

## 2018 Demand Response RFP Frequently Asked Questions

Last updated 7/24/18

<b>Revised Proposal Delivery Address for Demand Response RFP</b> There is an error in the proposal delivery address in the final Demand Response RFP. Please submit proposals to the address provided below.	
<b>Address for U.S. Mail:</b>  Mr. Wei Dang Puget Sound Energy EST-09E P.O. Box 97034 Bellevue, WA 98009-9734	<b>Address for courier or hand delivery:</b>  Mr. Wei Dang Puget Sound Energy EST-09E 355 110 <sup>th</sup> Ave. NE Bellevue, WA 98004-5862

Topic #	Question	Answer	Added
<b>Schedule and Process</b>			
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 <a href="http://www.pse.com/rfp">www.pse.com/rfp</a> .	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 Demand Response RFP)?	Generally speaking, PSE must use the NDA that has been approved by the Washington Utilities and Transportation Commission as part of docket UE-180272. However, where certain reasonable changes are required, PSE will accept from a respondent proposed redlines for consideration.	7/24/18
105	The Mutual Non-Disclosure Agreement for the Demand Response RFP (Exhibit C) is different than the Mutual Confidentiality Agreement for the All Resources RFP. Which NDA should bidders submit for the Demand Response RFP?	Vendors should the Mutual Non-Disclosure Agreement that corresponds to the RFP to which they are responding. DR bidders should use the NDA that is provided as Exhibit C to the Demand Response RFP.	7/24/18

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106	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 <a href="mailto:sheri.maynard@pse.com">sheri.maynard@pse.com</a> (for the All Resources RFP) and to <a href="mailto:DemandResponse@pse.com">DemandResponse@pse.com</a> (for the Demand Response RFP).	7/24/18
107	Is PSE planning to host a bidder conference for this RFP?	PSE hosted a bidder conference on July 9, 2018 in Bellevue, Washington.	Revised 7/20/18
108	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 <a href="http://www.pse.com/rfp">www.pse.com/rfp</a> . 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
109	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 Demand Response 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
110	Will PSE keep bidders informed of its progress during the evaluation process?	Yes. PSE will keep bidders 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 bidders 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 may submit data requests or seek clarification of proposed terms.	6/6/18
104	Does PSE require bidders to register as a Supplier in order to be eligible to respond to this RFP?	No, vendors do not need to register as a Supplier in order to be eligible to respond to the Demand Response RFP. However, bidders are asked to submit an Intent to Bid form (Exhibit B to the Demand Response RFP) and the Mutual Nondisclosure Agreement (Exhibit C to the Demand Response RFP) by August 3 and bids by August 17 <sup>th</sup> to be eligible to participate.	6/8/18
105	Will PSE be select one bidder or multiple bidders for this RFP?	PSE may select multiple bidders in order to provide different services to customers or different resource benefits to PSE.	6/8/18
106	Are term sheets required for responses to the Demand Response RFP?	No, term sheets are not required for demand response proposals.	7/24/18

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107	The pricing sheet indicates that pricing should be provided in \$/kW-year. Technically, like kWh, kW-yr is a unit of energy consumption and not demand. Is it correct to assume that PSE wants pricing to reflect the levelized cost per kW of dispatchable demand PER year (\$/kW/year)?	The kW-yr is not a unit of consumption but is based on the capacity of the resource and not output. The kW-yr is an industry standard metric for pricing capacity charges or fixed costs and is not necessarily related to levelized cost. It could be levelized cost if there is no escalation to the fixed cost. PSE has used this metric to calculate the fixed costs of a resource based on the capacity of the resource. An output measure would be in \$/MWh which is aligned to variable costs.	7/24/18
<b>Resource Need and Timing</b>			
201	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)?	PSE's Demand Response program will take the lead on evaluating demand response proposals with the support of the All Resources RFP team. In addition to supporting the evaluation of responses received for the DR RFP, the All Resources RFP team will include these DR resources in their 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
202	Does PSE have sector specific goals for DR?	No, PSE does not have sector specific goals at this time.	6/8/18
203	Does PSE require a minimum bid for DR?	No, PSE does not require a minimum bid.	6/8/18
204	Can PSE clarify the preferred program delivery period for demand response proposals? There appears to be a discrepancy between the capacity need depicted in Section 2.1 (on page 3), which demonstrates a meaningful capacity need beginning in 2023, and contract period preferences specified elsewhere in the RFP, which seek demand response program delivery in years 2019 through 2023.	Recognizing that PSE does not have a material capacity need until 2023, PSE encourages demand response program durations consistent with the capacity demand shown in Table 1 on page 3 of the Demand Response RFP.	7/24/18
205	Is there a certain capacity that PSE hopes to have installed each year from 2019-2023, prior to the capacity need in 2023 and beyond?	The bidder should propose a MW acquisition schedule. PSE does not have a requirement for MW installed per year.	7/24/18
206	Will PSE consider demand response resources that are not on PSE's system if those resources can be scheduled into PSE's balancing authority?	PSE will accept proposals for any resource that meets the primary objectives.	7/24/18
207	Would PSE consider proposals that use onsite resources such as backup diesel generation?	PSE will accept proposals for any resource that meets the primary objectives. The vendor should ensure that any generation resources would meet emissions regulations under PSE's desired operating conditions.	7/24/18

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208	Energy Storage System (ESS) may be a solution to shift peak load. To evaluate this solution, is there land available for ESS deployment inside PSE sub-stations? If so, is there someone I may contact to understand restrictions on placing ESS in PSE sub-stations	PSE's is in the process of identifying specific locations for battery projects which could take several months. In other words the RFP is out ahead of identifying specific location within PSE system. We would recommend submitting a generic location and the use case for the battery and we can focus on specific location later in the process.	7/24/18
<b>Cost Effectiveness and Cost Recovery</b>			
301	How will PSE evaluate cost effectiveness of DR resources? Is there a tool that PSE can share with vendors?	As is described in Demand Response RFP Exhibit D: Cost-effectiveness Evaluation Criteria of the Demand Response RFP, PSE will evaluate cost-effectiveness of bids in two ways: using benefits and costs as indicated in the Program Administrator Cost Test (PAC) and Total Resource Cost (TRC) Test. Exhibit D also identifies the benefits and costs that will be included in the bid evaluation process when applicable, quantifiable, and significant.  PSE does not have a publically available tool for evaluating cost-effectiveness at this time.	6/8/18
302	Has PSE established an approved cost recovery mechanism?	PSE has not resolved policy questions and barriers related to prudence and cost recovery for demand response at this time. We are working to resolve these issues and hope to do so prior to the conclusion of the vendor selection process for this RFP.	6/8/18
<b>Evaluation Criteria and Proposal Ranking</b>			
401	How does PSE evaluate proposals received in response to this RFP?	The Demand Response RFP team will take the same approach to evaluating proposals that the All Resources RFP team is taking. 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. 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.	6/6/18

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402	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"> <li>• Significantly higher cost than alternatives</li> <li>• Proposal fails to provide sufficient information to substantiate a real project</li> <li>• Commercially unproven technology</li> <li>• Regulatory or legal risks associated with non-compliance or other obligations that could adversely impact PSE</li> </ul>	6/6/18
<b><i>Program Evaluation, Measurement &amp; Verification (EM&amp;V)</i></b>			
501	How will PSE go about hiring a third-party EM&V firm?	PSE has not determined how we will go about hiring a third-party EM&V firm at this time.	6/8/18
502	Would PSE allow for a Demand Response firm to include an EM&V plan within their bid?	PSE will allow bidders to include an EM&V plan within their bid. However, inclusion of an EM&V plan is not required.	6/8/18
<b><i>PSE Customers and Program Eligibility</i></b>			
601	Can PSE provide a detailed breakdown of customer count and electricity sales by sector and rate schedule? Also, what types of meters are available to customers?	Please refer to enclosed Appendix A for information regarding customer count and electricity sales by sector and rate schedule. Please refer to Section 4.1, Table B for more information on PSE's metering equipment.	7/24/18
602	Is there a list of zip codes for the PSE electric service territory for reference?	Please refer to enclosed Appendix B.	7/24/18

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### Appendix A: Customer Count and Electricity Sales by Sector and Rate Schedule

NAICS Sector Description	2017 GWh	Customer Count by Rate Schedule <sup>1</sup>					Total Count by Sector
		Sch. 25 >50 kW and <=350 kW max. demand	Sch. 26 >350 kW max. demand	Sch. 31 >350 kW max. demand; delivery at 600 volts or higher	Sch. 40 >3aMW load on a distribution feeder	Sch. 49 >=4,400 kVA demand; delivery at 50,000 volts or higher	
Accommodation & Food Services	394	664	37	8			709
Admin. Support & Waste Management and Remediation Services	192	237	27	14		1	279
Agriculture, Forestry, Fishing & Hunting	123	159	15	14			188
Arts, Entertainment, & Recreation	155	226	14	7	1		248
Construction	180	227	36	15			278
Educational Services	437	502	53	81		1	637
Finance & Insurance	162	194	20	7	1	1	223
Health Care & Social Assistance	500	428	42	18	9		497
Information	461	145	21	8	25	4	203
Management of Companies & Enterprises	22	32	2				34
Manufacturing	1,017	587	101	86	2	4	780
Mining	0	3		1			4
Other Services (except Public Administration)	190	475	22	18	3		518
Professional, Scientific & Technical Services	534	202	24	9	71	1	307
Public Administration	494	593	33	72	7	3	708
Real Estate Rental & Leasing	437	475	71	16		1	563
Retail Trade	1,033	958	187	21	11	1	1,178
Transportation & Warehousing	246	192	20	27	2	1	242
Utilities	128	136	10	13		1	160
Wholesale Trade	252	340	33	22			395
Not Assigned	297	389	38	27			454
<b>Total</b>	<b>7,253</b>	<b>7,164</b>	<b>806</b>	<b>484</b>	<b>132</b>	<b>19</b>	<b>8,605</b>

<sup>1</sup> Brief Descriptions of Rate Schedules:

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

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### Appendix B: Cities and Zip Codes in PSE Service Territory

The table below shows the cities and zip codes in PSE's electric service territory.

City	Zip Code(s)
Acme	98220
Algona	98001, 98047
Anacortes	98221
Auburn	98001, 98002, 98031, 98032, 98047, 98092
Bainbridge Island	98110
Baring	98224
Beaux Arts	98004
Bellevue	98004, 98005, 98006, 98007, 98008, 98027
Bellingham	98225, 98226, 98229
Black Diamond	98010
Blaine	98230
Bonney Lake	98321, 98390, 98391
Bothell	98011, 98028, 98034
Bow	98232
Bremerton	98310, 98311, 98312, 98314, 98337
Buckley	98321
Bucoda	98530
Buckley	98148 ,98166
Burlington	98233
Burton	98013
Camp Murray	98430
Carbonado	98323
Carnation	98014
Centralia	98531
Cle Elum	98922
Clearlake	98235
Clinton	98236
Clyde Hill	98004
Concrete	98237
Conway	98238
Coupeville	98239
Covington	98042
Custer	98240
Deming	98244
Des Moines	98003, 98148, 98198
Dupont	98327
Duvall	98019
Easton	98922, 98925
Eatonville	98328
Edgewood	98354, 98371, 98372, 98390
Edison	98232
Ellensburg	98926
Enumclaw	98022
Everson	98247, 98276
Fall City	98024
Federal Way	98001, 98003, 98023, 98032, 98422
Ferndale	98248
Fife	98424
Freeland	98249
Gig Harbor	98329, 98332

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<b>Glacier</b>	98244
<b>Graham</b>	98338
<b>Greenbank</b>	98253
<b>Hamilton</b>	98255, 98284
<b>Hansville</b>	98340
<b>Hunts Point</b>	98004
<b>Indianola</b>	98342
<b>Issaquah</b>	98027, 98029, 98075
<b>Joint Base Lewis McChord</b>	98433
<b>Kapowsin</b>	98344
<b>Kenmore</b>	98028
<b>Kent</b>	98030, 98031, 98032, 98042, 98055, 98092, 98198
<b>Keyport</b>	98345
<b>Kingston</b>	98346
<b>Kirkland</b>	98033, 98034
<b>Kittitas</b>	98926, 98934
<b>La Conner</b>	98257
<b>Lacey</b>	98503, 98506, 98509, 98513, 98516
<b>Lake Forest Park</b>	98155
<b>Lake Tapps</b>	98391
<b>Lakewood</b>	98439, 98492, 98497, 98498, 98499
<b>Langley</b>	98260
<b>Lummi Island</b>	98262
<b>Lyman</b>	98263, 98284
<b>Lynden</b>	98264
<b>Manchester</b>	98353
<b>Maple Falls</b>	98266
<b>Maple Valley</b>	98038, 98042
<b>Marblemount</b>	98267
<b>McKenna</b>	98558
<b>Medina</b>	98039
<b>Mercer Island</b>	98040
<b>Milton</b>	98354
<b>Monroe</b>	98272
<b>Mount Vernon</b>	98273, 98274
<b>Newcastle</b>	98056, 98059
<b>Nooksack</b>	98247, 98276
<b>Normandy Park</b>	98148, 98166, 98198
<b>North Bend</b>	98045
<b>Oak Harbor</b>	98277, 98278
<b>Oakville</b>	98568
<b>Olalla</b>	98359
<b>Olympia</b>	98501, 98502, 98503, 98505, 98506, 98512, 98513, 98516
<b>Orting</b>	98360
<b>Pacific</b>	98001, 98002, 98047, 98372
<b>Point Roberts</b>	98281
<b>Port Gamble</b>	98364
<b>Port Orchard</b>	98366, 98367
<b>Poulsbo</b>	98370
<b>Preston</b>	98050
<b>Puyallup</b>	98371, 98372, 98373, 98374, 98375
<b>Rainier</b>	98576
<b>Ravensdale</b>	98051
<b>Redmond</b>	98033, 98052, 98053, 98074
<b>Renton</b>	98031, 98055, 98056, 98057, 98058, 98059, 98178



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<b>Rochester</b>	98579
<b>Rockport</b>	98283
<b>Ronald</b>	98940
<b>Roslyn</b>	98941
<b>Roy</b>	98580
<b>Sammamish</b>	98027, 98029, 98074, 98075
<b>Seabeck</b>	98380
<b>Seatac</b>	98148, 98158, 98188, 98198
<b>Sedro Wooley</b>	98284
<b>Shoreline</b>	98155
<b>Silverdale</b>	98383
<b>Skykomish</b>	98288
<b>Snoqualmie</b>	98065
<b>Snoqualmie Pass</b>	98068
<b>South Cle Elum</b>	98922, 98943
<b>South Prairie</b>	98385
<b>Southworth</b>	98386
<b>Spanaway</b>	98387
<b>Stanwood</b>	98292
<b>Steilacoom</b>	98388
<b>Sumas</b>	98295
<b>Sumner</b>	98352, 98372, 98390, 98391
<b>Suquamish</b>	98392
<b>Tacoma</b>	98422, 98430, 98439, 98445, 98446, 98498, 98499
<b>Tenino</b>	98589
<b>Thorp</b>	98946
<b>Tracyton</b>	98393
<b>Tukwila</b>	98168, 98188
<b>Tumwater</b>	98501, 98512
<b>Vashon</b>	98070
<b>Wilkeson</b>	98321, 98396
<b>Woodinville</b>	98072, 98077
<b>Yarrow Point</b>	98004
<b>Yelm</b>	98597