

# EXHIBIT 1

## Proposed Changes to the Draft North Kohala Energy Storage RFP

## Exhibit 1

### Proposed Changes to the North Kohala Energy Storage Request for Proposals

This Exhibit 1 describes Hawai'i Electric Light<sup>1</sup> proposed changes to the North Kohala Energy Storage Request for Proposals, pursuant to Order No. 38699<sup>2</sup> and as described in the Company's letter filed with the Public Utilities Commission ("Commission") on December 30, 2022.<sup>3</sup>

#### **I. Order 38699**

Based on the Company's responses to information requests issued by the Commission between June 2022 and October 2022, the Commission suspended the proceedings in Docket 2022-0012 "until such time as the Company files a revised Draft Request for Proposal ("RFP") for a North Kohala BESS, as necessary, as well as the results of its restudy to determine the appropriate BESS size and an updated cost estimate for the proposed Microgrid + BESS project".<sup>4</sup>

On December 30, 2022, the Company filed the updated study results pursuant to the Order 38699 and noted that updated drafts of the RFP, model Energy Storage Service Agreement ("ESSA") and updated pricing would be filed no later than January 13, 2022.

This Exhibit 1 identifies the changes that were incorporated into the revised North Kohala Energy Storage RFP and ESSA to reflect: (1) the Company's recommendation in changing the BESS size from 5 megawatts (MW) / 22 megawatt-hours (MWh) of energy storage capacity to 5 MW / 30 MWh, (2) updates made to conform the terms of the RFP and ESSA with the Stage 3 RFPs, filed on November 7, 2022 for Hawai'i Island and on December 22, 2022 for the islands of Maui and O'ahu, and (3) other clarifications and updates.

#### **II. Updated Sizing Based on Results of Restudy**

In its information requests in this docket, the Commission queried the Company on the information used to determine the BESS size proposed in the initial draft of the North Kohala Energy Storage RFP. The Company responded that the proposed size was based on the 2019 Microgrid Feasibility Study and that the scenario with the least energy requirement was used, as it included a 15% load deduction and incorporated a 500 kW generator into the operation.<sup>5</sup>

In response to the subsequent PUC-HELCO-IR-19g, the Company noted that the original study "overstate[d] the contribution of DGPV to the microgrid, as compared to the existing actual coincident DGPV production in the area considering existing and planned DGPV interconnection capacities." Furthermore, PUC-HELCO-IR-38 asked whether the sizing would be revisited, and the

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<sup>1</sup> Hawaiian Electric Company, Inc., ("Hawaiian Electric"), Maui Electric Company, Limited ("Maui Electric"), and Hawai'i Electric Light Company, Inc. ("Hawaii Electric Light") are each referred to as a "Company" and collectively as the "Hawaiian Electric Companies" or "Companies."

<sup>2</sup> Order No. 38699, Suspending the Docket, issued on November 10, 2022 in the subject proceeding ("Order 38699").

<sup>3</sup> See Docket No. 2022-0012, Letter re: Updated Re-study Results to the North Kohala Microgrid + BESS Project, filed on December 30, 2022.

<sup>4</sup> Order No. 38699 issued on November 10, 2022 in the subject proceeding ("Order 38699") at 1-2.

<sup>5</sup> See Companies' response to PUC-HELCO-IR-04 submitted on June 6, 2022 in the subject proceeding.

Company responded by explaining that a restudy would be pursued to determine if revised BESS sizing would be necessary.<sup>6</sup>

Based on the results of the restudy, the Company is recommending a change of BESS size from 5 megawatts (MW) / 22 megawatt-hours (MWh) of energy storage capacity to 5 MW / 30 MWh and has updated such references in the North Kohala Energy Storage RFP and ESSA accordingly. This updated energy storage capacity reflects several updated findings, discussed in greater detail in the Company's December 30<sup>th</sup> letter, and will ultimately provide better reliability to the North Kohala area than previously contemplated.

### **III. Conforming Changes with Stage 3**

Changes were made to the North Kohala Energy Storage RFP in order to be consistent, where applicable, with the Companies' Stage 3 RFPs.

#### **A. State of Project Development and Schedule Evaluation Criteria**

Revisions were made to the State of Project Development and Schedule non-price criteria. These changes in Section 4.4.2.1 of the North Kohala Energy Storage RFP are consistent with the revisions made to the Stage 3 RFPs, in response to the Commission's guidance in Order 38479 and 38735.<sup>7</sup>

#### **B. Carbon Emissions Analysis**

The Company has added a carbon emission analysis to the North Kohala Energy Storage RFP. This addition incorporates the Carbon Emissions criterion and Carbon Emissions questionnaire, consistent with the guidance provided by the Commission in Order 38479 and 38735.<sup>8</sup> The information obtained from Proposers through the Carbon Emissions Questionnaire in Section 2.15 of Appendix B will be assessed in the manner discussed in Exhibit 1 of the Stage 3 RFPs.

#### **C. Previous Performance Evaluation**

The Company added the Previous Performance Evaluation scoring criterion, introduced in the Stage 3 RFPs, to evaluate Proposers' past performance. Revisions were made to Section 4.2, removing the related Eligibility Requirement and adding Section 4.4.2.2 to incorporate the Previous Performance Evaluation scoring criterion, as discussed in Exhibit 1 of the Stage 3 RFPs.

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<sup>6</sup> See Companies' response to PUC-HELCO-IR-38 submitted on September 26, 2022 in the subject proceeding.

<sup>7</sup> See Order No. 38479, *Approving the Hawaiian Electric Companies' Final Stage 3 Request for Proposals for Hawaii Island with Modifications and Issuing Guidance on the Proposed Stage 3 Requests for Proposals for Oahu and Maui*, issued on June 30, 2022 in Docket No. 2017-0352 ("Order 38479") and Order No. 38735, *Approving the Hawaiian Electric Companies' Final Stage 3 Request for Proposals for Oahu and Maui, with Modifications*, issued on December 1, 2022 in Docket No. 2017-0352 ("Order 38735"). See also Companies' Exhibit 1 enclosed to their December 2, 2022 letter and Exhibit 1 enclosed to their December 22, 2022 letter, filed in Docket No. 2017-0352.

<sup>8</sup> *Id.*

D. Federal and State Tax Credits

The Company updated Section 1.2.12 of the North Kohala Energy Storage RFP to include language stating that the provision includes tax credits available under the federal Inflation Reduction Act, in a manner consistent with the Stage 3 RFPs.

E. Modeling Requirements and Interconnection Requirements Study

The Companies also introduced various refinements to improve the Interconnection Requirements Study (“IRS”) process in the Stage 3 RFPs, including a threshold criterion for evaluation of model performance, performing initial model checks during proposal evaluation stage, and completing the IRS process prior to execution of a PPA and filing of the PPA for approval. The Company believes that such changes will shorten and streamline the IRS process, making navigating the model contract easier, and will provide greater clarity to the Commission when reviewing agreements. As such, these changes have been incorporated into the North Kohala Energy Storage RFP.

F. Other Conforming Revisions

Revisions and clarifications were made throughout the North Kohala Energy Storage RFP and its appendices to align language with the Stage 3 RFPs, as applicable. Further, technical clarifications were made to reflect updated information (e.g., Section 1.2.7, Section 3 of Appendix H, and Sections 1.1 and 5.2.1 of Appendix O).

G. Conforming Revisions to the ESSA

The Company made a number of changes to the ESSA to align with changes made to the Stage 3 model contracts. The changes correct and clarify certain commercial and technical terms (e.g., commercial terms relating to the provision of a substitute letter of credit, and subcontractor insurance requirements; and technical terms relating to Performance Standard requirements), and make the ESSA consistent with other model contracts where appropriate (e.g., incorporating the tax credit pass through provisions similar to those in the other Model Contracts, adding a termination right for Company if Seller fails to demonstrate satisfaction of the BESS EFOF Performance Metric at the expiration of the applicable cure period and adding an exception to the force majeure exclusion regarding Seller’s inability to obtain government approvals).

**IV. Other Clarifications and Updates**

A. RFP Timeline and Guaranteed Commercial Operations Date

The Company updated the proposed RFP timeline provided in Exhibit 2 and Section 3.1, Table 1 of the RFP. This schedule reflects the assumed durations set forth in response to PUC-HELCO-IR-22. In light of the revised RFP timeline, Proposals must now specify a GCOD no later than September 19, 2025.

**B. Site Visits**

Site visits, previously prohibited by COVID-19 travel restrictions, are no longer precluded. Information on a potential in-person site visit or any additional information will be posted on the Company's RFP website.

**C. Fatal Flaw Analysis**

The fatal flaws analysis, conducted during the non-price criteria evaluation, was revised such that any Proposal that is deemed not to meet the minimum standards level for three (3) or more non-price criteria will be disqualified. This increase from two (2) to three (3) criteria was made to account for the addition of the Carbon Emission and Technical Model non-price criteria as discussed above.

**V. Next Steps**

The Company looks forward to continuing to work with the Commission, Consumer Advocate, stakeholders and the Independent Observer to finalize the North Kohala Energy Storage RFP to begin the process of addressing the reliability issues for the customers in the North Kohala area.