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September 26, 2022

Marc Asano
Director, Integrated Grid Planning
Hawaiian Electric Companies ("Hawaiian Electric")
Marc.asano@hawaiianelectric.com

Re: Docket No. Docket No. 2018-0165, Integrated Grid Planning

Dear Mr. Asano:

On June 30, 2022, the Commission issued Order No. 38482.¹ Order No. 38482 directed Hawaiian Electric to make certain modifications to its Grid Needs Assessment Methodology and allows the finalized Grid Needs Assessment Methodology to be approved automatically ten days after it is filed, unless the Commission orders otherwise.² Hawaiian Electric filed its Finalized Methodology on September 14, 2022.³

The Commission does not intend to suspend Order No. 38482's automatic approval provision. However, the Commission is aware that although Hawaiian Electric incorporated its updated energy reserve margin ("ERM") and hourly dependable capacity ("HDC") throughout the main text of the Finalized Methodology⁴, it did not update the ERM/HDC methodology in Appendix C. The Commission will treat this as an oversight and proceed with automatic approval on the assumption that Hawaiian Electric intended to update the ERM/HDC methodology throughout. If Hawaiian Electric has any questions or concerns about this approach, or Hawaiian Electric intended not to update the ERM/HDC methodology in Appendix C, please notify me as soon as possible.

¹"Approving with Modifications Hawaiian Electric's Grid Needs Assessment," filed on June 30, 2022 ("Order No. 38482").

²See Order No. 38482 at 63.

³"Letter from M. Asano to Commission Re: Docket No. 2018-0165, Integrated Grid Planning; Instituting a Proceeding to Investigate Integrated Grid Planning; Resource Adequacy Workplan and Finalized Grid Needs Assessment Methodology," filed on September 14, 2022, Exhibit 1 ("Finalized Methodology").

⁴See Finalized Methodology, Section 3.2.1.

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The Commission is also concerned about Hawaiian Electric's proposal relating to renewable energy zone ("REZ") costs. Hawaiian Electric's proposal "to continue to model the REZ enablement costs to inform the portfolio cost of the various resource plans as the enablement costs do not appear to hinder selection of solar and storage resources in the optimized least cost plan"⁵ is inconsistent with Order No. 38482. It is not clear that the selection of high levels of variable renewable generation indicates the absence of a hindrance in the model, nor does it ease the Commission's concerns about the cost assumptions underlying the REZ study results.⁶ The Commission reminds Hawaiian Electric that it must "test the sensitivity of the transmission costs inputs in RESOLVE resulting from the REZ study."⁷ The automatic approval of the Finalized Methodology pursuant to Order No. 38482's does not change this.

Sincerely,



Mike S. Wallerstein
Commission Counsel

MSW:ljc

c: Service List, Docket No. 2018-0165, via the Commission's Document Management System electronic Distribution List

⁵See Finalized Methodology at 63.

⁶See Order No. 38482 at 49.

⁷Order No. 38482 at 49.

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