

**NOTES**  
**Hawaii PUC Docket 2022-0250 | Energy Equity Proceeding**  
**Interim Discussions to Incorporate Equity in Requests for Proposals (RFPs) Workstream**  
**Meeting 2 (virtual)**  
**November 30, 2023 9:00am-12noon**

MEETING TOPIC  
Incorporating equity into RFP bid evaluation  
proposed solutions: Non-Price Criteria and Community Benefit Packages

AGENDA

- I. Welcome, Introductions, Meeting Overview
- II. Framing the Conversation
- III. Hawaiian Electric Presentation: Community Benefits Packages (CBPs) and Non-Price Evaluation Criteria in the Stage 3 RFPs
  - o Q&A
- IV. Case Studies from Other Jurisdictions
  - o Q&A
- V. Returning to the Problem Statement
- VI. Breakout Discussions: CBPs and Non-Price Evaluation Criteria
- VII. Closing and Next Steps

NOTES

- I. Welcome, Introductions, Meeting Overview  
(see presentation slides for more details)

Meeting Objectives

- Learn about current approaches to Community Benefits Packages and Non-Price Evaluation Criteria in the Stage 3 RFPs in more detail.
- Co-develop and prioritize solutions to improve the requirements for Community Benefits Packages and the Non-Price Evaluation Criteria for the next round of RFPs, the Integrated Grid Plan RFPs.
- Provide additional opportunities for participants to provide feedback on proposed solutions and offer ideas for new solutions.
- Refine problem statements from Meeting #1.

- II. Framing the Conversation (see presentation slides for more information)
- III. Hawaiian Electric Presentation: Community Benefits Packages (CBPs) and Non-Price Evaluation Criteria in the Stage 3 RFPs (see presentation slides for more information)
  - HECO presentation on the RFP process
  - Key points
    - Equity Improvements
      - Initial evaluation (overseen by Independent Observer, the Independent Engineer oversees technical aspects)
        - Non-price is 40%
        - Price is 60%
        - Firm generators are chosen by type
        - Select a priority list – these can provide a BAFO
        - Then Detailed Technical Evaluation
        - Final Award
    - Note: safety is not a negotiable, and therefore not evaluated – it’s a requirement – there are repercussions (i.e. could be fire resistant materials)
    - Eligibility & threshold requirement evaluation – these are the 1<sup>st</sup> 2 steps (minimum criteria screening)
      - Eligibility - General and admin requirements of the RFP
      - Threshold – sufficiently developed, demonstrated technology, acceptable execution risk
    - The 11 non-price criteria
      - Double-weighted (first 3)
        - Community outreach, state of project development and schedule, performance standards
      - Single weighted (remaining 8)
        - Experience and qualifications
        - Environmental compliance and permitting plan
        - Financial strength and financing plan
        - Proposed contract modifications
        - Carbon emissions
        - Cultural resource impacts
        - Technical model
        - Land use and impervious cover
      - In Stage 3 implemented one overall non-price element – point reductions on score based on previous performance for developers
      - Bid deadline – all proposals received by date to be considered, through use of an online platform – locked/non-accessible to HECO until the deadline.
      - Engineers then check eligibility requirements. The price evaluators redact all price info then send to the non-price evaluators.

- Independent observer/engineer are both reviewing the proposals – they may have questions and will ask why a certain score.
- Projects are put into budgets based on project type.
- Community Outreach & Engagement Enhancements
  - Stage 1
    - Community outreach & engagement non-price criterion
    - Intro of community engagement process
  - Stage 2
    - More detailed community outreach & engagement requirements
    - Double weighting of non-price criterion
  - Stage 3
    - Further enhanced requirements, incorporated community feedback
- Development can be credited to the West Oahu Ohana (also the shared solar RFP) and also stemmed from the work being done on Molokai, as well as with Energize Kakao, and the Ulupono Initiative.
- Community Outreach Plan requirements
  - Project description
  - Community scoping
  - Project benefits – who they spoke to
  - Government approvals
  - Community benefits package
  - Communications plan
  - Contractually required in Section 29.21 of the PPA
  - All is posted publicly for transparency
- Brief overview of the Comm Benefits Package
  - Into in Stage 3 – Community Outreach meetings on Oahu
  - At least \$3,000 per MW per year
  - Priority given to those that do more
  - Documented CBP highlighting distribution of funds
  - Actions identified/intended by the host community
  - OR to a Nonprofit – to address host community needs
  - Some discussion around defining and refining the zip code methodology
- Proposed Updates for IGP RFP
  - Incorporate stakeholder & community feedback
  - Incentivize proposers to submit well developed bids leading to successful projects
  - interactive map on website for communities to engage
- In RFP Stage 4
  - Do want to make improvements – yes
  - No process will be perfect – in what ways can we improve
  - Ratio – adjust to 50/50 ?

- Scale – convert the scoring scale of certain non-price from numerical score to pass/fail ?
- Criteria – modification of existing criteria and/or incorporation of additional requirements based on stakeholder and comm feedback
- Answers – for resiliency factors question (these are minimum requirements, not negotiable – building codes, etc.)

#### IV. Case Studies from Other Jurisdictions

- RMI presentation (see presentation slides for more informations)
- Equity in RFPs
  - Looking at case studies for other state examples to non-price
    - Washington, NY, Maine
  - 5 options they've seen for altering bid evaluation
    - Add or alter existing non-price criteria
    - Change weighting
    - Provide greater transparency in bid evaluation methodology
    - Create enforcement/accountability for delivery of non-price criteria and CBPs
    - Establish representative community
  - Washington approach
    - PacifiCorp 2022 all-source RFP includes several equity focused minimum requirements & non-price criteria
      - Non-price was 25% (25 points)
        - Equity questionnaire
        - Supplier diversity
        - Location in proximity
        - Demonstrating how will provide non-energy benefits
        - Renewable or non-emitting resource
        - 3 points – environmental/wildlife
        - Cultural resources
      - Clean Energy Transformation Act (CETA) – required an Equity Advisory Group
        - Including development of the RFP
      - Provided clear info about evaluation methodology
      - Minimum requirements include labor and supplier reporting needs and environmental impact assessments
  - New York example
    - NYSERDA 2022 off-shore wind
      - 30 points for non-price
        - 10 – for viability (minimize impacts to underserved communities)
        - 20 – economic benefits (job creation, retention, diverse suppliers, local materials)

- Minimum requirements – quantifiable benefits for underserved communities
- Ongoing stakeholder community engagement, focused on underserved comms
- Prevailing wage for workers
- Solar paid \$500 per MW of project side + 1,000 MW of total wind
- Customers receive bill credits for first 10
- Maine example
  - Zooming in on the process of developing
  - MAV – residents voted in 2016 to establish a Community Benefits Advisory Committee – they were tasked with evaluating – as such the community conducted
    - Committee recommended development of broadband – jobs training and tech assistance from local university
  - This CBP became a legally binding CBA—unanimously voted for
  - The CBA create a stronger enforcement mechanism
  - Maine state law and Maine PUC required
- Considerations/themes
  - 1) take a community centered approach to bid evaluation
  - 2)promote transparency & openness
  - 3) ensure representation – empower communities w/data – what is necessary
- The Advisory group – Monhegan Island in Maine (not the developer group)
- RMI responded to a participant inquiry that they would provide further information/documentation in support of this presentation.

#### V. Returning to the Problem Statement

- PUC presented on the synthesis of the problem statements as collected from participants in previous stakeholder meeting (see slides for more information)
- Overarching problem – the current process may lead to inequitable outcomes
  - RFPs favor non-community, non-locals
  - Communities not adequately involved
  - Criteria is opaque
  - Criteria is not aligned
  - CBPs may not be structured to truly benefit affected communities

#### VI. Breakout Discussions: CBPs and Non-Price Evaluation Criteria

- Note: break-out room discussions for non-price criteria were originally planned for, but given the spirited discussion between stakeholders regarding Community Benefit Packages, a decision was made to continue the full-participant discussion, and table the non-price criteria topic until a future stakeholder meeting
- Speakers included: community member, developer, and utility

Question for panel: regarding CBPs What works, what doesn't?

- Sunny Unga, Kahuku Resident, & President of Kahuku Community Association (“community member”)

- Decade long opposition to the wind-farm that was proposed and ultimately built
  - Would like to encourage a community meeting out at Kahuku for all stakeholders
  - Systemic changes need to be made, the regulatory process failed Kahuku
  - No amount of CBP or money, were placed way too close to the community – problems include shadow flicker, noise, and mroe
  - Then when the CBP come in, Laie accepted it, but Kahuku did not accept it & opposed the project – the community liaison was a Laie resident – how do you ensure the voice of the community is represented when there are ulterior motives
    - A question from community was asked– how do we know that Community Advisory boards not influenced by developer
  - Most recent experience – 4 packages that were disburused
    - \$90,000 already disbursed for like A/C for schools, athletic wear donated, ACs placed at Kahuku elementary –
      - Chose window AC and then it’s loud
      - Teachers having to talk to overcome noise
      - Why wasn’t there split AC units – another teacher refused to install
    - \$2M – donated to NOHO, and LLCA
      - Have remaining Qs
        - Have Qs as to where these funds came from?
        - Did Laie receive funds for Kahuku?
    - 2.5M+1.5M in matching funds
      - The advisory committee – also comprised of community members (from Laie)
      - Kahuku strongly opposed the advisory committee with other community members – cannot have Kahuku best interest at heart
      - Even put out a survey, the residents felt that the funds should go to host community
      - Even “host community” is a challenging term because Kahuku doesn’t deem themselves as a “host” b/c challenged the project
  - Community has been -- 40 years waiting for library, no bike path, pool, rec center
    - Advocating for shade trees
  - “now that it’s all here” – Laie feels like they have same impacts
    - Laie gets 20,000/year for lifetime of project
  - Found a doc that says “this CPB was supposed to support the host community”
  - Asked to be able to review – okay to redact, just wanting to know about the community
  - Kahuku asking to support the pool & rec center
  - A lot to consider – a lot of what happened, and continuing to experience
- Wren Wescott, director of development with Longroad Energy, providing developer perspective
    - Sunny’s explanation of what happened in Kahuku – that is the situation this is the one thing you really want to avoid, a tough emotional issue– a project where the

- community is impacted, the challenges of implementing a renewable project – ideally looking for a situation where the project is received well
- The goal of a CBP – everyone thinks there is benefits to local communities
- Been involved in lots of communities – if you are in a community that doesn't support, then they are not going to accept the project
- Community benefits are much more specific and should capture if there are additional needs for the community
- In reality, can't please everybody – but it's an idea we shoot for
- An energy project – they bid to the utility, the utility selects on price and other factors – if the cost to the project – it's part of the plan – the project must still be viable to do – the project is a successful business – if the community benefits are too high then the project could potentially be too high for selected (community benefits are like 6% of points, and the price is like 60%) but when you're also bidding your price – then you're negotiating the package – need to be realistic.
- Community benefits are for people that do want this
  - thinks they should do more not less
  - It used to be just money to an organization or non-profit
  - Should be way more than 8% -- what if the community could own some % of project?
  - Goal is to get it to a place where the community not only is okay but strongly supports
  - If we want to find solutions and communities are getting smarter, more engaged in process – developers should do more and not less
  - Need to lean in
  - PUC needs to advise on changes
- Kurt Tsue, Community Affairs at HECO, utility perspective
  - No one size fits all approach
  - Most familiar experience – West Oahu (Waianae coast – ranging to Kapolei) in early 2000s – engagement with community leaders, neighborhood board chairs, and asked by slowly connecting w/comm leaders –
  - Will past into chat the specific process
  - It does take time, a lot of listening
  - Criteria was developed for needs & actions – what the community
  - Identify programs – environmental quality results
  - Conservation programs

PUC Staff asked:

- How would you define “community” in this situation
  - For us, “Kahuku is community” – Turtle Bay is a part of Kahuku, but in this case the “main community” is Kahuku town/neighborhood, near school
- What would authentic community engagement look like
  - Listen to the community when they show up

- Have been fighting for a 1.25 mile set back
- Continuing to face challenges
- Mentioned an example when HECO suggested to grandfather a project...
- Has been advising what it's like 550+
- Feeling like it's checking a box currently
- Still not hearing – would like to be a voice in the mix
- 284 feet next to a property line – is the
- Feels like there is inequity in locations of these siting
- Environmental justice – haven't seen
- Please listen –
- 200 arrests didn't stop this project
- When Ala Wai issues were raised, project was stopped
- Make the voice count – please hear – if the community had been listened to

#### More from developer perspective

- Sometimes a project gets sold (via LLCs) – sometimes when there is a new owner, the Community Benefits Packages are not honored
- There's got to be an organization that's going to be around a while
- Possibly some 3<sup>rd</sup> party enforcement
- Should adjust with inflation
- If there is a possibility to be the enforcement mechanism – if the developer stops paying, or the receiver
- Tried something with Hawaii Community Association once, but then there were issues by the local group wanting it to stay local

#### Other comments

- Should be a binding contract – so long as it is aligned w/community expectations
- If there were a windfarm or solar farm in the Kahe area, behind Makakilo – challenging to define who is the group
- Coal plant and land fill and then renewable energy projects in those same communities – how do we make sure that there is consent AND equitable
- Regarding the oversight of the CBP, for Stage 3 – it's required that the developer share what their process is, also the minimum \$ amount, there is flexibility to fund a large project up front. This is the first time we will be seeing the implementation of this process.

#### General comments regarding off-shore wind proposed project in Hawaii

- where does a community come in on this?
- Are you folks willing to stop and find another way to find the energy that is needed
- When and how does the community come in for the siting?
- Respect to offshore wind, no timeline for procurement
- Because of the way the processes work BOEM (Bureau of Ocean Energy Mgmt) authorizes federal land – there are some examples on mainland



- There has been engagement around potential sites
- Dealing with the element of cost and affordability
- Offshore is becoming more financially feasible

#### General comments regarding siting considerations and planning for renewables

- How to deliver with affordable costs – all of this is important for planning
- how to meet the demand
- energy efficiency and conservation is critical as well
- Impact from rise in EVs on the grid
- Going to be a challenging process
- Going to be tough discussions and appreciate the feedback along the way
- These are good questions – if we are trying to get to the 100% renewable energy, how are we going to get there?
- Rooftop solar – not all can handle this
- More expensive for each kW
- We kind of need everything – if looking at a big picture – if it's not here, then it's elsewhere
- Looking at the big picture – should have a holistic approach, we see all these developments happening in town (condos – who is it for?) – can local people even afford to buy these homes, wave energy pool – using a lot of energy
  - Why not have THESE developers contribute to
- Example shared - BYU Hawaii – going to be producing 100% all solar and in parking lots, 400-500 units – why not have all of them go solar
- We're told – conserve and climate change
- There is a lot of government incentive –how can we incentivize? How do we handle these overburdened overworked – if we have solar+storage, microgrids, maybe less of this utility scaled

#### More community perspective

- Have a question – what does anybody do after? Found an entity to give the benefit package to, does the corporation follow up?
- The benefits package went to outside – on Kahuku's behalf, but not known to the community
- How do we generate anything to ensure that we provide factual evidence
- How do you show evidence that you worked with community and were able to find out? Is there research to learn
- Would like to work w/PUC to make this language stronger
- This all stems from our experience in Kahuku – to support the project – NOHO was developed to receive these funds (\$80K/year)
  - But very uncertain about this organization
- More discussion on the research – let's learn from what happened here – when looking to design projects in a similar way –
- We don't just want folks to learn from in particular
- Kalaeloa, Lihue both mentioned

- Everybody keeps saying “we didn’t know” – have to understand, they don’t know have to go with the flow
- Good to see all the sharing of Mana’o – and opportunity to collaborate
- There were bills introduced Gil Riviere (the Power Bills) to try to lower bills in Kahuku – none passed, so many power outages, all the while the turbines are operating – they don’t provide backup power – electric rate is so expensive and all these – literally 20 turbines – that surround Kahuku

VII. Closing and Next Steps

- From PUC – by no means is this the last time we are discussing these important topics
- Next meeting is 9am December 12<sup>th</sup> – there will be a link to a pre-read
- will need to be adjustments based on – another meeting on late January
- there is a poll – please submit answers by COB Friday 12/1
- There is an email list serve – also in chat – can also subscribe in CDMS