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March 23, 2022

Rebecca Dayhuff Matsushima  
Vice President, Resource Procurement  
Hawaiian Electric Company, Inc.

Re: Docket No. 2017-0352 – Further Guidance for Development of Stage 3 Renewable and Dispatchable Generation Request for Proposals on Oahu and Maui

Dear Ms. Dayhuff Matsushima:

The Hawaii Public Utilities Commission (“Commission”) is in receipt of the letter submitted by the Hawaiian Electric Companies (“Hawaiian Electric” or “Company”) on March 10, 2022 (“March 10 Letter”).<sup>1</sup>

In the March 10 Letter, Hawaiian Electric responded to the Commission’s direction to begin development of the Stage 3 Request for Proposals and Dispatchable Generation for Oahu and Maui (“Oahu and Maui Stage 3 RFPs”).<sup>2</sup> Hawaiian Electric proposed delaying the issuance of the Oahu and Maui Stage 3 RFPs until at least February 2023, in order to complete the Grid Needs Assessment (“GNA”) for each island in the Integrated Grid Planning docket (“IGP”) in advance of the next round of procurements for Oahu and Maui.<sup>3</sup>

The Commission supports Hawaiian Electric’s efforts to create a more efficient and effective process to meet near-term and future system and renewable energy needs but

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<sup>1</sup>See Docket No. 2017-0352, Development of Stage 3 RFPs for Oahu and Maui, filed on March 10, 2022.

<sup>2</sup>See Docket No. 2017-0352, Letter from Commission to R. Matsushima re: Docket No. 2017-0352, “Guidance for Development of Stage 3 Renewable and Dispatchable Generation RFPs for Oahu and Maui,” filed on February 18, 2022 (“February 18 Letter”).

<sup>3</sup>In the March 10 Letter, Hawaiian Electric put forth a tentative schedule wherein a Final Grid Needs Assessment would be filed by September 30, 2022, followed by the Commission’s and Parties’ review, and then an RFP would be issued by February 20, 2023.

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does not agree that completing the first iteration of IGP is a necessary precursor to the Oahu and Maui Stage 3 RFPs.<sup>4</sup>

The Commission believes that urgent efforts are needed to ensure replacement energy for the retirement of the AES Coal Plant and the Kahului Power Plant. This should include efforts to continue acquiring renewable energy to displace the remaining fossil fuel generating units. As Hawaiian Electric states,<sup>5</sup> it is critical to stay focused on the existing Stage 1 and 2 RFP projects; however, the Commission observes there is additional need for replacement energy beyond what can be supplied by the existing Stage 1 and 2 projects. For example, the Commission notes that if all existing Stage 1 and 2 projects come online, approximately 250 to 500 GWh of replacement energy for the AES Coal Plant would still be required on Oahu, continuing the reliance on fossil fuels, in particular petroleum products tied to world oil markets.<sup>6</sup> On Maui, notwithstanding the Company's March 10 Letter recommending delaying the Stage 3 RFP, Hawaiian Electric has separately identified "the need to urgently issue an RFP for additional resources to be in place by 2027[.]" due to the Company's concern that 50 MW of capacity at the Maalaea Power Plant may reach end of life in this timeframe.<sup>7</sup> The Commission also notes the heightened need for reducing the reliance on fossil fuels in light of recent geopolitical tensions impacting the price of Hawaii's fuel supply.

To meet these currently identified energy and other grid services needs, the Commission directs Hawaiian Electric to move forward with the Stage 3 RFPs as soon as possible.

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<sup>4</sup>The schedule laid out for IGP depicts a best-case scenario and thus awaiting completion of the first iteration of the IGP process could result in delays to the Stage 3 RFP beyond what is proposed by Hawaiian Electric.

<sup>5</sup>The March 10 Letter states that completing the grid needs assessment for each island prior to the next round of RFPs "will allow the Companies to remain focused on the immediate near-term needs of the systems and shepherding existing Stage 1 and 2 RFP projects to [sic] into service."

<sup>6</sup>This assumes that all current projects are brought online. Since these projects will not come online all at once, the amount of replacement energy served by fossil fuels will be higher than 250 to 500 GWh while these projects remain under development.

<sup>7</sup>See Docket No. 2021-0024, Letter from Jim Alberts to Commission re: "Generation Update for Maui Electric Company, Limited," filed on March 21, 2022.

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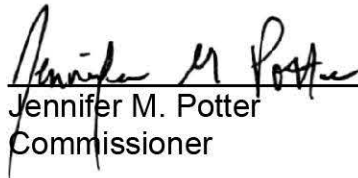
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The scope of the Stage 3 RFPs can be tailored to meet the near-term needs without precluding future procurements or conflicting with forthcoming results from the IGP docket, as directed by the Commission regarding the Firm Renewable RFP on Oahu.<sup>8</sup> In developing the Stage 3 RFPs, the Commission directs Hawaiian Electric to be explicit in its justification for the scope of this and any parallel procurements.

The Commission reiterates the guidance provided to Hawaiian Electric in the Commission's previous letter regarding the Stage 3 RFP for Oahu and Maui,<sup>9</sup> and directs Hawaiian Electric to move with urgency to ensure adequate replacement renewable projects are pursued in order to enable fossil fuel unit retirement and meet grid services needs in line with Hawaii's energy policy goals. The draft Stage 3 RFPs for Oahu and Maui should be filed no later than May 2, 2022.

Sincerely,

  
James P. Griffin  
Chair

  
Jennifer M. Potter  
Commissioner

  
Leodoloff R. Asuncion, Jr.  
Commissioner

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<sup>8</sup>See Docket No. 2021-0024, Letter from Commission to R. Matsushima re: Docket No. 2021-0024, "Guidance for Development of a Firm Renewable Generation Request for Proposals on Oahu," filed on December 22, 2021.

<sup>9</sup>In its February 18 Letter, the Commission directed Hawaiian Electric to incorporate guidance and improvements from the Stage 3 RFP for Hawaii Island, the CBRE RFPs, and the Interconnection Docket (Docket No. 2021-0024).

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