

**Maui
Electric**

REQUEST FOR PROPOSALS
FOR
VARIABLE RENEWABLE DISPATCHABLE GENERATION
PAIRED WITH ENERGY STORAGE

ISLAND OF LĀNA‘Ī

NOVEMBER 27, 2019

Docket No. 2019-0178

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Chapter 1: Introduction and General Information

Maui Electric Company, Ltd. (“Maui Electric” or the “Company”) seeks proposals for the supply of qualified variable renewable dispatchable generation paired with energy storage for the Maui Electric System on the island of Lāna‘i in accordance with this Request for Proposals (“RFP”). The total amount of variable renewable dispatchable generation being solicited in this RFP is the capability to provide up to 20,800 megawatt hours (“MWh”) annually. However, this targeted amount will depend on the availability of the Lāna‘i Sustainability Research (“LSR”) and Mānele Bay Combined Heat and Power (“CHP”) facilities as further described in this RFP.

Affiliates of the Company may submit a proposal in response to this RFP subject to the requirements of this RFP. The Company may submit a sealed Proposal in response to this RFP (“Sealed SBO Proposal”) subject to the requirements of this RFP.

The Company is seeking Proposals for a photovoltaic (“PV”) project that is paired with an energy storage system in this RFP. The Company intends to contract for a single project through this RFP using its Model Renewable Dispatchable Generation Power Purchase Agreement (“RDG PPA”), which treats variable generation facilities as fully dispatchable. The Company has created a photovoltaic (“PV”) version of its RDG PPA attached as Appendix K to this RFP.¹

The successful Proposer will provide variable renewable dispatchable generation paired with energy storage to the Company pursuant to the terms of the RDG PPA, which will be subject to review and approval by the State of Hawai‘i Public Utilities Commission (“PUC”).

The Company will evaluate Proposals using the evaluation and selection process described in Chapter 4. The Company will evaluate and select a Proposal based on both price and non-price factors that impact the Company, its customers, and communities affected by the proposed Project.

All requirements necessary to submit a Proposal(s) are stated in this RFP. A description of the technical requirements for Proposers is included in the body of this RFP, Appendix B, and in the RDG PPA attached as Appendix K.

All capitalized terms used in this RFP shall have the meaning set forth in the glossary of defined terms attached as Appendix A. Capitalized terms that are not included in Appendix A shall have the meaning ascribed in this RFP.

1.1 Authority and Purpose of the Request for Proposals

- 1.1.1 This RFP is issued in response to Order No. 36776 issued on November 15, 2019 in Docket No. 2019-0178 as part of a procurement process established by the PUC.
- 1.1.2 This RFP is subject to Decision and Order (“D&O”) No. 23121 in Docket No. 03-0372 (To Investigate Competitive Bidding for New Generating Capacity in Hawai‘i), which sets forth the PUC’s Framework for Competitive Bidding (“Framework” or “Competitive Bidding Framework”).

¹ The RDG PPA for PV is available on the Company’s RFP website and through the PowerAdvocate platform for the RFP.

1.1.3 Proposers should review the Hawaiian Electric Companies’ Power Supply Improvement Plans, filed in Docket No. 2014-0183 on December 23, 2016 (“PSIP Update Report: December 2016” or “PSIP”). Consistent with the PSIP, the primary purpose of this RFP is to obtain variable renewable energy and energy storage so that the Company can continue to transform Lāna‘i’s power supply portfolio from fossil fuel-based generation to renewable-based generation to meet Hawai‘i’s 100% RPS requirement.

1.2 Scope of the RFP

1.2.1 The targeted amount of variable renewable dispatchable generation will be dependent on the availability of the LSR and CHP facilities. The following table identifies the different targeted amounts of variable renewable dispatchable generation that the Company will be seeking should it be determined that one or both of the LSR and CHP facilities be removed from service. The Company will work with Pūlama Lāna‘i, the owner of the LSR facility and contracting party for CHP, to determine the appropriate use of the LSR and CHP facilities based on the results of the RFP to ensure the optimal use of these assets and to determine if there is a potential to further reduce costs for the Company’s customers. This could include the removal of service of LSR and/or CHP or reducing the use of the facilities. The Company will consult with the Independent Observer as to the appropriate target amount based on the latest developments for the two projects at the time of the selection of the Final Award Group. In order to address this uncertainty in the targeted amount, Proposers are required to propose sizing variations for their Project that address each of the following four (4) possible variable renewable generation targets.

	CHP facility available	CHP facility not available
LSR facility available	Sizing Variation 1 13,300 MWh annually	Sizing Variation 3 18,300 MWh annually
LSR facility not available	Sizing Variation 2 15,800 MWh annually	Sizing Variation 4 20,800 MWh annually

1.2.2 Projects submitted in response to this RFP must be PV combined with storage projects that are located on the Site specified in Section 3.11. No other generation technologies or project locations may be proposed.

1.2.3 Each Proposal submitted in response to this RFP must represent a Project that is capable of meeting the requirements of this RFP without having to rely on the completion or implementation of any other Project.

1.2.4 Projects must interconnect to the Company’s System at the Miki Basin switchyard (See, Section 3.11 of Attachment 2, Appendix F).

- 1.2.5 No single point of failure from the Facility shall result in a decrease in net electrical output greater than a nominal 3.3 MW AC. Additionally, in meeting this requirement, the Facility must be segmented in equally sized capacities (MW). Each segment must have its own point of interconnection into the Miki Basin switchyard that can be independently dispatched via the Company's energy management system. Revisions would need to be made to the RDG PPA to account for multiple points of interconnection.
- 1.2.6 The contract for the project selected through this RFP shall use the RDG PPA, as described in Section 3.8. Under the RDG PPA, the Company will maintain exclusive rights to fully direct dispatch of the Facility, subject to availability of the resource and Section 1.2.8 below. The term of the PPA will be 20 years.
- 1.2.7 Proposals must be submitted with an energy storage component. The energy storage component can be charged during periods when full potential export of the generation Facility is not being dispatched by the Company and can be used to provide energy to the Company during other times that are beneficial to the system. The energy storage component must be sized to support the Facility's Allowed Capacity (in MW) for four (4) continuous hours throughout the term of the PPA.
- For example, for a 9.5 MW facility, the energy storage component must be able to store and discharge 38 MWh of energy in a cycle throughout the term of the PPA.
- 1.2.8 After the 5-year Investment Tax Credit ("ITC") recapture period has lapsed, the energy storage component must be capable of being 100% charged from the grid at the direction of the Company. Energy storage components that are incapable of claiming the ITC must be capable of being 100% charged from the grid from the GCOD.
- 1.2.9 The amount of energy discharged from the energy storage component in a year will be limited to the energy storage contract capacity (in MWh) multiplied by the number of Days in that year.
- 1.2.10 Proposals must specify a Guaranteed Commercial Operations Date ("GCOD") no later than December 31, 2023. Preference will be given to Proposals that specify an earlier GCOD during the non-price evaluation.
- 1.2.11 A Proposer's GCOD set forth in its Proposal will be the GCOD in any resulting PPA if such Proposal is selected to the Final Award Group. Proposers will not be able to request a change in the GCOD set forth in their Proposals.
- 1.2.12 The selected Proposer will be responsible for all Project costs throughout the term of the PPA, including but not limited to Project development, completion of an Interconnection Requirements Study ("IRS"), the cost of conducting a greenhouse gas analysis, land leasing, permitting, financing, construction of the Facility and all Interconnection Facilities, and operations and maintenance ("O&M").

- 1.2.13 The selected Proposer will be solely responsible for the decommissioning of the Project and the restoration of the Site upon the expiration of the PPA, as described in Attachment G, Section 7 of the RDG PPA.
- 1.2.14 The selected Proposer shall pursue all available applicable federal and state tax credits. Proposal pricing must be set to incorporate the benefit of such available federal tax credits. However, to mitigate the risk on Proposers due solely to potential changes to the state's tax credit law before a selected project reaches commercial operations, Proposal pricing shall be set without including any state tax credits. If a Proposal is selected, the PPA for the project will require the Proposer to pursue the maximum available state tax credit and remit tax credit proceeds to the Company for customers' benefit as described in Attachment J of the RDG PPA. The PPA will also provide that the Proposer will be responsible for payment of liquidated damages for failure to pursue the state tax credit.
- 1.2.15 Each Proposal submitted in response to this RFP must represent a Project that is capable of meeting the requirements of this RFP without having to rely on a proposed change in law, rule, or regulation.

1.3 Competitive Bidding Framework

Consistent with the Framework, this RFP outlines the Company's requirements in relation to the resources being solicited and the procedures for conducting the RFP process. It also includes information and instructions to prospective Proposers participating in and responding to this RFP.

1.4 Role of the Independent Observer

- 1.4.1 Part III.C.1 of the Framework sets forth the circumstances under which an Independent Observer is required in a competitive bidding process. The PUC has retained an Independent Observer both to advise and monitor the process for this RFP. All phases of the RFP process will be subject to the Independent Observer's oversight, and the Independent Observer will coordinate with PUC staff throughout the RFP process to ensure that the RFP is undertaken in a fair and unbiased manner. In particular, the Company will review and discuss with the Independent Observer decisions regarding the evaluation, disqualification, non-selection, and selection of Proposals.
- 1.4.2 The role of the Independent Observer, as described in the Framework, will include but is not limited to:
- Monitor all steps in the competitive bidding process
 - Monitor communications (and communications protocols) with Proposers
 - Monitor adherence to the Company's Code of Conduct
 - Submit comments and recommendations, if any, to the PUC concerning the RFP
 - Review the Company's Proposal evaluation methodology, models, criteria, and assumptions
 - Review the Company's evaluation of Proposals
 - Advise the Company on its decision-making
 - Participate in dispute resolution as set forth in Section 1.10

- Monitor contract negotiations with Proposers
- Report to the PUC on monitoring results during each stage of the competitive bidding process
- Provide an overall assessment of whether the goals of the RFP were achieved
- Monitor the ongoing discussions between Maui Electric and Pūlama Lāna‘i

1.4.3 The Independent Observer for this RFP is **Navigant Consulting, Inc.**

Navigant Consulting, Inc.
685 Third Avenue, 14th Floor
New York, NY 10017
Attn: Dia Dean Koujak

1.5 Communications Between the Company and Proposers – Code of Conduct Procedures Manual

1.5.1 Communications and other procedures under this RFP are governed by the “Code of Conduct Procedures Manual,” (also referred to as the “Procedures Manual”) developed by the Company as required by the Framework, and attached as Appendix C.

1.5.2 All pre-Proposal communication with prospective Proposers will be conducted via the Company’s RFP website, Electronic Procurement Platform, and/or electronic mail (“Email”) through the address specified in Section 1.6 (the “RFP Email Address”). Frequently asked questions submitted by prospective Proposers and the answers to those questions may be posted on the Company’s RFP website, or sent through either Email or the Electronic Procurement Platform to registered individuals. The Company reserves the right to respond only to comments and questions it deems are appropriate and relevant to the RFP. Proposers are advised to submit questions no later than fifteen Days before the Proposal Due Date (RFP Schedule in Section 3.1, Items 9 and 10). The Company will endeavor to respond to all questions no later than five Days before the Proposal Due Date.

1.5.3 After Proposals have been submitted, the Company may contact individual Proposers for purposes of clarifying their Proposal(s).

1.5.4 Any confidential information deemed by the Company, in its sole discretion, to be appropriate to share, will only be transmitted to the requesting party after receipt of a fully executed Mutual Confidentiality and Non-Disclosure Agreement (“NDA”). See Appendix E.

1.5.5 Except as expressly permitted and in the manner prescribed in the Procedures Manual, any unsolicited contact by a Proposer or prospective Proposer with personnel of the Company pertaining to this RFP is prohibited.

1.6 Company Contact for Proposals

The primary contact for this RFP is:

Dean Ono
Energy Contract Manager
Maui Electric Company, Limited
210 West Kamehameha Avenue
Kahului, Hawai'i 96732

RFP Email Address: lanacompetitivebidding@mauielectric.com

1.7 Proposal Submission Requirements

- 1.7.1 All Proposals must be prepared and submitted in accordance with the procedures and format specified in the RFP. Proposers are required to respond to all questions and provide all information requested in the RFP, as applicable, and only via the communication methods specified in the RFP.
- 1.7.2 Detailed requirements regarding the form, submission, organization and information for the Proposal are set forth in Chapter 3 and Appendix B.
- 1.7.3 In submitting a Proposal in response to this RFP, each Proposer certifies that the Proposal has been submitted in good faith and without fraud or collusion with any other unaffiliated person or entity. The Proposer shall acknowledge this in the Response Package submitted with its Proposal. Furthermore, in executing the NDA provided as Appendix E, the Proposer agrees on behalf of its Representatives (as defined in the NDA) that the Company's negotiating positions will not be shared with other Proposers or their respective Representatives.

In addition, in submitting a Proposal, a Proposer will be required to provide Company with its legal counsel's written certification in the form attached as Appendix B Attachment 1 certifying in relevant part that irrespective of any Proposer's direction, waiver, or request to the contrary, that the attorney will not share a Proposer's confidential information associated with such Proposer, including, but not limited to, such information such as a proposer's or Company's negotiating positions, with third parties unaffiliated with Proposer (by contract or organizational structure), including other proposers responding to the RFP. If legal counsel represents multiple unaffiliated Proposers whose Proposals are selected for the Final Award Group, such counsel will also be required to submit a similar certification at the conclusion of power purchase agreement negotiations that he or she has not shared a Proposer's confidential information or the Company's confidential information associated with such Proposer, including but not limited to, a Proposer's or Company's negotiating positions, with third parties unaffiliated with such proposer (by contract or organizational structure), including other Proposers responding to the RFP.

- 1.7.4 Proposals must be submitted by 2:00 pm Hawai'i Standard Time (HST) on the Proposal Due Date shown in the RFP Schedule in Section 3.1. IPP and Affiliate proposals must be submitted via the Electronic Procurement Platform. No hard copies of these Proposals will be accepted by the Company.² The Sealed SBO Proposal must be submitted in accordance with the instructions in Section 1.9.

It is the Proposer's sole responsibility to ensure that complete and accurate information has been submitted on time and consistent with the instructions of this RFP. With this assurance, Company shall be entitled to rely upon the completeness and accuracy of every Proposal. Any errors identified by the Proposer or Company after the Proposal Due Date has passed may jeopardize further consideration and success of the Proposal. If an error or errors are later identified, Company, in consultation with the Independent Observer, may permit the error(s) to be corrected without further revision to the Proposal, or may require Proposer to adhere to terms of the Proposal as submitted without correction. Additionally, and in Company's sole discretion, if such error(s) would materially affect the Final Award Group, Company reserves the right, in consultation with the Independent Observer, to remove or disqualify a Proposal upon discovery of the material error(s). The Proposer of such Proposal shall bear the full responsibility for such error(s) and shall have no recourse against Company's decision to address Proposal error(s), including removal or disqualification. The Energy Contract Manager, in consultation with the Independent Observer, will confirm that the sealed SBO Proposal is either delivered or postmarked by, and that any Affiliate Proposals are timestamped by, milestone (9) Sealed SBO Proposal and Affiliate Proposal Due Date in Section 3.1, Table 1. The PowerAdvocate Platform automatically closes to further submissions after milestone (10) IPP Proposal Due Date in Table 1.

1.8 Proposal Fee

- 1.8.1 IPP and Affiliate proposers are required to tender a non-refundable Proposal Fee of \$5,000 for each Proposal submitted.
- 1.8.2 Proposers must submit four (4) sizing variations for their Project to address the different energy targets identified in Section 1.2.1. A separate Proposal Fee will not be assessed for these sizing variations. All unique information for each sizing variation of a Proposal, no matter how minor, must be clearly identified and separated by following the instructions in Appendix B Section 3.
- 1.8.3 The Proposal Fee must be in the form of a cashier's check from a U.S.-chartered bank made payable to "Maui Electric Company, Ltd." and must be delivered and received by the Company by 2:00 pm (HST) on the Proposal Due Date shown in the RFP Schedule in Section 3.1. The check should include a reference to the Proposal(s) for which the Proposal Fee is being provided. Proposers are strongly encouraged to utilize a delivery service method that provides proof of delivery to validate delivery date and time.

² Affiliate Proposals have additional submission requirements to the PUC specified in Section 1.9 below.

If the Proposal Fee is delivered by U.S. Postal Service (with registered, certified, receipt verification), the Proposer shall address it to:

Dean Ono
Energy Contract Manager
Maui Electric Company, Limited
Mail Code KBY-IC
PO Box 398
Kahului, Hawai'i 96733

If the Proposal Fee is delivered in person, or via an alternative registered, certified delivery service, the Proposer shall use the address specified in Section 1.6.

1.9 Procedures for the Self-Build or Affiliate Proposals

- 1.9.1 The Competitive Bidding Framework allows the Company the option to offer a Proposal in response to this RFP (“Self-Build Option” or “SBO”). Accordingly, the Company must follow certain requirements and procedures designed to safeguard against and address concerns associated with: (1) preferential treatment of the SBO or members, agents, or consultants of the Company formulating the SBO (the “Self-Build Team”); and (2) preferential access to proprietary information to the Self-Build Team. These requirements are specified in the Code of Conduct required under the Framework and implemented by certain rules and procedures found in the Procedures Manual submitted to the PUC in Docket No. 2017-0352 on July 10, 2019. A copy of the Procedures Manual is attached as Appendix C.

The Competitive Bidding Framework also allows Affiliates of the Company to submit Proposals to RFPs issued by the Company. All Sealed SBO Proposals and Affiliate Proposals are subject to the Company’s Code of Conduct and the Procedures Manual. Affiliate Proposals are also subject to any applicable Affiliate Transaction Requirements issued by the PUC in Decision and Order No. 35962 on December 19, 2018, and subsequently modified by Order No. 36112, issued on January 24, 2019, in Docket No. 2018-0065. Affiliate Proposals will be treated identically to an IPP proposal, except that they are due at the same time as the Sealed SBO Proposal.

The Independent Observer will monitor adherence to the Company’s Code of Conduct and the Procedures Manual.

- 1.9.2 Pursuant to the Framework and as set forth in the RFP Schedule, the Company will require that Affiliate Proposals be submitted electronically through the Electronic Procurement Platform and filed with the PUC in hard copy a minimum of one (1) Day before IPP Proposals are due. Affiliate Proposals will be uploaded into the Electronic Procurement Platform in the same manner IPP Proposals from other Proposers are uploaded. The Energy Contract Manager, in consultation with the Independent Observer, will confirm that the Affiliate Proposals are timestamped by Milestone (9) Sealed SBO Proposal and Affiliate Proposal Due Date in RFP Table 1.

- 1.9.3 This RFP will permit only one (1) Proposal from the Self-Build Team, which will be submitted under seal and evaluated only upon certain conditions identified in Chapter 4. The Sealed SBO Proposal will not be submitted through the Electronic Procurement Platform, but rather must be submitted to the Company in hard copy to the contact and address identified in Section 1.8.4. A hard copy of the Sealed SBO Proposal must also be filed confidentially with the PUC in hard copy and submitted to the Independent Observer to the contact and address identified in Section 1.4.3. Pursuant to the Framework and as set forth in the RFP Schedule, these hard copies must be delivered or postmarked by the date and time identified in Milestone (10) Sealed SBO Proposal and Affiliate Proposal Due Date in RFP Table 1.

Detailed requirements for a Sealed SBO Proposal can be found in Appendix G. These requirements are intended to provide a level playing field between the Sealed SBO Proposal and third-party Proposals. Except where specifically noted, the Sealed SBO Proposal must adhere to the same price and non-price Proposal requirements as required of all Proposers, as well as certain PPA requirements, such as milestones and liquidated damages, as described in Appendix G. In addition to its Sealed SBO Proposal, the Self-Build Team will be required to submit Appendix G Attachment 1, Self-Build Option Team Certification Form, acknowledging it has followed the rules and requirements of the RFP to the best of its ability and has not engaged in any collusive actions or received any preferential treatment or information providing an impermissible competitive advantage to the Self-Build Team over other proposers responding to this RFP, as well as adherence to PPA terms and milestones required of all proposers and the SBO's proposed cost protection measures.

The cost recovery methods between a regulated utility Sealed SBO Proposal and IPP Proposals are fundamentally different due to the business environments they operate in. As a result, the Company has instituted a process to compare the two types of proposals for the evaluation of the price related criteria on a 'like' basis through comparative analysis.

At the core of a Sealed SBO Proposal are its total project capital cost and any associated annual operations and maintenance ("O&M") costs. If the Sealed SBO Proposal is evaluated, its capital costs³ and O&M costs will be used in a revenue requirement calculation to determine the estimated revenues needed from ratepayers which would allow the Company to recover the total cost of the project. The SBO revenue requirements are then used in a levelized price calculation to determine a Levelized Energy Price ("LEP") (\$/MWh).

The Company, in conjunction with the Independent Observer, may also conduct a risk assessment of the Sealed SBO Proposal to ensure an appropriate level of customer cost protection measures are included in such Proposal.

³ Sealed SBO Proposals will be required to provide a table identifying project costs by year. These capital costs should be all inclusive, including but not limited to costs associated with equipment, Engineering, Procurement, and Construction (EPC), interconnection, overhead, and Allowance for Funds Used During Construction (AFUDC).

The SBO will be permitted to submit a shared savings mechanism with its Proposal to share in any cost savings between the amount of cost bid in the Sealed SBO Proposal and the actual cost to construct the Project. If the Sealed SBO Proposal is selected to the Final Award Group, the proposed shared savings mechanism will need to be approved by the PUC. Submission of a shared savings mechanism is not required and will not be considered in the evaluation of the Sealed SBO Proposal.

1.10 Dispute Resolution Process

- 1.10.1 If disputes arise under the RFP, the provisions of Section 1.10 and the dispute resolution process established in the Framework will control. See Part V of the Framework.
- 1.10.2 Proposers who challenge or contest any aspect of the RFP process must first attempt to resolve their concerns with the Company and the Independent Observer (“Initial Meeting”). The Independent Observer will seek to work cooperatively with the parties to resolve any disputes or pending issues and may offer to mediate the Initial Meeting to resolve disputes prior to such issues being presented to the PUC.
- 1.10.3 Any and all disputes arising out of or relating to the RFP which remain unresolved for a period of twenty (20) Days after the Initial Meeting takes place may, upon the agreement of the Proposer and the Company, be submitted to confidential mediation in Honolulu, Hawai‘i, pursuant to and in accordance with the Mediation Rules, Procedures, and Protocols of Dispute Prevention Resolution, Inc. (“DPR”) (or its successor) or, in its absence, the American Arbitration Association then in effect (“Mediation”). The Mediation will be administered by DPR. If the parties agree to submit the dispute to Mediation, the Proposer and the Company shall each pay fifty percent (50%) of the cost of the Mediation (i.e., the fees and expenses charged by the mediator and DPR) and shall otherwise each bear their own Mediation costs and attorneys’ fees.
- 1.10.4 If settlement of the dispute is not reached within sixty (60) Days after commencement of the Mediation, or if after the Initial Meeting, the parties do not agree to submit any unresolved disputes to Mediation, then as provided in the Framework, the Proposer may submit the dispute to the PUC in accordance with the Framework.
- 1.10.5 In accordance with the Framework, the PUC will serve as the arbiter of last resort for any disputes relating to this RFP involving Proposers. The PUC will use an informal expedited dispute resolution process to resolve the dispute within thirty (30) Days, as described in Parts III.B.8 and V of the Framework.⁴ There will be no right to hearing or appeal from this informal expedited dispute resolution process.

⁴ The informal expedited dispute resolution process does not apply to PUC review of contracts that result from the RFP. See Decision and Order No. 23121 at 34-35. Further, the informal expedited dispute resolution process does not apply to the Framework’s process relating to issuance of a draft and final RFP, and/or to the PUC approval of the RFP because: (1) the Framework (and the RFP) set forth specific processes whereby interested parties may provide input through the submission of comments; and (2) the Framework’s dispute resolution process applies to “Bidders” and there are no “Bidders” at this stage in the RFP process.

1.10.6 If any Proposer initiates a dispute resolution process for any dispute or claim arising under or relating to this RFP, other than that permitted by the Framework and Section 1.10 (e.g., a court proceeding), then such Proposer shall be responsible for any and all attorneys' fees and costs that may be incurred by the Company or the PUC in order to resolve such claim.

1.11 No Protest or Appeal

Subject to Section 1.10, no Proposer or other person will have the right to protest or appeal any award of a Project made by the Company.

By submitting a Proposal in response to the RFP, the Proposer expressly agrees to the terms and conditions set forth in this RFP.

1.12 Modification or Cancellation of the Solicitation Process

1.12.1 Unless otherwise expressly prohibited, the Company may, at any time up to the final execution of an RDG PPA, as may be applicable, in consultation with the Independent Observer, postpone, withdraw, and/or cancel any requirement, term, or condition of this RFP, including deferral of the award or negotiation of any contract, and/or cancellation of the award all together, all of which will be without any liability to the Company.

1.12.2 The Company may modify this RFP subject to requirements of the Framework, whereby the modified RFP will be reviewed by the Independent Observer and submitted to the PUC thirty (30) Days prior to its issuance, unless the PUC directs otherwise. See Framework Part IV.B.10. The Company will follow the same procedure with regard to any potential postponement, withdrawal, or cancellation of the RFP or any portion thereof.

1.13 Community Outreach

The Company held a community meeting on Lāna‘i to explain the RFP process and the Company's intent to procure a PV with storage project on the island of Lāna‘i. At the community meeting, the Company solicited feedback from the community of Lāna‘i regarding the RFP process and planned procurement. The Company has provided the comments received at the meeting in Appendix J. Proposers are encouraged to review such comments and take such comments into account when developing Proposals in response to this RFP.

Chapter 2: Resource Needs and Requirements

2.1 Performance Standards

Proposals must meet the attributes set forth in this RFP and the requirements of the RDG PPA. This RFP and the RDG PPA set forth the minimum requirements that all Proposals must satisfy to be eligible for consideration in this RFP. Additional Performance Standards may be required based on the results of the IRS.

Facilities must be able to operate in grid-forming mode when directed by the Company as defined in the RDG PPA.

Black start capability is preferred. Proposals will need to identify⁵ any incremental costs to enable their facility to be black start capable, if not already enabled.

The functionality and characteristics of the storage must be maintained throughout the term of the PPA. To be clear, Proposers may not propose any degradation for either capacity or efficiency in their Proposals.

2.2 Distribution System Information

The Company has performed a preliminary evaluation of the Distribution System which indicates that a PV project of the requested size is able to be supported at the Miki Basin switchyard. A detailed IRS will be required to assess whether additional system mitigation measures will be required to integrate any specific project selected through this RFP. Per Section 3.11 and Appendix F, projects must interconnect to the Miki Basin switchyard. The estimated configuration of the interconnection is provided in Appendix H. Any questions regarding the interconnection may be directed to the RFP Email Address in Section 1.6.

2.3 Interconnection to the Company System

2.3.1 The Interconnection Facilities include both: (1) Seller-Owned Interconnection Facilities; and (2) Company-Owned Interconnection Facilities.

2.3.2 All Proposals must include a description of the Proposer's plan to transmit power from the Facility to the Company System. The proposed Interconnection Facilities must be compatible with the Company System. In the design, Projects must adequately consider Company requirements to address impacts on the performance and reliability of the Company System.

2.3.2.1 In addition to the Performance Standards and findings of the IRS, the design of the Interconnection Facilities, including power rating, Point(s) of Interconnection with the Company System, and scheme of interconnection, must meet Company standards. The Company will provide its construction standards and procedures to the Proposer (Engineer, Procure, Construct Specifications for Hawaiian Electric Power Lines and Substations) if requested via the RFP Email Address in Section 1.6 and upon the execution of an NDA as specified in Section 3.12.1. These specifications are intended to illustrate the scope of work typically required to administer and perform the design and construction of a Maui Electric substation and power line.

⁵ If black start is not already enabled for the Proposal, any additional costs necessary to enable black start will be identified in the submission instructions defined in Appendix B.

- 2.3.2.2 Interconnection Facilities must be designed such that, with the addition of the Facility, the Company System can meet all relevant Distribution Planning Criteria⁶ and any amendments thereto.
- 2.3.3 Tariff Rule No. 19, a copy of which is attached as Appendix I, establishes provisions for Interconnection and Transmission Upgrades. While the Lāna‘i System does not have a traditional Transmission System, the tariff provisions are intended to simplify the rules regarding who pays for, installs, owns, and operates interconnection facilities in the context of competitive bidding. Proposers will be required to build the Company-Owned Interconnection Facilities, including any potential line extensions, except for any work in the Company’s existing energized facilities and the final tap. Construction of Company-Owned Interconnection Facilities by the Proposer must comply with industry standards, laws, rules, and licensing requirements, as well as the Company’s specific construction standards and procedures that the Company will provide upon request. (See Section 2.3.1.) Attachment A of Appendix I is provided to illustrate certain defined terms in Appendix I and does not represent the Company’s design requirements. The design of all Interconnection Facilities will be subject to the requirements outlined in Section 2.3.2.1.
- 2.3.4 The Proposer shall be responsible for all costs required to interconnect a Project to the Company System, including all Seller-Owned Interconnection Facilities and Company-Owned Interconnection Facilities.
- 2.3.5 Proposers are required to include in their pricing proposal all costs for interconnection and distribution equipment expected to be required between their Facility and their proposed Point of Interconnection. Appendix H includes information related to Company-Owned Interconnection Facilities and costs that may be helpful to Proposers.
- The selected Proposer shall be responsible for the actual final costs of all Seller-Owned Interconnection Facilities and Company-Owned Interconnection Facilities, whether or not such costs exceed the costs set forth in a Proposer’s Proposal. No adjustments will be allowed to the proposed price in a Proposal if actual costs for Interconnection Facilities exceed the amounts proposed.
- 2.3.6 Proposers are required to include in their pricing proposal all costs for distribution-level service interconnection for station power.
- 2.3.7 All Projects will be screened for general readiness to comply with the requirements for interconnection. The selected Proposal will be subject to further study in the form of an IRS. The IRS process is further described in Section 5.1. The results of the completed IRS, as well as any mitigation measures identified, will be incorporated into the terms and conditions of a final executed PPA.

⁶ MECO – Criteria for Distribution Substation and Feeder Planning.

Chapter 3: Instructions to Proposers

3.1 Schedule for the Proposal Process

Table 1 sets forth the schedule for the proposal process (the “RFP Schedule”). The Company reserves the right to revise the RFP Schedule as necessary. Changes to the RFP Schedule prior to the RFP Proposal Due Date will be posted to the RFP website. Changes to the RFP Schedule after the Proposal Due Date will be communicated via email or via the Electronic Procurement Platform to the Proposers.

**Table 1
RFP Schedule**

Milestone	Schedule Dates
(1) Draft RFP is filed	August 6, 2019
(2) PUC Opened Docket No. 2019-0178	August 29, 2019
(3) PUC Status Conference	September 5, 2019
(4) Consumer Advocate and Company Comments Filed	October 7, 2019
(5) Commission’s Order Approving Draft RFP, with Modifications	November 15, 2019
(6) Company’s submission of Final RFP	November 27, 2019
(7) Final RFP is Issued and Opened in Power Advocate	December 2, 2019
(8) Proposer’s Conference Webinar (posted to Company’s website)	December 9, 2019
(9) Sealed SBO Proposal and Affiliate Proposal Due Date	January 30, 2020 at 2:00 pm HST ⁷
(10) IPP Proposal Due Date	January 31, 2020 at 2:00 pm HST
(11) Selection of Final Award Group	March 31, 2020
(12) Contract Negotiations Start	April 7, 2020

3.2 Company RFP Website/Electronic Procurement Platform

3.2.1 The Company has established a website for general information to share with potential Proposers. The RFP website is located at the following link:

www.mauielectric.com/lanacompetitivebidding

The Company will provide general notices, updates, schedules and other information on the RFP website throughout the process. Proposers should check the website frequently to stay abreast of any new developments. This website will also contain the link to the Electronic Procurement Platform employed by the Company for the receipt of Proposals.

⁷ An SBO or Affiliate Proposal must also be filed in hard copy form with the PUC a minimum of one (1) Day before other Proposals are due.

“Sourcing Intelligence” developed by Power Advocate is the Electronic Procurement Platform that the Company has licensed and will utilize for this RFP. Proposers who do not already have an existing account with PowerAdvocate and who intend to submit a Proposal for this RFP will need to register as a “Supplier” with PowerAdvocate.

- 3.2.2 There are no license fees, costs, or usage fees to Proposers for the use of the Electronic Procurement Platform.

See [Appendix D](#) for user information on and screenshots of PowerAdvocate’s Sourcing Intelligence procurement platform.

3.3 Status Conference

The Commission held a status conference on September 5, 2019 to allow the Companies to propose plans for the draft Lāna‘i and Moloka‘i RFPs and to respond to questions from the Commission, the Consumer Advocate and stakeholders. The Companies’ presentation was made available on the Companies’ RFP Website. The Commission also solicited comments from stakeholders on the Companies’ Draft Lāna‘i and Moloka‘i RFPs on September 6, 2019 before releasing its Order No. 36776 approving the draft RFPs with modifications on November 15, 2019.

Following issuance of the RFP, the Company will also post a prerecorded webinar (“Proposer’s Conference Webinar”) for prospective Proposers to learn about the provisions and requirements of the Company’s final RFP. A link to the webinar will be posted on the Companies’ website.

Prospective Proposers may continue submitting written questions regarding the RFP to the RFP Email Address set forth in [Section 1.6](#). The Company will endeavor to address all questions that will be helpful to prospective Proposers via a Q&A section on the RFP website.

Prospective Proposers should review the RFP Website’s Q&A section prior to submission of their Proposal. Duplicate questions will not be answered.

3.4 Preparation of Proposals

- 3.4.1 Each Proposer shall be solely responsible for reviewing the RFP (including all attachments and links) and for thoroughly investigating and informing itself with respect to all matters pertinent to this RFP, the Proposer’s Proposal, and the Proposer’s anticipated performance under the RDG PPA. It is the Proposer’s responsibility to ensure it understands all requirements of the RFP, to seek clarification if the RFP’s requirements or Company’s request is not clear, and to ask for any confirmation of receipt of submission of information. Under [Section 1.7.4](#), the Proposer is solely responsible for all errors in its Proposal(s). The Company will not accept any explanation by a Proposer that it was incumbent on the Company to catch any error.

- 3.4.2 Proposers shall rely only on official information provided by the Company in this RFP when preparing their Proposal. The Company will rely only on the information included in the Proposals and additional information solicited by the Company to Proposers in the

format requested, to evaluate the Proposals received. Evaluation will be based on the stated information in this RFP and on information submitted by Proposers in response to this RFP. Proposal submissions should not reference previous RFP submissions for support. Proposers also should not assume that any previous RFP decisions/preferences will also pertain to this RFP.

- 3.4.3 Each Proposer shall be solely responsible for, and shall bear all of its costs incurred in the preparation of its Proposal and/or its participation in this RFP, including, but not limited to, all costs incurred with respect to the following: (1) review of the RFP documents; (2) meetings with the Company; (3) Site visits; (4) third-party consultant consultation; and (5) investigation and research relating to its Proposal and this RFP. The Company will not reimburse any Proposer for any such costs, including the selected Proposer.
- 3.4.4 Each Proposal must contain the full name and business address of the Proposer and must be signed by an authorized officer or agent⁸ of the Proposer.

3.5 Organization of the Proposal

The Proposal must be organized as specified in Appendix B. It is the Proposer's responsibility to ensure the information requested in this RFP is submitted and contained within the defined Proposal sections as specified in Appendix B.

3.6 Proposal Limitations

Proposers expressly acknowledge that Proposals are submitted subject to the following limitations:

The RFP does not commit or require the Company to award a contract, pay any costs incurred by a Proposer in the preparation of a Proposal, or procure or contract for products or services of any kind whatsoever. The Company reserves the right, in consultation with the Independent Observer, to accept or reject, in whole or in part, any or all Proposals submitted in response to this RFP, to negotiate with any or all Proposers eligible to be selected for award, or to withdraw or modify this RFP in whole or in part at any time.

- The Company reserves the right, in consultation with the Independent Observer, to request additional information from any or all Proposers relating to their Proposals or to request that Proposers clarify the contents of their Proposals. Proposers who are not responsive to such information requests may be eliminated from further consideration upon consultation with the Independent Observer.
- The Company reserves the right, in consultation with the Independent Observer, to solicit additional Proposals from Proposers after reviewing the initial Proposals.

⁸ Proposer's officer or agent must be authorized to sign the Proposal. Such authorization must be in writing and may be granted via Proposer's organizational documents (i.e., Articles of Incorporation, Articles of Organization, By-laws, etc.), resolution, or similar documentation.

Other than as provided in this RFP, no Proposer will be allowed to alter its Proposal or add new information to a Proposal after the Proposal Due Date.

- All material submitted in response to this RFP will become the sole property of the Company, subject to the terms of the NDA.

3.7 Proposal Compliance and Bases for Disqualification

Proposers may be deemed non-responsive and/or Proposals may not be considered for reasons including, but not limited to, the following:

- Any unsolicited contact by a Proposer or prospective Proposer with personnel of the Company pertaining to this RFP as described in Section 1.5.5.
- Any illegal or undue attempts by or on behalf of the Proposer or others to influence the Proposal Review process.
- The Proposal does not meet one or more of the Eligibility Requirements specified in Section 4.2.
- The Proposal does not meet one or more of the Threshold Requirements specified in Section 4.3.
- The Proposal is deemed to be unacceptable through a fatal flaws analysis as described in Section 4.4.2.
- The Proposer does not respond to a Company request for additional information to clarify the contents of its Proposal within the timelines specified by the Company.
- The Proposal contains misrepresentations or errors.

3.8 Power Purchase Agreement

- 3.8.1 The Power Purchase Agreement for proposals selected under this RFP will be in the form of the RDG PPA, attached as Appendix K.
- 3.8.2 If selected, any Affiliate Proposer will be required to enter into the RDG PPA with the Company.
- 3.8.3 If selected, a Self-Build Proposer will not be required to enter into a PPA with the Company. However, the Sealed SBO Proposal will be held to the same performance metrics and milestones set forth in the RDG PPA to the same extent as all Proposers, as attested to in the SBO's Appendix G, Attachment 1, Self-Build Option Certification submittal. If liquidated damages are assessed, they will be paid from shareholder funds and returned to customers through the Purchased Power Adjustment Clause ("PPAC") or other appropriate rate adjustment mechanisms.

To retain the benefits of operational flexibility in a Company-owned facility, the Sealed SBO Proposal will be permitted to adjust operational requirements and performance metrics with the approval of the PUC. The process for adjustment would be similar to a negotiated amendment to a PPA with PUC approval.

- 3.8.4 In general, under the RDG PPA, payment to the Seller contains two parts: a Lump Sum Payment component to cover the fixed costs of the Project and a Price for Purchase of Electric Energy component (\$/MWh component) to cover variable operations and maintenance costs (if applicable, depending on the resource). In return, the Seller shall guarantee minimum performance and availability metrics to ensure that the Facility is maintained and available for energy storage and dispatch, as well as provide an indication of the available energy in near real-time for the Company's dispatch. Company shall not be obligated to accept, nor shall it be required to pay for test energy generated by the Facility during acceptance testing or other test conditions.
- 3.8.5 As described in Section 2.1, the Performance Standards identified in the RDG PPA establish the minimum requirements a Proposal must satisfy to be eligible for consideration in this RFP. A proposed Facility's ability to meet these Performance Standards is both a Threshold Requirement and a Non-Price Related Criteria under Sections 4.3 and 4.4.2, respectively. As such, the Performance Standards included in the RDG PPA are non-negotiable. Proposers may propose modifications to other sections of the RDG PPA but are encouraged to accept such terms as written in order to expedite the overall RFP process and potential contract negotiations. As a component of their Proposals, Proposers who elect to propose modifications shall provide a Microsoft Word red-line version of the relevant document identifying specific proposed modifications to the model language that the Proposer is agreeable to, as well as a detailed explanation and supporting rationale for each modification.
- 3.8.5.1 General comments, drafting notes and footnotes such as "parties to discuss" are unacceptable and will be considered non-responsive. Proposed modifications to the RDG PPA will be evaluated as a non-price evaluation criterion as further described in Section 4.4.2. In order to facilitate this process, the Company will make available an electronic version of the model agreement on the RFP website and through the PowerAdvocate platform for the RFP. Any proposed modifications to the RDG PPA will be subject to negotiation between the Company and the Final Award Group. As stated above, since general comments, drafting notes, and footnotes without accompanying specific proposed language modifications are unacceptable and non-responsive, the Company will not negotiate provisions simply marked by such general comments, drafting notes, and footnotes.
- 3.8.6 Proposals that do not include specific proposed modifications to the attached RDG PPA will be deemed to have accepted the RDG PPA in its entirety.

3.9 Pricing Requirements

- 3.9.1 Proposers must submit pricing for each of their sizing variations associated with each Proposal. Proposers are responsible for understanding the terms of the RDG PPA.

Pricing cannot be specified as contingent upon other factors (e.g., changes to federal tax policy or receiving all Investment Tax Credits assumed).

- 3.9.2 Escalation in pricing over the term of the RDG PPA is prohibited.
- 3.9.3 Pricing information must only be identified within specified sections of the Proposal instructed by this RFP's Appendix B Proposer's Response Package (i.e., Proposal pricing information must be contained within defined Proposal sections of the Proposal submission). Pricing information contained anywhere else in a Proposal will not be considered during the evaluation process.
- 3.9.4 The Proposer's Response Package must include the following prices for each Proposal (and sizing variation):

For IPP or Affiliate proposals:

- **Lump Sum Payment (\$/year):** Payment amount for full dispatchability of the Facility. Payment will be made in monthly increments.
- **Price for Purchase of Electric Energy (\$/MWh):** Payment for delivery of net energy sourced from the variable generation resource, if applicable. No Energy Payment will be provided for any energy delivery that is sourced originally from the grid (Company's System).
- **Black Start (\$):** If the Facility is not already black start enabled, the incremental cost required to enable black start.

For the Sealed SBO Proposal:

- **Total Project Capital Costs (\$/year):** Total capital costs for the project (identified by year).
- **Annual O&M Costs (\$/year):** Initial year operations and maintenance costs, annual escalation rate.
- **Annual Revenue Requirement (\$/year):** Annual revenue requirements (ARR) calculated for each year.
- **Black Start (\$):** If the Facility is not already black start enabled, the incremental cost required to enable black start.

Additional description and detail on the Total Project Capital Costs, Annual O&M Costs, and Annual Revenue Requirement for the Sealed SBO Proposal is located in Appendix G.

- 3.9.5 As identified in the Schedule of Defined Terms in the PPA under "BESS Allocated Portion of the Lump Sum Payment", the allocated portion of the Lump Sum Payment

specified for energy storage for the Facility is 50% and shall be a non-negotiable percentage in the PPA.

3.10 Project Description

- 3.10.1 Proposals are required to provide a NEP RFP Projection for the Project. The NEP RFP Projection associated with the proposed Project represents the estimated annual net energy (in MWh) that could be produced by the Facility and delivered to the Point of Interconnection over a ten-year period with a probability of exceedance of 95%. The proposed Project's energy storage component should not be factored into the NEP RFP Projection. Any losses that may be incurred from energy being stored and then discharged from the energy storage component or any energy that may be diverted to the energy storage component due to generation in excess of the Facility's Allowed Capacity should not be factored into the NEP RFP Projection. The NEP RFP Projection should assume that all energy is being directly exported to the Lāna'i System. The NEP RFP Projection will be used in the RFP evaluation process and therefore Proposers will be held to their provided value.⁹
- 3.10.2 Proposers must provide all information pertaining to the design, development, and construction of the Interconnection Facilities as specified in Appendix B.
- 3.10.3 Each Proposer must also agree to provide Project financial information, including proposed Project finance structure information specified in Appendix B. Such information will be used to evaluate Threshold Requirements and non-price criteria (e.g., Financial Viability of Proposer, Financial Strength and Financing Plan, State of Project Development and Schedule) set forth in Sections 4.3 and 4.4.2. Upon selection, the Final Award Group may be requested to provide further detailed cost information if requested by the PUC or the Consumer Advocate as part of the PPA approval process. If requested, such information would be provided to the PUC, Consumer Advocate, and Company pursuant to a protective order in the docket.
- 3.10.4 The Proposer agrees that no material changes or additions to the Facility from what is submitted in its Proposal will be made without the Proposer first having obtained prior written consent from the Company. Evaluation of all Proposals in this RFP is based on the information submitted in each Proposal at the Proposal Due Date. If any Proposer requests any Proposal information to be changed after that date, the Company, in consultation with the Independent Observer, and in consideration of whether the evaluation is affected, will determine whether the change is permitted.

⁹ If a PPA is executed between the Company and the selected Proposer, the NEP RFP Projection will be further evaluated at several steps throughout the process as set forth in the RDG PPA, and adjustments to the Lump Sum Payment will be made accordingly. Additionally, because the Company will rely on an accurate representation of the NEP RFP Projection in the RFP evaluation, a one-time liquidated damage as described in the RDG PPA will be assessed if the First NEP benchmark is less than the Proposer's NEP RFP Projection. After the Facility has achieved commercial operations, the performance of the Facility will be assessed on a continuing basis against key metrics identified in the RDG PPA. See Article 2 and Attachment U of the RDG PPA.

3.11 Project Site

All proposals must be sited on a pre-determined Project Site owned by Pūlama Lāna‘i, referred to as the Pūlama Site. The available area is approximately fifty (50) acres and is located adjacent to Miki Road approximately a mile from the airport.

The selected Proposer will be required to execute a lease for the Pūlama Site coterminous with the term of the PPA with the landowner. A draft copy of the proposed form of lease is included as Attachment 2 to Appendix F. The terms of the lease will be negotiable with the landowner.

The Company has contracted with Fewell Geotechnical Engineering, Ltd and Cultural Services Hawai‘i to perform preliminary investigations at the Pūlama Site and is willing to share the geotechnical and the archaeological field investigation reports (“Information”) with interested Proposers. The Information will be available no later than December 6, 2019. Requests for copies of these reports must be sent to the RFP email address, and the reports will be made available to Proposers only after a Proposer’s submission of an executed NDA. More information regarding these reports and the Pūlama Site can be found in Appendix F of this RFP.

The Company, in conjunction with Pūlama Lāna‘i, is offering potential Proposers the opportunity to visit the Pūlama Site and the Company’s existing Miki Basin facility on December 18, 2019. Additional details and requirements for this site visit will be posted to the Company’s RFP website.

3.12 Confidentiality

- 3.12.1 Each prospective Proposer must submit an executed NDA (specific to the Lāna‘i Variable Renewable Dispatchable Generation Paired with Energy Storage RFP) in the form attached as Appendix E by the Proposal Due Date specified in the RFP Schedule in Section 3.1. The form of the NDA is not negotiable. Information designated as confidential by the Company will be provided on a limited basis, and only those prospective Proposers who have submitted an executed NDA will be considered. Proposers must clearly identify all confidential information in their Proposals. However, Proposers should designate as confidential only those portions of their Proposals that genuinely warrant confidential treatment. The Company discourages the practice of marking every page of a Proposal as confidential. The Company will make reasonable efforts to protect any such information that is clearly marked as confidential. Consistent with the terms of the NDA, the Company reserves the right to share any information, even if marked confidential, with its agents, contractors, or the Independent Observer for the purpose of evaluating the Proposal and facilitating potential contract negotiations.
- 3.12.2 Proposers, in submitting any Proposal(s) to Company in response to this RFP, certify that such Proposer has not shared its Proposal(s), or any part thereof, with any other Proposer of a Proposal(s) responsive to this RFP.

3.12.3 The Company will request that the PUC issue a Protective Order to protect confidential information provided by Proposers to the Company and to be filed in a proceeding before the PUC. A copy of the Protective Order, once issued by the PUC, will be provided to Proposers. Proposers should be aware that the Company may be required to share certain confidential information contained in Proposals with the PUC, State of Hawai'i Department of Commerce and Consumer Affairs, Division of Consumer Advocacy, and the parties to any docket instituted by the PUC, provided that recipients of confidential information have first agreed in writing to abide by the terms of the Protective Order. Notwithstanding the foregoing, no Proposer will be provided with Proposals from any other Proposer, nor will Proposers be provided with any other information contained in such Proposals or provided by or with respect to any other Proposer.

3.13 Credit Requirements Under the PPA

- 3.13.1 The Proposer with whom the Company concludes PPA contract negotiations with must post Development Period Security and Operating Period Security in the form of an irrevocable standby letter of credit from a bank chartered in the United States as required and set forth in Article 14 of the RDG PPA.
- 3.13.2 The Development Period Security and Operating Period Security identified in the RDG PPA are minimum requirements. Proposers shall not propose an amount lower than that set forth in the RDG PPA.
- 3.13.3 Each Proposer shall be required to provide a satisfactory irrevocable standby letter of credit in favor of the Company from a bank chartered in the United States to guarantee Proposer's payment of interconnection costs for all Company-Owned Interconnection Facilities in excess of the Total Estimated Interconnection Costs and/or all relocation costs in excess of Total Estimated Relocation Costs that are payable to Company as required and set forth in Attachment G to the RDG PPA.
- 3.13.4 Proposers may be required to provide an irrevocable standby letter of credit in favor of the Company from a bank chartered in the United States in lieu of the required Source Code Escrow in an amount and as required and set forth in Attachment B to the RDG PPA.

Chapter 4: Evaluation Process and Evaluation Criteria

4.1 Proposal Evaluation and Selection Process

As set forth in Section 1.9.3 above, the Company's Sealed SBO Proposal will only be unsealed and evaluated if certain conditions arise. In the absence of any one of these conditions, the Company will evaluate the other IPP and Affiliate Proposals received in response to this RFP in accordance with this Chapter 4 in determining the Final Award Group and will not open or evaluate the Sealed SBO Proposal. Should one of the following conditions arise, the Company's Sealed SBO Proposal will be opened and evaluated in the same manner as described in this Chapter 4. These conditions are that:

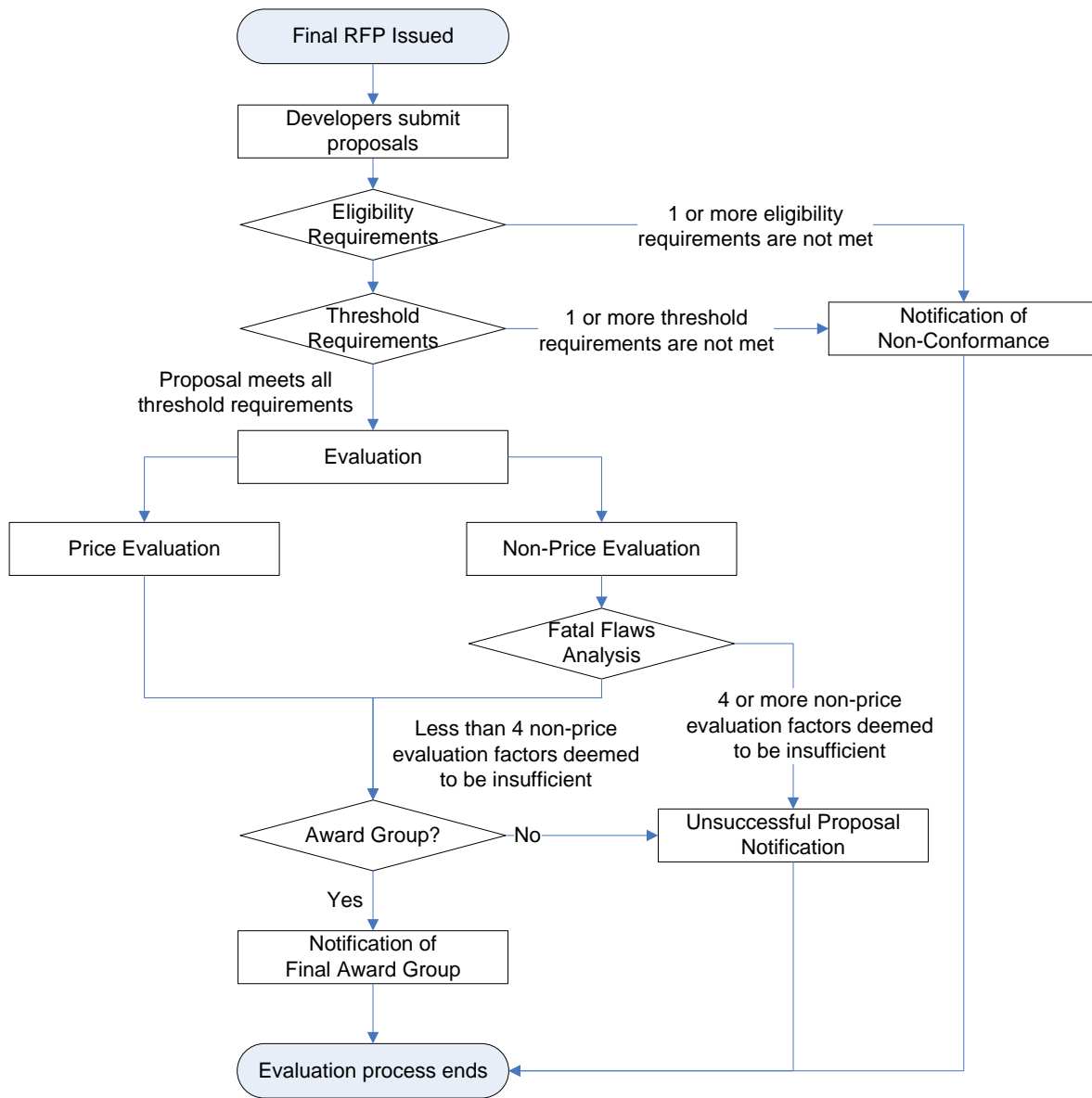
(1) there are no IPP or Affiliate Proposals received in response to this RFP, (2) there are no Eligible Proposals that remain after reviewing the Eligibility and Threshold Requirements, (3) all Eligible Proposals fail to pass the fatal flaws analysis during the Non-Price criteria evaluation, or (4) all Eligible Proposals that pass the fatal flaws analysis do not provide a customer benefit in the form of a tangible rate reduction as determined through consultation with the Independent Observer. The Company's Sealed SBO Proposal will need to meet the RFP's Eligibility and Threshold Requirements, pass the fatal flaws analysis, and provide a customer benefit in the form of a tangible rate reduction, as determined through consultation with the Independent Observer, in order to be selected to the Final Award Group.

The Company will employ a multi-step evaluation process. Once the Proposals are received, the Proposals will be subject to a consistent and defined review, evaluation, and selection process. This Chapter provides a description of each step of the process, along with the requirements of Proposers at each step. Figure 1 sets forth the flowchart for the proposal evaluation and selection process.

Upon receipt of the Proposals, the Company will ensure that the Proposals meet the Eligibility Requirements, and if so, will review the Proposals to ensure that the Threshold Requirements have been met. The Company, in coordination with the Independent Observer will determine if a Proposer is allowed to cure any aspect of its Proposal or whether the Proposal would be eliminated based on failure to meet either Eligibility or Threshold Requirements.¹⁰ If a Proposer is provided the opportunity to cure any aspect of its Proposal, the Proposer shall be given three (3) business Days to cure from the date of notification to cure. Proposals that have successfully met the Eligibility and Threshold Requirements will then enter a price and non-price evaluation process ultimately ending in a Proposal being selected to the Final Award Group.

¹⁰ As a general rule, if a Proposer does not include a requested document, inadvertently excludes minor information or provides inconsistencies in its information, it may be given a chance to cure such deficiency. If a Proposer fails to provide material required information in its Proposal and providing the Proposer an opportunity to cure is deemed by the Company, in consultation with the Independent Observer, as an unfair advantage to such Proposer, the Proposal could be classified as non-conforming and eliminated for failure to meet Eligibility Requirements.

Figure 1 – Evaluation Workflow



4.2 Eligibility Requirements Assessment

Upon receipt of the Proposals, each Proposal will be reviewed to ensure that it meets the following Eligibility Requirements.

- The Proposal, including required uploaded files, must be received on time via the PowerAdvocate Platform.
- The Proposal Fee must be received on time on or before the Proposal Due Date.¹¹

¹¹ Proposal Fees will not be required for the Sealed SBO Proposal

- The Proposal must not contain material omissions.
- The Proposal must be signed and certified by an officer or other authorized person of the Proposer.
- The Proposers must fully execute the agreements or other documents required pursuant to this RFP.
- The Proposer must provide a certificate of good standing from the State of Hawai'i Department of Commerce and Consumer Affairs.
- The Proposer must provide federal and state tax clearance certificates for the Proposer.
- The Proposal must not be contingent upon changes to existing county, state, or federal laws or regulations.
- The Proposal must be sited on the Pūlama Site.
- The Proposal must be for a PV project and must include an energy storage component.
- No single point of failure from the Facility shall result in a decrease in net electrical output greater than a nominal 3.3 MW AC. Additionally, in meeting this requirement, the Facility must be segmented in equally sized capacities (MW).
- The energy storage component must be able to be charged from the grid at the direction of the Company as described in Section 1.2.7.
- Proposals must specify a GCOD no later than December 31, 2023.

4.3 Threshold Requirement Assessment

Proposals that meet all the Eligibility Requirements will then be evaluated to determine compliance with the Threshold Requirements, which have been designed to screen out Proposals that are insufficiently developed, lack demonstrated technology, or will impose unacceptable execution risk for the Company. Proposers are responsible to provide explanations and supporting information demonstrating how and why they believe the Project they are proposing meets each of the Threshold Requirements. Proposals that fail to provide this information or meet a Threshold Requirement will be eliminated from further consideration upon concurrence with the Independent Observer. The Threshold Requirements for this RFP are the following:

- **Performance Standards:** The proposed Facility must be able to meet the performance attributes identified in this RFP and the Performance Standards identified in the RDG PPA. Proposals should include sufficient documentation to support the stated claim that the Facility will be able to meet the Performance Standards. The Proposal should include information required to make such a determination in an organized manner to ensure this evaluation can be completed within the evaluation review period.
- **Proven Technology:** This criterion is intended as a check to ensure that the technologies proposed are viable and can reasonably be relied upon to meet the objectives of this RFP. The Company will only consider Proposals utilizing technologies that have successfully reached commercial operations in commercial applications (i.e., a PPA) at the scale being proposed. Proposals should include any

supporting information for the Company to assess the commercial and financial maturity of the technologies being proposed.

- **Experience of the Proposer:** The Proposer, its affiliated companies, partners, and/or contractors and consultants on the Proposer’s Project team must have experience in financing, designing, constructing, interconnecting, owning, operating, and maintaining at least one (1) electricity generation project, including all components of the project (i.e., storage or other attributes), similar in size, scope, technology, and structure to the Project being proposed by Proposer. The Company will consider a Proposer to have reasonably met this Threshold Requirement if the Proposer can provide sufficient information in its Proposal’s RFP Appendix B Section 2.13 tables demonstrating that at least one member of the Proposer’s team (identified in the Proposal) has specific experience in each of the following categories: financing, designing, constructing, interconnecting, owning, operating, and maintaining projects similar to the Project being proposed.
- **Credit/Collateral Requirements:** Proposers shall agree to post Development Period Security and Operating Period Security as described in Section 3.13.
- **Viability of Proposer’s Financial Plan:** Proposers must provide a basic financial plan for the Project with details on the sources of debt and equity, capital structure, etc. Evidence must be provided of general support for Project financing.
- **Financial Compliance:** The proposed Project must not cause the Company to be subject to consolidation as set forth, in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 810, Consolidation (“ASC 810”) as issued and amended from time to time by FASB. Proposers are required to state to the best of their knowledge, with supporting information to allow the Company to verify such conclusion, that the Proposal will not result in the Seller under the PPA being a Variable Interest Entity (“VIE”) and result in the Company being the primary beneficiary of the Seller that would trigger consolidation of the Seller’s finances on to the Company’s financial statements under FASB ASC 810. The Company will perform a preliminary consolidation assessment based on the Proposals received. The Company reserves the right to allow a Proposal to proceed through the evaluation process through selection of the Priority List and work with the Proposer on this issue prior to or during PPA negotiations.
- **Community Outreach:** Gaining community support is an important part of a Project’s viability and success. A comprehensive community outreach and communications plan (“Community Outreach Plan”) is an essential roadmap that guides a developer as they work with various communities and stakeholders to gain their support for a Project. Proposers must include a Community Outreach Plan that describes the Proposer’s commitment to work with the neighboring community and stakeholders and to provide them timely Project information during all phases of the Project. The Community Outreach Plan shall include, but not be limited to, the following information: Project description, community scoping (including stakeholders and community concerns), Project benefits, government approvals,

development process (including Project schedule), and a comprehensive communications plan.

4.4 Evaluation – Price and Non-Price Analysis

Proposals that meet both the Eligibility and Threshold Requirements are Eligible Proposals which will then be subject to a price and non-price assessment. Two teams have been established to undertake the Proposal evaluation process: a Price Evaluation Team and Non-Price Evaluation Team. The results of the price and non-price analysis will be a relative ranking and scoring of all Eligible Proposals. Price-related criteria will account for sixty percent (60%) of the total score and non-price-related criteria will account for forty percent (40%) of the total score. The non-price criteria and methodology for applying the criteria are explained in Section 4.4.2.

The Company will employ a closed-bidding process for this solicitation in accordance with Part IV.H.3 of the Framework where the price and non-price evaluation models to be used will not be provided to Proposers. However, the Company will provide the Independent Observer with all necessary information to allow the Independent Observer to understand the evaluation models and to enable the Independent Observer to observe the entire analysis to ensure a fair process. The evaluation models will be finalized prior to the receipt of Proposals.

4.4.1 Evaluation of the Price Related Criteria

For the evaluation price analysis, an equivalent LEP (Levelized \$/MWh) will be calculated for each Eligible Proposal based on information provided in the Proposal including the Lump Sum Payment (\$/year), Price for Purchase of Electric Energy (\$/MWh), and the Net Energy Potential (“NEP”) RFP Projection (MWh) information defined in RFP Sections 3.9 and 3.10.

The Eligible Proposal with the lowest LEP will receive 600 points. All other Eligible Proposals will receive points based on a proportionate reduction using the percentage by which the Eligible Proposal’s LEP exceeds the lowest LEP. For example, if a Proposal’s LEP is ten percent (10%) higher than the lowest LEP, the Proposal will be awarded 540 points (that is, 600 points less 10%). The result of this assessment will be a ranking and scoring of each Proposal.

4.4.2 Evaluation of the Non-Price Related Criteria

For the non-price analysis, each Proposal will be evaluated on each of the eight (8) non-price criteria categories set forth below to assess their merit in the general areas of Project development feasibility and operational viability.

- Community Outreach and Cultural Resource Impacts
- Project Schedule and Costs
- Performance Standards
- Environmental Compliance and Permitting Plan
- Experience and Qualifications

- Financial Strength and Financing Plan
- RDG PPA Contract Exceptions
- Guaranteed Commercial Operations Date

Each of the first three criteria – Community Outreach and Cultural Resource Impacts, Project Schedule and Costs, Performance Standards – will be weighted twice as heavily as the others to reflect the impact these categories have to achieve a successful and timely procurement. The non-price criteria are generally scored on a scale of 1 (poor) to 5 (highly preferable).

The total non-price score will be the sum of the scores for each of the individual non-price criteria. The Company will then award non-price evaluation points in accordance with the relative ranking of scores. The Proposal with the highest total non-price score will receive 400 points, and all other Proposals will receive points equal to the Proposal's score divided by the top score, multiplied by 400.

During the non-price criteria evaluation, a fatal flaws analysis will also be conducted such that any Proposal that is deemed not to meet the minimum standards level¹² for three (3) or more non-price criteria will be disqualified given that the Proposal has failed to meet a majority of non-price factors that are indicative as to the general feasibility and operational viability of a proposed Project.

The Company's evaluation of the non-price criteria will be based on the materials provided by a Proposer in its Proposal. Acceptance of any Proposal into the Final Award Group shall not be assumed or construed to be an endorsement or approval that the materials provided by Proposer are complete, accurate or in compliance with applicable law. The Company assumes no obligation to correct, confirm or further research any of the materials submitted by Proposers. Proposers retain sole responsibility to ensure their Proposals are accurate and in compliance with all laws.

The non-price criteria are:

- **Community Outreach and Cultural Resource Impacts** – Gaining community support is an important part of a Project's viability and success. An effective Community Outreach Plan will call for early meaningful communications with stakeholders and will reflect a deep understanding and respect for the community's desire for information to enable them to make informed decisions about future projects in their communities. Therefore, Proposals will be evaluated on the quality of the Community Outreach Plan to inform the Project's impacted communities. Proposers need to also be mindful of the Project's potential impacts to historical and cultural resources. Proposers will be evaluated on their proposed plan to select and engage with a consultant to assess if there are any historical and/or cultural resources at the Site, including the extent to which traditional and customary native Hawaiian rights are exercised in the area, and how any potential historical or cultural resource issues that arise during the term will be addressed.

¹² A score of 3 is the "meets minimum standards" level that a Proposal must achieve in at least four (4) criteria.

At a minimum, Proposals should include a Community Outreach Plan that describes the Proposer's commitment to work with the neighboring community and stakeholders and to provide timely Project information during project development, construction and operation. The Community Outreach Plan shall include, but not be limited to, the following:

- 1) **Project description.** A thorough description including a map of the location of the Project. This information will help the community understand the impact that the Project may have on the community.
- 2) **Community scoping.** Identify stakeholders (individuals, community leaders, organizations), community issues and concerns, and community sentiment.
- 3) **Project benefits.** An explanation of the need for the Project. This will help the community to understand how the Project might benefit their community.
- 4) **Government approvals.** Required government permits and approvals, public hearings and other opportunities for public comment. This information will help the community to understand the level of public scrutiny and participation that might occur for the Project and the opportunities to provide public comments.
- 5) **Development process.** A Project schedule that identifies key milestones will facilitate the community's understanding of the development process.
- 6) **Communications Plan.** A communications plan including a detailed community outreach schedule that will keep the affected communities and stakeholders informed about the Project's outreach efforts during early Project development period through construction and operations.

Preference will be given to Proposers who have already identified established contacts to work with the local community, have proposed a community benefits package (including details of the community recipients and benefits package), or have community consultants as part of the Project team doing business in Hawai'i that have successfully worked with communities in Hawai'i on the development of two or more energy projects or projects with similar community issues. These criteria are aligned with the Companies' community engagement expectation whereby all developers will be required to engage in community outreach prior to signing a PPA with the Companies. This process is also outlined in RFP Section 5.3.

At a minimum, Proposers should provide a plan to select and engage with a consultant to assess if there are any historical and/or cultural resources at the Site and how any potential historical or cultural resource issues that arise during the term will be addressed. Preference will be given to Proposals that are able to provide a mitigation/action plan or are able to provide a date for when a mitigation/action plan will be available that addresses any identified cultural resource issues.

- **Project Schedule and Costs** – Projects should demonstrate how they plan to capture any ITC safe harbor and reach their GCOD specified, including

identification of risks and schedule assumptions. (Schedules must identify the IRS completion date and PUC approval dates assumed.) Proposals should also demonstrate, via a detailed critical path schedule, that there is a high likelihood that the Project will be able to reach commercial operations as specified. Proposals shall include a Gantt chart that clearly illustrates the overall schedule and demonstrates achievement of any ITC safe harbor, if applicable, and commercial operations by their specified GCOD. The Gantt chart shall include task durations and dependencies, identify tasks that will be fast tracked, and identifies slack time and contingencies.

This criterion will also look at the high-level Project costs set forth in the Proposal including: costs for equipment, construction, engineering, Seller-Owned Interconnection Facilities, Company-Owned Interconnection Facilities, land, annual O&M, the reasonableness of such costs and the assumptions used for such costs. Project costs that do not appear reasonable for a project of the size proposed may result in a lower ranking for this criterion if the Company reasonably determines that the cost information is unrealistic based on prior experience in the market which may result in a risk that the Project can be built on time and for the price proposed by the Proposer. The Company reserves the right to discuss any cost and financial information with a Proposer to ensure the information provided is accurate and correct.

- **Performance Standards** – The proposed Facility must be able to meet the performance attributes identified in this RFP and the Performance Standards identified in the RDG PPA. The Company will review the Proposal information received, including design documents and operating procedures materials provided in the Proposal, and evaluate whether the Project as designed is able to meet the Performance Standards identified in the RDG PPA and in this RFP. At a minimum, in addition to meeting the Performance Standards, the Proposals should include sufficient documentation, provided in an organized manner, to support the stated claim that the Facility will be able to meet the Performance Standards. The Proposal should include information required to make such a determination in an organized manner to ensure this evaluation can be completed on a timely basis. Preference will be given to Proposals that provide detailed technical and design information showing how each standard can be met by the proposed Facility. Preference will also be provided to proposed Projects that offer additional capabilities (e.g., Black Start).
- **Environmental Compliance and Permitting Plan** – This criterion relates to the potential (short- and long-term) environmental impacts associated with each project, the quality of the plan offered by the Proposer to mitigate and manage any environmental impacts (including any pre-existing environmental conditions), and the plan of Proposers to remain in environmental compliance over the term of the contract. These impacts are reflected on a technology-specific basis. Completing any necessary environmental review and obtaining the required permitting in a timely manner is also important and Proposals will be evaluated on their plan to identify, apply for, and secure the required permits for the Project,

any permitting activity that has been completed to date, including having initial discussions with U.S. Fish and Wildlife and the State of Hawai‘i Department of Land and Natural Resources’ Division of Forestry and Wildlife, to the extent applicable, prior to submitting a Proposal, and the degree of certainty offered by the Proposer in securing the necessary permits.

At a minimum, proposed Projects should be expected to have minimal environmental impact for most areas and Proposals should provide a comprehensive plan to mitigate the identified potential or actual significant environmental impacts to remain in environmental compliance. The proposed mitigation plans should be included in the Project timeline. Preference will be given to Proposals that provide a more detailed plan as well as those that have proactively taken steps to mitigate potential environmental impacts.

Also, this criterion requires that, at a minimum, Proposers should have identified, and disclosed in their Proposal(s), all major permits, approvals, appurtenances and entitlements (including applicable access, rights of way and/or easements) (collectively, the “permits”) required and have a preliminary plan for securing such permits. Preference will be given to Proposals that are able to provide a greater degree of certainty that its plan to secure the required permits is realistic and achievable, or have already received all or a majority of the required permits. The Proposer should disclose all identified (a) discretionary permits required, i.e., those requiring public or contested case hearings and/or review and discretionary approval by an appropriate government agency and (b) ministerial permits required, i.e., those requiring the submission of documents or other ministerial conditions without discretionary approval conditions. In all cases, the Proposer must provide a credible and viable plan to secure all necessary and appropriate permits necessary for the project. For example, if the project is located within an agricultural district, the Proposer shall provide evidence of Proposer’s verification with the appropriate government agency that the project complies with HRS Section 205-2 and Section 205-4.5, relating to solar energy facilities placed on agricultural land, provided, however that where a special use permit (under Section 205-6), exemption (under Section 205-6), or amendment to land use district boundary lines (under Section 205-4) is required to secure such compliance, Proposer shall identify the need for such permit, exemption or amendment and provide a list of required prerequisites and/or conditions and a realistic timeline necessary to obtain such permit, exemption or amendment satisfactory for Proposer to still meet its designated GCOD.

- **Experience and Qualifications** – Proposals will be evaluated based on the experience of the Proposer in financing, designing, constructing, interconnecting, owning, operating, and maintaining projects (including all components of the project) of similar size, scope and technology. At a minimum, Proposals must show via the table format specified in RFP [Appendix B Section 2.13](#) that at least one (1) member must have specific experience in each of the following categories: financing, designing, constructing, interconnecting, owning, operating, and maintaining at least one electricity generation project including all

components of the project similar to the Project being proposed. Preference will be given to Proposers with experience in successfully developing multiple projects that are similar to the one being proposed and/or that have prior experience successfully developing and interconnecting a utility scale project to the Company's System.

- **Financial Strength and Financing Plan** – This criterion addresses the comprehensiveness and reasonableness of the financial plan for the Project as well as assesses the financial strength and capability of the Proposer to develop the Project. A complete financial plan addresses the following issues: Project ownership, capital cost and capital structure, sources of debt and equity, and evidence that credit-worthy entities are interested in financing the Project. The financial strength of Proposers or their credit support providers will be considered, including their credit ratings. The financing participants are expected to be reasonably strong financially. Developers and their sources of capital that have investment grade credit ratings from a reputable credit rating agency (S&P, Moody's, Fitch) will also be given preference, with those that have higher credit ratings ranked higher.
- **RDG PPA Contract Proposed Modifications** – Proposers are encouraged to accept the contract terms identified in the model PPA in its entirety in order to expedite the overall RFP process and potential contract negotiations. Proposers who accept the model agreements without edits will receive a higher score and will be the only proposals that can achieve the highest scoring for this non-price evaluation. Technology-specific or operating characteristic-required modifications, with adequate explanation as to the necessity of such modifications, will not jeopardize a project's ability to achieve the highest score. Proposers who elect to propose modifications to the model agreements shall provide a Microsoft Word red-line version of the applicable document identifying specific proposed modifications to the model agreement language, as well as a detailed explanation and supporting rationale for each modification. General comments without proposed alternate language, drafting notes without explanation or alternate language, footnotes such as "parties to discuss," or a reservation of rights to make additional modifications to the model agreements at a later time are unacceptable will be considered unresponsive, and will result in a lower score. The Company and Independent Observer will evaluate the impact that the proposed modifications will have on the overall risk assessment associated with the evaluation of each Proposal.
- **Guaranteed Commercial Operations Date** - The Company is procuring resources and incorporating projects onto its System as part of its long-term plan to meet RPS goals. Proposers will be held to the Guaranteed Commercial Operations Date identified in their Proposal. The GCOD will be a Guaranteed Milestone and will be inserted without amendment into the RDG PPA. Proposers that are able to design for and commit to an earlier GCOD will be given more favorable scoring. Proposers must have met the GCOD requirements of RFP Section 1.2.10 prior to being evaluated in this non-price criterion.

4.5 Selection of the Final Award Group

At the conclusion of both the price and non-price analysis, a total score will be calculated for each Eligible Proposal using the 60% price-related criteria/40% non-price-related criteria weighting outlined above. The price and non-price analysis, and the summation of both price and non-price scores described above, will result in a ranking of Proposals.

Based on the results of this Evaluation and review with the Independent Observer, the Company will select a Proposal to the Final Award Group from which to begin contract negotiations. All Proposers will be notified at this stage of the evaluation process whether their Proposal is included in the Final Award Group.

Selection to the Final Award Group and/or entering into contract negotiations does not guarantee execution of a PPA.

Further, if at any time during the evaluation process it is discovered that a Proposer's Proposal contains incorrect or misrepresented information that have a material effect on any of the evaluation processes, including selection of the Final Award Group, the Company reserves the right, at any time prior to submission of the PPA application with the PUC, in consultation with the Independent Observer, to disqualify the Proposer from the RFP. If discovery of the incorrect or misrepresented information is made after the Company has filed its PUC application for approval of the PPA with the Proposer, the Company will disclose the incorrect or misrepresented information to the PUC for evaluation and decision as to whether such Proposer should be disqualified and the Company's application dismissed.

Following any removal of a Proposal from the Final Award Group, either by disqualification noted immediately above, or via any other removal or withdrawal of a Proposal, including failure to reach agreement to the PPA, the Company, taking into consideration the timing of such removal and the current status of the Company's needs under the RFP, in consultation with and concurrence from the Independent Observer, will determine (1) if another Proposal should be added to the Final Award Group; or (2) if either of the Contingency Plan or Parallel Plan should be pursued.

Order No. 36536 in Docket No. 2017-0352, issued on June 10, 2019 "directs the Companies to work with the [Independent Observers] to increase bid transparency within the RFP process, while maintaining an appropriate level of confidentiality regarding bids and bidders." The Companies agree that it is desirable for the RFP process to be as transparent as possible while maintaining the confidentiality of Proposer and Proposal information. The type and quantity of information that can be disclosed will not be known until the Companies and the Independent Observer have a better understanding of the number proposals received and whether such information can be easily anonymized. The Companies will work with the Independent Observers to determine an appropriate level of disclosure after Proposals are received with a goal of disclosing more information than was disclosed in the Companies' Stage 1 RFPs for O'ahu, Maui, and Hawai'i Island.

Chapter 5: Post Evaluation Process

5.1 Interconnection Requirements Study Process

A complete package of IRS Data Request worksheets and project single line diagram(s) shall be submitted with each Proposal. For Projects with a proposed GCOD in 2022, the models for equipment and controls, list(s) to clearly identify the components and respective files (for inverters and power plant controller), and complete documentation with instructions, shall be submitted within 60 days thereafter. See Section 2.11.1 of Appendix B. For all other Projects, the same complete submittal shall be due within 60 days after selection to the Final Award Group. PSSE Generic models, PSSE User models, and ASPEN models shall be configured to represent all of the functional equipment with settings in place to comply with the Company's PPA performance requirements. These must be checked for functionality by the Proposer or its vendors and consultants prior to submission to the Company. Similar and fully accurate PSCAD models shall be submitted in a condition that complies with the PSCAD modeling guidelines provided by the Company. PSSE generic models shall be provided promptly after the PSSE user models have been approved by the Company.

After proposals and models are submitted, the Company will inspect the data packages for general completeness. For any incomplete submissions, a list of missing or non-functional items will be provided. Proposers will be given 15 Days to resolve data and modeling deficiencies. The Company, in consultation with the Independent Observer, may remove Proposals from being selected to the Final Award Group or may terminate PPA negotiations or executed PPAs, if their submission requirements are deemed incomplete for the lack of requested models. Proposals that are complete will be considered for further evaluation. A formal, technical model checkout will be deferred until a later date when IRS Agreements and deposits are in place, so that the expert subject matter work can be provided by the Company's IRS consultant(s).

Upon notification of selection to the Final Award Group, the Company will provide a draft IRS Agreement for the selected project, with a statement of required deposit for individual and prorated work as part of an IRS Scope for a System Impact Study that will involve (a) technical model checkout for the project and (b) any considerations that are specific to the particular project and location. Interconnection cost and schedule, including cost of any required system upgrades, will be determined in a subsequent Facilities Study.

The technical model checkouts will be conducted first. Upon identification of any functional problems or deficiencies, corrective action shall be taken immediately and on an interactive basis so that the problems or deficiencies can be resolved within 15 Days, including re-submission of data and updated models, or the Project shall be deemed withdrawn. At the discretion of the Company and provided that there is a demonstration of good faith action to minimize delay that would affect the schedule for IRS analyses, a second round of model checkout and problem solving may proceed. Thereafter any notice that a Project is deemed withdrawn for lack of completeness shall be final. Subject

to consultation with the Independent Observer, failure to provide all requested material within the time(s) specified, or changes to the data provided after the due date(s), shall result in elimination from the Final Award Group.

Proposers shall be responsible for the cost of the IRS, under separate agreements for the System Impact Study and the Facilities Study. The overall IRS will provide information including, but not limited to, an estimated cost and schedule for the required Interconnection Facilities for a particular Project and any required mitigation measures. Proposers will be responsible for the actual final costs of all Seller-Owned Interconnection Facilities and Company-Owned Interconnection Facilities. Upon reviewing the results of the IRS, Proposers will have the opportunity to declare the PPA null and void in the event that the estimated interconnection costs and schedule for the Project are higher than what was estimated in the Project Proposal. See Section 12.4 of the RDG PPA.

5.2 Contract Negotiation Process

Within five (5) business Days of being notified by the Company of its intent to enter into contract negotiations, the Proposer selected to the Final Award Group will be required to indicate, in writing to the Company's primary contact for this RFP, whether it intends to proceed with its Proposal. The awarded Proposer will be required to keep its Proposal valid through the award period. Contract negotiations will take place in parallel with the IRS process. The Company's goal is to complete contract negotiations and submit an executed PPA for approval within six (6) months of notification of intent to enter contract negotiations. The IRS may not be completed at such time. The Company intends to execute and file the PPA with the PUC for approval and later amend the PPA to include the results of the IRS.

5.3 Community Outreach and Engagement / Cultural Resource Impacts

The public meeting and comment solicitation process described in this Section and Section 29.21 of the PPA (Community Outreach Plan) do not represent the only community outreach and engagement activities that can or should be performed by a Proposer. Within 30 Days of the start of PPA negotiations, Proposers shall have provided the Company with an updated comprehensive Community Outreach Plan to work with and inform neighboring communities and stakeholders and to provide them timely information during all phases of the Project. The Community Outreach Plan shall include but not be limited to the following information: Project description, Project stakeholders, community concerns and Proposer's efforts to address such concerns, Project benefits, government approvals, Project schedule, and a comprehensive communications plan. Upon selection to the Final Award Group, a Proposer's Community Outreach Plan shall be a public document available to the public on the Proposer's website and upon request. The Proposer shall also provide the Company with links to their Project website and Community Outreach Plan, which the Company will post on the Company's website. Prior to the execution date of the PPA, Proposers shall also host a public meeting in the community where the proposed Project is to be located for community and neighborhood groups in and around the vicinity of the Project Site that provided the neighboring

community, stakeholders and the general public with: (i) a reasonable opportunity to learn about the proposed Project; (ii) an opportunity to engage in a dialogue about concerns, mitigation measures, and potential community benefits of the proposed Project; and (iii) information concerning the process and/or intent for the public's input and engagement, including advising attendees that they will have thirty (30) calendar days from the date of said public meeting to submit written comments to Company and/or Proposer for inclusion in the Company's submission to the PUC of its application for a satisfactory PUC Approval Order. The Proposer shall collect all public comments, and then provide the Company copies of all comments received in their original, unedited form, along with copies of all comments with personal information redacted and ready for filing. If a PPA is executed by the Proposer and the Company, the Company may submit any and all public comments (presented in its original, unedited form) as part of its PUC application for this Project. Proposers shall notify the public at least three weeks in advance of the meeting. The Company shall be informed of the meeting. The Company will provide Proposers with detailed instructions regarding the community meeting requirement after the selection of the Final Award Group. (For example, notice will be published in county or regional newspapers/media, as well as media with statewide distribution. The Proposer will be directed to notify certain individuals and organizations. The Proposer will be provided templates to use for the public meeting notices, agenda, and presentation.) Proposers must also comply with any other requirement set forth in the PPA relating to Community Outreach.

Following the submission of the PUC application for the Project, and prior to the date when the Parties' statements of position are to be filed in the docketed PUC proceeding for the Project, the Proposer shall provide another opportunity for the public to comment on the proposed Project. The Proposer's statement of position filed in the docket associated with the Project will contain an attachment including those comments.

The Proposer shall be responsible for community outreach and engagement for the Project, and that the public meeting and comment solicitation process described in this section do not represent the only community outreach and engagement activities that can or should be performed.

Within 30 Days of the start of PPA negotiations, the Proposer shall contract with a consultant to begin a cultural impact assessment for the Project. The consultant shall identify (1) valued cultural, historical, or natural resources in the area in question, including the extent to which traditional and customary native Hawaiian rights are exercised in the area; (2) the extent to which those resources – including traditional and customary native Hawaiian rights – will be affected or impaired by the proposed action; and (3) the feasible action, if any, to be taken to reasonably protect native Hawaiian rights if they are found to exist.

5.4 Greenhouse Gas Emissions Analysis

The Proposer whose Proposal is selected for the Final Award Group shall cooperate with and promptly provide to the Company and/or Company's consultant(s) upon request, all information necessary, in the Company's sole and exclusive discretion, for such consultant to prepare a greenhouse gas ("GHG") emissions analysis and report in support of a PUC application for approval of the PPA for the project (the "GHG Review"). Proposers shall be responsible for the full cost of the GHG Review associated with their project under a separate agreement between the Proposer and the Company. The GHG Review is anticipated to address whether the GHG emissions that would result from approval of the PPA and subsequent to addition of the Project to the Company's system are greater than the GHG emissions that would result from the operations of the Company's System without the addition of the Project, whether the cost for renewable, dispatchable generation, and/or energy storage services as applicable under the PPA is reasonable in light of the potential for GHG emissions, and whether the terms of the PPA are prudent and in the public interest in light of its potential hidden and long-term consequences.

5.5 PUC Approval of PPA

Any signed PPA resulting from this RFP is subject to PUC approval as described in the RDG PPA, including Article 12 and Section 29.20 thereof.

5.6 Facility In-Service

The Company requires the following be included with the 60% design drawings: relay settings and protection coordination study, including fuse selection and ac/dc schematic trip scheme.

For the Company to test the Facility, coordination between the Company and Project is required. Drawings must be approved by the Company prior to testing. The entire Facility must be ready for testing to commence. Piecemeal testing will not be allowed. Communication infrastructure and equipment must be tested by the IPP and ready for operation prior to Company testing.

If approved drawings are not available, or if the Facility is otherwise not test ready as scheduled, the Project will be moved to the end of the Company's testing queue. If tests are not completed within the allotted scheduled testing time, the Project will be moved to the end of the Company's testing queue. The IPP will be allowed to cure if successful testing is completed within the allotted scheduled time. No adjustments will be made to PPA milestones if tests are not completed within the original allotted time. Liquidated damages for missed milestones will be assessed pursuant to the PPA.