

IGP Soft Launch Update

NWA RFP Review

June 19, 2019



Hawaiian Electric
Maui Electric
Hawai'i Electric Light

IGP Soft Launch RFP Update

Purpose

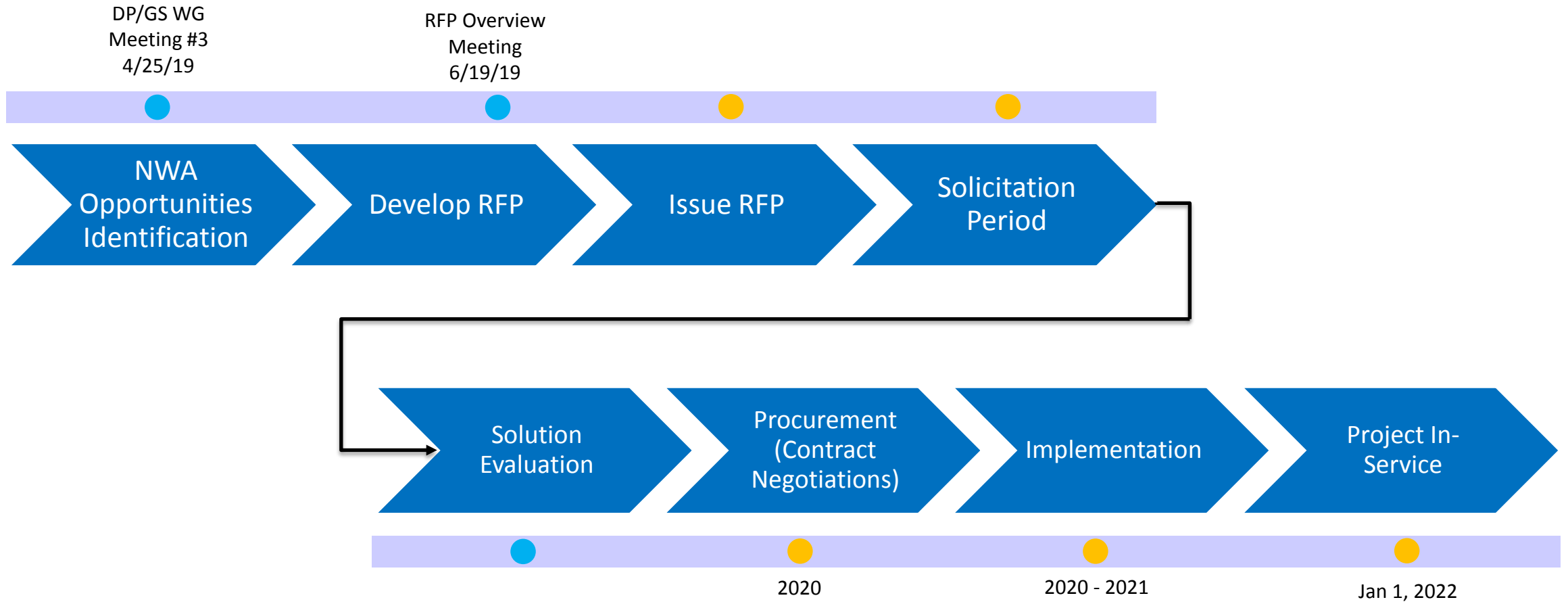
- ◆ Informational update for stakeholders participating in the IGP Soft Launch Working Group.
- ◆ To answer any questions / obtain feedback on soft launch RFP approach.

Objectives of Soft Launch

- ◆ Soft launch of the sourcing process will help inform development of the full scale IGP planning and sourcing effort beginning in 2020.
- ◆ Demonstrate the NWA process: solution sourcing, evaluation, implementation, and operations.



Target High Level Schedule



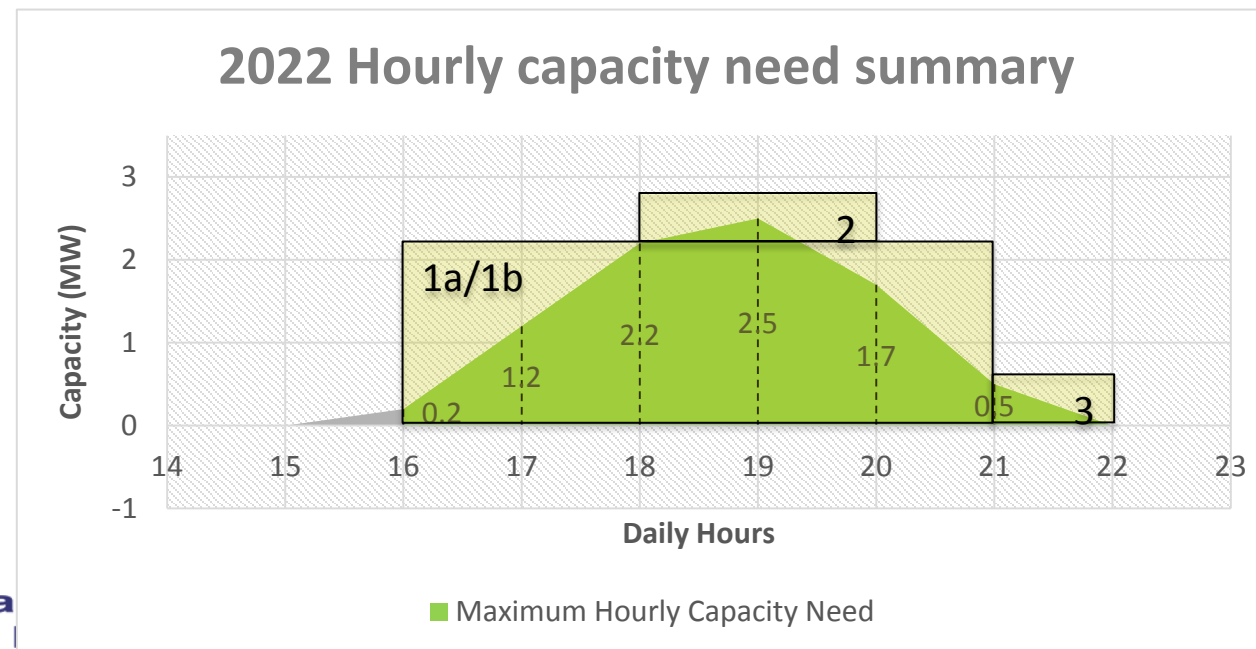
Procurement Steps

Milestone	Proposed Duration
Draft RFP is released	
Comment Period	3 Weeks
Companies Revise RFP	1 Month
Final RFP is Issued	1 Week
Proposal Due Date	2 Months
Initial Evaluation	2 Months
Selection of Priority List	1 Week
BAFOs Due	1 Week
Detailed Evaluation and Selection of Final Award Group	4 Months
Contract Negotiations	4 Months



Details of the Need

- ◆ Driven by future East Kapolei Subdivision and portion of Ho‘opili Subdivision developments
- ◆ Forecasted planning criteria violation occurs from 2022 on Kapolei 2 Tsf and Kapolei 4 Ckt.
- ◆ Demand side/EE resources can be located on Kapolei 4 or Kamokila 4 circuits. Supply side resources (inverter-based) can be located on Kapolei 4.
- ◆ Wires solution: Approximate 1 mile underground circuit line and duct capacity into the East Kapolei area for additional circuit capacity



Need is in Three Segments

- ◆ For Soft Launch, the need is in three segments:
 - Bucket 1 is 2.5 MW and will allow for increments of 1, 1.5, and 2.5 MW.
 - Buckets 2 and 3 are 500 kW each and are allowing 100 kW increments.

Proposal Delivery Option	Offer Size (MW)	Duration	January - December
1a	1MW	4PM- 9PM	Everyday
1b	1.5MW	4PM- 9PM	Everyday
1c	2.5MW	4PM- 9PM	Everyday
2	0.5MW (100kW Increments)	6PM-8PM	Everyday
3	0.5MW (100kW Increments)	9PM-10PM	Everyday



Deferral Value and Evaluation

- ◆ Deferral benefit is the “avoided cost” defined as the utility’s annual revenue requirement for the utility’s T&D “wires” alternative.
- ◆ Deferral Value:
 - Deferral period is 5 years
 - Annual deferral value: \$562,000
 - Total deferral value over 5 years: \$2.8 million
- ◆ Evaluation Criteria Similar to Stage 2 RFPs
 - Eligibility Requirements
 - Threshold Requirements
 - Initial Price / Non-Price Evaluation
 - Detailed Evaluation



RFP Design

- ◆ RFP to seek options to defer capacity need (5 years)
- ◆ Open to options:
 - in front of meter (standalone storage; paired storage)
 - behind the meter (aggregated solutions)
- ◆ Portfolio of proposed solutions expected to meet full 2.5MW need
- ◆ Event activation can use daily scheduled events or direct communications to start within 12 seconds.
- ◆ Multiple contract options
 - GSPA (behind the meter)
 - RDG PPA / ESPPA (in front of the meter) – Contracts being slimmed down for NWA purposes
- ◆ DER must be located within and interconnected to the eligible circuit(s)
- ◆ Proposed DER for Soft Launch demo must be incremental to existing programs, tariffs, or PPAs
 - Completely new asset or add-on to an existing asset
 - Existing assets compensated under an existing program like NEM or under a grid services procurement will not be eligible
- ◆ If not enough procured, will proceed with wires alternative.



Key Decisions Made

- ◆ No proposal fees for Soft Launch.
- ◆ Incorporate elements of the Competitive Bidding Framework and move forward without proposing an Independent Observer.
 - Self-Build, Parallel Planning, Contingency Planning provisions
 - General RFP Process and structure, excluding some of the process steps leading to the issuance of the RFP
 - Issuance of the RFP and Evaluation/Selection Criteria provisions
 - General Fairness and Transparency provisions
 - Dispute resolution
- ◆ Utility's solution is not a self-build option (SBO).
 - Unknown if there will be an affiliate proposal. This would be treated like any other other proposal in the RFP process.
- ◆ Contract term will be 5 years starting in 2022. As additional load growth occurs, will reassess options to publish a new RFP, build a Company solution, or expand existing procurements, if possible.



Key Questions for Working Group Feedback

1. Community outreach is crucial for the success of new projects, and is an important part of the Renewable RFP evaluation. However, it has not previously been required for Demand Response procurements. What community outreach requirements would be appropriate for an IGP RFP?
2. Deferral value for “wires” solution will be shared in this RFP (see Slide 7). Is there any other information that is necessary to prepare a proposal to the RFP?
3. Distribution Capacity are being procured but the deferral being sought is only five years. This term aligns with the GSPA duration, but not the RDG PPA or ESPPA. How could we better consider both behind the meter and in front of the meter resources on a more level playing field?



Next Steps

- ◆ Analyze Stakeholder input and consolidate into RFP as applicable.
- ◆ Release draft RFP for public comment.
- ◆ Finalize and release RFP.



Questions?

Please email any RFP questions or communications to:
renewableacquisition@hawaiianelectric.com

Hawaiian Electric will endeavor to respond to questions given what is known at the time the questions are proposed, and posted to the IGP website. While we aim to provide answers to all questions asked, it may not be feasible to respond directly to each question or comment submitted. Instead, similar questions may be consolidated so as to provide more helpful information. Questions specific to a particular project that might give a competitive advantage or contain confidential information may not be answered here or may be reframed in such a way as to be made available to the general public on the IGP website.

Links

- [IGP Soft Launch](#)
- <https://www.hawaiianelectric.com/clean-energy-hawaii/integrated-grid-planning/stakeholder-engagement/working-groups>

