



# PSE KITSAP NON-WIRES ALTERNATIVES

Request for Proposals

February 9, 2024

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**ACRONYMS AND DEFINITIONS**

**Acronyms and Definitions**

<b>Term</b>	<b>Definition</b>
BESS	Battery Energy Storage System
BTM	Behind-the-Meter (“BTM”) refers to customer-sited resources (e.g., solar and BESS) that are connected to the distribution system on the customer’s side of the utility’s service meter.
CBI	Customer Benefits Indicator
Clean Energy Implementation Plan (“CEIP”)	The Clean Energy Implementation Plan is a four-year roadmap that guides PSE’s clean electricity actions, programs, and investments for the years 2022-2025.
Clean Energy Transformation Act (“CETA”)	PSE is obligated to meet the requirements of the Clean Energy Transformation Act (“CETA”), Chapter 19.405 RCW. CETA sets statewide policy goals for the elimination of coal-fired resources by December 31, 2025, 80 percent carbon free generation and overall carbon neutral electricity by 2030, and 100 percent carbon free electricity by 2045.
COD	Commercial Operation Date
DEI	Diversity, Equity, and Inclusion
DER	Distributed Energy Resource
Distribution System	Medium-voltage (12.5 kV-35 kV) infrastructure that carries electricity from a substation to customers; includes the substation transformer
DR	Demand Response
EV	Electric Vehicle
FTM	Front-of-the-Meter (“FTM”) resources are interconnected to the distribution and transmission system.
Highly Impacted Community (“HIC”)	As defined by CETA, “a community designated by the department of health based on the cumulative impact analysis required by RCW 19.405.140 or a community located in census tracts that are fully or partially on ‘Indian country,’ as defined in 18 U.S.C Sec. 1151” [WAC 480-100-605]
IRP	Integrated Resource Plan
LI	Low-Income
Non-Wires Alternatives (“NWA”)	Alternatives that are not traditional poles, wires and substations. These alternatives can include battery energy storage systems (“BESS”), distributed energy resources (“DER”), and demand reduction technologies.
Named Communities	Overarching term covering “Highly Impacted Communities” and “Vulnerable Populations”.
PPA	Power Purchase Agreement
SCADA	Supervisory Control and Data Acquisition: a system of remote control and telemetry used to monitor and control the transmission

**ACRONYMS AND DEFINITIONS**

Term	Definition
	and distribution system including substations, transformers, and other electrical assets.
SMWBE	Small, Minority, Women Owned Business Enterprise as defined by the Washington State Office of Minority and Women’s Business Enterprises
Vulnerable Populations	As defined by RCW 19.405.020 (40), communities that experience a disproportionate cumulative risk from environmental burdens due to (a) Adverse socioeconomic factors, including unemployment, high housing and transportation costs relative to income, access to food and health care, and linguistic isolation; and (b) Sensitivity factors, such as low birth weight and higher rates of hospitalization.
WUTC	Washington Utilities and Transportation Commission

## SECTION 1. INTRODUCTION

## 1. Introduction

### Overview

Puget Sound Energy (“PSE” or “the Company”) is conducting a voluntary<sup>1</sup> Request For Proposals (“RFP”) and seeking bids from qualified parties (“Respondents” or “Bidders”) for Non-Wires Alternatives (“NWA”) located physically in Kitsap County, Washington. As part of a solutions development process, PSE is investigating Clean Energy Transformation Act (“CETA”) compliant<sup>2</sup> transmission- and distribution-sited dispatchable resources for meeting transmission capacity needs in Kitsap County. The resources could also potentially be used by PSE for secondary, system-wide benefits. PSE may also consider smart grid solutions or other technologies that can meet Kitsap County transmission capacity needs.

PSE has transmission capacity needs on the **bulk** transmission system (230 kV) and local **network** transmission system (115 kV) serving Kitsap County. Capacity needs are based on forecasted loading over a 10-year horizon. This RFP includes procurement of dispatchable capacity resources that can be deployed by PSE to meet all or part of system capacity needs in the Kitsap area, located physically within PSE’s Kitsap County service area, and consistent with the requirements described herein. PSE intends to have a solution for Kitsap County in service by 2028 and meet at least 10 years of projected transmission capacity need thereafter.

The Kitsap Non-Wires Alternatives RFP will be available on PSE’s website at the following link: <https://www.pse.com/pages/energy-supply/acquiring-energy/Kitsap-Non-wires-Alternatives-RFP>.

PSE’s priorities for the Kitsap Non-Wires Alternatives RFP are as follows:

- Develop a robust and cost-effective solution for Kitsap County transmission capacity needs by investigating Non-Wires Alternatives (“NWA”)
- Identify opportunities to add non-wires resources in Kitsap County and potentially provide system benefits to the PSE grid

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<sup>1</sup> Whenever a utility chooses to issue an RFP to meet resource needs outside of the timing of its required RFP, it may issue an all-source RFP or a targeted RFP. Voluntary RFPs are not subject to commission approval.

See <https://app.leg.wa.gov/WAC/default.aspx?cite=480-107-009&pdf=true>.

<sup>2</sup> The Clean Energy Transformation Act (CETA) ([SB 5116, 2019](#)), commits Washington state to an electricity supply free of greenhouse gas emissions by 2045. CETA-compliant resources PSE will consider for this RFP are biomass, hydropower, pumped hydro, geothermal, wind, and solar. Battery energy storage systems (BESS) are also acceptable resources for this RFP.

## SECTION 1. INTRODUCTION

- Maximize customer benefits of non-wires solutions in every stage from procurement through the life cycle of the non-wires equipment, focusing on Tribes, Highly Impacted Communities<sup>3</sup> and Vulnerable Populations<sup>4</sup> (“Named Communities”)

PSE will pursue a resource procurement process that is accessible and fair for all Bidders. PSE encourages all Bidders able to meet the eligibility requirements of this Kitsap Non-Wires Alternatives RFP to participate, including Bidders representing minority-, women-, disabled-, and veteran-owned businesses. PSE also encourages Bidders interested in partnering with PSE to support supplier diversity aspirations by themselves engaging in inclusive, competitive, procurement processes.

For this Kitsap Non-Wires Alternatives RFP, PSE has hired PA Consulting Group, Inc. (“PA Consulting”) to provide Independent Evaluator (“IE”) services. For information about PSE’s IE selection process and the qualifications of PA Consulting, please see PSE’s petition dated May 25, 2023, in Docket UE-230283, found on the WUTC website (<https://www.utc.wa.gov>).

### System Need

The Kitsap County bulk electric system has broad capacity needs spanning the 230 kV transmission and the 115 kV transmission networks in Kitsap County. The needs are based on existing load levels and forecasted loading over a 10-year planning horizon. For this RFP, winter months are December, January, February, and March. Summer months are July and August.

- **Bulk capacity need** – Transmission elements of the existing 230 kV transmission network for Kitsap County exceed their emergency limits for contingencies during winter and summer peak loading conditions.
- **Network capacity need** – The existing 115 kV transmission lines in Kitsap County exceed their emergency limits for contingencies during winter and summer peak loading conditions.

During the lighter-loading spring and fall seasons, the transmission capacity need is typically less than the peak-loading months; however, the need for capacity support still exists during contingencies.

Transmission system upgrades are needed to ensure continued and reliable service for customers in this growing region. Kitsap County’s demand for electricity is increasing, and that trend is

<sup>3</sup> Highly Impacted Communities as defined at

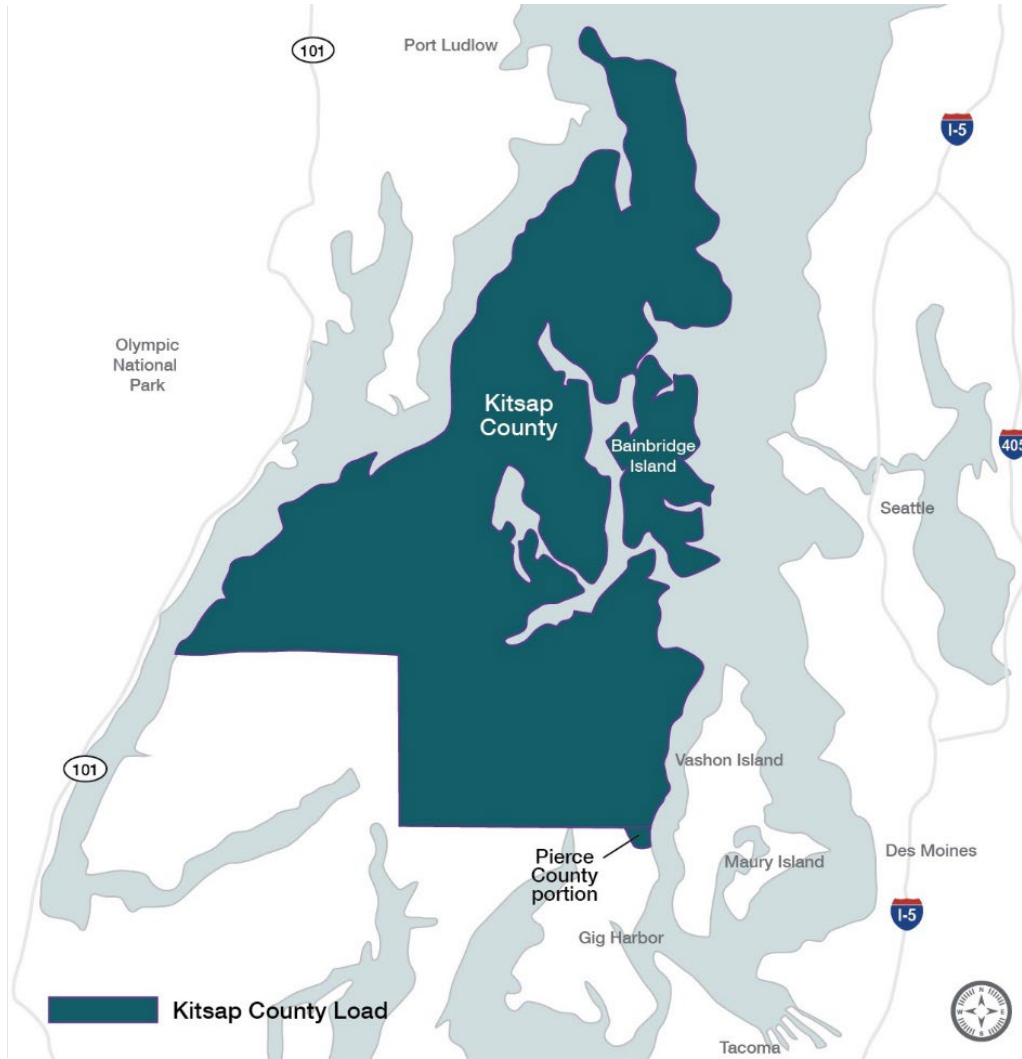
<https://www.doh.wa.gov/DataandStatisticalReports/WashingtonTrackingNetworkWTN/ClimateProjections/CleanEnergyTransformationAct>

<sup>4</sup> Pursuant to RCW 19.405.020 (40), “Vulnerable populations” means communities that experience a disproportionate cumulative risk from environmental burdens due to: (a) Adverse socioeconomic factors, including unemployment, high housing and transportation costs relative to income, access to food and health care, and linguistic isolation; and (b) Sensitivity factors, such as low birth weight and higher rates of hospitalization. PSE further defined Vulnerable Populations in Chapter 3 of the [draft 2021 CEIP](#)



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anticipated to continue in the coming years – particularly with more electric vehicle (“EV”) charging, reliance on electric appliances, continued high demand during winter and anticipated increase in demand during summer months.



**Kitsap Non-Wires Solution Options**

To meet this increased transmission capacity need, PSE is considering proposals for CETA-compliant, dispatchable capacity resources. PSE will consider turnkey resources which are complete resources ready for deployment, ownership contracts, or Power Purchase Agreements (“PPA”). See Table 3: Resource Types.

For the Kitsap Non-Wires Alternatives RFP, the following non-wires solutions are being investigated, but not limited to:

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***Option 1: Non-wires solution for 230 kV bulk transmission<sup>5</sup> capacity need***

- Capacity Need: Up to 260 MW/88,400 MWH (340 HR)
- Location: NWA should be connected to PSE 115 kV transmission system in Kitsap County.
- Due to excessive energy requirement, charging of BESS resources will need to be studied for its impact on bulk transformer loading capability.
- Non-BESS resources will need to provide capacity support for contingency duration of up to 420 hours (or 2.5 weeks) in a year. Further study on bulk transformer loading capability may be needed.
- Transmission-connected resources must be a minimum of 10 MW.

***Option 2: Non-wires solution for 115 kV network transmission capacity need***

- Capacity Need: Up to 141 MW/1,128 MWH (8 HR)
- Location: NWA should be connected to PSE 115 kV transmission system in N. Kitsap area.<sup>6</sup>
- Charging of BESS resources will need to be studied due to existing transmission capacity constraints.
- Transmission-connected resources must be a minimum of 10 MW.

***Option 3: Non-wires solution for 115 kV network transmission capacity (allows distribution-connected resources) need***

- Capacity Need: Up to 56 MW/448 MWH (8 HR)
- Location: NWA should be connected to PSE 115 kV transmission or 12.5 kV distribution system in N. Kitsap area.<sup>7</sup>
- Charging of BESS resources will need to be studied due to existing transmission capacity constraints.
- Transmission-connected resources must be a minimum of 10 MW.
- Distribution-connected resources must be a minimum of 5 MW and less than 10 MW.

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<sup>5</sup> Transmission capacity need exists on 230 kV transmission lines and 230-115 kV bulk transformation serving Kitsap County.

<sup>6</sup> N. Kitsap area is the system downstream of PSE Foss Corner substation feeding Kingston and Bainbridge Island and includes the Foss Corner substation.

<sup>7</sup> Ibid.

**SECTION 1. INTRODUCTION**

Given the large magnitude of Kitsap County’s transmission capacity need, PSE anticipates that the solution may require a combination of proposals, if individual proposals do not meet the capacity need. PSE may also accept proposals, or a combination of proposals, that exceed the stated capacity need by no more than 20%.

For this RFP, PSE will evaluate any commercially viable, non-wires project proposal that complies with all applicable laws and regulations and meets the minimum qualification requirements described in Section 4 of this RFP. Bidders with proposals that contemplate the use of PSE land may find publicly available information about PSE-owned land through the County assessor/recorder/auditor’s offices of the respective counties where property is located. A bidder who has conducted due diligence as to siting and permitting feasibility (including zoning and environmental considerations) for a particular project on PSE-owned land can contact PSE at [KitsapnonwiresRFP@pse.com](mailto:KitsapnonwiresRFP@pse.com) and copy PA Consulting at [NWARFP\\_IE@paconsulting.com](mailto:NWARFP_IE@paconsulting.com). It should be noted that Bidders need to demonstrate a percentage of site control, site acquisition plan, and permitting or long lead-time studies for PSE to score the quality and risk level of the bid (please see the non-price scoring rubric in Exhibit A for details on site control and permitting progress scoring).

PSE will consider technology agnostic, capacity resources (Table 3: Resource Types) that are transmission-connected at 10 MW or greater, or Front-of-the-Meter (“FTM”) distribution-connected resources (Option 3 only) of between five (5) and ten (10) MW. Resources must be on standby and dispatchable year-round, and flexible enough to work with PSE’s Supervisory Control and Data Acquisition (“SCADA”).

Depending on the option (i.e., Option 1, Option 2, or Option 3), the resource may be connected to the transmission or distribution system. Respondents are permitted to provide multiple bids (no bid cap), but each one must be submitted as a separate bid. When applying, it is not necessary to designate an option number for the bid offer. Given that the solution will likely require a combination of proposals, PSE will determine the optimum solution combination to meet the capacity need, which could include both wires and non-wires elements.

Bidders are not required to initiate applicable interconnection study processes or load service until the final phase (Phase 3) of this RFP when bids are short-listed for the Kitsap NWA solution. See Section 4 for the RFP process flow. During Phase 3, PSE will work with short-listed bidders to facilitate the connection of these resources to the PSE system in accordance with all applicable PSE requirements and specifications. Depending on the resource type, there may be multiple interconnection processes. For instance, any resource generating onto the grid would need a generator interconnection request. BESS bids in the final phase will need to request load service to allow charging of the facility.

PSE’s analysis has determined that Behind-the-Meter (“BTM”) Distributed Energy Resources (“DERs”) will not be feasible for meeting Kitsap County’s transmission need. While these

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resources are important to PSE through numerous customer programs and company initiatives, they cannot be considered for this RFP for the following reasons:

- The transmission capacity need is high for NWA Options 1 and 2, thereby potentially requiring large numbers of DERs. Simultaneously integrating and dispatching large numbers of DERs collectively can be operationally challenging and complex. Resource availability and maintainability of multiple DER resources may risk overall solution effectiveness in mitigating transmission overloads. For the lower capacity need of NWA Option 3, PSE will consider DERs connected Front-of-the-meter (“FTM”) with a minimum of 5 MW and up to 10 MW in size.
- Based on PSE’s analysis, Demand Response (“DR”) will not be an effective tool for meeting the NWA options’ long-duration requirement. Therefore, this RFP’s focus will be transmission and distribution sited resources only.
- PSE’s system-wide, consolidated energy efficiency measures have already been factored into each option’s capacity requirement.
- PSE regularly considers DR and DER proposals for other projects serving different system needs. For applicants seeking opportunities for BTM resources that could potentially benefit PSE’s system-wide Energy Efficiency program, which includes Kitsap County, please visit the Efficiency & Green Options section at [pse.com](http://pse.com). For other PSE RFP opportunities, including information regarding RFPs specifically targeting DERS, please see <https://www.pse.com/rfp>.

**Secondary Grid Benefits**

The capacity need for Options 1, 2, and 3 was evaluated for winter peak load, typically expected in the months of December, January, February and March. During lighter loading periods, the resource may have excess capacity to provide secondary grid benefits for PSE. Excluding the winter peak months, PSE estimates that a portion of the stated capacity needs may be available for PSE to use for secondary benefits (see Table 1). The primary purpose of the NWA resource(s) is to provide capacity support during transmission contingencies. Capacity permitting, secondary uses of these resources include system-wide capacity support, frequency and voltage regulation, and spinning reserves. PSE would consider secondary benefits in the evaluation process.

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*Table 1. Periods and percentages for secondary benefits*

Option	Months Impacted*	Excess NWA Capacity for Potential Secondary Benefits**
Option #1	May, June, July, August, September, October	~45% of 260 MW (~117 MW)
Option #2	May, June, July, August, September, October	~20% of 141 MW (~28 MW)
Option #3	May, June, July, August, September, October	~80% of 56 MW (~45 MW)

\* From November through April, the resource will be used exclusively for contingency capacity support and will not be available for secondary uses.

\*\* These approximate numbers are a portion of the total capacity need. The secondary uses for PSE are yet to be quantified or determined.

**Goal of this RFP Analysis**

Given the size and nature of Kitsap County’s transmission capacity need, PSE will be determining through this voluntary RFP process if and how NWA can replace or complement traditional wires upgrades – and to what degree, or not, that is possible. The above options provide potential solution approaches, but the overarching goal is ascertaining the combination of resources that can best meet Kitsap County’s transmission capacity need in a cost-effective way. Once PSE has developed a short-list of viable non-wires options in Phase 2 of this RFP (described in Section 3), they will be compared to the full-wires solution already under study by PSE. If Non-Wires Alternatives prove to be non-feasible or not cost-effective compared to full-wires solution, PSE will end this RFP process and notify all Bidders.

**Reservation of Rights**

PSE reserves the right to modify and/or cancel this Kitsap Non-Wires Alternatives RFP to comply with changes to regulatory policy, or federal, state, or local laws. Additionally, PSE reserves the right, without limitation or qualification and in its sole discretion, to reject any or all bids, and to terminate or suspend this RFP in whole or in part at any time.

PSE reserves the right, without qualification, to select or reject any or all proposals and to waive any formality, technicality, requirement, or irregularity in the proposals. In addition, PSE reserves the right to use a prospective bidder’s bid forms and any supplemental information submitted in any of its regulatory filings.

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## CETA and Equity Compliance

In compliance with relevant statutes and regulatory requirements, PSE acknowledges energy justice as a priority in its energy operations. The Clean Energy Transformation Act (“CETA”) requirements<sup>8</sup> set a trajectory for electric utilities, including PSE, to provide electricity that is carbon neutral by 2030 and 100 percent carbon-free by 2045. CETA requires that utilities “ensure that all customers are benefiting from the transition to clean energy: through the equitable distribution of energy and non-energy benefits and reduction of burdens to vulnerable populations and highly impacted communities; long-term and short-term public health and environmental benefits and reduction of costs and risks; and energy security and resiliency”.<sup>9</sup> This RFP will include an energy equity analysis, examining the proposal(s) through four (4) core tenets: restorative justice, recognition justice, procedural justice, and distributional justice. This is consistent with the Commission’s definition of energy justice in a 2021 order in a proceeding involving Cascade Natural Gas Company.<sup>10</sup>

Restorative justice will consider holistically whether each of the following three dimensions of equity (Recognition, Procedural, and Distributional) has been sufficiently addressed. The analysis efforts will ensure that marginalized and vulnerable populations will be identified and included in the consideration process, establishing an on-going effort to engage and embrace community participation.

Recognition justice involves recognizing the cumulative environmental hazards and disproportionate burdens marginalized and vulnerable populations faced over time, acknowledging, and addressing historical, cultural, and institutional dynamics and structures that created past and current injustices in the energy system. Prescribe efforts that seek to reconcile these inequalities and inequities.

Procedural justice involves creating inclusive and accessible decision-making 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 processes historically.

Distributional justice ensures that distribution of benefits and burdens are spread across all segments of the community, aim to ensure that marginalized and vulnerable communities do not receive an inordinate share of burdens or are denied access to benefits. This area encompasses using a Distributional equity analysis (“DEA”) and a Benefit-cost analysis (“BCA”) in complement. Where DEA may measure how the project may affect different populations, particularly if one

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<sup>8</sup> PSE is obligated to meet the requirements of the Energy Independence Act, Chapter 19.285 RCW and the Clean Energy Transformation Act (CETA), Chapter 19.405 RCW. The Energy Independence Act, also known as Washington State’s renewable portfolio standards, requires PSE to acquire qualifying eligible renewable resources and/or renewable energy credits to meet 15 percent of its load. CETA sets statewide policy goals for the elimination of coal-fired resources by December 31, 2025, 80 percent carbon free generation and overall carbon neutral electricity by 2030, and 100 percent carbon free electricity by 2045.

<sup>9</sup> See RCW 19.405.040(8).

<sup>10</sup> See *WUTC v. Cascade Natural Gas Corp.*, Docket UG-210755, Order 09 (Aug. 23, 2022) at ¶ 56.W

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population experiences a disproportionate benefit /cost; where BCA can be used for examining efficiencies, viability, efficacy, etc.

In order to align with broader company objectives and to enable a more programmatic analysis of PSE’s electric system, PSE leverages Customer Benefit Indicators (“CBI”) within our CEIP to evaluate system projects for equity. The CBI approach was developed through an iterative process that was coordinated with the Equity Advisory Group. These CBIs provide a framework to evaluate the comparative equity benefit of each solution alternative considered.

Refer to Table 2 for a brief description of the CBIs that address equity. PSE will continue to adjust and refine equity consideration, when necessary, as the process continues to mature.

*Table 2. PSE’s CBI indicators and descriptions*

<b>INDICATOR</b>	<b>DESCRIPTION</b>
<b>CUSTOMER ENERGY SAVINGS</b>	Solutions that lead customers to use less energy, which leads to less energy that must be purchased and potentially a reduction in planned system upgrades
<b>GREENHOUSE GAS EMISSIONS</b>	Solutions that lead to a reduction of greenhouse gas emissions, either directly or indirectly
<b>ENABLES CLEANER ENERGY</b>	Solutions that either directly integrate DER on the system or enable the grid to more readily accommodate future DER
<b>AIR QUALITY</b>	Solutions that either directly eliminate the source of a common pollutant or reduce the risk that could cause a common pollutant to increase, such as enabling Electric Vehicle or DER adoption
<b>RESILIENCE</b>	Solutions that address major event outages or harden critical facilities to prevent catastrophic events from creating long duration outages
<b>COST REDUCTION</b>	Solutions that identify least cost alternatives and therefore reduce costs for all customers
<b>CLEAN ENERGY JOBS</b>	Solutions that increase clean energy jobs by furthering clean energy technology application, as described in the CEIP
<b>HOME COMFORT</b>	Solutions that deploy residential energy efficiency in either a targeted solution area or by leveraging load reduction from system wide energy efficiency installations
<b>NAMED COMMUNITY</b>	Solutions that specifically benefit one or more customers of a named community, which includes Highly Impacted Communities (“HIC”) and Vulnerable Populations (“VP”), as defined by the CEIP

## SECTION 1. INTRODUCTION

### About Puget Sound Energy

Puget Sound Energy, a subsidiary of Puget Energy, is Washington State’s oldest local energy company, providing electric and natural gas service to homes and businesses primarily in the vibrant Puget Sound area. PSE serves approximately 1.2 million electric customers and more than 900,000 natural gas customers in 10 counties. PSE meets the energy needs of its customers, in part, through cost-effective energy efficiency, procurement of sustainable energy resources, and far-sighted investment in the energy-delivery infrastructure. PSE employees are dedicated to providing great customer service and delivering energy that is safe, dependable, and efficient.

Please visit the company website at [www.pse.com](http://www.pse.com) for more detailed information. A service area map depicting PSE’s service coverage area as well as other pertinent company information may be found under the “Who We Are” tab.

### PSE Core Values

PSE is committed to its core values of safety, honesty, responsibility, and integrity and has specific expectations of entities with which we do business. As such, PSE expects all suppliers to comply with all applicable laws and regulations, such as those pertaining to the environment, safety and employment, discrimination, and labor laws. For more information, please review PSE’s Responsible Contractor Guidelines and Corporate Ethics and Compliance Code:

- [PSE | Responsible supplier and contractor guidelines](#)
- <http://www.pugetenergy.com/pages/codeethics.html>



**SECTION 2. Resource Acquisition****2. Resource Acquisition**

In order for a proposal to be considered, the bidding entity must demonstrate that it currently owns or has legally binding rights to develop or market the resource(s). The Respondent must also demonstrate an ability to meet the minimum requirements for eligibility, which can be found in Section 4 of this Kitsap Non-Wires Alternatives RFP.

PSE will accept responses from consortiums or multiple parties in partnership to complete a project. Proposals from consortiums or multiple parties must clearly identify the relationship (actual or proposed) among the parties for the purposes of a transaction with PSE, including the party (or parties) with whom PSE will have the contractual relationship.

PSE will accept bids that either fully or partially meet the capacity needs identified in the three options and may potentially combine project bids with wires upgrades (if needed) to develop a solution for Kitsap County.

**Eligible Resources and Performance Requirements**

PSE will consider turnkey projects subject to PPAs, pay-for-performance contracts, and ownership agreements. PSE's capacity needs for Kitsap County are greatest in winter, but summer needs are growing in importance. PSE requires resources to be dispatchable and capable of meeting transmission capacity needs during contingencies.

PSE will consider the ability to control the resource's output to match PSE's resource needs (up to and including real-time dispatch and displacement), and contractual mechanisms to shape project output to need. The resource must be available year-round to provide capacity support during transmission contingencies. The capacity need during contingency is sized for winter peak load; however, there may be potential for PSE to utilize a portion of resource capacity during off-peak months for other grid benefits.

Proposals must be consistent with the requirements described in Section 4 of this Kitsap Non-Wires Alternatives RFP, Exhibit B: Proposal Requirements Forms, and Exhibit H: Requirements List.

Besides stated eligible resources, PSE is also interested in smart grid solutions or other technologies that could meet Kitsap transmission capacity needs. Such solutions must be proven technology and meet the same performance expectations in terms of needs and schedule.

Table 3 lists the resource types and solutions PSE will consider acquiring.

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**Table 3. Resource types and solutions**

Resource	Description	Ownership
CETA-compliant dispatchable resources:  <i>Biomass</i> <i>Hydropower</i> <i>Pumped hydro</i> <i>Geothermal</i> <i>Wind</i> <i>Solar</i>	<ul style="list-style-type: none"> <li>Resource needed year-round to provide capacity support during transmission contingencies</li> <li>Resource needed on or before December 31, 2028</li> <li>Intermittent resources must be paired with storage</li> <li>Projects must connect to PSE’s transmission system (except Option 3 Bidders may connect to PSE’s distribution system)</li> </ul>	PPA / Pay-for-performance contract / Ownership
Battery Energy Storage System (“BESS”)	<ul style="list-style-type: none"> <li>Resource needed year-round to provide capacity support during transmission contingencies</li> <li>Resource needed on or before December 31, 2028</li> <li>Projects must connect to PSE’s transmission system (except Option 3 Bidders may connect to PSE’s distribution system)</li> <li>BESS charging may have limitations due to PSE system loading conditions and capacity constraints</li> </ul>	PPA / Pay-for-performance contract / Ownership
Smart grid solutions or other technologies	<ul style="list-style-type: none"> <li>Must be proven technology and meet the stated capacity needs and schedule</li> </ul>	PPA / Pay-for-performance contract / Ownership

**Type of connection and control**

PSE requires that all resources be SCADA monitored and controlled. All projects are subject to the Technical Specifications<sup>11</sup> for jurisdictional Large and Small Generation Interconnection, non-jurisdictional Small Generation Interconnection, and Load and Transmission Interconnection, if

<sup>11</sup> The Technical Specifications can be found in the PSE Tech Specs for Interconnection folder at <https://www.oasis.oati.com/psej/index.html>.

**SECTION 2. Resource Acquisition**

applicable, or any other technical specifications that may be necessary to control, operate, and/or interconnect these resources.

**Contract Types**

PSE will consider the acquisition of resources from proposals under the following mechanisms:

- (1) ownership arrangements, including co-ownership arrangements in which PSE retains dispatchability and rights of control; and
- (2) PPAs of 10 to 20 years in length<sup>12</sup>

With regard to a PPA, PSE is interested in alternatives wherein the Respondent fully assumes the risk of fuel supply, fuel price, environmental cost and deliverability, and which quantify the cost for assuming those risk factors.

All proposals must comply with Washington's Emissions Performance Standards.<sup>13</sup> Additionally, Chapter 480-100 WAC (Part VII-Greenhouse Gas Emissions) prevents electric utilities in Washington state, including PSE, from entering into contracts of five (5) or more years when the supply is from unspecified sources, coal generation, or other resources that emit above the greenhouse gas limit.

All proposals must be compliant with the requirements of CETA<sup>14</sup>, which sets statewide policy goals for the elimination of coal-fired resources by December 31, 2025, 80 percent carbon-free generation and overall carbon neutral electricity by 2030, and 100 percent carbon-free electricity by 2045.

**Ownership**

The PSE ownership mechanism anticipates a proposal pursuant to which upon achieving commercial operation, or some subsequent date, PSE would ultimately own the resource or a significant interest therein. These mechanisms include development by the respondent followed by transfer to PSE, initial purchase of power by PSE with transfer of ownership occurring later, or other approaches that may be mutually beneficial and result in PSE's ownership of the resource. Although PSE is willing to consider a wide range of arrangements, the prototype term sheet included as Exhibit E to this Kitsap Non-Wires Alternatives RFP presumes that PSE would acquire

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<sup>12</sup> PSE will also consider contract terms longer than 20 years if the developer can demonstrate the asset has a useful life greater than 20 years.

<sup>13</sup> Usable energy will be evaluated as the total energy available to be discharged, without voiding the warranty or minimum state of charge requirements and is defined as rated MW capacity multiplied by hours of run time at rated capacity.

<sup>14</sup> Clean Energy Transformation Act: RCW 19.405 (May 7, 2019), <https://app.leg.wa.gov/RCW/default.aspx?cite=19.405>.

**SECTION 2. Resource Acquisition**

its ownership interest on the commercial online date and would fund its ownership share on a pro rata basis.

***Power purchase agreements***

Any proposal for a PPA<sup>15</sup> must specify the resource asset(s) underlying the agreement and provide assurances of its commercial availability consistent with the resource needs defined in Section 1. PSE will consider contracts with terms for a minimum of 10 years (2029-2038) for power from a specific asset. PSE will also consider contract terms up to 20 years if the developer can demonstrate the asset has a useful life greater than 10 years. Kitsap Non-Wires Alternatives RFP Exhibit F is a prototype term sheet for capacity and/or energy agreements, and Exhibit G to this Kitsap Non-Wires Alternatives RFP is a prototype term sheet for clean energy PPAs.

The prototype term sheets appended to the RFP do not contemplate every type of resource or proposal that may be bid into this RFP. Bidders should view the term sheets as presenting provisions that PSE generally expects in a contractual arrangement. Bidders are invited to propose term sheet edits with their bid submissions, which may also include proposed language particular to the project resource type.

**IT/OT Requirements**

PSE is seeking dispatchable capacity resources to connect to PSE's system with monitoring and control through PSE's SCADA. The common and specific requirements are described in Exhibit H: Requirements List, including requirements tagged "IT" and "Operations". In addition, the Respondent must complete the questions found in Exhibit B: Proposal Requirements Forms (Tab 8). Not being able to meet the requirements labeled "Must Have" in Exhibit H and Exhibit B: Proposal Requirements Forms (Tab 8) will not automatically eliminate a respondent. PSE requests that Respondents unable to meet the requirements in Tab 8 of Exhibit B provide an explanation as to how their proposal still meets PSE's needs. PSE will compare respondent capabilities with PSE requirements in its evaluation.

**Prior to Construction**

Prior to starting construction, Respondents must apply for and acquire electrical permits and all permits related to the right of way and easement. In addition, Respondents must provide prompt notice of any risk or issue that has the potential to jeopardize the Project's success and shall participate in good faith and as appropriate in actions to mitigate risks or issues.

Respondents must also attend a pre-construction meeting as scheduled by PSE's team ahead of mobilization. Respondents will manage their subcontractors and ensure all parties meet scope

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<sup>15</sup> For a PPA with an option to purchase the asset during or at the end of the contract life, if contracted, ASC 842 accounting standard will require PSE to consolidate the financial information of the asset.

## SECTION 2. Resource Acquisition

requirements, deliverables, and project timelines. Respondents will maintain a master project schedule that incorporates all construction activities, trigger points and milestones, and update it on a weekly basis. Updated schedules will be shared at reoccurring construction progress meetings, and meetings will be held weekly or biweekly as needed.

### Prior to PSE Ownership

If the project is to be owned by PSE, prior to project turnover, all manufacturers supplied reference manuals, operation processes and equipment warranties will be compiled into a binder (PDF) and surrendered to PSE with the project. Each project will also be furnished to PSE with an established Maintenance and Inspection Program. Supplier agrees that equipment purchased or used is not from a vendor on the US Department of Commerce's Bureau of Industry and Security's Export Administration Registration US Entity List.

Supplier will retain ownership of duties associated with warranty replacement Return Merchandise Authorization ("RMA") and reimbursement, if applicable, for the duration of the maintenance period or the end of the OEM warranty, whichever is first.

Supplier agrees to repair or replace resource components that fail due to materials or workmanship by the OEM, as well as failures associated with system construction and testing within specified warranty period.

Manufacturer's materials and workmanship warranties include, but are not limited to, the following:

- Faulty operation of PV modules
- Faulty operation of Inverters
- Faulty operation of Optimizers

Workmanship Warranty Period: five (5) years from date of Substantial Completion.

### Pricing

Respondents should refer to the pricing sheets by resource type in Exhibit B: Proposal Requirements Forms and must follow the pricing structure outlined below. The offer price should be inclusive of equipment prices, installation, and O&M charges. Additionally, Respondents need to separately specify the fixed O&M costs (\$/kW-year) and variable O&M costs (\$/MWh), which include maintenance and repair costs. While these are expected to be included in the overall contract price, the breakout is used in the bid evaluation.

Unless a bid is withdrawn, PSE will assume that bid pricing is valid through completion of the RFP. PSE further assumes that proposals will remain valid for a period that would allow for negotiation and execution of definitive agreements, including any applicable management and regulatory

**SECTION 2. Resource Acquisition**

approvals. PSE also requires Bidders to disclose if any investment tax credit (“ITC”) benefits are factored into the bid price.

Respondents may also specify a buyout price and timeframe as part of their response.

For turnkey proposals where the ownership option applies, in which assets are transferred over for PSE’s ownership, Respondents should specify the ownership start year and the ownership price.

For PPAs, Respondents are required to include underlying fixed and variable cost of production. In PSE’s view, a pricing structure that closely mirrors the actual cost structure of the project aligns the Respondent’s and PSE’s interests with respect to scheduling and dispatch.

## SECTION 3. SCHEDULE AND PROCESS

### 3. Schedule and Process

#### RFP Schedule

The following schedule (Table 4) is subject to adjustment based on the actual pace of the evaluation process. Updates will be posted online at <https://www.pse.com/pages/energy-supply/acquiring-energy/Kitsap-Non-wires-Alternatives-RFP>.

**Table 4. Kitsap Non-wires Alternatives RFP schedule**

Milestone	Date
RFP release	February 9, 2024
Open Q & A period	February 9 – February 29, 2024
Q & A release	March 15, 2024
Proposal submittal period begins	March 29, 2024
Proposal submittal period ends	May 24, 2024 (by 6 p.m. PST)
PSE posts compliance report to the RFP website, consistent with the requirements of <a href="#">WAC 480-107-035(5)</a>	June 24, 2024
PSE conducts Phase 1 eligibility screening and non-price qualitative scoring process	July 2024
PSE selects RFP shortlist for Phase 2 and notifies Bidders	Q4 2024*
PSE conducts Phase 2 price and portfolio evaluation and selects shortlist for Phase 3 and notifies Bidders	Q4 2024
PSE conducts Phase 3 evaluation and makes final selection	By December 31, 2024
If applicable, PSE negotiates and executes agreement(s) with bidder(s)	2025

\*Dates for RFP screening and notification milestones will be further refined subsequent to the end of the submittal period.

**SECTION 3. SCHEDULE AND PROCESS****Evaluation Process**

PSE will follow a structured evaluation process designed to screen and rank individual proposals based on an evaluation of costs, risks, and benefits. These include resource cost, market-volatility risks, demand-side uncertainties and benefits, resource dispatchability, effects on system operation, customer benefits, credit and financial risks to the utility, the risks to ratepayers, public policy, and Washington state and federal government requirements. PSE will consider a number of qualitative and quantitative factors to compare proposals with diverse attributes. PSE will evaluate each proposal based on its compliance with this Kitsap Non-Wires Alternatives RFP and according to the criteria described in Section 4: Minimum Requirements and Exhibit A: Evaluation Criteria and Scoring. The evaluation process for this Kitsap Non-Wires Alternatives RFP is divided into three phases:

- Phase 1, the qualitative assessment, will assess and score proposals for eligibility, quality, and validity. Qualifying proposals from Phase 1 will then move forward to the quantitative evaluation in Phase 2.
- Phase 2 assesses technical feasibility, cost-effectiveness, and operability. Proposals still feasible and cost effective after Phase 2 will move forward to Phase 3.
- Phase 3 will entail PSE's final evaluation and selection process. During this phase, PSE will work with bidders to evaluate the connection of these resources in accordance with all applicable PSE requirements and specifications.

***Intake process***

PSE's evaluation process will begin with the intake of proposals via email, once the proposal submittal period begins. Respondents will download the RFP application forms (Exhibit B: Proposal Requirements Forms) from PSE's Kitsap Non-Wires Alternatives RFP website (<https://www.pse.com/pages/energy-supply/acquiring-energy/Kitsap-Non-wires-Alternatives-RFP>) and email the completed forms and attachments to [KitsapnonwiresRFP@pse.com](mailto:KitsapnonwiresRFP@pse.com) and copy PA Consulting at [NWARFP\\_IE@paconsulting.com](mailto:NWARFP_IE@paconsulting.com).

***Phase 1: Qualitative assessment***

Once the intake process is complete, PSE's Kitsap RFP team will perform an eligibility screening to verify that all proposals meet the minimum requirements listed in Section 4 of this RFP. If a proposal is determined to be ineligible based on this initial screening, PSE will notify the Respondent, and the Respondent will be given three business days to remedy the proposal (the "cure period").

After the eligibility screening and cure period are completed, PSE and the IE will begin the qualitative assessment process of Phase 1. See Exhibit A: Evaluation Criteria and Scoring for the ranks and weights considered by PSE, and a description of PSE's approach to scoring individual



**SECTION 3. SCHEDULE AND PROCESS**

proposals. Upon completing the evaluation, the Kitsap RFP team and the IE will combine the results to produce a score and ranking for each proposal.

Proposals that fail to substantiate a viable resource, lack credible detail, involve unacceptable risks or prohibitive costs, or otherwise fail to meet the minimum proposal requirements defined in Section 4 of the Kitsap Non-Wires Alternatives RFP, will not be further considered or shortlisted for Phase 2 consideration.

All Respondents will be notified of their selection status at the end of the Phase 1 eligibility screening process, per the timeline of key milestones provided in Table 4 of this RFP.

***Phase 2: Quantitative evaluation***

In Phase 2, PSE will conduct a cost analysis and quantitative evaluation to screen and rank proposals based on the Respondent's responses to Exhibit B. PSE will make high-level assumptions for costs to connect proposed resources to PSE's transmission or distribution system.

Proposals will be evaluated for technical feasibility, cost effectiveness, and operability in meeting Kitsap transmission needs (See Exhibit A: Evaluation Criteria and Scoring). If there are no individual proposals that can meet the full capacity need, PSE may consider combining multiple proposals, or supplementing proposals with specific wires upgrades in order to develop a solution for Kitsap needs.

These NWA configured solutions developed in Phase 2 will then be compared to the full-wires solution being studied by PSE. This includes identifying and evaluating any secondary benefits (as listed in Table 1) the proposed resource(s) might offer during non-peak periods (i.e., outside of winter months) when there could be excess capacity PSE could use for other grid benefits. However, the resource's main purpose will remain to provide year-round capacity support for potential Kitsap transmission contingencies.

During this comparison process, PSE will determine if NWA can be used in place of, or in combination with, wires upgrades for meeting Kitsap County capacity needs. If NWA solutions are determined to be non-feasible and/or not cost-effective, this RFP process will end, and all Bidders will be notified.

NWA solution(s) that *remain* feasible and cost effective will move forward to PSE's final evaluation analysis (Phase 3).

***Phase 3: Final evaluation and determination***

PSE will perform more detailed internal studies to refine cost estimates for incorporating proposed resources into PSE's transmission or distribution system. Once these studies have been completed – which could include requesting additional information and adjustments from Bidders – PSE will re-evaluate and compare the feasible NWA solution(s) with the full-wires

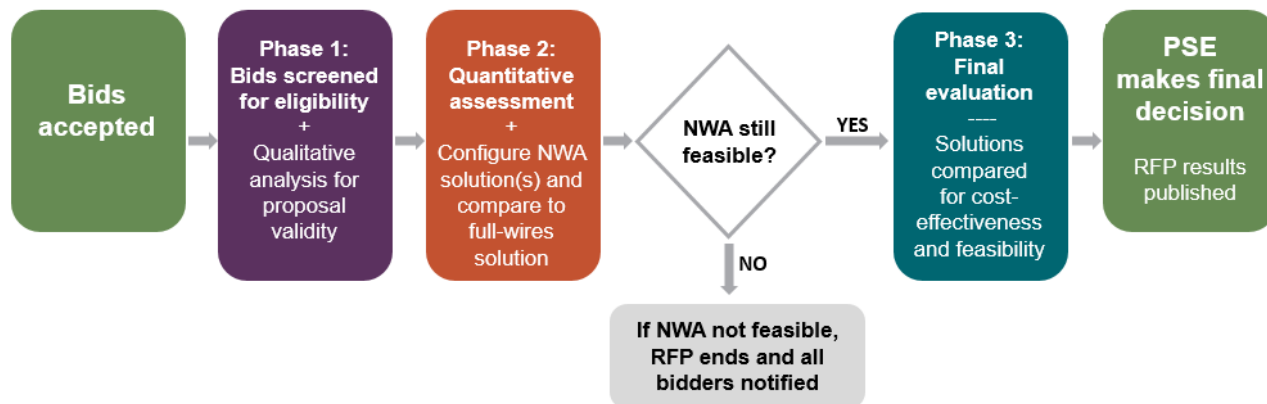
SECTION 3. SCHEDULE AND PROCESS

solution. PSE will then determine if an NWA solution can be used to reliably meet Kitsap County’s capacity needs at the lowest reasonable cost and least risk.

After PSE makes a final decision, Bidders will be notified, and PSE will publish the results of the RFP. Any NWA resources that are part of PSE’s final solution for Kitsap may be subject to FERC interconnection studies. BESS resources would need to apply for load service.

See Figure 1 below for a summary of PSE’s entire evaluative process.

**Figure 1. Evaluation process flow**



**Independent Evaluator**

In August 2023, following Commission approval in Docket UE-230283, PSE hired PA Consulting Group, Inc. (“PA Consulting”) to provide Independent Evaluator services for the Kitsap Non-Wires Alternatives RFP. For information about PSE’s IE selection process and the qualifications of PA Consulting, please see PSE’s petition dated May 25, 2023, in Docket UE-230283, found on the WUTC website (<https://www.utc.wa.gov>). Subsequently, PSE hired PA Consulting as the IE for the Kitsap Non-Wires Alternatives RFP.

The independent evaluator providing services to PSE for this RFP is listed below. Bidders are asked to copy PA Consulting ([NWARFP\\_IE@paconsulting.com](mailto:NWARFP_IE@paconsulting.com)) on all e-mail correspondence with PSE. Charles Janecek ([NWARFP\\_IE@paconsulting.com](mailto:NWARFP_IE@paconsulting.com)) is the PA consultant overseeing the IE process for this RFP.

**Role and scope of the IE**

Consistent with the requirements in WAC 480-107, the following sections describe the role and scope of the IE: (i) Role and expectations, (ii) Responsibilities and tasks, and (iii) Deliverables.

**SECTION 3. SCHEDULE AND PROCESS**Role and expectations

- The function of the IE is to consult with PSE, as needed, on the procurement activities in the Kitsap Non-Wires Alternatives RFP as described below. The IE will:
- Ensure that PSE's Kitsap Non-Wires Alternatives RFP process is conducted fairly, transparently, and properly;
- Participate in the design of the Kitsap Non-Wires Alternatives RFP;
- Evaluate the unique risks, burdens, and benefits of each bid;
- Provide to PSE the IE's minutes of meetings and the full text of written communications between the IE and PSE and any third-party related to the IE's execution of its duties;
- Verify that PSE's inputs and assumptions, including capacity factors and capital costs, are reasonable;
- Assess whether PSE's process of scoring the bids and selection of the initial and final shortlists is reasonable;
- Prepare a final report to the WUTC after reconciling rankings with PSE in accordance with WAC 480-107-035(4) that must:
  - Include an evaluation of the competitive bidding process in selecting the lowest reasonable cost acquisition or action to satisfy the identified resource need, including the adequacy of communication with interested persons and Respondents; and
  - To the extent applicable, explain ranking differences and why the IE and PSE were or were not able to reconcile the differences.
- The IE will participate in meetings with the WUTC and PSE, on an as-needed basis, to discuss its findings. If called upon to testify, the IE may serve as an expert witness in proceedings.
- The IE will be given reasonable access to information, meetings and communications related to offers submitted by all Respondents. The IE will immediately report to PSE and the WUTC any perceived attempt by any individual or party, including any PSE self-build or affiliate Respondents, to improperly influence any findings determined by the IE, or to challenge or interfere with their independent role in the solicitation process. See also Section 4, subsection Eligibility and Conflict of Interest Disclosure, for more information.

Responsibilities and tasks

In support of the functions discussed above, the IE responsibilities and tasks will include the following:

- Review and provide feedback and recommendations on PSE's draft Kitsap Non-Wires Alternatives RFP. Assess the Kitsap Non-Wires Alternatives RFP's design, including review

**SECTION 3. SCHEDULE AND PROCESS**

of the adequacy, accuracy, and completeness of solicitation materials to ensure compliance with the WUTC's Purchase of Electricity Rules ([UE-190837](#)) and consistency with accepted industry standards and practices. The IE will participate in the design of the RFP and provide feedback to PSE on the draft Kitsap Non-Wires Alternatives RFP prior to the release.

- Advise on the consistency of solicitation activities with the WUTC's rules and procedures and PSE's Kitsap Non-Wires Alternatives RFP.
- Advise on the evaluation process, including recommending data requests, as needed, to supplement the information requested from Respondents in the Kitsap Non-Wires Alternatives RFP to allow for a full and fair evaluation of proposals.
- Assess whether the quantitative and qualitative bid evaluation criteria and methodologies are applied to all bids in a fair and non-discriminatory manner and whether PSE's process of scoring the bids and selection of the initial and final shortlists is reasonable. The IE will be provided reasonable access to the evaluation meetings and documentation of PSE's Kitsap Non-Wires Alternatives acquisition and cross-functional teams, in order to credibly assess the bid evaluation and selection processes.
- Verify that PSE's inputs and assumptions, including capacity factors and capital costs, are reasonable. The IE will be provided with a description of how the evaluation models function, including the inputs and outputs of all models used during the evaluation process.
- Assess whether PSE's process of scoring the bids and selection of the initial and final shortlists is reasonable. The IE will score and rank qualifying bids based on PSE's modeling output and an independent qualitative assessment using the RFP's ranking criteria and methodology and consult with PSE to reconcile any ranking differences. If a Respondent makes material changes to its bid after shortlist selection, PSE and the IE will re-rank bids according to the revised bid.
- Monitor the evaluation processes and promptly submit recommendations to PSE's Kitsap Non-wires Alternatives acquisition team to ensure that no Respondent has an information advantage and that all Respondents or counterparties, if applicable, receive access to relevant communications in a non-discriminatory manner.

**Deliverables**

- Prepare a final written report as to whether or not PSE's competitive bidding process, evaluation process and decisions were reasonable and appropriate and were applied in a transparent, fair, and non-discriminatory manner for all offers received. The report will explain why the IE and PSE were (or were not) able to reconcile any ranking differences. The IE will protect confidential Respondent information subject to the terms of the confidentiality agreement included in the IE RFP and consistent with the terms of the confidentiality agreement included in the Kitsap Non-Wires Alternatives RFP.

**SECTION 3. SCHEDULE AND PROCESS**

- Provide to PSE the IE's minutes of meetings and the full text of written communications between the IE and the utility and any third-party related to the IE's execution of its duties.
- Participate as an independent witness or in an advisory capacity during administrative hearings, as required, before the WUTC in any associated proceedings.

**Negotiations and Contracts**

PSE may elect to negotiate price and non-price factors with any Respondent whose proposal has been shortlisted. During negotiations, PSE will continue to update its economic and risk analysis on an as-needed basis to reflect any additional or revised factors that may impact the total cost of a proposed resource.

PSE has no obligation to enter into definitive agreements with any respondent to this voluntary Kitsap Non-Wires Alternatives RFP and may terminate or modify the Kitsap Non-Wires Alternatives RFP at any time without liability or obligation to any Respondent. This Kitsap Non-Wires Alternatives RFP shall not be construed as preventing PSE from entering into any agreement that it deems appropriate at any time before, during, or after the Kitsap Non-Wires Alternatives RFP process is complete. PSE reserves the right to negotiate only with those Respondents and other parties who propose transactions that PSE believes, in its sole opinion, to have a reasonable likelihood of being executed substantially as proposed.

SECTION 4. PROPOSAL REQUIREMENTS

## 4. Proposal Requirements

### Summary of Proposal Submission Requirements

Table 5 below lists required exhibits for proposal submission. The primary proposal submission document is Exhibit B. In addition, Respondents are required to address the requirements included in other specified exhibits as part of the proposal submission. A few of the exhibits are for reference only and do not include any submission requirements.

**Table 5. Summary of required admission submissions**

Exhibit	Required Submission	For Reference Only
Exhibit A: Evaluation Criteria and Scoring		✓
Exhibit B: Proposal Requirements Forms	✓	
Exhibit C: BESS Requirements		✓
Exhibit D: Mutual Confidentiality Agreement	✓	
Exhibit E: Prototype Ownership Agreement Term Sheet	✓	
Exhibit F: Prototype Capacity and/or Energy Agreement Term Sheet	✓	
Exhibit G: Prototype Clean Energy PPA Term Sheet	✓	
Exhibit H: Requirement List		✓

### Confidentiality Agreement

Each bid submittal shall include a signed and scanned copy of Exhibit D: Mutual Confidentiality Agreement, which is **due no later than 6 p.m. Pacific Standard Time (PST) on May 24, 2024**. PSE will return one fully executed scanned Mutual Confidentiality Agreement to the respondent.

Consistent with the requirement in WAC 480-107-023, PSE must provide the IE with all data and information necessary to perform a thorough investigation of the bidding process and responsive bids. Consistent with the requirements of WAC 480-107-035, PSE will make available on its

**SECTION 4. PROPOSAL REQUIREMENTS**

website a summary of all proposals received within 30 days of the close of the bidding period.<sup>16</sup> PSE will also file a final summary report with the WUTC pursuant to WAC 480-107-145.

Additionally, in accordance with the requirements of WAC 480-107-145, PSE will retain all information pertinent to this Kitsap Non-Wires Alternatives RFP process for a period of seven (7) years or until PSE concludes its next general electric rate case, whichever is later. Except to the extent required by law or regulatory order, PSE shall have no obligation under this Kitsap Non-Wires Alternatives RFP to provide the models and data used in its evaluation process to Respondents or other third parties.

**Kitsap Non-Wires Alternatives RFP Proposal Requirements**

PSE expects Respondents to provide complete information in their original submittals. PSE will not consider proposals that provide insufficient information to substantiate the project or offer. Minimum qualifying criteria are defined later in this section.

To ensure that all proposals are thorough and complete, PSE has developed Exhibit B for proposal requirements forms. Exhibit B (Tab 1) includes a checklist of required items for Respondents to complete (see Figure 2). All Respondents must complete the Exhibit B forms, including any required attachments identified therein, for each proposal submitted. Additional information, such as a cover letter or other attachments not specifically required in Exhibit B, may be provided as part of a respondent's proposal and will be considered supplementary information to the required Exhibit B form.

Exhibit B shall be considered the primary proposal document. While it is the Respondent's responsibility to ensure that all information provided in Exhibit B is true and accurate, if PSE identifies an inconsistency between the Exhibit B forms and other proposal contents, PSE will seek to clarify the discrepancy with the respondent with a data request. The respondent will be given three business (3) days to correct the discrepancy.

Respondents may not add, remove or modify tabs in Exhibit B. PSE will reject Exhibit B forms if Respondents add, remove or modify tabs in the Exhibit B file.

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<sup>16</sup> PSE will post a non-confidential summary of proposals consistent with the requirements of WAC 480-107-035. Past proposal summaries have included a PSE-assigned Project ID#, the state in which the proposed resource is located, the resource type, the operating status of the resource, project COD, term start/end, commercial structure (contract type) and nameplate capacity. For storage resources, PSE includes both capacity (MW) and duration (hours). Unless otherwise required by law or regulatory order, PSE will not include any specific confidential information (e.g., bid price, owner/developer name, project name, or specific project location) in any non-confidential summary of proposals.

SECTION 4. PROPOSAL REQUIREMENTS

Figure 2. Proposal content checklist (Exhibit B, Tab 1)

1. Proposal Content Checklist			
Required for all RFP proposals (Do not remove tab)			
Proposal element	Required for	Section	Select response from drop-down list
<b>Required proposal contents</b>	All proposals	Exhibit B	
Proposal Content Checklist	All proposals	Tab 1	1 <input type="text"/>
Commercial Details	All proposals	Tab 2a	2 <input type="text"/>
Offer Details	All proposals	Tab 2b	3 <input type="text"/>
Facility	All proposals	Tab 3	4 <input type="text"/>
Energy Storage	Energy storage	Tab 3a	5 <input type="text"/>
Interconnection Information	All proposals	Tab 4	6 <input type="text"/>
Ownership - Capital Costs	Proposals including asset sale offers	Tab 5	7 <input type="text"/>
Ownership - Operating Costs	Proposals including asset sale offers	Tab 6	8 <input type="text"/>
Bid Certification and Contacts	All proposals	Tab 7	9 <input type="text"/>
Proposal Requirements	All proposals	Tab 8	10 <input type="text"/>
Mutual Confidentiality Agreement	All proposals	Exhibit D	11 <input type="text"/>
Prototype Term Sheet (by offer structure)	All proposals	Exhibit E, F and G	12 <input type="text"/>

**Minimum qualifying criteria**

PSE considers a variety of evaluation criteria when making resource decisions, as described in Exhibit A: Evaluation Criteria and Scoring to this Kitsap Non-Wires Alternatives RFP. PSE has also identified a set of minimum qualifying criteria to help Respondents craft proposals designed to best meet the objectives of this solicitation. Proposals must meet the minimum criteria outlined below for consideration in this RFP. PSE reserves the right to request additional data and engage third-party consultants to independently verify project data.

For all proposals (as applicable):

- Respondents must submit a complete proposal by the due date specified in Section 5 of the Kitsap Non-Wires Alternatives RFP. PSE has provided Respondents with a proposal contents checklist in Exhibit B: Proposal Requirements Forms (Tab 1). PSE will not consider proposals that do not provide sufficient information to substantiate a project or offer.
- Each proposal (if applicable) shall acknowledge and state that PSE disclaims and shall not assume any risk associated with the potential expiration of (or the Respondent's or other project entity's ability to utilize) any then applicable federal or state tax incentives, cash grant programs, or similar programs meant to support a relevant resource.
- All proposals shall state that there will be no assignment of proposals during the evaluation or negotiation stage of this Kitsap Non-Wires Alternatives RFP and that, in the event the respondent and PSE negotiate and execute definitive agreements based on the respondent's proposal, the definitive agreements and obligations thereunder shall not be sold, transferred, or assigned, or pledged as security or collateral for any obligation, without the prior written permission of PSE. Any project lender who takes an assignment



**SECTION 4. PROPOSAL REQUIREMENTS**

of the definitive agreements for security and exercises any rights under such agreements will be bound to perform such agreements to the same extent.

- At a minimum, all proposals must:
  - Be located in Kitsap County
  - Have a nameplate capacity of at least 10 MW for transmission-connected projects, or at least 5 MW and up to 10 MW for distribution-connected projects
  - Acknowledge that the transmission or distribution resource must be connected to the PSE system per PSE's interconnection requirements and technical specifications
  - Be able to deliver to PSE system on or before December 31, 2028
  - Currently own or have legally binding rights to develop or market the project(s)
  - Acknowledge that PSE disclaims and shall not assume any risk associated with any applicable federal or state tax incentives or other programs meant to support a relevant resource
  - Affirm to comply with all existing local, state and federal laws, regulations, and executive orders, including environmental laws (e.g., Wash. state's emissions performance standards, RCW 80.80 and rules set forth in WAC 173-407)
  - Acknowledge reading Sections 3, 4, and 5 of the RFP and acknowledge that the respondent will be responsible for meeting all contractual milestones as scheduled and may be required to pay liquidated damages if they are missed. PSE may also impose credit requirements based on the respondent's credit rating.
  - Agree that definitive agreements and obligations thereunder shall not be sold, transferred, assigned, or pledged as security or collateral for any obligation, without the prior written permission of PSE

***For ownership proposals***

In addition to the minimum qualifying criteria required for all proposals listed above, PSE has identified the following additional criteria for ownership proposals:

- PSE will only accept proposals for ownership at or after COD.
- If a project is selected, PSE will require comprehensive engineering design documents and drawings in advance of project construction. Projects will be required to meet all PSE requirements and specifications.
- Respondents shall certify that all proposed design engineering firms and project contractors will have proven expertise and experience in projects of similar scope and size.

**SECTION 4. PROPOSAL REQUIREMENTS*****Additional requirements for BESS***

In addition to the applicable requirements in the sections above, Respondents seeking to bid a BESS resource must respond to BESS-specific requirements in Tab '3a. Energy Storage' of Exhibit B.

- If available at the time of bid submittal, provide comprehensive engineering design documents and drawings well in advance of project construction. If available, Respondents should also provide one-line diagrams, three-line schematics, communication plans and protocols used, and a list of tags and alarms used in the battery management system ("BMS"). If unavailable at the time of bid submittal, PSE will request this information during the evaluation or negotiation process. Projects will be required to meet all PSE requirements and specifications. These items are described in Tab '3a. Energy Storage' of Exhibit B.
- Proposals must meet the standards outlined in Exhibit C, BESS Requirements.
- Short-listed capacity resources determined at the end of Phase 3 may be asked to complete a generator interconnection request to allow for the delivery of energy to the grid. Any BESS bids selected at the end of Phase 3 will need to request load service to allow charging of the facility.

**Credit Requirements**

PSE will not accept collateral thresholds, credit ratings triggers, general adequate assurances language, or similar language that might require PSE to provide performance assurance. PSE developed this policy in order to protect its customers and to avoid undue costs, especially in the event of an industry-triggered credit downgrade.

PSE will require Respondents to provide performance assurance. PSE will expect Respondents with sub-investment-grade credit ratings (or being of similar creditworthiness), or whose credit ratings drop below investment grade, to provide performance assurance acceptable to PSE. Non-investment grade entities have inherent default risks. Collateral requirements are utilized to mitigate such risks. When certain PPAs are in default, physical supply will be affected. The collateral gives PSE an option to purchase market power to bridge the gap and, in turn, protect its ratepayers from both cost and reliability risks. This is consistent with standard industry practices.

**Signatures and Certifications**

Each electronic proposal must include a scanned copy of the Bid Certification & Contacts Form: Exhibit B (Tab 7), signed by a duly authorized officer or agent of the respondent submitting the proposal. By signing the form, the respondent's duly authorized officer or agent certifies that:

**SECTION 4. PROPOSAL REQUIREMENTS**

- The respondent’s proposal is genuine; not made in the interest of, or on behalf of, any undisclosed person, firm, or corporation; and is submitted in conformity with any anti-competitive agreement or rules.
- The respondent has not directly or indirectly induced or solicited any other respondent to submit a false or sham proposal.
- The respondent has not solicited or induced any other person, firm, or corporation to refrain from proposing.
- The respondent has not sought to obtain for itself any advantage over any other respondent by collusion.

**Code of Conduct, Eligibility, and Conflict of Interest Disclosure**

This Kitsap Non-Wires Alternatives RFP will accept proposals from all third-party project developers, owners, or other utilities that meet the minimum requirements and comply with the process guidelines described in this Kitsap Non-Wires Alternatives RFP. All Respondents shall disclose in their proposals any and all relationships between themselves, the project and/or members of their project team and PSE, its employees, officers, directors, subsidiaries, or affiliates.

***Code of conduct***

PSE is committed to a culture of ownership, accountability, honesty, integrity, and trust. In conducting this RFP, PSE will follow its [Code of Conduct](#). This Code of Conduct outlines the honest and ethical manner in which all employees and board of directors at Puget Energy, Inc., Puget Sound Energy, and related subsidiaries are expected to behave, with each employee having a duty to uphold the Code of Conduct.

The Federal Energy Regulatory Commission’s (“FERC”) regulations governing the sales of energy and/or capacity at market-based rates impose restrictions on transactions between “market-regulated power sales affiliates” and their affiliated traditional franchised public utilities with captive wholesale or retail customers. Under FERC regulations, “affiliate” is defined in [18 C.F.R. section 35.36\(a\)\(9\)](#).

Washington state law and regulations define what constitutes an “affiliated interest,” which is different than how FERC defines “affiliate.” In Washington, affiliated interest is defined in [RCW 80.16.010](#).

***Subsidiary or affiliate proposals***

Subsidiaries or affiliates of PSE will be eligible to submit proposals in response to this Kitsap Non-Wires Alternatives RFP. Each respondent to PSE’s Kitsap Non-Wires Alternatives RFP must disclose any subsidiary or affiliate relationship to PSE in Exhibit B (Tab 2a) to this Kitsap Non-

**SECTION 4. PROPOSAL REQUIREMENTS**

Wires Alternatives RFP. All Respondents, including affiliates and subsidiaries of PSE, shall follow a consistent process for submittal. PSE will treat all Respondents, including affiliates and subsidiaries of PSE, in a fair and consistent manner throughout the evaluation. Consistent with the provisions in WAC 480-107-023 and -024, the Kitsap Non-Wires Alternatives RFP evaluation team will neither give preferential treatment or special consideration to any subsidiary or affiliate of PSE to ensure no unfair advantage occurs, nor will PSE or its independent evaluator disclose the contents of its Kitsap Non-Wires Alternatives RFP evaluation or competing proposals to subsidiaries or affiliates of PSE prior to being publicly available. The IE will immediately report to PSE and the WUTC any perceived attempt by any individual or party to improperly influence any findings determined by the IE, or to challenge or interfere with their independent role in the solicitation process.

**Validity, Deadlines, and Regulatory Approval*****Bid validity and deadlines***

PSE anticipates completing the RFP process by the end of Q4 2024. Unless a bid is withdrawn, PSE will assume that it is valid through completion of the RFP. PSE further assumes that proposals will remain valid for a period that would allow for negotiation and execution of definitive agreements, including any applicable management and regulatory approvals.

In addition to any provisions included in the prototype term sheets for ownership agreements (Exhibit E to this Kitsap Non-Wires Alternatives RFP), capacity and/or energy agreements (Exhibit F to this Kitsap Non-Wires Alternatives RFP), or clean energy power purchase agreements (Exhibit G to this Kitsap Non-Wires Alternatives RFP), PSE may require negative control provisions<sup>17</sup> in any definitive agreements.

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<sup>17</sup> "Negative control provisions" means covenants restricting respondent business practices that could jeopardize respondent's ability to perform its obligations.

## SECTION 5. PROPOSAL SUBMISSION

## 5. Proposal Submission

### Submission Process, Deliverables, and Deadlines

PSE will provide a link to the Kitsap Non-Wires Alternatives RFP proposal submission documents on the RFP web site (<https://www.pse.com/pages/energy-supply/acquiring-energy/Kitsap-Non-wires-Alternatives-RFP>) once the final RFP is issued, or soon thereafter.

Questions or comments about the Kitsap Non-Wires Alternatives RFP may be submitted to [KitsapnonwiresRFP@pse.com](mailto:KitsapnonwiresRFP@pse.com) (please copy [NWARFP IE@paconsulting.com](mailto:NWARFP_IE@paconsulting.com)). PSE will post answers to questions on its RFP website. RFP schedule updates and any supplemental informational updates associated with this RFP will also be posted to: <https://www.pse.com/pages/energy-supply/acquiring-energy/Kitsap-Non-wires-Alternatives-RFP>.

**Proposals must be submitted by 6 p.m. Pacific Standard Time (PST) on May 24, 2024**, and include the following deliverables:

- One electronic copy of the proposal via email to [KitsapnonwiresRFP@pse.com](mailto:KitsapnonwiresRFP@pse.com) and copy [NWARFP IE@paconsulting.com](mailto:NWARFP_IE@paconsulting.com).
  - Proposal must include one complete Excel copy of the Exhibit B: Proposal Requirements Forms, and all required attachments (as indicated therein).<sup>18</sup>
  - Proposal must include one signed scanned copy of Exhibit D: Mutual Confidentiality Agreement.

### Proposal Requirements Forms (Exhibit B)

PSE is committed to providing Respondents with the guidance needed to successfully complete Exhibit B. PSE will not simply reject submitted bids due to a data entry error or a misunderstood direction for a specific field. PSE will provide a three-day curing period, after receiving a proposal, to allow Respondents to remedy an unacceptable term or condition, or other non-conforming criteria or fatal flaw in a proposal.

Respondents may also reach out to Kitsap Non-Wires Alternatives RFP team staff through the Kitsap Non-Wires Alternatives RFP mailbox ([KitsapnonwiresRFP@pse.com](mailto:KitsapnonwiresRFP@pse.com)) with questions about Exhibit B and the email submission process. Please copy [NWARFP IE@paconsulting.com](mailto:NWARFP_IE@paconsulting.com) on all correspondence.

Respondents should note that the bid submittal deadline is not subject to the three-day cure period. It is expected that Respondents will plan ahead to submit their bids on time, allowing for

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<sup>18</sup> Respondents may not add, remove, or modify tabs in Exhibit B (Proposal Requirements Forms). PSE will reject Exhibit B forms, if Respondents add, remove, or modify tabs in the Exhibit B file.

**SECTION 5. PROPOSAL SUBMISSION**

sufficient time to seek advice from the Kitsap Non-Wires Alternatives RFP team, in the event of any data entry errors. Respondents are encouraged to submit early.