

Competitive Procurement Working Group Meeting #12

Friday, May 22, 2020

1:00pm – 3:00pm

WebEx

Attendees

WebEx

Greg Shimokawa, HE

Isaac Kawahara, HE

Dale Murdock, EnerNex

Rebecca Dayhuff-

Matsushima, HE

Christin Chang, HE

Wren Wescoatt,

Progression HI Offshore

Wind

Noelani Kalipi, Progression

HI Offshore Wind

Gerald Sumida, Ulupono/

Carlsmith Ball

Jay Paul Lenker, HPUC

Mike Wallerstein, HPUC

Grace Relf, HPUC

Marcey Chang, DCA

Jeremy Laundergan,

EnerNex

Andy McCoy, County of

Hawaii

Steven Rymsha, Sunrun

Ken Aramaki, HE

Marc Asano, HE

Robert Uyeunten, HE

Duke Oishi, HE

Kevin Oda, HE

Eaton O’Neill, HE

Eric Kunisaki, HE

Marisa Chun, HE

Yoh Kawanami, HE

Christopher Lau, HE

Amanda Yano, HE

Agenda

- Welcome
 - Ground Rules
- CPWG Meeting #12 Objectives
- Long Term RFP Discussion – focusing on Procurement
- Discuss the redlines made to Competitive Bidding Framework (CBF)
 - Incorporation of feedback from the previous working group meeting
 - Discussion of outstanding issues and additional proposed modifications
- 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

- Quick review of the IGP Sourcing Process
- Long Term RFP
- Review and discussion session
 - Incorporation of feedback from Meeting #11
 - Modifications to the CBF
 - Additional proposed modifications to the CBF
 - Discussion of outstanding issues
- Discuss next steps and path forward for CPWG and CBF evolution
 - Proposed Final Draft of CBF

Discussion

- I. Revised IGP Sourcing Process
 - No comments.
- II. Proposed modifications to the CBF
 - Section I. Definitions
 - Stakeholder: Would the revised definition of “Provider” capture the non-affiliate bidder?
 - HECO: It would include them, but we also have that defined above.
 - Stakeholder: Just commenting that there might be a difference in interpretation.
 - HECO: Yes, it would cover both.
 - Section II. f., g. – Exceptions to the Framework
 - Stakeholder: What is a qualifying facility, and what is the exception?
 - HECO: We are proposing to take QF (qualified facility) out of this section. There are certain QF requirements stated at the end of the document, we just wanted to remove it from this section.
 - Stakeholder: Okay, that makes sense.
 - HECO: We performed some research on qualified facilities (QF) and found that this is covered under the PURPA law and other governing H.R.S. rules. Unless the Commission is going to propose to change the laws at the federal or state levels, the utility didn’t feel comfortable modifying it in the CBF at this time.
 - Section 4.G, I – Contract Negotiations, Transmission Interconnection and Upgrades
 - Stakeholder: There is a lot of value here for the utility and the customer to discuss technical alterations. If you have a selected bidder and the interconnection location changes, is there a concern that the non-selected bidders would contest this action?

- HECO: It isn't a concern for us at this time, as there are provisions for pricing that is adjusted due to changes to interconnection costs. The Stage 1 RFPs, for example, had such a downward adjustment clause that would have passed savings on to customers. By leaving it out of the Framework, we want to keep the flexibility of the RFP to determine these provisions. We are taking into consideration these concerns and want to make sure we do our research on what other utilities are doing so that our solution and decisions are aligned with the industry practice.
- Stakeholder: Still looking for ways to incentivize the utility to reduce interconnection costs between the developer and utility. Recommending a shared cost-savings, perhaps 20% shared savings to the utility, and a percentage to the customers and developers. Not seeing anything about that in the revisions.
- HECO: There exist performance-based mechanisms to incentivize the utility to reduce interconnection costs. We are intending to move forward with improving our process. Regardless of whether or not it is in the Framework, the Commission would ultimately review everything the utility does in a procurement, and so we wouldn't necessarily negotiate an unreasonably priced contract.

III. Additional Comments

- HECO: We plan on filing the final draft CBF in July 2020, which would then bring our working group meetings to a close.
- Stakeholder: In the Stage 2 RFP, it appears that there was less capacity procured on Oahu than was asked for in the RFP. How do you think about future RFPs in light of this and what you received in Stage 2?
 - HECO: The intent was always to feed in the Stage 2 resources into the IGP cycle, as well as the CBRE projects.
 - HECO: We would want to take account of the final award group for the Stage 2 RFP and CBRE RFPs as the inputs into the models for the IGP cycle, and then identify the system needs going forward.
 - HECO: It doesn't change the process.
 - HECO: We are still looking into a long-term RFP. If we are considering adding more renewables, we need to study the transmission constraints for those areas. To your point from the SEOWG, about considering geographical locations in the modeling, we recognize that we may need to expand our transmission capacity. Therefore, we are looking into that and planning for a long-term RFP.
- Stakeholder: There would also be a need for community input into these transmission expansion and long-term RFP plans.
 - HECO: Yes.

Next Steps and Schedule

- Next Meeting:
 - Date: Wednesday, July 1, 2020
 - Time: 1:00pm – 3:00pm
 - Location: WebEx
 - Topics:
 - Review proposed final draft of the CBF
 - Please send any additional comments on today's discussion or the final draft of the CBF to:
IGP@hawaiianelectric.com and Isaac Kawahara
(renewableacquisition@hawaiianelectric.com)