

WebEx Meeting Instructions

- Please change your name to First, Last Initial, Organization (if applicable).
- If you've called in via phone, merge your audio and video.
- Make sure you're using "Grid View" within "Layout" in the top right corner.
- If you feel comfortable, turn on your camera.
- Click on "Chat." Select "Direct" messages and choose "Hawaii Public Utilities Commission" in the search field. This is the best way to get a private message to Mike Wallerstein if running into tech issues.
- Learn how to Raise your Virtual Hand to speak: Click on "Raise Hand" in your tool bar at the bottom, using the icon that looks like a raised hand.

Equity Improvements for the Integrated Grid Plan ("IGP") Requests for Proposals ("RFP")

Meeting #1

Energy Equity and Justice Docket No.
2022-0250

October 31st, 2023 | 10am-12pm



STATE OF HAWAII
PUBLIC UTILITIES COMMISSION

Message of Aloha



'A'ohe pau ka 'ike i ka
halau ho'okahi

One can learn from many sources

Agenda

Welcome, moment of Aloha

Intros, and Ground Rules

Learning Opportunity: review of the RFP process

Learning Opportunity: solution set preview

Activity: problem statements

Closing and Next Steps

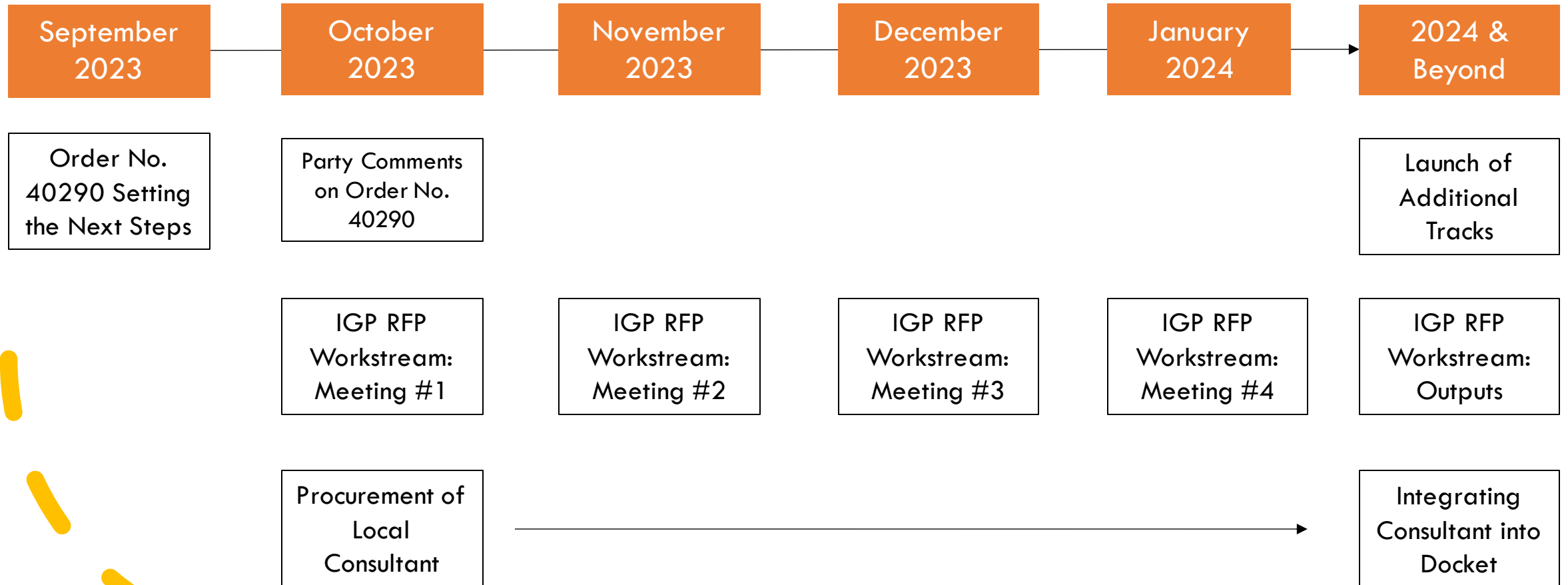
Ground Rules – IGP RFP Workstream



Logistical Notes

- **Commission staff will take notes on this meeting.** Statements in the notes will not be attributed to individuals or organizations. All notes will be filed to the docket record.
- **The plenary sessions will be recorded to ensure that staff can refer to what was said if clarity is needed.** Notes will be taken in breakout rooms, but breakout discussions will not be recorded and will offer a more anonymous way to provide feedback.
- **Please reach out to Mike Wallerstein (mike.s.wallerstein@hawaii.gov)** if you are having any technical difficulties.

Status of the Equity Docket





Introductions via Chat

Name, Role, Organization (if applicable)

IGP RFP Workstream Meeting Summary

Opportunities for additional 1-hour workshops with stakeholders as needed to further discuss, refine, and prioritize solution set.

Meeting 1:
Education and scoping

Meeting 2:
Proposed solutions
(CBPs and RFP Bid Eval)

Meeting 3:
Proposed solutions
(community input, RFP
co-design, and others)

Meeting 4:
Prioritizing solutions
and moving forward

Outputs:

- Shared problem statement
- Shared sense of current process
- Additional solution ideas

Outputs:

- Feedback and reactions to proposed solutions (CBPs and RFP Bid Eval)
- Additional solution ideas

Outputs:

- Feedback and reactions to all proposed solutions
- Next Steps:
- Draft recommendations for party review and comment

Output: Collaboratively derived recommendations for Hawaiian Electric and PUC consideration

Today's Meeting Objectives

Learning Goals

- Improved understanding of RFP procedural steps and timelines;
- Identifying entities that are involved in RFPs and their jurisdictions; and
- Discussing the RFP development and evaluation processes and sharing opportunities for public input for both.

Scoping Goals

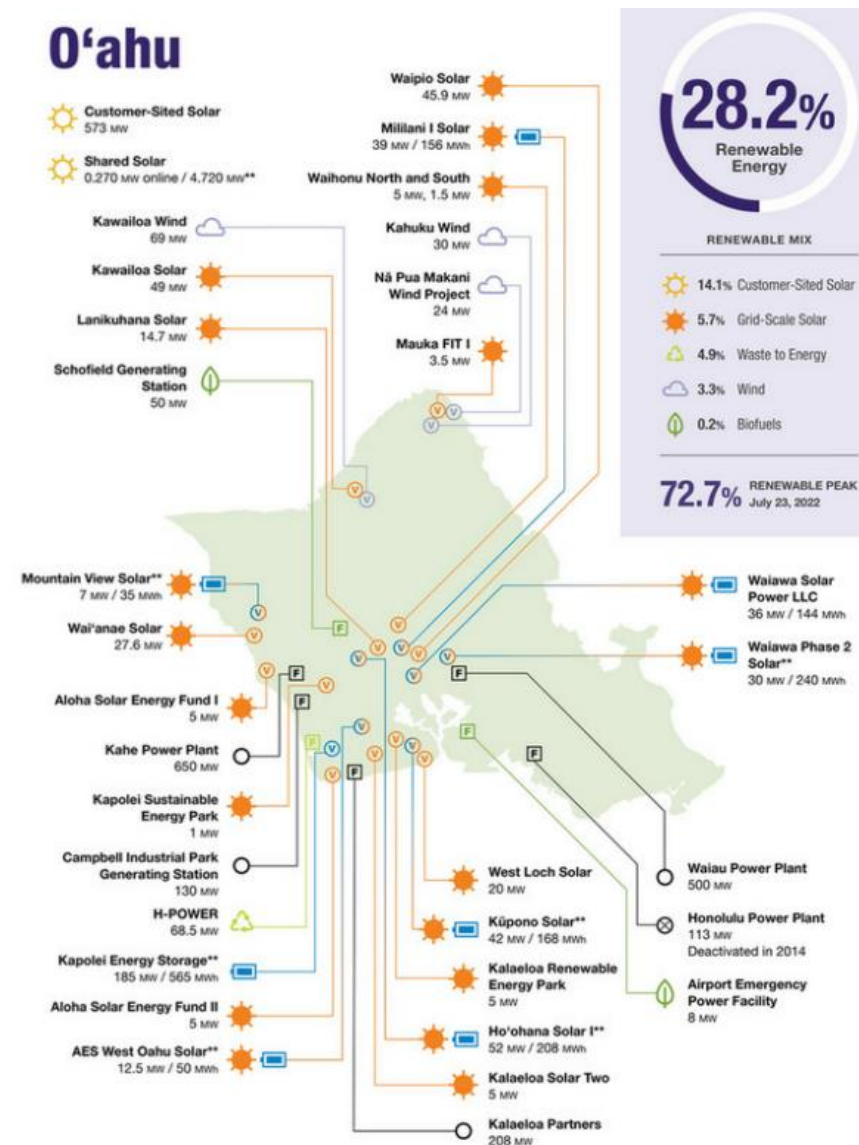
- Reviewing the timeline of the Equity Docket discussion process to ensure a common understanding of the scope and possible outcomes;
- Reviewing the solutions proposed to provide background and ensure common understanding;
- Solicit new ideas for solutions; and
- Align on priority solutions to improve equity in future RFPs.



Learning Opportunity: Hawaiian Electric's Request for Proposal (“RFP”) Process

Purpose, Scope, Stakeholders, Timeline, and Equity Issues

Purpose: procure system resources through competitive bidding



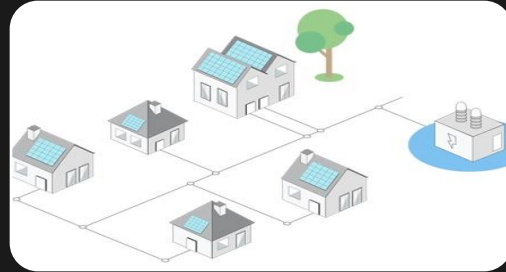
[Hawaiian Electric's 2022-2023 Sustainability Report](#)

Scope of Hawaiian Electric's RFPs

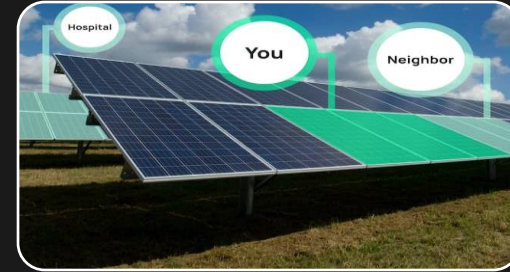


Utility-scale
renewable
resources

Today's focus



Grid
services



Other system
resources

Stakeholders in the RFP Process

Commission

(+ Independent Observer and Independent Engineer)



STATE OF HAWAII
PUBLIC UTILITIES COMMISSION

Utility

**Hawaiian
Electric**



Developers



Clearway



edf

renewables



longroad
ENERGY



aes

Hawai'i



**PUNA
GEOTHERMAL
VENTURE**
An ORMAT Company

INNERGEX



**POWER
GLOBAL**

Docket Intervenors & Participants



We'll talk about the role of communities in a few slides...



Hawaiian Electric's Role

- Plan for resource needs and RFP materials
- Implement the RFP
- Evaluate and select projects
- Negotiate contracts with developers
- Submit PPA for Commission review
- Build project*



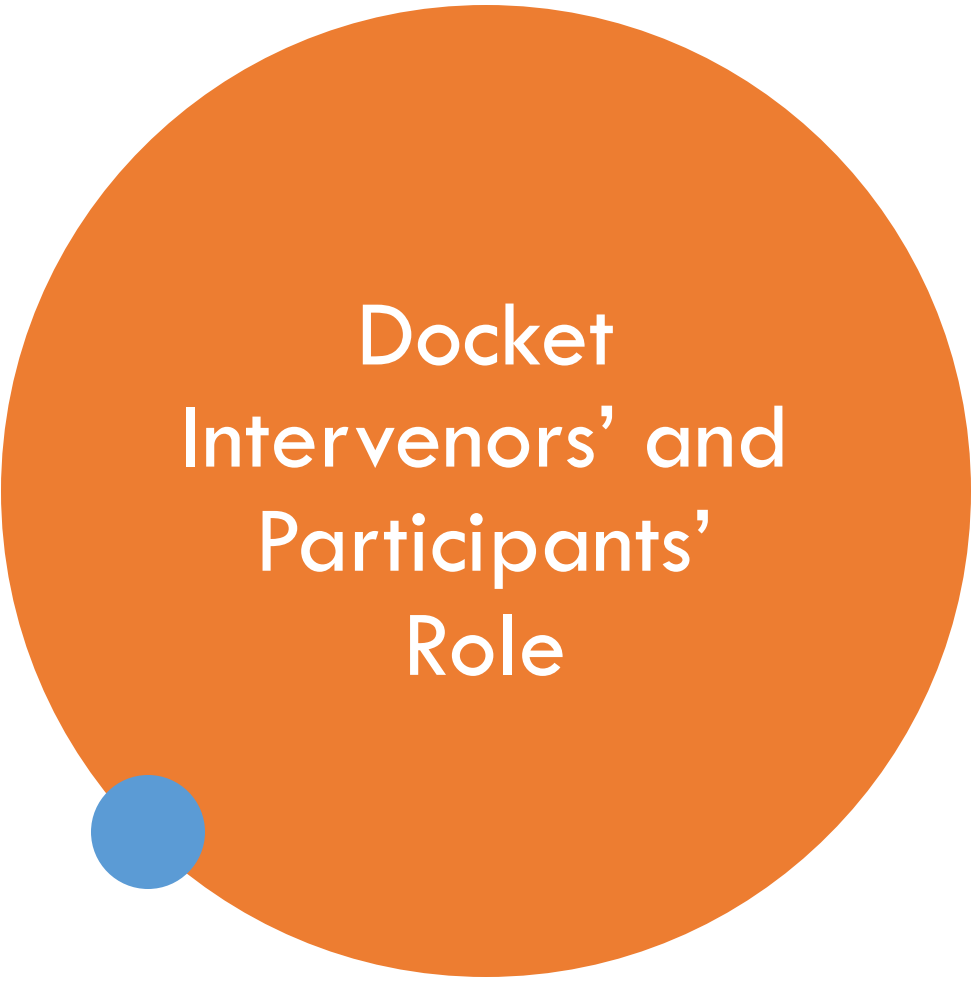

Commission's Role

- Oversee and review the RFP and relevant materials
- Approve RFP prior to issuance
- Review PPAs to determine whether contracts are reasonable and in the public interest, focusing on issues like pricing and greenhouse gas impacts
- Monitor PPA compliance and development of projects



Developers' Role

- Submit bid with detailed information regarding the project site, land use, pricing, community benefits, and other project aspects
- Negotiate contract with Hawaiian Electric
- Build the project, including applying for permits, constructing the project, complying with the PPA, and developing interconnection facilities
- Engaging the community throughout the process, including developing community benefit packages



Docket Intervenors' and Participants' Role

- Review and provide input on draft RFPs
- Review and provide input on PPAs in docketed processes

What about communities?

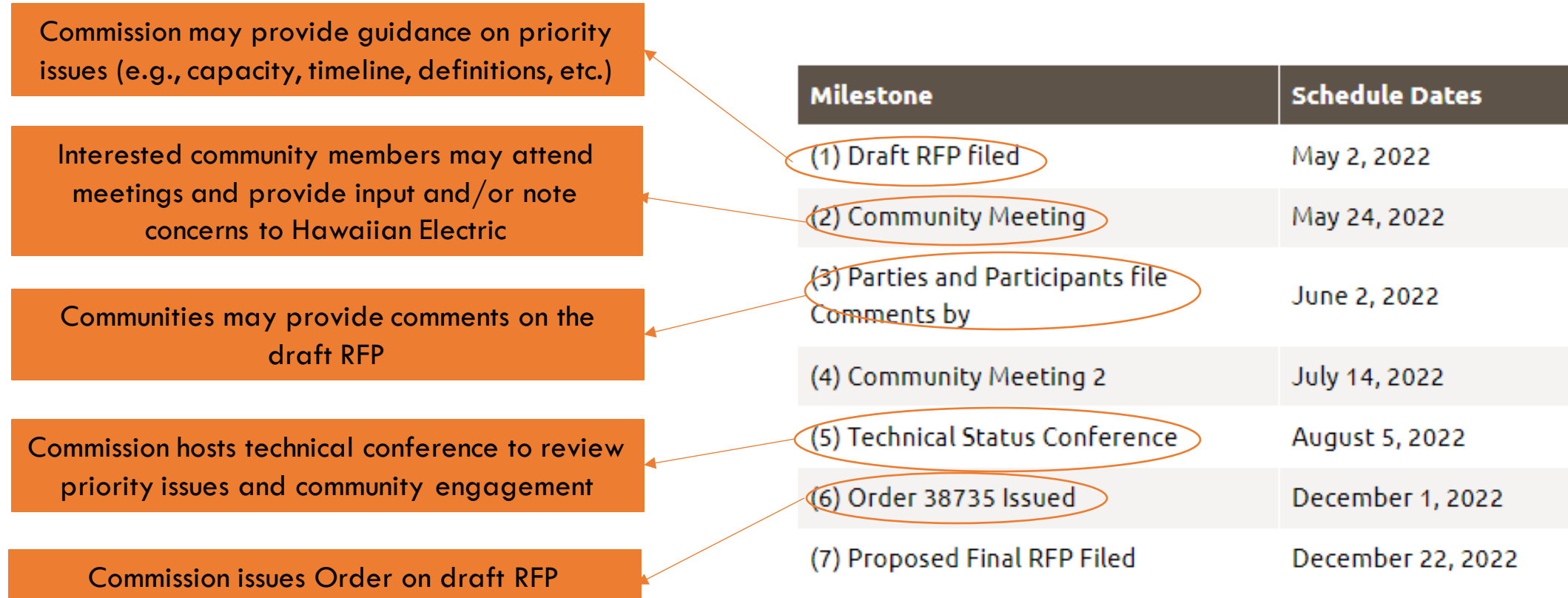
- Provide input during Hawaiian Electric's planning for RFPs
- Participate in community meetings hosted by Hawaiian Electric and/or developers
- Participate in docketed PPA review
- Negotiate community benefits with developer(s)

While there are several opportunities to provide input during the process, the role of communities is not well-defined and opportunities for input often rely either on initiation by Hawaiian Electric and/or developers or significant effort by the community.

Understanding the Stage 3 RFPs

Island	Energy Generation (2022)	Stage 3 RFP Target(s)	Operational Date
Oahu	Renewable: 2,135 gigawatt-hours (“GWh”) Total: 7,560 GWh	965 GWh of renewable energy	December 2027
		300 – 500 megawatts (“MW”) of firm renewable capacity	December 2029
		200 MW of firm renewable capacity	December 2033
Maui	Renewable: 497 GWh Total: 1,395 GWh	425 GWh of renewable energy	December 2027
		40 MW of firm renewable capacity	December 2027
Hawaii	Renewable: 637 GWh Total: 1,331 GWh	325 GWh of renewable energy	December 2030

Stage 3 RFP Timeline (Oahu Example)



IPP = independent power producer, the technical term for developers

BAFO = best and final offer from the developers

Commission generally takes a step back during the RFP process while the IO and IE participate

Developers (i.e., IPPs) may reach out to communities that would be impacted by their proposed project(s)

(8) Final RFP issued by	January 20, 2023
(9) Hawaiian Electric and Affiliate Proposal Due Date	April 19, 2023 at 2:00 pm HST
(10) IPP Proposal Due Date	April 20, 2023 at 2:00 pm HST
(11) Selection of Priority List	July 6, 2023
(12) Hawaiian Electric and Affiliate BAFOs Due	July 13, 2023
(13) IPP BAFOs Due	July 14, 2023
(14) Selection of Final Award Group	December 1, 2023
(15) IRS and Contract Negotiations Begin	December 8, 2023

IRS = interconnection requirements study, an engineering study to determine what interconnection facilities will be required for each project selected in the final award group, and who (developer or Hawaiian Electric is responsible

What happens after contract negotiations?

Hawaiian Electric submits power purchase agreements (“PPAs”) to the Commission for review, detailing the terms of the developer selling energy from the project to Hawaiian Electric

If the Commission approves the PPA, the developer commences construction of the project, including any interconnection facilities

Construction process often takes several years, which the Commission monitors

What community outreach is required in the RFP process?

- “Community Outreach” is one of 11 non-price criteria in the RFP bid evaluation
- Community Outreach Plan requirements
 - Project description
 - Community scoping
 - Project benefits
 - Government approvals
 - Development process
 - Community benefits package
 - Communications plan

About Community Benefit Packages (“CBPs”)

At least \$3,000 per MW per year of a project’s lifetime for community benefits

Developers must consult host community and address specific needs identified by the host community

Preference given in RFP bid evaluation to projects with larger CBP amounts or other benefits

New to Stage 3 RFP, awaiting initial results

Issues with CBPs

- Is \$3,000 per MW per year the right amount?
- When are CBPs finalized in the RFP process, and is this earlier enough for Commission review?
- How can the Commission enforce CBPs and verify that project benefits are going to the most-needed projects for the impacted communities?
- Who decides which community(ies) negotiate with developers?
- What happens if project ownership changes?
- Should developers provide benefits via annual payments or a one-time upfront payment?
- What happens to annual benefits when the PPA contract term ends?

Looking Forward: Integrated Grid Plan RFPs

Scope: procuring resource needs identified in the IGP process (Docket No. 2018-0165) through a rolling process.

Timeline:

Draft RFPs – April 2024

Final RFPs – September 2024

Projects online – 2028 – 2030, or 2035 for long-term projects

(Some) Modifications:

Using new Renewable Energy Zone (“REZ”) concept to identify preferred siting areas for new resources.

Potentially incorporating recommended improvements to community engagement and benefits from this workstream.

Other Helpful Sources

- Hawaii Public Utilities Commission
 - [Renewable Energy Procurement](#)
 - [Renewable Portfolio Standards Annual Reports](#)
- Hawaiian Electric
 - [Competitive Bidding for System Resources](#)
 - [Sustainability Reports](#)
 - [Renewable Project Status Board](#)
 - [Renewable Energy Performance Metrics](#)
- Hawaii State Energy Office
 - [Hawaii Statewide Energy Projects Directory](#)



Questions?



Learning Opportunity: Preview of Solution Set

Community Benefit Packages, RFP bid evaluation criteria, public participation in the RFP process, and alternative RFP design

Community Benefits Packages (CBPs) – Current State

- Developers provide at least \$3,000 / MW per year
- Donated to actions or programs to address specific community needs
- Made public on the developer's website
- Must document community consultations, distribution of funds, and how the funds directly address a community need
- Scoring gives preference to larger \$ amounts, creating local jobs, payment of prevailing wages, and improving community infrastructure

CBPs – Possible Solutions

- Review HECO's community outreach plan and benefits requirements to identify improvements
 - Post these items more publicly
 - Include a compensated Community-Based organization for community outreach
 - Encourage co-creation of engagement strategies with schools
- Improve enforceability and oversight with Community Benefits Agreements
- Co-creation and participatory budgeting approaches
- Develop longer term plans for listening sessions & focus groups

Bid Evaluation Criteria – Current State

- **Threshold criteria:** If not met, the proposal is not considered
 - Community outreach plan
 - Cultural Resource Impacts
- **Non-price criteria:**
 - Worth 40% of the proposal's overall score
 - Scored between 1 (poor) and 5 (highly preferable)
 - 11 total non-price criteria, including:
 - Community outreach (weighted twice as heavily as others)
 - Cultural resource impacts

Bid Evaluation Criteria – Possible Solutions

- Change the balance of price : non-price criteria weights
- Modify existing non-price criteria:
 - E.g. make local job creation and prevailing/living wages their own category
- Suggest new non-price criteria or bonus points:
 - Input into local economy
 - Project site is farther from existing/past energy infrastructure, in communities with higher incomes or lower populations of Native Hawaiians
 - Project allows for dual- use (e.g. community gardens, playgrounds, etc.)
 - Shared ownership models or preference for local businesses
 - Award points for extraordinary resilience measures

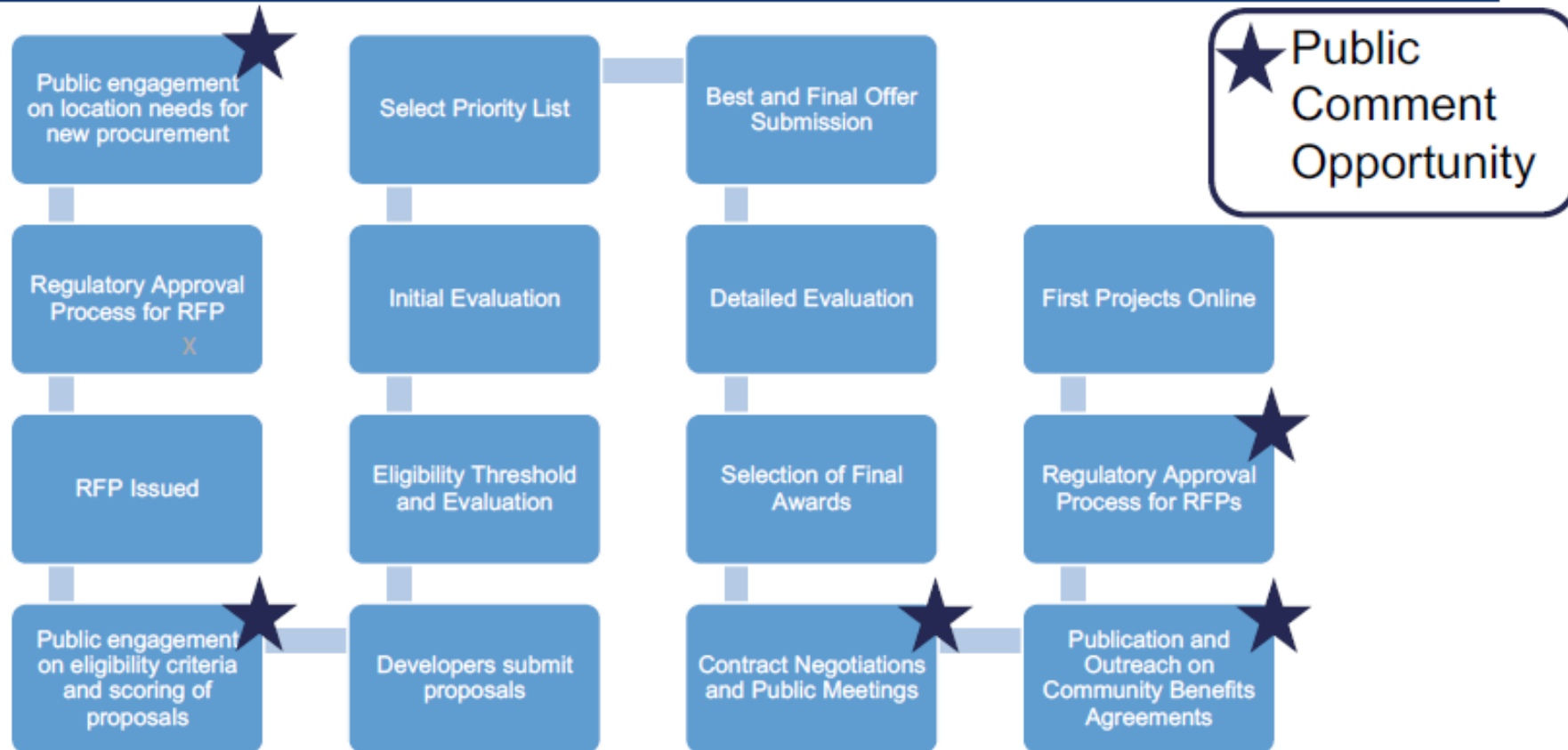
Community Input – Current State

Current Process and Engagement



Community Input – Possible Solutions

Potential Options for Greater Engagement



Alternative RFP Design – Possible Solutions

- Pilot approaches proposed in this docket:
 - 12 months for RFP co-creation
 - 8 months for land and grid needs identification
 - 3 months for community approval
- Develop a community energy board



Questions?



Activity: Refining the Problem Statement

[Problem Statement Pre-Read](#)

What is a problem statement?

- A clear and concise description of an issue challenge, or obstacle that a project seeks to address.
- Key elements
 1. Situation
 2. Challenge
 3. [optional] Specificity of impact

Draft Problem Statement

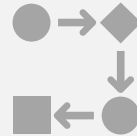
“Deployment of new energy infrastructure is necessary to support Hawaii’s plan to transition to 100 % renewable energy. However, community perspectives are under-represented in discussions and decision-making regarding what types of energy infrastructure should be developed and where it will be physically located. And yet, communities live daily with the consequences of these decisions.

RFP processes fail to leverage community perspectives and needs when making these decisions. As such, some of Hawaii’s communities have experienced adverse community outcomes (such as disparities in economic development, in access to clean energy resources, and in community benefits and burdens).”

Refining the Problem Statement



1. Consider the draft problem statement and make any adjustments that you think are important.



2. After writing your own version of the problem statement, ask yourself “why is this problem occurring?” three times.



3. Share your problem statements and “three whys” in breakout groups.

Next Steps

Meeting Schedule

- Meeting #2 (late November): discuss proposed solutions, including CBPs and RFP bid evaluation criteria
- Meeting #3 (mid December): discuss proposed solutions, including public participation in the RFP process and alternative RFP design
- Meeting #4 (late January): review of proposed solutions to develop draft recommendations

Other Items

- Pre-reads and homework for future meetings will be shared in advance.
- Share any additional solutions or relevant examples of identified solutions with Commission staff.
- Outputs of this workstream may include staff recommendations, stipulated party proposals, or some combination, but the Commission is open to additional ideas.

Post-Meeting Poll

- Questions:
 - Preferred times for next meeting
 - Additional ideas for solutions to the RFP process
 - Feedback on potential outputs
 - Additional feedback on this meeting
- Link: <https://forms.office.com/g/G8dRGM1vxr>
- Please respond by end of day on Friday, November 3rd.



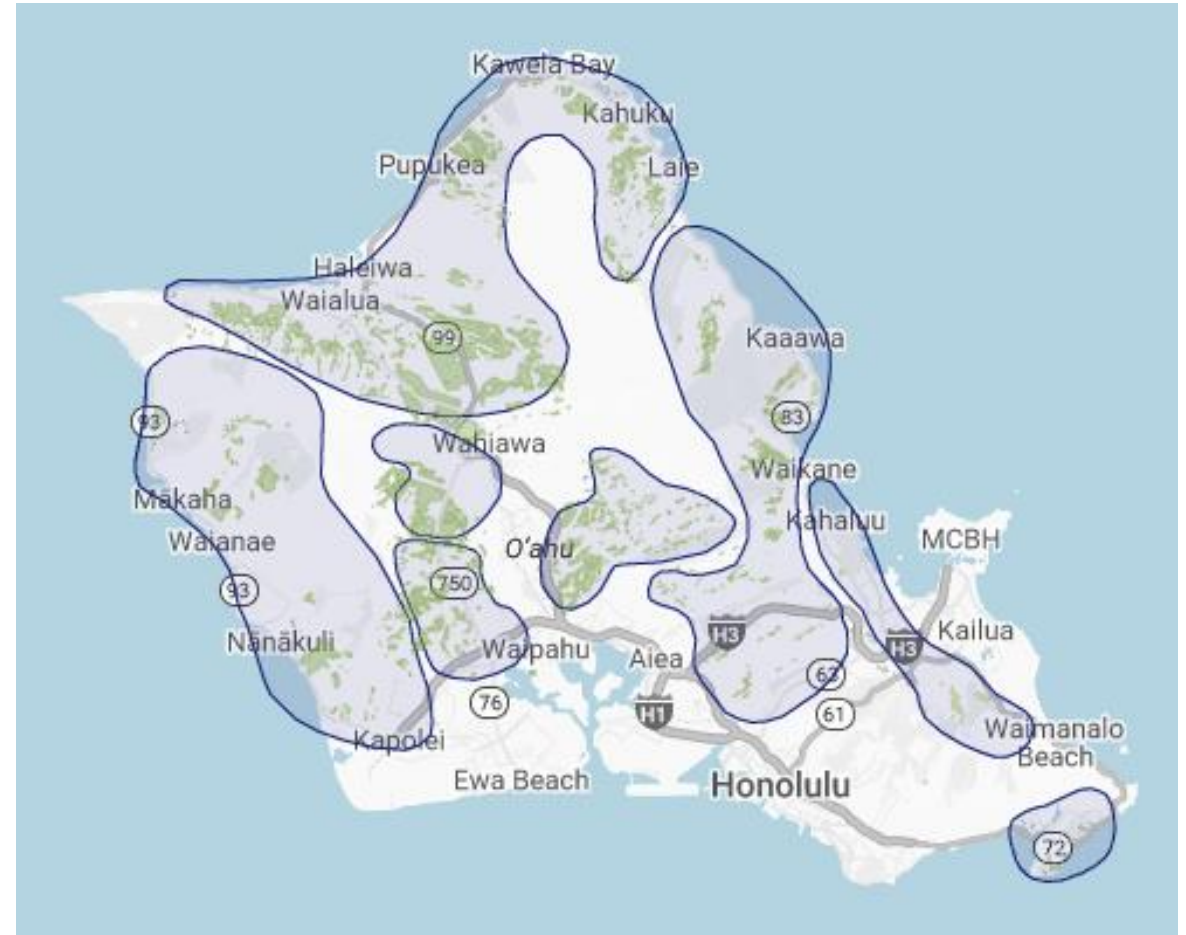
Mahalo and Happy
Halloween!

About Renewable Energy Zones

- REZ: An area with suitable technical conditions for clean energy generation projects, including cost-effective grid connections and additional transmission infrastructure.
- Identified by Hawaiian Electric using data regarding wind and sun coverage, steepness of slopes, financial costs, access to site and proximity to existing transmission and grid connections, and land use and zoning.
- Developed within the IGP process for use in future procurements.
- Hawaiian Electric sought community feedback on these REZs via community presentations, community talk stories, youth and student conversations, community events, and online comments.
- Note that grid planning on Lanai and Molokai are occurring via separate processes.

<https://hawaiipowered.com/rez/>

REZ Maps: Oahu





REZ Maps: Maui



REZ Maps: Hawaii

