

Puget Sound Energy's TENs Developer Partner RFQ

Questions and Answers

Q1: Are we locked into the capacity cost?

An estimated capital cost of \$18.5 million was submitted in the General Rate Case for approval. The exact structure for a capacity charge is to be negotiated.

Q2: Are O&M and electricity costs included in the rates?

Yes, all of the O&M and electricity charges will be in the customer rates, however, the exact structure is to be negotiated.

Q3: Who provided the 30% design capital cost estimate?

PSE worked with Corix and UMC for the 30% design and cost estimate. Both are eligible to participate in this RFQ and/or the subsequent RFP.

Q4: What is the scope of the physical assets for the developer?

The developer will own all equipment and materials associated with the central plant, the distribution piping, and the energy transfer stations.

Q5: The Development Agreement Draft Term Sheet (Exhibit C) states that PSE may terminate the Development Agreement for convenience, and the Provider's reimbursement will be capped at \$300k, focused exclusively on third-party costs. What if the Provider will be primarily utilizing its own resources during the term of the Development Agreement? Are those costs not to be reimbursed?

Exhibit C represents PSE's initial draft terms. Proposers should provide redlines to these terms where appropriate to address any challenges due to their approach.

Q6: The Development Agreement Draft Term Sheet (Exhibit C) states, "Provider shall be responsible, at Provider's sole cost and expense, for all work and requirements necessary to connect the Project to any required systems". Please clarify what is meant by "required systems". Are these systems PSE is responsible for?

The Connection section refers to any new electric and/or gas services required. The developer will be responsible for establishing and paying for these services.

Q7: For the Indicative Proposal, is PSE looking for an indicative financial pro forma, or a narrative description outlining how we would structure and deliver the project?

Yes, based on the developer's approach, provide an indicative cost/fee to develop, finance, implement, and operate the system. This is meant to provide a framework for the approach to contractual structure favored by the developer.

Q8: For the Indicative Proposal, is PSE looking for actual prices for the capital and operating fees?

Yes, indicative pricing based upon the provided capital cost, concept design produced, and estimated implementation schedule.

Q9: Should the References section include references only, or are you also seeking written testimonials?

PSE intends to speak with references. Written testimonials are not required.

Q10: Does the NDA need to be fully executed by both parties prior to submission, or is submission acceptable with execution to follow?

No, the NDA doesn't need to be fully executed prior to submission. Please submit your signed NDA with your submission, and PSE will counter-sign.

Q11: Should respondents assume that the \$18.5-20 million budget identified include development costs (including design), or is it strictly for capital costs?

As included in PSE's petition (see Table 1), the \$18.5 million includes capital costs, design costs, and project management costs. Any additional development costs or fees envisioned to implement the system should

be provided as an additional cost.

Table 1: Preliminary Estimated Capital Costs by Category

Scope	Cost
Industrial Heat Pump Module	\$ 3,392,365
Boiler and Pump Module	\$ 3,121,106
Energy Transfer Stations	\$ 2,398,754
Distribution Piping - Mechanical	\$ 825,937
Civil Site Works and Trenching	\$ 3,288,373
Plant Modules Electrical	\$ 1,117,406
Plant Modules Controls	\$ 500,704
Design	\$ 634,156
Tax (10.5%)	\$ 1,581,356
Project Management	\$ 843,008
Contingency	\$ 843,008
Total	\$ 18,546,173