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STATE PROCUREMENT OFFICE
NOTICE & REQUEST FOR SOLE SOURCE

STATE PROCUREMENT OFFICE
STATE OF HAWAII

- 1. TO: Chief Procurement Officer
2. FROM: DBEDT, Strategic Industries Division
Department/Division/Agency

Pursuant to HRS §103D-306 and HAR Chapter 3-122, Subchapter 9, the Department requests sole source approval to purchase the following:

3. Description of goods, services, or construction:
DBEDT intends to use Federal American Recovery and Reinvestment Act of 2009 (ARRA) funds for the Hawaii Electric Light Company (HELCO) to purchase and own two energy storage devices . The energy storage devices will be connected to HELCO's distribution system to study renewable energy power conditioning. The demonstration project involves the analysis of grid requirements and needed monitoring and control systems; development of energy storage system specifications; purchase and installation of energy storage systems and necessary controls and monitors on the electric utility's distribution system; interconnection, operation, and monitoring of the system and the grid; and analysis of the system and its impacts and effectiveness in moderating impacts of distributed generation on the electrical grid. HELCO will at all times retain control and access to the energy storage devices.

DBEDT believes this procurement is already subject to an exemption based on HAR Section 3-122-81 No.2.

4. Vendor Name: Hawaii Electric Light Company, Inc.
Address: 1200 Kilauea Ave
Hilo, Hawaii 96720-4206

5. Price:
\$900,000.00

6. Term of Contract:
(mm/dd/yyyy) From: August 2010 To: April 2012

7. Prior Sole Source Ref No.
\_\_\_\_\_

8. Feature: The good, service, or construction has the following unique features, characteristics, or capabilities:
HELCO will demonstrate the application of energy storage devices for stabilizing voltage and frequency fluctuations on a distribution circuit with intermittent renewable energy generation, given the variability of non-firm renewable energy generation such as wind and photovoltaic power. Since the Big Island's distribution system is owned and operated by Hawaii Electric Light Company, other entities do not have the ability to perform this work.

9. Essential features. How the unique features, characteristics, or capabilities are essential for the agency to accomplish its work: This demonstration project will assist DBEDT in accomplishing its statutory responsibility to "assist public and private agencies in ... the development of indigenous energy resources and related measures" and is essential to understanding and evaluating the potential effectiveness of technologies to manage the impacts of non-firm renewable energy generation on the electrical distribution system; to evaluate the interconnection and control of energy storage on a section of the Big Island's electrical system with a high level of distributed generation, and to understand the effectiveness, cost, and potential of energy storage to enable a larger quantity of renewable energy to be connected to the grid.

11. Alternate source. The following other possible sources for the good, service, or construction were investigated but do not meet our needs because:

The Big Island utility demonstration project can only be accomplished with the electrical utility company, since they build, own, manage and operate the island's grid. HELCO is the only electrical utility serving the Big Island.

12. Direct any inquiries to:

Department: DBEDT

Contact Name/Title: Derek H. Fujikami, Solar Energy Specialist

13 Phone Number:

587-3814

Fax Number:

586-2536

Expenditure may be processed with a purchase order/pCard:  Yes  No  
If no, a contract must be executed and funds certified.

Agency shall ensure adherence to applicable administrative and statutory requirements, including HAR Chapter 3-122, Subchapter 15, Cost or Pricing Data, if required.

14. *I certify that the information provided above is to the best of my knowledge, true, correct and that the goods, services, or construction are available through only one source.*

AUG 25 2010

Department Head Signature

Date

**Reserved for CPO Use Only**

15 Date Notice Posted: 8/26/2010

Submit written objections to this notice to issue a sole source contract within seven calendar days or as otherwise allowed from the above posted date to:

Chief Procurement Officer  
State Procurement Office  
P.O. Box 119  
Honolulu, Hawaii 96810-0119

16. Chief Procurement Officer's comments:

The department has determined that the sole source is compliant with HAR section 3-122-81, No. 2. Pursuant to HAR section 3-122-81(j) "Procurement Approved for Sole Source", may be procured without obtaining sole source approval. For this reason, this request is returned with no action required by the State Procurement Office.

17.  APPROVED  DISAPPROVED  NO ACTION REQUIRED

Derek H. Fujikami  
Chief Procurement Officer

9/8/2010  
Date