

**Hawai'i
Electric
Light**

REQUEST FOR PROPOSALS

FOR

NORTH KOHALA

ENERGY STORAGE

ISLAND OF HAWAI'I

MARCH 24, 2023

Docket No. 2022-0012

Table of Contents

Chapter 1: Introduction and General Information	1
1.1 Authority and Purpose of the Request for Proposals	2
1.2 Scope of the RFP	2
1.3 Competitive Bidding Framework	4
1.4 Role of the Independent Observer	4
1.5 Communications Between the Company and Proposers – Code of Conduct Procedures Manual.....	5
1.6 Company Contact for Proposals	6
1.7 Proposal Submittal Requirements.....	6
1.8 Proposal Fee.....	7
1.9 Procedures for any Hawaiian Electric or Affiliate Proposals	8
1.10 Dispute Resolution Process.....	10
1.11 No Protest or Appeal.....	11
1.12 Modification or Cancellation of the Solicitation Process	11
1.13 Community Outreach.....	11
Chapter 2: Resource Needs and Requirements	12
2.1 Performance Standards	12
2.2 Distribution-Level System Information.....	13
2.3 Interconnection to the Company System	14
Chapter 3: Instructions to Proposers	15
3.1 Schedule for the Proposal Process	15
3.2 Company RFP Website / Electronic Procurement Platform.....	15
3.3 Information Exchange.....	16
3.4 Preparation of Proposals	17
3.5 Organization of the Proposal	17
3.6 Proposal Limitations	18
3.7 Proposal Compliance and Bases for Disqualification.....	18
3.8 Energy Storage Services Agreement	19
3.9 Pricing Requirements.....	20
3.10 Project Description.....	21
3.11 Project Site	21

3.12	Confidentiality	22
3.13	Credit Requirements Under the ESSA.....	23
Chapter 4: Evaluation Process and Evaluation Criteria.....		24
4.1	Proposal Evaluation and Selection Process	24
4.2	Eligibility Requirements Assessment	26
4.3	Threshold Requirements Assessment	26
4.4	Evaluation – Price and Non-Price Analysis.....	28
4.5	Selection of Final Award Group.....	35
Chapter 5: Post Evaluation Process		36
5.1	Interconnection Requirements Study Process.....	36
5.2	Contract Negotiation Process.....	37
5.3	Final Award Group Commitments.....	38
5.4	Greenhouse Gas Emission Analysis	38
5.5	PUC Approval of ESSA.....	39
5.6	Project In-Service.....	39

List of Appendices

Appendix A	Definitions
Appendix B	Proposer's Response Package / Project Interconnection Data Request
Appendix C	Code of Conduct Procedures Manual
Appendix D	PowerAdvocate User Information
Appendix E	Mutual Confidentiality and Non-Disclosure Agreement
Appendix F	Description of the Site
Appendix G	Hawaiian Electric Development Team Certification Form
Appendix H	Interconnection Facilities and Cost Information
Appendix I	RESERVED
Appendix J	RESERVED
Appendix K	North Kohala Community Comments
Appendix L	North Kohala ESSA
Appendix M	RESERVED
Appendix N	RESERVED
Appendix O	Functional Requirements

Chapter 1: Introduction and General Information

Hawai'i Electric Light Company, Inc. ("Hawai'i Electric Light" or the "Company") seeks Proposals for a standalone Battery Energy Storage System ("BESS") for the North Kohala area on the island of Hawai'i in accordance with this Request for Proposals ("RFP"). Hawai'i Electric Light seeks to procure 5 megawatts ("MW") / 30 megawatt hours ("MWh") of standalone energy storage capacity, through a single BESS Project, for integration with a microgrid controller system.

The Company or its Affiliates may submit a Proposal in response to this RFP subject to the requirements of this RFP.

The Company intends to contract for a single BESS Project through this RFP using its Energy Storage Services Agreement ("ESSA"), which gives the Company full dispatch rights over the energy storage facilities.

The successful Proposer will provide energy storage services to the Company pursuant to the terms of the ESSA, which will be subject to review and approval by the State of Hawai'i Public Utilities Commission ("PUC").

Proposers are instructed to thoroughly review the Model ESSA attached as Appendix L. The ESSA gives the Company exclusive rights to schedule and control the Project for the use of the defined Performance Standards, which include but are not limited to: Back-up Power, Rated Energy Capacity, Frequency Regulation, Rated Active Power Capacity, Voltage Regulation, Black-Start, ability to operate in grid-forming mode, and any other uses the Project is capable of providing that would benefit the Company's distribution or transmission system; and, in exchange, the Proposer is provided a fixed monthly payment ("Lump Sum Payment"), which is subject to adjustment based on the availability and performance of the Project. Under the ESSA, the Project must meet certain requirements to receive the full Lump Sum Payment each month. These requirements ensure that the Project is available to the Company for scheduled and un-scheduled operation of the microgrid or system needs.

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

Additionally, the bid price of the Proposal will be added to the estimated cost of the Company's microgrid project. This aggregated cost will then be compared with the estimated value of a traditional second wires path solution. This estimated value is intended to be used as an order of magnitude financial estimate of the non-wires alternative opportunity. The estimated value is based on the current planning level estimate for the traditional second wires path solution. This step occurs as part of the eligibility screening immediately after receiving proposals, as set forth in Section 4.2 of the RFP.

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 ESSA attached as Appendix L.

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 alignment with the Integrated Grid Planning (“IGP”) process with respect to Non-Wires Opportunity Evaluation Methodology dated June 2020.¹
- 1.1.2 While storage resources were not contemplated in 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”), the Company intends to follow the Framework to the extent applicable for this RFP. This RFP is also consistent with the Updated Framework for Competitive Bidding (“Updated Framework” or “Updated Competitive Bidding Framework”), which was drafted to be more inclusive of various technologies, and filed on February 12, 2021 in Docket No. 2018-0165. Order No. 38481, issued on June 30, 2022, approved the Updated Framework for use in the first round of integrated grid planning. Until the first round of integrated grid planning RFPs commence, the Company will continue to follow the Framework.
- 1.1.3 Proposers should review the functional requirements identified in Appendix O which informs Proposers of the system needs.

1.2 Scope of the RFP

- 1.2.1 The Company is seeking one (1) standalone storage project that meets the requirements noted in this RFP for integration with a microgrid controller system. This would be the first utility microgrid based on storage in the State of Hawai‘i. Establishing this microgrid system with a BESS provides a non-wires alternative² by providing a grid-forming energy source in the North Kohala area when the 3300 line connection is not available. This energy source will be charged from grid energy while the 3300 line is in service. By supporting the electrical needs of customers during sustained 3300 line outages, this microgrid avoids having to build an alternative transmission path to avoid outages during the rebuilding of the 3300 line, and also, will be able to provide service during unplanned outages. This would improve reliability and resilience for customers in North Kohala while allowing for routine maintenance of the 3300 line without building a second path to serve the area. Installing a microgrid system with a BESS avoids the use

¹ See

https://www.hawaiianelectric.com/documents/clean_energy_hawaii/integrated_grid_planning/stakeholder_engagement/working_groups/distribution_planning/20200602_dpwg_non_wires_opportunity_evaluation_methodology.pdf

² A non-wires alternative, also referred to as non-transmission alternative in this RFP, is generally defined as an electricity grid project that uses non-traditional transmission and distribution solutions, such as distributed generation, energy storage, energy efficiency, demand response, and grid software and controls, to defer or avoid the need for conventional transmission and/or distribution infrastructure investments. See Docket No. 2018-0165, Hawaiian Electric Companies’ Integrated Grid Planning Workplan, filed December 14, 2018, at 21.

of a diesel-powered microgrid, which was also considered, but did not receive the level of community acceptance as a battery solution.

- 1.2.2 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.
- 1.2.3 Projects must interconnect to the Company's System at the 34.5 kV level at the existing Hawi Substation located on the island of Hawai'i (see Section 3.11 of this RFP, Appendix F and Appendix H, Attachment 1).
- 1.2.4 To prevent adverse impacts to the microgrid reliability, the storage system and protection design shall provide sufficient redundancy to avoid single points of failure of critical telemetry measurements.
- 1.2.5 The contract for the Project selected through this RFP shall use the ESSA, as described in Section 3.8. Under the ESSA, the Company will maintain exclusive rights to fully direct charge and discharge of the Project, subject to availability of the resource and Section 1.2.7 below. The term of the ESSA will be 10 years.
- 1.2.6 The Project must be capable of the following Performance Standards: Back-up Power, Rated Energy Capacity, Frequency Regulation, Rated Active Power Capacity, Voltage Regulation, Black-start, ability to operate in grid-forming mode; and, any other uses the Project is capable of providing that would benefit of Company's distribution or transmission system. The storage will be charged in accordance with the Company design when not in a microgrid configuration, and once charged, remain ready to support microgrid operation for planned and unplanned outages.
- 1.2.7 The Maximum Annual Energy Throughput is expected not to exceed 5400 MWh. The Annual Energy Throughput is the cumulative energy discharged by the Project measured between 12:00 am January 1 to 11:59:59 pm December 31 in each calendar year. Energy discharge can occur in continuous full discharges or over intermittent discharges and charges.
- 1.2.8 Proposals must specify a Guaranteed Commercial Operations Date ("GCOD") no later than September 19, 2025.
- 1.2.9 A Proposer's GCOD set forth in its Proposal will be the GCOD in any resulting ESSA if such Proposal is selected to the Final Award Group. Note that the Company intends to contract for a single BESS Project and therefore the Final Award Group will only consist of one project.
- 1.2.10 The selected Proposer will be responsible for all Project costs throughout the term of the ESSA, including but not limited to Project development, completion of a facility equipment and controls design review, interconnection design review, the cost of conducting a greenhouse gas analysis, land leasing, to the extent set forth in Appendix F to the RFP and the ESSA, permitting, financing, construction of the Project and all

Seller-owned Interconnection Facilities, and the operations and maintenance (“O&M”) of the Project.

- 1.2.11 The selected Proposer will be solely responsible for the decommissioning of the Project and the restoration of the Site upon the expiration of the ESSA, as described in Attachment G, Section 7 of the ESSA.
- 1.2.12 To the extent that any federal or state tax credits exist, the selected Proposer shall pursue all such tax credits (including, without limitation, all available applicable tax credits from the federal Inflation Reduction Act). Proposal pricing must be set to incorporate the benefit of any such federal or state tax credits. In the event additional federal tax credits become available through new tax legislation after Proposals are submitted but before Proposals are selected to the Final Award Group, the Company may require applicable Proposals propose an additional downward only price adjustment to allow the benefits of those additional tax credits to be passed along to the Company’s customers.

However, to mitigate the risk on Proposers due solely to potential changes to Hawai‘i 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 ESSA 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 ESSA. The ESSA will also provide that the Proposer will be responsible for payment of liquidated damages for failure to pursue such maximum available state tax credit.

- 1.2.13 The selected Proposer will submit a project schedule as required per Attachment S of the ESSA, including creating its schedule using Microsoft Project and submitted in .mpp file format.

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 Independent Observer will advise and monitor all phases of the RFP process and 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

1.4.3 The Independent Observer for this RFP is: **Bates White, LLC**.

The Independent Observer Email Address is: vincent.musco@bateswhite.com.

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 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”). Phone communication or face-to-face meetings will not be supported.

To ensure the Independent Observer can monitor communication, questions regarding the RFP or a proposed Project submitted to the RFP Email Address should include the Independent Observer Email Address found in Section 1.4.3. Frequently asked questions submitted by prospective Proposers and the answers to those questions may be posted on the Company’s RFP website. The Company reserves the right to respond only to comments and questions it deems are appropriate and relevant to the RFP. Proposers shall submit questions no later than fifteen Days before the Proposal Due Date (see RFP Schedule in Section 3.1, Table 1). 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 North Kohala Mutual Confidentiality and Non-Disclosure Agreement³ (“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:

Christin Chang
Energy Contract Manager
Hawaiian Electric Company, Inc.

RFP Email Address: renewableacquisition@hawaiianelectric.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 Proposals must not rely on any information that is not contained within the Proposal itself in demonstrating compliance for any requirement in this RFP.
- 1.7.4 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 with others, including, but not limited to, such information such as a Proposer’s or Company’s negotiating positions.

³ See Section 3.12.1 of this RFP.

Such legal counsel will also be required to submit a similar certification at the conclusion of contract negotiations that he or she has not shared a Proposer's confidential information or the Company's confidential information associated with such Proposer with others, including but not limited to, such information as a Proposer's or Company's negotiating positions.

- 1.7.5 All Proposals must be submitted via the Electronic Procurement Platform by 2:00 pm Hawai'i Standard Time ("HST") on the Proposal Due Date shown in the RFP Schedule in Section 3.1, Table 1. No hard copies of these Proposals will be accepted by the Company.

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 all Proposals were submitted by the Proposal Due Dates shown in Section 3.1, Table 1. The Electronic Procurement Platform automatically closes to further submissions after the IPP and Affiliate Proposal Due Date in Section 3.1, 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 The Proposal Fee must be in the form of a cashier's check or equivalent from a U.S.-chartered bank made payable to "Hawai'i Electric Light Company, Inc." 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, Table 1. The cashier's check should include a reference to the Proposal for which the Proposal Fee is being provided. Proposers must identify in the Proposal Response Package (instructions in Appendix B Section 1.3.1) the delivery information for its Proposal Fee. Proposers are strongly encouraged to utilize a delivery service method that provides proof of delivery to validate delivery date and time.

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

Christin Chang
Energy Contract Manager
Hawaiian Electric Company, Inc.
Mail Code AL12-IU
PO Box 2750
Honolulu, Hawai'i 96840

If the Proposal Fee is delivered by other courier services, the Proposer shall address it to:

Hawaiian Electric Company, Inc
Ward Receiving
Attention: Christin Chang, Energy Contract Manager
Mail Code AL12-IU
799 S. King St.
Honolulu, Hawai'i 96813

Due to coronavirus prevention measures, Proposal Fees cannot be delivered in person.

1.9 Procedures for any Hawaiian Electric or Affiliate Proposals

- 1.9.1 The Competitive Bidding Framework allows the Company the option to offer a Self-Build Proposal in response to this RFP (“Hawaiian Electric Proposal”). Accordingly, the Company must follow certain requirements and procedures designed to safeguard against and address concerns associated with: (1) preferential treatment of the Hawaiian Electric Proposal or members, agents, or consultants of the Company formulating the Hawaiian Electric Proposal; and (2) preferential access to proprietary information by the Hawaiian Electric Development Team. These requirements are specified in the Code of Conduct (“North Kohala Code of Conduct”) required under the Framework and implemented by certain rules and procedures found in the Procedures Manual attached as Appendix C. The North Kohala Code of Conduct will apply regardless of whether the Company will submit a Hawaiian Electric Proposal.

The Competitive Bidding Framework also allows Affiliates of the Company to submit Proposals⁴ to RFPs issued by the Company. All Hawaiian Electric 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 and must be submitted electronically through the Electronic Procurement Platform by the IPP and Affiliate Proposal Due Date in RFP Section 3.1, Table 1.

- 1.9.2 The Company will require that the Hawaiian Electric and Affiliate Proposal(s) be submitted electronically through the Electronic Procurement Platform. Hawaiian Electric Proposals will be due a minimum of one (1) Day before other Proposals are due.

⁴ A Proposal will also be treated as an Affiliate Proposal if the Affiliate is a partner for the Proposal.

Hawaiian Electric Proposals will be uploaded into the Electronic Procurement Platform in the same manner Proposals from other Proposers are uploaded. The Energy Contract Manager, in consultation with the Independent Observer, will confirm that the Hawaiian Electric Proposals are timestamped by the Hawaiian Electric Proposal Due Date shown in RFP Section 3.1, Table 1.

- 1.9.3 Detailed requirements for a Hawaiian Electric Proposal can be found in Appendix G. These requirements are intended to provide a level playing field between Hawaiian Electric Proposals and third-party Proposals. Except where specifically noted, a Hawaiian Electric Proposal must adhere to the same price and non-price Proposal requirements as required of all Proposers, as well as certain ESSA requirements, such as milestones and liquidated damages, as described in Appendix G. The non-negotiability of the Performance Standards shall apply to any Hawaiian Electric Proposal to the same extent it would for any other Proposal. Notwithstanding the fact that it will not be required to enter into an ESSA with the Company, a Hawaiian Electric Proposal will be required to note its exceptions, if any, to the ESSA in the same manner required of other Proposers, and will be held to such modified parameters if selected. In addition to its Proposal, the Hawaiian Electric Development Team will be required to submit Appendix G Attachment 1, Hawaiian Electric Development 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 Hawaiian Electric Proposal Team over other Proposers responding to this RFP, as well as adherence to ESSA terms and milestones required of all Proposers and the Hawaiian Electric Proposal's proposed cost protection measures.

The cost recovery methods between a regulated utility 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 Hawaiian Electric Proposal are its total project capital cost and any associated annual O&M costs. During the RFP's pricing evaluation step, these capital costs⁵ and O&M costs will be used in a revenue requirement calculation to determine the estimated revenues needed from customers which would allow the Company to recover the total cost of the Project. The Hawaiian Electric Proposal revenue requirements are then used in a levelized benefit calculation to determine a Levelized Benefit ("LB") (\$/MWh) which will then be used for comparison to IPP and any Affiliate Proposals.

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

⁵ Hawaiian Electric 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, interconnection, overhead, and Allowance for Funds Used During Construction.

The Hawaiian Electric Proposal 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 Hawaiian Electric Proposal and the actual cost to construct the Project. If the Hawaiian Electric 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 Hawaiian Electric 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.⁶ There will be no right to hearing or appeal from this informal expedited dispute resolution process.

⁶ 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 By submitting a Proposal in response to this RFP, each Proposer expressly agrees that if it initiates a dispute resolution process for any dispute or claim submitted in violation of or arising under or relating to this RFP (e.g., a court proceeding, arbitration, etc.), other than as permitted by the Framework and Section 1.10 of this RFP, such dispute shall be dismissed with prejudice and the Proposer filing such dispute or claim 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, non-award or disqualification of a Project made by the Company or any decision by the Commission made pursuant to Section 1.10.5.

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 ESSA, 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 North Kohala community has played an important role in shaping this project. The Company took a collaborative approach in developing plans to improve resilience and reliability in the North Kohala area. The Company shared information and requested feedback through focus groups, conducted roundtables with key community members, provided regular briefings to Hawai'i Island government leaders, and provided updates at town halls hosted by elected officials. The Company also formed partnerships with organizations that work to keep the North Kohala community safe, healthy and connected. Through these partnerships, the Company hosted or participated in several events including the North Kohala Resilience and Sustainability Forum and various community fairs and festivals. As a result of the feedback and input provided by community members, the Company was able to develop the proposed microgrid project and the requirements of this RFP.

Chapter 2: Resource Needs and Requirements

2.1 Performance Levels and Standards

Proposals must meet the attributes set forth in this RFP and the requirements of the ESSA. This RFP and the ESSA 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 Interconnection Requirement Study (“IRS”). The Company has not yet fully adopted IEEE 2800-2022 as it was recently published. However, the inverters being procured in this RFP may need to conform to certain functions of IEEE 2800-2022 as identified in studied completed within this RFP, or in the future operations of the project. The interconnection study will incorporate IEEE 2800 to the extent applicable to our island systems.

The ESSA should be referenced for the complete list of Performance Levels and Performance Standards and details of each; but the following Performance Levels and Performance Standards are considered of utmost importance to ensure acceptable performance of the proposed resource and are reproduced here for reference:

“Back-up Power” means the capability to supply power to maintain service continuity and grid resilience in the event of an outage, at the direction of the Company.

“Performance Level Rated Energy Capacity” means the amount of energy that the Project is capable of discharging in megawatt-hours (MWh), measured between the maximum and minimum allowable states of charge and available to the Company. To avoid the imposition of liquidated damages (“LDs”), the Performance Level Rated Energy Capacity shall not be less than the Contract Capacity (30 MWh).

“Frequency Regulation” means the capability to consume or deliver active power, for the purpose of retaining a target frequency under changing load and generation conditions.

“Rated Active Power Capacity” means the total possible instantaneous discharge capability in megawatts (MW) of the Project, or the maximum rate of discharge that the Project can achieve, starting from a fully charged state, and available to the Company.

“Voltage Regulation” means the ability to compensate for anomalies or disturbances (e.g., voltage magnitude, harmonics, etc.) to achieve a target voltage at the Point of Interconnection by manipulating the reactive energy component of the Project.

“Black-Start” means the capability of the Project to self-start, and also energize the islanded transformers and loads, as defined in the RFP, in a single breaker closure without outside assistance. Further, inverter-based resources shall ensure they have sufficient energy storage to maintain power injection to the grid during system restoration (i.e., have power available when and if called upon). The capability of the Project to energize transformers and loads is only required within the limits of the Rated Active Power Capacity, Rated Energy Capacity, and Short-term Overcurrent Capability. The Seller is responsible for establishing the required minimum capacities and appropriate controls of the Facility to facilitate black start energization within the Rated Active

Power Capacity, Rated Energy Capacity, and Short-term Overcurrent Capability limits of the Project determined by the Company.

“Performance Level RTE” means the sound trip efficiency rate, or RTE Ratio of not less than 85%, which is required to be maintained to avoid the imposition of LDs.. This represents the lowest acceptable efficiency of the Facility for a full charge and discharge cycle with all energy to achieve the full cycle being taken from and delivered to the Point of Interconnection.

“Performance Level Availability” means the Measured Availability of 98% or greater, which is required to be achieved to avoid the imposition of LDs.

The Project must also meet all other Performance Standards described in Section 3 of Attachment B of the ESSA; including but not limited to reactive capability, ride-through, and the ability to operate in grid-forming (“GFM”) mode as further described in the ESSA.

The functionality and characteristics of the storage must be maintained throughout the term of the ESSA. To be clear, Proposers may not propose any energy storage degradation below the Performance Levels for either capacity or efficiency in their Proposals. Ensuring that there is no degradation in storage capacity or efficiency over the term of the ESSA can be accomplished in a number of ways, including overbuilding or pricing in replacement components. The particular manner in which this requirement is achieved is ultimately up to the Proposer to include in its Proposal.

2.2 Transmission-Level System Information

The Company has performed a preliminary evaluation of the Transmission System which indicates a BESS of the requested size is able to interconnect and support the North Kohala area. The Company will provide line data and load transformer datasheets to Proposers to simulate a black start of the microgrid system in an electromagnetic transient (“EMT”) environment system if requested via the communication methods identified in Section 1.5 and upon the execution of an NDA as specified in Section 3.12.1. Proposals are required to provide EMT simulation results demonstrating acceptable black start performance of the microgrid using the proposed resource. Further, as part of this RFP, fault current levels at select busses are provided and Proposals are expected to verify their proposed resource can achieve these fault current levels in modeling. A detailed IRS will be required to ensure the Project BESS size, proposed inverter equipment, and controller settings are providing acceptable performance when grid connected, islanding, and during Black Start. Additional system mitigation measures in the form of additional equipment is not expected to be required to integrate any specific Project selected through this RFP and if any is identified the addition will be at the cost of the Company. Per Section 3.11 and Appendix F, Projects must interconnect to the Company’s System at 34.5 kV level at the existing Hawi Substation located on the island of Hawai‘i. 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 after the execution of the NDA as specified in Section 3.12.1.

2.3 Interconnection to the Company System

- 2.3.1 The Proposer must provide all information pertaining to the design, development, and construction of the Seller-Owned Interconnection Facilities as specified in Appendix B.
- 2.3.2 All Proposers must provide a completed Project Interconnection Requirement Study Data Request worksheet, which can be found in Appendix B, Attachment 2, with the Proposal submission. All project diagram(s), models for equipment and controls (see Appendix B, Attachments 3 and 4), list(s) identifying components and respective files (for inverters and power plant controller), and complete documentation with instructions must also be submitted with the Proposal submission. The proposed Interconnection Facilities must be compatible with the Company System and in coordination with Company-Owned Interconnection Facilities. In the design, Projects must adequately consider Company requirements to address impacts on the performance and reliability of the Company System. Please see Appendix B for reference.
 - 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 of Interconnection with the Company System, and scheme of interconnection, must meet Company standards as applicable.
 - 2.3.2.2 Interconnection Facilities must be designed such that it meets or exceeds the applicable single line diagram in Appendix H, Attachment 1.
- 2.3.3 RESERVED
- 2.3.4 The selected Proposer shall be responsible for building all Seller-Owned Interconnection Facilities and for all costs for Seller-Owned Interconnection Facilities needed to interconnect a Project to the Company System. The Company will be responsible for building all Company-Owned Interconnection Facilities and for all costs for Company-Owned Interconnection Facilities needed to interconnect a Project to the Company system.
- 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 Project and the Point of Interconnection. The selected Proposer shall be responsible for the actual final costs of all Seller-Owned Interconnection Facilities (see Appendix H), 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 RESERVED
- 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 ESSA.

Chapter 3: Instructions to Proposers

3.1 Schedule for the Proposal Process

Table 1 sets forth the proposed schedule for the proposal process (the “RFP Schedule”). The RFP Schedule is subject to PUC approval. 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 to the Proposers and posted on the RFP Website.

**Table 1
RFP Schedule**

Milestone	Schedule Dates
(1) Distribute RFP for Stakeholder input	September 23, 2021
(2) Technical Status Conference	September 30, 2021
(3) Parties and Participants file comments by	October 7, 2021
(4) Draft RFP filed	October 29, 2021
(5) Order 38195 issued	January 25, 2022
(6) Public comments filed by	February 25, 2022
(7) Order 38699 issued	November 10, 2022
(8) Restudy results filed	December 30, 2022
(9) Revised RFP filed by	January 13, 2023
(10) Order 38855 issued	February 14, 2023
(11) Proposed Final RFP filed	February 28, 2023
(12) Final RFP is Issued	March 24, 2023 ⁷
(13) Hawaiian Electric Proposal Due Date	May 30 2023 at 2:00 pm HST
(14) IPP and Affiliate Proposal Due Date	May 31, 2023 at 2:00 pm HST
(15) Selection of Final Award Group	August 29, 2023
(16) Contract Negotiations Start	September 6, 2023

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.hawaiianelectric.com/NorthKohalaEnergyStorageRFP

⁷ This date and all subsequent dates in the RFP Schedule (Table 1) are dependent on any further guidance to be set by the PUC.

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.

“Sourcing Intelligence” developed by Power Advocate⁸ is the Electronic Procurement Platform that the Company has licensed and will utilize for the receipt of Proposals in 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 Information Exchange

The Company held a stakeholder outreach meeting on September 2, 2021 to discuss the needs set forth in this RFP and gain stakeholder input. A recording of the September 2, 2021 stakeholder outreach meeting can be found on the Company’s RFP website.

The Company also conducted a Technical Status Conference on September 30, 2021 to discuss this draft RFP. Parties and Participants had the opportunity to submit comments on the draft RFP. A recording of the Technical Status Conference can be found on the RFP website. The Company has reviewed and answered questions sent in by stakeholders which can be found on the RFP website and submitted a draft RFP for PUC review and approval on October 29, 2021. The Company has also responded to 45 information requests from the Commission and filed the results of the BESS sizing restudy and updated pricing for the Microgrid + BESS Project on December 30, 2022, as directed by the Commission in Order No. 38699.

Additionally, the Company will hold a prerecorded webinar in accordance with the Competitive Bidding Framework for prospective Proposers to learn about the provisions and requirements of this RFP. This prerecorded webinar will be posted to the Company’s RFP website within one week of the issuance of the final RFP. Prospective Proposers may also submit 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.

⁸ PowerAdvocate became part of Wood Mackenzie in 2021, but web addresses and support email addresses still reference to PowerAdvocate.

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 ESSA. 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 1.7.5, the Proposer is solely responsible for all errors in its Proposal(s). The Company has no obligation to inform the Proposer of any error, and the Company will not accept any assertion 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. Proposals must clearly state all capabilities, functionality and characteristics of the Project; must clearly detail plans to be performed; must explain applicability of information; and must provide all referenced material if it is to be considered during the Proposal evaluation. Referencing previous RFP submissions or projects for support will not be considered. Proposers should not assume that any previous RFP decisions or preferences also apply 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) status conference participation; (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 agent⁹ of the Proposer.

3.5 Organization of the Proposal

- 3.5.1 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.

⁹ 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.

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. 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.

Proposers understand and agree that if its Proposal is selected by the Company for the Final Award Group, such selection shall in no way constitute the Company's confirmation that a Proposer's Project will meet the requirements under this RFP, e.g., that the Project's proposed interconnection is feasible and will meet the Company's requirements. The Proposer is ultimately responsible for ensuring that its Project meets the technical requirements specified in this RFP, and if the parties reach agreement on the ESSA, the requirements specified in the ESSA.

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 Energy Storage Services Agreement

- 3.8.1 The agreement for the Proposal selected under this RFP will be in the form of the ESSA, attached as Appendix L.
- 3.8.2 If selected, any Affiliate Proposer will be required to enter into the ESSA with the Company.
- 3.8.3 If selected, the Hawaiian Electric Development Team will not be required to enter into an ESSA with the Company. However, the Hawaiian Electric Development Team will be held to the proposed modifications to the ESSA, if any, it submits as part of the Hawaiian Electric Proposal in accordance with Section 3.8.6. Moreover, the Hawaiian Electric Proposal will be held to the same performance levels and milestones set forth in the ESSA to the same extent as all Proposers, as attested to in the Hawaiian Electric Proposal's Appendix G, Attachment 1, "Hawaiian Electric Development Team 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 of a Company-owned facility, the Hawaiian Electric Proposal will be permitted to adjust operational requirements and performance levels with the approval of the PUC. The process for adjustment would be similar to a negotiated amendment to an ESSA with PUC approval.

- 3.8.4 In general, under the ESSA, payment to the Seller consists of a Lump Sum Payment component to cover the costs of the Project. In return, the ESSA gives the Company exclusive rights to schedule and control the energy storage facility. The monthly Lump Sum Payment is subject to adjustment based on the availability and performance of the Project.
- 3.8.5 The Performance Standards identified in Section 2.1 of this RFP and Attachment B, Section 3 of the ESSA establish the minimum requirements a Proposal must satisfy to be eligible for consideration in this RFP. A proposed Project'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, these Performance Standards included in the ESSA are non-negotiable. Additionally, as stated in Section 3.13.2 below, Proposers shall not propose an amount lower than that set forth in the ESSA for Development Period Security and Operating Period Security. Proposers may propose modifications to other sections of the ESSA 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”, and reservation of rights to propose modifications at a later time are unacceptable and will be considered non-responsive. Proposed modifications to the ESSA 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 Electronic Procurement Platform for the RFP. Any proposed modifications to the ESSA will be subject to negotiation between the Company and the Final Award Group and should not be assumed to have been accepted either as a result of being selected to the Final Award Group or based on any previously executed agreement. 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 ESSA will be deemed to have accepted the ESSA in its entirety.

3.9 Pricing Requirements

- 3.9.1 Proposers are responsible for understanding the terms of the ESSA. Pricing cannot be specified as contingent upon other factors (e.g., changes to federal tax policy, assuming that all applicable federal tax credits are received, assuming that the Company will accept any proposed change to the ESSA).
- 3.9.2 Escalation in pricing over the term of the ESSA 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:

For IPP or Affiliate Proposals:

- **Lump Sum Payment (\$/year):** Payment amount for exclusive rights to schedule and control the Project. Payment will be made in monthly increments.

For the Hawaiian Electric 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.

Additional description and detail on the Total Project Capital Costs, Annual O&M Costs, and ARR for the Hawaiian Electric Proposal is located in [Appendix G](#).

3.10 Project Description

3.10.1 RESERVED

3.10.2 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 ESSA approval process. If requested, such information would be provided to the PUC, Consumer Advocate, and Company pursuant to a protective order in the docket.

3.10.3 The Proposer agrees that no material changes or additions to the Project 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 that any Proposal information 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.

3.11 Project Site

All Proposals must be sited on a pre-determined Company-controlled Project Site, referred to as the Akoni Pule Site. The available area is approximately 1.207 acres located along Akoni Pule Highway in Hawi Village, North Kohala, and is further

described in Appendix F. Additional details regarding the specific interconnection requirements for a Project sited at the Akoni Pule Site are described in Appendix H.

The selected Proposer will be required to agree to specific terms and conditions for such use as provided for in Attachment X of the ESSA. Provisions providing for access to the site during construction and thereafter, during commercial operations, will be subject to current Company safety and security policies and procedures, including any additional restrictions due to COVID-19. Physical, communication, and internet security will be required consistent with Company policy. Additional measures may be required to limit or eliminate interference between Seller and Company facilities and infrastructure. Such policies, procedures, and requirements may change as necessary during the term of the ESSA to reflect changes in Company policies or to remain in compliance with current applicable laws, rules, or regulations. Additional information regarding the site can also be found in Appendix F.

The Company will endeavor to provide as much information as possible to interested potential Proposers, and if conditions related to the ongoing health pandemic do not allow for an in-person visit early in the bid submittal period, the Company will provide additional information which may include photographs and/or video. Information on a potential in-person site visit or any additional information will be posted on the Company's RFP website.

3.12 Confidentiality

- 3.12.1 Each prospective Proposer must submit an executed NDA in the form attached as Appendix E by the Proposal Due Date specified in the RFP Schedule in Section 3.1, Table 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 to Company in response to this RFP, certify that such Proposer has not shared its Proposal, or any part thereof, with any other Proposer of a Proposal responsive to this RFP. The Proposer shall acknowledge this in the Response Package submitted with its Proposal. Notwithstanding such certification, if the Company observes or receives evidence from a Proposer that appears to place one or more Proposers in violation of this RFP Section 3.12.2, e.g., a representative from one Proposer uses the same information in multiple Proposals submitted by different Proposers (e.g., individual Proposers with different names, joint ventures, etc.), Company

will seek additional information and clarification from such Proposer(s) to determine whether such a violation does in fact exist (and, if so, in consultation with the Independent Observer, whether disqualification of one or more Proposals is appropriate).

- 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, the 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 ESSA

- 3.13.1 The Proposer with whom the Company enters into an ESSA must post Development Period Security and Operating Period Security in the form of an irrevocable standby letter of credit from a bank doing business in the United States and subject to United States state or federal regulation, with a credit rating of "A-" or better from Standard & Poor's or A3 or better from Moody's as required and set forth in Article 14 of the ESSA. Cash, a parent guaranty, or other form of security will not be accepted in lieu of the irrevocable standby letter of credit.
- 3.13.2 The Development Period Security and Operating Period Security identified in the ESSA are minimum requirements. Proposers shall not propose an amount lower than that set forth in the ESSA.
- 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 doing business in the United States and subject to United States state or federal regulation, with a credit rating of "A-" or better from Standard & Poor's or A3 or better from Moody's to guarantee Proposer's payment of interconnection costs for 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 ESSA.
- 3.13.4 Proposers may be required to provide an irrevocable standby letter of credit in favor of the Company from a bank doing business in the United States and subject to United States state or federal regulation, with a credit rating of "A-" or better from Standard & Poor's or A3 or better from Moody's in lieu of the required Source Code Escrow in an amount and as required and set forth in Attachment B to the ESSA.

Chapter 4: Evaluation Process and Evaluation Criteria

4.1 Proposal Evaluation and Selection Process

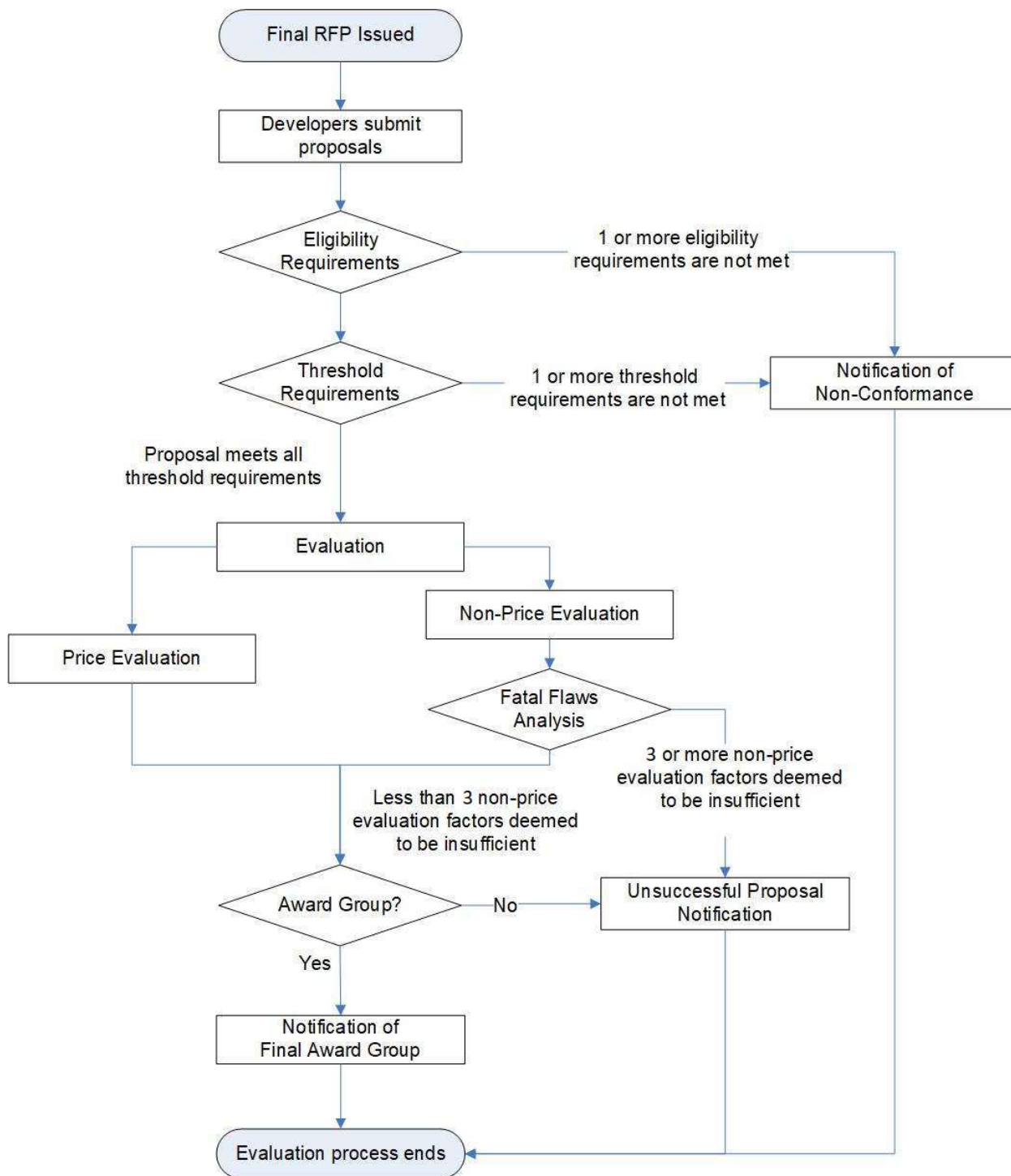
The Company will employ a multi-step evaluation process. Once the Proposals are received, the Proposals will be subject to a consistent and defined review, evaluation, and selection process. This Chapter provides a description of each step of the process, along with the requirements of Proposers at each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

Upon receipt of the Proposals, the Company will review each Proposal submission to determine if it meets the Eligibility Requirements and the Threshold Requirements. 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 will 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.¹¹ Proposals that have successfully met the Eligibility and Threshold Requirements will then enter a price and non-price evaluation process, ultimately ending in a single 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.

¹¹ The initial request will be offered 3 business days to cure. Succeeding inquiries on the deficiencies will be offered cure periods deemed sufficient by the Company and Independent Observer.

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 Electronic Procurement Platform.
- The Proposal Fee must be received on time on or before the Proposal Due Date.¹²
- The Proposal must not contain material omissions.
- The Proposal must be signed and certified by an officer or other authorized agent of the Proposer.
- The Proposers must fully execute the NDA and any other documents required pursuant to this RFP.
- The Proposer must provide a Certificate of Vendor Compliance from the Hawai'i Compliance Express that is current (dated and issued no earlier than 60 days of the date of Proposal submission). A Certificate of Good Standing from the State of Hawai'i Department of Commerce and Consumer Affairs and also federal and Hawai'i state tax clearance certificates for the Proposer may be substituted for the Certificate of Vendor Compliance.
- The Proposal must not be contingent upon changes to existing county, state, or federal laws or regulations.
- The Proposal must be sited on the Project Site.
- The Proposal must be for a BESS connecting to the prescribed 34kV Point of Interconnection.
- The BESS must be able to be charged from the grid at the direction of the Company as described in Section 1.2.1.
- Proposals must provide grid-forming and black start capabilities as described in Section 2.1. Proposals are to provide simulated proof, using EMT software, of such performance (i.e., frequency control, voltage control, black start) using the Company provided datasheets for the microgrid elements.
- Proposals must specify a GCOD no later than September 19, 2025.
- Proposers shall agree to post Development Period Security and Operating Period Security as described in Section 3.13.
- The Proposal must include a written attestation that states the Proposer will fulfill all requirements set forth in Section 5.3.1.
- The aggregated cost of the bid price of the Proposal and estimated cost of the Company's microgrid project must not exceed the estimated value of a traditional second wires path solution as described in Section 1.

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

¹² Proposal Fees will not be required for Hawaiian Electric Proposals.

that are insufficiently developed, lack demonstrated technology, or will impose unacceptable execution risk for the Company.

Proposals must provide explanations and contain supporting information demonstrating how and why the Project proposed 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:

1. **Performance Standards:** The proposed Project must be able to meet the performance attributes identified in this RFP and the Performance Standards identified in Section 2.1 of this RFP and Attachment B, Section 3 of the ESSA. Proposals should include sufficient documentation to support the stated claim that the Project 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.
2. **Proven Technology:** This criterion is intended as a check to ensure that the technology proposed is a viable technology for an energy storage project for the purposes of a microgrid of a similar MW scale for large commercial operations (ex. military bases, educational institutions, business facilities, utility plants) 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 ESSA) at the scale being proposed. Proposals should include any supporting information for the Company to assess the commercial and financial maturity of the technology being proposed.
3. **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) energy storage project for the purposes of a microgrid of a similar MW scale for large commercial operations (e.g., military bases, educational institutions, business facilities, utility plants), 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.
4. **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 ESSA 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 ESSA negotiations. The Company has determined that for purposes of FASB ASC 842, the energy storage facility will be treated as a lease. The Company would evaluate the amount of the lease that would be recorded based on the proposal submitted.

5. Technical Model: Developing an accurate and functional facility technical model is imperative to commencing the Interconnection Requirement Study phase of the process. This criterion is to check whether Proposers have provided the required models per Appendix B, Attachment 4, as well as documentation that Proposers have tested their models under all scenarios prescribed in Appendix B, Attachment 3. Additionally, as required by Section 4.2, Proposals must provide grid-forming and black start capabilities as described in Section 2.1. Proposals are to provide simulated proof, using EMT software, of such performance (i.e., frequency control, voltage control, black start) using the Company provided datasheets for the microgrid elements.

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. Non-price criteria will account for fifty percent (50%) of the total score and price-related criteria will account for fifty percent (50%) 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.

4.4.1 Evaluation of the Price Related Criteria

For the price analysis, a total of 500 points will be awarded. The eligible Proposal with the lowest bid price will receive 500 points. All other eligible Proposals will receive points based on a proportionate reduction using the percentage by which the eligible Proposal’s Lump Sum Payment exceeds the lowest Lump Sum Payment. For example, if a Proposal’s value is ten (10%) higher than the lowest Lump Sum Payment, the Proposal will be awarded 450 points (that is, 500 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. The non-price score accumulated after evaluation of such criteria is subject to reduction based on a Previous Performance evaluation described in Section 4.4.2.2 below.

4.4.2.1 Non-Price Criteria and Scoring

The non-price criteria are as follows and further described below:

1. State of Project Development and Schedule
2. Performance Standards
3. Environmental Compliance and Permitting Plan
4. Experience and Qualifications
5. Financial Strength and Financing Plan
6. ESSA Contract Proposed Modifications
7. Carbon Emissions
8. Technical Model

Each of the first two criteria – State of Project Development and Schedule and 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). A score of 3 means that a Proposal meets the minimum standard for that criterion.

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:

1. **State of Project Development and Schedule** – Projects that are further along in development generally have lower project execution risk and a greater probability of being able to be successfully placed into service prior to the GCOD (specifically identified in each Proposal). At a minimum, Projects should demonstrate how they plan to capture any tax-related safe harbor (if applicable) and reach their GCOD specified, including identification of risks and schedule assumptions. Schedules must be created in Microsoft Project and submitted in .mpp file format and 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 tax-related 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 each Proposal including: costs for equipment, construction, engineering, Seller-Owned Interconnection Facilities, land, annual O&M, the reasonableness of such costs and the assumptions used for such costs. Proposals that do not appear to include all applicable items from Appendix H that are reasonable for a project of the size proposed may result in a lower ranking for this criterion as it may reflect risk that the Project cannot 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. The Company may require an attestation from the Proposer that they understand their proposed interconnection costs do not appear accurate to the Company and should the Proposer continue and is selected that the Proposer shall be responsible for the final determination of interconnection costs whether or not it is higher than what the Proposer has included in its Proposal.

2. **Performance Standards:** The proposed Project must be able to meet the performance attributes identified in this RFP and the Performance Standards identified in the ESSA. 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 ESSA and in this RFP. At a minimum, in addition to meeting the Performance Standards, the Proposal should include sufficient documentation, provided in an organized manner, to support the stated claim that the Project 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 Project. Preference will also be provided on facilities that offer additional capabilities.
3. **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 the applicable regulating agencies such as U.S. Fish and Wildlife and the State of Hawai‘i

Department of Land and Natural Resources' Division of Forestry and Wildlife, 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 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 Guaranteed Commercial Operations Date.

The Proposal's non-price score for this requirement will reflect the lower of either the Environmental Compliance sub-score or the Permitting Plan sub-score.¹³

- 4. Experience and Qualifications** – Proposals will be evaluated based on the experience of the Proposer in financing, designing, constructing, interconnecting, owning, operating, and maintaining (including all components of the project) energy storage projects for the purposes of a microgrid of a similar MW scale for large

¹³ Two different teams will assess the Proposals for this non-price criteria – one focusing on the environmental impacts of the Proposal and the other on the permitting plans and activities of the Proposer. Each team will contribute a sub-score, and the overall score for this criterion will be based on the lower of the two sub-scores.

commercial operations (ex. military bases, educational institutions, business facilities, utility plants) of a 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 energy storage project for the purposes of a microgrid with grid-forming capabilities of a similar MW scale for large commercial operations 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.

5. **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.
6. **ESSA Contract Proposed Modifications** – Proposers are encouraged to accept the contract terms identified in the model ESSA in its entirety in order to expedite the overall RFP process and potential contract negotiations. Proposers who accept the model ESSA without edits, will receive a higher score and will be the only Proposals that can achieve the highest scoring for this non-price evaluation criterion. 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. See also Section 3.8. 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.
7. **Carbon Emissions** – Proposals should provide responses to the Carbon Criteria Questions provided in Section 2.15 of Appendix B, which will be used to score each Project depending on Project-specific design, siting, procurement, construction and

O&M information likely to impact the Project’s lifecycle GHG emissions. In line with carbon neutral goals set forth by Hawaiian Electric¹⁴ and the State of Hawai‘i,¹⁵ preference will be given to Proposers expected to have lower lifecycle GHG emissions based on the responses to the Carbon Criteria Questions.

8. **Technical Model** – Developing an accurate and functional facility technical model is imperative to the successful completion of the IRS, the accuracy of study results, and, by extension, the reliability of the System. Models must be accurate representations of the Facility and its operation. The Company validates the quality of the models and acceptability for the IRS through a model checkout process. Proposers should have developed, executed, tested, and documented results of their models prior to submitting a proposal. This criterion is to evaluate the extent to which Proposers have met the requirements in Appendix B, Attachment 3. Scoring will be based on the Proposer’s documentation, which are the result of self-testing and benchmarking documentation, demonstrating the model’s ability to meet the requirements of Appendix B, Attachment 3. Preference will be given to Proposals for which the accompanying documentation show they are able to meet the requirements and achieve the expected results for all scenarios proposed in Appendix B, Attachment 3.

4.4.2.2 Previous Performance Evaluation

An overall Previous Performance scoring criterion will be employed in this RFP. Based on any underperformance experienced within the past five (5) years from any Proposer, its parent company, or an affiliate of such Proposer, the Company will deduct points from the Proposer’s total non-price score based on the infraction. Unlike the 8 non-price criteria above that generally score each project on a scale of 1 to 5, the Previous Performance scoring criteria will deduct points from the total non-price score. The total deductions could range from 0 to 20 points. If a Proposer has not been awarded a project by the Company or does not have an existing or past contract with the Company within the past five years, no points will be deducted.

The Company will evaluate Proposers (which for purposes of the Previous Performance criterion, includes the Proposer, its parent company, or any affiliate) for any past underperforming infractions listed below. For each of the following infractions identified for any of the Proposer’s existing or past projects, points will be deducted, up to a maximum of ten (10) points, from the Proposer’s total non-price score in this RFP. Any infraction caused by force majeure will not be counted into the deductions.

1. Proposer declined a Priority List or Final Award Group invitation. [1 point deduction]
2. Proposer withdrew from an awarded project after accepting a Final Award Group invitation. [2 point deduction]
3. Proposer terminated an executed contract, except for a termination due to a Company-event of default, including declaring the contract null and void, except

¹⁴ See <https://www.hawaiianelectric.com/about-us/our-vision-and-commitment/climate-change-action>.

¹⁵ See HRS § 225P-5.

- for a null and void declaration due to an unfavorable PUC order, which was not reinstated or otherwise superseded by a subsequent contract. [2 point deduction]
4. Termination of an executed contract by Company due to a Proposer-, parent company-, or affiliate-event of default, unless such default was cured by the contracting Proposer, parent company, or affiliate in an expeditious manner to the satisfaction of the Company. [2 point deduction]
 5. Proposer missed the Guaranteed Commercial Operations Date under an existing or past contract. [1 point deduction for missing GCOD by more than 10 days up to 3 months, 2 point deduction for missing GCOD more than 3 months up to 6 months, and 3 point deduction for missing GCOD by more than 6 months.]
 6. Proposer missed one or more contract Milestones or Seller's Conditions Precedents, other than GCOD, by more than 10 days. [1 point deduction]
 7. Proposer paid liquidated damages during the development phase of the project. [0.5 point deduction]
 8. Proposer breached its representations and warranties under the contract. [0.5 point deduction]
 9. Proposer failed to remedy one or more violations of the Company's performance standards during operations within 6 months. [0.5 point deduction]
 10. During the operating term of the contract, Proposer paid liquidated damages or failed to meet one or more performance metrics, warranties or guarantees (NEP, EAF, EFOR, MPR, Unit Trips, etc.) for more than one reporting period. [0.5 point deduction]

In addition to the above-referenced infractions, ten (10) points shall be deducted from any Proposal's non-price score in the event the Proposer, its parent company, or an affiliate of the Proposer is involved in any pending litigation in which the Proposer, parent company, or affiliate has made claims against the Company or in which the Company has made claims against the Proposer, parent company, or affiliate, which is not subject of a settlement agreement that is currently in effect. This ten-point deduction for involvement in pending litigation is not subject to the maximum of ten (10) points that may be deducted for the other Previous Performance criterion delineated above. As such, a total of up to twenty (20) points may be deducted from a Proposal's non-price score for infractions of Previous Performance criterion.

During the non-price criteria evaluation, should the Company identify any Previous Performance infractions, including the identification of pending litigation, the Company will notify Proposers of any potential deductions and provide them with the opportunity to respond with a written explanation within five (5) business days. The Company, in consultation with the Independent Observer, will review the explanations and determine whether there were instances outside of the Proposer's control or otherwise excusable. The Company will finalize deductions with the objective of determining the risk of future under/non-performance based on past experiences.

4.4.2.3 Non-Price Scoring

The resulting non-price score will be the sum of the scores for each of the individual non-price criteria minus any points deducted for underperformance infractions based on the

Previous Performance scoring criterion. The Company will then award non-price evaluation points in accordance with the relative ranking of scores within each evaluation category. The Proposal in each evaluation category with the highest total non-price score will receive 500 points, and all other Proposals will receive points equal to the Proposal's score divided by the top score, multiplied by 500.

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 level for three (3) or more non-price criteria will be disqualified given that the Proposal has failed to meet the required number of non-price factors that are indicative as to the general feasibility and operational viability of a proposed Project.

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 50% price-related criteria / 50% 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 single 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 has been awarded.

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

Up to the selection announcement of the Final Award Group, should any new legislation for renewable energy be enacted that would offer developers further tax credits, the Company reserves the right to require Proposers to provide a downward pricing adjustment reflective of such savings for the benefit of the Company's customers.

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 ESSA 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 ESSA 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 on the ESSA, 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 if another Proposal should be selected.

Chapter 5: Post Evaluation Process

5.1 Project Interconnection Process

At Proposal Submission

Development of accurate and functional facility technical model is imperative to the successful completion of the IRS, the accuracy of study results, and, by extension, the reliability of the System. Models must be accurate representations of the Facility and its operation. The Company validates the quality of the models and acceptability for the IRS through a model checkout process. Proposers should have developed, executed, tested, and documented results of their models prior to submitting a proposal.

A complete package of Project Interconnection Requirement Data Request worksheets, Project single line and three line diagrams, models (see Appendix B, Attachment 3), and documentation prescribed in Appendix B, Attachment 4, including a report, with plots, documenting that Proposers have tested their models under all scenarios, is required upon Proposal submission. See Section 2.11 of Appendix B. Proposals must provide grid-forming and black start capabilities as described in Section 2.1. Proposals are to provide simulated proof, using EMT software, of such performance (i.e., frequency control, voltage control, black start) using the Company provided datasheets for the microgrid elements.

The models required are set forth in Appendix B, Attachment 4. PSSE User Defined models and ASPEN models shall be configured to represent all of the functional equipment with settings in place to comply with the ESSA's performance requirements. These must be checked for functionality by the Proposer or its vendors and consultants prior to submission to the Company (see Appendix B, Attachment 3). Similar and fully accurate PSCAD models shall be submitted in a condition that complies with the PSCAD modeling guidelines provided by the Company.

Post Selection to Final Award Group

Within 30 days after selection of the Final Award Group, final submissions, to incorporate any updates, shall be made for the Project data and modelling submittals described above.

The Company will inspect the data packages for general completeness. For any incomplete submission, a list of missing or non-functional items will be provided. The Proposer will be given 15 Days to resolve data and modeling deficiencies. The Company, in consultation with the Independent Observer, may remove the Proposal from being selected to the Final Award Group or may terminate ESSA negotiations or executed ESSA, if their submission requirements are deemed incomplete for the lack of requested model. The Proposal must be complete to begin the IRS process. 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 Project and location.

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 the 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.

The Proposer shall be responsible for the cost of the IRS, under separate agreement. The overall IRS will provide information including, but not limited to, required Interconnection Facilities for a particular Project and any required mitigation measures. The Proposer will be responsible for the actual final costs of all Seller-Owned Interconnection Facilities. Upon reviewing the results of the IRS, the Proposer will have the opportunity to not move forward with the Project and therefore not complete execution of the ESSA in the event that the interconnection costs and schedule for the Project are higher than what was estimated in the Project Proposal (see [Section 2.3](#) of the ESSA).

Proposers should assume, at a minimum, a 12-month process for the completion of the IRS, and the execution and filing of the ESSA for approval. Such assumption is dependent on, among other factors, working and finalized models being timely provided for study by Proposers in accordance with the requirements of this [Section 5.1](#).

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 intends to execute and file the ESSA with the PUC for approval upon completion of the Contract Negotiation Process.

5.3 Final Award Group Commitments

5.3.1 Community Outreach and Engagement / Cultural Resource Impacts

The requirements described in this Section and Section 27.17 of the ESSA (Community Outreach Plan) do not represent the only community outreach and engagement activities that can or should be performed by the Proposer. Community outreach for the overall microgrid project will be managed by the Company. The selected Proposer will be required to fully cooperate with and assist the Company with community outreach efforts. This includes participating in all public meetings in which the Company requests selected Proposer's attendance, such as large community meetings, roundtables, 1:1 meetings, etc. The selected Proposer will also be required to promptly address any community concerns or issues regarding the Project BESS. The selected Proposer is expected to not only listen to community concerns, but thoughtfully consider any actions (ex. developing a list of pros and cons) and mitigate issues when necessary.

The Company will develop a cultural resource impact plan for this microgrid project. The Company has retained ASM Affiliates as a consultant to conduct a Field Inspection and Cultural Impact Assessment. The selected Proposer will be required to comply with any requirements set forth in the cultural resource impact plan or by the Company with regard to the Project BESS. The selected Proposer will be responsible for obtaining any necessary permits required in the cultural resource plan as instructed by the Company. Additionally, the selected Proposer will be required to fully cooperate with the Company and assist with any cultural resource outreach efforts.

The Company will publicly announce the Final Award Group no more than 7 business days after the notification is given to the Proposer who is selected to the Final Award Group. The selected Proposer shall not disclose its selection to the public before the Company publicly announces the Final Award Group selection.

Within 5 business days of selection to the Final Award Group, the Proposer shall provide the Company with the information identified in Appendix B. The Company will post this information on the North Kohala Microgrid page on the Company's website.

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 ESSA for the Project (the "GHG Review"). Proposers shall be responsible for the full cost of the GHG Review associated with their Project under a Greenhouse Gas Analysis Letter 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 ESSA 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 energy storage services as applicable under the ESSA is reasonable in light of the potential for GHG emissions, and whether the terms of the ESSA are prudent and in the public interest in light of its potential hidden and long-term consequences.

5.5 PUC Approval of ESSA

Any signed ESSA resulting from this RFP is subject to PUC approval as described in the ESSA, including Article 24 thereof.

5.6 Project In-Service

In order to facilitate the timely commissioning of the Project selected through this RFP, 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 Project, coordination between the Company and Project is required. Drawings must be approved by the Company prior to testing. The entire Project must be ready for testing to commence. Piecemeal testing will not be allowed. Communication infrastructure and equipment must be tested by the Proposer and ready for operation prior to Company testing.

If approved drawings are not available, or if the Project is otherwise not test ready as scheduled, the Company will attempt to accommodate adjustments to the schedule taking into account available personnel and other project obligations. The Proposer will be allowed to cure if successful testing is completed within the allotted scheduled time. No adjustments will be made to ESSA milestones if tests are not completed within the original allotted time. Liquidated damages for missed milestones will be assessed pursuant to the ESSA.