
March 24, 2009

Subject: Puget Sound Energy
Customer Energy Management
2010-11 Implementation term
Request for Proposals

Dear Potential Contractor:

Puget Sound Energy, Inc. (PSE) is soliciting proposals for targeted Energy Efficiency Services for the 2010-2011 program period as described in the attached Request for Proposal (RFP). This RFP solicitation includes the following documents:

- Table of Contents
- PSE 2010-11 Customer Energy Management Energy Efficiency Services RFP
- Exhibits A-F

This RFP is sponsored by the Customer Energy Management (CEM) group at PSE. The CEM group is soliciting support for:

- New demand side management products, programs and/or services (products) that will result in direct and measurable gas and/or electric energy savings,
- Products, programs and/or support services that are complimentary rather than competitive with existing CEM programs and services,
- Products, programs and/or support services that will be available for implementation starting January 1, 2010 and ending December 31, 2011.
- Innovative, new ideas.

The CEM group is NOT soliciting proposals for:

- Renewal of existing programs,
- Renewable energy programs,
- Distributed Generation programs,
- Demand Response and Demand Response Pricing Programs.

The following identifies the key dates and deliverables and deadlines relevant to this RFP process:

Activity	Due Date
• RFP Release	• March 24, 2009
• Intent to Bid	• April 6, 2009
• Bidders Questions	• April 10, 2009
• PSE Responses to Questions	• April 17, 2009
• Signed Mutual Confidentiality Agreement	• May 8, 2009
• Proposal Submission	• May 8, 2009
• PSE Internal Bid Evaluation	• May 29, 2009
• Short List Vendor Notification	• June 1, 2009
• Reference Checks	• June 12, 2009
• Short List Vendor Interviews	• June 2009
• Vendor Selections	• July 2009
• Scope & Pricing Finalization	• July 2009
• Contract Finalization	• August 2009
• Signed Contracts	• September 2009

- PSE accepts no liability to the extent the actual schedule is different from the anticipated schedule.

Any questions regarding this RFP should be directed via email to:

CEMRFP@pse.com

Sincerely,

Pam Mead
Purchasing Department
Puget Sound Energy
10885 NE 4th Street, (PSE10N)
Bellevue, WA 98004

**Puget Sound Energy
Customer Energy Management**

REQUEST FOR PROPOSALS

**Energy Efficiency Services
for
2010-2011 Program Portfolio**

March 2009



PUGET SOUND ENERGY

The Energy To Do Great Things

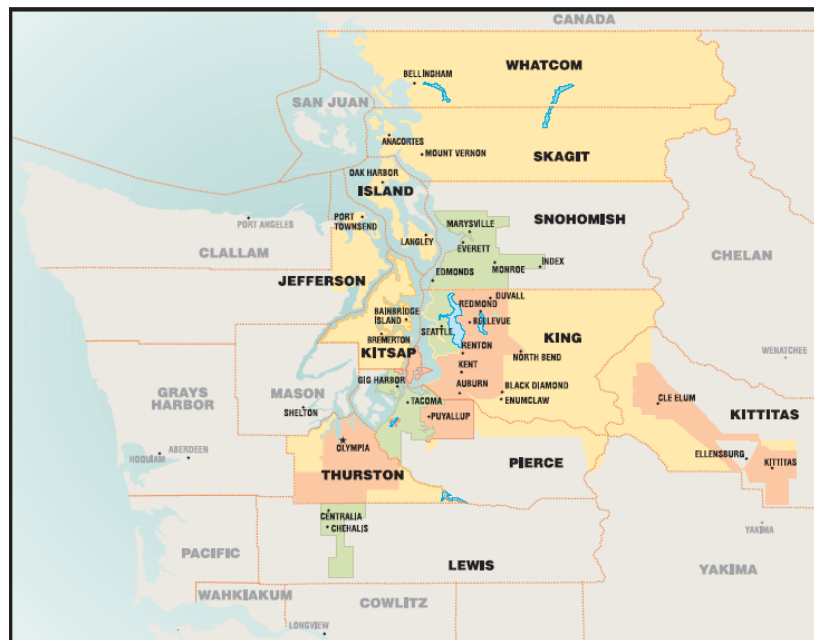
1 INTRODUCTION

The goal of this Request for Proposal (RFP) is to identify new programs and/or program support services that will enable Puget Sound Energy (PSE) to continue the upward trend of energy efficiency for the 2010-11 program years. This RFP is sponsored by the Customer Energy Management (CEM) division within Energy Efficiency Services, the PSE division chartered with delivering energy efficiency services. PSE is seeking proposals for new programs and/or program support services that will enhance conservation of electric and gas from retail customers (business and residential) throughout our gas and electric service territory.

- This RFP is intended to supplement and enhance PSE's ongoing energy efficiency efforts.
- Proposed services are to be delivered between January 1, 2010 and December 31, 2011.

1 ABOUT PUGET SOUND ENERGY

Puget Sound Energy (PSE) is Washington State's largest and oldest energy utility, serving more than one million electric customers and approximately 750,000 natural gas customers, primarily in the vibrant Puget Sound region. More than three million people reside within our 6,000-square-mile service area. We serve more than 100 cities and towns within 11 Washington counties, from South Puget Sound north to the Canadian border, and from Central Washington's Kittitas Valley west to the Olympic Peninsula.



The approval of a merger/acquisition of PSE was recently announced by the Washington State Utilities and Transportation Commission (WUTC); this was the final in a series of regulatory review processes. This final approval means Washington's largest utility is now owned by Puget Holdings LLC, based in New York.

PSE employs a well-defined strategy for meeting its customers' energy needs in a reliable, low-cost way: focus on the traditional, regulated, vertically-integrated utility business model and focus on conservation which includes customer education, programs and promotions to generate energy savings as part of long term energy management. Energy efficiency is integral to PSE plans for the growing energy needs of our customers.

The region has experienced dramatic change during Puget Sound Energy's 134-year history, but one thing has remained constant: PSE's focus on safe, reliable, low-cost energy service. The company's commitment to serving communities and to helping make them better places to live and work, is as steadfast as ever. This project shall maintain the tradition of continual evolution, high reliability, and cost effective service.

Puget Sound Energy Data

- Headquarters: Bellevue, Washington
- Incorporation: 1997, merger of Puget Sound Power & Light Company and Washington Energy Company (parent of Washington Natural Gas)
- Revenues: \$3.2 billion
- Assets: \$7.6 billion
- Employees: 2,600
- Customers: 1.05 million electric, 735,000 natural gas
- Service Area: 6,000+ square miles, primarily in Puget Sound region of Western Washington
- Service Area Population: Approximately 4 million

Counties served:

- *Gas Only*
 - Snohomish
 - Lewis
- *Electric Only*
 - Island
 - Jefferson
 - Kitsap
 - Skagit
 - Whatcom
- *Combined Gas & Electric*
 - King
 - Kittitas
 - Pierce
 - Thurston

Energy sales:

- 26.01 million megawatt-hours (or 26.01 billion • kilowatt-hours (kWh))
- 1.12 billion therms (1 therm = 100,000 Btu or about • 100 cubic feet of natural gas)

Average residential rates (April 1, 2008):

- 9.28¢ per kWh (based on average household usage • of 1,000 kWh)
- 1.21¢ per therm (based on average household usage • of 68 therms)

Green Power Program:

- 20,457 participating customers•
- 246.4 million kWh renewable power purchased•
- \$4 per month for 320 kWh; \$2 each additional 160 • kWh

Power distribution system:

- 2,630 miles of transmission lines (55 kV and above)•
- 19,979 miles of distribution lines (under 55 kV)•
- 10,401 miles of overhead lines•

-
- 9,528 miles of underground lines•
 - 361 transmission and distribution substations•
 - 1,056 distribution circuits•

Natural gas distribution system:

- 11,770 miles of natural gas mains•
- 12,514 miles of service lines•
- 39 gate stations•
- 2 gas-storage facilities: Jackson Prairie, Washington • (partnership); Clay Basin, Utah (contract operations)

Natural gas supply:

- 47.1 percent from western United States•
- 52.9 percent from Canada•

Electric supply:

- 33.8 percent from PSE-controlled resources •
- 66.2 percent from purchased resources •

PSE-owned generating capacity:

- 2,484 MW•

*All statistics as of Dec. 31, 2007, except rates which are as of April 1, 2008

2 ABOUT CUSTOMER ENERGY MANAGEMENT (CEM)- RFP SPONSOR

PSE's energy efficiency programs and customers' conservation actions taken in 2008 will save customers nearly \$30 million annually on their energy bills, in addition to the \$45 million in rebates, grants and discounts customers already received on energy-saving equipment. These actions taken by customers will also reduce their total carbon footprint by more than 450 million pounds of carbon dioxide annually, or the same as taking 38,000 cars off the road.

Our success to date can be attributed to our customers, employees and partnerships with program service providers. Together, we achieve a remarkable level of energy savings – the highest electricity and natural gas savings ever achieved by Puget Sound Energy. PSE is committed to helping our customers reduce energy costs in this challenging economy and helping to combat climate change.

Some highlights:

- Our savings targets for 2008-2009 are 53.3 aMW and 5.3 million therms. We expect to exceed these targets.
- Electric savings for 2008 exceeded the utility's previous record by 8 percent.
- Natural gas savings were similarly record breaking at more than 30 percent over 2007 savings.
- Based on recent industry studies, PSE estimates that its investments in conservation programs resulted in 450 new jobs throughout Western Washington. While other local employers were forced to cut jobs, the increased customer interest in energy efficiency has generated new staff positions at the utility and the local contractors and distributors who support its programs.

The key CEM stakeholders of this RFP include the:

- Business Energy Management (BEM) group that provides energy efficiency products and services to our Commercial and Industrial (C/I) customers. And the

- Residential Energy Services (REM) group that provides energy efficiency products and services to our residential customers. (This includes Multi-family and Low-Income market segments.)

We are proud of our commitment to energy efficiency and of our achievements. With your help we can and will do more.

3 Summary of Solicitation

PSE is seeking proposals for new demand side management products, programs and/or services that will result in direct and measurable gas and/or electric energy savings. The RFP has defined three categories for submittal as follows:

- Demonstration of New Technologies and/or Pilot Projects
- Energy Efficiency Programs and/or Program Support Services
- New & Innovative Initiatives

These categories are more specifically defined in section 2.

4 Key considerations for bidders:

- Any products bid through this RFP should be available for implementation starting January 1, 2010 and ending December 31, 2011.
- Renewable energy, fuel conversion, and demand response pricing programs are excluded from this RFP.
- Renewal of existing PSE programs are excluded from this RFP.
- Vendors submitting proposals under this RFP must ensure that their proposals are complimentary rather than competitive with existing CEM programs and services.
- If there is potential for overlap with CEM programs and/or services, vendor should address how proposed program will complement or augment existing programs.
- Within this RFP, PSE is seeking exploratory and innovative program options.
- PSE will determine from the list of responding interested parties, those vendors and contractors with whom PSE, in its sole judgment, wishes to engage in further discussion and/or negotiate a contract.
- PSE is under no obligation to select any proposal.
- All conservation measures included in a project proposal must produce savings that can be reliably measured or estimated with accepted engineering methods.
- For all awarded contracts, the PSE Program Evaluation group must approve any Measurement and Verification plans.

5 Solicitation Timeline

The following represents our initial projected timeline.

Activity	Due Date
• RFP Release	• March 24, 2009
• Intent to Bid	• April 6, 2009
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• Contract Finalization	• August 2009

- All times are for Pacific daylight time.
- This timetable is provided for planning purposes only and may be modified by PSE as required.

Bidder's Questions

- PSE requires questions on the RFP to be submitted in writing, electronically to CEMRFP@pse.com.
- All questions received will be scrubbed, answered and delivered to all Responders that have submitted an "Intent to Bid" response.
- All questions will be answered per timeline schedule.

Quality

Project impact must match or exceed the quality of the customers' end-use processes or products, or customer satisfaction with equipment operation, comfort, or other amenities that result from using energy. Proposals should demonstrate that adequate quality assurance procedures will be implemented.

2 POTENTIAL PROGRAMS

This RFP seeks proposals for the following categories of Demand Side Management (DSM) products that are capable of demonstrating commercial viability or delivering commercially proven and available products, programs and/or program support services. Proposals submitted must be complementary with PSE's existing CEM program portfolio. We are not seeking renewal of existing programs at this time.

1 **Demonstration of New Technologies & Pilot Projects**

Introduction/Description

PSE is interested in understanding how new and/or emerging technologies perform in the field. This request invites you to provide us with specific proposals that will help us implement and assess new technology performance and savings characteristics.

PSE considers a demonstration or pilot project a *collaboration* with a third-party established in order to assess performance, market acceptance, energy savings, and/or cost-effectiveness. PSE is not seeking technologies in need of equity investment nor is PSE evaluating technologies for investment purposes.

Products of Specific Interest

PSE will consider proposals for any electric or gas energy efficiency projects that meet the general requirements of this solicitation.

A) Some examples of New Technologies and Pilot “products” that are of interest to the Residential Energy Management (REM) group include the following:

- **Plug Load Technologies**
 - Smart Strips. As plug load increases we seek a better understanding of applications like smart strips, which better manage energy consumption.
- **Residential Space Heating**
 - Hydronic heating: Used as a replacement for traditional ducted systems allowing the customers to avoid heating loss through duct systems or used to replace traditional baseboard when a customer converts to natural gas.
 - Combined Heating and Power: Better understand the potential impact of installing combined heat and power CHP units. Scope will include coordination of test study and associated evaluation of installed product to determine customer acceptance, impact on infrastructure and cost effectiveness for PSE.
 - Ground Source Heat Pumps: PSE seeks to increase its knowledge base of all performance characteristics of ground source heat pumps in mild climates.
 - Heat Recovery Units: As homes become tighter and the need for mechanical whole house venting systems grows, PSE seeks to offer incentives to customers who utilize cost effective heat recovery methods.
 - Line Voltage Heating Control Thermostat: Replacement of existing bi-metal thermostat with electronic or vapor diaphragm controls with maximum dead band of +/- one degree.
- **Domestic Hot Water Heating**
 - Heat Pump Water Heaters: Given the renewed popularity of heat pump water heaters PSE is interested in programs to evaluate the cost effectiveness of upgrading a traditional electric water tank to HPWH.
 - Solar Swimming Pool Water Heaters The high cost of heating a swimming pool makes solar water heating in this climate zone a potentially cost effective application.

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- Heat Recovery Units: PSE seeks heat recovery methods to be evaluated before brought to market on a larger scale.
 - **Residential Lighting**
 - LED's and other emerging lighting fixtures. PSE seeks to expand its portfolio of LED and other fixtures which meet current indoor, outdoor and common area lumens requirements.
 - Exterior solar "porch light" applications. A pilot program is necessary for this housing stock and climate to determine feasibility.
 - **Home Automation**
 - HVAC Controls
 - Networks & Displays
 - Occupancy sensors
 - PSE seeks to efficiently manage overall energy consumption and/or peak demands by empowering customers and/or utilities to make changes to energy use based on inputs.
 - **Prepay meters**
 - PSE seeks to pilot program to test
 - Integrated in-home display in which customers pay for their energy before it is consumed.
 - Customer acceptance of the concept, and
 - Potential energy savings.
 - **Targeted Hard to Reach Markets**
 - PSE strives to ensure all its customers have access to its energy efficiency information, services, products and programs. Some audiences have lower participation rates than others and require unique program design and/or marketing propositions.
 - PSE is seeking bids from companies to actively target specific social, geographic, cultural or ethnic markets. Programs must include estimates for the specific cost effective energy efficiency measures to be installed as a result of the marketing and delivery plan.
 - Examples of markets PSE hopes to address include:
 - Rural
 - Seniors
 - Asian
 - Hispanic
 - Native Americans

B Some examples of New Technologies and Pilot "products" that are of interest to the Business Energy Management (BEM) group include the following:

- **Field Demonstrations of new Lighting Technologies –**
 - PSE seeks programs and/or pilots that will demonstrate new lighting technologies in the field.
 - Programs may consider, but are not limited to, LED lighting.
 - Demonstrations may be public or limited in accessibility.
 - Tested products will be used to demonstrate efficient use of technologies in a way that can be used to generate customer interest or prove reliability and/or effectiveness to wary customers

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- **Combined Heat & Power –**
 - Installations to reduce PSE’s combined electrical and natural gas loads for stage 1 heating, water heating, or process applications.
 - Systems size 5 MW or less
 - Best available technology
 - Fuel sources limited to natural gas, renewable energy, or waste energy.
 - Meet FERC 18 C.F.R Part 292

We recognize this list does not represent all of new and emerging technologies available, and we welcome other proposed pilot projects not listed herein.

2 Energy Efficiency Programs and/or Program Support Services

Introduction/Description

PSE programs and services are designed to meet both our conservation targets and the energy efficiency and energy management needs of our residential and business customers. Looking toward 2010-11, we are interested in identifying any program and/or program support services that will enable us to secure more savings or secure savings in more cost effective ways in a changing and dynamic marketplace.

Products of Specific Interest

PSE will consider proposals that generate residential electric and/or gas savings in the residential, commercial and industrial market segments. Serious consideration will be given to proposals that extend current PSE program abilities or offer unique opportunities outside the scope of present PSE programs.

Some examples of program initiatives that are of interest to the Residential Energy Management (REM) group include the following:

- **Whole-house Residential Program Delivery.** A whole –house approach would:
 - Bundle existing measures
 - Provide delivery mechanism to present customers with multiple measure options with an easy, clear path to implementation.
 - Include accurate calculations of potential savings and incentives
 - “Stage” incentives – provide graduated rebates for installing multiple measures within a certain timeframe, even if not done all at once
- **Behavior Modification Programs**
 - Focus on changing consumer behavior to reduce their energy consumption
 - Quantify consumer energy efficiency behavior change to provide quantifiable data to evaluate energy efficiency benefits.
- **Expanded HVAC Offerings**
 - Quality Installation Certification: Incentives would provide contractors motivation to install energy efficient equipment products using current best practices.
 - Zonal Heating (efficient fireplaces and natural gas wall heaters): Compare various energy efficiency savings of zonal heating methods, equipment and/or installation to enhance our current cost effective measure offering to customers.
 - Single Family home boilers and/or Condensing water heaters: Evaluate cost effective savings of retrofitting with a home boiler or condensing water heater
- **Expanded Weatherization offerings**
 - Exterior Doors

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- Air Sealing: Air sealing has been a challenge historically. PSE seeks a method of air sealing which motivates both our partnering weatherization contractors and our customers to air seal cost effectively.
 - **Expanded Retail & Consumer offerings**
 - EPA WaterSense shower head and bathroom faucet fixtures: Incentive (e.g., rebates/discounts/coupons) program that provides quantifiable savings data. This may include retail or professional contracting services partnerships.
 - IC Rated CFL Recessed Fixtures: Program for coordinating the installation of IC rated CFL recessed fixtures at a discount cost to the end consumer.

B Some examples of program initiatives that are of interest to the Business Energy Management (BEM) group include the following:

- **Industrial Energy Management**
 - An initiative in Industrial Energy Management will:
 - Provide comprehensive approach on energy efficiency in industrial facilities
 - Focus on low cost or no-cost process optimization measures
 - Provide measureable, cost-effective energy savings
- **Optimization of Industrial Systems (Industrial Commissioning)**
 - An initiative in Commissioning of Industrial facilities will:
 - Focus on optimization of systems such as
 - compressed air systems,
 - conveying systems,
 - exhaust systems,
 - refrigeration systems, or
 - pumping systems
 - Provide measurable, cost-effective energy savings
- **Turn-key System Optimization Programs**
 - Focus on specific building types, systems and/or customers or market segments with low participation rates
 - Examples of systems and/or end-uses of interest include:
 - HVAC
 - Energy Management and Control System (EMCS)
 - Provide system improvements such as:
 - Enhanced scheduling and zone control
 - Optimum start/stop
 - Demand-controlled ventilation
 - Duct static pressure and temperature reset
 - Chiller Plant Optimization Program –
 - Provide integrated control of central chilled water system components to optimize efficiency, including measures such as
 - Staging of multiple chillers and/or compressors
 - Staging/speed control of cooling tower fans
 - Condenser water reset
 - Chilled water reset
 - Variable flow pumping
 - Boiler Room Optimization Program

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- Provide boiler room efficiency upgrades to improve efficiency of space heating, domestic hot water, and process heating systems, including measures such as:
 - Boiler staging/sequencing controls
 - Stack dampers/measures to reduce standby losses
 - Piping insulation
 - Heating loop temperature reset controls
 - Variable flow pumping
 - Electronically Commutated Motor (ECM) Program
 - Refrigeration Sector retrofit evaporator and condenser fan motors with ECMs in targeted markets (e.g., small convenience stores)
 - HVAC Sector retrofit fan motors in VAV terminal boxes, fan coil units, etc.
 - Focus on specific customer or market segments for efficiency measures based on characteristics such as:
 - Square footage/building characteristics
 - EUI profiles
 - Facility function and/or end-uses
 - An example of such a program would be
 - Hospitality Program implementing such measures as
 - Direct install of occupancy-based guest room HVAC and hotel lighting controls
 - Direct install of compact fluorescent (CFL) and other energy efficient lighting measures
 - **Small Business Audit Program –**
 - In an effort to serve a hard-to-reach market, PSE seeks a third party energy audit program designed for Small Businesses.
 - An acceptable program would include identification of appropriate small businesses, presentation of the program, delivery of the actual audit, and customer guidance on the next steps to implementation of measures.
 - “Small Business” may be defined as commercial and/or industrial customer having a peak monthly electrical demand of 50 kW or below (PSE rate schedule 24 and 8) or other method such as maximum facility square footage or number of employees, etc.
 - **Building Audit/Tune-up Program**
 - In an effort to serve smaller commercial facilities (<50,000 sq.ft.), PSE seeks proposals for a program to optimize building operation, including elements such as:
 - HVAC system optimization
 - Lighting system optimization
 - Other cost-effective elements of existing building commissioning
 - Continued performance monitoring/persistence of savings
 - **Data Center Energy Efficiency**
 - A program targeting data centers will provide
 - A ‘turn-key’ approach to include—
 - Cooling,
 - power supply,
 - servers, and
 - software
 - Measurable, cost-effective energy savings.

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- **Green Lease Tenant Improvement Program**
 - PSE is interested capturing energy savings opportunities in the tenant improvement (TI) market.
 - A program offering would—
 - Identify viable market size/dimension
 - Define market and implementation strategy
 - Provide measurable, cost-effective energy savings.
 - **Commercial Lighting Buy-Down Program –**
 - PSE is interested in implementing a “Buy Down” program for CFL and other efficient specialty lamps that would reimburse vendors for providing Point-of-Purchase discounts for qualifying lamps.
 - A program would, at a minimum, provide outreach to vendors of lighting products to commercial contractors or direct to commercial businesses.
 - A program may also include a ‘turn-key’ approach to that would include all aspects of program implementation and management.
 - **Plug-load Management in Commercial Buildings**
 - Define viable, comprehensive approach to plug-load efficiency in commercial buildings.

We recognize this list does not represent all of the potential new programs and/or program support services that are available, and we welcome other ideas not listed herein.

3 New & Innovative Initiatives

Introduction/Description

PSE has a long history of successfully delivering programs and services to our customers. We recognize, however, that the marketplace is changing both rapidly and significantly and that our current best practices might not be, in certain areas, best suited to meet changing customer needs. Within this request, we are inviting you to help us stretch our thinking. We are looking for ideas that will challenge our assumptions and our ways of doing business while ensuring we provide value to customers and adhere to our core business principles and plan.

Innovative Initiatives of Specific Interest

PSE will consider proposals for any electric or gas energy efficiency projects that meet the general requirements of this solicitation.

We are particularly interested in any proposal satisfying the following:

- **Reward absolute conservation:** Provide incentives to customers who use less total energy than during the same period of the previous year based on quantifiable energy efficient upgrades and/or actions. Proposals may include
 - Creative methods of delivery and/or encouragement of customer participation
 - Innovative application of new and/or existing technologies

The marketplace is full of new ideas and we want to hear about them.

3 Completing Your Proposal

The 3 steps involved in the bid process include the following:

- 1 **Submit "Intent to Bid"**
Puget Sound Energy requests that any Responder that intends to bid on this RFP, communicate that intention to:
CEM 2010-2011 RFP: via email at CEMRFP@pse.com

Refer to timeline date and time.

- 2 **Submit Bidder's Questions**
The release of the RFP begins a quiet period for Bidders participating in this project. Bidders shall not call PSE employees to discuss potential projects or ask questions regarding the RFP.

However, PSE realizes it is critical to provide Bidders with a vehicle to ask questions so that quality responses can be prepared. Responses to all questions will be provided in writing to all Bidders within 5 business days of closing. We will not identify companies or individuals that pose questions.

Refer to timeline date and time.

Questions and requests regarding this RFP should be sent to CEMRFP@pse.com.

- 3 **Submit Proposals**
All proposals must be received by no later than 5:00 PM Pacific Time on May 8, 2009. In addition, respondents are to provide two signed originals of the Mutual Confidentiality Agreement (Exhibit F) by May 8, 2009.

Bidders must deliver one electronic copy to:

- o CEMRFP@pse.com

Bidders must deliver two (2) hard copies to PSE

- Proposals may be submitted via US Mail to the following address:

Puget Sound Energy
P.O. Box 97034, EST-10W
Bellevue, WA 98009-9734
Attn: Richard Hazzard

- Proposals may be submitted via courier or hand-delivery to the following location:

Puget Sound Energy
355 110th Avenue NE, EST-10W
Bellevue, WA 98004
Attn: Richard Hazzard

- All costs to participate in this RFP process are the responsibility of the bidder.

Bidder's Response -- Content

Your submission will adopt the following format for presenting bid information. Proposals that do not follow this format are at risk of being disqualified.

Completed Templates and/or Data sheets

Your submission will include:

- Signed Mutual Confidentiality Agreement (MCA) – Exhibit B
- Completed "Proposal Summary" document – Exhibit C
- Completed "Proposal Cost Summary" document-- Exhibit D
- Completed "Measure Cost Summary" document – Exhibit E

Cover Letter

- Content for this document is included in Exhibit A

Section 1 Executive Summary

Your executive summary will provide highlights of proposal and will be no more than 2 pages.

Section 2 Company Profile

Your company profile will include the following items:

Company Overview

- Company
- Name
- Address
- Contact name, title, phone, email for this project
- Headquarters & number of branches
- Number of employees

History & Overview of Products and Services

- Provide a general description of the organization, background and experience in projects similar to your proposal.

Qualifications

- Provide a list of prior organizations for which key management team members have worked if such organizations have provided services similar to those in the proposal, and specifically note any services provided to PSE or its predecessors.
- Provide resumes of key personnel related to proposal (*1 page maximum per individual*)

Market Differentiation

- Highlight your company's distinguishing factors.
- Describe top 3 (or more) distinctions between your company and others.

Financial Qualification & Full Disclosure

- Provide form of business classification (i.e., sole proprietorship, partnership, or corporation) and Dun's number, if assigned.
- Quick ratio (current assets - current liabilities),
- Corporate Website address (including financial information)
- Identify pending litigation and the final resolution or present status of such matters.

References

- Provide three references from current customers for whom your company has provided similar programs in the last 3 years. (*References will be checked for short-listed bidders.*)

References may also include customers for whom the respondent has provided services similar to those included in the proposal.

- Include:
 - Name of Reference Company
 - City/State
 - Type of Business
 - Describe relationship to bidder
 - Contact name/title
 - Contact phone & e-mail
 - Brief description of programs/services provided

Conflict of Interest Disclosure

- All respondents shall disclose in their proposal any and all relationships between themselves, the project and/or members of their project team and PSE, its employees, or its customers.

Section 3- Proposal

Your proposal(s) will include the following items:

1 Completed "Proposal Summary" document. (Exhibit B)

To complete this section, you will need to input:

- Project Name
- Bidder organization and contact information
- Proposed start and end dates
- Technical information will include:
 - Targeted customer segments
 - Retrofit or new construction
 - Specific end-uses targeted
 - Type of energy efficiency measures to be installed
 - Target number of customers to be served
 - Target number of energy efficiency measures to be installed
 - Total annualized energy savings for all installed measures
 - kWh
 - therms
- If your proposal is similar to an existing PSE program or service, identify improvements, benefits, and/or synergies.

2 Completed "Proposal Cost Summary" document. (Exhibit C)

To complete this section, you will need to input:

- Measure Installation Costs
 - Measure/equipment costs
 - Labor costs
 - Other materials costs
 - Travel costs
- Program Implementation Costs
 - Incentive costs (e.g., grants, rebates)
 - Marketing/advertising costs
 - Customer Service and complaint resolution costs
 - Quality Assurance costs
 - Tracking and Reporting costs
 - Contractor Administrative costs (e.g., management labor and expenses)
 - Other costs

3 Completed "Measure Metrics Summary" document. (Exhibit D)

To complete this section, you will need to input:

- Measure name
- Measure life (refer to Exhibit E for inputs)
- Number of measure units to be installed
- Annual energy savings by measure
- First year proposal cost
- Anticipated customer cost
- Quantifiable O&M benefits
- Other quantifiable Non-Energy Benefits
- Include **both** hard-copy print out of "Measure Metrics Summary" document **and** completed Excel worksheets in your proposal submission.

4 *Implementation Plan*

A detailed implementation plan will include:

- Schedule

-
- Key tasks, milestones and benchmarks for the proposed project from the point a contract is awarded through project completion.
 - Schedule Adherence: Indicate actions to be taken to ensure the schedule will be met.
 - Implementation Team, Subcontractors, Licensing
 - Provide names and resumes of individuals who will be assigned to this project.
 - Include project roles for each individual,
 - Include any professional relationship with PSE customers.
 - If applicable, list and describe who is to install the measure (including any installation subcontractors) who is responsible for commissioning and verification of installation and/or quality assurance inspection.

5 *Evaluation & Savings Verification Plan (1 pg.)*

A summary of Evaluation and Savings Verification will include:

- Recommend procedures to verify measure installation, quality assurance and energy savings.
 - For all awarded contracts, final evaluation plans will be defined with, and approved by, the PSE Program Evaluation Group.

6 *Marketing Plan (1 pg.)*

This section will include:

- Recommended description of the marketing plan that will be used to recruit participants.
- Eligibility and how customers will be contacted and selected/rejected for participation.
- Defined marketing assistance the respondent expects PSE to provide. This may include customer lists, customer billing records, letters of introduction, or support by PSE's customer service representatives.
- PSE reserves the right to coordinate and/or implement all marketing activities.
- Specific and final Marketing Plans will be defined with PSE during contract negotiations.

7 *Customer Obligations & Customer Service Plan*

This section will include:

- Details of all PSE customer obligations necessary for participation. Include any share of the cost of the installed measure, and other fees or costs for participation, estimates of customer's time involvement, use of customer premises, etc.
- Description of
 - how participant complaints will be addressed
 - any and all written or implied warranties that will be provided to customers regarding quality of materials and installation.
 - Process to track and report customer information to PSE.

8 *Environmental Attributes & Non-Energy Benefits*

Environmental Attributes and Non-Energy Benefits associated with the project will accrue to the ownership and beneficial use of PSE. All proposals must state that all kWh, therm and/or carbon savings associated with the project(s) will accrue to the ownership and beneficial use of PSE.

This section will include:

- Detail the disposal of waste to be removed from customer facilities as part of energy efficiency projects, including the disposal of toxic and contaminated waste. Describe any recycling strategies to be incorporated into disposing of removed materials from the project.
- Detail specific environmental aspects of the project, including any planned utilization of recycled materials in equipment supplied to the project.

-
- Identify any non-energy benefits that will be realized from program participation over time. These could include benefits associated with quality of life, carbon mitigation, incidental benefits to businesses or customers.

9 *Project Data Requirements*

Please specify the data you will require of PSE in order for your proposed project to be successful. Include details regarding how data will be accessed and managed.

Bid Evaluation

PSE will evaluate each proposal based upon the understanding of how the proposal meets the objective and satisfies the service requirements.

Criteria include:

Criteria	Value – 100 points
<ul style="list-style-type: none"> • How well does proposal diversify, support, complement and/or improve PSE portfolio 	20
<ul style="list-style-type: none"> • Value to customer <ul style="list-style-type: none"> ○ Energy savings ○ Cost ○ Public and/or Non-energy benefits ○ Commitment to Quality Assurance 	20
<ul style="list-style-type: none"> • Cost 	20
<ul style="list-style-type: none"> • Reliability, quality and/or persistence of energy savings 	20
<ul style="list-style-type: none"> • Supplier <ul style="list-style-type: none"> ○ Industry experience and reputation ○ Service qualifications ○ Financial strength ○ Local presence and/or capabilities 	10
<ul style="list-style-type: none"> • Innovation of program/service 	10

- Bid Evaluation Criteria may be changed at PSE's sole discretion.
- Compliance with RFP instructions is assumed. Failure to comply with instructions may result in disqualification.
- PSE will be evaluating proposals based on multiple evaluation criteria, as evidenced above.
- Proposals will be ranked and nominated to a short list of potential finalists. If any proposal is deemed unacceptable in any category during the process, PSE may, at its sole discretion, eliminate that proposal from further review. Conversely, PSE may, at its sole discretion, ask a respondent to correct minor deficiencies to their proposal.
- PSE may continue the evaluation analysis and additional due diligence throughout the evaluation and negotiation period based on more current market or financial information, direction from regulatory proceedings, or other guidance.
- At the completion of the evaluation, including any updated analyses, PSE will move forward with finalists from the short list on further discussions and, potentially, further negotiations of terms and conditions of a contract. Contracts are subject to regulatory consent.

DIS-ALLOWED PROGRAMS

- PSE will not accept proposals for the existing programs that PSE plans to continue to operate.
- Information regarding PSE Electric Efficiency Programs can be found at:
 - <http://www.pse.com/insidePSE/ratereginformation/pages/RatesElecTariffsRules.aspx?tab=3&chapter=1>
- Information regarding PSE Gas Efficiency Programs can be found at:
 - <http://www.pse.com/insidePSE/ratereginformation/pages/RatesGasTariffsRules.aspx?tab=3&chapter=1>

POST PROPOSAL: NEGOTIATIONS, CONDITIONS AND AWARDING OF CONTRACT(S)

- It is PSE's intent to negotiate both price and non-price factors during any post-proposal negotiations with a respondent whose proposal is selected to a short list.
- It is also PSE's intent to include in ongoing analysis of a proposal any additional factors that may impact the total cost of a project until such time as PSE and respondent might execute a contract.
- A contract, if any, would be based on the outcome of these continuing negotiations. PSE has no obligation to enter into a contract with any respondent to this RFP and may terminate or modify this RFP at any time without liability or obligation to any respondent.
- This RFP shall not be construed as preventing PSE from entering into any agreement that it deems appropriate at any time before, during, or after this RFP process is complete. PSE reserves the right to negotiate only with those respondents and other parties who propose transactions that PSE believes, in its sole opinion, to have a reasonable likelihood of being executed substantially as proposed.
- PSE, with the mutual consent of the respondent, may elect to implement a proposal earlier than 1/1/2010.
- PSE reserves the right to issue subsequent RFPs for energy efficiency resources, including RFPs for specific, targeted energy efficiency programs.
- To the extent required by law, PSE will make available to the public a summary of all proposals received and the final ranking of all such proposals. (Proposal pricing will not be revealed.) PSE also may make summary information regarding proposals available to the Conservation Resources Advisory Group (CRAG), as necessary to enable this group to carry out its planning and review responsibilities. CRAG members will be required to agree to keep proposal information confidential in order to have access to individual proposal information. If an organization represented on the CRAG elects to bid on this RFP, that organization will resign from the CRAG through 12/31/2011.
- PSE may retain all information pertinent to this RFP process for a period of 7 years or until PSE concludes its next general electric and/or gas rate case, whichever is later.

4 Supplemental Information

Washington Utility and Transportation Commission (WUTC)

Funding for proposals under this RFP shall be provided by the Company's electric and gas ratepayers, through the *Electric Conservation Service Rider* (Electric Schedule 120) and *Gas Conservation Service Tracker* (Gas Schedule 120) approved by the WUTC. Limited additional funding for residential electric efficiency programs is provided as part of the Conservation and Renewable Discount pursuant to power purchase arrangements with the Bonneville Power Administration. PSE electric and gas tariff schedules may be viewed at <http://www.pse.com/insidePSE/ratereginformation/Pages/RatesElecTariffsRules.aspx>.

Current CEM Conservation Programs

Puget Sound Energy, Inc. (PSE) currently provides a variety of energy efficiency services to their retail electric and natural gas customers. These programs provide energy efficiency resources as part of PSE's resource portfolio, and are consistent and complimentary to PSE's Integrated Resource Plans which projects PSE 20 year gas and electric needs and includes conservation as a key resource element.

PSE is committed to ensuring that all customers have access to programs by offering a mix of programs that make energy efficiency services available to all customer classes and that address most major end uses.

- Information regarding PSE Electric Efficiency Programs can be found at:
 - <http://www.pse.com/insidePSE/ratereginformation/pages/RatesElecTariffsRules.aspx?tab=3&chapter=1>
- Information regarding PSE Gas Efficiency Programs can be found at:
 - <http://www.pse.com/insidePSE/ratereginformation/pages/RatesGasTariffsRules.aspx?tab=3&chapter=1>

Project Funding

Funding for proposals under this RFP shall be provided by PSE's gas & electric ratepayers, through the Electric Conservation Service Rider and Gas Conservation Service Tracker approved by the WUTC.

PSE electric and gas tariff schedules may be viewed at <http://www.pse.com/insidePSE/ratereginformation/Pages/Default.aspx>

Conservation Resource Advisory Group (CRAG)

Key to the development of PSE's overall energy efficiency targets is the participation of PSE's Conservation Resource Advisory Group ("CRAG"). The CRAG's specific purpose is to work with PSE in the development of conservation plans, targets and budgets and includes ratepayer representatives as well as representatives of select energy efficiency policy organizations.

PSE may consult with the CRAG as part of its process for analyzing proposals submitted in response to this RFP, although the Company retains the full responsibility for decision-making and selection of any successful proposals.

Section Title

4 Exhibits

Exhibit A	Proposal Cover Letter
Exhibit B	"Proposal Summary" Document
Exhibit C	"Proposal Cost Summary" Document
Exhibit D	"Measure Metrics Summary" Document
Exhibit E	Measure Lives Documents
Exhibit F	Doing Business with Puget Sound Energy documents <ul style="list-style-type: none">• Mutual Confidentiality Agreement (MCA)• Agreement for Professional Services (sample)• Insurance Requirements

Exhibit A – Proposal Cover Letter

Your Cover Letter will include the following items:

Name

Address of the bidder,

RFP contact name, phone and email.:

Signature of a duly authorized officer or agent of the respondent submitting the proposal.

Bidder's authorized officer or agent shall certify in writing that:

- Proposal is genuine; not made in the interest of, or on behalf of, any undisclosed person, firm, or corporation; and is not submitted in conformity with any anti-competitive agreement or rules.
- Respondent has not directly or indirectly induced or solicited any other respondent to submit a false or sham proposal.
- The respondent has not solicited or induced any other person, firm, or corporation to refrain from proposing, or has not sought by collusion to obtain for himself/herself any advantage over any other respondent.
- No reassignment of proposals will occur during the evaluation or negotiation stage unless authorized by PSE and that in the event respondent and PSE negotiate and execute a contract based on respondent's proposal, the contract and obligations therein shall not be sold, transferred or assigned or pledged as security or collateral for any obligation without the prior written permission of PSE which permission shall not be unreasonably withheld. Any project lender who takes an assignment of the contract for security and exercises any rights under such agreements will be bound to perform such agreements to the same extent.
- Conflict of Interest: All respondents shall disclose in their proposal any and all relationships between themselves, the project and/or members of their project team and PSE, its employees, its customers, or members of PSE's Conservation Resource Advisory Group (CRAG).
- Validity, Deadlines and Regulatory Consent: All proposals shall specify the date through which the proposal is valid. Respondents should note that contracts might not be executed or obtained until near the end of 2009. PSE will seek regulatory consent to revisions of its energy efficiency tariffs consistent with the results of this RFP process, such consent to be in form and substance satisfactory to PSE in its sole discretion. It is preferred that bidder provides proposals that remain valid for a period that allows for negotiation of a contract.
- Proposals shall remain in effect until 1/1/2010.

EXHIBIT B “Proposal Summary” Document

Your proposal will include this document:

Project Name: _____
Bidder Organization: _____

Primary Contact Information

Name: _____
Phone: _____
Address: _____

Proposed Start date: _____
Proposed End date: _____

Technical Information

1 Target Customer Segment(s)
___ Residential Single Family ___ Multi-family ___ Mobile Home;
___ Commercial (Specify building or business type)
___ Industrial

2 ___ Retrofit ___ New construction

3 Program end-use(s)

Select one or more:

- ___ Heating
- ___ Air Conditioning
- ___ Water Heating
- ___ Appliances
- ___ Lighting
- ___ Year Round Process
(describe) _____
- ___ Seasonal Process
(describe) _____
- ___ Other
(describe) _____

4 Type of Energy Efficiency measures to be installed: _____

5 Total Participating Customers: _____

6 Total Measures to be Installed: _____

7 Total Annualized Energy Savings for all Installed Measures

- a. kWh _____
- b. Therms _____



Exhibit C “Proposal Cost Summary” Document

Your proposal will include this document:

Respondent Direct Costs	Rate (\$/Unit)	Unit (Hours, etc.)	Proposal Total
Proposed Measure Installation Costs			
Measure/Equipment Costs			
Labor			
Other Material			
Travel, Vehicles			
Project Management Labor			
Support Staff Labor			
Legal			
Travel			
Other (please specify)			
Program Implementation Costs			
Incentives \$ (grants, rebates)			
Marketing/Advertising			
Customer Service & Complaint Resolution			
Tracking & Reporting			
Other (please specify)			
TOTAL RESPONDENT COSTS*			

Notes:

Exhibit D "Measure Metrics Summary" Document

Your proposal will include completed worksheets for both gas and electric efficiency measures. Please include:

- Printed copies from your completed worksheets, and
- An electronic copy of your worksheets with your submission.

http://www.pse.com/SiteCollectionDocuments/purchasing/EE_PSEMeasureMetricsSummary.xls
 (if prompted for a password, select 'Cancel,' and the document will open)

1	Proposal Title:									
2										
3										
4	Gas Measure Name	Measure Life	Number of Measure Units	Therm Savings	Proposal Cost	Customer Cost	Other Costs	Incremental O&M Benefit or Cost	Other Quantified Non-Energy Benefit	
5	X	20	10,000	100,000	\$ 250,000	\$ 200,000	\$ 60,000	\$ 50,000	\$ 10,000	
6										
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27										
28										
29										
30										
31										
32										
33	Totals		10,000	100,000	\$ 250,000	\$ 200,000	\$ 60,000	\$ 50,000	\$ 10,000	
34										
35	Notes: Describe the basis of the following and provide appropriate data sources									
36	Number of Measure Units									
37	Therm savings									
38	Proposal Cost									
39	Customer Costs									
40	Other Costs									
41	Incremental O&M Benefit									
42	Quantified Other Non-Energy Benefits									

Exhibit E Measure Lives

The following tables represent measure life data that should be used for your "Measure Cost" inputs.

List of Exhibits

Commercial and Industrial Measures	Years
Commercial and Industrial HVAC and Refrigeration	
• HVAC -Unitary Systems	15
• HVAC - Central Systems	15
• Heat Recovery Systems	15
• Chillers	20
Commercial and Industrial Controls	
• HVAC Controls, including Energy Management Systems	15
• Lighting Control Systems	15
• Process and Other Efficiency Control Systems	10
• Commissioning/Retro-commissioning	5
Commercial and Industrial Process Efficiency Improvements	
• Refrigeration Systems	19
• Motor and Drive Systems	15
• Fan, Compressor and Pump Systems	15
• ENERGY STAR Qualified Transformers	15
• Other Process Modifications	15
• Food Storage – Free standing Freezers	19
• Food Storage – Free standing Refrigerators	19
• Laundry - Commercial ENERGY STAR Qualified Clothes Washer	8
Commercial and Industrial Lighting Improvements	
• Fluorescent, Compact Fluorescent, or HID Luminaires/Fixtures	12
• LED and EL Exit Signs	10
• Low Voltage Halogen	10
Commercial and Industrial Building Thermal Improvements	
• Roof, Ceiling and Wall Insulation	15
• Exterior Roof Insulation	10
• Duct Insulation	15
• Insulated Windows (minimum Class .35 for new construction)	20
Commercial and Industrial Domestic Water Heating Improvements	
• Insulation	10
• Low Flow Devices	5
• Heat Pump Water Heaters	15
• Water Heater Tank, not to exceed warranty period	Up to 15

- Measure lives are consistent with PSE's filed Electricity Conservation tariffs and/or Regional Technical Forum (RTF).
- This list may not include all possible measures. For Measures not listed, respondent should recommend a measure life, with supporting data, experience, or evaluation findings.

See next page for Residential Measures.

List of Exhibits

Residential Measures	Years
Residential Lighting	
• Screw-in CFL's (ENERGY STAR qualified)	9
• CFL Fixtures (ENERGY STAR qualified)	15
Residential HVAC	
• Air-source heat pump conversions-Mobile homes (ENERGY STAR qualified & install to RTF specification)	18
• Air-source heat pump upgrades-Mobile homes (ENERGY STAR qualified & install to RTF specification)	18
• Heating supply duct sealing - Single family (PTCS or qualifying equivalent specification)	20
• Heating duct sealing - Mobile home (PTCS or qualifying equivalent specification)	20
• Heating supply duct insulation	20
Residential Water Heating	
• Domestic water heater (natural gas) = .62 EF or greater	12
• Water heater pipe insulation	15
• Shower head & aerator replacement	6
Residential Envelope – Existing & New Construction	
• Shell insulation - Single & Multi-family	30
Residential Appliances	
• Dishwasher (ENERGY STAR qualified)	9
• Washing machine (ENERGY STAR qualified)	14

- Measure lives are consistent with PSE's filed Electricity Conservation tariffs and/or Regional Technical Forum (RTF).
- This list may not include all possible measures. For Measures not listed, respondent should recommend a measure life, with supporting data, experience, or evaluation findings.

List of Exhibits

EXHIBIT F: “DOING BUSINESS WITH PSE” REFERENCE DOCUMENTS

MUTUAL CONFIDENTIALITY AGREEMENT (MCA)

Respondents must sign the Confidentiality Agreement and include two signed originals to PSE with proposal submission.

http://www.pse.com/SiteCollectionDocuments/purchasing/EE_AgrmntConfidentialityNondisclosureMutualDATASEC20070420.pdf

AGREEMENT FOR PROFESSIONAL SERVICES

PSE Contract – when projects have been identified for implementation, PSE will provide an electronic copy of a sample PSE contract for your review. As the contract may differ based upon the project, we have included only one commonly used contract.. A detailed Scope of Work and finalized pricing must be completed and will become Exhibits to the contract package to be signed by PSE and Contractor.

http://www.pse.com/SiteCollectionDocuments/purchasing/EE_PSEAgreementforProfessionalServices.pdf

INSURANCE REQUIREMENTS

PSE requires insurance of all vendors doing business with our company.
(Only successful bidders will be asked to provide a Certificate of Insurance per below sample do not submit with your proposal.)

http://www.pse.com/SiteCollectionDocuments/purchasing/EE_PSECertificateofInsurance.pdf