

NOTICE TO OFFERORS

Department of Business, Economic Development, and Tourism

**PROFESSIONAL AND TECHNICAL CONSULTANT SERVICES FOR THE
HAWAII GREENHOUSE GAS EMISSIONS REDUCTION, ACT 234**

REQUEST FOR INFORMATION

Pursuant to the Hawaii Public Procurement Code, Chapter 103D, Hawaii Revised Statutes, the State of Hawaii, Department of Business, Economic Development, and Tourism (DBEDT), is preparing to solicit proposals for a contract to provide professional and technical support to implement and achieve the intent of Act 234, Session Laws of Hawaii (SLH) 2007, relating to Hawaii greenhouse gas (GHG) emissions reduction.

Project Description:

Act 234, SLH 2007 established the State policy to cost-effectively achieve GHG emissions reductions and limits at or below the best inventory estimates and updates of Hawaii's 1990 emissions levels by January 1, 2020. The Act 234's mandates also include the following implementation components:

1. Administratively establish within DBEDT, a Greenhouse Gas Emissions Reduction Task Force, with a mandate to develop and recommend a work plan and regulatory scheme for implementing the maximum practically and technically feasible and cost-effective reductions in GHG emissions from emitters or emitter categories. Act 234 identified the objectives to be included in the work plan such as developing recommendations on direct emissions reduction measures, alternative and market-based compliance mechanisms including potential incentives; development of analytical tools to determine the potential costs and benefits; impact of the recommended work plan; and implementing a series of workshops to give interested parties and stakeholders an opportunity to comment on the work plan. Act 234 requires the Task Force to complete the recommended work plan by December 2009.
2. Requires DBEDT and the Department of Health (DOH) to complete an updated 1990 statewide inventory of GHG emissions by source by December 31, 2008, which will be used as the baseline for the recommended GHG emissions reduction work plan.
3. Requires the DOH to adopt rules for emissions reductions and limits before December 31, 2011 based on recommendations and findings of the Task Force work plan.

STATEMENT OF WORK

Department of Business, Economic Development, and Tourism

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1. OBJECTIVES

The purpose and principal objective of this project is to obtain professional and technical support to assist the State to fully achieve the objectives and scope of work in this solicitation which are developed to implement the intent and mandates of the Act 234, SLH 2007.

Act 234, SLH 2007, is Hawaii's Greenhouse Gas Emissions Reduction law. Act 234 mandates that by January 1, 2020, the State's greenhouse gas emissions shall be reduced to levels at or below the best estimates and updates of the inventory of greenhouse gas emissions estimates for 1990.

The project objectives as derived from Act 234, SLH, include the following:

1. To complete an updated 1990 baseline inventory of Hawaii GHG emissions by sources or source categories by December 31, 2008, from a prior report entitled *Inventory of Hawaii Greenhouse Gas Emissions Estimates for 1990*, dated July 1997. This earlier report is available at <http://www.hawaii.gov/dbedt/info/energy/publications/ghg97.pdf>.
2. To complete a work plan and proposed regulatory scheme by December 2009 for implementing the maximum practically, and technically feasible and cost-effective reductions in GHG emissions from sources or categories of sources, and for achieving the statewide GHG emissions reductions and limits by January 2020 as mandated by Act 234, SLH 2007.

The completed work plan and proposed regulatory scheme shall be submitted to the legislature not later than 20 days before the convening of the 2010 regular session.

3. To adopt rules, to become effective January 1, 2012, establishing GHG emission limits applicable to sources or categories of sources to be achieved by January 2020, and establishing emission reduction measures as well as reporting, verification, monitoring, and compliance mechanisms, for achieving the intent and mandates of Act 234.

2. SCOPE OF WORK

The successful OFFEROR shall provide the following professional and technical services in a satisfactory manner as determined by DBEDT to assist the State in achieving and implementing the mandates of the Act 234 relating to Hawaii's GHG emissions reduction and limits:

- 1) Update the Inventory of Hawaii GHG Emissions Estimates for 1990 prepared in July 1997 as specified in Act 234, Section 3. The update must be as accurate as possible with the required detail necessary for regulatory purposes and application. The update must include all the data and data sources used, and detail the documentation and justification for the estimation method(s) used.
 - a. The update must verify and evaluate whether or not the sectors and sectors' definitions included in the July 1997 report are the appropriate sectors to include in developing an emissions baseline for regulatory purposes, or recommend changes to these sectors, if any, including the basis for the recommended changes.
 - b. The update will include emissions estimates by island.
 - c. The update must verify and evaluate whether or not the greenhouse gases included in the July 1997 report encompass all the appropriate greenhouse gases to be included in an emissions baseline to achieve the intent of Act 234.
 - d. The update must verify, evaluate, and develop recommendations on how to define or treat the emissions from military aviation, military mobile sources, marine fuel, jet fuel from overseas commercial airline flights, fuel used for bunkering ships in overseas operations in Hawaii ports, and fuels refined in Hawaii for exports.
 - e. The update must verify, evaluate, and validate the accuracy and reasonableness of the data inputs used in the July 1997 report.
 - f. The update must review, verify, and evaluate the methods used to estimate GHG emissions including the method used in the July 1997 report, and must recommend the most appropriate method to use in the update, and provide the basis for the recommended method.
 - g. The update must provide a complete documentation of the estimation method used including the analysis tool such as spreadsheets with the formulae and program algorithms, to allow the DBEDT staff to independently run and update the estimates for other analysis period as necessary.
 - h. Periodic presentations on the status of the update shall be made to the Task Force for review and comments during the process. The verification, validation, evaluation of the data inputs, data sources, and estimation methods shall be completed no later than August 31, 2008, and presented to the Task Force for review and comments during the Task Force meeting in September 2008, provided that a copy of the draft shall be provided to DBEDT for review by

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August 15, 2008. The first draft of the update must be completed by October 31, 2008 and shall be presented to the Task Force for review and comments during the Task Force Meeting in November 2008, provided that a draft shall be provided to DBEDT for review by October 15, 2008.

- 2) Develop an Inventory of Hawaii GHG Emissions Estimates for 2007, using the same format and estimation methodology used for the updated 1990 baseline estimates. Periodic presentations on the status of the update shall be made to the Task Force for review and comments on the same dates as the presentations on the estimates of the 1990 emissions updates as provided in Section 1.h. above.
- 3) Provide professional and technical support and assistance to DBEDT and the Task Force in planning, coordinating, facilitating, and conducting the public hearing(s) to be held prior to the completion of the updated inventory estimates, provided that they are scheduled no later than December 15, 2008.
- 4) Develop at least three (3) alternative work plans for the State's and the Greenhouse Gas Emissions Reduction Task Force's consideration, of comprehensive statewide program for GHG emissions reduction measures and regulatory scheme for implementing the maximum practically, and technically feasible and cost-effective reductions in GHG emissions from sources or categories of sources to achieve the statewide GHG emissions reductions and limits by 2020, as required by Act 234, Section 1. This includes identification of the emissions limits applicable to sources or categories of sources to be achieved by January 2020. Each of the three alternative work plan shall reflect and achieve the objectives set forth in Act 234, Section 6, which include, but are not limited to the following:
 - a. Consultation with all state agencies having jurisdiction over sources of GHG on all elements of the plan pertaining to energy-related matters, to ensure that the GHG emissions reduction programs and strategies to be adopted and implemented are complementary, avoid or minimize duplication, and can be implemented in an efficient cost-effective manner.

Develop a list of the state agencies which were consulted and the areas of their respective oversight on energy-related matters including electrical generation, provision of reliable and affordable electricity service, petroleum refining, and statewide fuel supplies.

- b. Consideration and identification of relevant information pertaining to GHG emissions reduction programs, including effective strategies and methods to reduce GHG emissions and management of GHG emissions control programs implemented in other states, federal government, non-governmental entities, and countries or nations where applicable, to assist in designing the control mechanisms and programs that are most applicable to Hawaii, and facilitate the development of integrated and cost-effective regional, national, and/or international GHG emissions reduction programs.

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This includes consultation with other states, federal government, non-governmental entities, and other nations as appropriate, and the information gathered shall be included in the proposed work plans and provided to DBEDT in a report format.

- c. Identification, examination, analysis, design, use, and recommendations on the following measures that are necessary or desirable to facilitate the achievement of the maximum practically and technically feasible and cost-effective reductions in Hawaii's GHG emissions by 2020.
 - i. direct emissions reduction measures,
 - ii. alternative compliance mechanisms,
 - iii. market-based compliance mechanisms, and
 - iv. potential monetary and non-monetary incentives applicable to emissions sources.

This includes a description and analysis of the different measures, mechanisms and incentives, including the application and implementation process or procedure, the potential impacts, measurement and verification of impacts, identification of other states, regions, or countries where they were adopted and implemented including the current status and results of such measures.

This also includes consideration of: (1) the potential emissions reduction from these mechanisms including but not limited to localized impacts on communities that are already adversely impacted by air pollution; (2) the prevention of any increase in the emissions of toxic air contaminants or air pollutants identified by the EPA; and (3) the maximization of additional environmental and economic benefits for Hawaii.

- d. Consideration of the relative contribution of each emission source to statewide GHG emissions and the potential for adverse effects on small businesses, and recommendation for a minimum threshold of GHG emissions below which emissions reductions requirements shall not apply. This information shall be identified for the 1990 baseline emissions levels and for the 2008 emissions levels.

This includes supporting analysis on the determination of the potential adverse impacts on small businesses, and the method used to determine the minimum GHG emissions thresholds.

- 5) Identify and develop recommendations of opportunities for emissions reductions measures from verifiable and enforceable voluntary actions. This includes a description of the emissions reduction measurement and verification method(s) to be used to enforce the voluntary actions.

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- 6) Identify, evaluate, and develop analytical tools, economic models, or other cost-benefit analysis models to evaluate the total potential costs and potential economic and non-economic benefits of the alternative emissions reduction programs to the State's economy, environment, and public health.

This includes identification and evaluation of the analytical tools, economic models, and other cost-benefit analysis models that are currently used by other States, regions, or countries, with consideration of the robustness of the models or analysis tools, the data input requirements, the model structure, the software and hardware requirements, the costs, and the model or analysis results.

A complete and detailed documentation of the analysis tools or economic model developed and used shall be provided to DBEDT, that would allow the DBEDT staff to independently run or modify the model in the future as necessary. The documentation shall include the program algorithms, data inputs used including data sources and references, data validation used, basis and documentation for the method used in the analysis tools or economic model including the model structure, and the results of the analysis tools or model.

- 7) Develop proposed rules governing how market-based compliance mechanisms may be used by regulated entities subject to GHG emissions limits and mandatory emission reporting requirements to achieve their GHG emissions limit.
- 8) Develop proposed regulation mechanisms to control mobile sources of GHG emissions to achieve reductions in statewide GHG emissions. This includes a description and analysis of the different measures, mechanisms and incentives that were considered, and how the proposed mechanisms were selected. This also includes a description of the application and implementation process or procedure, the potential impacts, measurement and verification of impacts, identification of other states, regions, or countries where they were adopted and implemented including the current status and results of such measures.
- 9) Develop recommendations (i.e., methods) to minimize 'leakage' effect of the proposed emissions reduction mechanisms. The leakage effect refers to the emissions reduction within the State being off-set by increased emissions outside of the State.
- 10) Develop proposals of schedule of fees to be applied to the sources of GHG emissions regulated pursuant to this Act. This includes a description of how the schedule of fees was developed including all the data and information used, the identification of the emissions source point to which the fees will apply (i.e., by facility, by company, per vehicle, etc.), an analysis and estimate of the potential reduction in emissions that will be achieved, and an estimate of the potential revenues or funds that will be collected from these fees.
- 11) Develop proposals on how the revenues or funds collected from the proposed fees will be used to further reduce the statewide GHG emissions, and/or to compensate the sectors or energy consumers that are most adversely impacted by the emissions reduction measures

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by virtue of their economic and demographic characteristics (i.e., low income/large households).

- 12) Review, evaluate, and develop recommendations as to whether or not the State Department of Health is the appropriate State agency to formulate rules implementing the proposed GHG emissions limits and reduction measures.
- 13) Review, evaluate, and develop recommendations as to whether or not the State Department of Health is the appropriate State agency to formulate rules requiring the reporting, verification, monitoring, and compliance enforcement of the emissions limits and reduction measures.
- 14) Periodic presentation reports on the status of the required services and deliverables as provided in Sections 4 – 13 above shall be made to the Task Force for review and comments. The completion dates and presentation reports for each activity or deliverable or group of activities or deliverables shall be specified in the work order to be provided by DBEDT to the CONTRACTOR.
- 15) Provide professional and technical support and assistance to the DBEDT and the Task Force in planning, coordinating, facilitating, and conducting the public workshops to give stakeholders and interested parties an opportunity to comment on the proposed emissions reduction program or work plan adopted by the Task Force to submit to the legislature regular session of 2010.
- 16) Develop proposed legislation for the recommended GHG emissions reduction program which includes the recommended emission limits and reduction measures applicable to the sources or categories of sources, the recommended schedule of fees, compliance mechanisms, and regulatory rules, for achieving the statewide GHG emissions limits by 2020 as mandated by Act 234.