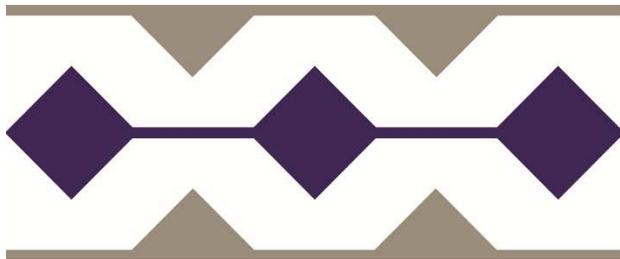


**FINAL DRAFT REQUEST FOR PROPOSALS**  
**FOR**  
**DELIVERY OF GRID SERVICES FROM CUSTOMER-SITED**  
**DISTRIBUTED ENERGY RESOURCES**  
**ISLANDS OF O‘AHU, MAUI & HAWAI‘I**  
JULY 10, 2019

Docket No. 2017-0352

*Exhibit 3 – Code of Conduct*



**Hawaiian  
Electric**

## **The Hawaiian Electric Companies' Code of Conduct**

Hawaiian Electric Company, Inc., Maui Electric Company, Ltd., and Hawai'i Electric Light Company, Inc. (collectively, the "Company")  
Code of Conduct Pertaining to the Implementation of a  
Competitive Bidding Process for the Aggregation and Delivery of Grid Services

### **Purpose**

The Framework for Competitive Bidding ("Framework"), adopted on December 8, 2006, by the Public Utilities Commission of the State of Hawai'i (the "Commission") pursuant to Decision and Order No. 23121 (Docket No. 03-0372, Instituting a Proceeding to Investigate Competitive Bidding for New Generating Capacity in Hawaii), requires that the Company develop and follow a code of conduct in order to ensure the fairness and integrity of the competitive bidding process, in particular where a utility or its affiliate seeks to advance an energy generation resource proposal in response to a Company RFP (as defined below). The Framework, at Section III.A.4., requires the utility to submit to the Commission for review and approval (subject to modification if necessary by the Commission), a code of conduct prior to the commencement of any competitive bid process under the Framework.

By Order No. 36187 issued on February 27, 2019, the Commission directed the Company to file its draft expedited grid services request for proposals ("RFP") in Docket No. 2017-0352 for Commission review.

This Code of Conduct Pertaining to the Implementation of a Competitive Bidding Process for the Aggregation and Delivery of Grid Services ("Code of Conduct") outlines the policies and general procedures of the competitive bidding process to ensure that it is undertaken in a fair and unbiased manner, that all bidders have access to the same information, and that affiliate options do not have any unfair competitive advantage or enjoy undue preference over third-party bids.

### **Definitions**

- Affiliate – Any person or entity that possesses an “affiliated interest” in a utility as defined by section 269-19.5, Hawaii Revised Statutes (“HRS”), including a utility’s parent holding company but excluding a utility’s subsidiary or parent which is also a regulated utility.
- Affiliate Team – Employees and consultants of an Affiliate who prepare a proposal to be submitted to the Company in response to a Company RFP.
- Company RFP – A written request for proposals issued by the Company to solicit bids from interested third-parties, and, where applicable, from Affiliate(s), to aggregate and deliver grid services to the Company pursuant to the competitive bidding process.
- Company RFP Team – The Company personnel and outside consultants responsible for the development of the Company’s RFPs conducted under the Framework and the evaluation of bids submitted in response to these RFPs.

- Competitive Bidding Code of Conduct Acknowledgement of Receipt (Acknowledgement) – A document that must be signed by all Company RFP Team members acknowledging receipt of the Code of Conduct and that person’s responsibility to comply with the Code.
- Confidential Information – Any non-public information developed and provided by the Company (i.e., proprietary system information, etc.) or bidders during the RFP process (such non-public information may include, for example, the identity of competing bidders, and their technical, trade or financial information). This term includes any material non-public information regarding the RFP process developed for and used during the competitive bidding solicitation process, such as the evaluation process or criteria. Confidential Information includes Confidential Resource Proposal Information and Confidential RFP Process Information but does not include public information, such as information in the Companies’ public filings with the Commission.
- Confidential Resource Proposal Information – Any non-public information developed and provided by, an Affiliate or third-party bidders during the RFP process (such non-public information may include, for example, the identity of competing bidders, and their technical, trade or financial information).
- Confidential RFP Process Information – Any non-public information regarding the RFP process developed and used during the competitive bidding solicitation process.
- Consumer Advocate – The Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, State of Hawai‘i.
- Grid Service Contract Manager – The staff position(s) within the Company’s Demand Response Division responsible for managing the Company RFP Team(s). The Grid Service Contract Manager shall be a member of the Company RFP Team he/she manages.
- Independent Observer – The neutral person or entity appointed by the Commission to monitor the Company's competitive bidding process, and to advise the Company and Commission on matters arising out of the competitive bidding process, as described in Part III.C of the Framework.
- Director of Renewables Acquisition Division – The supervisor of the Division within the Company responsible for the implementation of the competitive bidding process pursuant to the Framework. The Director of Renewables Acquisition Division shall be a member of the Company RFP Team.

### **Implementation and Application of the Code of Conduct**

Employees of the Company who will be involved in the competitive bidding process must comply with the Code of Conduct. The Company RFP Team must implement the Code of Conduct in order to be eligible to evaluate bids and select a preferred bidder. The Code of Conduct addresses: (1) communication requirements and procedures associated with the relationship between Company RFP personnel and bidders; (2) the express affirmation that a bid from an Affiliate and any communications with an Affiliate will be treated in the same manner as any other bid or communication from an independent third-party bidder; and (3) communication requirements associated with the relationship between Company management and the various entities involved in the competitive bidding process.

Finally, this Code of Conduct does not apply to communications and information shared between Company employees and an Affiliate in the normal course of their employment that is not associated with any active RFP.

## General Rules

1. Competitive Bidding Code of Conduct Acknowledgement of Receipt. Any employee (whether full-time, part-time, temporary or contract) or consultant involved in the competitive bidding process as a member of the Company RFP Team shall comply with the procedures outlined herein in order to be eligible to evaluate bids submitted in response to the Company RFP and must sign the Acknowledgement.
2. Any Affiliate Team Shall be Considered as an Independent Third-Party Bidder. Affiliate Teams shall be considered and treated as a separate third-party bidder for all purposes within any grid services RFP. There shall be no communication or interaction between the Company RFP Team and any Affiliate Team except as may be permitted under the Framework or this Code of Conduct and consistent in all respects with communications and interactions permitted with unaffiliated third-party proposers. Affiliate Teams shall have no access to, interaction or communications for the purpose of completing a proposal in response to any RFP with Company personnel for the purpose of completing a proposal in response to any grid services RFP. Affiliates of the Company shall also be subject to the terms, conditions and restrictions specified in the Company's Affiliate Transaction Requirements issued by the Commission, including the conflict of interest rules applicable to transfers of employees between the Company and any Affiliate.
3. Duty Not to Disclose Confidential Information Across Teams. Members of the Company RFP Team may work with members of an Affiliate on other projects not related to the Company RFP, but are prohibited from discussing or disclosing, directly or indirectly through a conduit, Confidential Information with: (i) disclosure between Company and Affiliate controlled by the Affiliate Transaction Rules ("ATRs"), or (ii) any Company employee, individual or entity without a business need to know. No transfer of an employee of the Company shall be used to circumvent this prohibition to create a conduit for the prohibited transfer of Confidential Information.
4. Access to Information During Bidding Period. It is the objective of the Company that all bidders, including the Affiliate Team, receive access to the same RFP information at the same time. All communications regarding the RFP will be provided to all bidders through the Company's RFP website or other specialized means of access established for purposes of administering the RFP. No members of the Affiliate Team will have access to such information before it is distributed to all potential bidders.
5. Duty Not to Disclose Confidential Resource Proposal Information During RFP Process. All Confidential Resource Proposal Information shall be held in confidence during the RFP evaluation and selection process and negotiation of contracts with selected bidders (if necessary), and shall not be discussed or exchanged by the Company RFP Team with any party except the bidder providing the information, Company management personnel responsible for resource decisions, Company RFP Team members, the Independent

Observer, and the Commission and the Consumer Advocate, and their respective staffs and consultants. Dissemination of such Confidential Resource Proposal Information shall be limited, to the extent possible, to those with a business need to know.

6. No Preferential Treatment. The Company RFP Team, when evaluating proposals will give all proposals the same consideration within the parameters of the particular RFP and the eligibility, threshold and evaluation requirements and criteria contained therein. Similarly, Affiliate Team bids will not be given any preferential or discriminatory treatment.
7. Applicability of Code. Any employee or consultant who directly or indirectly takes part in the conduct of the competitive bidding process, whether an employee of the Company or of a company under contract, shall comply with the requirements for treatment of Confidential Information obtained during the competitive bidding process. Such employee or consultant shall execute the Acknowledgement required under General Rule 1 above.
8. Rules for Evaluators. Any employee or consultant taking part in the evaluation of bids or in the process of selecting grid service suppliers (the "evaluator") must comply with the following rules:
  - a. In carrying out his or her responsibilities, the evaluator must make his/her decision based on the merits of the proposal and irrespective of all partisan considerations;
  - b. The evaluator must not accept any gifts, favors, entertainment or other advantages from any bidder;
  - c. The evaluator must hold in confidence all Confidential Information obtained through the bidding process;
  - d. Should the evaluator be directly contacted by any bidder, he/she must promptly relate such contact to the Grid Services Contract Manager, and, as applicable, the Independent Observer, if such contact could be deemed to have compromised the evaluation process.
9. Company Officer Certification of Code of Conduct Compliance. A Company officer, identified to the Independent Observer and the Commission, shall have the written authority and obligation to enforce the Code of Conduct. Such officer shall certify, by affidavit, Code of Conduct compliance by all employees participating in a specific RFP process after each specific RFP process ends.
10. Term. This Code of Conduct shall remain in effect until: (a) the final contract(s) for RFPs conducted under the Framework with the successful bidder(s) is/are executed or when written notice of termination of the RFPs to be conducted under the Framework is provided by the Director of Renewables Acquisition Division or his/her designee to the Independent Observer and the Commission; and (b) A certification of Code of Conduct compliance by all employees participating in the specific RFP process is submitted by affidavit by the Company Executive in Charge. The Code of Conduct shall remain in effect through all stages or phases of a particular RFP, regardless of the length of time between such stages or phases in the RFP.