

ATTACHMENT C: PRICING FORMULA

Potential suppliers shall provide a total price to include components described as follows. The total price will represent a turnkey price to include transportation and logistics for delivery(s) in bulk ex-ship inside customs passing the outboard flange of the delivering vessel's cargo discharge hose connected to a nominated petroleum receiving facility at Pier 5 or Pier 6, Kalaeloa Barbers Point Harbor, Oahu, Hawaii.

The total price in U.S. Dollars per net physical Gallon of Biofuel sold and delivered by Seller to HECO: Price Per Gallon ("**PG**") including all delivery and other charges and any and all applicable customs and other duties, taxes, assessments, levies, federal blenders credit, if any is applicable, and imposts properly imposed directly on Seller by any governmental authority shall be determined by application of the following formula:

$$\text{PG} = \text{BF} * \text{X} (... \text{X}_1, \text{X}_2) + \text{PC} + \text{RF} + \text{SP} + \text{T}$$

where:

BF = **Base Fuel:** Potential suppliers (bidders) may propose a fixed or floating pricing method for base fuel provided that any pricing method shall produce a price per physical volumetric unit (net basis).

A floating pricing method shall be indexed to an industry acceptable standard for the feedstock or fuel type such as CBOT, OPIS, BMD, Platts, etc. Any floating method shall be explained in detail and shall identify the market indice(s) referenced to develop the adjustable component of the base fuel pricing method. Bidder shall provide the actual market index value in U.S. dollars for each applicable period (daily, weekly, etc.) for the period of January 31, 2010 through January 31, 2011. For example, if the market index publishes a daily price, the bidder shall provide daily market index prices for each day within the January 2010 through January 2011 period and identify the reference (end-of-day, average, high, etc.). The bidder shall provide a sample price calculation of the proposed floating price method that employs current actual component data to derive a base fuel price for an effective date of January 20, 2011.

Bidder shall consider that the price for a nominated delivery quantity to HECO will be calculated as of the 20th of the month preceding the calendar month of biofuel delivery to HECO.

X, X₁, X₂ = Any measurement or other conversion factors as applicable to yield a price per net Gallon in U.S. dollars.

PC = A fixed value per net Gallon of Biofuel expressed in U.S. dollars which reflects all of the fixed, variable and other costs of the potential supplier

to receive, store and process the raw material to produce the Biofuel, including the cost of all processing chemicals and materials, direct and indirect labor, additional plant and processing costs, manufacturing and other overhead, administrative expenses, interest expense on working capital, revenue bond and other debt service and amortization of all required production facilities and infrastructure. This fixed value shall include the potential supplier's (Seller's) profit.

RF = A fixed value per net Gallon of Biofuel expressed in U.S. dollars which reflects the total cost of the following, if applicable:

- Land transportation of the Biofuel from Seller's processing facility to the place of vessel loading.
- Ocean freight for the marine transport of the Biofuel from the port of loading to the Kalaeloa Barbers Point Harbor, Oahu, Hawaii.

If desired, the bidder may present the transportation costs as components (**RF₁**, **RF₂**, **RF₃**, etc.) representing each segment and type of transportation and any related logistics costs associated with delivery of the biofuel.

SP = If applicable, a fixed value per net Gallon of Biofuel expressed in U.S. dollars as premium which reflects the Seller's cost to comply with the HECO-NRDC Environmental Policy including but not limited to all expenses arising from the segregation of feedstock throughout the supply chain.

T = The Hawaii Use Tax, the Hawaii General Excise Tax, the Hawaii Environmental Response Tax and U.S. Customs Duties, if any are applicable, and any other fee, tax, imposed and assessments properly imposed by any governmental body on the sale and delivery of Biofuel by Seller to HECO under this Contract. *For purposes of bidding, potential suppliers may leave this value blank.*