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February 7, 2023

Rebecca Dayhuff Matsushima
Vice President, Resource Procurement
Hawaiian Electric Companies (“Hawaiian Electric” or “the Companies”)
Rebecca.matsushima@hawaiianelectric.com

Re: Docket No. 2017-0352, Competitive Bidding Process to Acquire Dispatchable and Renewable Generation

Dear Ms. Dayhuff Matsushima:

On January 31, 2023, Hawaiian Electric filed a letter (“January 31 Letter”) related to the opening of the Stage 3 Requests for Proposals for Oahu and Maui (“Stage 3 RFPs for Oahu and Maui”).¹ Per the request of the Commission, Hawaiian Electric attached an Exhibit 1 detailing the final changes and clarifications to the Stage 3 RFPs for Oahu and Maui.² The January 31 Letter includes a request related to the Institute of Electrical and Electronics Engineers’ (“IEEE”) release of the IEEE Standard for Interconnection and Interoperability of Inverter-Based Resources Interconnecting with Associated Transmission Electric Power Systems (“IEEE 2800-2022”). Relatedly, on December 22, 2022, Hawaiian Electric filed its Hosting Capacity Analyses for Oahu and Maui.³

¹Letter from: R. Matsushima To: Commission re: Docket No. 2017-0352 - To Institute a Proceeding Relating to a Competitive Bidding Process to Acquire Dispatchable and Renewable Generation; “Opening of Stage 3 RFP for Oahu and Maui,” filed on January 31, 2023 (“HECO’s January 31 Letter”).

²Letter From: Commission To: R. Matsushima re: Docket No. 2017-0352, Competitive Bidding Process to Acquire Dispatchable and Renewable Generation, filed on January 17, 2023.

³Letter From: K. Aramaki To: Commission Re: Docket No. 2017-0352 - To Institute a Proceeding Relating to a Competitive Bidding Process to Acquire Dispatchable and Renewable Generation; “Oahu and Maui Island Stage 3 Hosting Capacity Analyses,” filed on December 22, 2022. The Oahu and Maui Island Stage 3 Hosting Capacity Analyses are comprised of the following studies: (1) Oahu 138 kilovolt (“kV”) Stage 3 RFP

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The Commission offers the following guidance, comments, and requests for clarification related to both of these filings:

January 31 Letter: Request for Approval of Adoption of IEEE Standard 2800-2022

In its January 31 Letter, Hawaiian Electric stated its intent to file a letter requesting approval “to allow the addition of IEEE 2800-2022 into all of the Stage 3 RFPs.”⁴ Hawaiian Electric indicates that the addition of IEEE 2800-2022 would require updates to the Power Purchase Agreements (“PPAs”),⁵ which the Commission finds will in turn require additional review time from all potential bidders to ensure compliance. The Commission holds multiple concerns regarding this update, in particular, with the timing of this request, which appears to occur following the deadline for bid submission for the Hawaii Island Stage 3 RFP. In order to prevent any further delay of the RFP processes for all islands, the Commission has been working with the Independent Observer (“IO”) and Independent Engineer (“IE”) to better understand the possible justifications and implications of this revision.

Notwithstanding the foregoing, until the Commission receives the written request in the docket, including a complete explanation of the costs and benefits and reasonable justification for the adoption of IEEE 2800-2022, no decision can be made and bidders will be left with uncertainty over the completeness of their bids. The Commission is especially concerned that Hawaiian Electric has had over a year to develop the Stage 3 RFPs, meanwhile the IEEE Standard was published in April 2022, which draws into question the reasonableness of the timing of this request, given that the Stage 3 RFPs have already been approved and issued.

In order to minimize any further delays in the RFP process, the Commission requests that Hawaiian Electric provide the following information clearly explained in its forthcoming written request, no later than Friday, February 10, 2023:

Injection Study Report; and (2) Maui Transmission System Injection Study (“Maui Injection Study”).

⁴HECO’s January 31 Letter, Exhibit 1 at 2.

⁵HECO’s January 31 Letter, Exhibit 1 at 2.

1. A complete list of specific revisions that must be made to the RFP specifications as a result of requiring IEEE 2800-2022;
2. The estimated costs for proposers and the estimated costs for Hawaiian Electric resulting from the requirement of IEEE 2800-2022 compliant equipment. These costs should account for the additional cost for equipment, Nationally Recognized Testing Laboratory certifications, and all additional costs related to this requirement;
3. The timeline associated with the impact for each item (as compared to not requiring the standard); please also discuss where in the schedule these activities related to this requirement will occur and the impact, if any to the current RFP schedule;
4. Identification of any requirements in IEEE 2800-2022 that cannot be clearly specified at this time;
5. Clear guidance on how Hawaiian Electric wants the proposers to meet each requirement (i.e., what it will consider as an acceptable solution). For example, if a proposer desires to use a device that is not currently certified, but may be in the future;
6. Whether Hawaiian Electric will fund certifications or provide a list of acceptable equipment to be used for cost estimating purposes, and, if not, an explanation as to why not; and
7. A redline markup reflecting the aforementioned clarifications and revisions.

Guidance on Injection Studies:

The Commission observes the following issues related to the hosting capacity analyses provided for Oahu and Maui. In the Maui Injection Study, the Companies have included Kahana Solar as an “Available System Resource” in Table 2-2, which is a 20 megawatt (“MW”) project from the Stage 2 RFP that has since withdrawn and is no longer under development.⁶

⁶See Maui Injection Study, at 4, Table 2-2.

The Companies included a “future 40 MW firm generating resource” at the Waena switching station as one of its sensitivities under consideration. Furthermore, the Waena switching station is not included as one of the fourteen 69 kV transmission network locations offered by Hawaiian Electric for potential Stage 3 RFP interconnections.⁷

While the Commission understands that this study was conducted prior to the Commission’s guidance to allow interconnection at any location with available hosting capacity⁸ and prior to the withdrawal of Kahana Solar,⁹ the Commission finds that it is improper to include a “future firm generating resource” that has not been submitted to the Commission for consideration and may be competing with projects bidding into this Stage 3 RFP.

In previous guidance, the Commission has made it clear that in scoping the RFPs, the Companies shall not assume any project that has not been approved by the Commission is on the system for the purposes of determining the scope of an RFP or the applicability of a bid.¹⁰

The Commission understands that these assumptions may have been made with the intention of planning conservatively, but in light of the solicitation for bids for firm generation at the precise capacity that has been assumed for this study, it raises concern that the Companies would be reserving capacity for a firm generation project at this location and deterring bidders from exploring project interconnections at this site, to the detriment of the fair, competitive process.

⁷See Maui Injection Study, at ES-4, Table ES-1.

⁸See Order No. 38735, “Approving the Hawaiian Electric Companies’ Final Stage 3 Requests for Proposals for Oahu and Maui, with Modifications,” filed on December 1, 2022, at 30.

⁹See Docket No. 2020-0142, Letter from R. Matsushima To: Commission Re: Docket No. 2020-0142 – Maui Electric Power Purchase Agreement for Renewable Dispatchable Generation with Kahana Solar, LLC – “Notice of Termination of Power Purchase Agreement,” filed on December 29, 2022.

¹⁰See Letter from Commission To: R. Matsushima Re: Docket No. 2017-0352, “Request that Hawaiian Electric Consider Further Revisions to the Draft Stage 3 Request for Proposals for Hawaii Island,” filed on January 20, 2022, at 3-4.

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The Commission, at this stage, does not intend to require Hawaiian Electric to redo any of its injection studies; however, Hawaiian Electric shall remove the Kahana Solar project and the 40 MW firm generator when calculating and providing hosting capacity information in response to bidders' inquiries during the RFP phase. Furthermore, if the Companies have already provided information to bidders based on these studies, the Companies must provide those bidders with updated information. The Companies should also consider this guidance applicable to the Hosting Capacity Analyses for Oahu and Hawaii Island, for any project on these respective systems that has withdrawn or has not yet been approved by the Commission.

The Commission urges the Companies to be as detailed as possible when providing these analyses to bidders. This includes specifically describing the underlying assumptions, justification for certain conditions, and the alternative scenarios that may be available for interconnections, such as costs to reconductor specific transmission lines and other critical details for bidders to have assurance of a viable interconnection and as much cost certainty as is achievable at this stage in the process.

If it is not already being done, the Companies shall internally log all questions and responses to Bidders and provide copies to the IO and IE. To the extent that these details are not already covered in the questions and answers ("Q&A") that are published for bidders on the Companies' website dedicated to Q&As for each island's Stage 3 RFP, the Companies should be consistent in providing the same information to other bidders who have a similar request for information for all islands. Additionally, the Companies must include any questions and answers that were provided to the IE related to the injection studies for all proposers to access on the Companies' website dedicated to Q&As for all of the Stage 3 RFP, unless island-specific.

Sincerely,



Keira Y. Kamiya
Commission Counsel

KYK:ljc

c: Service List, Docket No. 2017-0352, via the Commission's
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