



March 29, 2021

The Honorable Chair and Members  
of the Hawai'i Public Utilities Commission  
Kekuanao'a Building, First Floor  
465 South King Street  
Honolulu, Hawai'i 96813

Dear Commissioners:

Subject: Docket No. 2019-0178 – Request to Institute a Proceeding Relating to a Competitive Bidding Process to Acquire Variable Renewable Dispatchable Generation Paired with Energy Storage for the Islands of Moloka'i and Lāna'i Companies' Plans for the Moloka'i Request for Proposals

In response to the Commission's letter dated March 5, 2021 in the subject docket, the Hawaiian Electric Companies<sup>1</sup> submit this response and proposed plan for the Moloka'i Request for Proposals ("Moloka'i Plan").<sup>2</sup> In summary, the proposed plan consists of two phases (or steps) of RFP's, while incorporating much needed community input. The first phase is to perform an accelerated RFP located on the Pala'au site. Because of its zoning, available interconnection substation on property, and preliminary site reconnaissance work done prior to the 2019 RFP offering, this first phase can proceed more quickly than other locations. Further proposals to streamline and accelerate this first phase is provided below. However, since the Pala'au site is not large enough to accommodate more than approximately 4.4 MW of PV generation, the Company is proposing a second phase, which could come from distributed sources and/or additional renewable generation located on a different parcel on the island. The Companies are proposing that the location, size, and technology of the second phase be determined through a collaborate stakeholder process and up-front technical work to shape this second phase such that the execution of project(s) selected in this second phase can be accelerated. The Companies offer the following explanatory details about their Moloka'i Plan, including stakeholder and community participation and timelines.

In the Commission's February 3, 2021 letter the Commission requested that the Companies, among other items, do the following: (i) revise the Moloka'i RFP and resubmit for stakeholder and commission review (ii) update the RFP on the best information available (iii) streamline and simplify the RFP documents and associated requirements (iv) re-issue an RFP to target the full amount of renewable energy and other grid services need to achieve the State's clean

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<sup>1</sup> The "Hawaiian Electric Companies" or "Companies" are Hawaiian Electric Company, Inc., Hawai'i Electric Light Company, Inc., and Maui Electric Company, Limited.

<sup>2</sup> This filing is made on this date pursuant to Hawai'i Administrative Rules § 16-601-22.

energy goals for Moloka'i (v) significantly reform and improve the interconnection process. The Commission's guidance has been incorporated into the Companies' Moloka'i Plan.

The Companies' Moloka'i Plan is an integrated three-step approach which incorporates the Commission's five key directives above:

1. Streamline and simplify the 2019 Moloka'i RFP
2. Seek community input and scope system needs
3. Develop large scale Moloka'i RFP or other sourcing mechanism applying community input

1. Streamline and simplify the 2019 Moloka'i RFP<sup>3</sup>

On January 25, 2021 the Companies proposed to close the 2019 Moloka'i RFP because the Final Award Group awardee withdrew before negotiations began, and with concurrence of the Independent Observer, the Companies concluded the next highest ranked project did not show acceptable customer benefit to justify its selection. In order to produce a more favorable outcome going forward, the Companies propose a number of specific modifications to "streamline and simplify" a Moloka'i Pala'au RFP ("Pala'au RFP") as the first step in its Moloka'i Plan. The key features of the Pala'au RFP are as follows:

- Site: Must utilize Company-owned site at Pala'au
- Technology: PV paired with BESS
- Grid Charging BESS: allows increased customer participation in DER programs
- Black Start and Grid Forming technology for system security and resilience while avoiding "must run" requirements on diesel generators to provide these services
- Power Purchase Agreement ("PPA"): Renewable Dispatchable Generation PPA, no contract modifications allowed
- Participation: Self-Build allowed
- Interconnection: Company to provide design and cost. Certain interconnection engineering, design, and study can be completed in parallel with the procurement
- Value added: Company proposes to design, engineer, and construct the interconnection up to the Point of Interconnection
- Pre-Determined Site and Size: The Company will make available a company owned site that has already completed preliminary site reconnaissance work. The RFP will seek

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<sup>3</sup> The "Moloka'i RFP" refers to the Final Request for Proposals for Variable Renewable Dispatchable Generation Paired With Energy Storage for the Island of Moloka'i filed November 27, 2019 in the subject docket.

renewable energy that maximizes the site available, which the Companies have determined to be approximately 4.4 MW AC

- COD: early 2026 pending input from the Commission and stakeholders

The Pala'au RFP provides the fastest procurement path for customers to benefit from a grid-scale renewable project. With this proposed format the Companies have confidence the Pala'au RFP would result in a competitively bid procurement with the shortest timeline for RFP execution and project development, while honoring the communities' input. With the Pala'au RFP as the first step the Companies leverage lessons learned and efficiencies gained in the CBRE RFP, as well as work that has already been done from the 2019 RFP to expedite the integration of renewable energy. Assuming an issue date in June 2021, it is possible that a project could be selected by the end of the year, similar to the proposed accelerated schedule for the Lāna'i RFP with predetermined site, size, technology, and interconnection.

The Company-owned Pala'au site is available for use and already has undergone preliminary geotechnical and archaeological investigations, it is zoned as Industrial, and is considered favorably by the community for use by a renewable energy project, all of which will assist streamlined permitting timelines. The size, scope, and location of the Pala'au RFP will be pre-determined, therefore the interconnection cost and specifications can be provided pre-bid or paid by the Companies. The Companies had contemplated forgoing this first step Pala'au RFP and instead initiating a Company project. Doing so would likely accelerate a project in-service date by 6 months, however the Companies put forth the Pala'au RFP as the preferred plan in the spirit of transparency and the competitive bidding process, and appreciates the Commission's guidance on the matter.

## 2. Seek community input and scope system needs

Since the Pala'au site is not large enough to accommodate a single project that can provide the total renewable energy for the island, an additional procurement will be necessary. Thus, the second step of the Companies' Moloka'i Plan allows for an assessment of the system needs and resources procured from CBRE, Pala'au RFP, and the Integrated Grid Planning ("IGP") process so that the Companies can determine the appropriate scope for the next procurement, along with community input. Concurrently with the execution of the Pala'au RFP the Companies will also be conducting community engagement efforts and working closely with Moloka'i community leaders to ensure the large RFP is designed to address the needs and expectations of the island's residents and businesses.

For a community that is historically resistant to large scale, out of state or international developers and one that holds a compelling desire to be part of determining outcomes, allowing for community input provides a clearer path to success. The Companies' Moloka'i Plan provides more transparency to the energy future of Moloka'i, increased resiliency with more than one solution, and encourages customer participation and choices in DER programs. As part of the Moloka'i Plan the Companies will update its near- and long-term resource plan for Moloka'i through the IGP process to identify the grid needs and services to achieve the State's clean energy goals. The plans will include a review of the services and associated enabling technologies required for reliable operations with minimal use of fossil fueled conventional units, specifically, to address stability concerns on a grid that will operate with significant inverter-based generation.

The Companies strongly believe that a large scale procurement on Moloka'i can only be successful by first taking critical steps to assess the prior procurements, evaluating other sourcing mechanisms through the IGP process, and soliciting and incorporating community participation. The key features of the Moloka'i community engagement plan are:

- Collaborate with Moloka'i community leaders and organizations
- Coordination with IGP to update near- and long-term resource plans and grid needs assessment
- Coordinate with Sust'ainable Moloka'i and its Clean Energy Hui during the organization's 2021 and 2022 planned community engagement process
- Work with the community to identify acceptable and desired sites for a large scale project
- Work with the community to identify acceptable and desired generation technology
- Evaluate acceptable project sites based on community input and interconnection requirements and costs

### 3. Develop a large scale Moloka'i RFP or other sourcing mechanism applying community input

The final step of the Companies' Moloka'i Plan will be to issue the large scale Moloka'i RFP or alternative sourcing mechanism. This step will incorporate the DER programs and grid services identified in IGP efforts with community feedback and the most current estimate of renewable energy needed to reach the State's clean energy goals for Moloka'i. If the large scale RFP route is pursued, key features will include:

- Incorporate community input (i.e.: preferred technology, site, etc.)
- Site: To be determined in previous step
- Technology: To be determined, incorporating community input and IGP efforts

- Power Purchase Agreement (“PPA”): Renewable Dispatchable Generation PPA, no contract modifications will be allowed
- Participation: Self-Build allowed
- Interconnection: Company to provide design and cost for streamlined and simplified interconnection. Certain interconnection engineering, design, and study can be completed in parallel or prior to the procurement.
- Size: Optimized to target remaining amount of renewable energy needed to safely achieve the State’s clean energy goals for the island

The clean energy transition for Moloka‘i requires a combination of utility, community, and customer solutions to advance renewable energy adoption and integration. Because of the unique circumstances of the small island system, the Moloka‘i Plan in the broadest sense includes a number of initiatives and investments needed to modernize the Moloka‘i grid and improve reliability at the lowest reasonable cost. This letter focuses on the upcoming competitive procurement for renewable energy; however, as shown in Attachment 1, there are a number of other initiatives the Companies have been implementing and advancing. It is important to envision the Moloka‘i RFP within the greater context of Moloka‘i’s clean energy transition.

The Companies appreciate the opportunity to describe their Moloka‘i Plan, which builds on past RFP experiences, is deliberately inclusive of the community it will impact, and incorporates continuous improvement efforts. We look forward to working with the Commission to meet the energy needs of Moloka‘i through renewable energy. The challenge of reaching a 100% renewable future cannot be accomplished by one entity alone, and requires the dedicated focus, constant collaboration, and agility of many parties, including the Companies, Commission, stakeholders, developers, and the community.

Sincerely,

/s/ Greg Shimokawa

Greg Shimokawa  
Acting Director, Renewable Acquisition

Enclosure

c: Division of Consumer Advocacy

Category	Initiative/Project	Description	Status
Utility Solutions	Palaʻau RFP	Max out Company-Owned site with modifications noted above	In Development
	Large scale Molokaʻi RFP or other sourcing mechanism applying community input	Incorporate the community feedback and seek procurement of the most current estimate of renewable energy needed to reach the State’s clean energy goals for Molokaʻi	Planning Phase
	Island Wide Grid Controller	Expanded existing plant controller to consolidate control of various grid resources on the system to maintain system frequency and voltage.	First phase for existing resources In Service
	Distribution Protection Study / Synchronous Condenser	Determine short circuit current needs to ensure proper operation of system protection, including in dispatches with little to no conventional generation. A Synchronous Condenser was identified as a solution to meet the short circuit current needs.	Complete
	CBRE Phase 1	250 kW PV	Starting Construction
	CBRE Phase 2 RFP	2.75 MW PV with Paired Storage	Draft RFP being filed March 30, 2021
	Palaʻau Load Bank	750 kVA Load Bank used as a protective measure during emergency situations to absorb excess energy	In Service
	Palaʻau BESS	2 MW/396 kWh BESS providing Frequency Response	In Service
	Kaluakoi Distribution Upgrades	Initiated projects to improve the reliability on the West end of Molokaʻi	Under Construction
	East End Hendrix Cable Installation	Initiated projects to improve the reliability on the East end of Molokaʻi	Under Construction

Category	Initiative/Project	Description	Status
Community Engagement	Moloka‘i 100% Renewable Energy Community Dialogue	Conducted a series of roundtable sessions and broader community meetings to provide overview of renewable energy goals and resource options and solicit community input and perspectives. Through the nearly 40 sessions/meetings and 400-plus comments received, an addendum that offered developers community insight and guidance was produced.	Complete
	CBRE Phase 2	Encourages Community Participation and Development.	Draft RFP being filed March 30, 2021
	Charitable Foundation Support	Maui Economic Opportunity (MEO)-Moloka‘i Division received a donation of an electric vehicle through the Hawaiian Electric Industries Charitable Foundation to replace diesel bus utilized for seniors and disabled clients with appointments in Kaunakakai town. Donation included a level 2 charging station to the MEO baseyard.	Complete
	COVID-19 Relief	In response to one of the island’s three grocery stores temporarily closing due to COVID-19, causing a strain to on island inventory, Hawaiian Electric Industries Charitable Foundation contributed \$20,000 to enable a second shipment of food to Moloka‘i through the Maui Food Bank.	Complete
	IGP Outreach	Virtual Community Meeting	Complete
	IGP – Grid Needs Assessment	Updated assessment of grid needs (and services), including a system security assessment.	Ongoing
	Sust‘ainable Moloka‘i	Major funding provided to launch Sust‘ainable Moloka‘i's Clean Energy Hui 2-year pilot project. Through a grant of \$25,000 from Hawaiian Electric Industries Charitable Foundation, the Clean Energy Hui hired its program coordinator. Hawaiian Electric provided a key utility letter of support for Sust‘ainable Moloka‘i's application for a technical support grant from the National Renewable Energy Laboratory (NREL).	Ongoing

Category	Initiative/Project	Description	Status
Customer Solutions	DER Participation	IGP Forecasts continued growth in DER	Ongoing. Visibility and control solutions will allow more DER.
	Electrification of Transportation	Moloka'i's first public EV fast charger station installed in Kaunakakai. Moloka'i GoEV fair was hosted in collaboration with the County of Maui to offer residents information on electric vehicles.	Complete
	Well 17 Rule 4 Application	Shift load to daytime TOU	Approved
	Grid Services	Programmatic solution may be applicable for Moloka'i as well.	May 2021 filing



## Chun, Marisa

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**Sent:** Monday, March 29, 2021 2:10 PM  
**To:** Chun, Marisa  
**Subject:** Hawaii PUC eFiling Confirmation of Filing

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