Bidder Pricing Instructions

For

Request for Proposals (RFP)

Technology and Implementation Services

In support of   
Puget Sound Energy (PSE)  
Demand Response Program

**Pricing Instructions**

Bidder should provide pricing for the collective products and services being offered in sufficient detail such that PSE will understand precisely what is being proposed and how much the proposed products and services will cost. Bidders should provide this pricing information with the understanding that products and services must achieve the following:

1. All items listed in Section 3.1 for Vendor Responsibilities under Roles and Responsibilities
2. The Objectives of PSE’s DR Resource identified in Section 2.2.

**Firm pricing should be provided for a five-year term** as indicated in this pricing section.

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| 1. **Pricing Summary** | |
| 1. Summary of pricing proposal | Provide a brief summary of your complete pricing proposal, giving an overview of the price per kW-year delivered, any other charges to PSE, and any caveats or further explanation needed for PSE to understand the cost of selecting your firm for the desired products and services. This summary could include summary cost figures as appropriate (e.g., illustrating cost to PSE over the five-year contract) and should assist PSE in understanding the detailed pricing in the following information request items. Bidders are encouraged to limit their responses to as short as necessary to provide clarity to your pricing proposal. |
| 1. **Pricing for Winter Capacity** | |
| 1. Pricing for Peak Winter Curtailment Capacity in Fulfillment of PSE’s Objectives *(in reference to Section 2.2 of the main RFP document)*  (for meeting winter capacity requirements with an hour ahead notification) | *Under this item, bidders should provide pricing for meeting winter capacity requirements with hour-ahead notification, in fulfillment of PSE’s Objectives, as stated in Section 2.3 of the main RFP document.*  Important: Assume that megawatt curtailment levels shall be calculated as described in Section 2.2 of the RFP.  **Capacity Charge.** In the table below, provide pricing for winter peak load reduction capacity from 2021 to 2025.[[1]](#footnote-1) Pricing should be in terms of $ per kW-year. Note that the winter capacity amounts indicated below should be the same as what you indicated in Section 4.1 Table G2 of the main RFP document.[[2]](#footnote-2)   |  |  |  | | --- | --- | --- | | **Year** | **Winter Peak Curtailment Capacity**  (MW from Section 4.1 Table G2) | **Capacity Charge**  ($/kW-year)  *(excluding customer incentives)* | | 2021 |  |  | | 2022 |  |  | | 2023 |  |  | | 2024 |  |  | | 2025 |  |  |   **Customer Incentives.** Note that PSE will be administering the incentive directly to the customer. Indicate in the table below the proposed incentive level (based on your judgement/industry expertise) that would be necessary/sufficient to attain the MW curtailment amounts you provided in the previous table. PSE intends to negotiate payment terms with the selected bidder such that payments to bidder will be reduced if the incentive payments required to attract participation are higher than proposed here; conversely, if bidder’s marketing/delivery efforts result in participation at lower incentive levels, PSE will share some of the cost savings.  **Total Cost.** In the final column, provide the total cost to PSE, which includes the capacity charges indicated in the previous table, plus the customer incentives.   |  |  |  |  | | --- | --- | --- | --- | | **Year** | **Customer Incentives** | | **Total Cost ($/kW-yr.), *Capacity Charge plus Incentive*** | | Per Participant Annual Incentive ($/participant) | Normalized**[[3]](#footnote-3)** Incentive based on delivered capacity ($/kW-yr.) | | 2021 |  |  |  | | 2022 |  |  |  | | 2023 |  |  |  | | 2024 |  |  |  | | 2025 |  |  |  | |
| 1. Summary Costs by Year for Winter Curtailment Capacity | Provide a summary of total costs corresponding to the winter capacity rollout indicated under Item#1 earlier in this table. These costs should include capacity charges, customer incentives, and any “other pricing elements” from Table C2 below. Bidder’s pricing proposal contained inthis document should be of sufficient detail that PSE can recreate the pricing figures contained in this table for each year.  **Costs in $1000s**   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | |  | 2021 | 2022 | 2023 | 2024 | 2025 | Total | | Winter MW\* |  |  |  |  |  | N/A | | Total Costs |  |  |  |  |  |  |   \*Note that the winter MWs indicated in this table should match the figures presented earlier under Item#1 in this table. |
| 1. Estimated Breakdown of Costs by Category | Provide an estimated breakdown of the total costs (as indicated under the “Total” value presented in the Costs Summary Table under Item#2 above) for providing winter curtailment capacity by category using the table below. Provide major assumptions and describe the rationale for this allocation of costs including the possible need to provide one-time and/or recurring customer incentives, required maintenance schedules, etc. Please identify any costs included in the “Other” category.   |  |  | | --- | --- | | **Cost Category** | **Percent of Total** | | Program Startup Costs |  | | Software Licensing |  | | Marketing/Recruitment |  | | Equipment Capital |  | | Equipment Installation |  | | Equipment Maintenance |  | | Participant Incentives |  | | Customer Service |  | | Tracking and Reporting, M&V |  | | Other (please specify) |  | | Total | 100% | |
| 1. Other pricing elements or pricing for optional equipment and services | (Optional) Describe any additional or alternative pricing structures being proposed, as listed below:   * **Additional MW.** Indicate your pricing and the associated MW amounts for providing additional curtailment with hour-ahead notification above/beyond the minimum proposed amount indicated in Table B1 above. * **10-minute response.** Include your pricing terms and explanation for providing curtailment with 10-minute response. Indicate the incremental capacity charge for providing 10-minute response for the available capacity that is fast response enabled. * Indicate if you propose $/kWh incentive payment to customers along with the $/kW-yr. incentive payment. * Also include pricing for additional value added products/services that you included in your response in Section 4.1, Table E Item #4 of the main RFP document.   In general, PSE prefers to have all costs encompassed in the Capacity Charge. However, we recognize that vendors may have valid reasons for alternative pricing arrangements, or may provide optional services that could be priced separately or that could raise the Capacity Charge above the base price proposed above. |

1. Winter capacity for 2021 covers November 1, 2021 to February 28, 2022; winter capacity for 2025 covers November 1, 2025 to February 29, 2026. [↑](#footnote-ref-1)
2. Per the main RFP document, PSE seeks bidders’ best pricing that meets PSE’s objectives discussed in Section 2.3. [↑](#footnote-ref-2)
3. Provide the equivalent $/kW-yr. incentive cost based on normalization of the incentive amount by the delivered capacity. [↑](#footnote-ref-3)