2026 DEMAND RESPONSE REQUEST FOR PROPOSALS

April 17, 2026

PUGET SOUND ENERGY

PSE PUGET SOUND ENERGY

1. INTRODUCTION

1.1. OVERVIEW

This Demand Response Request for Proposals (DR RFP) seeks bids from qualified parties (respondents) to supply DR resources to Puget Sound Energy (PSE or the Company) to help fulfill the 2024 Decarbonization Act for Large Combination Utilities (DALCU) compliance requirements. DALCU requires that PSE plan to achieve a load flexibility portfolio that accounts for 10% of peak load beginning in 2030, or the maximum amount deemed technically and commercially feasible by the Washington State Utilities and Transportation Commission (UTC). This DR RFP includes procurement of DR resources located within PSE's electric service area that can meet all or part of the Company's resource need, consistent with the requirements described herein. The DR RFP will be available on PSE's website at the following link: *http://www.pse.com/RFP*.

This DR RFP seeks to add significant DR megawatts (MW) to PSE's portfolio to reduce both winter and summer system peak. PSE will pursue a resource procurement process that is accessible and fair for all respondents and values respondents with equitable procurement processes. PSE encourages all respondents able to meet the requirements of this DR RFP to participate, including Respondents representing minority-, women-, disabled- and veteran-owned businesses.

This DR RFP process may or may not result in one or more transactions by PSE. PSE reserves the right to modify and/or cancel this DR RFP to comply with changes to regulatory policy or federal, state, or local laws.

1.2. RESOURCE NEED

The integrated resource planning analysis, which evaluates and establishes the Company's capacity (physical reliability) and renewable energy (policy-driven) needs, consistent with WAC 480-100-620, guides PSE's electric resource acquisition process. PSE's most recent Integrated Resource Plan (IRP) includes a discussion of the electric planning standard and describes the methodology for analyzing the Company's resource needs.

Under DALCU, PSE must plan to build a load flexibility portfolio that accounts for 10% of historical peak load in both winter and summer seasons, or the maximum amount of flexibility that the WUTC deems to be technically or commercially feasible. “Commercially feasible” has been defined by the WUTC as the amount of load flexibility that can be obtained at a reasonable cost. PSE estimates it will need approximately 500 MW of DR capacity that must be available year-round by 2030 under these requirements. PSE currently has 129 MW of DR capacity in its portfolio and seeks to acquire additional resources through this RFP to meet the 10% peak reduction planning requirement.

1.3. ABOUT CURRENT PUGET SOUND ENERGY DEMAND RESPONSE PORTFOLIO

PSE's path to Demand Response (DR) implementation began in part as a response to Gov. Jay Inslee's 2019 signing of the **Clean Energy Transformation Act (CETA)**. CETA committed Washington to provide electricity free of greenhouse gas emissions by 2045, and it required Washington's electric utilities to file a **Clean Energy Implementation Plan (CEIP)** every four years that must include—among other things—specific targets for energy efficiency, DR, and renewable energy.

PSE filed its original DR targets for the year ending in 2025 in November 2021 CEIP as 23.7 MW. That number was based off the findings in the **Integrated Resource Plan (IRP)**, which serves as a more than 20-year look at PSE's energy resource needs. In February of 2022, PSE shared the 23.7 MW target with potential vendors when it went out to bid for third-party DR implementers for various program offerings.

In response to vendor and UTC feedback and a shifting clean energy landscape, PSE reviewed its DR proposals and selected three vendors whose combined total reflected 86 MW of available cost-effective DR to be achieved by 2025. Notably, PSE's increased DR goal aligned with updated CEIP conditions that reflected higher overall targets as well, along with the **Conservation Potential Assessment (CPA) and a subsequent IRP update**.

PSE is now focused on working towards the DALCU goals of 10% peak reduction, if commercially feasible and within cost constraints. PSE's preliminary estimate is that 10% of its annual load in 2030 will be approximately 500 MW. Further analysis may refine that estimate and will test the conditions under which 10% may be technically or commercially feasible. PSE currently offers a number of DR programs.

PSE DR Programs

Resource	Program Type	Description	Vendor	Launch Date	Approx Customers Enrolled as of April 3, 2026
Flex Events / Peak Time Savings	Opt-out Behavioral Demand Response	Residential customers receive email/IVR/SMS notification of an upcoming event and are encouraged to reduce energy during that time. Energy efficiency tips are provided to help maximize their savings. Customers receive post-event communication about their energy savings results. Starting in summer 2026, enrolled customers will receive a bill credit for kWh saved during events and will include a behavioral EV experience.	OPower	Aug. 2023	456,000

PSE DR Programs, *continued*					
Resource	**Program Type**	**Description**	**Vendor**	**Launch Date**	**Approx Customers Enrolled as of April 3, 2026**
Flex Rewards	Opt-In Behavioral Demand Response	Residential customers are rewarded for enrolling and earn additional rewards for reducing energy usage anyway they choose during an event. Customers will receive email and/or SMS notifications of an upcoming event and are encouraged to reduce their energy usage during that time.	Uplight	Nov. 2023	53,000
Flex Smart	Automated Demand Response	Residential and Small/Medium Business customers are rewarded for enrolling eligible thermostats and staying enrolled each season. PSE will automatically adjust the customer's temperature set point by a few degrees during the event, unless the customer overrides the event.	Uplight	Aug. 2023	40,400
Flex Smart+	Targeted Demand Side Management	Residential customers in Bainbridge Island or Duvall are rewarded for enrolling eligible thermostats or water heaters and staying enrolled each season. PSE will adjust the customer's temperature or water heater set point by a few degrees during the event.	Uplight	Nov. 2022	1,400*
Flex EV	Automated Demand Response	Residential customers are rewarded for enrolling eligible EV Chargers or EVs and earn additional rewards for saving kWhs during DR events. PSE will automatically prevent charging during the event, unless a customer overrides the event.	Uplight / Charge Scape	Mar. 2024	10,800
Flex Water Heaters (Pilot Stage)	Automated Demand Response	Residential customers are rewarded for enrolling eligible water heaters or UCM. PSE will adjust the customer's water heater set point by a few degrees during the event.	Uplight	May 2025	422
Flex Batteries	Automated Demand Response	Residential customers are rewarded for enrolling eligible batteries. PSE will send a command to charge the battery system prior to the event, then to discharge during the event. Customers earn rewards for kWhs saved during events.	Uplight	Aug. 2024	800

PSE DR Programs, *continued*					
Resource	**Program Type**	**Description**	**Vendor**	**Launch Date**	**Approx Customers Enrolled as of April 3, 2026**
Flex C&I	Business Demand Response	Business customers earn incentives for enacting their custom energy reduction plan or through ADR connections when a DR event is called. Includes Peak and Emergency.	Uplight / Enel	Nov. 2023	528
Flex Business	Opt-In Behavioral Demand Response	Small/Medium Business customers are rewarded for enrolling and earn additional rewards for reducing energy usage any way they choose during an event. Customers will receive email and/or SMS notifications of an upcoming event and are encouraged to reduce their energy usage during that time.	Uplight	Dec. 2025	244
Ecobee Grid Resilience	Automated Demand Response	Residential customers not enrolled in Flex Smart are eligible to enroll their Ecobee thermostat to support grid emergencies. PSE will automatically adjust the customer's temperature set point by a few degrees during the event, unless the customer overrides the event.	Uplight / Ecobee	Sep. 2025	8,336

***Flex Smart Plus customers are a subset of Flex Smart and Flex EV specific to Bainbridge Island and Duvall. The customers in this program are included within any numbers reported for Flex Smart and Flex EV unless otherwise specified.**

1.4. PSE CORE VALUES

PSE is committed to a culture of ownership, accountability, honesty, integrity, and trust. In conducting this RFP, PSE will follow its Code of Conduct and ensure all respondents are treated fairly and consistently throughout the evaluation process.

2. ACQUISITION

2.1. ACQUISITION OVERVIEW

PSE is seeking proposals for capacity that provide net-new capacity through DR and demand flexibility programs and products. These may be winter or summer peak capacity, or both.

Proposals should provide either single or multiple complete DR programs that encompass all aspects of program implementation, including customer acquisition, technology deployment, ongoing operations, reporting, and performance delivery. PSE will enter into performance-based contracts with program providers who take full responsibility for delivering contracted capacity. Proposals must meet the following RFP objectives:

- Must address specific customer segments or technology gaps not currently served explicitly by PSE's existing DR portfolio
- Must provide a scalable capacity plan that demonstrates incremental growth without duplicating customer participation in existing PSE programs
- Must demonstrate reliable and measurable system peak capacity and energy savings delivery and consistent event performance
- Must demonstrate a pathway to deliver at least 50 MW of capacity by 2030 (capacity availability preferred to start in mid-2027)
- Multi-aggregator proposals must identify a single primary contract owner responsible for coordinating sub-aggregator performance and maintaining overall capacity commitments
- Must provide integration solutions to PSE's enterprise systems
- Must meet customer experience expectations and PSE standards

Proposals are encouraged to identify additional grid services beyond summer and/or winter system peak reduction, including emergency programs and distribution/locational DR. Proposals selected for award will be expected to enter into binding capacity agreements tied to the MW capacity goals required in this RFP.

2.2. PERFORMANCE REQUIREMENTS

- Minimum 50 MW of net-new DR capacity by 2030 per proposal
- Demonstrated ability to achieve minimum 80% customer retention rate
- Proven dispatch response time within required parameters (technology-specific)
- Describe success in accuracy of respondent-conducted measurement and verification (M&V) compared to third-party evaluation studies
- Minimum five-year contract term capability

2.3. PROGRAM STRUCTURE AND TERM REQUIREMENTS

Complete Program Delivery: Respondents must provide turnkey DR programs that include all necessary components for successful program delivery, including but not limited to:

- Customer marketing, outreach, and acquisition
- Incentive calculations and customer payment services
- Device installation and provisioning
- Communication protocols
- Technology procurement, installation, and commissioning
- Ongoing customer engagement and retention
- Reliable dispatch and control capabilities
- Performance monitoring and reporting
- Customer service and technical support
- Quality assurance (QA) and iterative improvement

Performance Accountability: Respondents assume full performance risk and accountability for delivering contracted DR capacity. Payment is contingent on verified performance during dispatch events.

Demand Response Resources: Eligible technologies include all devices, products, or services that deliver DR capacity for system peak reduction across residential, commercial, and industrial customer segments. Proposals may consist of individual DR resource categories or combined resources, including partnerships of aggregators, across mixed customer segments and device types. Proposals should demonstrate meaningful capacity contribution toward 2030 and beyond.

All proposals must demonstrate how they will provide net-new growth to PSE's existing DR program portfolio. If proposals include technologies or approaches that are similar to PSE's existing DR programs, respondents must clearly describe how their proposals are complementary and non-duplicative. This may be achieved through differentiated deployment methods, rapid growth to new customers, targeting underserved customer segments, adding new DR-capable devices, or providing enhanced capabilities that expand beyond existing program offerings.

3. TURNKEY DEMAND RESPONSE PROGRAMS

All respondents must meet the following minimum requirements to be considered for evaluation. Failure to meet any minimum requirement may result in automatic disqualification.

3.1. RESPONDENT REQUIREMENTS

3.1.1. COMPANY QUALIFICATIONS

- Minimum three years of experience in DR program delivery or related energy services
- Demonstrated financial capability with audited financial statements for the past three years
- Investment grade credit rating OR acceptable credit support (e.g., letter of credit, parent guarantee, performance bond)
- Professional liability insurance minimum $2 million per occurrence
- General liability insurance minimum $5 million per occurrence
- No material adverse legal judgments or regulatory violations in past five years
- Customer satisfaction rating minimum 4.0/5.0 (or equivalent) from similar programs
- Demonstrated experience serving diverse customer segments

3.1.2. TECHNICAL QUALIFICATIONS

- Demonstrated experience with utility-scale DR programs (minimum 5 MW delivered capacity)
- SOC II Type II certifications
- Proven integration capability with utility dispatch systems (Supervisory Control and Data Acquisition [SCADA], Virtual Power Plant [VPP], or equivalent)
- Cybersecurity compliance with NIST Cybersecurity Framework
- 24/7 operations center capability with qualified personnel
- Description of granularity and cadence of reporting capabilities for participating resources

3.1.3. REGULATORY AND COMPLIANCE REQUIREMENTS

- All required business licenses and permits for operation in Washington State
- Compliance with all applicable federal, state, and local regulations
- Environmental compliance certification

- Equal employment opportunity compliance
- Workers' compensation insurance as required by Washington State law

3.1.4. PORTFOLIO INTEGRATION AND COORDINATION

PSE requires all DR programs to integrate with existing utility systems and operations, rather than through manual or one-off processes. Most critically, respondents must be capable of integrating with PSE's customer enrollment management systems to verify eligibility; check for existing program participation to prevent overlapping enrollment of customer devices across multiple DR offerings; and demonstrate how they will prevent duplicative (double counting) enrollments from occurring. Solutions will be required to export data to PSE's system operations during both normal operations and emergency conditions and provide a high degree of accuracy with recordkeeping. Detailed technical integration requirements, communication protocols, and cybersecurity standards are specified in sections 3.5 and 3.6.

3.2. CUSTOMER ACQUISITION AND ENGAGEMENT

Customer acquisition and engagement are fundamental to successful DR program delivery and long-term customer satisfaction with PSE and low attrition. PSE seeks comprehensive proposals that demonstrate how programs will attract, enroll, and retain customers while meeting equity and accessibility requirements. Proposals must include detailed plans addressing all aspects of the customer journey from initial outreach through ongoing program participation. As applicable, respondents must describe the relevant details of their offerings as identified in the list below.

Marketing and Outreach:

- Comprehensive marketing plan for targeted customer segments
- Multi-channel outreach strategy (digital, direct mail, events, partnerships)
- Co-branding with PSE following established guidelines
- Data privacy

Customer Enrollment Process:

- Streamlined enrollment with minimal customer friction
- Online, app, original equipment manufacturer (OEM), and/or conceirge enrollment options
- Customer education materials and program orientation
- Eligibility verification (e.g., fuel type, PSE customer status, conflicting enrollment, etc.)
- Device installation scheduling and coordination
- Integration approach with PSE's systems (e.g. future website enrollment engines, billing systems, customer information systems, customer preference centers for messaging, rate calculators, recommendation engines, etc.)

Ongoing Customer Engagement:

- Regular communication and program updates
- Individual participant performance feedback, participant energy/bill savings, and incentive reports
- Integration with MyPSE as communication tool and system of record for the customer
- Customer satisfaction surveys and feedback collection
- Retention strategies and win-back campaigns
- Customer service and technical support (24/7 during events)

Named Communities and Deepest Need Engagement:

- Minimum 30% named communities participation
- Minimum 6% deepest need residential customer participation
- Targeted outreach strategies for equity compliance
- Community partnerships and trusted messenger relationships
- Barrier reduction and accessibility improvements
- Cultural competency and language-appropriate services

3.2.1. CUSTOMER SEGMENT REQUIREMENTS

Proposals must describe in what customer segments, geographic areas, and/or building types programs will be deployed.

3.2.2. CUSTOMER EXPERIENCE EXPECTATIONS

PSE requires all DR programs to deliver exceptional customer experiences that build trust, ensure satisfaction, and promote long-term participation. Proposals must demonstrate comprehensive customer engagement strategies that include, at minimum, multilingual customer support, Americans with Disabilities Act (ADA) compliant accessible communication methods, and clear educational materials explaining program participation and benefits. Customer control and flexibility are paramount — programs must provide customer-friendly event opt-out procedures (as applicable to use case and resource type), flexible participation options that accommodate customer preferences, and strict adherence to customer privacy and data protection rights with timely complaint resolution procedures.

Proposals must detail approaches for customer service delivery and provide best-fit solutions for PSE. Successful proposals will demonstrate proactive customer engagement and retention strategies to create positive, lasting relationships with participants. Detailed service quality standards and performance metrics are specified in sections 3.4, 3.5, and Exhibit F.

Additionally, respondent proposals must specify how they will provide customer data related to performance, enrollments, rewards, bill credits, bonuses, communication preferences, and other relevant program information to internal PSE systems to support PSE customer relationship management and customer service functions. This includes defining data formats, delivery methods, update frequencies, and integration protocols that enable PSE customer service representatives to access comprehensive program information when assisting customers, as well as giving customers insights to their participation and payment history.

3.2.3. CUSTOMER VALUE DELIVERY

Respondents must describe how proposed solutions will deliver programs that maximize value to customers including but not limited to the following:

- Energy and/or bill savings to customer, in addition to energy demand reduction
- TOU or rate optimization
- Multidevice coordination and value stacking
- Low-opt out and low attrition rates
- Real time energy use feedback tools
- Renewable energy integration optimization
- Resiliency benefits
- Low cost or free device provisioning services, including installation support for new devices
- Direct installation
- DR pre-enrollment
- Fault detection, anomalous pattern recognition, or other safety measures
- Default / low friction enrollment options
- Multifamily, small business, tenant, and renter enrollment options
- Multiple and customizable event notification options

3.3. PROJECT DEVELOPMENT AND IMPLEMENTATION TIMELINE

Respondents must provide a detailed go-to-market plan explaining their strategy for deploying a new platform or program for DR resources. The plan must include the proposed deployment schedule with dependencies, respondent IT and implementation requirements, risks, and detailed information prompted in this section and sections 4.6 and 6.4.

Phase 1: Contract Execution and Project Setup

- Contract negotiation, execution, and regulatory approvals
- Project team establishment and interested party alignment
- Detailed implementation plan finalization
- Supply chain setup and equipment procurement initiation
- Customer acquisition strategy launch

Phase 2: Deployment and Testing

- IT integrations and project initiation
- Architectural diagrams
- Data exchange requirements
- Description of methods in which resources can receive dispatch signals from platforms operated by PSE
- Demonstrate how the respondent would establish baselines and performance measurements for participating resources

Phase 3: Full-Scale Deployment

- Mass market customer acquisition and enrollment
- Scaled equipment installation and deployment
- Operations center establishment
- Performance optimization and continuous improvement
- Quarterly performance reviews and adjustments

Phase 4: Commercial Operation and Optimization

- Full contracted capacity delivery and performance
- Ongoing customer retention and engagement
- Customer feedback collection and program refinement

- Technology upgrades and system enhancements
- Performance guarantee compliance and verification
- Long-term contract extension evaluation

3.4. OPERATIONS AND PERFORMANCE MANAGEMENT

Successful DR programs require robust operational capabilities and comprehensive performance management systems to ensure reliable DR capacity delivery and exceptional customer service. PSE expects programs to maintain professional operations centers, provide detailed performance reporting, and demonstrate continuous improvement in all aspects of program delivery. Proposals must include detailed operational plans that address dispatch coordination, performance monitoring, customer service delivery, and QA processes. As applicable, respondents must describe the relevant details of their offerings as identified in the list below.

Dispatch and Control Operations:

- DR Operations team with qualified personnel and 24/7 availability
- Capacity to forecast resource availability and verify successful dispatch within required timeframes (1 hour minimum notice to customers and dispatched up to 21 hours ahead)
- Manual override capability to cancel events
- Dynamic cohort creation for dispatch groups
- Flexible load management beyond provision of traditional DR packages
- Dispatch events per defined program parameters
- Firm load dispatch
- Strike tracking
- Snapback and pre-loading mitigation

Performance Monitoring and Reporting:

- Operational reports for active dispatch periods, including weekends
- Monthly performance summaries with trend analysis
- Quarterly program evaluation and improvement recommendations
- Locational awareness of behind-the-meter assets
- Forecast to actuals

Customer Service Operations:

- Dedicated customer service team with DR program expertise
- Multi-language support for diverse customer base
- Seasonal readiness checks and training of PSE staff
- Seasonal performance reports
- Customer incentive delivery, payment assistance, and reports
- On-bill payment integration with PSE systems
- Technical support during dispatch events
- Customer communication for planned events, including pre-event notification
- Complaint resolution and escalation procedures
- Auditing and tracking capabilities regarding customer payments and resolution

3.4.1. PERFORMANCE FORECASTING AND VERIFICATION

PSE Operations and Market Integration: PSE will use event performance AMI data at the customer meter / device to forecast resource availability for Front Office and System Operations. Event performance and participation data must be exportable to PSE and/or PSE contracted third-party systems for rapid measurement and verification via API and/or CSV. AMI based meter values will be measured for grid impact**.** Customer settlement values (savings only) **should be provided by proposers** for any incentive payments.

Demand Response Potential Assessment:

- Market research and customer segmentation analysis
- Technology adoption curves and penetration forecasting
- Seasonal and weather-dependent performance modeling
- Customer participation and retention rate projections
- Technology performance degradation and replacement cycles

Baseline and Measurement Protocols:

- Customer-specific baseline development methodologies
- Disaggregated customer performance measurement based on the specific measure(s) deployed to customer
- Weather normalization and adjustment procedures
- Statistical significance testing and confidence intervals

- Bias testing and baseline accuracy validation
- Third-party measurement and verification protocols
- SPP Markets+ and/or CAISO WEIM experience and M&V alignment

Forecasting Protocols:

- Program, site, and portfolio MW availability by hour, adjusted for weather and other factors
    - By feeder, substation, or cohort
    - Kilo-Watt hour conservation effect over the event period
    - Pre-event and post-event MW increase (pre-conditioning and snapback)

3.4.2. SERVICE LEVEL STANDARDS

Service Metric	Standard	Measurement Method
Call Answer Time	95% within 30 seconds	Automated call distribution system
Email Response Time	95% within 4 hours	Customer service tracking system
Issue Resolution Time	90% within 24 hours	Ticket tracking system
Customer Satisfaction	4.0/5.0 minimum	Quarterly customer surveys
First Call Resolution	85% minimum	Call tracking and follow-up

Customer Service Capabilities:

- **Multi-Language Support:** English and Spanish minimum, additional languages as needed
- **Multi-Channel Support:** Phone, email, web chat, mobile app
- **24/7 Availability:** Emergency support during dispatch events
- **Accessibility:** ADA compliant services and accommodations

- **Escalation Procedures:** Clear escalation path for complex issues
- **Complaint Resolution:** Procedures with maximum 48-hour response time
- **Visibility into other PSE programs and DR services:** Ability to hand over customer/coordinate with other PSE implementers and deliver end-to-end customer service support.

3.4.3. QUALITY ASSURANCE AND CONTINUOUS IMPROVEMENT

PSE expects DR programs to foster a culture of continuous improvement and innovation throughout the contract term. Proposals must demonstrate commitment to ongoing program optimization based on operational experience, regular analysis of program effectiveness, and benchmarking against industry best practices. Successful programs will implement documented quality management procedures, conduct regular internal performance assessments, and pursue innovation opportunities that enhance program value and customer experience. Annual program evaluations and strategic planning processes should identify improvement opportunities and drive program evolution to meet changing market conditions and customer needs, including but not limited to:

- Regular performance audits and system testing
- Customer satisfaction monitoring and feedback integration
- Technology performance optimization and upgrades
- Best practice delivery and industry benchmarking
- Program innovation and development

3.5. TECHNICAL REQUIREMENTS

3.5.1. TECHNOLOGY SPECIFIC REQUIREMENTS

Proposals must describe what the minimum device performance of participating resources in the following categories:

- Minimum, maximum, and average kW and kWh reduction per participating resource
- Event dispatch notification window (day ahead, same day, hour ahead, or shorter)
- Post-event performance analysis

3.5.2. TECHNICAL DETAILS AND CAPABILITIES

Communication and Control Requirements:

- Two-way communication capability with PSE's Distributed Energy Resources (DER) control platforms (receive signals and send confirmation of received signals)

- Real-time data transmission (≤15 second intervals)
- Secure communication protocols (TLS 1.3 minimum)
- Backup communication pathways (cellular, broadband)
- Protocol support: OpenADR 2.0b, IEEE 2030.5, equivalent, or better
- Application Programming Interface (API) integration capability with RESTful web services
- Network time synchronization (Network Time Protocol [NTP] or equivalent)
- Remote firmware update capability

Performance Monitoring Requirements:

- Real-time power measurement and reporting
- Device status and availability monitoring
- Event response verification and confirmation
- Performance measurements based on agreed upon, third-party evaluator verified market-compatible methodology
- Data logging and historical storage (minimum seven years)
- Alarm and fault notification systems
- Performance analytics and reporting tools
- Third-party verification compatibility

Cybersecurity Requirements:

- NIST Cybersecurity Framework compliance
- SOC 2 Type 2 Compliance for any cloud software used in delivery of the service
- US datacenter hosting only
- Multifactor authentication for system access
- Data encryption at rest and in transit (AES-256 minimum)
- Network segmentation and access controls
- Intrusion detection and prevention systems
- Regular security assessments and penetration testing
- Incident response and breach notification procedures
- Employee security training and awareness programs

Customer Interface Requirements:

- Customer mobile application or web portal
- Performance and savings information
- Event notification and scheduling
- Intuitive customer override and opt out capability
- Multilanguage support (English, Spanish minimum)
- Accessibility compliance (ADA/WCAG 2.1 AA)
- Customer service integration
- Privacy controls and data management
- Communication preference management capabilities

3.5.3. PREFERRED TECHNICAL FEATURES

Advanced Analytics and Optimization:

- Machine learning algorithms for performance optimization (subject to PSE review and approval)
- Predictive analytics; what if scenarios
- Customer behavior analysis and segmentation
- Weather-based performance forecasting
- Grid condition responsive optimization
- Demand forecasting and planning tools

Enhanced Customer Experience:

- Pre-enrollment/point of sale enrollment
- Gamification and social comparison features
- Energy education and conservation tips
- Integration with smart home ecosystems
- Voice control integration (e.g., Alexa, Google, etc.)
- Real time feedback
- Referral and incentive programs
- Community challenges and competitions

- Single Sign-On (SSO)

Grid Services Integration:

- System Peak/Energy Reduction
- Emergency response
- Localized grid optimization
- Distribution deferral
- Renewable energy integration support

Software Platform Upgrade Procedures:

- Information on system upgrade procedures
- Notifications prior to upgrades with minimum lead time depending on type of upgrade
- Upgrade release documentation with links
- Software maintenance
- Cybersecurity and data privacy

3.5.4. SYSTEM TESTING REQUIREMENTS

System Commissioning Tests:

Test Category	Test Description	Acceptance Criteria	Documentation
Communication	End-to-end communication verification	<2 second response time	Communication test report
Control	Dispatch signal response testing	Within specified response time	Control test report
Performance	Capacity delivery verification	±5% of rated capacity	Performance test report
Safety	Safety system operation testing	All safety systems functional	Safety test report
Integration	PSE system integration testing	Successful data exchange	Integration test report

Program Test Events:

- Two program test events during each season or program period

3.6. CYBERSECURITY AND DATA PROTECTION FRAMEWORK

3.6.1. CYBERSECURITY FRAMEWORK IMPLEMENTATION

NIST Cybersecurity Framework Compliance:

Identify Function:

- **Asset Management:** Complete inventory of all system components and data
- **Business Environment:** Understanding of cybersecurity role in business operations
- **Governance:** Cybersecurity policies and procedures documentation
- **Risk Assessment:** Regular cybersecurity risk assessments and updates
- **Risk Management Strategy:** Comprehensive risk management approach

Protect Function:

- **Access Control:** Multi-factor authentication and role-based access controls
- **Awareness and Training:** Regular cybersecurity training for all personnel
- **Data Security:** Encryption at rest and in transit (AES-256 minimum)
- **Information Protection:** Data classification and handling procedures
- **Maintenance:** Regular system updates and patch management
- **Protective Technology:** Firewalls, intrusion prevention, and endpoint protection

Detect Function:

- **Anomalies and Events:** Continuous monitoring for security anomalies
- **Security Continuous Monitoring:** 24/7 security operations center
- **Detection Processes:** Automated threat detection and analysis

Respond Function:

- **Response Planning:** Documented incident response procedures
- **Communications:** Internal and external communication protocols
- **Analysis:** Forensic analysis capabilities for security incidents

- **Mitigation:** Rapid containment and mitigation procedures
- **Improvements:** Post-incident analysis and improvement implementation

Recover Function:

- **Recovery Planning:** Business continuity and disaster recovery plans
- **Improvements:** Recovery process improvement based on lessons learned
- **Communications:** Recovery status communication to interested parties

3.6.2. DATA PROTECTION AND PRIVACY REQUIREMENTS

Customer Data Protection:

- **Data Minimization:** Collect only data necessary for program operation
- **Purpose Limitation:** Use data only for stated program purposes
- **Consent Management:** Clear customer consent for data collection and use
- **Access Rights:** Customer access to their own data and usage information
- **Deletion Rights:** Customer right to request data deletion upon program exit

Data Security Controls:

Data Type	Classification	Encryption	Access Controls	Retention
Customer PII	Confidential	AES-256	Need-to-know basis	7 years
Usage Data	Internal	AES-256	Role-based access	7 years
Financial Data	Confidential	AES-256	Restricted access	7 years
System Logs	Internal	AES-128	Administrative access	2 years
Communications	Internal	TLS 1.3	Authorized personnel	1 year

3.6.3. INCIDENT RESPONSE AND BREACH NOTIFICATION

Incident Classification:

- **Level 1 (Critical):** Successful cyber attack with data compromise
- **Level 2 (High):** Attempted attack with system impact
- **Level 3 (Medium):** Security policy violation or suspicious activity
- **Level 4 (Low):** Minor security event or policy deviation

Response Timeline Requirements:

Incident Level	Initial Response	PSE Notification	Customer Notification	Regulatory Notification
Level 1	1 hour	2 hours	24 hours	72 hours
Level 2	4 hours	8 hours	48 hours	As required
Level 3	24 hours	48 hours	As required	As required
Level 4	72 hours	Weekly report	Not required	Not required

Breach Response Procedures:

- **Containment:** Immediate isolation and containment of affected systems
- **Assessment:** Rapid assessment of scope and impact
- **Notification:** Timely notification to PSE, customers, and regulators
- **Remediation:** Complete remediation and system restoration
- **Documentation**: Comprehensive incident documentation and reporting
- **Improvement:** Post-incident analysis and security enhancement

4. SCHEDULE AND PROCESS

4.1. RFP TIMELINE

PSE anticipates the following schedule for this DR RFP:

Milestone	Date
RFP Issued	April 17, 2026
Notify PSE of Intent to Bid	April 30, 2026
Questions Due	April 30, 2026
PSE Responses to Questions	May 15, 2026
Proposals Due	June 1, 2026
Target Contract Execution	December 15, 2026

PSE reserves the right to modify this schedule as necessary. Any changes will be communicated to all registered participants.

4.2. EVALUATION PROCESS AND CRITERIA

Initial Screening: PSE may conduct a preliminary assessment to screen out bids which present unreasonably high costs or fail to meet minimum technical requirements. PSE may also hold in reserve a certain number of proposals in the event that one or more of the selected proposals is subsequently withdrawn or eliminated for any reason, including unacceptable risks or fatal flaws identified during the course of additional due diligence.

Evaluation Criteria: PSE will evaluate proposals based on the following criteria:

- **Economic Value:** Cost-effectiveness of delivered capacity including all-in costs
- **Technical Feasibility:** Demonstrated ability to deliver contracted capacity reliably
- **Implementation Plan:** Realistic timeline and approach for achieving capacity targets
- **Customer Benefits:** Contribution to named communities and deepest need requirements
- **Risk Assessment:** Financial stability, performance guarantees, and risk mitigation

- **Experience and Qualifications:** Track record with similar DR programs

Evaluation Process: PSE expects respondents to hold to the details outlined in their proposals through the evaluation process (including contract negotiations). Should a respondent alter their offer, PSE will re-evaluate and may discontinue negotiations.

4.2.1. DISQUALIFYING FACTORS

Proposals will be automatically disqualified for any of the following:

- Submission after the deadline specified in Section 4.1
- Incomplete proposal missing a volume specified in Section 6.1 or Section 6.10
- Failure to meet minimum company qualification requirements
- Failure to meet minimum technical capability requirements
- Failure to provide required financial documentation
- Material misrepresentation or false information in proposal
- Failure to acknowledge and accept PSE's standard contract terms
- Inability to provide required insurance coverage or credit support

4.2.2. PROPOSAL EVALUATION PROCESS

Initial Completeness Review:

- Verification that all required sections and forms are included
- Confirmation of minimum qualification requirements
- Technical feasibility and commercial viability assessment
- Identification of any fatal flaws or disqualifying factors

Detailed Technical Evaluation:

- Assessment of technical approach and implementation plan
- Evaluation of performance capabilities and reliability
- Review of customer acquisition and retention strategies
- Analysis of integration requirements and capabilities

Financial and Commercial Evaluation:

- Cost-effectiveness analysis and pricing evaluation
- Financial capability and credit assessment

- Risk evaluation and mitigation strategies
- Contract terms and commercial viability review

Qualitative Scoring:

- Experience and qualifications assessment
- Customer benefit and equity compliance evaluation
- Innovation and technology advancement consideration
- Strategic fit with PSE's resource portfolio

4.2.3. DUE DILIGENCE AND SITE VISITS

Following the initial evaluation and short-listing process, PSE will conduct comprehensive due diligence on selected proposals that may include activities such as:

Technical Due Diligence:

- Review of technology specifications and performance data
- Verification of customer acquisition and retention capabilities
- Assessment of operational and maintenance procedures
- Assessment of program rules and program participation conflict enforcement capabilities
- IT Questionnaire
- Evaluation of cybersecurity and data management practices, including the use of AI

Reference Checks:

- Verification of similar project experience and performance
- Customer satisfaction surveys and testimonials
- Utility and regulatory reference contacts
- Third-party performance validation

Financial Due Diligence:

- Credit analysis and financial capacity assessment
- Review of insurance coverage and risk management
- Evaluation of project financing and capital structure
- Assessment of long-term financial viability

Credit Support Options:

- Corporate guarantee from parent company
- Letter of credit from acceptable bank
- Performance bond from acceptable surety
- Cash deposit or escrow arrangement
- Insurance policies and coverage limits

Financial Projections:

- Detailed project financial analysis
- Project cash flow analysis (contract term)
- Debt service coverage ratios
- Liquidity analysis and working capital requirements
- Sensitivity analysis for key variables
- Risk assessment and mitigation strategies

4.3. CONTRACT NEGOTIATIONS

Short List Selection: Following the evaluation process, PSE will select a short list of proposals for further due diligence and contract negotiations.

Negotiation Process: It is PSE's intent to negotiate both price and non-price factors during post-proposal negotiations with respondents whose proposals are selected for the short list. PSE will continue analysis of proposals and may include additional factors that impact total cost until contract execution.

Contract Award: 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. All contracts are subject to regulatory consent as required.

4.4. REGULATORY FILINGS

Required Washington Utilities and Transportation Commission (UTC) Filings:

- **Contract Approval:** UTC approval required for contracts >$10 million
- **Tariff Modifications:** Customer rate and program tariff updates
- **System Plan Updates:** Integration with PSE's Integrated System Plan (ISP)
- **Clean Energy Compliance:** CETA compliance demonstration

- **Cost Recovery:** Prudency review for cost recovery in rates

4.5. DETAILED DELIVERABLES AND MILESTONES

Pre-Commercial Operation Deliverables:

- Detailed implementation plan with timeline and milestones
- Customer journey maps
- Program guides
- Process maps
- Documentation
- Launch plans
- Incentive design
- Terms and conditions
- Collateral review and sign off
- Website configuration
- Marketing plans
- Customer acquisition and marketing strategy
- Technology specifications and equipment procurement plan
- Installation and commissioning procedures
- Integration testing and performance verification reports

4.5.1. ONGOING TESTING AND MAINTENANCE

Commercial Operation Deliverables:

- Monthly operational reports with performance metrics
- Quarterly customer satisfaction and retention reports
- Annual program evaluation and improvement recommendations
- Regulatory compliance and CBI reporting
- Financial performance and cost-effectiveness analysis

Ongoing Deliverables:

- Performance data during dispatch events including resource dispatch, performance, participating resource dispatch, success rate, and notification latency
- Customer service and technical support metrics
- Equipment maintenance and replacement schedules
- Cybersecurity assessments and compliance reports
- Innovation and technology advancement proposals
- Customer enrollment and participation reports
- Monthly, quarterly, and annual portfolio status reports including but not limited to program health, progress to capacity targets, risks with mitigation plans, and growth opportunities

Periodic Testing Schedule:

- **Monthly:** Capacity availability testing (15-minute test dispatch)
- **Quarterly:** Full performance testing (1-hour test dispatch)
- **Annually:** Comprehensive system testing and calibration
- **As Needed:** Troubleshooting and diagnostic testing

Maintenance Requirements:

- **Preventive Maintenance:** Scheduled maintenance per manufacturer recommendations
- **Corrective Maintenance:** Repair and replacement of failed components
- **Software Updates:** Regular software and firmware updates
- **Calibration:** Annual meter and sensor calibration
- **Documentation:** Maintenance logs and performance tracking

5. COORDINATION WITH OTHER RESOURCE PROCUREMENT

5.1. INTEGRATED SYSTEM PLANNING ALIGNMENT

ISP Integration: This DR RFP is conducted in coordination with PSE's Integrated System Plan (ISP) and other resource procurement activities to ensure optimal portfolio composition and cost-effectiveness. PSE's first ISP is currently underway and will be filed with the Washington Utilities and Transportation Commission (UTC) in April 2027. PSE will select proposals that most closely align with existing ISP preferred portfolio modeling.

Resource Planning Coordination:

- Alignment with ISP preferred portfolio and resource needs
- Coordination with renewable energy procurement activities
- Integration with energy storage and grid modernization investments
- Consideration of transmission and distribution (T&D) system planning
- Compliance with state and federal regulatory requirements

5.2. RESOURCE SELECTION OPTIMIZATION PROCESS

Multi-Resource Evaluation: PSE will evaluate DR proposals in the context of its overall resource portfolio, considering interactions and synergies with the following:

- Renewable energy resources (e.g., wind, solar, hydroelectric)
- Energy storage systems and grid-scale batteries
- Natural gas generation and clean energy transitions
- Energy efficiency and conservation programs
- Grid modernization and smart grid investments

Optimization Methodology:

- Simultaneous evaluation of multiple resource types
- Portfolio risk assessment and diversification analysis
- Cost-effectiveness ranking across resource categories
- Reliability and operational flexibility considerations
- Environmental and policy compliance evaluation

5.3. FUTURE PROCUREMENT COORDINATION

Ongoing Procurement Activities: This DR RFP will be coordinated with other ongoing and planned procurement activities including the following:

- All-source RFPs for generation and storage resources
- Capacity market participation and planning reserve requirements
- T&D infrastructure investments
- Clean Energy Implementation Plan (CEIP) resource acquisitions
- Distributed Solar and Storage (DSS) RFP
- Customer Transformation Platform (CTP) RFP
- Climate Commitment Act (CCA) Funded Decarbonization RFP
- Grid Distributed Energy Resource Management (DERMS) RFP

Market Timing and Coordination:

- Procurement schedules may be staggered to optimize for the following:
    - Market conditions
    - Coordination with regional resource adequacy requirements
    - Integration with federal and state policy implementation timelines
    - Consideration of technology cost trends and market maturity
    - Alignment with customer program rollout and adoption schedules

6. PROPOSAL REQUIREMENTS

6.1. SUBMISSION REQUIREMENTS

Proposal Format:

- Proposals must be submitted electronically by email at DemandResponse@PSE.com if less than 25 MB in size, or through PSE's SFTP (email DemandResponse@PSE.com for access)
- All proposals must be received by 5:00 p.m. Pacific Time on the deadline specified in Section 4.1
- Late proposals will not be accepted under any circumstances
- Proposals must be in English and all costs must be stated in U.S. dollars
- Maximum file size of 50 MB per document; larger submissions must be split into multiple files

Proposal Organization: Each proposal must be organized into the following sections with clear section dividers:

- **Volume 1:** Executive Summary and Company Qualifications (maximum 25 pages)
- **Volume 2:** Technical Proposal (maximum 35 pages)
- **Volume 3:** Implementation Plan and Timeline (maximum 15 pages)
- **Volume 4:** Financial Proposal and Pricing (maximum 25 pages)
- **Volume 5:** Named Communities and Deepest Need Compliance (maximum 15 pages)
- **Volume 6:** IT/OT and Cybersecurity Requirements (maximum 45 pages)
- **Volume 7:** Risk Management and Contingency Planning (maximum 15 pages)
- **Volume 8:** Credit Requirements
- **Volume 9:** Required Forms and Exhibits (no page limit)

6.2. EXECUTIVE SUMMARY AND COMPANY QUALIFICATIONS REQUIREMENTS

Executive Summary (5 pages maximum):

- Overview of proposed DR resource and capacity

- Key differentiators and competitive advantages
- Summary of implementation timeline and milestones
- Total project cost and pricing structure
- Company qualifications and relevant experience

Company Information and Qualifications (20 pages maximum):

- Corporate structure, ownership, and organizational chart
- Management team biographies and relevant experience
- Financial statements and credit information
- Similar project experience and references
- Safety record and performance history
- Equity commitments

6.3. TECHNICAL PROPOSAL REQUIREMENTS

Resource Description (15 pages maximum):

- Detailed description of DR technology and approach
- Target customer segments and acquisition strategy
- Expected capacity delivery by customer class and technology type
- Geographic distribution of resources within PSE service territory
- Integration approach with PSE's systems (e.g., resource control platforms, enrollment engines, billing systems, customer information systems, customer preference centers for messaging, rate calculators, recommendation engines, etc.)

Performance Capabilities (10 pages maximum):

- Demonstrated capacity delivery and reliability metrics
- Response time capabilities and dispatch flexibility
- Seasonal availability and performance variations
- Customer participation rates and retention statistics
- Baseline and savings methodologies (customer settlement and/or grid impact)

Operations and Maintenance (10 pages maximum):

- Ongoing customer engagement and support services
- Equipment maintenance and replacement schedules
- Performance monitoring and optimization procedures
- QA/QC, auditing, and continuous improvement processes
- Emergency response and contingency planning
- Reporting and tracking of KPIs

6.4. IMPLEMENTATION PLAN AND TIMELINE

Implementation Plan (15 pages maximum):

- Detailed project timeline with key milestones
- Customer acquisition and enrollment process
- Customer support and resolution processes
- Technology deployment and installation procedures
- Testing and commissioning activities
- Commercial operation and ongoing management
- Incentive design and delivery process (including customer settlement calculation methods)
- Data integration process and capabilities

6.5. FINANCIAL PROPOSAL REQUIREMENTS

Pricing Structure (10 pages maximum):

- Detailed cost breakdown by component and year
- Capacity payment structure and escalation mechanisms
- Energy payment rates and calculation methodologies
- Performance incentives and penalty structures
- Cost allocation between customer segments and technologies

Financial Analysis (10 pages maximum):

- Project economics and return on investment (ROI) analysis
- Sensitivity analysis for key cost and performance variables
- Comparison with commercially available DR approaches
- Customer cost-benefit analysis and value proposition
- Risk assessment and mitigation strategies for inflation, supply chain shortages, etc.

6.6. NAMED COMMUNITIES AND DEEPEST NEED COMPLIANCE PLAN AND IMPLEMENTATION APPROACH

Compliance Plan (10 pages maximum):

- Detailed plan for achieving 30% named communities participation
- Specific approach for reaching 6% deepest need residential customers
- Community engagement and outreach strategies
- Partnerships with community organizations and advocates
- Culturally appropriate marketing and communication materials

Implementation Approach (5 pages maximum):

- Geographic targeting and customer identification methods
- Incentive structures and program design for equity
- Language access and accessibility accommodations
- Workforce development and local hiring commitments
- Measurement and reporting of equity outcomes

6.7. IT/OT AND CYBERSECURITY REQUIREMENTS

System Architecture (10 pages maximum):

- Technical architecture and system design
- Communication protocols and data interfaces
- Integration/co-existence approach with PSE's VPP and enrollment systems
- Integration with PSE enrollment landing pages and customer preference center

- Scalability and performance capabilities
- Backup and disaster recovery procedures

System Integration (5 pages maximum):

- Integration approach
- Communication protocols supported
- Data exchange formats and frequencies
- Real-time monitoring capabilities
- Cybersecurity compliance framework

Cybersecurity Plan (10 pages maximum):

- Cybersecurity framework and compliance approach
- Risk assessment and threat mitigation strategies
- Data protection and privacy safeguards
- Incident response and breach notification procedures
- Employee training and security awareness programs

Data Management (5 pages maximum):

- Data collection, storage, and processing procedures
- Data sharing requirements
- Customer privacy protection measures
- Data sharing and third-party access controls
- Data retention and destruction policies
- Compliance with applicable data protection laws
- Use of artificial intelligence (AI)

Automated Data Collection (5 pages maximum):

- **Collection Frequency:** Daily automated collection of data
- **Backup Collection:** Manual collection capability for system failures
- **Data Validation:** Automated validation and exception reporting
- **Missing Data:** Estimation procedures for missing intervals (<5% tolerance)
- **Data Quality:** 99.5% data completeness requirement

Data Management System Requirements (5 pages maximum):

- **Database:** SQL-compliant database with backup and recovery
- **Security:** Role-based access controls and audit logging
- **Integration:** API interfaces for PSE system integration
- **Reporting:** Automated report generation and distribution
- **Archive:** Long-term data archival (minimum seven years)

Technical Specifications (5 pages maximum):

- Hardware and software requirements
- Network and bandwidth requirements
- Data storage and processing capabilities
- Backup and disaster recovery procedures
- System availability and uptime guarantees

6.8. RISK MANAGEMENT AND CONTINGENCY PLANNING

Technical Risks (5 pages maximum):

- Equipment failure and performance degradation
- Communication system outages and cybersecurity threats
- Integration challenges with PSE systems
- Customer technology compatibility issues
- Weather and environmental impact on performance

Commercial Risks (5 pages maximum):

- Customer acquisition and retention shortfalls
- Competitive market pressures and pricing changes
- Regulatory and policy changes affecting program design
- Supply chain disruptions and equipment availability
- Financial performance and cost overruns
- Commercial mergers and acquisitions and/or business closure or divestiture

Mitigation Strategies (5 pages maximum):

- Comprehensive insurance coverage and performance bonds
- Backup equipment and redundant communication systems
- Diversified customer acquisition channels and retention programs
- Flexible program design and regulatory compliance monitoring
- Financial reserves and contingency funding arrangements

6.9. CREDIT REQUIREMENTS

Financial Qualifications: Respondents must demonstrate financial capability to perform under the proposed contract through submission of the following:

Credit Documentation:

- Audited financial statements for the past three years
- Current interim financial statements
- Current credit ratings and reports from recognized rating agencies (if available)
- Bank references and credit facility documentation
- Cash flow projections for the contract term

Debt service coverage and liquidity analysis **Corporate Structure:**

- Articles of incorporation and corporate bylaws
- Ownership structure and beneficial ownership disclosure
- Parent company information and guarantees (if applicable)
- Subsidiary and affiliate relationships
- Material contracts and commitments

Performance History:

- Track record of similar project delivery and performance
- Customer references from comparable engagements
- Regulatory compliance history and any violations
- Litigation history and material legal proceedings
- Insurance claims history and risk management practices

6.10. REQUIRED FORMS AND CERTIFICATIONS

The following list of exhibits lists only the ones that respondents must submit alongside their RFP submission. Please view Section 6.1 for Submission Requirements and Exhibit B, tab one, for a checklist. All proposals must include completed versions of ALL of the following required forms:

- Exhibit B: Proposal Requirements Forms (All Tabs 1-5 completed)
- Exhibit C: Mutual Non-Disclosure Agreement (MNDA)
- Exhibit E: Intent to Bid Form

Mandatory Certifications:

- Certificate of Good Standing from state of incorporation
- Workers' compensation insurance certificate
- General liability insurance certificate
- Professional liability insurance certificate (if applicable)
- Cyber liability insurance certificate

Regulatory Compliance:

- Must describe how respondent will maintain compliance with RCW 80.86.090
- Environmental compliance certification
- Safety program certification and Occupational Safety and Health Administration (OSHA) compliance
- Equal employment opportunity compliance
- Prevailing wage compliance (if applicable)
- Office of Minority and Women’s Business Enterprises (OMWBE) certification (if applicable)

Technical Certifications:

- Equipment certifications and testing reports
- Software security assessments and penetration testing results
- Industry standard compliance certifications (e.g., Institute of Electrical and Electronics Engineers [IEEE], UL, etc.)
- Cybersecurity framework compliance documentation
- Quality management system certifications (e.g., International Organization for Standardization [ISO], etc.)

EXHIBITS

EXHIBIT A: EVALUATION CRITERIA AND SORTING

Scoring Methodology: PSE will evaluate proposals using a weighted scoring system with the following criteria and weights:

Evaluation Criteria	Weight	Maximum Points
Economic Value	35%	350
Technical Feasibility and Performance	25%	250
Implementation Plan and Timeline	15%	150
Customer Benefits and Equity	10%	100
Experience and Qualifications	10%	100
Risk Assessment and Mitigation	5%	50
Total	**100%**	**1,000**

Economic Value (350 points):

- Cost per MW of capacity delivered (150 points)
- Total lifecycle cost including operations and maintenance (O&M) (100 points)
- Customer cost-benefit ratio (50 points)
- Financial terms and risk allocation (50 points)

Technical Feasibility and Performance (250 points):

- Demonstrated capacity delivery capability (100 points)
- Technology maturity and reliability (75 points)
- Integration capabilities with PSE systems (50 points)
- M&V approach (25 points)

Implementation Plan and Timeline (150 points):

- Realistic timeline and milestones (75 points)
- Customer acquisition strategy (50 points)
- Risk management and contingency planning (25 points)

Customer Benefits and Equity (100 points):

- Named communities compliance plan (50 points)
- Deepest need customer engagement (30 points)
- Additional customer benefits (20 points)

Experience and Qualifications (100 points):

- Relevant project experience (50 points)
- Management team qualifications (50 points)

Risk Assessment and Mitigation (50 points):

- Technology and operational risks (25 points)
- Financial and commercial risks (25 points)

EXHIBIT B: PROPOSAL REQUIREMENT FORMS

These forms are included in a separate document.

EXHIBIT C: MUTUAL NONDISCLOSURE AGREEMENT

This form is included in a separate document.

EXHIBIT D: PROTOTYPE DR SERVICE AGREEMENT EXAMPLE

D.1 AGREEMENT STRUCTURE AND PARTIES

DEMAND RESPONSE SERVICE AGREEMENT

This Demand Response (DR) Service Agreement (Agreement) is entered into on [DATE] between Puget Sound Energy, a Washington corporation (PSE or the Company), and [CONTRACTOR NAME], a [STATE] [ENTITY TYPE] (Contractor).

RECITALS: WHEREAS, PSE requires DR resources to meet its obligations under the Decarbonization Act for Large Combination Utilities (DALCU) and to serve its customers' energy needs reliably and cost-effectively;

WHEREAS, Contractor has the capability and experience to provide DR services and resources as specified in this Agreement;

WHEREAS, the parties desire to enter into this Agreement to provide for the delivery of DR services under the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

D.2 SCOPE OF SERVICES AND PERFORMANCE OBLIGATIONS

Article 1: Demand Response Services

1.1 Service Description: Contractor shall provide demand response services consisting of: (a) Customer acquisition and enrollment in DR programs (b) Installation and maintenance of DR-enabling technology (c) Real-time dispatch and control of enrolled customer loads (d) Performance monitoring, measurement, and verification (e) Customer service and ongoing engagement (f) Reporting and compliance with regulatory requirements

1.2 Capacity Commitment: Contractor commits to deliver [___] MW of verified DR capacity during dispatch events, with the following schedule:

- Year 1: [___] MW (minimum 25% of total commitment)
- Year 2: [___] MW (minimum 50% of total commitment)
- Year 3: [___] MW (minimum 75% of total commitment)
- Year 4: [___] MW (100% of total commitment)
- Year 5: [___] MW (100% of total commitment)

1.3 Performance Standards: (a) Availability: Contracted capacity must be available for dispatch 95% of the time, Winter: November 1 - March 31, Hours Ending 6 AM - 10 PM, Summer: May 1 - September 30, Hours Ending 6 AM - 10 PM, Emergency: 24/7, (b) Response Time: Must respond to dispatch signals within technology-specific timeframes (c) Duration: Must sustain demand reduction for minimum [___] hour, maximum [___] hours per event (d) Frequency: Must be available for up to [___] events per season (winter/summer), with ability to load shape based on duration of forecasted capacity relief need (e) Accuracy: Performance measurement accuracy within ±[___]% of actual reduction (f) Monthly capacity testing to verify availability.

D.3 PAYMENT TERMS AND COMPENSATION STRUCTURE

Article 2: Compensation

2.1 Capacity Payments: PSE shall pay Contractor monthly capacity payments based on verified available capacity:

- Capacity Payment Rate: $[___]/kW-month
- Payment based on demonstrated available capacity during monthly testing
- Pro-rated adjustments for capacity shortfalls or unavailability

2.2 Performance Payments: PSE shall pay Contractor performance payments for actual demand reduction delivered:

- Performance Payment Rate: $[___]/kWh delivered
- Payment based on verified performance during dispatch events

2.3 Liquidated Damages for Non-Performance: PSE shall reduce Contractor performance payments for actual demand reduction delivered:

Performance Shortfall	Liquidated Damages	Calculation Method
Capacity delivery 80-90% of guarantee	$50/kW-month shortfall	Monthly assessment
Capacity delivery 70-80% of guarantee	$75/kW-month shortfall	Monthly assessment
Capacity delivery <70% of guarantee	$100/kW-month shortfall	Monthly assessment
System availability <99%	$1,000/day	Daily assessment
Customer satisfaction <3.5/5.0	$10,000/quarter	Quarterly assessment

2.4 Payment Schedule:

- Monthly capacity payments due within 30 days of month end
- Performance payments due within 45 days of dispatch event
- Customer incentive reimbursements due within 60 days of verification

2.5 Professional Services:

- Monthly service payments due within 30 days of month end
- Service payments due within 45 days of dispatch event

D.4 TECHNICAL REQUIREMENTS AND INTEGRATION

Article 3: Technical Specifications

3.1 Communication and Control: (a) Integration with PSE's Virtual Power Plant (VPP) platform (b) Real-time data transmission with ≤15 second intervals (c) Secure communication protocols (TLS 1.3 minimum) (d) Backup communication systems for redundancy (e) 24/7 operations center with qualified personnel

3.2 Cybersecurity Requirements: (a) Compliance with NIST Cybersecurity Framework (b) Multifactor authentication for all system access (c) Data encryption at rest and in transit (AES-256 minimum) (d) Regular security assessments and penetration testing (e) Incident response and breach notification within 24 hours (f) SOC 2 Type 2 Compliance

3.3 Customer Data Management: (a) Customer data remains property of PSE (b) Contractor access limited to operational necessity (c) Privacy protection in accordance with applicable laws (d) Data retention and destruction per PSE policies (d) Data retention and destruction per PSE policies (e) No third-party data sharing without PSE consent

D.5 RISK ALLOCATION AND INSURANCE REQUIREMENTS

Article 4: Risk Management

4.1 Performance Risk: Contractor assumes full risk for: (a) Customer acquisition and retention (b) Technology performance and reliability (c) Dispatch response and capacity delivery (d) Regulatory compliance and reporting (e) Cybersecurity and data protection

4.2 Insurance Requirements: Contractor shall maintain the following insurance coverage throughout the Agreement term:

(a) **General Liability Insurance:** Minimum $5,000,000 per occurrence, $10,000,000 aggregate (b) **Professional Liability Insurance:** Minimum $2,000,000 per claim, $5,000,000 aggregate (c) **Cyber Liability Insurance:** Minimum $10,000,000 per occurrence covering data breach, business interruption, and regulatory fines (d) **Workers' Compensation:** Statutory limits as required by Washington State law (e) **Commercial Auto Liability:** Minimum $1,000,000 per occurrence (if applicable)

All policies shall name PSE as additional insured and include waiver of subrogation provisions.

4.3 Indemnification: Contractor shall indemnify, defend, and hold harmless PSE from and against any and all claims, damages, losses, and expenses arising from: (a) Contractor's performance or non-performance of services (b) Negligent acts or omissions of Contractor or its subcontractors (c)

Breach of this Agreement by Contractor (d) Violation of applicable laws or regulations by Contractor (e) Cybersecurity incidents or data breaches caused by Contractor.

D.6 TERM, TERMINATION, AND TRANSITION

Article 5: Agreement Term and Termination

5.1 Term: This Agreement shall commence on [START DATE] and continue for a period of five (5) years, unless earlier terminated in accordance with the provisions herein.

5.2 Termination for Cause: Either party may terminate this Agreement immediately upon written notice if: (a) The other party materially breaches this Agreement and fails to cure within thirty (30) days (b) The other party becomes insolvent, files for bankruptcy, or makes an assignment for creditors (c) The other party loses required licenses, permits, or regulatory approvals.

5.3 Termination for Convenience: PSE may terminate this Agreement for convenience with one hundred eighty (180) days written notice.

5.4 Transition Services: Upon termination, Contractor shall: (a) Provide transition services for up to 180 days (b) Transfer customer relationships and data to PSE or designated successor (c) Provide technical documentation and system access (d) Cooperate in orderly transfer of operations (e) Remove equipment at customer sites if requested.

EXHIBIT E: INTENT TO BID FORM

This form is included in a separate document.

APPENDICES

APPENDIX A: ABOUT PSE SERVICE TERRITORY

Puget Sound Energy (PSE or the Company) is Washington State's largest energy utility, providing electric and natural gas service to more than 1.2 million electric customers and approximately 900,000 natural gas customers in a territory covering approximately 6,000 square miles, primarily in the Puget Sound region https://www.pse.com/en/about-us.

PSE serves electric service to 1.1 million residential, 135 thousand commercial, and three thousand industrial customers. In 2025 PSE's electric power resources, which include company-owned or controlled resources as well as those under long-term contract, had a total capacity of 7,983 MW, and annual retail sales of 21,201,425 MWh. PSE electric and natural gas sales are generally greatest during winter months, primarily driven by weather conditions. PSE normally experiences its highest retail energy sales with corresponding higher power costs during the winter heating season, which occurs in the first and fourth quarters of the year, and lower sales with corresponding lower power costs in the third quarter of the year.

Geographic Service Area: PSE serves electric service to customers across eight counties in Washington State:

- King County (partial)
- Pierce County (partial)
- Snohomish County (partial)
- Thurston County (partial)
- Kittitas County
- Lewis County (partial)
- Mason County (partial)
- Jefferson County (partial)

Service Territory Characteristics:

- **Population Density:** Ranges from dense urban (Seattle metro) to rural agricultural
- **Climate Zones:** Marine west coast climate with seasonal temperature variations
- **Economic Base:** Technology, aerospace, agriculture, forestry, tourism

Distribution System Overview:

- **Transmission Voltage:** 230 kV, 115 kV
- **Subtransmission Voltage:** 55 kV, 26 kV
- **Primary Distribution:** 12.47 kV, 4.16 kV
- **Secondary Distribution:** 480V, 240V, 120V
- **Substations:** 200+ distribution substations
- **Circuit Miles:** 15,000+ miles of distribution lines

APPENDIX B: HISTORICAL LOAD AND DEMAND DATA

PSE Customer Peak and Sales to Customers (2019-2025):

Year	Winter Peak (MW)	Summer Peak (MW)	Annual Energy (MWh)
2019	4,498	3,196	20,840,536
2020	4,245	3,418	20,095,537
2021	4,741	4,036	21,043,818
2022	4,807	3,819	21,620,551
2023	4,329	3,853	21,172,462
2024	4,957	3,832	21,168,740
2025	4,629	3,756	21,201,425

Load Characteristics by Customer Class:

Customer Class	% of Peak Demand	% of Energy Sales	Average Load Factor
Residential	45%	42%	0.55

Customer Class	% of Peak Demand	% of Energy Sales	Average Load Factor
Commercial	35%	38%	0.65
Industrial	20%	20%	0.75

Seasonal Load Patterns:

- **Winter Peak Period:** December-February, typically 7-10 a.m. and/or 5-10 p.m.
- **Summer Peak Period:** July-August, typically 3-9 p.m.
- **Peak Day Characteristics:** Cold winter days (<30°F) or hot summer days (>85°F)
- **Load Duration:** Winter peak sustained 4-6 hours, summer peak 3-4 hours

Weather Sensitivity:

- **Heating Degree Days:** ~4,300 in 2025 (base 65°F)
- **Cooling Degree Days:** ~320 in 2025 (base 65°F)
- **Weather Normalization:** 30-year climate normal adjustments

APPENDIX C: NAMED COMMUNITIES AND DEEPEST NEED DEFINITIONS

Named Communities Definition: Named communities is being used as PSE's umbrella term that includes both highly impacted communities and vulnerable populations.

Highly Impacted Communities: Communities that are designated by the Department of Health based on cumulative impact analyses and that are:

- In census tracts that are fully or partially on "Indian country" as defined in federal law
- In census tracts with environmental health disparities
- In census tracts that contain vulnerable populations

Vulnerable Populations: Communities that experience a disproportionate cumulative risk from environmental burdens due to:

- Adverse socioeconomic factors (income, unemployment, linguistic isolation)
- Sensitivity factors (age, pre-existing health conditions, developmental stage)

Geographic Distribution in PSE Service Territory:

County	Named Communities (Census Tracts)	Deepest Need Areas	Population
King	45	12	285,000
Pierce	38	8	195,000
Snohomish	22	5	125,000
Thurston	15	3	65,000
Other Counties	18	4	85,000
Total	**138**	**32**	**755,000**

Energy Burden Characteristics:

- **Average Energy Burden:** 6.2% of household income (named communities)
- **Deepest Need Energy Burden:** 12.8% of household income
- **State Average:** 2.8% of household income
- **Federal Poverty Level:** 65% of named communities customers
- **Limited English Proficiency:** 35% of named communities households

Community Engagement Expectations:

- **Trusted Messengers:** Community-based organizations (CBOs) and cultural leaders
- **Language Access:** Spanish, Vietnamese, Somali, Russian, Korean primary languages
- **Cultural Competency:** Culturally appropriate program design and messaging
- **Accessibility:** ADA compliance and accommodation for disabilities
- **Transportation:** Consideration of transportation barriers and solutions

APPENDIX D: CONTACT INFORMATION AND RESOURCES

PSE RFP Inquiries:

Please submit all questions related to the RFP to DemandResponse@pse.com

RFP Website and Resources:

- **RFP Portal:** www.pse.com/RFP
- **2026 Voluntary Utility-Scale RFP**: https://www.pse.com/en/pages/energy-supply/acquiring-energy/2026-Voluntary-Utility-Scale-RFP
- **Q&A Submission:** DemandResponse@pse.com
- **Resources:** PSE | PSE Flex and PSE | Flex C&I and PSE | Flex Business and PSE | Flex events

Washington Utilities and Transportation Commission: 621 Woodland Square Loop SE Lacey, WA 98503 Phone: (360) 664-1222 Website: www.utc.wa.gov

Washington State Department of Commerce: 1011 Plum Street SE Olympia, WA 98504-2525 Phone: (360) 725-4000 Website: www.commerce.wa.gov

Past PSE Integrated Resource Plans (IRP): https://www.pse.com/en/IRP/Past-IRPs

Clean Energy Implementation Resources:

- **Clean Energy Implementation Plan Library:** https://www.cleanenergyplan.pse.com/library
- **CETA Implementation**: www.commerce.wa.gov/ceta
- **CETA Definition of Highly Impacted Community**: https://doh.wa.gov/data-and-statistical-reports/washington-tracking-network-wtn/climate-projections/clean-energy-transformation-act
- **Named Communities Mapping:** https://esri.pse.com/portal/apps/mapviewer/index.html?webmap=da2b79bdd39847b4949683b10c7e2d81
- **Energy Burden Analysis:** https://www.pse.com/en/pages/rates/GRC-Compliance/energy-burden-analysis

Service Area Map: https://www.pse.com/-/media/PDFs/1213_ServiceAreaMap.pdf?rev=99aa60ed7e6a45b9bfec8d1fa4032f92&modified=20250912205948

ACRONYMS AND DEFINITIONS

COMMONLY USED ACRONYMS

- **BESS** - Battery Energy Storage System
- **BTM** - Behind-The-Meter
- **CETA** - Clean Energy Transformation Act
- **DALCU** - Decarbonization Act for Large Combination Utilities
- **DR** - Demand Response
- **DER** - Distributed Energy Resource
- **FTM** - Front-Of-The-Meter
- **ISP** - Integrated System Plan
- **IT** - Information Technology
- **kW** - Kilowatt
- **kWh** - Kilowatt-hour
- **M&V** - Measurement and Verification
- **MW** - Megawatt
- **MWh** - Megawatt-hour
- **OT** - Operational Technology
- **PPA** - Power Purchase Agreement
- **PSE** - Puget Sound Energy
- **RFP** - Request for Proposals
- **SCADA** - Supervisory Control and Data Acquisition
- **VPP** - Virtual Power Plant
- **WAC** - Washington Administrative Code
- **WUTC** - Washington Utilities and Transportation Commission

DEFINITIONS

Aggregated Resource: A collection of individual customer devices or loads that are controlled and dispatched as a resource.

Baseline: The estimated energy consumption that would have occurred in the absence of a demand response event, used to calculate the actual demand reduction achieved.

Behind-The-Meter (BTM): Resources located on the customer side of the utility meter, including customer-owned equipment and devices.

Capacity: The maximum amount of electric power that a resource can deliver, typically measured in kilowatts (kW) or megawatts (MW).

Curtailable Load: Electric load that can be reduced or interrupted during demand response events while maintaining essential operations and customer comfort.

Deepest Need: Areas and customers identified as having the highest energy burden and greatest need for energy assistance and investment.

Demand Response (DR): Changes in electric usage by demand-side resources from their normal consumption patterns in response to changes in the price of electricity over time, or to incentive payments designed to induce lower electricity use at times of high wholesale market prices or when system reliability is jeopardized.

Dispatch: The act of calling upon a demand response resource to reduce or modify its electricity consumption.

Energy Benefit: Under CETA, the equitable distribution of energy and environmental benefits and reduction of burdens to vulnerable populations and highly impacted communities.

Front-Of-The-Meter (FTM): Resources located on the utility side of the customer meter.

Peak Load: The maximum electrical demand occurring during a specified period of time

Performance Guarantee: A contractual commitment by the resource provider to deliver a specified level of demand reduction capability.

Virtual Power Plant (VPP): A technology platform that aggregates and coordinates distributed energy resources to provide grid services as if they were a single power plant.