



STATE PROCUREMENT OFFICE  
NOTICE OF REQUEST FOR EXEMPTION  
FROM HRS CHAPTER 103D

14 SEP 11 12:20

ADMINISTRATION  
PROCUREMENT OFFICE  
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: DBEDT/SID  
*Name of Requesting Department*

Pursuant to HRS § 103D-102(b)(4) and HAR chapter 3-120, the Department requests a procurement exemption for the following:

1. Describe the goods, services or construction:

See attached.

2. Vendor/Contractor/Service Provider: Pacific International Center for High Technology Research

3. Amount of Request:  
\$ 500,000.00

4. Term of Contract From: 10/1/2014 To: 9/30/2016

5. Prior SPO-007, Procurement Exemption (PE):

6. Explain in detail, why it is not practicable or not advantageous for the department to procure by competitive means:

See attached.

7. Explain in detail, the process that will be or was utilized in selecting the vendor/contractor/service provider:

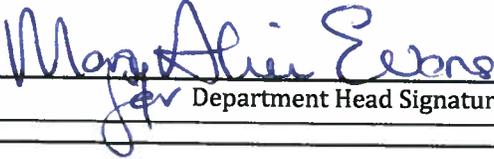
See attached.

8. Identify the primary responsible staff person(s) conducting and managing this procurement. (Appropriate delegated procurement authority and completion of mandatory training required).

\*Point of contact (Place asterisk after name of person to contact for additional information).

Name	Division/Agency	Phone Number	e-mail address
Mark B. Glick	DBEDT/SID	587-2778	mark.b.glick@dbedt.hawaii.gov
Susan I. Gray-Ellis*	DBEDT/SID	587-9002	sgray-ellis@dbedt.hawaii.gov

All requirements/approvals and internal controls for this expenditure is the responsibility of the department. I certify that the information provided above is, to the best of my knowledge, true and correct.

  
Department Head Signature

9-10-14  
Date

**For Chief Procurement Officer Use Only**

Date Notice Posted: 9/12/2014

Inquiries about this request shall be directed to the contact named in No. 8. Submit written objection to this notice to issue an exempt contract within seven calendar days or as otherwise allowed from date notice posted to:

[state.procurement.office@hawaii.gov](mailto:state.procurement.office@hawaii.gov)

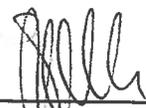
Chief Procurement Officer (CPO) Comments:

Approval is granted with the understanding that the department has determined it is not practicable or advantageous for DBEDT to contract another company to develop energy innovation and to help Hawaii reach its Hawaii's Clean Energy Initiative goals as stated in HRS Sections 269-92-269-93.

This approval is for the solicitation process only, HRS section 103D-310(c) and HAR section 3-122-112, shall apply (i.e. vendor is required to be compliant on the Hawaii Compliance Express) and award is required to be posted on the Awards Reporting System. Copies of the HCE certificate and awards posting are required to be documented in the procurement/contract file.

If there are any questions, please contact Stanton Mato at 586-0566, or email [stanton.d.mato@hawaii.gov](mailto:stanton.d.mato@hawaii.gov).

Approved       Disapproved       No Action Required

  
Chief Procurement Officer Signature      10/10/14  
Date

## NOTICE OF REQUEST FOR EXEMPTION FROM HRS CHAPTER 103D

## 1. Describe the goods, services, or construction to be procured.

The Department of Business, Economic Development and Tourism (DBEDT) received FY15 funding for energy innovation, specifically the Energy Excelerator, in the amount of \$500,000. This funding is to help Hawaii reach its HCEI goals as stated in HRS §§ 269-92-269-93 by deploying innovation in key bottleneck areas DBEDT has identified such as the integration of solar, cost effective integration of energy storage, addressing gaps in the local biofuels supply chain, etc. At the same time, the objective is to ensure that Hawaii's clean energy transformation creates value for local industry in the form of jobs and workforce development. The flow of funds would be such that DBEDT would work with energy innovation organizations, such as PICHTR, in order to deploy funds to support State energy goals specifically identified by DBEDT. In this case, PICHTR would manage funds through its Energy Excelerator program, subject to terms set and agreed to by the DBEDT.

The Energy Excelerator is a program of PICHTR, launched in late 2012, and already has very strong results in its work supporting innovation companies. The Energy Excelerator is a startup program dedicated to helping solve energy challenges, starting in Hawaii. It is Hawaii's first and largest startup program / accelerator.

Based on surveys and assessments conducted by the Energy Excelerator on portfolio companies, five areas have been identified as the critical measures of necessary support that would help a company meet final stage product development and early stage market penetration and growth/sales objectives:

- Access to continued training and assistance with specific subject matter areas
- Access to networks that provide follow-on funding
- Access to mentor expertise
- Access to technology testing and verification facilities
- Reaching out to other members of the national clean energy community to ensure that our program is an inclusive funding opportunity

Funding in these critical areas will be highly leveraged and will carry impact beyond the dollars allocated.

## 6. Explain in detail, why it is not practicable or not advantageous for the department to procure by competitive means:

The Hawaii Clean Energy Initiative is currently coming up against technical challenges as we integrate large amounts of cost-effective renewable energy (e.g., solar and wind). We will need innovation and new technologies/business models to get to the next increment of clean energy and enable us to meet our clean energy goals – across the electricity and transportation sector. PICHTR's Energy Excelerator program uses a very rigorous framework to find and demonstrate the most promising technologies that can help advance Hawaii's clean energy goals. The program is highly selective (they take <7% of startups who apply). Of the 32 companies the program has

funded thus far, the companies have raised \$55.9M in follow-on funding, generated over \$18M in revenue, and created over 400 jobs.

The future goals of the Energy Excelerator program are to: 1) Implement appropriate technologies and sustainable business models to advance our clean energy goals, 2) Create high quality jobs in the State of Hawaii related to clean energy innovation (companies in the program have already created 400 jobs), 3) Attract public and private capital from the mainland and Asia Pacific to invest in Hawaii clean energy projects (companies in the program have already attracted over \$55M in private capital).

It is not advantageous for DBEDT to procure by competitive means because PICHTR's Energy Excelerator provides ideal leveraging and resources for pursuing DBEDT's HI Growth Initiative objectives in the energy sector with a proven track record. Rather than develop a new program to promote innovation, it is most cost-effective and efficient for DBEDT to leverage the significant federal and private investments made in the staffing, expertise, and infrastructure of PICHTR to advance critical, high impact innovation projects that will enable the state to reach its clean energy goals, while also creating jobs.

7. Explain in detail, the process that will be or was utilized in selecting the vendor/contractor/service provider:

Initially, through internal discussions, the University of Hawaii's Hawaii Natural Energy Institute, XLR8 UH Proof of Concept Center (to launch 9/14/14), and Ulupono Initiative were all investigated as possible energy commercialization programs, however, they did not meet the Energy Office's unique needs to deliver on its goal to leverage its position as a test bed to launch an energy innovation cluster in Hawaii. Through the budget process, the legislature approved funding for energy innovation – Energy Excelerator (supports PICHTR for advancement and commercialization of new energy technologies).