

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

----- In the Matter of -----))	
PUBLIC UTILITIES COMMISSION)	Docket No. 2018-0165
)	
Instituting a Proceeding)	Order No. 36725
To Investigate Integrated)	
Grid Planning.)	
_____)	

PROVIDING GUIDANCE

By this Order, the Public Utilities Commission ("commission") provides guidance on the integrated grid planning ("IGP") process being implemented by HAWAIIAN ELECTRIC COMPANY, INC. ("HECO"), HAWAII ELECTRIC LIGHT COMPANY, INC. ("HELCO"), and MAUI ELECTRIC COMPANY, LIMITED ("MECO") (collectively "Companies" or "HECO Companies").¹ In addition, the commission grants the

¹The Parties to this proceeding are HECO, MECO, HELCO, the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate"), an ex officio party, and the Intervenors admitted in Order No. 35727, i.e., RENEWABLE ENERGY ACTION COALITION OF HAWAII, INC.; LIFE OF THE LAND; ENERGY ISLAND; COUNTY OF HAWAII; HAWAII PV COALITION; HAWAII SOLAR ENERGY ASSOCIATION; PROGRESSION HAWAII OFFSHORE WIND, LLC; ULUPONO INITIATIVE, LLC; and BLUE PLANET FOUNDATION (collectively, "Parties"). See In re Public Util. Comm'n, Docket No. 2018-0165, Order No. 35727, "Admitting Intervenors," filed on October 2, 2018 ("Order No. 35727").

Motion to Withdraw filed by ENERGY FREEDOM COALITION OF AMERICA, LLC ("EFCA").²

I.

BACKGROUND

By Order No. 35569, issued on July 12, 2018, the commission opened the instant docket to investigate the IGP process.³ Pursuant to Order No. 35569, the Companies filed their IGP Workplan on December 14, 2018.⁴ The Workplan describes the major steps of the Companies' proposed IGP process, timelines, and the methods the Companies intend to employ, including various Working Groups.⁵

On March 14, 2019, the commission issued Order No. 36218, which accepted the Workplan and provided the Companies with guidance on its implementation.⁶ By Order No. 36218, the commission directed the Companies to file a brief explanation

²See Section II. D., below.

³See In re Public Util. Comm'n, Docket No. 2018-0165, Order No. 35569, filed on July 12, 2018 ("Order No. 35569" or "Opening Order").

⁴See "Planning Hawaii's Grid for Future Generations; Integrated Grid Planning Workplan, December 14, 2018" ("IGP Workplan" or "Workplan").

⁵See, e.g., Workplan at 39, Section 5.3.

⁶See In re Public Util. Comm'n, Docket No. 2018-0165, Order No. 36218, filed on March 14, 2019 ("Order No. 36218").

of the review they envision at the Review Points identified in the Workplan.⁷ The Companies filed their Review Points Proposal on July 31, 2019.⁸ The commission issues this Order to provide guidance on the Review Points Proposal, and supplemental feedback on the IGP process, including the Working Groups' progress.

II.

DISCUSSION

A.

Review Points Proposal

In the Review Points Proposal, the Companies addressed many topics, including independent evaluation, the Review Point process, and alignment with the Stage 2 RFPs that are the subject of Docket No. 2017-0352.

Independent Evaluation. The Companies state that stakeholders will "provide a diverse range of input on the IGP process that is effectively equivalent to a continuous independent evaluation. Therefore, any incremental independent evaluation is

⁷See Order No. 36218 at 8 (citing Workplan at 39, Figure 10).

⁸Letter From: K. Katsura To: Commission Re: "Docket No. 2018-0165, Instituting a Proceeding to Investigate Integrated Grid Planning, Companies' Proposal for Review Points," filed July 31, 2019 ("Review Points Proposal").

redundant with the IGP process design and would delay both the IGP process and the related benefits to customers.”⁹

Review Point Process. The Companies state that their vision for the Review Points is to “summarize and document the work completed at each major process step, solicit feedback from stakeholders, and file with the [c]ommission for review.”¹⁰ The Companies describe how they will document completed work, and then share that document with various Working Groups, including the Technical Advisory Panel and the Stakeholder Council, to solicit their feedback.¹¹ The Companies then state that they will “incorporate any comments received as an appendix, file the documentation in the IGP docket, and post it to the IGP website.”¹² Finally, the Companies request that the commission and the Consumer Advocate “provide comments within 30 days of the process documentation filing for each review point[,]” and state that they “will await the [c]ommission’s and

⁹Review Points Proposal at 3.

¹⁰Review Points Proposal at 3.

¹¹Review Points Proposal at 4.

¹²Review Points Proposal at 4.

the Consumer Advocate's acceptance of the review point prior to commencing the proceeding process steps."¹³

Alignment with Stage 2 RFPs. The Companies state that they "intend to begin the system needs assessment phase of the IGP upon determining the final award group in the Stage 2 Request for Proposals for Variable Renewable Dispatchable Generation and Energy Storage" that is the subject of Docket No. 2017-0352, "due to the importance of the final award group as an input assumption into the modeling required to determine system needs."¹⁴

B.

Working Group Progress

The commission is aware that many of the Working Groups have had primarily high-level discussions to date, and have only begun introducing sufficient content and details for stakeholders to analyze and evaluate. In addition, the Companies have adjusted the schedule and timeline established in the Workplan for the

¹³Review Points Proposal at 4.

¹⁴Review Points Proposal at 5. The commission notes that the Companies propose to select a final award group on May 8, 2020. See "Hawaiian Electric Companies' Final Stage 2 Renewable and Grid Services RFPs, Book 1 of 7, Filed August 22, 2019," filed August 22, 2019, in Docket No. 2017-0352, Exhibit 1, at 20. In contrast, the Companies state in the Workplan that the system needs assessment will be complete "around March 2020." See Workplan at 33.

Working Groups,¹⁵ and include in their Review Points Proposal a schedule change to align the system needs assessment phase with the final awards in the Stage 2 RFP process. This is understandable given the novelty of IGP, the complexity of implementing it, and the Companies' responsiveness to additional commission priorities (such as the RFP process).

The commission also notes that the Companies have made some significant improvements in the Working Groups. Some examples include improved audio quality for Working Group meeting calls, more clarity on meeting agendas and goals, identifying specific deliverables, some recent opportunities for stakeholders to provide targeted feedback, and some coordination among the Working Groups and between the Working Groups and the Companies' efforts in related dockets.

C.

Commission Guidance

As the commission stated in the Opening Order, the HECO Companies will take a leadership role throughout the IGP process, and the commission will "ensure that the process is conducted in a timely, transparent, and collaborative manner,

¹⁵See Workplan at 35 and 49, Figures 9 and 13.

by providing guidance and directives where necessary and appropriate.”¹⁶ Consistent with the Opening Order, the commission provides the following guidance based on the Companies’ progress in executing the Workplan.

Commission’s Role. The commission has two distinct roles in the IGP process. The first commission role is that of an advisor – to support the Companies in their execution of the IGP process. In this role, the commission and its staff have been actively participating in the Working Groups, and will continue to do so. The second commission role is the more familiar role of an arbiter. In this role, the commission will review the Companies’ filings at the Review Points, and either approve, reject, or modify them. The commission will do likewise with the final plan that results from the IGP process.

Stakeholder Feedback. Although there have been twenty-seven (as of October 23, 2019) Working Group meetings to date, opportunities for meaningful stakeholder feedback have been limited. Some of this has been due to adjustments in timelines, as discussed above. Some of this has been due to the technical nature of the Working Groups, and the time required to frame discussions, and some of this is because many Working Group discussions have remained high-level or presented only

¹⁶See Opening Order at 22.

illustrative content, giving stakeholders limited opportunity to provide substantive feedback on specific planning assumptions, scenarios, or sensitivities, for example. The commission expects stakeholder feedback to become more detailed as the Working Groups delve deeper into their respective tasks.

To better enable all stakeholders to provide useful and timely feedback to the Companies, the commission suggests the following process improvements – some of which are already occurring in some Working Groups: (1) prior to each meeting, the Companies should provide meeting slides and agendas that focus on soliciting substantive feedback on their proposals for each process step; (2) each meeting should have clearly identified objectives and outcomes, and should provide dedicated time for stakeholder feedback on targeted questions; (3) stakeholders should have the opportunity to provide immediate feedback (e.g., by completing evaluation forms) on the process and enable rapid course correction; and (4) to facilitate more targeted feedback from stakeholders during working group meetings, the Companies should implement a way to view the Companies' planning assumptions and other Working Group deliverables – similar to the FTP site the Companies used during the PSIP process.¹⁷ By adopting the above

¹⁷Such information should be available in spreadsheet files compatible with Microsoft Excel in live and dynamic format with

process recommendations, the Companies can promote more meaningful stakeholder feedback. This will also allow the Companies to make better use of Working Group meeting time and stakeholder resources.

In addition to these process improvements, the commission notes the following content-related improvements for the Companies to consider. First, with respect to the Soft Launch group, the commission has filed substantive written comments, but wishes to reiterate that the Companies should promote, enable, and, aggressively pursue value stacking opportunities, and strive to make their non-wires alternatives analysis more transparent and thorough. Also, without an independent observer, the commission will not offer dispute resolution as proposed in the draft Soft Launch RFP, and HECO shall remove any contrary language.

Second, for the Forecasting and Assumptions Working Group, the Companies should develop load assumptions specific to each island in their service territories, and use those as the basis for island-specific forecasts. The commission will take an active role in this process and encourages other stakeholders to do likewise. The Companies' IGP forecasting team should also coordinate with the Companies' staff working on developing the

cell logic, assumptions, references, calculations, and formulas intact, and all cells unhidden and unprotected.

Advanced Rate Design Strategy in the DER docket. Finally, the Companies state that they will "incorporate any comments received as an appendix, file the documentation in the IGP docket, and post it to the IGP website."¹⁸ Although such an appendix will be helpful, it is far more important that the Companies incorporate stakeholder feedback into their decision-making, during every substantive step of the Working Group and IGP process. As the commission stated, the Companies' "planning efforts must continue to actively engage stakeholders, and incorporate their constructive input."¹⁹ To that end, any such appendix should clearly state how the Companies incorporated stakeholder feedback into the Working Groups' work products, and not just recite what stakeholders said.

For the IGP process to work, the Working Groups must have the opportunity serve their designated functions, even if this requires more time than originally envisioned. It is critical that the Companies take the time to meaningfully respond to and incorporate stakeholder feedback.

¹⁸Review Points Proposal at 4.

¹⁹See In re Public Util. Comm'n, Docket No. 2014-0183, Order No. 34696, filed on July 14, 2017, at 49 (emphasis added). See also Opening Order at 24-25, stating "the commission expects the Companies' proposed customer and stakeholder process will support and improve the resulting plans."

Independent Evaluation. The Companies state that stakeholder input "is effectively equivalent to a continuous independent evaluation[,]" and that "any incremental independent evaluation is redundant" ²⁰ Considering the observed limitations of stakeholder engagement to-date, the commission is not convinced that the current process will provide review sufficiently meaningful to obviate independent evaluation. Moreover, given the technical nature of certain aspects of IGP, the commission sees value in third-party technical expertise for IGP decision-making. The commission notes that the Technical Advisory Panel may be adequately suited to serve this role, but is concerned that the Technical Advisory Panel does not appear to be directly involved in Review Point oversight. For the stakeholder process outlined in the Workplan to effectively serve as a replacement for independent evaluation, the Technical Advisory Panel would have to take an active role in analyzing, evaluating, and providing public feedback on Working Group activities and Review Point filings. Because the IGP process is the Companies' to lead, ²¹ the commission will not mandate independent evaluation, at this time, but the commission expects the Companies to use the

²⁰Review Points Proposal at 3.

²¹See Opening Order at 22.

Technical Advisory Panel to provide independent review of each Review Point filing that the Companies will file.²² If the Technical Advisory Panel is unable or unwilling to do so, or if the commission finds such review insufficient, the commission may require independent evaluation at that time.

Review Points. The Companies' Review Points Proposal lacks details on what the Companies will file at each Review Point. Without knowing specifically what the Companies will file at the Review Points, the commission reiterates its expectation that the Companies explicitly describe how stakeholder feedback has been genuinely incorporated into the IGP process, and into each resulting Review Point filing. In addition, each filing should specify how the Companies have coordinated Working Group efforts with other relevant dockets, as described below. Finally, the Companies should file updated timelines at each Review Point, to reflect any major changes from the timelines set forth in the Workplan.

As discussed above, the commission will review the Review Point filings in its usual role as an arbiter, and the commission may employ independent review. Given the uncertainty

²²This appears to be consistent with the Companies' stated intention for the Technical Advisory Panel to "provide independent peer assessment, including input and feedback, of the IGP development process, methodologies, tools, and results." See Workplan at 54.

regarding what will be filed at the Review Points, the commission cautions the Companies that 30 days may not be sufficient time for meaningful review. The commission will take the time required to thoroughly review the Review Point filings. Depending on what is filed, the commission may also solicit feedback from the Parties to this docket.

Timelines. As noted above, Working Group meetings have not always followed the schedules set in the Workplan, and have only recently begun introducing substantive content and details. The commission also notes the additional delay that may result from the Companies' intention to align the IGP timeline with the Stage 2 RFP process. Because the IGP process is an ambitious and novel effort, with many interdependent parts, it is understandable and reasonable that the first iteration is taking longer than planned. Although the Companies should strive to meet their timelines, the Companies should also allow themselves enough time to complete necessary steps. To ensure transparency, the Companies should develop revised timelines for the IGP process. The Companies should update these timelines as needed, and consider presenting them in Working Group, Stakeholder Council, and Technical Advisory Panel meetings, and on the Companies' website. At a minimum, the Companies should present an updated timeline as a part of every Review Point filing. In developing their timelines, the Companies should consider how their work in

IGP depends upon and interacts with other commission dockets, as discussed below. The Companies should notify the commission if they require additional clarity on timelines for any commission docket upon which IGP depends.

Docket Interactions. It is not clear how the Companies are coordinating their efforts in IGP with their activities in other related commission dockets. Specifically, it is not always apparent who at the Companies is responsible for which dockets, and how they interact with their counterparts in IGP to make sure that the Companies coordinate their efforts across all affected dockets. As already discussed herein, the Companies noted in the Review Points Proposal the interrelationship between IGP and the Stage 2 RFPs. But there are other such interrelationships, e.g., the Resiliency Working Group and the Microgrid Tariff docket (Docket No. 2018-0163), the Standardized Contract Working Group and the RFP docket (Docket No. 2017-0352), and procurement-related groups (such as the Soft Launch group and the Competitive Procurement Working Group) and the Performance Based Regulation docket (Docket No. 2018-0088).

The Companies should take steps to identify such interrelationships, both in the IGP process and in the related dockets, so that everyone can coordinate their efforts accordingly. The Companies should ensure that the IGP process is truly integrating the Companies' efforts across multiple dockets

and disciplines by developing methods for appropriate Company personnel from related dockets to collaborate on IGP efforts. This effort should also identify any critical decision points and required approvals, so the Companies can plan for them. The commission stands ready to assist this effort, so the Companies can maximize potential synergies and avoid contradictions or unnecessary duplication. The Companies may describe these docket interactions as a part of Review Point filings, and may present this information at the Working Groups, and otherwise, as they deem appropriate.

In conclusion, the commission appreciates the Companies' and Stakeholders' efforts in IGP to date, and provides the guidance in this Order to help ensure the IGP process continues to proceed in a transparent and collaborative manner.

D.

EFCA'S Motion to Withdraw

On September 25, 2019, EFCA filed a motion to withdraw from this docket.²³ EFCA explains that, because it is ceasing operations nationally, it is unable to continue its participation

²³“Energy Freedom Coalition of America, LLC’s Motion to Withdraw; Certificate of Service,” filed on September 25, 2019 (“Motion to Withdraw”).

in this proceeding.²⁴ The Consumer Advocate does not object to EFCA's Motion to Withdraw. Based on the foregoing, EFCA's Motion to Withdraw from this proceeding is granted.

III.

ORDERS

THE COMMISSION ORDERS:

1. The Companies shall continue implementing the Workplan consistent with the guidance set forth in this Order.

2. EFCA's Motion to Withdraw, filed on September 25, 2019, is granted.

DONE at Honolulu, Hawaii NOV - 4 2019.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By James P. Griffin, Chair By Jennifer M. Potter, Commissioner

APPROVED AS TO FORM:

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2018-0165.ljk

²⁴Motion to Withdraw at 1.

CERTIFICATE OF SERVICE

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