

Procurement Process and Bidding Framework

Competitive Procurement Working Group
January 23, 2020



Hawaiian
Electric

Agenda

- ◆ Welcome
 - Ground Rules
- ◆ CPWG Meeting Objectives for Today
- ◆ Review and discuss updated IGP Sourcing Process
- ◆ Evolution of the Competitive Bidding Framework (CBF)- Discussion
 - Overview
 - Key Themes
- ◆ Next Steps, Proposed Meeting Schedule & Deliverables



Welcome and Objectives



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Ground Rules

- ◆ Chatham House Rule will apply – no personal or organizational attribution will be made to any comments/feedback provided during the meeting by any participant nor in written documentation.
- ◆ Working group meetings, and other information exchanges are intended solely to provide an open forum or means for the expression of various points of view in compliance with antitrust laws.
- ◆ Under no circumstances shall engagement activities be used as a means for competing companies to reach any understanding, expressed or implied, which tends to restrict competition, or in any way, to impair the ability of participating organizations to exercise independent business judgment regarding matters affecting competition or regulatory positions.
- ◆ Proprietary information shall not be disclosed by any participant during any industry engagement meeting or information exchange. In addition, no information of a secret or proprietary nature shall be made available to industry engagement participants.
- ◆ All proprietary information which may nonetheless be publicly disclosed by any participant during any industry engagement meeting or information exchange shall be deemed to have been disclosed on a non-confidential basis, without any restrictions on use by anyone, except that no valid copyright or patent right shall be deemed to have been waived by such disclosure.



CPWG Purpose & Objectives

Purpose:

The Competitive Procurement Working Group will establish a fair, efficient, streamlined procurement process that will facilitate the procurement of resources in alignment with Hawaiian Electric's grid plans as identified through the IGP process.

Objectives:

- Provide strategic input and feedback on competitive procurement process development, activities and results, and aspects for improvement.
- Review current procurement practices in Hawai'i and in other jurisdictions.
- Develop competitive procurement best practices for application in Hawai'i.
- Develop an improved process and accelerated timeframe for procurements that align with broader IGP objectives.
- Foster collegial, balanced discussion to achieve shared understanding of the competitive procurement process, and to build common ground through iterative discussion and feedback.

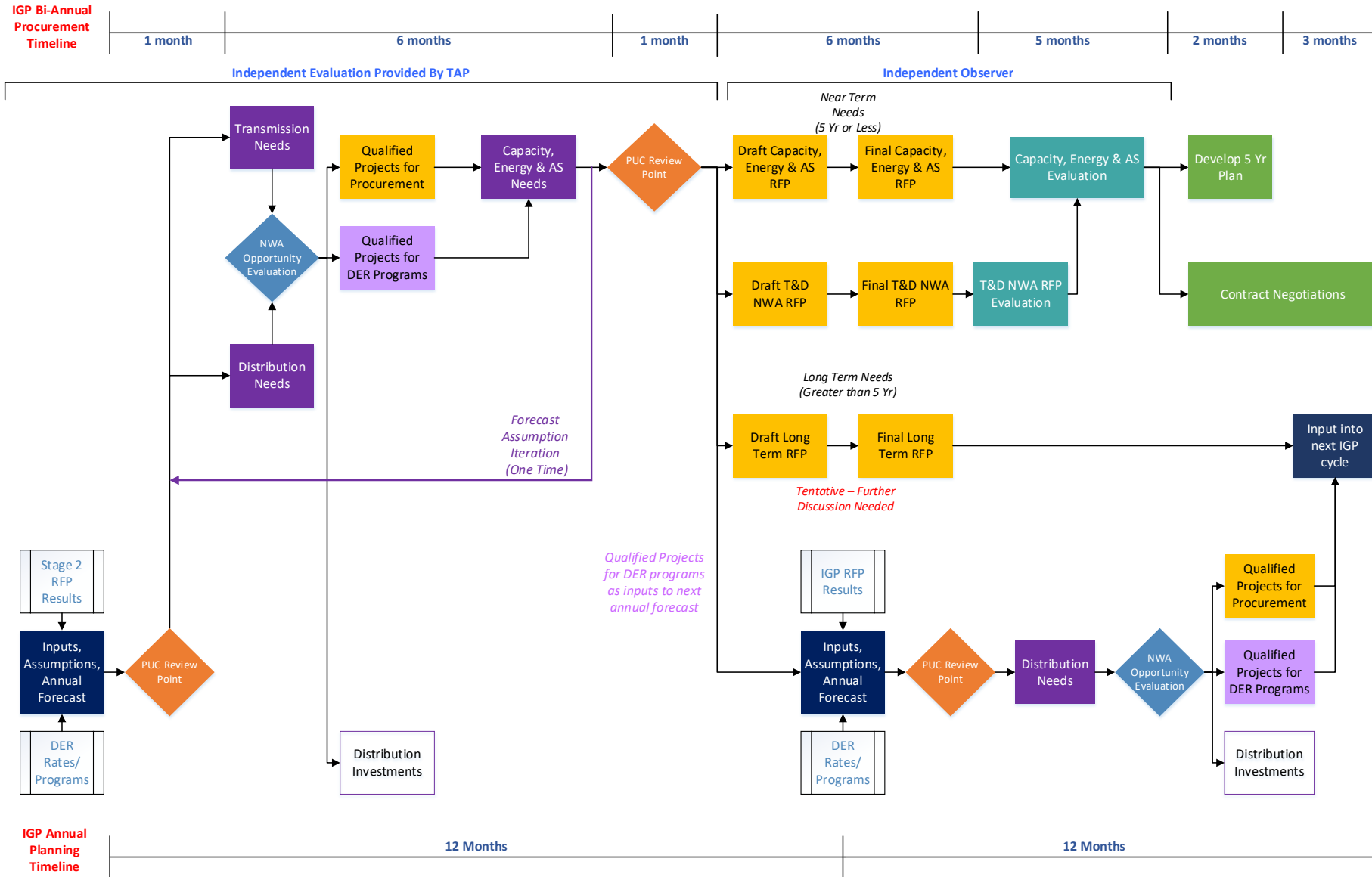


Objectives for Today

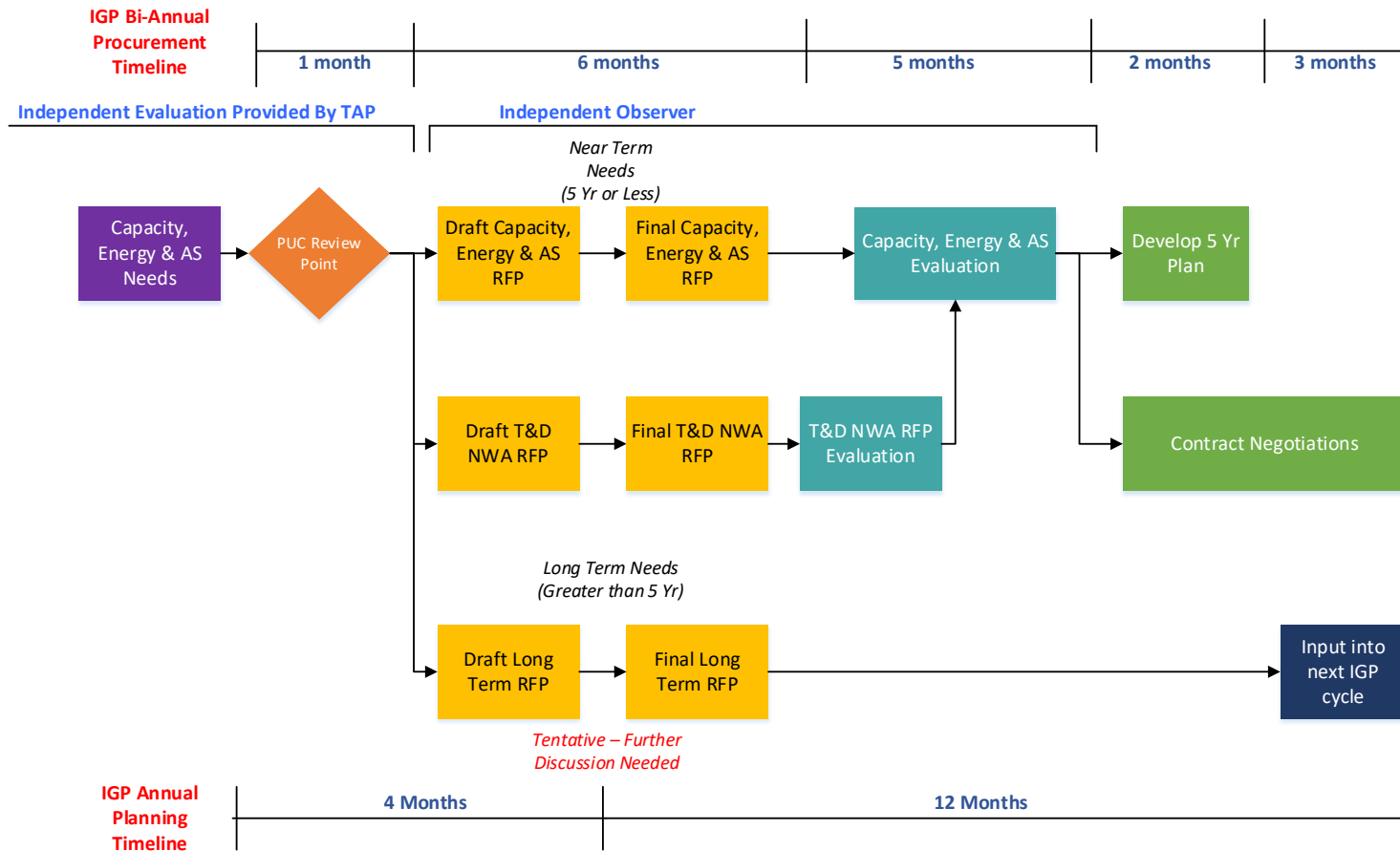
- ◆ Develop a shared understanding of the revised IGP Sourcing Process, specifically how competitive solicitations are utilized
- ◆ Develop a shared understanding of how the existing Competitive Bidding Framework (CBF) may be applicable to the proposed IGP Sourcing Process
- ◆ Begin discussion on how the CBF may be evolved to:
 - ◆ Best support overall IGP sourcing goals and objectives
 - ◆ Reach agreement on guiding principles for application and evolution of the CBF
 - ◆ Capture feedback, discussion, suggestions on review of CBF Section II
- ◆ Agree on next steps and path forward for CPWG and CBF evolution



IGP Sourcing Process



Application of Competitive Bidding Framework



The scope of the CBF would likely apply to the IGP sourcing process:

- Starting with PUC review and decision on the CEAS needs
- Ending with contract negotiations

Some provisions & requirements in the current CBF may not align well with the proposed IGP solution process

- Evolve the existing CBF where appropriate (i.e. lexicon, timing)
- Examine existing CBF provisions for potential to eliminate and streamline the competitive solicitation process



Proposed Guiding Principles – Evolving the CBF

- Existing CBF is the starting point
 - Avoid creating a new or separate CBF for IGP
- Consider evolution and modification of the CBF within the context of broader IGP goals and the IGP Sourcing Solution Process specifically
 - Keep the intent and spirit of the CBF which calls for competitive solicitations for procuring system needs; consistent with intent of IGP (i.e. market-based solutions)
- Make the CBF provisions more generally applicable
 - Provide flexibility to refer to other documents that are more specific
 - Other documents can evolve more readily than the overarching CBF
- Seek ways to streamline the process while maintaining appropriate transparency, fairness and oversight



Evolving The CBF - Initial Discussion Section II

Summary of CBF Section II Main Themes

- Use and applicability of competitive bidding
 - Resource types, size, exceptions
 - Waivers
- Determination of Resource Need
 - IRP/IGP is process that determines need
- Procurement Risk Mitigation
 - Self build, parallel planning and contingency planning

We are looking for initial thoughts and suggestions about how this section might evolve within the context of the IGP



Next Steps and Schedule

Next Meeting:

- ◆ Date: February 12, 2020
- ◆ Time: TBD
- ◆ Location: American Savings Bank Building, Room ASB1
- ◆ Topics:
 - ◆ Continue discussion and review initial mark-up of CBF based on initial discussion today
 - ◆ Please send any additional comments on today's discussion to:
 - ◆ IGP@hawaiianelectric.com and Isaac Kawahara (renewableacquisition@hawaiianelectric.com)

