DEPARTMENT OF HAWAIIAN HOME LANDS

RELEASE DATE: June 1, 2016

REQUEST FOR PROPOSALS
No. RFP-16-HHL-005
ADDENDUM A

SEALED OFFERS
TO
FURNISH, DELIVER, INSTALL, OPERATE, MAINTAIN, and OWN A ROOFTOP SOLAR PHOTOVOLTAIC SYSTEM SELLING RENEWABLE ENERGY SERVICES TO THE DEPARTMENT OF HAWAIIAN HOME LANDS UNDER A POWER PURCHASE AGREEMENT

WILL BE RECEIVED UP TO 2:00 PM (HST) ON

THURSDAY, AUGUST 18, 2016

AT THE DEPARTMENT OF HAWAIIAN HOME LANDS, 91-5420 KAPOLEI PARKWAY, KAPOLEI, HAWAII 96707. DIRECT QUESTIONS RELATING TO THIS SOLICITATION TO ALLEN G. YANOS, TELEPHONE (808) 620-9460, FACSIMILE (808) 620-9479 OR E-MAIL AT ALLEN.G.YANOS@HAWAII.GOV.

ADDENDUM A TO RFP-16-HHL-005

Changes (shown in **bold**) have been made to the following sections of the RFP as follows:

SECTION ONE

INTRODUCTION, TERMS AND ACRONYMS, KEY DATES

1.4 RFP SCHEDULE AND SIGNIFICANT DATES

The schedule represents the DHHL's best estimate of the schedule that will be followed. All times indicated is Hawaii Standard Time (HST). If a component of this schedule, such as "Proposal Due date/time" is delayed, the rest of the schedule will likely be shifted by the same number of days. Any change to the RFP Schedule and Significant Dates shall be reflected in and issued in an addendum. The approximate schedule is as follows:

Release of Request for Proposals	June 1, 2016
Pre-Proposal Conference	June 17, 2016
Due Date to Submit Questions	June 24, 2016
State's Response to Questions	July 1, 2016
Pre-Proposal Conference II	**July 15, 2016**
Proposals Due date/time	**August 18, 2016 - 2:00 pm**
Proposal Evaluations	**August 29, 2016**
Discussion with Priority Listed Offerors (if necessary)	**September 6, 2016**
Best and Final Offer (if necessary)	**September 12, 2016**
Notice of Award	**September 19, 2016**
Contract Start Date	**November 1, 2016**

1.5.1 PRE-PROPOSAL CONFERENCE II

Due to requests for follow-up site visits, there will be a second pre-proposal conference scheduled as a site visit only – no questions will be entertained. It will be held on the Island of Molokai and conducted by the property manager for the Kulana Oiwi Multi-Service Center. Attendance is optional. Interested individuals will be given the opportunity to inspect Building D's rooftop and view the electrical room and electric meter:

Date: **Friday, July 15, 2016**
Time: **10:00 am HST**
Location: **Department of Hawaiian Home Lands**
Molokai District Office – register for the visit at reception desk and sign a release form if going on the rooftop
600 Maunaloa Highway, Suite D-1
Kaunakakai, Hawaii 96748

SECTION TWO

BACKGROUND AND SCOPE OF WORK

2.2 SCOPE OF WORK

DHHL is seeking an Offeror to furnish, deliver, install, operate, maintain, and own the Project to reduce the overall energy costs for owners of Building D at Kulana Oiwi. DHHL is prepared to enter into a long-term PPA with the successful Offeror to support the financing of the Project. Specifically, DHHL expects the following services:

1. **Detailed energy assessments of Building D's power requirements, the Project, and sizing requirements, in the context of options which will be acceptable to Maui Electric Company ("MECO") to insure the ability to interconnect with their grid.**
2. A complete design-engineering package for the Project, including the required permits and electrical interconnections.
3. Offeror to furnish all required solar panels, inverters, monitoring system, wiring, conduit, boxes, electrical interconnection, **batteries (if deemed necessary)**, and other associated equipment required for the construction of the Project. All equipment and materials shall meet or exceed industry best practices and are subject to DHHL approval.
4. Construction and project management services for the Project.
5. Provide DHHL with a 20-year PPA with a purchase option and other terms and conditions that are acceptable to DHHL. With regard to the PPA pricing, DHHL expects that the majority of Project tax attributes, both the federal and state tax incentives, will result in substantial cost savings to DHHL, OHA and the Association.
6. The Offeror is responsible for providing the first draft of all legal documents for the transaction.
7. Any other requirements that DHHL **and MECO** may deem necessary **as a result of the interconnection issue on Molokai** during the design and construction of the Project.

General Description of the Interconnection Issue

The Island of Molokai is faced with a significant problem as it looks to add more dispersed solar generation to its system. The issue is that, several times a month, the system generates more solar electricity between the hours of 10:00 am and 2:00 pm than system loads can use. This results in potential back feed through substations and the necessity to back down the existing fossil generation stations to a level that they are unable to efficiently operate. During these times of "solar saturation", MECO needs to be able to add load to utilize the excess solar energy to keep the solar saturation condition from occurring.

Proposed Solution

DHHL would propose a zero export self-supply system so as not to add to this periodic oversupply of solar energy during peak sun hours. This alone will not help solve the solar saturation problem. In addition, DHHL will ask the selected

solar offeror to install a system which is capable of switching the output of the solar system into a storage system which is capable of storing the excess self-generated electricity during solar saturation periods, and switch to the MECO grid to supply the DHHL load. This event of switching suppliers of electricity will provide additional load to the MECO system. These actions will be triggered by a command from MECO, much as the HECO-wide "demand side management" for load reductions by turning off hot water heaters is currently being executed on Oahu. The communications protocol will be specified by MECO and met by DHHL. Once the solar saturation condition is resolved, MECO will send a signal to return the system back to self-supply. The battery storage system will be coordinated with the solar rooftop generation system to supply electricity during off-peak times. In the event that the battery system becomes fully charged, the solar system will be curtailed until the oversupply of solar energy on the MECO system is resolved.

Offerors are encouraged to seek other alternative solutions to the solar saturation situation.

All offerors may access the power usage data of Building D, which is already available, for thirty days from the issuance of this Addendum at http://egauge25008.egaug.es to assist in preparing their proposals.

DHHL fully understands that the Offeror may be a single party or a consortium; however, it does expect the party to have all the necessary skills and capabilities to complete a project of this size and scope. These skills and capabilities include, but are not limited to, the following:

1. Energy assessment and analysis capabilities
2. Engineering design capabilities
3. Permit Package, Electrical Interconnect, and Procurement
4. Construction and EPCM (Engineering Procurement and Construction Management); and
5. Project Financing.

Further, the Offeror shall have successfully completed several of these types of projects in the past. DHHL expects that the selected Offeror has been providing these similar services in the past and will not select a first time Offeror to be the provider of these services. DHHL reserves the right to disqualify any Offeror based upon its presented project list and/or references.

With regard to the Offeror who may or may not be the PPA Provider, DHHL expects that the "PPA Provider" provide financial assurance that is acceptable to DHHL that may be inclusive of financial statements, Letter of Credit, Performance Bond, etc.

DHHL expects that the costs associated with the performance of this transaction; specifically, the legal costs and third-party professional services that are reasonable and customary in the execution of the PPA, site lease, and other required entitlements associated with construction of the project to either be reimbursed to DHHL or capitalized as a project expense, at its sole option.

SECTION THREE
PROPOSAL FORMAT AND CONTENT

3.10 PROPOSAL CONTENTS

Proposals must:

3.10.1 Include a Table of Contents listing the individual sections of the Proposal and their corresponding numbers. Bookmarks should lead to each of the individual sections on the electronic copy.

3.10.2 Include a transmittal letter to confirm that the Offeror shall comply with the requirements, provisions, terms, and conditions specified in this RFP.

3.10.3 Include a signed Offer Form OF-1 with the complete name and address of Offeror's firm and the name, mailing address, telephone number, and fax number of the person the State should contact regarding the Offeror's proposal.

3.10.4 If subcontractor(s) will be used, append a statement to the transmittal letter from each subcontractor, signed by an individual authorized to legally bind the subcontractor and stating:

a. The general scope of work to be performed by the subcontractor;

b. The subcontractor's willingness to perform for the indicated.

3.10.5 Provide all of the information requested in this RFP in the order specified.

3.10.6 Be organized into sections, following the exact format using all titles, subtitles, and numbering, with tabs separating each section described below. Each section must be addressed individually and pages must be numbered.

a. Table of Contents

b. Transmittal Letter
See SECTION SEVEN, Attachment 1, Offer Form OF-1.

c. Experience and Capabilities.

1) A complete, relevant, and current client listing.

2) The number of years Offeror has been in business and the number of years Offeror has performed services specified by this RFP.

3) A list of key personnel and associated resumes for those who will be dedicated to this project.

A list of at least three (3) references from the Offeror's client listing that may be contacted by the State as to the Offeror's past and current job performance. Offeror shall provide names, titles, organizations, telephone numbers, email and postal addresses.

5) A summary listing of judgments or pending lawsuits or actions against; adverse contract actions, including termination(s), suspension, imposition of penalties, or other actions relating to failure to perform or deficiencies in fulfilling contractual obligations against the Offeror, responsible managing employees or other key personnel. If none, so state.

6) A list of sample projects and/or examples of written plans.

7) With regard to PPA financing, the strategy and structure planned for the monetization of federal and state tax incentives for the benefit of DHHL and Offeror's experience with other municipal projects.

8) Knowledge and proficiency with the construction and financing of solar PV projects of this size and magnitude.

d. Project proposal including an executive summary with a synopsis of the proposal highlights and the overall benefits to DHHL if accepted; schematic design; **the solution to address the solar saturation situation**; warranty, and technical info; methodology/overall strategy; timeline; expected results; possible shortfalls, and copies of the proposed PPA form and site lease, if any.

e. Cost of Services.
See SECTION SEVEN, Attachment 2, Offer Form OF-2.

f. Exceptions.

SECTION FOUR
EVALUATION CRITERIA

Evaluation criteria and the associated points are listed below. The award will be made to the responsible Offeror whose proposal is determined to be the most advantageous to the State based on the evaluation criteria listed in this section.

The total number of points used to score this contract is 100.

1) Cost of services (15)

2) Previous experience and capability in construction and financing of solar PV projects of this size and magnitude, including Offeror's subcontractors (25)

a. Number of years in the business and number of years performing services specified in this RFP

b. Reference and client listings

c. Key personnel and resumes

d. Sample projects and/or examples of written plans, organizational charts, contact trees, etc.

e. Adverse actions against Offeror, subcontractors, or key employees (negative points).

3) Requirements: How well the proposal meets the requirements of Section 2.2 (20)

4) Knowledge and proficiency with the construction and financing of solar PV projects of this size and magnitude. Experience in PPA financing with other municipal projects. (20)

5) Project Proposal (20)

a. Executive Summary

b. Schematic design, warranty, technical info; **solution to the solar saturation situation**

b. Methodology/Overall Strategy

c. Timeline

d. Expected Results

e. Possible Shortfalls and Exceptions

g. Proposed PPA and site lease forms, if any

QUESTIONS AND ANSWERS

The following are responses to questions generated from attendees at the pre-proposal conference held on June 17, 2016 at 10:00 a.m. on Molokai and from emails received up to and including June 24, 2016. The pre-proposal conference included an optional inspection of Building D's rooftop, its electrical room and to see the location of the electric meter. Individuals accessing the rooftop were required to sign a waiver of liability.

1. **Isn't it true that MECO will not approve any further rooftop solar PV systems on Molokai?**
   There is an oversupply of solar energy affecting MECO's grid. In discussions with MECO, however, DHHL has been assured that this project will be allowed provided there is an interface device used as part of the interconnection to address the saturation level of solar power on Molokai. This interface device should be part of the bid proposal.

   The criteria that must be met for MECO's approval involves:

   - *Reducing the solar output during the critical 10:00 am to 2:00 pm time period on demand of MECO so that some power is provided by the grid*
   - *Saving the excess solar energy to a battery system*
   - *Times of solar saturation as declared by MECO*

2. **What will the size of the batteries be?**
   The battery system should be of a size and capacity to be able to prevent the export of energy to the grid combined with the curtailment to provide the most cost-effective system for DHHL.

3. **Is a 15-minute utility data available for this building?**
   A data logger will be installed for a period of thirty (30) days to monitor Building D's power usage in real time via a link to the Internet. That link to the data should be currently operational and accessible at http://egauge25008.egaug.es.

4. **Will it be possible to make another site visit by a contractor before the proposal is made?**
   Another pre-proposal conference has been scheduled as a site visit only – no questions will be entertained. See the information regarding the conference elsewhere in this Addendum.

5. **Will this be submitted to MECO under the Customer Self-Supply (CSS), since the Customer Grid-Supply (CGS) is closed, or will it be under a Standard Interconnection Agreement (SIA)?**
   The project will be under a CSS.

6. **Are there any restrictions/preferences on batteries if CSS?**
   Lithium-ion are preferred.

7. **What documents are required from the financial PPA provider partner?**
   As part of Evaluation Criteria 4, on Page 13 of the RFP, it would be helpful to provide the PPA provider partner's financial statement and a list of project funded under PPAs.

8. **How much weight is granted to an offeror for installing hundreds of small residential PV systems (less than 10kW) with a PPA provider partner for homeowners on DHHL land on Oahu and Hawaii?**
   Experience in installation of PV systems of equivalent size will be an important factor. However, if you just have experience with smaller systems, you will not be disqualified provided you or your team have the skills and capabilities described in the RFP's Scope of Work Section 2.2 and experience dealing with PPAs.

9. **What are DHHL's expectations for the response time for operations and maintenance in case of system faults, etc.?**
   If the question relates to the response time for service in case of failure of the equipment which you installed, for example, a response time of several days, would be acceptable since there will be backup electricity from MECO. The response time should be appropriate depending on the nature of the problem or the circumstance and if there is a risk to life and safety or an interruption in business operations.

During the question and answer period, it was determined that the due date for the proposal would be revised to accommodate the new requirements by MECO and to allow the data collection on Building D's power usage for about 30 days. In connection with the discussion about the battery size, the attendees suggested that the power use data be made available prior to the submission of their proposals. DHHL would therefore make arrangements for the installation of a data logger which would be made available for all offerors to access via a link to the Internet. The proposal due date, as a result, would be extended to around August 15th which would be confirmed in an addendum.