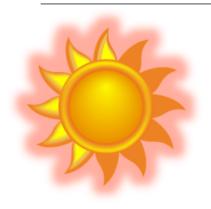


Safety Moment – Preventing Heat Illness



- Stay hydrated drink plenty of fluids
 - avoid sugary, caffeinated, alcoholic drinks
 - average person needs ¾ gallon of water daily
- Apply sunscreen repeat application
- Wear protective gear lightweight, loose clothing, sunglasses, wide-brim hats
- Stay cool air-conditioned or shaded areas
- Limit outdoor activity or schedule outdoor tasks later in the day if needed
- Get medical help if you notice someone with heat-related illness



How to use Zoom

- Attendees will remain in listen-only mode
- The "chat" feature is disabled
- Enter questions anytime in the Q&A chat organizers will read questions aloud during Q&A period of each presentation
- Call-in participants can still access the Q&A box if viewing the presentation online



Introductions

Puget Sound Energy

Resource Acquisition

- Quantitative, Janet Phelps
- Quantitative, Weimin Dang
- Commercial, Anthony O'Rourke

Equity, Algie Au Energy Delivery, Laxman Subedi

PSE Transmission

Energy Storage Location Study, Eleanor Ewry

Bates White

Independent Evaluator

- Frank Mossburg
- Vincent Musco

Maul Foster & Alongi

Conference Facilitator

- Will Henderson



Agenda

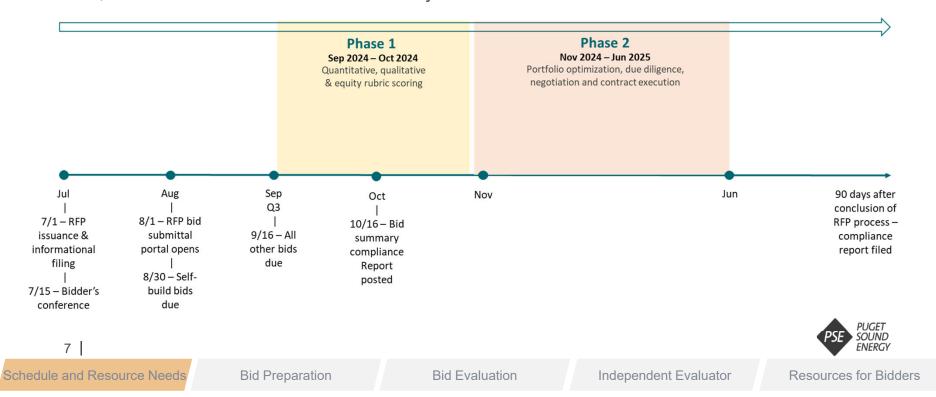
- Schedule and Resource Needs
- Bid Preparation
 - Eligible Resources
 - Minimum Requirements
 - Transmission Assets Available for Bidder Proposals
 - Proposal Submission and Bid Fees
- Bid Evaluation
 - RFP Process Overview
 - Phase 1 Process and Evaluation Criteria
 - Phase 2 Process
 - PSE Participating Resource Proposals (Self-Build)
- Independent Evaluator
- Resources for Bidders
- Q&A Session





PSE issued the RFP on July 1st and will move quickly through the process

PSE could start negotiation and contract execution as quickly as projects with lowest reasonable cost, commercial readiness and deliverability are identified



2024 All-Source RFP seeks CETA-compliant energy and capacity resources

2024 All-Source RFP identifies the following resource needs:

- Approximately 2.3 million MWh¹ of CETA-compliant energy in 2030
- Approximately 1,755 MW¹ of additional summer and 1,573 MW¹ of additional winter capacity to meet peak needs in 2029

1 Represents PSE's 2023 Electric Progress Report (EPR) needs minus resources acquired or in progress since the EPR was issued.



Bid Preparation



"How can I prepare a successful proposal?"

PPAs, tolling agreements and ownership will be considered

	Resource	Description (including but not limited to)	Contract Type
1	CETA-compliant energy	All commercially proven non-emitting and renewable electric generation resources	Power purchase agreement (PPA) and ownership
2	Baseload generation	Unit contingent, shaped, or blocked	PPA and ownership
3	Capacity products	Call options, dispatchable, storage	Tolling, PPA and ownership
4	Hybrid resources	Renewable + storage	PPA and ownership
5	Temporal exchanges	Seasonal, monthly, weekly, daily	PPA
6	Demand-side resources	Demand response, distributed energy resources	PPA
7	Other resource not specified above	Any commercially available resources	

- ✓ New or existing resources with commercial **operation dates (CODs) of January 1, 2030 or earlier** will be considered. PSE will not consider conceptual projects.
- ✓ PSE will consider contracts with **terms >4 years** and up to the end of the asset's useful life.



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Bid Preparation

Demand Side Resources may choose to bid into targeted RFPs

- Demand Side Resource (DSR) bidders are encouraged to bid into one of PSE's targeted RFPs, which
 will provide more detailed requirements and guidance for DSR bidders than are available in the AllSource RFP
 - PSE issued a targeted Distributed Solar and Storage (DSS) RFP on May 20, 2024¹
 - PSE intends to issue a Demand Response (DR) Request for Information in 2024 and a DR RFP in 2025
- PSE will not evaluate a proposal in both the All-Source RFP and a targeted RFP²
- Demand side resource bids must meet minimum requirements outlined in Exhibit B (Proposal Requirements) and Exhibit G (Demand Side Resources Addendum) to participate in the All-Source RFP



¹See www.pse.com/rfp for current RFPs in progress, including the 2024 DSS RFP.

²If a bidder submits similar proposals into both RFPs, PSE will determine which process is best suited to evaluate the bid.

Bids must meet minimum requirements¹

- ✓ Nameplate capacity greater than 5 MW for a commercially proven technology
- ✓ Financial backing, stability and experience of bidder:
 - Has developed and completed at least 3 projects of similar size and technology type
 - Provides parental guarantee from an investment grade entity or a letter of credit
- ✓ All environmental attributes associated with proportionate share of the project will accrue to PSE
- ✓ An interconnection request has been submitted
- ✓ Transmission plan with Transmission Service Request submitted and System Impact Study (or equivalent cluster study) process started
- √ A fuel supply plan or verifiable resource
- ✓ Proposals must be submitted with bid fee and include all required forms



¹ A complete list of minimum requirements is provided in Exhibit B to the RFP

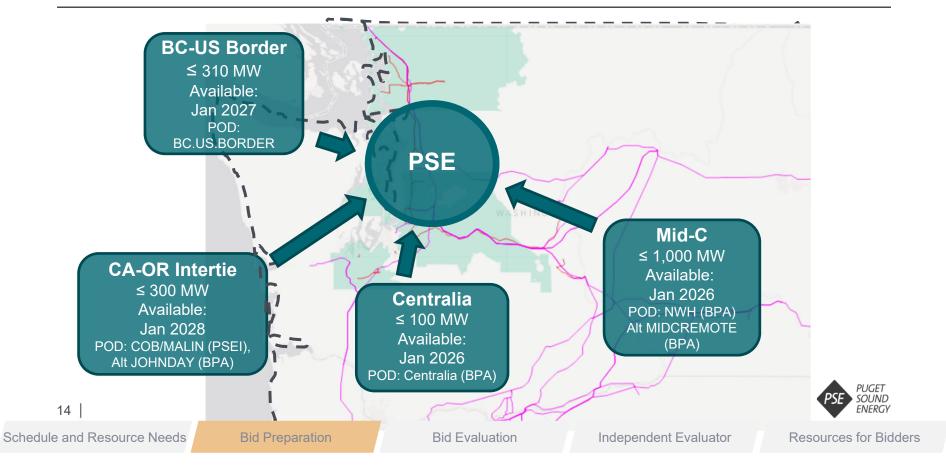
Bids for development projects must demonstrate a viable resource¹

- ✓ An overall project development and construction schedule for meeting the COD
- ✓ A detailed permitting plan that supports the proposed COD
- ✓ One year of **verifiable resource data**, if applicable
- ✓ Documentation of at least 50% site control of project lands
- ✓ Project layout and site plan and description of the project components.
- ✓ Designs, materials, and workmanship meet **utility industry best practices**, codes and standards (IEEE/ASME/ASCE/ASTM) and NERC/WECC guidelines
- ✓ Meets labor requirements of Washington House Bill 1589, Section 11



¹ A complete list of minimum requirements is provided in Exhibit B to the RFP

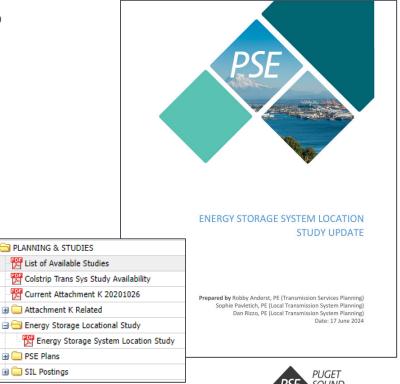
PSE transmission assets are available for bidder proposals delivering to specified points of delivery (PODs)



Energy Storage System Location Study identifies candidate substations for storage systems

Energy Storage System Location Study Report is posted to OASIS1

- Intent is to identify candidate substations for interconnection of energy storage systems (ESS)
- Qualitative analysis of substations for ease of interconnection
- Quantitative analysis of substation hosting capacity
 - Includes charging and discharging values at system peak
- Accounts for resources currently in the interconnection queue in the calculation of hosting capacity





1http://www.oatioasis.com/psei/

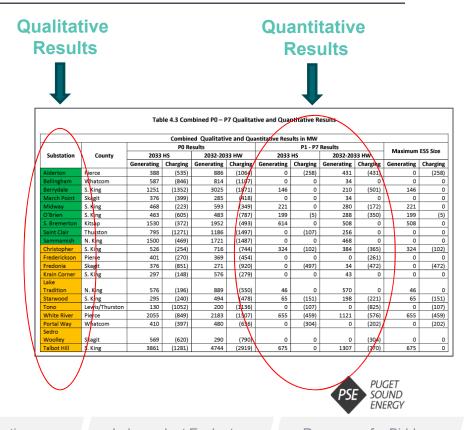
Schedule and Resource Needs

☐ ☐ PLANNING & STUDIES

 PSE Plans 🖮 🧰 SIL Postings

ESS Location Study provides qualitative and quantitative results

- Substations are classified as green or orange based on <u>qualitative results</u>
 - Orange classification does not preclude interconnection, but interconnection may be more costly or difficult.
- Substation hosting capacity reflects quantitative results
 - For NRIS interconnections, capacity must be available for P1-P7 contingencies
 - Charging values are based on charging during peak load

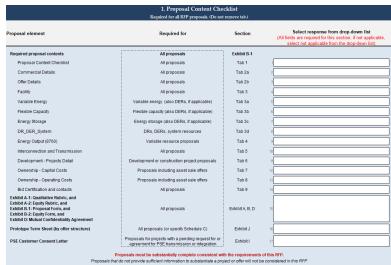


Bids must be complete and submitted on time

- Bidders must submit the following by
 11:59 PPT on September 16, 2024:
 - Completed and validated proposal form (Exhibit B-1)
 - Signed copy of Bid Certification (Exhibit B-1, Tab 9)
 - Completed equity form (Exhibit B-2)
 - Completed qualitative and equity score cards (Exhibits A-1 and A-2)
 - Signed Mutual Confidentiality Agreement (Exhibit D)
 - Prototype term sheets with redlines (Exhibit J)
 - Signed PSE Customer Consent Letter (if applicable)
 - Bid fee
- Submit bids electronically through web platform (<u>https://rfp.pse.com/</u>)

Review completeness of bid with the "Proposal Content Checklist" on Tab 1 of Exhibit B-1





PSE PUGET SOUND ENERGY

Bid fee and success fee are designed to offset costs

Bid fee is assessed per proposal – bidders may submit more than one proposal, but must provide a separate bid fee for each proposal

The bid fee is designed to help offset costs

- Independent Evaluator
- Other third-party consultants
- Outside studies
- Legal services

Bid fee per proposal

\$10,000

Success fee upon contract execution

\$1,000/MW of offered nameplate capacity



- PSE may enter negotiations and seek to execute contracts for selected resources
- Success fee will be assessed upon contract execution on a per MW basis
- · Offsets costs associated with due diligence and legal services related to negotiations

Schedule and Resource Needs

Bid Preparation

Bid Evaluation

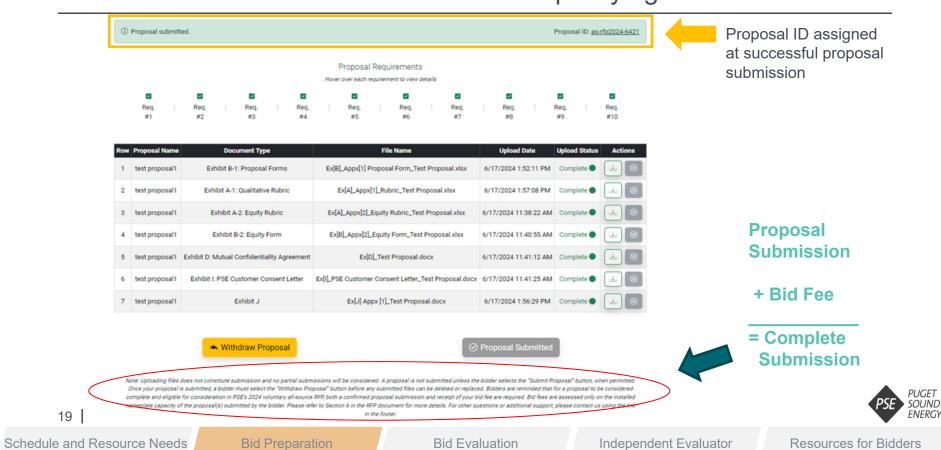
Independent Evaluator

Resources for Bidders

Bid fees must be received within three days of proposal submission due dates to meet minimum qualifying criteria

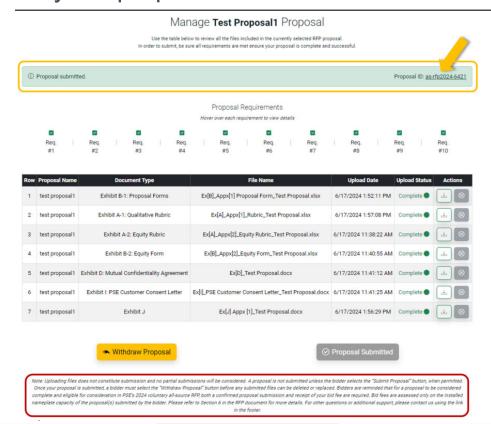
Bid Preparation

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Bid Evaluation

Bid fees with identifying information are due within three business days of proposal submission due dates



- A proposal and bid fee must be submitted by the due dates below to be considered complete
 - PSE participating bids due Aug. 30
 - All other bids due Sep. 16
 - Bid fees due within 3 business days of bid due date
- Send bid fees by certified check (via registered mail) or ACH transfer only
 - Complete payment instructions provided in RFP Section 6
 - Payments <u>must be</u> annotated with
 - o bidder's name and
 - unique proposal # assigned upon proposal submission



Schedule and Resource Needs

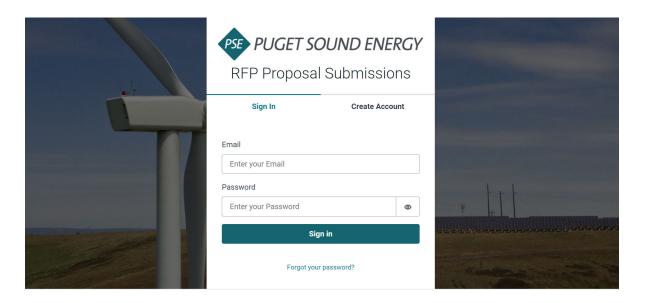
Bid Preparation

Bid Evaluation

Independent Evaluator

Resources for Bidders

Bid submission portal demonstration



RFP documents are now available for download at

http://www.pse.com

Aug. 1, 2024: RFP portal opens for bid submissions

https://rfp.pse.com

Bidders may sign up ahead of Aug. 1 to create a portal account



Bid evaluation



"How will PSE evaluate my proposal?"

PSE has expedited the RFP evaluation process by simplifying Phase 1 and Phase 2

Intake

- Bidder's conference in July
- Proposal submission through web portal

Phase 1 Individual proposal screening

• Quantitative evaluation (50%) – Based on a proposal's levelized cost

Equity screening of individual proposals

- Separate and enhanced equity score for each proposal
- New equity scoring rubric consistent with 4 core energy justice tenets¹
- Equity scores will be compared to Phase 1 scores to identify candidates with high equity scores without fatal flaws for ongoing consideration

Phase 2 Portfolio optimization, due diligence, negotiations and contracting

- Seeks optimal portfolio mix of resources with maximum portfolio benefits
- Prioritization of resources for negotiation
- Negotiation and contracting

1 WUTC vs. Cascade Natural Gas Corporation, Docket UG-210755 Final Order 09 on August 23, 2022 and the provisions in RCW 19.405.040(8) of CETA



New to Phase 1: swifter screening, refined rubrics

One Offer per Proposal¹

- Streamlined intake and evaluation
- Straightforward pricing structure as "busbar + energy delivery cost"

Focused Quantitative Screening

- Levelized cost within technology types
- No portfolio optimization modeling
- Now weighted equally with qualitative assessment

Refined Qualitative Rubric²

- 4 categories, down from 6
- Yes/no answers for objective and automatic scoring
- Greater emphasis on differentiating issues: e.g., permitting & transmission

Qualitative Equity Rubric²

- Separate equity score
- Proposals with high equity scores and no fatal flaws can advance to Phase



¹ Bidders who submit multiple proposals will pay separate bid fees for each proposal.

² Bidders will complete and submit a qualitative rubric (Exhibit A-1) and an equity rubric (Exhibit A-2) as part of their proposals.

Qualitative rubric¹ has been refined and given equal weight to quantitative results

2021 Qualitative Rubric Summary						
Category	Weight					
Counterparty Viability	3%					
Project Viability	3%					
Site Control / Customer Acquisition Status	3%					
Permitting and Studies	3%					
Energy Delivery	7.5%					
CETA Customer Benefit Plan	10.5%					
Total Qualitative	30%					
Quantitative	70%					
Total Qualitative & Quantitative	100%					



2024 Qualitative Rubric Summary					
Category	Weight				
Interconnection Service	10%				
Transmission Service	20%				
Site Control / Customer Acquisition Status	5%				
Permitting and Studies	15%				
Total Qualitative	50%				
Quantitative	50%				
Total Qualitative & Quantitative	100%				

¹ There is a separate scoring process for equity in 2024

In Phase 1, PSE will also evaluate bidder edits to term sheets (Exhibit J) on a pass/fail basis for any proposed terms or conditions that present unreasonable or excessive risk to PSE or its customers.



Energy Justice is evaluated on 4 tenets

Recognition

Requires an understanding of historic and ongoing inequalities and prescribes efforts that seek to reconcile these inequalities

Restorative

Utilizes regulatory government organizations or other interventions to disrupt and address distributional, recognitional or procedural injustices and to correct them through laws, rules, policies, orders and practices.

+
Recognition
Justice

Restorative Justice

8-8
Distributional
Justice

Procedural

Justice

Procedural

Focuses on inclusive decisionmaking processes and seeks to ensure that proceedings are fair, equitable, and inclusive for participants, recognizing that marginalized and vulnerable populations have been excluded from decision-making process

Distributional

Distribution of benefits and burdens across populations. Aims to ensure marginalized and vulnerable populations do not receive inordinate share of the burdens or are denied access to benefits



WUTC vs. Cascade Natural Gas Corporation, Docket UG-210755 Final Order 09 on August 23, 2022 and the provisions in RCW 19.405.040(8) of CETA.

Schedule and Resource Needs

Bid Preparation

Bid Evaluation

Independent Evaluator

Resources for Bidders

Energy Justice considerations

Recognition Justice	Procedural Justice	Distributional Justice	Restorative Justice
Who are the impacted or affected population?	Does the project include an engagement plan?	Non-energy benefits Equitable distribution to HIC, VP, DAC Small businesses? Women-, Minority-, Veteran-, owned? Clean jobs? Additional economic (tax) benefits?	Rectification, ways to address inequities
Potential environmental, social impact on surrounding communities	Describe the project public participation process	Reduction of Burdens specifically to HIC, VP, DAC – energy bills? Energy use?	Steps to generate meaningful, enduring changes
	Strategy for decision making	Environment GHG reduction? Mitigation strategies for known environmental burdens?	Equity considerations for future proposal development
	Who is involved in your decision making?	Public Health – outdoor air quality	Justice40 initiatives determination on project impact
		Energy Security and Resiliency – Access to reliable clean energy? Ways to strengthen energy resiliency?	A DUGST



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Quantitative screening has been simplified and is worth 50% of the overall score

Proposals will be grouped by resource type, and scored based on LCOE or LCOC

Levelized cost of energy (\$/MWh)

- Net present value of a proposed project's cost divided by the net present value of the project's generation.
- Lower is better. Useful for comparing projects with same or similar operating characteristics. Less useful for projects with low or no generation.

Levelized cost of capacity (\$/kW-yr)

- Net present value of a proposed project's cost divided by the net present value of the project's offered nameplate capacity.
- Lower is better. Useful for comparing projects with same or similar operating characteristics.



At the end of Phase 1, proposals will be ranked based on Price and Non-price Scores

Step 1: Combine Price and Non-price Scores to produce an Overall Score for each proposal

	Quantitative	% Qualitative Metrics and Non-price Score - 50%					Total - 100%				
			Weight:	5%	15%	10%	20%				
		Po	tential Score:	1	4	12	10				
					Permit	Inter-		Non-	Non-Price		
	LCOE	Relative Price	Price Score	Site	and	connection	Transmission	Price	Score	Overall	Overall
ID Project Name	(\$/MWh)	Score	Ranking	Control	Studies	Service	Service	Score	Ranking	Score	Ranking
1 Wind Project 1	\$ 30	100%	1	1	4	12	10	100%	1	100%	1
2 Wind Project 2	\$ 55	64%	3	1	4	12	10	100%	2	82%	2
3 Wind Project 3	\$ 30	100%	2	1	4	5	3	60%	3	80%	3
4 Wind Project 4	\$ 80	29%	4	1	4	1	2	50%	5	39%	4
5 Wind Project 5	\$ 100	0%	5	1	4	1	3	54%	4	27%	5



Proposals will be scored for equity, and a candidate list of Phase 2 proposals will be identified

Step 2: Compare equity screening results with overall scoring results

ID	Project Name	Recognition	Procedural	Distributional	Restorative	Total Equity Score
	Potential Score	2	4	26	5	37
1	Wind Project 1	1	2	18	2	23
2	Wind Project 2	1	1	20	1	23
3	Wind Project 3	2	3	16	1	22
4	Wind Project 4	2	1	18	1	22
5	Wind Project 5	1	2	16	2	21

PSE may consider promoting marginal resources with high equity scores

Candidate List

- ✓ Best-ranking proposals from different resource groups
- ✓ Selected resources will total at least 150% of PSE's CETA-compliant energy and capacity resources needs

Step 3: Identify candidate list for Phase 2 evaluation



Phase 2 includes optimization, due diligence, negotiation and contract execution



Portfolio Optimization

- Fairly compare available resource alternatives
- Identify lowest reasonable cost portfolio to help meet resource needs



Due Diligence

- Assess risks
- Include equity considerations
- Focus on commercial readiness and deliverability





PSE participating resource proposals will be treated consistently with other offers

- PSE may submit one or more participating resource proposals into the All-Source RFP
- PSE participating resource proposals will be **due two weeks before** other proposals
- PSE's RFP evaluation team will screen and score the PSE participating resource proposals, and provide the results to the independent evaluator prior to evaluating other bids
 - An earlier evaluation of PSE participating resource proposals is consistent with independent evaluator's recommendation
- After receiving and evaluating third-party bids, PSE will compare all PSE participating resource proposals and market bids to provide a final ranking for each bid
- Independent evaluator will review all proposals



Independent Evaluator



Bates White will serve as independent evaluator

Bates White Economic Consulting's¹ role is to **ensure a fair, transparent and proper RFP process** that aligns with RFP requirements and purchases of resources² rules

Responsibilities include but are not limited to:

- ✓ Participate in RFP design and solicitation materials
- Evaluate unique risks, burdens, and benefits of each bid
- Verify inputs and assumptions are reasonable
- Assess reasonableness of scoring of bids and resource selections
- Sit in on negotiation meetings and review comparative analysis results
- Prepare final report on PSE's competitive bidding process, bid rankings, and communication with stakeholders and bidders



¹ Approved on April 25, 2024 in Order 1 of Docket UE-240191

² As defined in WAC 480-107. Independent evaluator role is described in WAC 480-107-023

Resources for Bidders



Resources for bidders

Public web site (www.pse.com/rfp)

- · All-Source RFP schedule, notifications and updates
- · Downloadable RFP documents and bid submission portal link

RFP mailbox

(AllSourceRFPmailbox@pse.com)

- · Submit All-Source RFP bid preparation and submittal questions
- Q&A posted to PSE's RFP web site for the benefit of all bidders

Bid submission portal

(https://rfp.pse.com/)

- · Unlimited opportunity to resubmit proposals during RFP submission window
- · User's guide available on portal site; send questions to RFP mailbox

Bates White

(Independent Evaluator)

- Frank Mossburg: frank.mossburg@bateswhite.com
- Vincent Musco: vincent.musco@bateswhite.com

Transmission and interconnection contacts

- PSE: http://www.oatioasis.com/psei/
- BPA: https://www.bpa.gov/about/who-we-are/transmission-contact-information





Questions?

