

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Requests of )  
 )  
HAWAIIAN ELECTRIC COMPANY, INC., )  
HAWAII ELECTRIC LIGHT COMPANY, INC., )  
AND MAUI ELECTRIC COMPANY, LIMITED )  
 )  
To Institute a Proceeding Relating )  
To a Competitive Bidding Process To )  
Acquire Variable Renewable )  
Dispatchable Generation Paired With )  
Energy Storage for the Islands of )  
Molokai and Lanai. )  
\_\_\_\_\_ )

DOCKET NO. 2019-0178

ORDER NO. 36493

OPENING THE DOCKET

**FILED**  
2019 AUG 29 P 12:18  
PUBLIC UTILITIES  
COMMISSION

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AND MAUI ELECTRIC COMPANY, LIMITED	)	Order No. <b>36493</b>
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OPENING THE DOCKET

By this Order, the Public Utilities Commission ("commission") opens this docket to receive filings, review approval requests, and resolve disputes, if necessary, related to the HAWAIIAN ELECTRIC COMPANIES'<sup>1</sup> proposed plans to proceed with competitive procurement<sup>2</sup> of variable renewable

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<sup>1</sup>Hawaiian Electric Companies ("HECO Companies" or "the Companies") refers to Hawaiian Electric Company, Inc. ("HECO"), Hawaii Electric Light Company, Inc. ("HELCO"), and Maui Electric Company Limited ("MECO"). The HECO Companies are affiliated entities.

<sup>2</sup>The commission expects that the procurement of any new dispatchable and renewable generation related to this docket will generally adhere to the Framework for Competitive Bidding, but the commission may exercise its discretion to expedite and/or amend certain parts of the Framework to accommodate time constraints that may apply to the potential commercial transactions under these

dispatchable generation paired with energy storage on the islands of Molokai and Lanai ("Molokai and Lanai Proposed Draft RFPs").

I.

BACKGROUND

A.

Procedural History

On October 6, 2017, the commission opened Docket No. 2017-0352 to receiving filings, review approval requests, and resolve disputes, if necessary, related to the HECO Companies' requests to proceed with competitive procurement of dispatchable firm generation and new renewable energy generation on the islands of Oahu, Hawaii, Maui, Molokai, and Lanai.<sup>3</sup>

On October 23, 2017, in Docket No. 2017-0352, the HECO Companies filed certain draft Requests for Proposals ("RFPs") with the commission. The Companies did not file draft RFPs for Molokai and Lanai with this filing. Instead, the Companies requested to

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solicitations. See Docket No. 2003-0372, Instituting a Proceeding to Investigate Competitive Bidding for Generating Capacity in Hawaii, Decision and Order No. 23121, Exhibit A - Framework for Competitive Bidding ("Framework"), filed on December 8, 2006.

<sup>3</sup>See Docket No. 2017-0352, To Institute a Proceeding Relating to a Competitive Bidding Process to Acquire Dispatchable and Renewable Generation ("Docket No. 2017-0352"), Order No. 34856, "Opening the Docket," filed on October 6, 2017 ("Order No. 34856"). The HECO Companies' letters requesting that the commission open the docket were included as attachments to Order No. 34856.

suspend the variable renewable dispatchable RFPs for Molokai and Lanai for distinct reasons, as explained in Exhibit 7 of the Companies' October 23, 2017 filing.<sup>4</sup>

On February 27, 2019, by Order No. 36187 in Docket No. 2017-0352, as the Parties, stakeholders, and the commission moved into Phase 2 of the Companies' competitive procurement, the commission requested that the Companies' plans for competitive procurements for Molokai and Lanai be filed in Docket No. 2017-0352 "in the near-term."<sup>5</sup>

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<sup>4</sup>See "Hawaiian Electric Companies' Draft Requests for Proposals, Books 1 and 2, Filed October 23, 2017; Exhibit 1, Draft Request for Proposals for Renewable Firm Capacity and Dispatchable Energy Resources on the island of Maui (including Appendices A-L); Exhibit 2, Draft Request for Proposals for Renewable Energy Project(s) on the island of O'ahu (including appendices A-L); Exhibit 3, The Hawaiian Electric Companies' Proposed Process for Successful Execution of the Competitive Bidding Program; Exhibit 4, Timelines for Each Proposed Procurement; Exhibit 5, The Hawaiian Electric Companies' Code of Conduct and Code of Conduct Manual for the Competitive Bidding Program; Exhibit 6, The Hawaiian Electric Companies' Interconnection Requirements Study Process; and Exhibit 7, Suspension of Lanai and Molokai RFPs," filed on October 23, 2017.

<sup>5</sup>See Docket No. 2017-0352, Order No. 36187, "Providing Guidance in Advance of the Hawaiian Electric Companies' Phase 2 Draft Requests for Proposals for Dispatchable and Renewable Generation," filed on February 27, 2019 ("Order No. 36187"), at 13-14.

On May 20, 2019, in a letter to the commission, the Companies stated their intent to file draft RFPs for Molokai and Lanai by August 2019 and July 2019, respectively.<sup>6</sup>

On June 10, 2019, in Docket No. 2017-0352, the commission expressed support for the Companies' commitment to filing their draft RFPs related to Molokai and Lanai by August 2019, and provided additional guidance regarding the commission's expectations for these draft RFPs.<sup>7</sup>

On August 6, 2019, the Companies filed their Molokai and Lanai Proposed Draft RFPs in Docket No. 2017-0352.<sup>8</sup>

On August 29, 2019, in the interest of clarity and administrative efficiency regarding the competitive procurements for Molokai and Lanai, the commission is transferring the Molokai and Lanai Proposed Draft RFPs from Docket No. 2017-0352 into the instant docket.

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<sup>6</sup>See Hawaiian Electric Companies' "Comments re Stage 2 Draft RFPs," filed on May 20, 2019, at 23.

<sup>7</sup>See Docket No. 2017-0352, Order No. 36356, "Providing Guidance on the Hawaiian Electric Companies' Phase 2 Draft Requests for Proposals for Dispatchable and Renewable Generation," filed on June 10, 2019 ("Order No. 36356"), at 23.

<sup>8</sup>See the HECO Companies' "Submission of Proposed Draft Requests for Proposals for Moloka'i and Lāna'i" filed on August 6, 2019.

B.

Framework for Competitive Bidding

By Decision and Order No. 23121, filed on December 8, 2006, in Docket No. 03-0372, the commission adopted the Framework to govern competitive bidding as a mechanism for acquiring new energy generation in Hawaii. Under the Framework, competitive bidding is the required mechanism for acquiring a future generation resource or a block of generation resources, subject to certain conditions and exceptions.<sup>9</sup> The process of acquiring a future generation resource through a competitive bidding process is described in the Framework.

As a general matter, the "primary role" of the commission in a competitive bidding process is to ensure that each competitive bidding process "is fair in its design and implementation so that selection is made on the merits;" that projects selected through a competitive bidding process are consistent with the utility's approved PSIPs; that the utility's actions represent prudent practices; and that throughout the process, the utility's interests are aligned with the public interest.<sup>10</sup>

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<sup>9</sup>Framework, Part II.A.3, at 3-4.

<sup>10</sup>Framework, Part III.B.1, at 12. The original Framework language made reference to the utilities' "Approved [Integrated Resource Plan]," rather than to the PSIPs.

To assist the commission, the Framework contemplates the use of an Independent Observer ("IO") in a variety of situations, as the commission deems beneficial and necessary.<sup>11</sup> An IO has numerous obligations under the Framework, which include monitoring all steps in the competitive bidding process, including the communications between the utility and bidders; certifying to the commission at various stages of the competitive bidding process that the utility's judgment creates no unearned advantage for the utility; advising the utility on its decision-making during the various stages of the competitive bidding process; and reporting to the commission on its monitoring results during each stage of the process.<sup>12</sup>

However, as the commission previously stated, while this round of procurements will generally adhere to the Framework, the commission may exercise its discretion to expedite and/or amend certain parts of the Framework to improve the efficiency of the process.

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<sup>11</sup>Framework, Part III.C.1, at 13.

<sup>12</sup>Framework, Part III.C.2, at 13-15.

## II.

### OPENING THE SUBJECT DOCKET

The commission states the following:

1. The commission opens this docket to receive filings, review approval requests, and resolve disputes, if necessary, related to the HECO Companies' proposed plans to proceed with the competitive procurement process to acquire dispatchable and renewable generation on the islands of Molokai and Lanai.

2. The subject docket is intended to serve as a repository for the requisite filings and a forum for resolving approval requests and disputes, as well as any amendments for this proceeding adopted by the commission, if necessary.<sup>13</sup> The Molokai and Lanai Proposed Draft RFPs, originally filed on August 6, 2019, in Docket No. 2017-0352, are being transferred into this docket by Order No. 36494.

3. The commission does not consider this docket to be a contested case proceeding.<sup>14</sup>

4. All matters that may require commission approval related to the resulting RFPs, with the exception of the

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<sup>13</sup>See Docket No. 2011-0038, Order, filed February 24, 2011, Section II.A, Authority, at 5-6 ("February 24, 2011 Order").

<sup>14</sup>See February 24, 2011 Order at 5-6.



commission's review and adjudication of any power purchase agreements that may arise from the resulting RFPs, will be resolved in this docket.<sup>15</sup>

5. The commission will appoint NAVIGANT CONSULTING, INC. as the IO to serve as the monitor of the competitive bidding process in this docket and to report on the progress and results thereto to the commission.

6. The Parties herein are the HECO Companies and the DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, DIVISION OF CONSUMER ADVOCACY ("Consumer Advocate"), an ex officio party, pursuant to Hawaii Revised Statutes HRS § 269-51 and Hawaii Administrative Rules § 16-601-62(a).<sup>16</sup>

7. In prior proceedings involving the development of an electric utility's RFP to solicit competitive bids for new or additional sources of energy generation, the commission has consistently held that such a proceeding, by design, provides interested persons with the opportunity to participate in the process set forth in the Framework without the need to formally intervene in the relevant proceeding.<sup>17</sup>

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<sup>15</sup>See February 24, 2011 Order at 5-6.

<sup>16</sup>See February 24, 2011 Order at 7.

<sup>17</sup>See In re Public Util. Comm'n, Docket No. 2011-0225 ("Docket No. 2011-0225"), Order No. 31446, filed on September 10, 2013, at 13-15.

8. As a repository docket, the commission specifically excludes from this Order any language which invites interested persons to move to intervene or participate in said docket. Instead, the subject repository docket, by design, provides interested persons with the opportunity to participate in the process set forth in the Framework without the need to formally intervene in the docket.<sup>18</sup>

9. The HECO Companies, through this docket, seek to acquire additional dispatchable and renewable generation for Molokai and Lanai through a competitive bidding, RFP process. To ensure open transparency in such repository dockets whereby non-parties will have the opportunity to review and comment on the relevant filings without the need to formally intervene, the commission anticipates that the issuance of a protective order will not be necessary, at this time.

10. As initial steps to initiate this competitive procurement process, the HECO Companies have already filed their Molokai and Lanai Proposed Draft RFPs and supporting documentation, along with a detailed description of how the Companies propose to execute the competitive bidding process.

11. The commission notes that the Framework includes a step directing "[t]he utility [to] hold[] a technical conference

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<sup>18</sup>See, e.g., Docket No. 2011-0225, Order No. 31446, at 13.

to discuss the draft RFP with interested parties (which may include potential bidders),” before soliciting comments on a draft RFP.<sup>19</sup> In the proposed schedule included in the Molokai and Lanai Proposed Draft RFPs (see Exhibit 1, Tables 1 and 2), the Companies proposed that a “PUC Status Conference” be held on August 20, 2019.<sup>20</sup> Given that this date has now passed, the PUC will instead convene a status conference on the Molokai and Lanai Proposed Draft RFPs on September 5, 2019. Further details regarding this status conference will be provided shortly in a forthcoming notice filed in the instant docket. Following this status conference, the commission intends to issue an order setting forth relevant procedural deadlines to govern the next steps in this RFP process.

12. Any comments related to the Molokai and Lanai Proposed Draft RFPs, as well as comments and recommendations by the IO regarding the Molokai and Lanai Proposed Draft RFPs, shall be filed in this docket.

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<sup>19</sup>Framework at 10.

<sup>20</sup>See Molokai and Lanai Proposed Draft RFPs, Exhibit 1 at 2; Exhibit 3 at 18.

### III.

#### ORDERS

##### THE COMMISSION ORDERS:

1. This docket is opened to receiving filings, review approval requests, and resolve disputes, if necessary, related to the HECO Companies' proposed plans to proceed with competitive procurement of variable renewable dispatchable generation paired with energy storage on the islands of Molokai and Lanai.

2. All matters that may require commission approval related to the resulting RFPs, with the exception of the commission's review and adjudication of any power purchase agreements that may arise from the resulting RFPs, will be resolved in this docket.

3. The commission appoints NAVIGANT CONSULTING, INC. as the IO to monitor the competitive bidding process in this docket and to report on the progress and results thereto to the commission.

4. The Parties are the HECO Companies and the Consumer Advocate.

5. The commission will convene a status conference on the Molokai and Lanai Proposed Draft RFPs on September 5, 2019. Further details regarding this status conference will be provided shortly in a forthcoming notice filed in the instant docket.

6. The commission intends to issue an order setting forth relevant procedural deadlines to govern the next steps in this RFP process following the September 5, 2019 status conference.

DONE at Honolulu, Hawaii AUG 29 2019.

PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By James P. Griffin  
James P. Griffin, Chair

By Jennifer M. Potter  
Jennifer M. Potter, Commissioner

By Leodoroff R. Asuncion, Jr.  
Leodoroff R. Asuncion, Jr., Commissioner

APPROVED AS TO FORM:

David Veltri  
David Veltri  
Commission Counsel

2019-0178.kmc

CERTIFICATE OF SERVICE

The foregoing order was served on the date of filing by mail, postage prepaid, and properly addressed to the following parties:

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