



**Hawaiian Electric Company, Inc.**

**Procedures Manual for the  
Implementation of a Competitive Bidding  
Program for the  
HECO Renewable Energy Request for Proposals**

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## **A. Introduction**

This Procedures Manual has been developed to outline the procedures to be followed and the policies that have been developed regarding issues surrounding the implementation of the Commission's Competitive Bidding Framework for the HECO Renewable Energy Request for Proposals (RFP) project. The procedures and policies set forth herein have been designed to ensure that the procurement process is undertaken in a fair and equitable manner, that the bids received in response to the HECO Renewable Energy RFP are evaluated in a consistent and unbiased manner, and that each Bidder is afforded an equal opportunity to participate and compete within the RFP framework. This manual also addresses critical issues regarding roles of HECO employees, communications between parties, confidentiality procedures, and Code of Conduct compliance.

Section B of this Procedures Manual provides HECO's objectives for the competitive bidding process. Section C addresses the project organization and responsibilities of the employees involved in evaluating proposals. Section D addresses Communications Policies. Section E addresses confidentiality procedures. Section F provides the internal compliance certification process for the Competitive Bidding Code of Conduct.

This Procedures Manual is intended as a guideline for those participating in the HECO RFP Renewable Energy RFP process and may require additions, deletions, and/or changes depending on the circumstances surrounding the solicitation.

## **Definitions**

- RFP – A written request for proposal issued by HECO to solicit bids from interested third-parties to supply future renewable energy resources to HECO pursuant to the competitive bidding process.
- Confidential Information – Any non-public information developed and provided by the Company or bidders during the RFP process (such non-public information may include, for example, the identity of competing bidders, and their technical,

trade or financial information). This term also includes any non-public information regarding the RFP process developed and used during the competitive bidding solicitation process. Confidential Information does not include public information, such as information on resources in an IRP Plan included in IRP Plan filings with the Commission.

- Framework: The Framework for Competitive Bidding contained in Decision & Order No. 23121 issued by the Public Utilities Commission on December 8, 2006.
- Manager of System Planning – The manager of the Department that includes the Generation Bidding Division, Generation Planning Division, and Transmission Planning Division.
- Director of Generation Bidding - The supervisor of the Division within the Company responsible for the implementation of the competitive bidding process pursuant to the Framework.
- Generation Bidding Project Manager – The staff position(s) within the Company's Generation Bidding Division responsible for managing the Company RFP.
- Independent Observer (“IO”) – The neutral person or entity retained by the electric utility to monitor the utility's competitive bidding process, and to advise the utility and Commission on matters arising out of the competitive bidding process, as described in Part III.C of the Framework.
- Company Executive in Charge – The Company's Executive responsible for ensuring compliance with the Code of Conduct and serves as the point of contact for the Independent Observer for reporting any violations by HECO from the Conduct.

## **B. Statement of Objectives**

HECO's RFP seeks proposals for the supply of up to approximately 100 megawatts (“MW”) of long term (i.e. 15-20 years) renewable energy for the island of Oahu under a Power Purchase Agreement (“PPA”), the terms of which shall be negotiated between HECO and the seller.

This RFP is part of a competitive procurement process established by the Hawaii Public Utilities Commission (the “Commission”). The process is intended to elicit

proposals that will enable HECO to obtain renewable energy generation at a competitive, reasonable cost with reliability, viability and operational characteristics consistent with HECO's resource planning and energy policy requirements and objectives as set forth in the RFP.

### **C. Project Organization and Responsibilities**

#### **Organization**

The HECO Renewable Energy RFP organization consists of employees and outside consultants who prepare the RFP documents, evaluate the proposals, make recommendations to management for selections, negotiate with the finalists, and submit the successfully negotiated contracts for Commission approval. Because there will not be a Company or affiliate bid, no separate inter-company teams are necessary. Nonetheless, HECO has retained the services of an IO to ensure that the competitive bidding process employed by HECO is conducted in a fair manner.

### **D. Communications Policies**

HECO recognizes the importance of open and fair communications during the competitive bidding process. Therefore, HECO has developed the following procedures governing communications between HECO bidders, the Independent Observer and the Commission during the RFP process.

HECO will establish a shared drive on its corporate computer network designed to maintain the bid evaluation documentation and other information associated with the bidding process. All communications regarding proposals between HECO and bidders shall be in compliance with the Competitive Bidding Code of Conduct. Each HECO member actively participating in the design and/or evaluation of the RFP is required to sign an acknowledgment of receipt of the Competitive Bidding Code of Conduct.

The following are HECO policies in these areas.

## **1 Communications Between the Company and Bidders**

Communications between the Company and the bidders are a critical element of the bidding process. The RFP Project Manager or the Director Generation Bidding serve as the primary contact persons for all communications with the bidders. This is important from the standpoint of maintaining consistency and confidentiality of information between bidders and the Company. All communications from prospective bidders must be submitted in writing via the established website. HECO will maintain complete documentation of all questions received from bidders and responses provided. The Independent Observer will monitor all communications with bidders.

The communications process for addressing questions from bidders is provided below:

1. Prospective bidders will submit questions via the link provided on the HECO Generation Bidding website. The website link is provided to ensure communications are properly documented and directed to the appropriate HECO Generation Bidding personnel. Any questions submitted by prospective bidders through means other than the website link may encounter delays in processing.
  
3. Questions will be reviewed by Generation Bidding staff and responses will be coordinated with the appropriate functional area within HECO for a response. Every reasonable effort will be made to provide responses in a timely manner.
  
4. All proposed responses will be made available to the Independent Observer in draft form for review. Comments from the Independent Observer may be considered before finalizing the responses.
  
5. Depending on the questions received, responses may require Confidential Information. Release of any Confidential Information must be approved in

advance by the HECO Executive authorized to release the Confidential Information. Responses will be categorized as follows:

Non-Confidential Responses: Question and Response will either be posted directly on the website (process-related questions or simple non-substantive information) or a description of the information that can be made available will be posted and parties will be instructed to submit a request to HECO's Generation Bidding Division via the website link to receive a copy.

Confidential Responses: Question and a description or notice of a Confidential Information response will be posted on the website and parties will be instructed to submit a request to HECO's Generation Bidding Division via the website link to receive instructions on how to access the Confidential Information. The Confidential Information will only be provided to the requestor after receipt of an executed Non-Disclosure Agreement. Only parties that are qualified to submit a bid and have executed a Non-Disclosure Agreement will be considered for receipt of Confidential Information.

#### Process for Distribution of Confidential Information

Confidential Information provided in response to questions from bidders may be made available only to parties as indicated above via the following:

Confidential Information that is approved for posting on a password secured access site: Confidential Information may be made available on a secured website with an individual password provided to each approved bidder. Confidential Information in documents may be transmitted to approved recipients through HECO's secure email system.

Confidential Information that can be made available for inspection only, but cannot be copied: There may be some types of Confidential Information that HECO may consider making available for inspection only with no copies allowed. This type of Confidential Information will be made available on HECO

premises for inspection only. Bidders will be advised via the website link to make arrangements with HECO Generation Bidding staff to view the Confidential Information.

Confidential Information that may not be released. In the event that bidders submit questions that require responses that the Company feels is not appropriate to provide for reasons which may include, but not be limited to, safety, security, protection of trade secrets or intellectual property rights, bidders will be advised as such via the Generation Bidding website link.

7. Once bids are received, the Company may submit information requests to bidders to clarify their proposals or request additional information. All contacts with bidders will be primarily through the HECO Generation Bidding website. If determined necessary, face-to-face meetings may be scheduled. All contacts and information exchanged will have the oversight of the IO.

## **2 Communications Between HECO and the Commission**

The Company's Regulatory Affairs staff will be responsible with respect to HECO initiating communication with the Commission regarding the RFP or the HECO Utilities' evaluation process. Regular updates may be provided to the Commission regarding the RFP process if requested.

## **3. Communications Between HECO and the Independent Observer**

Communications between HECO staff and the IO will be required for many aspects of the evaluation process. The IO is also required to maintain confidentiality of bidder information. The IO will coordinate all activities through the HECO Director of Generation Bidding or the RFP Project Manager. The IO will be invited to attend any meetings between the Company and the Commission as well as any formal bid evaluation meetings. Sufficient notice will be provided whenever possible and teleconference and/or web conference alternatives may be utilized.

**E. Protective Order**

Any confidential documents required to be filed with the Commission will be done so in accordance with Protective Order No. 23875.

**F. Enforcement of Code of Conduct and Compliance Certification Process**

All employees actively participating on the RFP design and/or proposal evaluations must sign an acknowledgement of receipt of the Competitive Bidding Code of Conduct. Electronic acknowledgement is acceptable. Employees are expected to be knowledgeable of the Code of Conduct and conduct themselves in a manner that avoids even the appearance of impropriety. Any questions regarding compliance or reports of violations must be directed to the RFP Project Manager, Director of Generation Bidding, or the Manager of System Planning. Questions will be addressed and responses directed back to the requestor.

Beginning with the issuance of the Draft Request for Proposals, on the first of each month, an electronic email inquiry will be made to all employees actively participating on the RFP design and proposal evaluations and the Independent Observer to request disclosure of knowledge of any violations of the Competitive Bidding Code of Conduct. Reports of violations will be reviewed and investigated by the Director of Generation Bidding and/or the Manager of System Planning. If infractions are verified and confirmed, the IO, the Company Executive in Charge certifying compliance with the Competitive Bidding Code of Conduct, and the Company's Corporate Compliance Officer will be immediately notified. If no infractions are noted, it shall be documented as such and placed in a compliance file for the project.