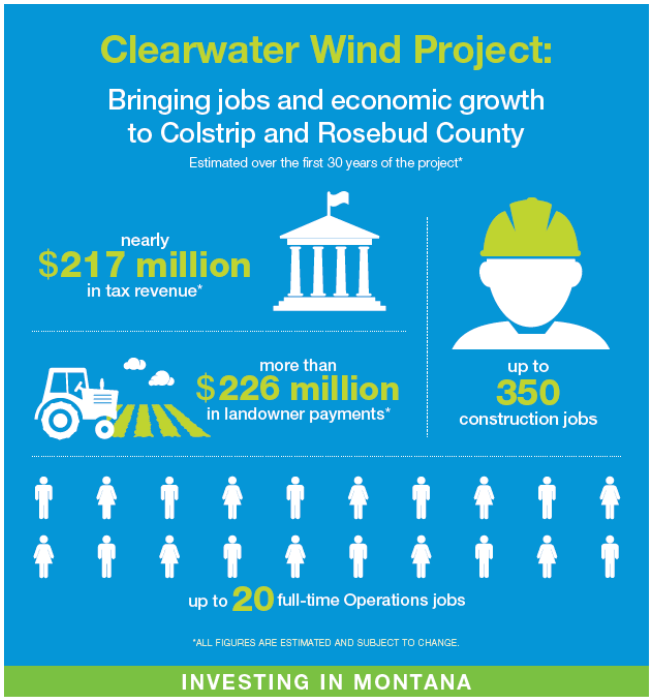
REDACTED VERSION

Clearwater wind project providing support to Colstrip and Rosebud County through jobs, tax revenue and private land leases

- Economic development agreement with Southeastern Montana Development Corporation (SEMDC) for >$150,000/year for life of project on youth athletics, medical services, water quality studies, scholarships, and grant matching
- Providing impact fees of approximately $5 MM over three years to Rosebud County
- Initial discussions with Miles City Community College on wind technician training program (in conjunction with other regional community colleges)
- Estimated job creation of 350 construction jobs and 20 operations jobs
- Tribal engagement: NextEra proactively reached out to 15 tribes, with 7-8 tribes actively participating in surveys to avoid tribal artifacts, despite no legal requirement to do so on private land
- Donated $1,500 to the Custer County Food Bank at the beginning of COVID (spring 2020)



Clearwater PPA supported and vetted by internal stakeholders

- *Energy Delivery* provided support for transmission service request, associated transmission studies, and transmission risk assessment
- *Resource Planning* provided key inputs from the Draft 2021 IRP, including capacity need, clean energy need, and resource peak contribution analysis
- *Front Office* helped develop PSE's obligations in the event of firm transmission delay, provided supplemental curtailment analysis, power cost analysis, and balancing cost analysis
- *Transmission Contracts* advised on setting up a pseudo-tie and informed Business Initiative that pseudo-tie should not be a gating issue for PPA signature
  - PSE is responsible to set up pseudo-tie in order to balance Clearwater output and meet eligibility requirements for I-937 RPS, if needed for future compliance
- *Load Office* has consulted with NextEra and confirmed general technical requirements for Clearwater participation in the EIM
- *Credit* has provided input for required credit support
- *Tax and Derivative Accounting* have reviewed PPA and provided input
- *Legal* has advised and participated in negotiations at key decision points
- *Regulatory* has advised on PoE rules and PSE term extension option
- *Government Affairs & Public Policy* were consulted on policy and taxation developments in Montana that could have a future impact on the project

PUGET SOUND ENERGY

Attachment 9(b), Appendix 8

Board Update Call and Memo, January 6, 2021

2018 All Resources RFP
Clearwater PPA Update

CEO Board Update Call

January 6, 2021

CONFIDENTIAL

Previous board interaction

- October 7, 2020 overview of project
  - Project development status
  - Transmission paths, risks and mitigations
  - Project economics compared with next best alternative
- Updates since last board call
  - Colstrip Transmission System (“CTS”) system impact study result
  - Term
  - Price
  - Draft 2021 IRP updated need
  - Obtained EMC approval on December 17, 2020 to proceed with board approval

PUGET SOUND ENERGY

CTS system impact study result estimated upgrade cost at $[redacted]

System Impact Study (SIS):

- Northwestern Energy (NWE) delivered the SIS result to PSE on November 30, 2020. The SIS provides preliminary assessment of the cost and scope of needed upgrades on CTS to integrate the new Clearwater wind resource.

- The preliminary cost estimate in the SIS of the upgrades required to integrate the 350 MW Clearwater project is $[redacted]. 20 MW is available with no upgrades and the remaining 330 MW will be available after integration with a planned new Remedial Action Scheme ("RAS"). The RAS work is anticipated to be completed in **June 2022**.

- The next step is to enter a Facilities Study Agreement with NWE, expected to be executed by January 2021. The Facility Study will provide more detailed analysis of the cost and timeline for completing upgrades for the remaining 330 MW.

PUGET SOUND ENERGY

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REDACTED VERSION

PPA terms now include unilateral extension option for PSE

PPA Contract Term:

- Previously contemplated 20-year term with mutual right to extend by 5 years changed to **20-year term with unilateral PSE right to extend**.
- PSE may exercise its right to extend the contract to a 25-year term until December 31, 2025.

Guaranteed Commercial Operation Date ("COD"):

- NextEra guaranteed COD brought forward by one month from [redacted] 2022 to [redacted] **2022**.
- Better alignment with start of PSE peak winter period.
- PSE shielded from PTC step down risk associated with delayed COD.

PUGET SOUND ENERGY

4

Clearwater prices of $[redacted]/MWh for 20-year PPA or $[redacted]/MWh for 25-year PPA provide the highest portfolio benefit compared to alternatives from the 2018 RFP

PPA Price:

- $[redacted]/MWh (fixed, as delivered) for 20-year term.
- PPA price lowered to $[redacted]/MWh if 5-year extension option exercised. Applied retroactively to the entire 25-year term.
- In the event of a change of tax law prior to COD, NextEra agrees to share additional tax benefits 50/50 through an adjustment in PPA price.
- The Clearwater PPA offers the highest portfolio benefit compared with the next best alternative resources in the 2018 RFP.

	Lowest Cost	Lowest Cost	Next Best Alternative 20 Yr
Project Name	**Clearwater**	**Clearwater**	[redacted]
Portfolio Benefit with CO2 Costs	$97.6 M	$164.9 M	$18.3 M
Nameplate	350 MW	350 MW	296.7 MW
PPA Term	20 Yr	25 Yr	20 Yr
COD	Nov 30, 2022	Nov 30, 2022	Dec 31, 2023
PPA Price	$[redacted] MWh	[redacted] MWh	$[redacted] /MWh
NCF Delivered	[redacted] %	[redacted] %	[redacted] %
Energy Delivered	[redacted] MWh	[redacted] MWh	[redacted] MWh

PUGET SOUND ENERGY

Despite decreased peak need from draft 2021 IRP, the Clearwater project contributes significant value to the portfolio by adding Montana wind at 80% PTC to meet CETA need

		A	B	C	D	E	F	G	H
	2021 Draft IRP Results	2023	2024	2025	**2026**	2027	2028	2029	**2030**
1	Peak Capacity Need/(Surplus) before Clearwater (MW)	(205)	(161)	(112)	514	672	690	675	691
2	Clearwater Peak Capacity in (MW)	145	145	145	145	145	145	145	145
3	Peak Capacity Need/(Surplus) (MW)	(350)	(306)	(257)	369	527	545	530	546
4	CETA Need before Clearwater in (TWh)	0.6	1.5	2.6	3.4	4.5	5.6	6.5	7.35
5	Clearwater Clean Energy Addition (TWh)	[redacted]							

Note: 2021 Draft IRP Results are based on material presented at stakeholders meeting on 12/15/2020. Clearwater energy calculated from DNVGL NCF. Resource need includes the draft 2021 conservation targets.

Clearwater supports three primary business drivers

#1 - **Helps PSE meet the CETA clean energy need and the capacity needs**

Clearwater contributes [redacted] **% of 2026 capacity need** and [redacted] **% of 2030 CETA need** (see table above)

#2 - **Maximizes cost benefit through existing PTC rules**

PPA price reflects 80% PTC associated with 2022 COD, compared to a 2026 COD with 0% PTC

#3 - **Preserves PSE transmission capacity on the CTS transmission line**

In the event PSE does not proceed with Clearwater, there is a risk of losing all or a portion of the 330 MW transmission capacity when it is offered through OASIS

PUGET SOUND ENERGY

6

NextEra is responsible for project development risk. PSE is responsible for transmission risk and has negotiated the PPA to minimize risk of transmission delays and cost overruns to customers

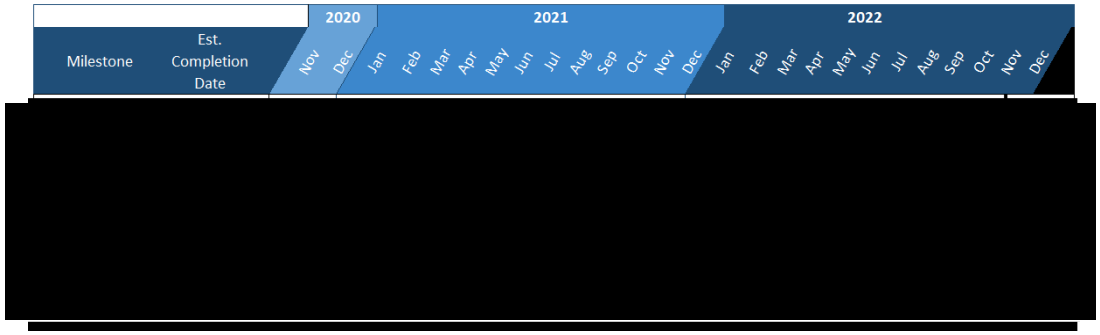
Risk	Description	Mitigation
Development	• Site control - Outstanding rights include easements at Colstrip property, lease for project property from State of Montana. - State Highway encroachment permit for the gen-tie line, and various crossing permits • Permitting - Remaining permits include sage grouse mitigation plan approval and Montana environmental impact statement. • Interconnection - Current design includes crossing of Colstrip transmission lines. - NextEra is also pursuing an alternate route that would avoid line crossing.	• PSE entitled to collect liquidated damages ("LDs") up to $[redacted]M for delays in gen-tie, wind farm and COD milestones. • PSE delayed capacity need may result in no required mitigation if COD delayed. • COD may be extended by up to 180 days with no LDs, if the delay is caused by Force Majeure or absence of firm transmission. Thereafter, PSE has a right to terminate and collect termination payments equal to market value of the PPA, adjusted for net costs as a result of termination.
Transmission	• Required transmission upgrade cost might exceed $[redacted] estimate from SIS. • Final timing of obtaining long-term firm, point-to-point transmission along the CTS for the project. • CTS and BPA remedial action scheme (RAS) delays. • Delays in PSE pseudo-tie completion.	• Under the PPA, PSE is responsible to pay for transmission upgrade costs up to $[redacted] million, and NextEra is responsible to fund upgrade costs above $[redacted] million. NextEra has a walk right if transmission cost is grater than $[redacted] million. • PSE not obligated to take energy on a firm basis from NextEra if COD is reached but firm transmission is not obtained. PSE agrees to take commercially reasonable efforts to buy power.

Next Steps

Seek board approval to execute Clearwater PPA at the Board of Directors meeting on January 21, 2021.

APPENDIX

Project Schedule



Milestone Highlights & Key Risks

Real Estate –	Significant remaining tasks include securing rights to construct interconnection facilities around Colstrip plant and securing State owned parcels in the project site which impacts approximately 7 turbine sites designated for PSE.
Permitting –	Biggest remaining permitting related issue is agreeing with the State of Montana on mitigation package for impacts to sage grouse habitat.
Interconnection –	Includes approximately 18-months for Northwestern to design and construct project interconnection facilities at Colstrip substation.
Construction –	Gen-tie line construction scheduled to begin [redacted]21 and wind farm construction schedule to start [redacted]/22.
Procurement –	Commencement of wind turbine procurement shown on schedule in [redacted]2020.

PUGET SOUND ENERGY

PSE Report to the Board of Directors:
Clearwater Wind PPA

Attachment 10. Acronyms

PSE Report to the Board of Directors: Clearwater Wind PPA

ATTACHMENT 10: Acronyms

Acronyms

BAA:	Balancing Authority Area
BPA:	Bonneville Power Administration
CAISO:	California Independent System Operator
CCR:	Corporate Credit Rating
CETA:	Clean Energy Transformation Act
COD:	Commercial Operations Date
CTS:	Colstrip Transmission System
CUP:	Conditional Use Permit
DTC:	Dynamic Transfer Capability
EIM:	Energy Imbalance Market
EKI:	Energy Keepers Inc.
ELCC:	Effective Load Carrying Capability
EMC:	Energy Management Committee
FAA:	Federal Aviation Administration
FERC:	Federal Energy Regulatory Commission
FS:	Facility Study
GRC:	General Rate Case
HE:	Hour Ending
IRP:	Integrated Resource Plan
LGIA:	Large Generator Interconnection Agreement
MEPA:	Montana Environmental Policy Act
NCF:	Net Capacity Factor
NEECH:	NextEra Energy Capital Holdings, Inc.
NEW:	NorthWestern Energy
NOI:	Notice of Intent
NREL:	National Renewable Energy Laboratory
PCORC:	Power Cost Only Rate Case
POD:	Point of Delivery
PoE:	Purchase of Electricity

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ATTACHMENT 10: Acronyms

POI:	Point of Interconnection
PPA:	Power Purchase Agreement
PSE:	Puget Sound Energy
PTC:	Production Tax Credit
RAS:	Remedial Action Scheme
REC:	Renewable Energy Credit
RFP:	Request for Proposal
RPS:	Renewable Portfolio Standard
SEMDC:	Southeastern Montana Development Corporation
SIS:	System Impact Study
SPI:	Sierra Pacific Industries
ST DA:	Short-term day-ahead
ST ID:	Short-term intra-day
ST RT:	Short-term real-time
TPC:	Transmission Policy and Contracts
TSR:	Transmission Service Request
USACE:	U.S. Army Corps of Engineers
WECC:	Western Energy Coordinating Council
WUTC:	Washington Utilities and Transportation Commission