



News Release

PSE Seeking Proposals for Greater Energy Efficiency, New Power Resources

BELLEVUE, Wash., Nov 01, 2005 (BUSINESS WIRE) -- The ongoing initiative by Puget Sound Energy (the utility subsidiary of Puget Energy (NYSE:PSD)) to ensure reliable, stably priced service for its customers took a major step forward today with the utility's call for proposals for greater energy efficiency and new power resources.

In one of two "request for proposals" (or RFP) issued today, PSE seeks to broaden and expand the already ambitious energy-efficiency services the utility provides to its customers. The other RFP asks outside power producers, marketers, and power-plant developers to help the utility procure up to about 1,500 average-megawatts of new electricity supplies by 2015.

"These RFPs essentially are a one-two punch," said Cal Shirley, PSE's vice president of energy efficiency services. "First, we're helping our customers save as much natural gas and electricity as we can cost-effectively achieve. And then we're moving to lock down the additional energy resources our customers will require in the years ahead."

PSE estimates that its energy-efficiency programs have the ability to help customers save 43 million therms of natural gas and 279 average-megawatts of electricity by 2015. Those power savings alone would be sufficient to serve the electricity needs of about 200,000 households.

The energy-efficiency RFP seeks proposals involving the installation of equipment or technologies designed for specific types of residential and commercial uses. The installations must occur before the end of 2007 and be capable of producing energy savings for at least five years. All bids submitted to PSE under the energy-efficiency RFP are due by Dec. 15.

The power-resource RFP, on the other hand, has a Jan. 13 response deadline. Any type of power-generating fuel or technology is eligible for consideration. PSE also will consider various contract arrangements, such as PSE investment in existing power plants, partial or total ownership of new plants, power-exchange agreements, or long-term purchases of power.

"The overriding goal is to secure the most reliable, cost-effective energy we can for our customers," said Eric Markell, PSE's senior vice president of energy resources. "The way to do that, we believe, is with a balanced, diversified mix of resources under long-term arrangements."

A steadily growing customer base and the expiration of several large purchased-power contracts in coming years are driving PSE's need to acquire a large amount of new power supplies. PSE estimates it will need approximately 1,500 average-megawatts of new power supply by winter 2014-2015 to satisfy customer demand. The utility's 1 million-plus electric customers currently consume about 2,600 average-megawatts of power.

PSE prefers that any new resources obtained under the RFP be shaped to help the utility meet wintertime peaks in power demand and limit summertime power surpluses. Besides cost and energy-need considerations, Markell said, PSE is interested in proposals that minimize financial risk, limit environmental impacts, promote energy efficiency, contribute to adequate energy supply for the entire region, and support the utility's target to provide 10 percent of its customers' energy from renewable resources by 2013.

The 2015 power-delivery deadline cited in the power-resource RFP is designed to allow for proposals requiring lengthy lead-time, such as the development of a new power plant or associated power-transmission lines, Markell said.

A similar RFP process in 2003 generated nearly 50 proposals for PSE. From those bids, the utility ultimately secured about 150 average-megawatts of new power resources, principally from two large wind farms the utility is now constructing -- one in southeastern Washington and one in central Washington.

The Washington Utilities and Transportation Commission recently reviewed and approved both of the RFPs issued today.

The complete text of the two RFPs can be viewed under the About Us/Energy Supply section of PSE's Web site (<http://www.pse.com/About/Supply/2005rfps>).

SOURCE: Puget Sound Energy

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