

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAI'I

In the Matter of

PUBLIC UTILITIES COMMISSION

Instituting a Proceeding to Investigate
Performance-Based Regulation.

DOCKET NO. 2018-0088

HAWAIIAN ELECTRIC COMPANIES'
REPLY COMMENTS

AND

CERTIFICATE OF SERVICE

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REPLY COMMENTS**

The Hawaiian Electric Companies¹ respectfully submit these comments in reply (“Reply Comments”) to the comments on the Companies’ Innovation Pilot Framework Workplan (“Workplan”) filed by the Division of Consumer Advocacy (“Consumer Advocate”), Hawai’i PV Coalition, Hawai’i Solar Energy Association, Distributed Energy Resources Council of Hawai’i, Blue Planet Foundation and Ulupono Initiative (collectively “Joint Parties”), and the County of Hawai’i (“County”).² The Companies thank the parties for their submitted comments. The Reply Comments are timely submitted pursuant to Order No. 38092, Soliciting Comments on Hawaiian Electric’s Innovation Pilot Framework Workplan Filed November 12, 2021, issued on November 30, 2021 (“Order No. 38092”) and the Commission’s December 8, 2021, Letter extending the deadline for filing of Reply Comments to January 5, 2022.

¹ Hawaiian Electric Company, Inc. (“Hawaiian Electric”), Hawai’i Electric Light Company, Inc. (“Hawai’i Electric Light”), and Maui Electric Company, Limited (“Maui Electric”), are collectively referred to as the “Hawaiian Electric Companies” or “Companies.”

² The Joint Parties and the County of Hawai’i filed their Comments on December 16, 2021 and December 17, 2021, respectively (after the December 15, 2021 due date set forth in Order No. 38092). The Commission has stated that it will consider any “timely received comments” in its review of the Pilot Workplan (Order No. 38092 at 4). Without waiving their right to object to the late-filed comments, in the event that the Commission intends to consider the Joint Parties and/or County’s Comments, the Companies have provided their responses.

I. INTRODUCTION AND SUMMARY

As set forth in Order No. 38092,³ on April 30, 2021, the Hawaiian Electric Companies submitted their Proposed Pilot Process (“Proposed Pilot Process”). In broad terms, the Companies divided their Proposed Pilot Process into two phases: (1) Workplan Development, during which the Companies would collaborate with stakeholders to develop “a portfolio of pilot concepts that may be refined and introduced as specific pilot proposals as part of the Implementation phase” for the Commission’s review and approval; and (2) Implementation, during which “the Companies will proceed with pursuing pilots for implementation, consistent with the portfolio described in the Workplan.”

On July 9, 2021, the Commission issued Order No. 37865, which approved the Proposed Pilot Process, with slight modifications. On July 28, 2021, Hawaiian Electric submitted their revised Pilot Process, consistent with Order No. 37865.

On November 12, 2021, the Companies submitted their Pilot Workplan. The Companies stated that this was developed through “a three-month collaborative stakeholder process,” and “identif[ies] broad Areas of Collaboration . . . , or broad topics areas of technical and non-technical needs, with respect to which the Companies may propose specific pilot projects for Commission review and approval.” “Subject to Commission guidance and approval, the submission of the Workplan completes the Workplan Development Phase and marks the start of the Implementation Phase[.]”

The Commission invited the Parties to submit comments on the Pilot Workplan to inform the Commission’s review. While the Companies have engaged stakeholders as part of the Workplan Development Phase, the Commission stated that it believes that it would be beneficial

³ Order No. 38092 at 2-4.

to offer Parties an opportunity to comment on the final Pilot Workplan before it is considered by the Commission. As the Workplan will inform the Implementation phase, during which specific pilot projects will be submitted for review with the Commission, the Commission believes that Party input is desirable and offers that Parties should take the opportunity to address, at a minimum:

- Whether there are any concerns with the seven identified pilot topic areas?
- Whether there are any concerns with the identified “problem statements and goals” listed under each of the seven identified pilot topic areas?
- What steps, if any, should be included to ensure that “the relevant stakeholder engagement process” is utilized in the development of pilot notices?
- Whether there are any other suggestions for the Implementation phase that should be addressed by the Workplan?

The Commission noted that it will consider any timely received comments in its review of the Pilot Workplan. Following approval of the Pilot Workplan, the Commission will open a new docket to serve as a repository for pilot process-related filings.

Based upon the existing workplan process, engagement with stakeholders, and review of the Parties’ comments, the Companies submit the following comments in reply. The Reply Comments are divided into three areas for the Commission’s consideration and further discussion as a part of the process established by the Commission. They include: (1) comments which the Companies agree with and can support; (2) comments which the Companies can support with additional clarifications or modification; and (3) comments which the Companies are not able to support at this time.

II. COMMENTS THAT THE COMPANIES SUPPORT

A. The Initial Areas of Collaboration are Sufficiently Broad to Support the Implementation Phase of the Initial IPF Process Cycle.

The Consumer Advocate states that it believes the “pilot topic areas and problem statements and goals are broad and flexible enough to allow for various prospective pilot programs at this time, with the understanding that the Workplan can be revised, subject to Commission approval.”⁴

The Companies agree that the Companies’ initial Areas of Collaboration (“AOCs”) are sufficiently broad to support the Implementation Phase of the initial Innovation Pilot Framework (“IPF”) Process cycle. The initial Workplan is envisioned to inform the IPF Process over the next three years and will be used to guide the development of pilot concepts that will be developed as specific pilot proposals during the initial Implementation Phase of the IPF Process. It is anticipated that this initial Workplan, subject to Commission approval, will be revised over time to reflect stakeholder input and lessons learned during the initial Implementation Phase of the IPF Process.

Similarly, in response to the issue of whether there are any concerns with the identified “problem statements and goals” listed under each of the seven identified pilot topic areas, the Joint Parties state that the innovation pilot process “should be laser-focused on developing the foundation upon which the Companies will rapidly transition the utility business model and operations to meet the Commission’s urgent calls to action in addressing performance-based regulation (“PBR”) and other energy policy goals.”⁵ Accordingly, the “Workplan should

⁴ Division of Consumer Advocacy’s Comments on Hawaiian Electric’s Innovation Plot Framework Workplan, Filed on November 12, 2021 (“Consumer Advocate Comments”) at 2.

⁵ Joint Parties’ Comments on Hawaiian Electric Companies’ Innovative Pilot Framework Workplan (“Joint Parties’ Comments”) at 3.

articulate a portfolio of pilot concepts from which “next generation” transformative technologies, grid service opportunities, communications capabilities, and related elements are developed based on Hawai‘i’s core resource strengths, such as customer sited resources, to meet Hawai‘i’s energy policy objectives, including those established in the Commission’s PBR framework.”⁶ The Joint Parties believe that these issues can be addressed through Workplan refinements – including adoption of recommendations provided by the Joint Parties – and corresponding clarifications and process improvements for stakeholder engagement during the pilot development and implementation phase.”⁷

As discussed above, the Workplan is intended to be broad and inclusive. The Companies agree that innovation takes many forms and that pilots under the IPF should be targeted at both “transformational” opportunities as well as “quick wins” when applicable. The Workplan is designed to be a guiding document to reflect the Areas of Collaboration identified by the broader stakeholder group during the Workplan Development phase. It is not intended to represent a fixed or specific portfolio of pilot projects. The Companies agreed with stakeholders over the course of numerous meetings that the specific details of a pilot project require more work and need to be carefully thought through. Since innovation is inherently fluid and uncertain, the Companies submitted the Workplan to be a guiding document, whereas the pilot Notices of Intent (“NOIs”) will contain specific details highlighting the innovation and impact a particular project will have and how progress toward this impact will be measured. Some of the ideas overlap and certain objectives of a pilot could be categorized under multiple AOCs, while some new specific objectives will likely come out of ongoing stakeholder meetings throughout the Implementation phase. The Companies did not want or intend to limit the ability of innovative

⁶ Id.

⁷ Id.

ideas to be proposed during the initial stakeholder discussions on the Workplan or the three-year Workplan cycle. The portfolio of pilot projects will emerge as the Commission approves NOIs and the various projects are at different stages in the project’s lifecycle.

B. The Companies Remain Committed to Continue the Current Stakeholder Engagement Process.

The Consumer Advocate “urges the Companies to begin Commission and stakeholder outreach and discussions as soon as possible upon identifying a prospective pilot.”⁸ According to the Consumer Advocate, “such timely discussions can help to address questions and allow time to review and assess the information required for the NOI (e.g., key customer benefits, expected outcomes of the pilot project, including methods and metrics for measuring success and risk of the pilot project, expected costs and revenues), which would be incorporated in the NOI.”⁹

The Companies remain committed to continue the current stakeholder engagement process. The Companies have demonstrated alignment with the Guiding Principles established in the IPF Workplan Development Framework filed with the Commission in Docket No. 2018-0088 filed April 30, 2021¹⁰ and intend to continue iterating and improving the process over time. As noted during the Workplan stakeholder discussions, in early 2022 and in anticipation of the Commission’s Decision and Order approving the Companies’ Workplan, the Companies intend to start the Implementation Phase of the IPF Process. Through the IPF Process, which includes continued stakeholder engagement and discussion, the Companies will hold various discussions with stakeholders and file NOIs consistent with the initial Workplan, for Commission review and approval. During the Implementation Phase, the Companies intend to

⁸ Id.

⁹ Id. at 2-3.

¹⁰ See, Exhibit 1.

work with the Commission, Consumer Advocate, and relevant stakeholders to develop such NOIs.¹¹ To facilitate the Commission’s stated expedited review of the NOIs, the Companies will keep the Commission and any relevant stakeholders, such as the Consumer Advocate, apprised of prospective pilot proposals and seek to incorporate stakeholder and Commission input into the filed NOIs, including addressing questions and allowing reasonable time for stakeholders to review the Company’s draft NOIs. To support an expedited pilot implementation process, the Companies will need prompt review and feedback from stakeholders during NOI discussions and development.

C. The Companies Intend to Conduct Outreach and Hold Discussions as Early as Possible in 2022.

The Consumer Advocate also “urges that the Companies also conduct such outreach and discussions as early as possible prior to the filing of the annual comprehensive report covering all active pilots due by March 31st each year for the prior year (“Pilot Update”) and requests for pilot expansions, as described in the IPF Process.”¹²

The Companies intend to hold discussions as early as possible to keep the Commission, Consumer Advocate, and other stakeholders apprised of the status of individual pilot projects and the overall health of the IPF portfolio. This includes prompt communications with stakeholders on any issues or problems that impact scope, objectives, schedule, and investment plans. This will also include advanced notification if modifications to a pilot project are needed or planned (i.e., indications that Companies plan to submit requests to the Commission or plans to request expansion/broad adoption of the piloted solution).

¹¹ As noted in D&O 37507, it is anticipated that the Commission will review the NOI and issue an order, approving, denying, or modifying the proposed pilot, within forty-five (45) days of receiving the NOI.

¹² Consumer Advocate Comments at 3.

As noted in the Companies' Final Pilot Process filed July 28, 2021, beginning in 2022, the Companies will file an annual comprehensive report covering all active pilots (the "Pilot Update") by March 31st of each year, for the prior calendar year. The Pilot Update will, at a minimum, contain the following information for each pilot, which the Companies have modified slightly for clarity from the Commission's Decision and Order No. 37507, issued on December 23, 2020:

- Implementation schedules and progress relative to the objectives and key performance metrics of the pilot;
- Pilot impacts on underserved communities;
- Pilot costs and revenues (if applicable), including cost analysis per participant, quantitative and qualitative benefits (for both pilot participants and non-participants);
- Updates to estimated costs and schedule (e.g., if there were significant delays in receiving signed agreements from government agencies);
- Qualitative description of the pilot and customer benefits; and
- Any proposed changes to material aspects of the pilot, such as program pricing, terms or conditions, eligibility requirements, changes to the implementation schedule, or program cancellations (including reason for the cancellation).

The March 2022 Pilot Update will include reporting on challenges and lessons learned, process improvements, a listing of performance relative to all key metrics, and any future permanent implementation plans based on an evaluation against the metrics established. The Companies anticipate submitting a single, consolidated Pilot Update report sooner than on a biennial basis.

D. The Initial Workplan, as Filed, is Meant to be Broad and Inclusive so as Not to Eliminate any Opportunities in this Initial Cycle.

The Joint Parties note that the "identified areas of collaboration provide useful organizing principles for developing pilot proposals that link to state energy goals and Commission

objectives and provide a framework upon which problem statements and goals can be refined and updated through Workplan updates.”¹³

As noted above, the initial Workplan, as filed, is meant to be broad and inclusive so as to not eliminate any opportunities in this initial cycle. This initial Workplan will include a three-year planning horizon which may be updated, as needed, should new priorities arise, or existing priorities need to be shifted. While the intent is to stay on the path to achieve longer-term goals, the Companies recognize the need to be flexible and to take advantage of unforeseen cost-share opportunities (e.g., vendor cost share, federal agency Funding Opportunity Announcements, etc.) for the benefit of customers. The Companies may elect to update the Workplan sooner than the three-year planning horizon, in order to address changes to the Workplan. Innovation opportunities can develop quickly and have specific drivers, and the ability to shift or pivot must be maintained to ensure the right resources are deployed at the right time and scale. If updates to the Workplan are necessary, the Companies will work with stakeholders to develop and file an Updated Workplan.

In the event that an Updated Workplan is not necessary for the current planning cycle, Future Workplans will be filed prior to the end of the three-year planning horizon to establish the prioritization for the 5-10 areas of collaboration for the next cycle. The Companies anticipate engaging with stakeholders twelve to six months prior to the end of the current cycle to develop Future Workplans. The Companies will consider additional problem statements and goals in the next iteration of the Workplan.

- The Companies will repeat the process such that Workplan updates are filed with the Commission on a triennial cycle (every three years). Should circumstances

¹³ Joint Parties’ Comments on Hawaiian Electric Companies’ Innovative Pilot Framework Workplan (“Joint Parties’ Comments”) at 1.

dictate that major updates are in order, then the Companies will file an update to the Workplan within the triennial cycle.

- Several principles of the IPF are intended to enable customer-focused solutions and incrementally move toward rapid solution development and implementation. The pilots under the Framework will be designed to enable flexibility in the tactical approach, while keeping the strategic goals in sight. The Companies will remain flexible to quickly adapt and make incremental changes without a lot of top-down administrative expense and regulatory burden. In some instances, the goals and problem statements identified in this initial Workplan reflect potential pilot concepts that are more shovel ready than others – having previously engaged with key stakeholders, vendors and customers prior to the development of the Workplan.
- The Companies do not intend to launch pilots to maintain the status quo or “perpetual study.” The Companies agreed with stakeholders that participated in the stakeholder meetings that pilots should result in fast decisions, lessons learned, impactful results, value to the customers, etc.
- The Companies acknowledge the need to act with urgency and view the IPF process and funding as an opportunity to move innovative ideas forward.
- Future updates to this initial Workplan will follow the collaborative process established by the Companies for the development of the initial Workplan. The development of the initial Workplan is an open and inclusive stakeholder engagement process. Opportunities to contribute and discuss in multiple formats were provided to the stakeholder who elected to participate in the development of the initial Workplan.

Similar in scope to the above, the Joint Parties also offer that the Workplan “should be adapted to include additional problem statements and goals along with corresponding pilot program ideas.”¹⁴ The Joint Parties state that “while some problem statements and goals identified in the Workplan advance innovation in alignment with energy goals, others maintain the status quo of “perpetual study” or otherwise to not require a pilot or further study before moving toward implementation. The strength and weaknesses of the Workplan underscore the need for a robust stakeholder engagement process to ensure that the appropriate pilot proposals

¹⁴ Id.

are prioritized in the implementation phase and developed to provide cross-cutting solutions to priority energy policy goals.”¹⁵

The Workplan, as filed, is meant to be broad and inclusive so as not to eliminate any opportunities. The Companies will consider additional problem statements and goals in the next iteration of the Workplan.

E. The Companies Intend to Explore Pilots to Utilize Customer Resources (Both Generation and Load) to Achieve Decarbonization Goals.

The Joint Parties state that the Workplan “should prioritize pilots that support innovative solutions to Hawai’i’s energy policy goals.”¹⁶ They offer that the Workplan “would benefit from a more cohesive vision for a coordinated approach to advancing pilot proposals.”¹⁷ The Joint Parties opine that the decarbonization AOC provides a natural organizing principle for designing pilot programs.¹⁸

The Companies realize decarbonization is a broad AOC and will require ongoing transformation and investments to the Companies’ grids. One of the guiding principles of the IPF and an integral component to pilot project design is learning through rapid testing and iteration. As such, the Companies intend to explore pilots to use customer resources (generation and load) to achieve decarbonization goals. Pilot ideas do not always lend themselves to be categorized in only one bucket, so there is going to be some overlap with regard to which AOC a particular pilot project falls under. The Workplan is intended to be a guiding document, outlining a wide list of possibilities. The Companies agree that areas such as aggregation of customer loads for Grid Services, smart EV charging solutions and advancing grid architecture,

¹⁵ Id.

¹⁶ Id. at 6.

¹⁷ Id.

¹⁸ Id.

among others mentioned in the Joint Parties' filed comments are areas that should be prioritized for piloting and are covered under the umbrella of themes outlined in the Workplan.

The Joint Parties also note that they agree with the assessment of customer-sited distributed energy resources ("DER") as a critical resource that will contribute substantially to meeting Hawai'i's renewable energy and decarbonization goals and recommend that statements and goals for this AOC include prioritizing DER utilization as well as DER implementation.¹⁹

The Companies want to take the opportunity again to thank the Parties for the ideas presented and thoughtful discussion throughout the Workplan development phase. The Companies will consider the DER pilot ideas listed in comments, those discussed in stakeholder meetings, as well as ideas resulting from discussions during the Implementation Phase of IPF and other dockets.

II. COMMENTS THE COMPANIES CAN SUPPORT WITH CLARIFICATIONS

There are other comments that the Companies can support with clarifications or reasonable conditions.

A. The Companies Intend to Move as Quickly as Possible to Arrive at Decisions About Implementation.

The Joint Parties take the position that the Workplan "should include commitments to move from study phase to implementation (where warranted) as quickly as possible and that the Workplan should include a framework for data sharing and collaborative modeling to ensure equitable access to information."²⁰

The Companies intend to move as quickly as possible to arrive at decisions about implementation. The Companies will work closely with vested stakeholders during the

¹⁹ Id. at 8.

²⁰ Id. at 12.

Implementation Phase to develop pilot NOIs. During the Implementation Phase, the Companies will work with stakeholders with respect to data sharing and collaborative modeling, as directed or ruled by the Commission in other ongoing dockets, to ensure equitable access to necessary information and planning tools throughout the pilot development, selection, implementation, and review process, to the extent that such collaborations can continue to be streamlined and improved during the Implementation Phase in order to facilitate the Commission's intention to "...foster innovation by establishing an expedited implementation process for pilots ...",²¹ rather than to develop a process that would prolong or overburden the Implementation Phase. At the same time, in competitive market situations the Companies recognize that there may be limitations, contractual or otherwise, where proprietary, market intelligence, and/or customer personal identifiable information may not be able to be openly shared with stakeholders.

B. Many Potential Pilot Projects Could Fall Under Multiple AOCs

The Joint Parties recognize that Workplan AOCs offer useful organizing principles for developing pilot proposals that link to state energy goals and Commission objectives. They also recommend however that the pilot evaluation and selection process include criteria to rank pilots for their ability to serve cross-cutting goals across multiple AOCs.²²

As stated in the Companies' Workplan, the Companies have identified seven (7) AOCs and associated illustrative problem statements and goals that will guide development of potential pilot projects under the IPF. Pilot projects will be proposed during the Implementation Phase in the form of NOIs. Many potential pilot projects could fall under multiple AOCs. In selecting projects under the IPF, the Companies intend to give strong consideration to those that may directly or indirectly benefit Low-to-Moderate Income ("LMI") customers from across the State.

²¹ See D&O 37507 at 166.

²² Id. at 2.

C. The Companies Remain Open to Exploring the Most Cost-Effective Solutions That Achieve Climate Change Goals.

The Joint Parties take the position that allocating limited pilot funds to evaluating carbon capture and sequestration (“CCS”) technologies does not leverage core strengths of Hawai‘i’s energy economy or advance Hawai‘i’s policy goals.²³ According to the Joint Parties, piloting CCS technologies is impractical and antithetical to fundamental energy policy goals of Hawai‘i and should not be pursued through this pilot process.²⁴

As stated in the Companies’ Climate Change Action Plan, the Companies are committed to reducing carbon emissions in 2030 by as much as 70 percent below 2005 levels. The Companies remain open to exploring the most cost-effective solutions that achieve these goals. Since there is still broad uncertainty on exactly how any state will achieve net zero targets, the Companies intend to keep options open on solutions and associated implementation. Carbon capture and sequestration can take many forms, including carbon offsets, direct air capture, planting trees, etc., and the Companies believe that topic areas or pilot ideas should not be categorically eliminated at this stage.

D. The Companies Agree That it is Important to Balance the Desire to Develop “Perfect” Programs With the Urgent Need to Implement “Good” or “Great” Programs That Advance Core Energy Policy and Commission Goals.

The Joint Parties state that “numerous problem statements and goals identified in the Workplan suggest pilots to gain information and data and provide other learnings to advance proposed solutions. Many of these goals are important and would contribute to the development of full-scale programs to address the identified problem. However, it is also important to balance the desire to develop “perfect” programs with the urgent need to implement “good” or “great”

²³ Id. at 4-5.

²⁴ Id. at 5.

programs that advance core energy policy and Commission goals. In other words, not all identified problems in the Workplan require a pilot to advance workable solutions at scale.”²⁵

The Companies agree and clarify that ideas should not be eliminated at this stage, but specific plans may be rejected at the NOI stage.” The Companies do not intend to pursue NOIs that are counterproductive to ongoing efforts.

E. The Companies Have Developed a Programmatic Solution to Incorporate the IEEE 2030.5 Capability to the Current Demand Response Management System.

With regard to Data Sharing, Access and Analytics and Technology Innovations and Cybersecurity Improvements AOCs, the Joint Parties note that the Workplan identifies the Data Sharing AOC as an important area that needs further development and innovation, and the Cybersecurity AOC as one that requires continuous innovation and collaboration with key stakeholders to address the escalating cybersecurity threat environment.²⁶ According to the Joint Parties, these AOCs capture cross-cutting considerations and complementary problem and solution goals.²⁷ The Joint Parties note however that development of device level or aggregator solutions for IEEE 2030.5 connectivity has not been included as a problem statement and goal in either AOC.²⁸

The Companies have selected a vendor to incorporate the IEEE 2030.5 capability to the current Demand Response Management System (DRMS)/Distributed Energy Management System (DERMS) and therefore were not intending to pursue a pilot for this functionality; and instead, implement a programmatic solution. As the Joint Parties indicate, there is urgency to

²⁵ Id.

²⁶ Id. at 9.

²⁷ Id.

²⁸ Id.

have this capability as soon as possible.²⁹ Implementation of this capability will be available for testing of devices in 2022.

F. The Companies Agree That Support of LMI Customer Interests is Critical.

The County summarizes its suggestions to improve the IPF Workplan to include prioritization of the needs of LMI customers. To emphasize this point, the County suggests moving the existing LMI section to the beginning of the Workplan and explicitly integrating the needs of LMI customers into every other section of the Workplan.³⁰

The Companies agree that support for LMI customer interests is critical. The Companies titled one of the AOCs as “Equity, Access, Affordability and Sustainability“ to emphasize this point. The Companies intend to incorporate objectives targeting improvements for LMI customers in as many pilots in all AOCs as possible. The Companies had numerous discussions throughout the Workplan development phase with stakeholders on how to do this most effectively and intend to continue improving on this throughout the Implementation phase. Some pilot projects will be more narrowly focused on directly impacting bills and opening new communications channels, while other pilot projects will more broadly deliver benefits to all customers. The AOCs are not listed in order of priority, but rather reflect a set of themes that are interrelated and provide overall guidance on the direction for the Workplan. As such, the Companies do not believe it is necessary to rearrange the sections at this time.

With regard to suggestions regarding how the Companies will engage with LMI customers, the Companies recognize that care, innovation and thoughtfulness must be utilized in determining effective methods to communicate with customers in LMI communities.

²⁹ Id.

³⁰ County of Hawai‘i’s Comments on Hawaiian Electric’s Innovation Pilot Framework Workplan, Filed November 12, 2021 (County Comments) at 3.

Historically, these communities have been more difficult and expensive to reach. Pilot programs could test innovative outreach strategies, communication channels, energy efficiency programs, subsidization, and equity training with lessons learned to improve education and adoption of programs and technologies that save customers money. Piloting may be needed to develop and test specific marketing strategies to increase awareness of and enrollment in targeted programs by qualified customers. The Companies will explore a variety of options and evolve the strategies and outreach channels over time and through interactions with the impacted communities, LMI councils, and other stakeholders. Since each project may require a unique approach, the Companies intentionally did not narrow the scope of available options by identifying a subset of outreach strategies in this Workplan.

Additionally, with regard to the County's suggestion to include LMI-specific reporting requirements in the reporting section of the IPF Workplan to ensure the needs and perspectives of LMI communities are included in this Innovation Pilot Program,³¹ the Companies note that the reporting requirements to be used originated from the Commission's orders. As discussed during the stakeholder meetings, each pilot project is expected to have its own set of objectives and metrics. The Companies will report progress towards these. Some projects may have explicit LMI metrics, such as customer satisfaction or acquisition, while others may have broader metrics that measure the impact of a project.

G. The Companies are Strongly Committed to Decarbonizing Operations and Helping the State Achieve a Low-Carbon Economy.

The County suggests that no pilot project should be pursued unless it reduces greenhouse gas emissions³² and proposes specific modifications to the Workplan to facilitate its proposal.³³

³¹ Id. at 4.

³² Id.

³³ Id.

As stated by the County and the Companies' press release, the Companies are strongly committed to decarbonizing operations and helping the State achieve a low-carbon economy. The first AOC in the Workplan is entitled Decarbonization because the Companies view this as one of the overarching goals for pilot projects. As noted in several examples provided and discussed during the stakeholder engagement process, there are still many unknowns in how the State and the Companies will implement a low-carbon economy. It will certainly take a combination of technology, business model innovations, and stakeholder collaboration to innovate and reach these goals. As for the reporting requirements, the Companies will follow the guidance set forth by the Commission that a GHG analysis will be included for any project where it is feasible. In certain circumstances, the direct GHG reduction benefits may be difficult to quantify, but the pilot project may help LMI communities in a shorter time horizon where the impacts of GHG reduction may take longer to quantify or realize.

H. The Workplan can be Updated as Needed Should New Priorities or Opportunities Arise.

The Joint Parties recommend the Workplan be considered a starting point for pilot development, and not an exclusive source of pilot ideas for the Implementation Phase. The Joint Parties recommend the Workplan itself contain provisions for annual review and updates to ensure the portfolio of potential pilot programs appropriately reflect evolving priorities and circumstances, including advances in technological capabilities, new data and other information, and changes in policy directives.³⁴

The Companies reiterate that the Workplan will include a three-year planning horizon which may be updated, as needed, should new priorities arise, or existing priorities need to be shifted. While the intent is to stay on the path to achieve longer-term goals, the Companies

³⁴ Joint Parties' Comments at 8.

recognize the need to be flexible and to take advantage of unforeseen cost-share opportunities (e.g., vendor cost share, start-up accelerator funding, Department of Energy Funding Opportunity Announcements, etc.). The Companies may elect to update the Workplan sooner than the three-year planning horizon, in order to address changes to the Workplan. Innovation opportunities can change and move quickly, and the ability to shift or pivot must be maintained to ensure the right resources are deployed at the right time and scale. If updates to the Workplan are necessary, the Companies will work with the stakeholders to develop and file the Updated Workplan. Future Workplans will be filed prior to the end of the three-year planning horizon to establish the prioritization for the 5-10 areas of collaboration for the next cycle.

III. COMMENTS WHICH COMPANIES ARE NOT ABLE TO SUPPORT AT THIS TIME.

A. There Will be Opportunities to Continually Improve the IPF Process.

The Joint Parties take the position that the Commission should clarify that “ensuring the relevant stakeholder process is utilized means affording stakeholders systematic opportunities to engage in all aspects of the pilot process from start to finish. This includes, but is not limited to, facilitating meaningful stakeholder participation in pilot development, pilot prioritization and selection, development metrics to measure pilot success, development of pilot budgets and project timelines, and opportunities to bring pilot proposals forward for consideration in the development process. This should also include a process by which HECO shares data to enable stakeholders to evaluate pilot proposals, pilot updates, propose process improvements, and make recommendations for permanent implementation plans for each individual pilot proposal.”³⁵

³⁵ Joint Parties’ Comments at 1-2.

Since the Innovation Pilot Framework (IPF) is a new endeavor, the Companies acknowledge at the outset that there will be opportunities to continuously improve upon the IPF process. As described in the guiding principles of the Workplan Development Framework filed on April 30, 2021, the Workplan is intended to be flexible, and incorporate innovative, customer-centric ideas through thoughtful consideration and collaboration. The framework relies greatly upon stakeholders to identify opportunities for innovation. The stakeholder engagement process can be effective because stakeholders are often the closest to problems and opportunities, and thus better equipped to identify problems and create new solutions. As the Companies advised in stakeholder meetings and in the Workplan itself, the Companies intend to continue stakeholder engagement throughout the Implementation Phase – both targeted, pilot-specific discussions as well as the broader stakeholder group (like meetings held during the Workplan Development Phase). The Companies expect to learn with experience and will be open to stakeholder input on process improvements and the need to pivot on individual pilots as well as the overall IPF process. This will include:

- The Companies will work closely with vested stakeholders, as necessary, and the Commission to resolve any potential conflicts or perceived conflicts of interest as they develop the Workplan, develop Pilot Notices, and implement pilot projects with respect to data sharing and collaborative modeling to ensure equitable access to necessary information and planning tools throughout the pilot development, selection, implementation, and review process.
- The Companies will share data to the extent possible consistent with efforts in other dockets on a case-by-case basis.
- The Companies intend to be as transparent as possible, while at the same time, in a competitive market situation, the Companies recognize that there may be limitations, contractual or otherwise, where proprietary, market intelligence, and/or customer personal identifiable information cannot be shared openly.
- The Companies will work closely with vested stakeholders, as necessary, and the Commission to resolve any potential conflicts or perceived conflicts of interest as it develops its Workplan, Pilot Notices, and pilot projects.

- As the Companies are ultimately, and in many cases solely, responsible for process, execution, and risk of cost recovery it will be incumbent upon the Companies to determine what pilots to pursue. As stated above, stakeholder feedback will be part of this process so the Companies intend to collaborate with stakeholders to get prompt feedback on pilots. Per the NOI approval process, the Commission will make the final decision on which pilots submitted by the Companies enter an execution phase.³⁶

B. The Workplan is a Flexible Document Aimed at Encouraging Innovation.

The Joint Parties take the position that multiple problem statements and goals in the Workplan establish a basis for pilot proposals that would maintain the status quo of “perpetual study.” According to the Joint Parties, because of this claim, specific pilot permitting process improvements proposed in the Workplan should not be pursued.³⁷

As discussed above, the Workplan is a flexible document aimed to encourage innovation. The Companies agree that not all strategies will be relevant in every incarnation of a pilot concept and as such the Companies intend to continue discussions with stakeholders throughout the Implementation Phase and come to a decision on what makes sense for an individual project rather than categorically eliminating ideas at this stage. The Companies have no intention to use pilot projects to counter ongoing efforts in other dockets and enterprise solutions as this would be contrary to the Companies’ overall mission.

C. Use of On-Going Workforce Retraining Efforts can Build Win-Win Solutions.

The Joint Parties note their support for the workforce training and skill development goals articulated in the Workplan recognizing that statement and goal 3.G identifies the shortage of qualified electricians to install and fix EV chargers. The Workplan proposes a pilot program

³⁶ The Workplan Development Framework document describes the Roles of the key parties (Section III).

³⁷ Joint Parties Comments at 4.

to address this through utility workforce training. The Joint Parties suggest that where feasible these training programs should be pursued without going through a pilot process.³⁸

The Companies included this as a potential objective of future pilots after discussions with stakeholders. The Companies see the ability to use on-going workforce retraining efforts as an avenue to build win-win solutions. Eliminating strategies and tactics to reduce costs categorically from the Workplan may hamper the stakeholders' ability to implement the best possible pilot project. If a pilot project provides an opportunity to reduce costs, while training the workforce on new and innovative technologies, then the Companies will file an NOI with a project plan to execute this. As stated previously, the Commission will approve, modify, or reject an NOI based on information contained in the NOI.

D. As Agreed Through the Stakeholder Process, a High-Level Workplan was Deemed More Appropriate at This Stage of the Process.

The County requests more specificity on Pilots in the IPF Workplan³⁹ including when the Companies will provide more detail on the pilots the Companies intend to pursue; and how stakeholders will be engaged in reviewing and developing these pilots.⁴⁰

Consistent with the stakeholder outreach and discussion process, it was agreed that a high-level Workplan was more appropriate at this stage of the process. Developing a specific pilot requires additional work and meetings with stakeholders and the details are likely to change between submission of the Workplan and the NOI, so additional specificity will not necessarily result in a better product. Since each pilot will be unique and will likely require different groups of stakeholders to come together over multiple months, the Companies submitted a higher view

³⁸ Id. at 7.

³⁹ County Comments at 4.

⁴⁰ Id.

snapshot of the types of projects to be submitted rather than specific pilot details. The details of a pilot will be worked on and submitted as an NOI for review and approval by the Commission.

E. The Companies Plan to Incorporate Lessons from Other Jurisdictions where Applicable and Appropriate.

The County recommends that the Companies include a section in the IPF Workplan that discusses how HECO intends to learn from/collaborate with other utilities (in the US or abroad) on pilots, and especially on resilience and reliability pilots.⁴¹

The Companies view this as an important piece of the puzzle. Through various channels, the Companies learn from demonstration and pilot projects being done at other utilities. As part of an NOI, the Companies may cite precedence or best practices from related projects at other utilities, where applicable, that helped inform the discussion with stakeholders and vendors in crafting a specific project plan.

IV. CONCLUSION

The Companies appreciate the opportunity to provide these Reply Comments and look forward to continued engagement with the Commission and parties on the development and implementation of important pilot projects.

DATED: Honolulu, Hawai‘i, January 5, 2022.

/s/ Rod S. Aoki

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⁴¹ Id.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing document, together with this Certificate of Service, were duly served on the following parties and participants, by having said copies delivered by electronic service.

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