

ADDENDUM NO. 2

Department of Business, Economic Development, and Tourism
Strategic Industries Division

REQUEST FOR PROPOSALS FOR A STUDY TO EVALUATE UTILITY AND REGULATORY MODELS FOR HAWAII

Solicitation No. RFP-17-020-SID

October 24, 2016

This Addendum No. 2 includes changes, omissions, and clarifications to Solicitation No. RFP-17-020-SID, as amended by Addendum 1 (hereinafter referred to as the "Solicitation"). All other terms, provisions, and conditions of the Solicitation published on September 30, 2016, shall remain in full force and effect.

Questions and Answers to the Solicitation

The following questions have been received by the deadline for written inquires on page 2 of the Solicitation. Answers are provided below for clarification purposes:

- 1. Question:** Section 2.2.1, *General Scope Requirements*, states that: "Monthly status reports including an updated deliverable schedule and updated Gantt chart should be provided documenting the progress of the project. Offeror is responsible for all costs associated with meetings. This includes, but is not limited to: room rental fees, audio visual equipment, refreshments, and printed materials [...]." (1) Does presentation of status reports require monthly in-person meetings in Hawaii, or can these be presented and discussed via telephone or video conference? (2) What is the expected size of audience at any required in-person meetings for which Offeror must pay room rental fees, etc.?

Answer:

(1) The monthly status reports shall be submitted electronically and may be discussed via telephone or video conference.

(2) In-person meetings are required for scope subtasks 1.2.4, 2.2.5 and 4.1.4. In-person meetings outside these scope tasks are at the discretion of the offeror. Public meetings should be held in rooms analogous to a school cafeteria or community center. Scope subtasks 1.2.4 and 2.2.5 may be completed concurrently.

- 2. Question:** Who does HSEO consider to be the key stakeholders for purposes of public outreach and input?

Answer:

Key stakeholders for public outreach and input include but are not limited to: the State legislature, local governments, intervenors and participants in energy dockets at the Hawaii Public Utilities Commission, and the current utilities providing electric service in each county. The intent of public outreach is to allow input from the residents of each county as well.

3. **Question:** Will contractor have access to interview all key stakeholders?

Answer:

The contractor's access to interview is at the discretion of the stakeholders.

4. **Question:** Will contractor have access to the financial, energy load, regulatory accounting, system and operational infrastructure data of each of the current utilities serving the different counties of Hawaii? Put another way, what level of cooperation from the current utilities can the contractor expect to receive for this project?

Answer:

It will be the responsibility of the contractor to obtain or estimate the financial, energy load, regulatory accounting, system, and operational infrastructure data of each of the current utilities serving the different counties of Hawaii. The level of cooperation from the current utilities for this project is at the discretion of the current utilities.

5. **Question:** Will contractor have access to previous studies of utility ownership models, regulatory models, and infrastructure needs performed by individual counties and/or their utilities?

Answer:

Previous studies of utility ownership models, regulatory models, and infrastructure needs performed by individual counties and/or their utilities are publicly available and accessible to offerors.

6. **Question:** Is HSEO's intent to contract this work to a single consultant? If so, will HSEO consider allowing the prime contractor to subcontract for discrete tasks or sub-tasks?

Answer:

The intent of the RFP is to seek offers to contract the work to a single contractor. Per section 3.9.10 of the RFP: If Subcontractor(s) will be used, append a statement to the transmittal 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; and b) The subcontractor's willingness to perform the indicated work.

7. **Question:** Is HSEO willing to consider different approaches for sequencing the tasks outlined in the RFP?

Answer:

Yes, offerors may propose additions or modifications to the scope of work tasks listed to answer the fundamental question of the Study: What ownership and regulatory models best support State policy at the lowest cost to ratepayers. Offerors should describe their alternative approach suggestions in detail in the narrative of the submitted proposal. See section 2.2.1 *General Scope Requirements* for more information.

8. **Question:** Does the system assessment assume future use of all existing utility infrastructure facilities, or does it envision starting from scratch?

Answer:

The system assessment assumes the ability to utilize all existing infrastructure facilities.

9. **Question:** Are there any deadlines or other time considerations during the two-year contract?

Answer:

Deadlines for the work will be set in the contract. If deemed achievable by the contractor, the preference is for all scope tasks to be completed in advance of the 2018 legislative session.

10. **Question:** What level of engagement does HSEO anticipate the Hawaii Public Utilities Commission having in this project? For example, will the PUC be in a position to direct the state utilities to provide information, or to provide regulatory and background input into project objectives, constraints and/or business and regulatory options considered?

Answer:

The Hawaii Public Utilities Commission is under no obligation to participate in or assist with the study.

11. **Question:** Does HSEO or the Department of Business, Economic Development, and Tourism have the ability to make work space (office) available for the successful bidder(s) who may be traveling to work on this project from out of state?

Answer:

Accommodations for meetings at HSEO's office in Honolulu can be made upon request, for those who may be visiting from out of state.

12. Question: What role has Hawaiian Electric Industries (HEI) taken in the scoping of this RFP?

Answer:

Hawaiian Electric Industries did not have a role in the scoping of the RFP.

13. Question: Will HEI make data available, including detailed breakdown of utility costs, assumptions underlying existing integrated resource planning, or other data as needed to support the detailed analysis requested in the RFP?

Answer:

It will be the responsibility of the contractor to obtain or estimate the detailed breakdown of utility costs, assumptions underlying existing integrated resource planning, or other data as needed to support the detailed analysis requested in the RFP.

14. Question: Will DBEDT consider proposals from a collaboration of partners?

Answer:

The intent of the RFP is to award a to contract to a single contractor. Proposals from a collaboration of partners will be considered to the extent that there is a single lead partner identified as the prime contractor. Contributions of each member of the partnership must be clearly identified. As in the case with subcontractors, append a statement to the transmittal from each member of the partnership, signed by an individual authorized to legally bind the partner and stating: a) The general scope of work to be performed by the partner; and b) The partner's willingness to perform the indicated work.

15. Question: The regulatory models described in Task 2 are focused on system operations and reliability. Will DBEDT consider other regulatory concepts, such as performance-based ratemaking, alternate utility revenue streams, or other changes to utility business models, similar to those pursued in New York State's Reforming the Energy Vision?

Answer:

Yes, these regulatory concepts may be covered in scope task 3, subtasks 3.1.1 and 3.1.2, or proposed as separate tasks in a proposal.

16. Question: Is an offeror's subcontractor required to: (1) separately obtain a Hawaii General Excise Tax License I.D.; and (2) register with, and verify compliance on, the Hawaii Compliance Express?

Answer:

According to the State General Conditions (See Exhibit C. General Conditions. 6.) Subcontracts and Assignments) the subcontractor needs to submit a tax clearance certificate from the State and the Internal Revenue Service, U.S. Department of the Treasury. No certificate of vendor compliance is required.

- 17. Question:** Item no. 3 of the Qualifications Questionnaire (Attachment 2) directs the offeror to list its "five most recent projects" applicable to this RFP. But, item nos. 4 through 7 do not indicate a similar period of performance in directing the Offeror to list the information sought in each item. E.g., item no. 7: "Have you ever performed any work for any other governmental agencies outside the State of Hawaii? If so, list. Is there a specific period of performance that DBEDT has in mind in seeking this information?"

Answer:

No, a specific period of performance does not apply.

- 18. Question:** In Attachment 3, "Corporate Resolution," we are instructed to demonstrate authorization to bind the offeror by including either a: i) corporate resolution; or a "written authorization of offeror's representative to sign this proposal." Will a statement by one of the corporate officers of the offeror be sufficient evidence of Offeror's authorization to be bound by its proposal under this RFP? If not, what other "written authorization" might be sufficient.

Answer:

Yes, a statement by one of the corporate officers of the offeror will be sufficient evidence of offeror's authorization to be bound by its proposal under this RFP.

- 19. Question:** Is HSEO willing to consider proposals for only discrete portions of this RFP, or splitting the RFP work among multiple consultants.

Answer:

The intent of the RFP is to award a single contract for the entire RFP scope. See Question 14 for more information regarding proposals from a collaboration of partners. See section 2.2.1 *General Scope Requirements* for more information regarding modifications to the scope of work.
