



March 29, 2021

The Honorable Chair and Members
of the Hawai'i Public Utilities Commission
Kekuanao'a Building, First Floor
465 South King Street
Honolulu, Hawai'i 96813

Dear Commissioners:

Subject: Docket No. 2019-0178 – Request to Institute a Proceeding Relating to a Competitive Bidding Process to Acquire Variable Renewable Dispatchable Generation Paired with Energy Storage for the Islands of Moloka'i and Lāna'i Companies' Plans for the Moloka'i Request for Proposals

In response to the Commission's letter dated March 5, 2021 in the subject docket, the Hawaiian Electric Companies¹ submit this response and proposed plan for the Moloka'i Request for Proposals ("Moloka'i Plan").² In summary, the proposed plan consists of two phases (or steps) of RFP's, while incorporating much needed community input. The first phase is to perform an accelerated RFP located on the Pala'au site. Because of its zoning, available interconnection substation on property, and preliminary site reconnaissance work done prior to the 2019 RFP offering, this first phase can proceed more quickly than other locations. Further proposals to streamline and accelerate this first phase is provided below. However, since the Pala'au site is not large enough to accommodate more than approximately 4.4 MW of PV generation, the Company is proposing a second phase, which could come from distributed sources and/or additional renewable generation located on a different parcel on the island. The Companies are proposing that the location, size, and technology of the second phase be determined through a collaborate stakeholder process and up-front technical work to shape this second phase such that the execution of project(s) selected in this second phase can be accelerated. The Companies offer the following explanatory details about their Moloka'i Plan, including stakeholder and community participation and timelines.

In the Commission's February 3, 2021 letter the Commission requested that the Companies, among other items, do the following: (i) revise the Moloka'i RFP and resubmit for stakeholder and commission review (ii) update the RFP on the best information available (iii) streamline and simplify the RFP documents and associated requirements (iv) re-issue an RFP to target the full amount of renewable energy and other grid services need to achieve the State's clean

¹ The "Hawaiian Electric Companies" or "Companies" are Hawaiian Electric Company, Inc., Hawai'i Electric Light Company, Inc., and Maui Electric Company, Limited.

² This filing is made on this date pursuant to Hawai'i Administrative Rules § 16-601-22.

energy goals for Moloka'i (v) significantly reform and improve the interconnection process. The Commission's guidance has been incorporated into the Companies' Moloka'i Plan.

The Companies' Moloka'i Plan is an integrated three-step approach which incorporates the Commission's five key directives above:

1. Streamline and simplify the 2019 Moloka'i RFP
2. Seek community input and scope system needs
3. Develop large scale Moloka'i RFP or other sourcing mechanism applying community input

1. Streamline and simplify the 2019 Moloka'i RFP³

On January 25, 2021 the Companies proposed to close the 2019 Moloka'i RFP because the Final Award Group awardee withdrew before negotiations began, and with concurrence of the Independent Observer, the Companies concluded the next highest ranked project did not show acceptable customer benefit to justify its selection. In order to produce a more favorable outcome going forward, the Companies propose a number of specific modifications to "streamline and simplify" a Moloka'i Pala'au RFP ("Pala'au RFP") as the first step in its Moloka'i Plan. The key features of the Pala'au RFP are as follows:

- Site: Must utilize Company-owned site at Pala'au
- Technology: PV paired with BESS
- Grid Charging BESS: allows increased customer participation in DER programs
- Black Start and Grid Forming technology for system security and resilience while avoiding "must run" requirements on diesel generators to provide these services
- Power Purchase Agreement ("PPA"): Renewable Dispatchable Generation PPA, no contract modifications allowed
- Participation: Self-Build allowed
- Interconnection: Company to provide design and cost. Certain interconnection engineering, design, and study can be completed in parallel with the procurement
- Value added: Company proposes to design, engineer, and construct the interconnection up to the Point of Interconnection
- Pre-Determined Site and Size: The Company will make available a company owned site that has already completed preliminary site reconnaissance work. The RFP will seek

³ The "Moloka'i RFP" refers to the Final Request for Proposals for Variable Renewable Dispatchable Generation Paired With Energy Storage for the Island of Moloka'i filed November 27, 2019 in the subject docket.

renewable energy that maximizes the site available, which the Companies have determined to be approximately 4.4 MW AC

- COD: early 2026 pending input from the Commission and stakeholders

The Pala'au RFP provides the fastest procurement path for customers to benefit from a grid-scale renewable project. With this proposed format the Companies have confidence the Pala'au RFP would result in a competitively bid procurement with the shortest timeline for RFP execution and project development, while honoring the communities' input. With the Pala'au RFP as the first step the Companies leverage lessons learned and efficiencies gained in the CBRE RFP, as well as work that has already been done from the 2019 RFP to expedite the integration of renewable energy. Assuming an issue date in June 2021, it is possible that a project could be selected by the end of the year, similar to the proposed accelerated schedule for the Lāna'i RFP with predetermined site, size, technology, and interconnection.

The Company-owned Pala'au site is available for use and already has undergone preliminary geotechnical and archaeological investigations, it is zoned as Industrial, and is considered favorably by the community for use by a renewable energy project, all of which will assist streamlined permitting timelines. The size, scope, and location of the Pala'au RFP will be pre-determined, therefore the interconnection cost and specifications can be provided pre-bid or paid by the Companies. The Companies had contemplated forgoing this first step Pala'au RFP and instead initiating a Company project. Doing so would likely accelerate a project in-service date by 6 months, however the Companies put forth the Pala'au RFP as the preferred plan in the spirit of transparency and the competitive bidding process, and appreciates the Commission's guidance on the matter.

2. Seek community input and scope system needs

Since the Pala'au site is not large enough to accommodate a single project that can provide the total renewable energy for the island, an additional procurement will be necessary. Thus, the second step of the Companies' Moloka'i Plan allows for an assessment of the system needs and resources procured from CBRE, Pala'au RFP, and the Integrated Grid Planning ("IGP") process so that the Companies can determine the appropriate scope for the next procurement, along with community input. Concurrently with the execution of the Pala'au RFP the Companies will also be conducting community engagement efforts and working closely with Moloka'i community leaders to ensure the large RFP is designed to address the needs and expectations of the island's residents and businesses.

For a community that is historically resistant to large scale, out of state or international developers and one that holds a compelling desire to be part of determining outcomes, allowing for community input provides a clearer path to success. The Companies' Moloka'i Plan provides more transparency to the energy future of Moloka'i, increased resiliency with more than one solution, and encourages customer participation and choices in DER programs. As part of the Moloka'i Plan the Companies will update its near- and long-term resource plan for Moloka'i through the IGP process to identify the grid needs and services to achieve the State's clean energy goals. The plans will include a review of the services and associated enabling technologies required for reliable operations with minimal use of fossil fueled conventional units, specifically, to address stability concerns on a grid that will operate with significant inverter-based generation.

The Companies strongly believe that a large scale procurement on Moloka'i can only be successful by first taking critical steps to assess the prior procurements, evaluating other sourcing mechanisms through the IGP process, and soliciting and incorporating community participation. The key features of the Moloka'i community engagement plan are:

- Collaborate with Moloka'i community leaders and organizations
- Coordination with IGP to update near- and long-term resource plans and grid needs assessment
- Coordinate with Sust'ainable Moloka'i and its Clean Energy Hui during the organization's 2021 and 2022 planned community engagement process
- Work with the community to identify acceptable and desired sites for a large scale project
- Work with the community to identify acceptable and desired generation technology
- Evaluate acceptable project sites based on community input and interconnection requirements and costs

3. Develop a large scale Moloka'i RFP or other sourcing mechanism applying community input

The final step of the Companies' Moloka'i Plan will be to issue the large scale Moloka'i RFP or alternative sourcing mechanism. This step will incorporate the DER programs and grid services identified in IGP efforts with community feedback and the most current estimate of renewable energy needed to reach the State's clean energy goals for Moloka'i. If the large scale RFP route is pursued, key features will include:

- Incorporate community input (i.e.: preferred technology, site, etc.)
- Site: To be determined in previous step
- Technology: To be determined, incorporating community input and IGP efforts

- Power Purchase Agreement (“PPA”): Renewable Dispatchable Generation PPA, no contract modifications will be allowed
- Participation: Self-Build allowed
- Interconnection: Company to provide design and cost for streamlined and simplified interconnection. Certain interconnection engineering, design, and study can be completed in parallel or prior to the procurement.
- Size: Optimized to target remaining amount of renewable energy needed to safely achieve the State’s clean energy goals for the island

The clean energy transition for Moloka‘i requires a combination of utility, community, and customer solutions to advance renewable energy adoption and integration. Because of the unique circumstances of the small island system, the Moloka‘i Plan in the broadest sense includes a number of initiatives and investments needed to modernize the Moloka‘i grid and improve reliability at the lowest reasonable cost. This letter focuses on the upcoming competitive procurement for renewable energy; however, as shown in Attachment 1, there are a number of other initiatives the Companies have been implementing and advancing. It is important to envision the Moloka‘i RFP within the greater context of Moloka‘i’s clean energy transition.

The Companies appreciate the opportunity to describe their Moloka‘i Plan, which builds on past RFP experiences, is deliberately inclusive of the community it will impact, and incorporates continuous improvement efforts. We look forward to working with the Commission to meet the energy needs of Moloka‘i through renewable energy. The challenge of reaching a 100% renewable future cannot be accomplished by one entity alone, and requires the dedicated focus, constant collaboration, and agility of many parties, including the Companies, Commission, stakeholders, developers, and the community.

Sincerely,

/s/ Greg Shimokawa

Greg Shimokawa
Acting Director, Renewable Acquisition

Enclosure

c: Division of Consumer Advocacy

| Category | Initiative/Project | Description | Status |
|-------------------|---|---|---|
| Utility Solutions | Pala‘au RFP | Max out Company-Owned site with modifications noted above | In Development |
| | Large scale Moloka‘i RFP or other sourcing mechanism applying community input | Incorporate the community feedback and seek procurement of the most current estimate of renewable energy needed to reach the State’s clean energy goals for Moloka‘i | Planning Phase |
| | Island Wide Grid Controller | Expanded existing plant controller to consolidate control of various grid resources on the system to maintain system frequency and voltage. | First phase for existing resources In Service |
| | Distribution Protection Study / Synchronous Condenser | Determine short circuit current needs to ensure proper operation of system protection, including in dispatches with little to no conventional generation. A Synchronous Condenser was identified as a solution to meet the short circuit current needs. | Complete |
| | CBRE Phase 1 | 250 kW PV | Starting Construction |
| | CBRE Phase 2 RFP | 2.75 MW PV with Paired Storage | Draft RFP being filed March 30, 2021 |
| | Pala‘au Load Bank | 750 kVA Load Bank used as a protective measure during emergency situations to absorb excess energy | In Service |
| | Pala‘au BESS | 2 MW/396 kWh BESS providing Frequency Response | In Service |
| | Kaluakoi Distribution Upgrades | Initiated projects to improve the reliability on the West end of Moloka‘i | Under Construction |
| | East End Hendrix Cable Installation | Initiated projects to improve the reliability on the East end of Moloka‘i | Under Construction |

| Category | Initiative/Project | Description | Status |
|----------------------|---|---|--------------------------------------|
| Community Engagement | Moloka‘i 100% Renewable Energy Community Dialogue | Conducted a series of roundtable sessions and broader community meetings to provide overview of renewable energy goals and resource options and solicit community input and perspectives. Through the nearly 40 sessions/meetings and 400-plus comments received, an addendum that offered developers community insight and guidance was produced. | Complete |
| | CBRE Phase 2 | Encourages Community Participation and Development. | Draft RFP being filed March 30, 2021 |
| | Charitable Foundation Support | Maui Economic Opportunity (MEO)-Moloka‘i Division received a donation of an electric vehicle through the Hawaiian Electric Industries Charitable Foundation to replace diesel bus utilized for seniors and disabled clients with appointments in Kaunakakai town. Donation included a level 2 charging station to the MEO baseyard. | Complete |
| | COVID-19 Relief | In response to one of the island’s three grocery stores temporarily closing due to COVID-19, causing a strain to on island inventory, Hawaiian Electric Industries Charitable Foundation contributed \$20,000 to enable a second shipment of food to Moloka‘i through the Maui Food Bank. | Complete |
| | IGP Outreach | Virtual Community Meeting | Complete |
| | IGP – Grid Needs Assessment | Updated assessment of grid needs (and services), including a system security assessment. | Ongoing |
| | Sust‘ainable Moloka‘i | Major funding provided to launch Sust‘ainable Moloka‘i's Clean Energy Hui 2-year pilot project. Through a grant of \$25,000 from Hawaiian Electric Industries Charitable Foundation, the Clean Energy Hui hired its program coordinator. Hawaiian Electric provided a key utility letter of support for Sust‘ainable Moloka‘i's application for a technical support grant from the National Renewable Energy Laboratory (NREL). | Ongoing |

| Category | Initiative/Project | Description | Status |
|---------------------------|-----------------------------------|---|--|
| Customer Solutions | DER Participation | IGP Forecasts continued growth in DER | Ongoing. Visibility and control solutions will allow more DER. |
| | Electrification of Transportation | Moloka‘i’s first public EV fast charger station installed in Kaunakakai. Moloka‘i GoEV fair was hosted in collaboration with the County of Maui to offer residents information on electric vehicles. | Complete |
| | Well 17 Rule 4 Application | Shift load to daytime TOU | Approved |
| | Grid Services | Programmatic solution may be applicable for Moloka‘i as well. | May 2021 filing |

Chun, Marisa

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