

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

15 JUN 15 P1:15

ADMINISTRATION  
STATE PROCUREMENT OFFICE  
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: Douglas Murdock, Comptroller, Department of Accounting and General Svcs.  
*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:

(Refer to Attachment 1 Page 1)

2. Vendor/Contractor/Service Provider

Photonworks Engineering  
1188 Bishop Street, Suite 2307, Honolulu, HI 96813

3. Amount of Request:

\$ 62,500

4. Term of Contract From: CPO Approval

To: 4 Mo. after  
approval

5. Prior SPO-007, Procurement Exemption (PE): (None)

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

(Refer to Attachment 1 Page 2)

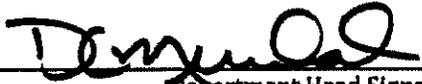
7. Explain in detail, the process that will be or was utilized in selecting the vendor/contractor/service provider:

Instead of competitively bidding out the additional PV work, DAGS is proposing to execute a Purchase Order with Photonworks Engineering, the PV system sub-contractor for the original library construction project. As noted above, due to cost, warranty, and time concerns, DAGS feels this is the most practicable and advantageous means for the State to execute the work required by HECO to interconnect the library's PV system to HECO's electrical grid.

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
Tyler Fujiyama*	DAGS PMB Project Coordinator	586-0463	tyler.b.fujiyama@hawaii.gov
Daniel Jandoc/Eric Nishimoto	DAGS PMB Section Head/Branch Chief	586-0469/586-0460	daniel.jandoc@hawaii.gov eric.k.nishimoto@hawaii.gov
James Kurata	DAGS Public Works Administrator	586-0526	james.k.kurata@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

6-10-15

Date

**For Chief Procurement Officer Use Only**

Date Notice Posted:

6/14/2015

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:**

This request is disapproved. Hawaii Revised Statutes (HRS) Section 103D-102 (b)(4)(L) does not give the Chief Procurement Officer the authority to exempt construction services. The department may use the appropriate method of procurement to afford other potential vendors the opportunity to compete.

If there are any questions, please contact Kevin Takaesu at 586-0568, or kevin.s.takaesu@hawaii.gov.

Approved

Disapproved

No Action Required



Chief Procurement Officer Signature

6/25/15

Date

**Aiea Public Library  
Replacement Facility  
DAGS Job No. 12-36-6512**

**May 26, 2015**

**Notice of Request for Exemption from HRS Chapter 103D (Form SPO-007)**

**Attachment 1**

**1 Describe the goods, services or construction:**

**A. Background Information**

The new Aiea Public Library opened in July 2014. The library's Photovoltaic (PV) system installed under the original construction contract with Nan, Inc. (project's general contractor) is not connected to Hawaiian Electric Company, Inc.'s (HECO's) electrical grid due to a high amount of excess PV energy in the library neighborhood's power circuits. This resulted in the library's PV system Net Energy Metering (NEM) Agreement (submitted to HECO in January 2014) not being approved and the interconnection of the library's PV system to HECO's circuits being disallowed until HECO could study the situation further.

In March 2015 HECO transmitted documents to the Hawaii State Public Library System indicating their conditional approval of the library PV system NEM Agreement. However, the conditional approval is subject to an Addendum HECO added to the NEM Agreement which spells out additional transient overvoltage requirements that need to be met by the library PV system inverter (Attachment A) and effective grounding of the PV system (Attachment B) before the system can be interconnected to HECO's electrical grid.

**B. Description of Construction Services Being Requested**

This request for exemption from HRS Chapter 103D is for construction services to address the requirements set by HECO in March 2015, obtain HECO's approval of the NEM Agreement, and interconnect the Aiea Public Library's PV system to the neighborhood electrical grid. The work consists of replacing the library's existing inverter with new inverters that meet transient overvoltage settings required by HECO, installing a grounding transformer, and related work to obtain HECO's approval of the NEM Agreement and interconnect the PV system to HECO's electrical grid (see Attachment C: Proposal dated May 19, 2015 from Photonworks Engineering, the library project's PV system sub-contractor).

PE15-064K

ATTACHMENT 1

May 26, 2015

Notice of Request for Exemption from HRS Chapter 103D (Form SPO-007)

Attachment 1

Page 2 of 2

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

The original construction contract with Nan, Inc. (project's general contractor) was completed/closed in October 2014. Therefore, DAGS is proposing to execute the required PV system work via a Purchase Order with Photonworks Engineering, the project's PV system sub-contractor. DAGS feels this is the most practicable/advantageous procurement method available to the State to accomplish the work (versus competitively bidding out the work at this time) due to the following:

- A. The new work to be done under this request must tie into existing PV system components at the library (roof mounted collector panels, etc.) previously installed by Photonworks Engineering under the original library construction contract. Therefore, Photonworks Engineering is the most knowledgeable/appropriate firm that can successfully accomplish the necessary coordination work/tie in work between the existing and new PV equipment.
- B. If the State were to competitively bid out the work, the State may not be able to find another firm willing to tie in their work to previously installed work by Photonworks Engineering due to warranty issues, etc. Even if the State did find another PV contractor willing to do the additional PV work, DAGS feels it is not advantageous for the State (specifically the User - the Hawaii State Public Library System) to have two contractors responsible for the installation of the PV system.
- C. As stated in their proposal, Photonworks Engineering will provide a 5 year warranty on the new work to be done on the PV system (this matches the warranty term called out in the original library construction project's specifications). DAGS feels it is not likely that another other PV contractor will provide the same warranty without additional costs to the State (at worst, costs to remove the existing PV components installed by Photonworks Engineering and install an entirely new PV system at this time) and/or exclusions to the warranty (which is not advantageous to the State).
- D. The aforementioned PV NEM Agreement that is pending with HECO was prepared/submitted by Photonworks Engineering while they were the sub-contractor to Nan, Inc. under the original construction contract. If a different PV contractor provides the additional work under this request, the Agreement will need to be withdrawn and resubmitted by that firm which DAGS feels will result in additional delays in getting the PV system interconnected to HECO's grid.
- E. If HECO approved the NEM Agreement without delay (i.e. before the original construction contract with Nan, Inc. was completed/closed), Photonworks Engineering would have been the company doing the additional PV system work.
- F. DAGS feels the time needed to initiate/bid out a new project to accomplish the additional PV work under this request will delay the completion of the work by at least a half year. As mentioned in Item C above, bidding out a new project may also result in higher costs to the State for the work.

PE15-0041K