AVAILABILITY FOR CUSTOMER BATTERY STORAGE-OPERATORS

Emergency Demand Response Program participation is available to new and existing Eligible Customer Battery Storage-Operators who own and operate a battery storage system charged from an Eligible Customer-Generator’s owned or leased Generating Facility under the Company’s Net Energy Metering (“NEM”), Customer Self-Supply, Customer Grid-Supply, Customer Grid-Supply Plus, Smart Export, or Standard Interconnection Agreement programs as described in Rule Nos. 18, 22, 23, 24, 25, and Rule 14H Appendix II, respectively (“Battery Storage Facility”).
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A. AVAILABILITY

Scheduled Dispatch Program (“SDP” or “Battery Bonus Program”) participation is available to new and existing Eligible Customer Battery Storage-Operators who own and operate a battery storage system charged from an Eligible Customer-Generator’s owned or leased Generating Facility under the Company’s Net Energy Metering, Customer Self-Supply, Customer Grid-Supply, Customer Grid-Supply Plus, Smart Export, or Standard Interconnection Agreement programs as described in Rule Nos. 18, 22, 23, 24, 25, and Rule 14H Appendix II, respectively (“Battery Storage Facility”) where:

1. Eligible Customer Battery Storage-Operators execute the Scheduled Dispatch Program Agreement, provided as Appendix A of this Rule (“SDP Agreement”), memorializing their participation in the Battery Bonus Program and specifying the Committed Capacity (defined below) of their Battery Storage Facility,
2. Eligible Customer Battery Storage-Operators may add additional post inverter alternating current generation capacity1 in coordination with their battery installation by submitting an amendment to the interconnection agreement governing the underlying Generating Facility (“SDP Amendment”); provided, however, that for additional post inverter alternating current generation capacity in excess of 5 kVA, such Generation Facility addition must be limited to no more than twice the capacity of the Battery Storage Facility.
3. If the Eligible Customer Battery Storage-Operator is not a party to the interconnection agreement governing the underlying Generating Facility (e.g., as the “Customer-Generator” or the “Owner/Operator”), the SDP Amendment shall make the Eligible Customer Battery Storage-Operator an additional party to such interconnection agreement with respect to the Battery Storage Facility and any generation capacity added to the underlying Generating Facility subject to the limitations of this Rule, and
4. Participation in the Battery Bonus Program does not inhibit Eligible Customer Battery Storage-Operators from fulfilling performance commitments of other grid services and demand response options, if dual participation is feasible.

B. ENROLLMENT

1. SDP will begin enrollment on July 1, 2021 and enrollment will be available until total enrolled SDP capacity reaches 40 megawatts (“MW”) or until October 31, 2023, whichever comes first, unless otherwise ordered by the Commission.

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1 As referenced herein, “post inverter alternating current generation capacity” refers to the power measured at the alternating current output terminals of the inverter.

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2. Enrollment in SDP is a ten-year commitment comprised of an initial phase ending for all participants on December 31, 2023 and a final phase commencing on January 1, 2024 and continuing for the remainder of the Eligible Customer Battery Storage-Operator’s ten-year commitment. During the final phase of their ten-year commitment, each Eligible Customer Battery Storage-Operator will have the option to (a) continue operating their Battery Storage Facility under the SDP pursuant to this Rule or (b) transition to an alternative dispatch program upon meeting the applicable eligibility requirements for such alternative program.

3. The Eligible Customer Battery Storage-Operator’s ten-year commitment under this Rule begins on the Battery Storage Facility’s operational date, which is the first day (of the seven consecutive days) the Eligible Customer Battery Storage-Operator provides operational performance data of the Battery Storage Facility in connection with, and meeting the requirements of, the verification process outlined in section B.4 below.

4. To complete the enrollment process of executing the SDP Agreement, the Eligible Customer Battery Storage-Operator shall provide:
   a. A complete validation package as required by Rule 14H,
   b. A completed SDP Amendment and SDP Agreement, signed by the Eligible Customer Battery Storage-Operator (with the Company’s countersignature of the SDP Amendment and SDP Agreement to be provided no later than 5 business days after all the requirements of this section B.4 are met),
   c. Operational proof of start time and discharge of 2-hour duration of the Battery Storage Facility,
   d. Federal tax form W-9 (“Form W-9”), and
   e. Seven (7) consecutive days of operational performance data in five (5) minute intervals, if possible, or fifteen (15) minute intervals as necessary for the Company to verify the Battery Storage Facility discharges the Committed Capacity for the Dispatch Period in compliance with this Rule. Operational performance data may be commenced during the testing phase prior to validation acceptance. The Company shall be required to complete such verification within 10 business days of the receipt of such performance data from Eligible Customer Battery Storage-Operator.
   f. If no reasonable requests for additional data or concerns are expressed regarding the Committed Capacity or operation of the Battery Storage Facility as specified in section C of this Rule are communicated (in written or digital form) to the Eligible Customer Battery Storage-Operator by the Company within the 10 business day verification period described in section B.4.f, the Eligible Customer Battery Storage-Operator will be deemed verified as operating in compliance with this Rule.
C. OPERATION

1. The Eligible Customer Battery Storage-Operator shall specify in its SDP Agreement the capacity level (kW) at which they commit to maintain the discharge level from their Battery Storage Facility ("Committed Capacity") for a duration of two consecutive hours each day ("Dispatch Period"). The Dispatch Period will be specified by the Company at the time of enrollment and may be revised by the Company upon written notice to the Eligible Customer Battery Storage-Operator; provided that the Eligible Customer Battery Storage-Operator shall have six months from the date of such written notice to implement such revision.
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2. Energy discharged during the Dispatch Period from the Battery Storage Facility may either serve onsite load or be exported to the grid. The Eligible Customer Battery Storage-Operator shall be required to manage their Battery Storage Facility to automatically prioritize battery charging during periods of substantial solar panel insolation in order to most reliably serve the two-hour battery discharge commitment as scheduled by the Company.

3. Notwithstanding any other provision specified in the underlying Generating Facility’s governing program tariff or in the interconnection agreement to which the Eligible Customer Battery Storage-Operator is a party (or is made a party as provided under this Rule), as applicable, energy exported to the grid from the Battery Storage Facility for the Battery Bonus Program during the Dispatch Period is permitted and, if applicable, compensated in accordance with the underlying Generating Facility’s governing program tariff.
   a. For the first three (3) years of Battery Bonus Program participation, non-NEM customers will be compensated a fixed monthly export credit.
   b. Fixed monthly export credit = (the sum of the Non-Fuel Energy Charges and all per-kWh charges, adjustments, and surcharges applicable to the customer’s rate schedule using retail rates using adjustments, and surcharges ($/kWh) for the Effective Month – non-NEM DER tariff export rate ($/kWh)) x Committed Capacity (kW) x 70% x 2 hours x 30 days. For this calculation the customer’s rate schedule is the customer’s rate schedule on the SDP Agreement execution date.
      i. The Effective Month is defined as January of the applicable year for January, February, and March exports, April of the applicable year for April, May, and June exports, July of the applicable year for July, August, and September exports, and October of the applicable year for October, November, and December exports.
   c. Fixed monthly export credits cannot be applied to the minimum charge and cannot be applied to any non-bypassable charges. Fixed monthly export credits will be tracked for a twelve billing month period from the time of the start of the Battery Bonus Plus contract to the twelfth bill following the start of the Battery Bonus Plus Contract and for each twelve billing month period thereafter. Fixed monthly export credits that are not applied to a customer’s bill may be applied to the customer’s subsequent bill within the same twelve billing month period described above. Coincident with the twelfth bill following the start of the Battery Bonus Plus contract and each twelve month period thereafter, any fixed monthly export credits that are not applied will be forfeited.
   d. After the first year, Company reserves the right to adjust the 70% factor in the fixed monthly export credit equation upon delivery of supported documentation to justify a different rate.

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4. In the event that solar insolation is insufficient to allow the Battery Storage Facility to meet the SDP requirement of providing the Committed Capacity for the Dispatch Period, the Eligible Customer Battery Storage-Operator will still be deemed to be in compliance with such requirement, provided the Battery Storage Facility is paired with a Generating Facility with a ratio of at least 1 kW of generation for every 2 kWh of Committed Capacity, as identified in the SDP Agreement.

5. All participating systems shall have Volt-Watt activation for the term of the project and meet current Advanced Inverter setting requirements.

6. Eligible Customer Battery Storage-Operator shall use the default ramp rate of equipment for the Committed Capacity during the Dispatch Period. Deviations from the default ramp rate may be required in certain circumstances where the default ramp rate may pose adverse impacts to grid power quality. The Company will notify the Eligible Customer Battery Storage-Operator of any such deviation when the Dispatch Period is specified or revised as described in Section C.1.

D. COMPENSATION

1. Participation in the Battery Bonus Program shall be compensated by a one-time incentive payment (“Incentive Payment”) based on the Battery Storage Facility’s demonstrated Committed Capacity for the Dispatch Period in accordance with this Rule. The Incentive Payment shall be determined as of the SDP Amendment approval date pursuant to the table below:

<table>
<thead>
<tr>
<th>Total SDP Committed Capacity MW</th>
<th>Incentive Payment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>40 MW</td>
<td>$850/kW of Committed Capacity</td>
</tr>
</tbody>
</table>

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2. The Eligible Customer Battery Storage-Operator must demonstrate compliance as described section B.3 with this Rule prior to receiving the Incentive Payment.

3. The Incentive Payment will be paid in full within 30 days of the SDP Agreement execution date. Payments shall be made directly to the owner of the Battery Storage Facility as identified in the SDP Agreement.

4. If the Eligible Customer Battery Storage-Operator does not operationalize its conditionally approved Battery Storage Facility by May 10, 2024 for residential customers and December 31, 2024 for commercial customers, the Company will void the conditional approval to install and therefore will not owe the Eligible Customer Battery Storage-Operator any Incentive Payment.

5. Eligible Customer Battery Storage-Operators, as an additional incentive reflected on their utility bill, will receive a monthly peak capacity incentive ($5/kW x Committed Capacity) (“Monthly Peak Capacity Payment”) for 10-year period from enrollment.

E. FAILURE TO PERFORM

If the Company identifies concerns or issues relating to the Battery Storage Facility’s performance, including, without limitation, potential non-compliance with this Rule pertaining to the discharge of Committed Capacity for the Discharge Period, the Company may conduct a performance audit to monitor and document conditions.

1. The Company shall provide the Eligible Customer Battery Storage-Operator written or digital notice at least seven (7) days in advance of any performance audit.

2. Eligible Customer Battery Storage-Operators are required to provide five (5) minute interval data, if possible, or fifteen (15) minute interval data as necessary to verify operation of Battery Storage Facility as specified in section C of this Rule within 5 business days of request from Company.

3. If the Battery Storage Facility fails to perform in compliance with this Rule, the Company will provide to the Eligible Customer Battery Storage-Operator a written notice of Failure to Perform, which will include documentation explaining the non-compliance of operation. The Eligible Customer Battery Storage-Operator will have 30 days from the date of such notice of Failure to Perform to cure the non-compliance. If the Eligible Customer Battery Storage-Operator is unable to cure the non-compliance within 30 days, the Eligible Customer Battery Storage-Operator may by written request to the Company seek a reasonable extension on the period to cure.

4. If the non-compliance persists beyond the 30-day cure period, the Eligible Customer Battery Storage-Operator (recipient of the one-time Incentive Payment, Monthly Peak Capacity Payment and Monthly fixed export credit (as applicable)) will not receive the monthly payments and may be charged up to $150 monthly until either the non-compliance is rectified or the Company has recovered the full prorated Incentive Payment amount.

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5. If the non-compliance continues for a duration of 12 months, the Company will automatically terminate the customer, and will seek a repayment of the Incentive Payment amount, prorated from the commencement of noncompliance date. If the Eligible Customer Battery Storage-Operator’s repayment of such prorated amount is not promptly made in a single lump sum payment, the Eligible Customer Battery Storage-Operator’s repayment of such prorated amount shall be made in 12 equal monthly installments to the Company.

**F. TERMINATION**

1. Notwithstanding their ten-year commitment under this Rule, the Eligible Customer Battery Storage-Operator may terminate, or a new account holder may assume, their SDP Agreement with written or digital notice provided 60 days prior to date of termination or assumption.

2. If termination occurs prior to the completion of the ten-year commitment, the Eligible Customer Battery Storage-Operator must remove the Battery Storage Facility, including associated solar panels, or transfer the same to an available DER Tariff through an amendment. Such Battery Storage Facility must remain non-operational until such time as it is removed or transferred to an alternative tariff.

3. If termination occurs prior to completion of the ten-year commitment, the Eligible Customer Battery Storage-Operator shall return a prorated portion of the Incentive Payment received. The prorated portion shall be based on the remaining portion of the ten-year commitment, calculated from the date of termination as a fraction of the Eligible Customer Battery Storage-Operator’s ten-year commitment.

4. The Company will bill the prorated amount to the Eligible Customer Battery Storage-Operator. If the Eligible Customer Battery Storage-Operator’s return of such prorated amount is not promptly made in a single lump sum payment, the Eligible Customer Battery Storage-Operator’s return of such prorated amount shall be made in twelve equal monthly installments. The Company will not charge interest on a payment if final payment is made within one year of date of termination. Eligible Customer Battery Storage-Operators that are not direct customers must pay prorated amount in full. If the Eligible Customer Battery Storage-Operator decides to terminate their SDP Agreement during a non-compliance period, the non-compliance charges imposed pursuant to section E.5 and paid by the Eligible Customer Battery Storage-Operator will be applied towards the prorated Incentive Amount required to be returned by the Eligible Customer Battery Storage-Operator.

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G. METERING AND BILLING

1. The Company will supply, install, own, and maintain all necessary meters and associated equipment utilized for billing, energy purchase, and performance auditing. The meters will be tested and read in accordance with the rules of the Commission and the Company.

2. Energy exported to the grid from the Battery Storage Facility will be compensated at applicable Energy Credit Rates for the Eligible Customer Battery Storage-Operator, as specified in the underlying Generating Facility’s governing program tariff.

3. All rates, terms, and conditions from the applicable rate schedule will apply, as modified by the applicable program tariff, if applicable.

HAWAIIAN ELECTRIC COMPANY, INC.

Transmittal Letter Dated March 1, 2022.