

2018 All Resources RFP Frequently Asked Questions

Last updated 7/24/18

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Topic #	Question	Answer	Added
Schedule and Process			
101	Has the final RFP been released and, if so, where can I find it?	Yes. The final All Resources and Demand Response RFPs were issued on July 3, 2018. The RFPs are posted to www.pse.com/rfp .	7/24/18
102	Is there a cost to submit a proposal?	No. PSE's intent is to encourage a broad range of offers. As such, PSE does not charge a fee to submit a proposal.	7/24/18
103	Is it acceptable to send a signed, scanned copy of the NDA rather than a hard copy?	Yes. PSE will accept a signed, scanned copy of the NDA.	7/24/18
104	How will PSE treat proposed changes to its RFP NDA (Exhibit C to the All Resources RFP)? For example, will PSE consider changes to allow public entities to meet certain statutory requirements regarding NDAs?	Generally speaking, PSE must use the NDA that has been approved by the Washington Utilities and Transportation Commission as part of docket UE-180271. However, where certain reasonable changes are required, PSE will accept from a respondent proposed redlines for consideration.	7/24/18
105	Is there a cutoff date for asking questions about the RFPs?	No. Respondents are encouraged to submit questions during proposal preparation and throughout the RFP evaluation process. Questions may be sent to sheri.maynard@pse.com (for the All Resources RFP) and to DemandResponse@pse.com (for the Demand Response RFP).	7/24/18
106	Is PSE planning to host a bidder conference for this RFP?	PSE hosted a bidder conference on July 9, 2018 in Bellevue, Washington.	Revised 7/24/18
107	Are meeting materials from the bidder conference available to interested parties (e.g., presentation, Q&A, transcript, recording, list of participants, etc.)?	Yes. PSE has posted the 2018 RFP Bidder Conference presentation to www.pse.com/rfp . PSE has also updated the FAQs for each RFP to reflect Q&A from the conference. FAQs are posted to the web site with the relevant RFP. PSE does not plan to provide a transcript, recording or list of conference participants.	7/24/18
108	Why does PSE's evaluation process take six to seven months to complete?	PSE's goal is to thoroughly evaluate all proposals received in response to its All Resources RFP. PSE understands that the process is a long one, but a thorough evaluation takes time. PSE will work as quickly as possible without sacrificing the quality of review.	6/6/18
109	Will PSE keep respondents informed of its progress during the evaluation process?	Yes. PSE will keep respondents informed of its RFP progress. PSE's process calls for a two-phased approach. In phase one, PSE will screen out proposals with higher costs and/or fatal flaws. At the end of phase one, PSE will notify respondents of their status (selected or not selected for further review), communicate next steps and provide a schedule update. The second phase will be a more detailed due diligence review that typically involves greater interaction with bidders as PSE submits data requests and seeks clarification of proposed terms.	6/6/18

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110	Will respondents be allowed to update their pricing during the RFP evaluations or early stage negotiations in response to changes in conditions or terms?	Yes. While the RFP (page 13) prohibits unilateral changes to pricing by bidders in late stage negotiations (once term sheets are signed), PSE does not restrict price adjustments to reflect changing conditions during an RFP evaluation process or during initial negotiations as terms are being discussed. PSE will update its analysis to reflect any changes to pricing and terms consistent with ranking and contract finalization requirements set forth in WAC 480-107.	Revised 7/24/18
Resource Need and Timing			
201	Where does PSE describe its renewable and capacity resource needs?	PSE describes its renewable and capacity resource needs in the All Resources RFP in Section 1.	Revised 6/6/18
202	Why does PSE show more than one resource need in Section 1 of the All Resources RFP?	PSE's All Resources RFP expresses two resource needs, one for capacity to meet winter peak need and one to meet PSE's obligations under Washington's RPS. PSE does not preclude the possibility that a single resource or resources could satisfy all or part of both resource needs, and also allow PSE to fulfill its obligation under WAC 480-100-238 to select resources that are "lowest reasonable cost". See also response to #203 below.	6/6/18
203	In Section 1 of the All Resources RFP, PSE shows what appears to be a base case in which PSE will need 272 MW of capacity by 2022 (Table 1), and a scenario in which Colstrip transmission is redirected after Units 1&2 shut down resulting in a lesser need by 2024 (Table 2). What is PSE's "real" earliest capacity need date?	PSE also included in its capacity need section a scenario depicting the impact of a potential redirect of transmission on the main grid of the BPA transmission system paired with market or other resources. PSE has not predetermined the best use for PSE's existing transmission rights associated with Colstrip Units 1&2, whether on the Colstrip Transmission System, the Eastern Intertie, or on the main grid of the BPA transmission system. By law, PSE must seek the "lowest reasonable cost" resources to meet the needs of its customers. PSE intends to compare this scenario in its portfolio analysis with any RFP proposals it receives for resources paired with any of PSE's existing transmission rights associated with Colstrip Units 1&2, whether on the Colstrip Transmission System, the Eastern Intertie, or on the main grid of the BPA transmission system. See also #410, #411 and #412 for more information about how PSE will evaluate future use of the transmission rights associated with Colstrip 1&2.	Revised 7/24/18

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204	Given the shared resource need, how will proposals submitted in response to the Demand Response RFP (UE-180272) be evaluated and compared with proposals submitted in response to the All Resources RFP (UE-180271)?	While PSE’s Demand Response program will take the lead on evaluating demand response proposals, the All Resources RFP team will fully support that evaluation and include these resources in our portfolio analysis. The teams will work together to determine which resources are selected to meet the capacity resource need at “lowest reasonable cost”.	6/6/18
205	Has PSE determined what portion of its capacity need will be met with renewable, storage, demand response or thermal resources?	No. PSE’s combined economic and qualitative evaluation will determine the size and type of the selected resources.	7/24/18
206	Is there a target, minimum and maximum, individual project capacity that the RFP is aiming to procure?	Yes. Resources of varying sizes may be proposed and will be considered to meet all or part of the resource needs described in Section 1 of the All Resources RFP. Projects materially in excess of our stated needs will be less likely to evaluate well compared to other alternatives on a lowest reasonable cost basis. One potential exception to this might be renewable resources delivering in advance of PSE’s RPS need to take advantage of higher tax incentives before they ramp down or phase out over the next few years. PSE will accept such proposals for consideration and evaluate the tradeoff between capturing the benefit of a higher tax incentive and the carrying cost of acquiring the resource early. For qualified facilities 5 MW or less, respondents are encouraged to sell power pursuant to existing electric tariff rate Schedule 91.	7/24/18
207	Is it possible that PSE could select 100% of its resources from the All Resources RFP and 0% of its resources from the Demand Response RFP?	Yes, that is one possible outcome. Unlike energy efficiency, which has programmatic targets for resource acquisition, there is no carve out for demand response resources in Washington state. Like all other resource alternatives in this RFP, demand response will be in competition to meet PSE’s resource need at the lowest reasonable cost.	7/24/18
208	Can PSE provide sample seasonal load profile data to respondents?	Yes. See <i>RFP FAQ Attachment 1. PSE System Hourly Loads 100115-093016</i> at www.pse.com/rfp . This file contains the 8,760 hourly load profile data that PSE used in its last general rate case for test year Oct. 1, 2015 through Sept. 30, 2016.	5/7/18

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209	Are resources required to be online by the end of 2022 to be eligible for this RFP, as stated in the draft All Resources RFP?	<p>No. PSE received public comments in response to our draft RFP from stakeholders and potential bidders indicating that it could be difficult, if not impossible, for some eligible and potentially attractive long-lead resources (such as pumped hydro storage) to meet this requirement.</p> <p>It was not PSE’s intention to disqualify these resources from consideration in this RFP. PSE has adjusted the language in its revised final RFP to clarify that the online date is a preference based on PSE’s earliest expected need rather than a requirement for eligibility to participate in the RFP process. PSE looks forward to receiving proposals for innovative long-lead resources that could help meet PSE’s growing need for additional capacity.</p>	6/6/18
210	Will PSE consider acquiring renewable resources in excess of its state mandated RPS need; for example, to help meet PSE’s capacity need?	<p>Yes. While traditional renewables with intermittent output will likely receive a lower capacity value in PSE’s portfolio analysis than dispatchable resources or those with higher capacity factors, PSE will account for the capacity contributions of all proposed resources in its analysis. By law, PSE must acquire resources to meet need at the “lowest reasonable cost”.¹ If a renewable resource can provide needed capacity at the lowest reasonable cost, PSE will pursue it, even if the acquisition of that resource exceeds the RPS.</p>	6/6/18
211	Will PSE give a higher ranking to proposals that exceed rather than meet its state mandated RPS need?	<p>No. The All Resources RFP is a product of PSE’s IRP process, which is governed by rules set forth in WAC 480-100-238. This rule includes a core requirement that utilities seek resources that result in the “lowest reasonable cost” portfolio to meet the needs of customers. Consistent with this rule, in addition to cost considerations, PSE considers a variety of risks and benefits, which PSE expresses as evaluation criteria in Exhibit A to the All Resources RFP. The evaluation criteria explicitly includes a criterion for qualified renewable resources to help meet its RPS need (Compatibility with Resources Need #1)), a separate criterion stating a preference for resources that minimize environmental impacts (Public Benefits #1), and two criteria stating preferences for resources that minimize current</p>	6/6/18

¹ See WAC 480-100-238

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		<p>and potential future risks associated with environmental regulations and permitting (Risk Management #8 and Strategic and Financial #5).</p> <p>PSE recognizes the positive benefits of renewable resources and will account for those benefits in its analysis, consistent with the evaluation criteria set forth in Exhibit A to the RFP. PSE is committed to meeting its obligations under Washington state’s RPS law. PSE will also pursue renewable resources that can help meet PSE’s capacity need at the lowest reasonable cost, even if the acquisition of those resources exceeds the RPS. Additionally, PSE has made a commitment to reduce its carbon footprint by 50 percent by 2040.</p>	
Resource Alternatives			
301	Is renewable generation required, preferred or disallowed in this RFP?	<p>As stated in Section 1 of the All Source RFP, PSE is seeking resources to help meet both its forecast capacity need and its forecast renewable resource need under the Washington state renewable portfolio standards (“RPS”).</p> <p>To be eligible to meet the RPS need, a resource is required to be either be a renewable resource or renewable energy credit, as defined by RCW 19.285.030.</p> <p>Resources proposed to meet the capacity need may be, but are not required to be, renewable resources, as defined by RCW 19.285.030. All else equal, PSE prefers resources that minimize environmental impacts, as stated in the Public Benefits section of Exhibit A to the All Resources RFP.</p>	6/6/18
302	Will PSE consider contracts that include energy plus renewable energy credits (RECs), or is the utility only looking for unbundled RECs to meet its RPS need in this RFP?	Yes. PSE will consider contracts that include energy plus RECs.	7/24/18

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303	Does PSE account for the capacity contribution of renewables in its analysis?	<p>Yes. PSE does apply some capacity credit to renewable resources, but the amount varies depending on resource size, type and location. As a guideline, Table No. 2 in All Resources RFP Exhibit G (link below) shows the estimated peak capacity credit of resources from PSE's 2017 Integrated Resource Plan. The RFP analysis will use synthetic distributions to estimate the capacity contributions of renewable resources.</p> <p>Link to All Resources RFP Exhibit G: https://www.pse.com/aboutpse/EnergySupply/Documents/2018_All_Resources_RFP_Ex_G.PDF</p>	7/24/18
304	Is it true that PSE prefers renewable resources over thermal resources to meet capacity need?	No. PSE has not pre-determined a resource type to meet the capacity need. While PSE recognizes the value of minimizing environmental impacts and this will certainly be taken into account in our evaluation, this is not the only criterion that PSE will consider. Other important qualities for capacity resources include, but are not limited to, the ability to match need, attractive load-following characteristics and cost minimization.	7/24/18
305	Why did PSE choose to include fossil fueled resources in its All Resources RFP?	<p>The All Resources RFP does not prohibit respondents from proposing any specific resource technologies. To do so would be inconsistent with WUTC policies and standards, which direct utilities to consider all commercially available resources and expressly state that “[a]ny owner of a generating facility, developer of a potential generating facility, marketing entity, or provider of energy savings may participate in the RFP process.” WAC 480-107-015(1).</p> <p>In accordance with such WUTC policies and standards, PSE will accept for consideration any resource proposal that meets the requirements set forth in the RFP and complies with all applicable federal, state and local laws.</p>	6/6/18
306	Does PSE anticipate submitting a self-build proposal to this RFP? If so, will the RFP evaluation team and the team submitting the self-build proposal be separate?	Although PSE will compare the generic costs of a self-build resource to external RFP proposals, PSE has no intention to submit a specific self-build resource into the 2018 All Resources RFP. Due to changes in tax laws and other critical development components not currently in place, the RFP evaluation team does not see a self-build resource as a viable alternative to external RFP proposals at this time.	6/6/18

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307	How does PSE plan to treat the risks and costs associated with carbon emissions in its evaluation of fossil fueled resources?	PSE will consider the economic risks associated with carbon emissions by evaluating the proposals across a range of carbon scenarios in its portfolio analysis. Consistent with PSE’s evaluation criteria (Exhibit A to the All Resources RFP), PSE will also consider qualitative risks, such as environmental risks, existing and potential future regulatory risks, and public benefits.	6/6/18
308	Why does PSE’s All Resources RFP state a preference for resources that can help “fill winter deficits while minimizing surpluses”? Similarly, PSE also includes language preferring projects that match or shape output to meet PSE’s resource need.	<p>Every two years, PSE prepares a forward-looking Integrated Resource Plan (IRP) to assess its capacity and RPS resource needs over a twenty-year planning horizon. Because PSE is a winter-peaking utility, its capacity need is expressed as the utility’s one-hour winter peak need. PSE’s RFP, as mandated by law, is designed to fill the resource needs expressed in that plan.</p> <p>The referenced language in the All Resources RFP is included to help bidders craft their most competitive proposals. While it is true that resources with the ability to meet winter peaks and minimize summer surpluses may perform better in PSE’s portfolio analysis, the RFP does not preclude any particular resource type or characteristic. PSE welcomes any innovative solution that can help meet its expressed capacity and/or renewables need at the lowest reasonable cost.</p>	6/6/18
309	Why does the All Resources RFP explicitly include only certain renewable generation (e.g., solar and wind) and storage (e.g., battery and pumped hydro) resources? Does this mean that other renewable generation and storage alternatives are excluded?	<p>No. This is an All Resources RFP. As such, PSE encourages developers to submit bids for any viable, commercially available resources that can meet PSE’s RPS and/or capacity needs. New resource alternatives are maturing on an ongoing basis. It can be difficult to anticipate and explicitly identify all possible eligible resource types and technologies.</p> <p>PSE cannot accept technology that has not been demonstrated to be commercially proven. Unproven technology is considered a fatal flaw due to the higher risk it poses to PSE’s customers.</p>	6/6/18
310	Can PSE provide a list of preferred potential battery storage installation locations on its system?	Not at this time. PSE is currently engaged in the process of identifying potential locations for battery storage on its system. While this process continues, PSE is willing to accept for consideration proposals for battery storage sited at a generic location. PSE will identify a specific location for the business case at a later date.	7/24/18
311	How will battery storage benefits be evaluated?	The evaluation team will use its portfolio screening model to look at capacity benefits. PSE will also use Plexos to evaluate benefits at a sub-hourly level to determine the flexibility value of the project. Additionally, PSE will determine the benefits associated with deferral of any specific T&D projects.	6/6/18

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		PSE continues to develop its evaluation tools and gain experience with more sophisticated evaluation tools. PSE is open to suggestions related to modeling the value streams of energy storage projects.	
312	Will PSE incorporate the findings of the Montana Renewables Development Action Plan (MRDAP) into its evaluation process to ensure that Montana resources are properly evaluated (with regard to the dynamic transfer capability needed to incorporate resources into PSE's BA)?	This is a complex issue that PSE continues to assess as new information becomes available. While it would be premature to make a determination about it at this time, to the extent new information becomes available during the course of our evaluation process, PSE will consider it.	6/6/18
313	How will PSE treat investment tax credits ("ITCs") for solar resources in its evaluation? For example, IOUs need to normalize ITC benefits over the life of the project; whereas, other entities can front load the savings.	For ownership offers, PSE will assume normalization of any ITC benefits in its evaluation. For power purchase agreements, PSE will evaluate offers as proposed. For the purposes of determining the ITC benefit, PSE's qualitative evaluation will include an assessment of whether the proposed online date is reasonable. Given certain tax incentives, including some federal tax incentives, ownership offers are not expected to look as attractive as other offer structures in this RFP.	7/24/18
314	Are the acquisition mechanisms listed in the RFP bidder conference presentation on slide 9 in order of preference?	No. The acquisition mechanisms are not listed in order of preference. Note: The RFP bidder conference presentation can be found at www.pse.com/rfp .	7/24/18
315	PSE includes "temporal exchange agreements" under Contract Types in Section 2 of the All Resources RFP (Resources Requested). How does PSE define a "temporal exchange agreement"?	PSE's intent in the All Resources RFP is to be as inclusive as possible to ensure that we receive and consider all commercially viable offers that could meet PSE's resource needs at the lowest reasonable cost to customers. A temporal exchange agreement in this context could mean a variety of different offer structures, such as a time shift or locational exchange. It can be a challenge to try to imagine and specify in the RFP all potential resource types and offer structures that might meet our resource needs. PSE encourages anyone with questions about proposing a particular resource or offer structure to email us at sheri.maynard@pse.com (for All Resources RFP proposals) and DemandResponse@pse.com (for Demand Response RFP proposals).	7/24/18

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316	Would on-site resources for an industrial or municipal customer, such as thermal backup or diesel generation, qualify as demand response for the purposes of the RFP?	PSE's evaluation of the demand response and all resources proposals will be functionally combined as we seek to fill a shared resource need. On-site resources may or may not specifically fit into the demand response box, but we would be happy to evaluate this type of opportunity within the context of the overall RFP. If you have this type of project in mind, we encourage you to submit a proposal or come talk to us about how we might evaluate your offer.	7/24/18
317	For power purchase, tolling and REC agreements, are respondents required to submit CapEx and OpEx information?	No. If a respondent is proposing a power or REC offtake agreement, PSE does not require CapEx or OpEx information. Pricing information will be sufficient for the purposes of our analysis.	7/24/18
Interconnection and Transmission			
401	Where can I obtain information about interconnection and transmission availability and service on PSE's system?	Refer to the transmission provider's OASIS web site for current PSEI interconnection and transmission information (www.oatiaoasis.com/psei). See also response to #402 below.	Updated 7/24/18
402	Can PSE provide additional guidance for resources interconnecting to PSE's system (PSEI)?	Yes. For more information about interconnecting to PSE's system, please refer to the resources provided below. <ul style="list-style-type: none"> • PSE interconnection queue: https://www.oasis.oati.com/PSEI/PSEIdocs/6-14-2018_Interconnection_Queue.pdf • Large generator (over 20 MW) interconnection process timeline: https://www.oasis.oati.com/PSEI/PSEIdocs/20171213_LGIP_Overview_Timeline.pdf • PSE tech specs for large generators: https://www.oasis.oati.com/PSEI/PSEIdocs/PSE-ET-160.50_LGTS_18May11.pdf • Small generator (under 20 MW) interconnection timeline: https://www.oasis.oati.com/PSEI/PSEIdocs/Small_Generation_Interconnection_Timeline.pdf See also response to #401 above.	7/24/18
403	Where can I obtain information about interconnection and transmission availability and service on BPAs system?	Refer to the transmission provider's web site for current BPAT interconnection and transmission information (www.bpa.gov/transmission).	5/7/18

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404	Are bidders required to secure long-term firm transmission to be eligible for consideration in the All Resources RFP?	<p>No. PSE does not require proposals to have long-term firm transmission to be eligible for consideration in the All Resources RFP. In PSE’s portfolio analysis, a capacity resource with conditional firm transmission will likely be less attractive than a capacity resource with firm transmission because it may or may not be available when needed. However, for intermittent resources that already have a lower capacity credit, firm transmission may be less important.</p> <p>Since all proposals are evaluated on the basis of their delivered cost to the PSE system, if a proposal does not include a transmission solution, PSE will apply the cost of transmission to the proposal in its quantitative analysis and evaluate the risks associated with the availability of transmission in the qualitative analysis. If firm transmission availability is a concern, it may be to a bidder’s advantage to propose an alternate transmission solution, such as conditional firm transmission, rather than leaving the solution solely to PSE.</p>	6/6/18
405	Does the All Resources RFP include a requirement that resources must interconnect directly or be delivered to PSE’s transmission system?	<p>No. The All Resources RFP does not require resources to directly interconnect or deliver to PSE’s system. For resources that do not interconnect to PSE’s system, we encourage bidders to include an option for delivery to BPAT.PSEI. Since all proposals are evaluated on the basis of their delivered cost to the PSE system, such proposals may have an advantage over proposals that leave the transmission solution to PSE.</p> <p>See also response to #406 for information about BPAT.PSEI interconnection points.</p>	5/7/18
406	Where can I find a list of the BPAT.PSEI interconnection points?	<p>See <i>RFP FAQ Attachment 2. BPAT.PSEI public contract points</i> at www.pse.com/rfp.</p> <p>For more information about these points, refer to BPA’s transmission web site (www.bpa.gov/transmission).</p>	5/7/18
407	How does PSE evaluate the transmission component of a resource proposal?	<p>PSE’s goal is to deliver power to our load. As such, PSE’s analysis considers the costs and risks to bring power from the proposed point of delivery to PSE’s system (“PSEI”).</p> <p>From an economic evaluation perspective, this means that PSE will apply to its analysis the cost of all wheels and any ancillary services or other transmission provider costs associated with each leg of</p>	7/24/18

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		<p>the transmission path from the project delivery point to PSE's load. If interconnection costs are applicable (such as with an ownership offer), PSE will include these costs and the costs of any known required infrastructure upgrades. From a risk perspective, PSE will look at the entirety of the transmission path and will evaluate whether there is sufficient available transmission capacity to deliver to PSE's system. PSE will also evaluate the likelihood that transmission can be secured by the proposed online date.</p>	
408	<p>How does PSE view Mid-C delivered resources and how is this different than other resources delivered to other points on BPAs or another transmission provider's system?</p>	<p>As described in PSE's response to #406 above, PSE's goal is to deliver power to our load. Mid-C delivered resources are subject to the same rigorous cost and risk analysis as all other resources.</p> <p>PSE evaluates resources based on the total cost of energy delivered to PSE's system. Mid-C delivered resources would require one additional BPA wheel to bring power to PSEI, the cost of which would be applied to the total resource cost in PSE's analysis. Resources delivered to other points on BPA's or another transmission provider's system may require multiple wheels. PSE will evaluate the costs and risks associated with each leg of the transmission path.</p>	7/24/18
409	<p>Based on PSE's most recent Integrated Resource Plan, it looks like PSE has a certain amount of existing transmission capacity from Mid-C to PSEI. Is PSE willing to use any of this transmission capacity for RFP resources and, if so, will PSE apply a cost to use that transmission?</p>	<p>While it is true that PSE has some existing transmission capacity from the Mid-C to PSEI, this transmission is currently earmarked to serve PSE's winter peak capacity needs. When not in use, PSE can sell or redirect this transmission capacity on a short-term basis. PSE would have to consider whether and to what extent it would be willing to divert any of its existing transmission capacity from its current purpose to an RFP resource, what that would mean in terms of the need to acquire additional peak capacity elsewhere, and the opportunity cost of lost short-term transmission sales. At this time, it is unlikely that PSE would decide in this RFP to use its existing transmission capacity for RFP resources.</p> <p>However, PSE will have an additional roughly 300 MW of transmission capacity once Colstrip Units 1&2 shut down in 2022. PSE has not yet determined how it will use this transmission, and is using this RFP to help evaluate its options. As such, PSE will accept proposals that assume use of the transmission rights associated with Colstrip Units 1&2 after shutdown. See responses to #410, #411 and #412 below for more on this topic.</p>	7/24/18

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410	Has PSE decided how it will utilize its existing Colstrip transmission once Units 1&2 shut down?	No. PSE has not predetermined the best use for its existing Colstrip transmission rights once Units 1&2 shut down. By law, PSE must seek the “lowest reasonable cost” resources to meet the needs of its customers. This standard will be applied to determining how best to utilize PSE’s existing Colstrip transmission rights. See also responses to #203, #411 and 412.	6/6/18
411	When will PSE make a decision about how it will use its existing Colstrip transmission after Units 1&2 shut down?	PSE does not plan to make a decision about how it will use the transmission rights associated with Colstrip 1&2 ahead of the RFP results. Part of the RFP analysis will include consideration of competing short- and long-term resource options paired with this transmission. PSE will also consider upcoming integrated resource planning analysis, which will look at resource adequacy issues.	7/24/18
412	Will PSE accept proposals that assume use of PSE’s existing Colstrip transmission rights once Units 1&2 shut down?	Yes. PSE will accept proposals that assume use of PSE’s existing Colstrip transmission rights associated with Colstrip Units 1&2 , whether on the Colstrip Transmission System, the Eastern Intertie, or on the main grid of the transmission system of Bonneville Power Administration (BPA). PSE’s portfolio analysis will evaluate for each proposed resource the total cost of energy delivered to PSE’s system, including any assumed use of such transmission. PSE will compare these costs to other alternatives, such as redirected transmission paired with market resources or other PSE resource options, to identify the lowest reasonable cost option that meets customer needs.	6/6/18
413	In the July 9, 2018 RFP bidder conference presentation on slide 34, PSE includes a diagram of the Montana transmission path associated with the Colstrip 1&2 transmission rights. The diagram includes point-to-point (PTP) transmission rates and losses for each segment of the path. Are the rates current?	PSE discovered and corrected an error in slide 34 after the RFP bidder conference. In the original version of the slide, the PTP rate for the Colstrip Transmission System was incorrectly listed as \$21.52/kw-yr. The corrected slide shows the current rate of \$28.76/kw-yr. PSE has reposted the presentation with a revised slide 34 to www.pse.com/rfp . The revised slide is also provided as <i>RFP FAQ Attachment 3. Montana Transmission Path</i> .	7/24/18
Evaluation Criteria and Proposal Ranking			
501	Are PSE’s evaluation criteria and process consistent with requirements established in WAC 480-107-035?	Yes. PSE developed Exhibits A (Evaluation Criteria) and B (Proposal Requirements) to the RFP to include the minimum ranking criteria established in WAC 480-107-035. PSE’s evaluation process will adhere to the requirements of the rule.	6/6/18

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502	How does PSE evaluate proposals based on the evaluation criteria described in Exhibit A to the All Resources RFP?	<p>Generally, PSE first considers the economics of a proposal and whether the project has any serious fatal flaws (e.g., an inability to deliver to PSE’s system or obtain necessary permitting to complete the project). Once a proposal is determined to be competitive on a cost basis and viable to meet customer needs, PSE pursues a more granular level of qualitative analysis based on the evaluation criteria described in Exhibit A to the RFP. PSE does not apply a quantitative score to each qualitative criteria but allows the evaluation team to apply its expertise in assessing the particular risks and merits of each proposal’s unique characteristics and qualities.</p> <p>See also response to comment #505 below.</p>	6/6/18
503	Does PSE apply a quantitative scale and weighting system to its evaluation criteria?	No. See response to #502 above.	6/6/18
504	Is PSE concerned that, in the absence of a weighting system for the evaluation criteria, bidders may be unable to prepare attractive proposals?	No. PSE has successfully used its evaluation criteria and approach through at least five RFP cycles. PSE has enjoyed an enthusiastic response from bidders to each of its RFPs and has seen no evidence that bidders have been unable to prepare attractive proposals in response.	6/6/18
505	Can PSE provide some examples of fatal flaws?	<p>Yes. While it would be difficult to imagine all possible potential fatal flaws that could exclude a proposal from further consideration, PSE can provide some guidance for bidders. Fatal flaws would include, but are not limited to, the following examples:</p> <ul style="list-style-type: none"> • Significantly higher cost than alternatives • Proposal fails to provide sufficient information to substantiate a real project • No transmission secured <u>and</u> 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 the 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 	6/6/18

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Topic #	Question	Answer	Added
506	PSE has identified “significantly higher cost than alternatives” as a potential fatal flaw, which could eliminate a proposal in the first phase of PSE’s evaluation. Will PSE’s analysis take into account that projects with higher capital costs may have lower operating costs, and proposals that have lower capital costs may have higher operating costs?	Yes. PSE’s economic analysis, in both the screening and due diligence phases of its evaluation, will include both capital and operating costs over the life of the project.	7/24/18
507	For development projects, can the proposal requirement to demonstrate site control be fulfilled with an executed term sheet with the landowner?	Yes. For the purposes of evaluation, PSE will accept proposals with an executed term sheet as evidence that site control is likely. Respondents should also include the expected timing for executing the lease(s) as part of the overall development schedule to meet the proposed online date.	7/24/18
508	PSE has said that it will evaluate the impact of adding resources or combinations of resources to its portfolio in its economic analysis. How does PSE know that one combination of resources would offer better value than another combination of resources?	<p>PSE’s Portfolio Screening Model is designed to optimize PSE’s portfolio by selecting the combination of resources that minimize the overall portfolio cost. The model may choose a single larger resource or multiple smaller resources, but will choose the best fit to meet the needs of customers at the lowest reasonable cost.</p> <p>From a big picture perspective, while it is certainly possible that PSE could pick multiple resources to meet each of its resource needs, PSE’s RPS and capacity needs are relatively moderate. It is more likely that PSE would pick one resource to meet the capacity need and one resource to meet the renewable need.</p>	7/24/18
509	PSE has stated that if a relevant cost is not explicitly identified in a proposal (e.g. transmission, pipeline capacity, etc.), an estimated cost will be applied to the proposal in PSE’s analysis. Can PSE elaborate on this?	Yes. PSE’s evaluation process is designed to be an interactive one. If PSE has questions about a proposal, including applicable costs, the evaluation team will typically reach out to the respondent for more information. In the event that PSE cannot obtain the information from the respondent or that certain costs are generally known (e.g., services provided at a published tariff rate), PSE will apply a reasonable cost to the proposal in its evaluation for the purposes of comparison with other resource alternatives.	7/24/18

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Topic #	Question	Answer	Added
510	Does PSE consider the socioeconomic benefits of creating quality local jobs by using local, union labor?	Yes. As described in Exhibit A to the RFP, public benefits are one of the five primary criteria categories that PSE considers in its resource evaluation. PSE will account for the positive benefits associated with local jobs in its qualitative evaluation within this category of criteria.	6/6/18
511	Does PSE require bidders of development resources to use Washington union labor and to submit workforce development plans detailing worker training or qualification requirements, and availability of local contractors or local labor to satisfy project needs?	<p>No. PSE will account for the public benefits associated with using Washington union labor in its qualitative evaluation. However, PSE cannot unilaterally require that developers use union labor or exclude development proposals that do not include a workforce development plan. PSE is required to consider all commercially available resource proposals (see response #305 above) and must select resources that result in the “lowest reasonable cost” portfolio to meet the needs of customers.²</p> <p>Under Washington state’s RPS law,³ eligible renewable resources that begin operation after 2005 can receive a compliance credit of 1.2 times the value of the project’s generated renewable energy credits by using an approved Washington state apprenticeship labor program during facility construction. PSE will account for the additional benefit of the 20 percent kicker in its analysis if a developer indicates that it plans to take advantage of this program. Both PSE’s Lower Snake River and Wild Horse Expansion Wind Projects used apprenticeship labor and have benefitted from this credit.</p>	6/6/18
Transparency and Public Involvement			
601	How transparent will PSE’s RFP evaluation process be to the public?	<p>PSE’s practice is to comply with rules set forth in WAC 480-107-035, which requires the following action related to project ranking and public disclosure: “After the project proposals have been opened for ranking, the utility must make available for public inspection at the utility’s designated place of business a summary of each project proposal and a final ranking of all proposed projects.”</p> <p>Due to the confidential and sensitive nature of bid content and the specifics of PSE’s findings related to that content, which are protected by non-disclosure agreements, PSE cannot invite third parties to fully participate in the review and selection process.</p>	6/6/18

² Per WAC 480-100-238

³ The Energy Independence Act (commonly referred to as its RPS law) is codified in RCW 19.285.040. See also WAC 194-37-36.

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Topic #	Question	Answer	Added
602	Will stakeholders be allowed to participate in the evaluation, ranking and selection of proposals?	<p>No. WAC 480-107-075 states that “[u]nless otherwise prohibited by law, a utility has discretion to decide whether to enter into a final contract with any project bidder that meets the selection criteria of the RFP.” Washington state does not have a preapproval process for electric resource acquisitions. Under the existing regulatory framework, PSE bears the risk associated with acquiring a resource first and later demonstrating the prudence of that acquisition decision in a general rate case. As such, PSE must be allowed to apply its managerial discretion to its resource evaluation and acquisition decisions.</p> <p>See response to #601 above, regarding transparency and the need to balance transparency with protecting confidential bidder information.</p>	6/6/18
<i>Integrated Resource Planning</i>			
701	How does the RFP incorporate clean energy priorities established in PSE’s 2017 Integrated Resource Plan? ⁴	<p>Exhibit A to the All Resources RFP states preferences for resources that help meet PSE’s RPS requirements and minimize environmental impacts. PSE recognizes the positive benefits of renewable resources and will account for those benefits in its analysis.</p> <p>PSE is committed to meeting its obligations under Washington state’s RPS law. Additionally, PSE has made a commitment to reduce its carbon footprint by 50 percent by 2040.</p>	6/6/18
702	Will PSE’s next IRP consider early retirement of Colstrip Units 3&4 in its analysis, which could allow PSE the opportunity to evaluate larger resources (such as large-scale renewables or storage resources) and potentially benefit from economies of scale?	Yes. The 2019 IRP analysis will evaluate a range of shutdown dates for Colstrip 3&4.	6/6/18

⁴ PSE’s most recent Integrated Resource Plan can be found at www.pse.com/irp.