

Competitive Procurement Working Group (CPWG) Kick-off Meeting

Tuesday, March 5, 2019

1:00pm – 4:00pm

King Street 1

Attendees

In-Person

Greg Shimokawa, HE

Isaac Kawahara, HE

Rebecca Dayhuff-

Matsushima, HE

Duke Oishi, HE

Lisa Giang, HE

Christopher Lau, HE

Robert Uyeunten, HE

Amanda Yano, HE

Vladimir Shvets, HE

Dale Murdock, Newport

Consulting

Rocky Mould, CoC Honolulu

Julie Yunker, Hawaii Energy

Gerald Sumida, IPP

Developer Representative

Jay Paul Lenker, PUC

Dave Parsons, PUC

Henry Curtis, LOL

Maren Mahoney, CoH

WebEx

Eric Kunisaki, HE

James Abraham, HE

Peter Young, HE

Marcey Chang, DCA

Discussion

I. Proposed Meeting Schedule for 2019

- 1) Meeting 1: March 5, 2019 – Kick-off meeting and overview of current procurement processes, challenges and issues
- 2) Meeting 2: April __, 2019 – Deep Dive on Current Procurement Processes, examine examples of other utility competitive procurement processes; identify any “best practices” trends and learning
- 3) Meeting 3: June __, 2019 – Examine and discuss relevant feedback and learnings from other Working Groups
- 4) Meeting 4: August __, 2019 – Develop recommendations for Hawaii’s competitive procurement best practices; develop first draft of recommendations
- 5) Meeting 5: September __, 2019 – Review 1st draft of recommendations, discuss and capture feedback
- 6) Meeting 6: November __, 2019 – Review 2nd draft of recommendations, finalize

- WG agreed that future meeting dates be proposed and finalized as soon as possible to allow participants to plan accordingly.
- Some participants in the CPWG may be participating in other IGP work groups and the WG agreed that going forward, to the extent possible, scheduling IGP WG meetings back-to-back may be preferable and allow participants to optimize their time

- **Action Items:** Company to poll current CPWG members and propose specific dates for future meetings, taking into consideration other IGP meetings as well as other meetings & proceedings as much as possible.

What happens after the November 2019 meeting? To be determined. Company will discuss and get feedback from the commission.

II. Composition of the CPWG

Discussion:

- The WG participants discussed the make-up of the CPWG, focusing on the challenges of broad participation balanced with efficiency/manageability, and offered suggestions about sharing information. Transparency and openness are seen as a key values as the CPWG addresses issues and develops recommendations
- There was discussion and support for having additional interested stakeholders participate in the CPWG. The general consensus was that it was appropriate to encourage interested parties to attend the WG meetings and actively contribute, but also recognizing that many stakeholders may not have the time to attend all the meetings and be as active as others, but still would find value in listening and monitoring WG progress. Additional stakeholders may include IOs, other DER developers/aggregators.
- There was discussion and support for using the IGP website as the primary vehicle for announcing meetings, providing a means for stakeholders to register to participate, either via WebEx or in person, posting meeting materials and notes and keeping all interested stakeholders informed as work progressed.
- There was support for potentially using a technical review session to allow the CPWG to present outcomes/work products to a broader stakeholder group as those work products are developed. This session could be a webinar format with a schedule to be determined.
- Company will provide information through the IGP website to invite/facilitate additional participation.
- How do we judge a participant's level of commitment? Sometimes there are people who are more available than others.
 - Active participation for vetting group members require:
 - Interest - What is their interest in this working group?
 - Commitment - Can they attend all meetings?
 - Contribution - Can they contribute to the discussions?

III. Current Process Challenges and Issues – CPWG Scope

- The WG discussed the scope of the procurement process. Need clarification on the competitive procurement process envisioned by taking inputs defining the system and/or grid need and developing RFIs, RFP, proposal evaluation, contract negotiation and implementation up to Commercial Operation Date. The competitive procurement process

recommendations developed by the CPWG may be applicable to all procurements for IGP, including NAWs?

- The WG discussed other IGP mechanisms for addressing grid needs, such as existing or new tariff and/or programs (e.g. DR) which the IGP process will ultimately consider. It was mentioned that implementation of PBR may impact the types of procurements than can be made. Competitive procurement is a separate process from utility programs and tariffs, but can ultimately work together to address grid needs in the most cost effective manner.
- The WG briefly discussed procurement approaches which included the potential to select a single bidder for a grid needs solution or build a portfolio of products and services from multiple bidders.
- The WG discussed the Interconnection Requirements Study (IRS) review process and identified that it takes a long time. There was interest in discussing ways to streamline the contracting process and format so that the overall RFP process doesn't take so long? WG group members also noted that the current PPA increased in complexity from a few pages to many pages.
- Stakeholders went over the competitive procurement process and had a brief discussion on alternative or fall-back positions should a winning project fail to develop on schedule.
- Stakeholders raised a question about the recent utility-scale generation RFPs Phase 2, which calls for filing draft RFPs within 30 days of Feb 27 Order 36187. It was noted that design and execution of these RFPs are out of scope for this working group.
- Will there be another CBRE round? Not sure, company will check.
 - Company Response: Phase 2 of CBRE will be determined by the Commission. The intent was to have a review of Phase 1 this year but there are no projects yet in service.

IV. Current Process Challenges and Issues – Timing

- The WG agreed that procurement sequencing and dependencies with other IGP processes will be critical and discussed some specific examples of challenges which have historically slowed down implementation. These examples included the need to understand and consider the permitting process and responsible/accountable parties (e.g. developer, utility, other?) and being clear about that in RFP and contracting phases of procurement.
- The WG also discussed ways to identify as early as possible projects that cannot be installed to prevent later shortfalls.

V. Current Process Challenges and Issues – Framework for Competitive Bidding

- The WG discussed the existing Framework for Competitive Bidding (“Framework”) put in place in 2006. There was support for using the current Framework as a starting point to begin to understand what within the Framework has worked well and what could be improved, within the context of IGP. There was discussion about how waivers are used in the Framework and how it might be an issue to discuss in more detail in future meetings of the CPWG. Some suggested that the Framework have flexibility, but that such flexibility may be interpreted differently by stakeholders and would be worth discussing further.

- Contract Form: Suggested contract length be looked at to see if it could be simplified and pointed to effort in CBRE docket to simplify the PPA used for such projects.

VI. Major Agenda Items for the next meeting

Some general comments received were to state what we are trying to achieve in this WG and why so that we can flesh out the solutions, streamline procurement processes. Best practices are important to consider at all working group meetings.

- Review challenges and issues identified today.
- Deep dive on current procurement processes and how they may need to be modified within the context of supporting IGP.
- Examine examples of other utility competitive procurement processes.
- Identify any “best practices” trends and learning that could be adopted in Hawaii.
- Each working group member to share with the group for about 5 minutes at the next meeting and prepare a few slides.
- Recommendation to list agenda items in a question format. 5 questions in the meeting minutes.
- Distribute materials in advance to help jog the memories of the working group participants.
- Prepare one article that describes broad-based examples of other competitive procurement processes.
- Modeling for NWAs, share an example of a NWAs RFP or NWAs that have been built. Would like to see examples of portfolios from other utilities.
- Distribute a list of all the working group members and their titles.

Requests and Action Items

- Company will update the IGP website to include the current CPWG meeting schedule going forward, post meeting #1 materials and notes, and provide a mechanism for interested stakeholders to request to participate, as an active member or via a call-in and listen option.
- Send out presentation materials prior to next meeting.
- Create list of working group member names and titles for distribution to the working group.