

**Competitive Procurement Working Group Meeting #8**  
**Thursday, January 23, 2020**  
**8:00am – 11:30am**  
**American Savings Bank, Training Room 1**

**Attendees**

**In-person**

Greg Shimokawa, HE	Duke Oishi, HE	Gerald Sumida, Carlsmith
Isaac Kawahara, HE	Christopher Lau, HE	Ball
Dale Murdock, Newport Consulting	Vladimir Shvets, HE	Robert Harris, Sunrun
Rebecca Dayhuff- Matsushima, HE	Amanda Yano, HE	
	Jay-Paul Lenker, PUC	
	Mike Wallerstein, PUC	

**WebEx**

Andy McCoy, EPIC	Eric Kunisaki, HE	Hsun Jou, HE
D. Noelani Kalipi, Progression Energy	Marisa Chun, HE	Jennifer Baker, HE
Jason Prince, RMI	Robert Uyeunten, HE	
Rene Kamita, DCA	Wren Wescoatt, Progression Energy	
Tricia Rohlfing, Hawai'i Pacific Solar	Yoh Kawanami, HE	
	Patty Cook, ICF	

**Agenda**

- Welcome
  - Ground Rules
- CPWG Meeting Objectives for Today
- Review and discuss updated IGP Sourcing Process
- Evolution of the Competitive Bidding Framework (CBF) – Discussion
  - Overview
  - Key Themes
- Next Steps, Proposed Meeting Schedule & Deliverables

**Purpose**

The Competitive Procurement Working Group will establish a fair, efficient, streamlined procurement process that will facilitate the procurement of resources in alignment with Hawaiian Electric's grid plans as identified through the IGP process.

**Objectives for Today**

- Develop a shared understanding of the revised IGP Sourcing Process, specifically how competitive solicitations are utilized.
- Develop a shared understanding of how the existing Competitive Bidding Framework (CBF) may be applicable to the proposed IGP Sourcing Process.
- Begin discussion on how the CBF may be evolved to:
  - Best support overall IGP sourcing goals and objectives.

- Reach agreement on guiding principles for application and evolution of the CBF.
- Capture feedback, discussion and suggestions on review of the CBF Section II.
- Agree on next steps and path forward for CPWG and CBF evolution.

## Discussion

### I. Proposed Guiding Principles – Evolving the CBF

- Stakeholder: Are there things that you see now in the CBF that can be improved since 2006?
  - HECO: There may be areas where definitions or interpretations can be reviewed and clarified.
  - Stakeholder: What have you found? Is there a list of items for consideration as lessons learned from previous procurements?
  - HECO: One of the lessons learned is making the procurement broad and flexible to incorporate different types of resources.
- Stakeholder: How do you consider resources that can provide multiple services, say as an NWA?
  - HECO: Looking at process, not necessarily the types of resources. Competitive bidding is a tool.
  - Stakeholder: With consideration to various types of resources, I would be interested in knowing how the evaluation will also change with the CBF.
- Stakeholder: A lot of things will be project specific, so the CBF wouldn't necessarily cover it, it would be seen in the RFP or a PPA application.
- Stakeholder: There is a danger in making too many references to other documents in the CBF (e.g. Rule 14H), so that the Framework itself remains prescriptive.
  - HECO: Agreed, we wouldn't want to create additional unnecessary steps in having to look up multiple documents to understand what is being asked.
- Stakeholder: In your IGP Sourcing Process diagram you're showing tariffs and programs, but this should be based on a technical need. Suggestion to change wording to be a search for competitive based solutions that encompasses both the procurement and the market-based resources.
- Stakeholder: Suggestion to consider value-stacking.
- Stakeholder: First, the RFP asks to propose a solution, then see what the developer thinks would work to meet the need identified, in lieu of a substation or new transmission.
- Stakeholder: As an example, Ho'opili and Kapolei NWAs, here is a discrete area and these are the traditional solutions. Then there was an NWA RFP to procure alternative, renewable resources. In scope, there is a range based on the housing development in that area, because there may be a future potential of 1500 homes, for example, but if they are not built or the schedule is delayed, it becomes a planning issue, and how do you deal with that?

- Stakeholder: Suggestion to clean up some of the timing in the CBF. What is being procured? Expand the terms around what is being sought in the RFP. Is a contingency plan for a project even necessary anymore? If we are also looking for NWA opportunities, could they provide the contingency need? Do we still need a parallel plan? If the utility has a project, then that could serve as the contingency plan. Refining the definitions in the CBF to broaden and streamline the process for projects.
- Stakeholder: If the utility is planning to procure a solar plus storage project, identify if that can be considered a parallel plan.
- Stakeholder: Are all the exemptions around the CBF still appropriate?
  - Consultant: Are you referring to the Waivers?
    - Stakeholder: Yes, or anything similar.
  - Consultant: It's critical in the Needs Assessment step to identify and clarify the need as it is passed to the Competitive Procurement step so that it is coming into the IGP Sourcing Process refined.
  - HECO: The Needs will create a resource plan, that is sent over to Competitive Procurement to build the procurements.
- Stakeholder: What types of documents would be changing?
  - HECO: The Review Points documentation, and the revised CBF will follow parallel tracks and evolve throughout the IGP cycles.
- Stakeholder: Is the intent to update the CBF for only IGP or for everything?
  - HECO: It is intended to evolve for everything. It won't be IGP specific, so that there is room for it to continue to evolve throughout the IGP cycles.
- Stakeholder: The basis for implementing the CBF was for the IRP process. However, this IRP process, was succeeded by the PSIP, and now PSIP is succeeded by the IGP. The IGP has a process that informs the CBF from a strategic perspective. The 5-year action plans are still unclear, is it meant to be a fixed or rolling plan that can self-evolve? If it's a rolling process, then that makes sense.
  - HECO: Yes, the intent is for the 5-year action plan to be a rolling plan that can evolve.
- Stakeholder: Section II was mentioned, but could we also look at if a procurement is unsuccessful, would that be a reason to not seek a similar procurement or how would you change it in the future? If that type of resource is not available through competitive bidding, then would you change your approach or eliminate that type of RFP? It could also be location specific, for example, let's say it is impossible to acquire or lease the land.

## II. Evolving the CBF – Initial Discussion Section II

- CBF Section II Main Themes:
  - Use and applicability of competitive bidding
    - Resource types, size, exceptions
    - Waivers
  - Determination of Resource Need
    - IRP/IGP is process that determines need

- Procurement Risk Mitigation
      - Self-build, parallel planning and contingency planning
- We are looking for initial thoughts and suggestions about how this section might evolve within the context of the IGP.
- Stakeholder: Section II.A looks like the utility should make the determination in IGP if competitive bidding should be used. If we are talking about the Commission's role, do we need a separate review? If the IRP is approved, then yes, the Commission's approval is necessary. When you put out an RFP, asking for Commission's approval, are you asking if we don't need that step? Felt that Commission review is important for new RFPs.
- Stakeholder: Concerned how the 5-year action plan will be reviewed, if by the Commission?
  - HECO: The grid needs assessments would be reviewed by the PUC. We would identify the scope and timing of procurements using those assessments within the overall IGP process.
- Stakeholder: Could you please provide more details about what the 5-year action plan would look like?
  - HECO: The 5-year action plan would describe the outcome of the procurement step.
  - Stakeholder: There is confusion what that 5-year action plan means, thought it was to inform the next IGP cycle.
  - HECO: It's to capture what was done within one cycle and inform the assumptions for the next cycle.
- Stakeholder: A 5-year plan seems too long. A lot can change and happen in that timeframe. It makes sense to increase the flexibility of the CBF and RFPs.
- Stakeholder: Recognizes that requiring stakeholder feedback and review of the documents is a PUC objective.
  - Consultant: Yes, stakeholder feedback is valued. Especially at other utilities, where including and addressing stakeholder feedback through the process has been shown to speed up and streamline the process because there is an agreement across all parties by the time the RFP is issued. This ensures less kick-back or misunderstandings between all parties.
- Stakeholder: Looking for areas to insert language to provide more flexibility in the CBF for RFPs. Suggestion to shorten review times for RFPs by only reviewing the changes and not having to review everything every time. Suggestion to pre-qualify developers so that they don't have to resubmit documents in every RFP bid submittal and to reduce the review time and workload when they reapply.
- Stakeholder: The Waiver to CBF should still be an option that the utility or the Commission can decide on. Suggestion to not get rid of that. Remember, the Waivers were put into place when the CBF was incepted and based on the situations at that time. However, there might be some clauses which are now extinct, based on our current situation and practices.

- HECO: The goal is to still ensure that we procure reasonable cost projects. We're not going to put projects on the system that cause reliability issues. The goal is to procure cohesive resources that work together. We wouldn't necessarily add language to the Framework that would limit the types of resources we can procure or force us to procure resources that cause resiliency or reliability issues for the sake of achieving goals like RPS. We wouldn't put ourselves into that situation. Remember, the original framework was focused on firm generation, and where we are now is where IGP may require flexible resources that can provide multiple services.
  - Stakeholder: Agrees that the IGP provides the flexibility for the procurement of various services that should be captured in the CBF.

### III. Additional Comments

- Stakeholder: Request to have the CBF Section II redline document as far in advance as possible.
  - HECO: Yes, we plan to send it out as soon as possible.
- Stakeholder: Are you looking to roll-back and reduce the time/scope of involvement of the Independent Observer?
  - HECO: No, because we've found the Independent Observer to be a useful resource to provide feedback and knowledge from other procurements at other utilities in the procurement process.

### CPWG Upcoming Meeting Schedule

Meeting 9	February 12, 2020 (tentative)
Meeting 10	Conference call week of March 2 <sup>nd</sup> (tentative)
Meeting 11	March 18, 2020 (tentative)

### Next Steps

- Next Meeting:
  - Date: Wednesday, February 12, 2020 (tentative)
  - Time: TBD
  - Location: American Savings Bank Building, 8<sup>th</sup> Floor, Training Room 1, 1001 Bishop Street
  - Topics:
    - Continue discussion and review initial mark-up of CBF based on initial discussion today.
    - Please send any additional comments on today's discussion to: [IGP@hawaiianelectric.com](mailto:IGP@hawaiianelectric.com) and Isaac Kawahara ([renewableacquisition@hawaiianelectric.com](mailto:renewableacquisition@hawaiianelectric.com))