

Competitive Procurement Working Group Meeting #10
Monday, March 16, 2020
9:00am – 11:00am
American Savings Bank, Training Room 1

Attendees

In-person

Greg Shimokawa, HE
Isaac Kawahara, HE
Rebecca Dayhuff-
Matsushima, HE

Christin Chang, HE
Kevin Oda, HE
Ken Aramaki, HE
Marc Asano, HE

Yoh Kawanami, HE
Christopher Lau, HE
Vladimir Shvets, HE
Amanda Yano, HE

WebEx

Dale Murdock, Dale A
Murdock Consulting
David Parsons, HPUC
Jay-Paul Lenker, HPUC
Gerald Sumida, Carlsmith
Ball/Ulupono

Wren Wescoatt,
Progression HI Offshore
Wind
Noelani Kalipi,
Progression Energy
Andy McCoy, County of
Hawaii

Jeremy Laundergan,
EnerNex
Kylie Cruz, Earthjustice
Marcey Chang, DCA
Rene Kamita, DCA
Nohea Hirahara, HE
Robert Uyeunten, HE
James Abraham, HE

Agenda

- Welcome
 - Ground Rules
- CPWG Meeting #10 Objectives
- Review and discuss the updated IGP Sourcing Process diagram
- Discuss the redlines made to Competitive Bidding Framework (CBF)
 - Continuation on Section II
 - Contingency and Parallel Plans
 - Section III
- 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

- Review the revised IGP Sourcing Process and confirm shared understandings
- Review and discussion session
 - Incorporation of feedback from Meeting #9
 - Section II
 - Additional proposed modifications to the CBF

- Definitions, Section III and Contingency and Parallel Plans
- Discuss next steps and path forward for CPWG and CBF evolution

Discussion

I. Revised IGP Sourcing Process

- Changes include two iterations of the distribution needs and solution sourcing within one IGP cycle.
- Line for the long-term RFP
 - Stakeholder: Suggestion to ensure that the long-term RFP is considered in terms of how and when it will happen, not necessarily if it's going to happen.
 - HECO: We would need to set a long-term need first, then assess what types of procurement we would target. We can reevaluate this once the needs assessment has been done.
 - Stakeholder: Idea to allow a greater variety of solutions to participate (technology, resources).
 - Stakeholder: Consideration should be given to technology types and the time it takes to get these projects into commercial operation. If the project takes 10 years to be built, the planning group needs to consider that if we want the project online by 2030, it would need to be procured in an RFP by 2021.

II. Proposed Modifications to the CBF

- Definitions
 - Added terms: Affiliate, Contingency Plan, Grid Needs (separated out from System Resources), Grid Needs Assessment, IGP (replacement of old IRP definition, in progress), Non-Wires Alternatives (in progress), System Resources
 - Removed term: Parallel Plan
- Grid Needs
 - Stakeholder: Recommendation to take out the specificity of transmission and distribution needs. It would help to be as broad and general as possible, as terms will become outdated as new needs develop.

III. Section II

- Section II.A.2.g. – see discussion below
- Section II.C.4.a. – Should the utility be required to identify this upfront, or should we leave the language more general so we can identify changes later as things evolve, which is the current process today?
 - Stakeholder: Suggestion to allow the flexibility to submit requests as needed.
 - Stakeholder: Having the most flexibility to respond to a request in real time would be appreciated.

- Section II.D.2
 - Stakeholder: What is meant by reliability or statutory need?
 - HECO: Reliability means managing capacity needs and ensuring all parts of the system works together and that the utility meets its requirements to supply electricity – when you flip the light switch, the lights need to come on. Statutory means meeting our RPS goals and other regulatory requirements.

IV. Section VI. Participation by the Host Utility

- Stakeholder: Under reliability, are you precluding the need for firm capacity resources?
- HECO: We are not precluding that.
- Stakeholder: Suggestion to not limit or eliminate firm capacity resources, wherever the need arises.
- HECO: That was not the intent here.
- Stakeholder: Will review language and advise if anything is unclear.

V. Section III. Roles in Competitive Bidding

- Stakeholder: Question about the language in Section III.A.b, will that limit the RFP to only include technical standards?
 - HECO: We will rework the language on that.
- Stakeholder: Regarding Section A.g. – There is an opportunity here to save on costs. Right now, there’s nothing built in to require the utility to find cost-effective alternatives to transmission upgrades, which may help to reduce the costs of interconnection. The utility should work with the developer to identify those transmission needs and ways to reduce those costs but still meet reliability requirements.
 - Stakeholder: Continuous review to streamline the RFP process and reduce costs overall, not just the interconnection costs.
 - Stakeholder: Comment that there should be third party review, such as by an independent observer, of the interconnection requirements and costs, to check that alternatives to equipment upgrades have been addressed.
- Stakeholder: Suggested language in Section III.A.4 should be more straightforward.
- Section III.B. Hawaii Public Utilities Commission
 - Stakeholder: Section III.B.2 – Revise to, “Commission may determine in certain applications.”
 - Stakeholder: Each time we go around with an RFP, there are changes that are made in the drafts, some positive or negative. It would be good to have stakeholders’ comment on the changes, perhaps in a standard format that the Commission reviews. It would be important to include stakeholder feedback.

- HECO: That would be the intent, that a pre-approved form RFP that has undergone stakeholder review. It would primarily be for smaller procurements such as NWAs, which occur more frequently. It wouldn't be on RFPs where we need to keep making changes because there may not be enough time to gather feedback between changes.
 - Stakeholder: Section III.B.4 – Suggestion to make it a requirement for the Commission to rule on whether a project is cost-effective.
 - HECO: This may need further review, as the least-cost solution may leave out other projects that can provide other system needs. We may not want to box ourselves into selecting a project only on least-cost.
 - Stakeholder: Suggestion to have the Commission to rule on company-owned interconnection facilities for the costs to be prudent. Stressed the importance of having an independent third-party review the technical requirements and verify that the interconnection costs have been reduced. Perhaps give that responsibility to the Commission?
 - HECO: What about the situation where the IPP and utility agree on the interconnection costs, but the IO doesn't. What do you do then? Does the project not move forward?
 - Stakeholder: Understood. However, if both the utility and IPP have reduced costs as much as possible, it would be good to have the IO weigh in on this. The IO may be able to help make the decision between the interconnection costs if the IPP and utility costs are different.
 - HECO: We will need to look into this further.
 - Section III.B.7. Hawaii Public Utilities Commission
 - Stakeholder: The language here is straightforward in having the Commission stating its role, recommendation to change it as little as possible.
- Section III.C. Independent Observer
 - The use of the term "affiliate" was not consistent throughout the old CBF.
 - Commission: Was there a distinction to be made for affiliate parties that may not be participating in the bidding?
 - HECO: Like a sub-contractor to the developer?
 - Commission: There are a variety of situations that can occur. Wondering if it's essential for the IO to monitor affiliates?
 - HECO: Are you referring to the affiliates who are essential to the bid and RFP?
 - Commission: Unsure of the types of affiliate communications that would not be related to the RFP.

- HECO: We would not have communications with any affiliate other than through the proper channels through an RFP, that are monitored by the IO. However, in the case of a self-build proposal, that is not monitored by the IO.
 - Commission: There may be some distinctions between affiliates and non-affiliates, that are not communicating through the power advocate platform. Will think about it.
 - HECO: We want to make it clear, that the utility and its members are not in communications outside of the proper protocols of the RFP in adherence with the Code of Conduct.
- Section III.C.2.a – Incorporating Stakeholder Comments
 - No comments
- Section III.C.2.b – Monitoring
 - No comments
- Section III.C.5 – IO Qualifications
 - No comments
- Section III.C.6 – IO shall be selected by the utility or the Commission
 - Stakeholder: Section III.C.6.b – who is meant by mutual?
 - HECO: Commission and the utility.

VI. Additional Comments

- Commission: Regarding Section II.A.2.g – what is the intent of the addition of Qualified Facilities to, “This Framework also does not apply to Qualified Facilities and System Resources,”
 - HECO: We need to go back and look at PURPA rules, which have recently changed. Then we can further refine this.
 - Commission: Seems overly broad.
- Stakeholder: Does Section II.A.1 also need to be refined too? Recommendation to make clearer.

CPWG Upcoming Meeting Schedule

Meeting 11	April 20, 2020 (tentative)
Meeting 12	TBD

Next Steps

- Next meeting will cover the review and redline of Section IV. The Request for Proposals Process.
- Remaining sections should have minimal revisions, but we can discuss.
- Next Meeting:
 - Date: April 20, 2020
 - Time: TBD
 - Location: online via WebEx only (tentative)
 - Topics:
 - Continue discussion of additional proposed modification to the CBF.
 - Please send any additional comments on today's discussion to: IGP@hawaiianelectric.com and Isaac Kawahara (renewableacquisition@hawaiianelectric.com)