



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.

If you're having tech issues, click on "Chat," select "Direct" messages, and choose "Hawaii Public Utilities Commission" in the search field.

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 #2

Energy Equity and Justice Docket No.
2022-0250

November 30th, 2023 | 9am-12pm



STATE OF HAWAII
PUBLIC UTILITIES COMMISSION



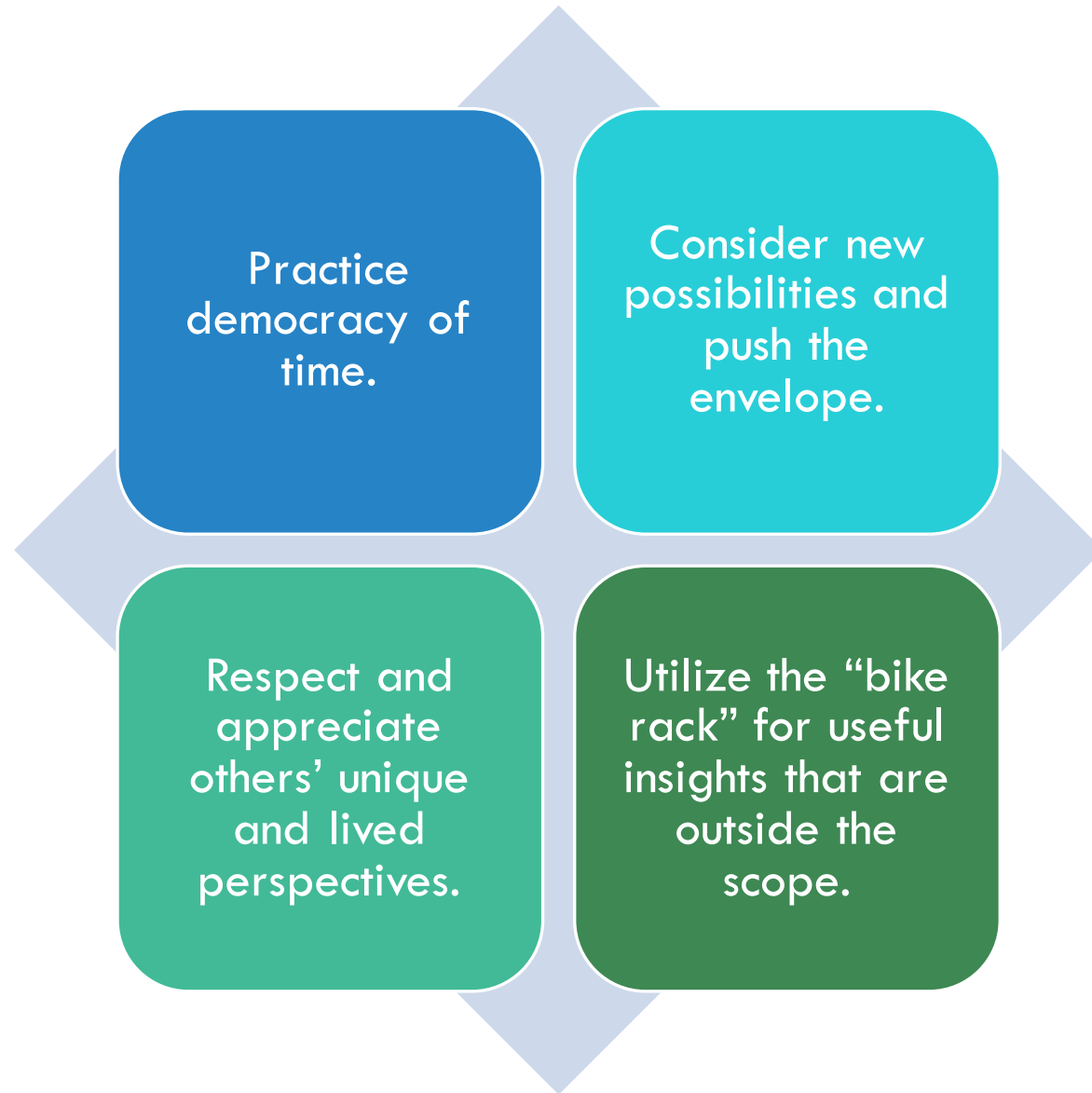
KA NA'AUAO LOA'ANA

TO TEACH OR TO ENLIGHTEN WITH
THE KNOWLEDGE, AND WISDOM OF
SCIENCE.

AGENDA

- Welcome, Intros, and Meeting Norms
- Hawaiian Electric Presentation: Equity Improvements for the IGP RFP
- RMI Presentation: Equity in RFP Bids, Case Studies
- Returning to the Problem Statement
- Discussion: Community Benefits Packages
- Discussion: Non-Price Evaluation Criteria
- Closing and Next Steps

MEETING NORMS



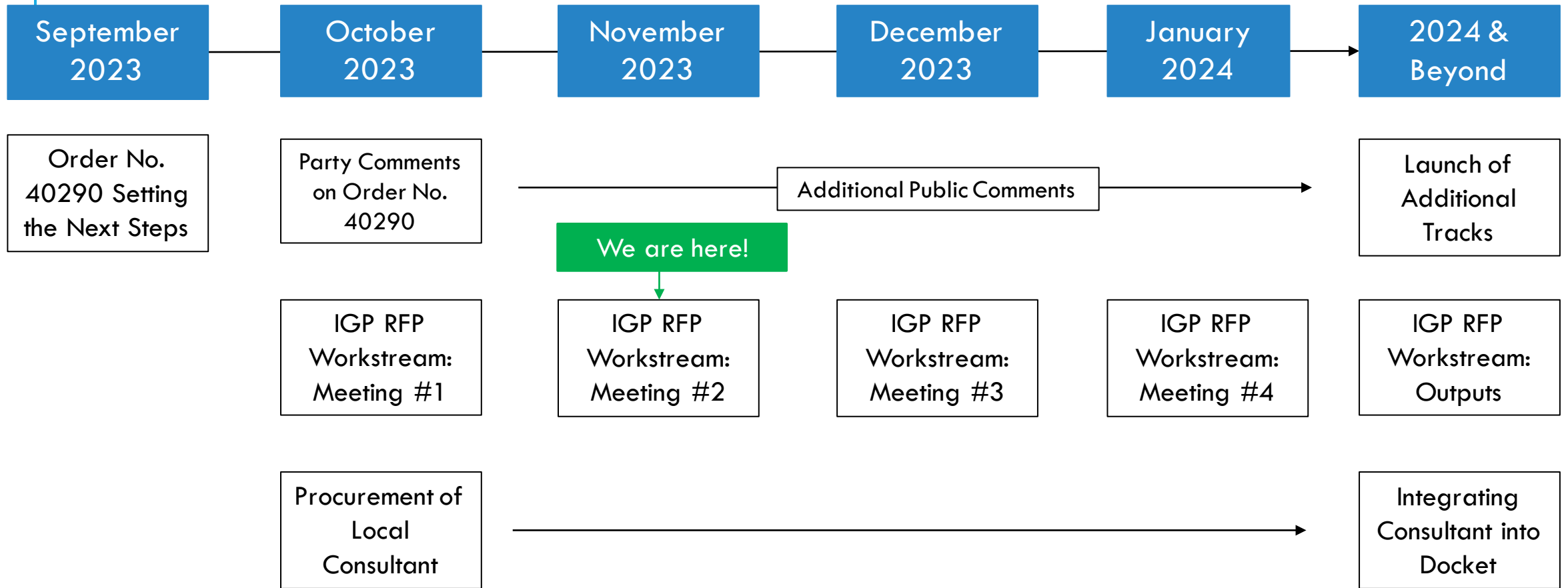
LOGISTICAL NOTES

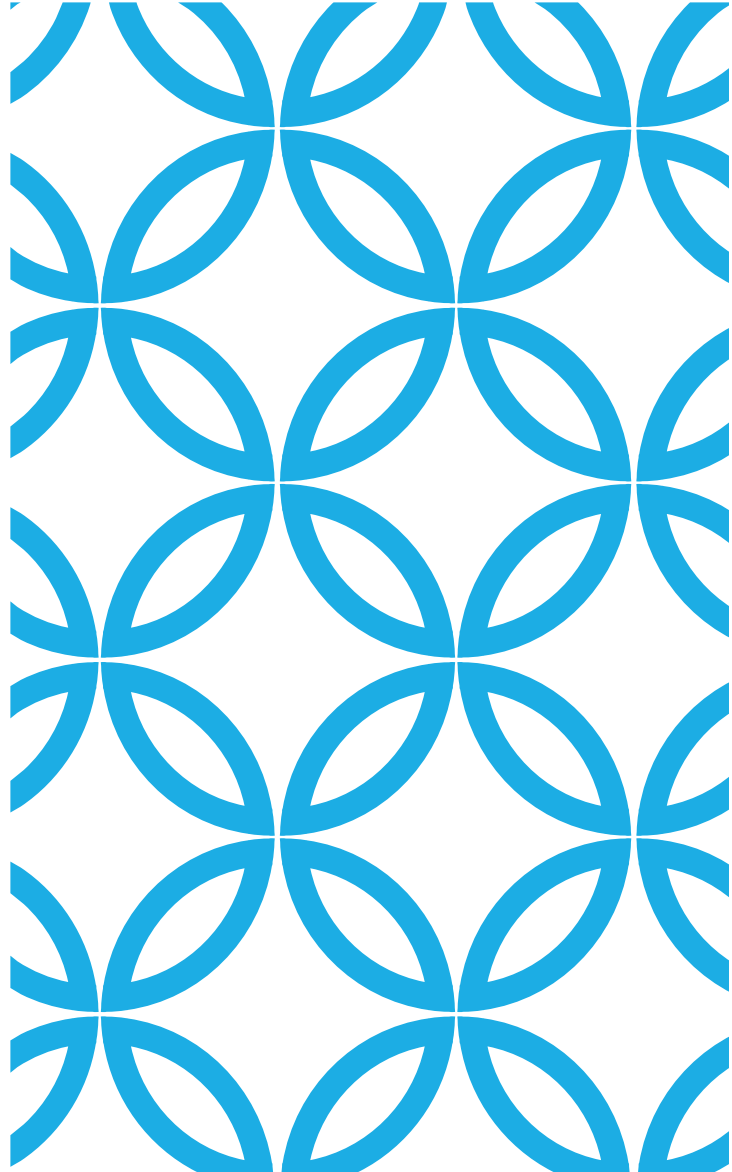
Commission staff will take notes on this meeting. Statements in the notes will not be attributed to individuals or organizations. All notes, including this presentation, will be filed to the docket record.

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 Alika Luague (alika.j.luague@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 (RFP
co-design, community
energy advisory boards)

Meeting 4:
Community
engagement in RFPs,
prioritizing solutions to
move 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
- Additional solution ideas

Output: Collaboratively derived recommendations for Hawaiian Electric and PUC consideration

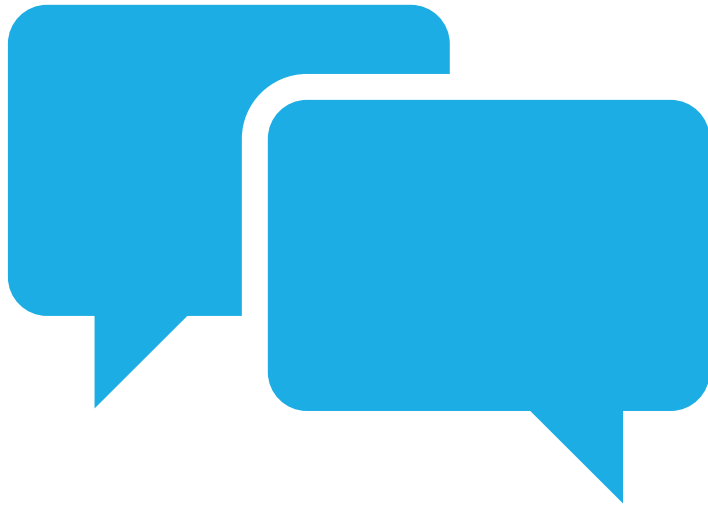
TODAY'S MEETING OBJECTIVES

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.



FRAMING THE CONVERSATION

Commission Staff

THE NEED FOR PROCUREMENTS

Why does Hawaiian Electric need to procure new projects?

1. Complying with Renewable Portfolio Standards (“RPS”) laws
2. Reducing greenhouse gas emissions
3. Enabling retirement of fossil fuel generators
4. Providing reliable service to customers
5. Serving new loads (like electric vehicles)

Why are procurements urgent?

Project development and construction takes several years (often 5+)

+

Hawaiian Electric must meet 40% RPS by 2030 & must retire fossil fuel units

=

Procurement of new renewable projects is urgent and must begin soon to be online by 2030

UTILITY PROCESS FOR SELECTING A DEVELOPER'S BID

1. Utility files request for proposal ("RFP")
2. Developers submit bids to provide the requested resource(s)
3. Utility evaluates developer bids using a combination of **minimum requirements** and **bid scoring** to evaluate developer bids
 - Step A: **Minimum requirements** (e.g., what the developer must do or commit to doing if awarded the project)
 - Step B: **Bid score** (e.g., based on optional commitments the developer can make to be evaluated more favorably). This usually includes **price** and **non-price criteria**
4. Utility awards contract to the highest scoring bid(s)

WHAT ARE NON-PRICE CRITERIA?

Utilities use a range of criteria to evaluate bids from developers

Bid Score = Price criteria + Non-price criteria

Quantitative benefits & costs of the project

- Benefits: Energy, capacity & ancillary services
- Costs: Energy costs, C&M costs, transmission, transmission costs

Qualitative characteristics

- Development & contract risk
- Bidder financial & technology viability
- Environmental impact
- Community impacts and benefits

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- Development & contract risk
- Bidder financial & technology viability
- Environmental & wildlife mitigation
- Labor standards
- Supplier diversity
- Community impacts assessment
- Community benefits (e.g., direct financial contribution, investment in community centers, etc.)

A community benefits package (“CBP”) is a tangible payment to support any of these benefit areas and more, depending on the community’s needs and priorities

PROCESS CLARIFICATIONS

Workstream outcome: Staff is inclined to draft a set of recommendations based on discussions throughout this series of meetings, file this in the docket for feedback and additional input, then file an updated final version in the new IGP RFP docket.

Hawaiian Electric's advisory role in this workstream



HAWAIIAN ELECTRIC'S PRESENTATION

RFP Evaluation Process

Community Benefits
Packages

Proposed Updates for IGP
RFP

Q&A



RMI'S PRESENTATION

Case Studies on Equity in
RFP Bids

Potential PUC Actions

Q&A



EQUITY IN RFP BIDS:
*NON-PRICE CRITERIA & COMMUNITY
BENEFITS PACKAGES (CBPS)*

AGENDA

Options to support more equitable outcomes in RFP bid evaluation

Washington Case study: Non-price criteria

New York **Case study: Non-price criteria and community benefits packages**

Maine **Case study: Community benefits packages and agreements**

Actions to ensure desired outcomes

THE FOLLOWING CONSIDERATIONS IN RFP BID STRUCTURE CAN SUPPORT MORE EQUITABLE OUTCOMES



Add or alter existing non-price criteria

Change the weighting of non-price criteria and price criteria

Provide greater transparency in the bid evaluation methodology

Create enforcement or accountability for delivery of non-price criteria and CBPs

Establish representative community advisory boards to support advocacy for community needs



CASE STUDY: NON-PRICE CRITERIA IN WASHINGTON

PACIFICORP (WASHINGTON)'S 2022 ALL-SOURCE RFP INCLUDES SEVERAL EQUITY-FOCUSED MINIMUM REQUIREMENTS & NON-PRICE CRITERIA

Minimum Requirements

Minimum requirements for bidders include:

- Agreement to track and report on use of **diverse businesses** and application of state **labor standards**
- Assessment of **wildlife impacts** (and mitigation plans if there are impacts)

Bid Evaluation

$$\text{Bid Score} = \text{Price} + \text{Non-Price Criteria}$$

100 points 75 points 25 points

Used in final phase of evaluation to measure the benefits that the local community will receive (see Appendix)

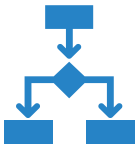
- 1 point for completion of the **Equity Questionnaire**
- 1 point if the proposal meets PacifiCorp's **supplier diversity** goals
- 1 point if the resource is located in or is in proximity to an underserved community
- 1 point for demonstrating how facility will provide **non-energy benefits**
- 1 point if the proposal is a **renewable** generating facility or **non-emitting** resource
- 3 points related to **environmental/wildlife** impact and mitigation criteria
- 1 point if **cultural resources** are either not present or mitigation plan exists

KEY OBSERVATIONS FROM PACIFICORP'S 2022 ALL-SOURCE RFP



Washington's policy environment established expectations for extensive stakeholder engagement and likely contributed to [features of the RFP that emphasized equity](#).

- PacifiCorp is [required](#) to include equity in RFPs and to convene an [equity advisory group](#) composed of representatives from underserved communities* by WA's climate law, the [Clean Energy Transformation Act \("CETA"\)](#).



PacifiCorp provided clear information about its evaluation methodology, which promotes transparency and fairness for bidders and stakeholders involved in the process.

- PacifiCorp also contracted independent evaluators to ensure sufficient oversight in the RFP process.



Price criteria had a greater weight in the bid evaluation than non-price criteria.



Minimum requirements include labor and supplier reporting needs and environmental impact assessments, but exclude other equity considerations such as community benefits.

*defined by the state's [environmental and health disparities mapping tool](#)

**In September 2023, PacifiCorp announced it had [paused](#) its 2022 All-Source RFP, so results of the RFP are not yet known.



CASE STUDY: NON-PRICE CRITERIA AND COMMUNITY BENEFITS PACKAGES IN NEW YORK

NYSERDA* (NY)'S 2022 OFFSHORE WIND RFP INCLUDED MANY EQUITY-FOCUSED MINIMUM REQUIREMENTS & NON-PRICE CRITERIA

Minimum Requirements

See Appendix for description of acceptable benefits

Minimum requirements for bidders include:

- **Quantifiable benefits for underserved communities**
- Ongoing **stakeholder & community engagement**, focused on **underserved communities**
- **Prevailing wage** for workers
- **Collective bargaining agreement**
- Opportunity for **local suppliers**
- **Environmental mitigation** measures
- **Environmental** and **carbon footprint** reporting

* [NYSERDA](#) is the New York State Energy Research and Development Authority. It administers statewide renewable energy procurement.

[Source: NYSERDA's Final RFP](#)

Bid Evaluation

$$\text{Bid Score} = \text{Price} + \text{Non-Price Criteria}$$

100 points 70 points 30 points

10 points for project viability

- Proposals that **minimize impacts to underserved communities** will receive **greater weight** in scoring

20 points for economic benefits

- Proposals will receive greater weight in scoring for:
 - Economic benefits specifically for **underserved communities**
 - **Job creation & retention** (especially that contribute to a just transition)
 - Use of **diverse suppliers**
 - **Local materials** (e.g., NY steel) **use**

KEY OBSERVATIONS FROM NYSERDA'S 2022 OFFSHORE WIND RFP



New York's policy environment likely contributed to features of the RFP that emphasized equity.

- NY's climate law, [the Climate Leadership and Community Protection Act \("CLCPA"\)](#), requires NY to ensure that underserved communities receive at least 35 percent, with the goal of 40 percent, of overall benefits of spending in the clean energy transition.



The RFP's combination of extensive equity-related minimum requirements and non-price criteria ensured basic equity guarantees while encouraging more thorough equity commitments from developers to increase their chances of winning the bid.



NYSERDA [selected](#) 3 projects in October 2023, notably tracking and reporting on the expected benefits of these projects for NY communities:

- \$15 billion in NY state spending, including \$3.4 billion in benefits to underserved communities
- More than 4,200 well-paying jobs and \$1 million in training for workers
- More than \$85 million to support research & protection of wildlife & fisheries

NY'S HOST COMMUNITY BENEFIT (“HCB”) PROGRAM WILL PROVIDE DIRECT FINANCIAL BENEFITS TO LOCAL COMMUNITIES

Separate from NYSERDA's Offshore Wind RFP, the NY Public Service Commission (PSC)'s Host Community Benefit (“HCB”) program will require the owners of large renewable projects to provide funds for **utility bill credits for local community members**.

- **Solar** project owners must pay a fee worth **\$500 per MW** of the total project size, while **wind** project owners must pay **\$1,000 per MW** of the total project size to fund the bill credits.
 - The program is paid for by the **renewable owners**, rather than customers (which is the case with many similar programs).
- Residential customers in the local community where the project is sited receive **bill credits** for the **first 10 years** after the project enters service.
- The program is intended to complement—rather than replace—other community benefit options that compensate communities.



CASE STUDY: COMMUNITY BENEFITS PACKAGES AND AGREEMENTS IN MAINE

MAINE'S PUC REQUIRED OFFSHORE WIND PROJECT MAINE AQUA VENTUS (MAV) TO DEVELOP A COMMUNITY BENEFITS PACKAGE TO ADDRESS COMMUNITY NEEDS

Community Benefits Advisory Committee (CBAC) was established to:

- Evaluate potential community benefits from the MAV project
- Engage in negotiations with MAV to develop an optimal community benefits package that promotes social, environmental and economic sustainability
- Make recommendations on a specific community benefits package and associated agreement

CBAC conducted an inventory of community assets and community needs to aid in the development of a community-specific CBP.

CBAC also supported the negotiation of a Community Benefits Agreement (CBA), a legally binding document outlining the targeted distribution of benefits to the community, including local hiring requirements and scholarships for island residents.

- The CBA was approved unanimously by island residents.

WHAT WE CAN LEARN FROM MAV AND CBAC'S COMMUNITY BENEFITS PROCESS



The creation of a community-based advisory group* to survey and represent community needs in the CBP negotiation supported community-developer communication.



Community Benefits Agreements (CBA) create a stronger enforceability mechanism.



Maine state law and the Maine PUC required CBPs/CBAs for expedited offshore wind permits, creating a supportive policy and regulatory environment for community benefit delivery.

**Note that future meetings will explore community engagement and advisory groups as an equitable IGP-RFP solution in greater detail.*



SUMMARY OF POTENTIAL ACTIONS TO SUPPORT GREATER EQUITY IN RFP BIDS

THE FOLLOWING ADJUSTMENTS TO THE RFP BID EVALUATION PROCESS CAN SUPPORT MORE EQUITABLE

Considerations	Supportive Actions
Add or alter existing non-price criteria	<ul style="list-style-type: none"> • Create non-price criteria values that align with community needs
Change the weighting of non-price criteria and price criteria	<ul style="list-style-type: none"> • Weight non-price criteria more heavily • Establish a separate criteria entirely for equity considerations
Provide greater transparency in the bid evaluation methodology	<ul style="list-style-type: none"> • Publicize the itemized rubric (points and weighting) for which both price and non-price criteria will be evaluated
Create enforcement or accountability for delivery of non-price criteria and CBPs	<ul style="list-style-type: none"> • Create accountability by establishing empowered community advisory boards • Require third party oversight selected bid implementation measuring & evaluation • Establish CBA requirements
Establish representative community advisory boards to support advocacy for community needs	<ul style="list-style-type: none"> • Leverage federal/state agency- and community-supported data mapping tools to set definitions of affected communities • Create or require community advisory boards



APPENDIX

PACIFICORP'S 2022 ALL-SOURCE RFP: EQUITY QUESTIONNAIRE

The RFP encourages bidders to fill out an [Equity Questionnaire](#), which is a spreadsheet containing 75+ questions about the proposed facility, including:

- Facility proximity to community
- Population characteristics of community where facility is proposed
- Facility job creation
- Local impacts
- Pollution burden
- Specific questions for WA bidders around community impacts, as required by CETA

Bidders get 1 point for completing the Equity Questionnaire.

PacifiCorp uses bidders' answers during the final evaluation phase to determine whether the proposed project would support the company's equity goals.

- "PacifiCorp has a preference for projects that provide environmental and economic benefits to highly impacted communities and vulnerable populations" (2022 AS Final RFP, p. 36).

NYSERDA'S 2022 OFFSHORE WIND RFP: DISADVANTAGED COMMUNITY BENEFITS

The RFP requires bidders to list quantifiable benefits that their project will provide to underserved communities.

In developing their proposals, NYSERDA encourages bidders to reference its [Disadvantaged Community Benefits guidance](#), which lists applicable categories of benefits:

- Expenditures associated with the construction, operation, and maintenance of the project (e.g., labor expenses, local material use, land use payments, host community payments, etc.)
- Community-focused investments (e.g., economic development, community benefits plans, etc.)
- Climate, public health, and other intrinsic benefits (e.g., emissions reductions and other public health benefits)

Bidders who can commit more substantial benefits to underserved communities will also score higher on the “economic benefits” category of non-price criteria, since benefits for underserved communities are weighted higher.

PUCS MAY ALSO CONSIDER SHIFTING A UTILITY'S EVALUATION OF PRICE CRITERIA GIVEN FEDERAL INCENTIVES AVAILABLE THROUGH THE INFLATION REDUCTION ACT (IRA)

The IRA creates many opportunities for utilities and project developers to invest in community benefits

Tax credits and direct pay options

for solar & wind projects that invest in workforce development, low-income communities, and energy communities

Low-cost financing

for retooling, repurposing or replacing energy infrastructure with benefits flowing to communities

Example: the Minnesota PUC has required utilities to evaluate how they will capture and maximize the impacts from IRA in RFPs in the planning phase, petitions for cost recovery (riders and rate cases), and resource planning.



REFERENCES

REFERENCES

Washington

[PacifiCorp's Final 2022 All-Source RFP](#)

[PacifiCorp Equity Questionnaire](#)

[Washington State Legislation on RFP solicitations](#)

[Equity Advisory Group](#)

[Clean Energy Transformation Act \(CETA\)](#)

[Washington State Department of Health Environmental Health Disparities Map](#)

[PacifiCorp RFP Pause Notice](#)

New York

- [NYSERDA RFP](#)
- [Climate Leadership and Community Protection Act \(CLCPA\)](#)
- [NYSERDA 2022 Offshore Wind Solicitation](#)
- [Host Community Benefit](#)
- [Order Adopting a Host Community Benefit Program](#)
- [Disadvantaged Community Benefits guidance](#)

Maine

- [Maine Aqua Ventus Community Benefits Package Report](#)
- [Community Benefits Advisory Council](#)
- [Maine Aqua Ventus Community Benefits Agreement](#)



10-MINUTE BREAK

RETURNING TO THE PROBLEM STATEMENT

Commission Staff

Problem:
The current RFP process may lead to and perpetuate inequitable outcomes

RFPs favor non-community, non-local actors

How and why are local businesses at a competitive disadvantage with large, multi-national corporations?

Communities are not adequately involved

How do we define affected "communities"?

How do we define "authentic" engagement that leads to community consensus or acceptance?

Bid evaluation criteria are opaque

How can bid scoring and evaluation be more transparent?

How should third party oversight be structured?

Bid evaluation criteria may not be aligned with community needs

What weight should the community benefits packages be given in bid scoring/evaluation

How can bid evaluation put greater emphasis on the impacts on the community?

Community benefits packages may not be structured to truly benefit affected communities

How should community benefits packages be structured?

What role should non-energy needs play (e.g. environmental justice, resilience, workforce development)

What role should community preferences for energy resources play?

Do current processes entrench geographic inequities?

How should we define and measure geographic equity in siting new infrastructure with respect to existing infrastructure?



DISCUSSION: COMMUNITY BENEFITS PACKAGES

Facilitated by Commission Staff



BREAKOUT GROUPS: NON- PRICE EVALUATION CRITERIA

Facilitated by Commission Staff

NEXT STEPS

Meeting #3: December 12th at 9am

Objective: discuss proposed solutions, including alternative RFP design and community energy advisory boards

If possible, please come prepared having reviewed the pre-read materials shared by the Commission.

Meeting #4: late January

Objective: discuss community engagement in the RFP process, prioritize solutions for the IGP RFPs

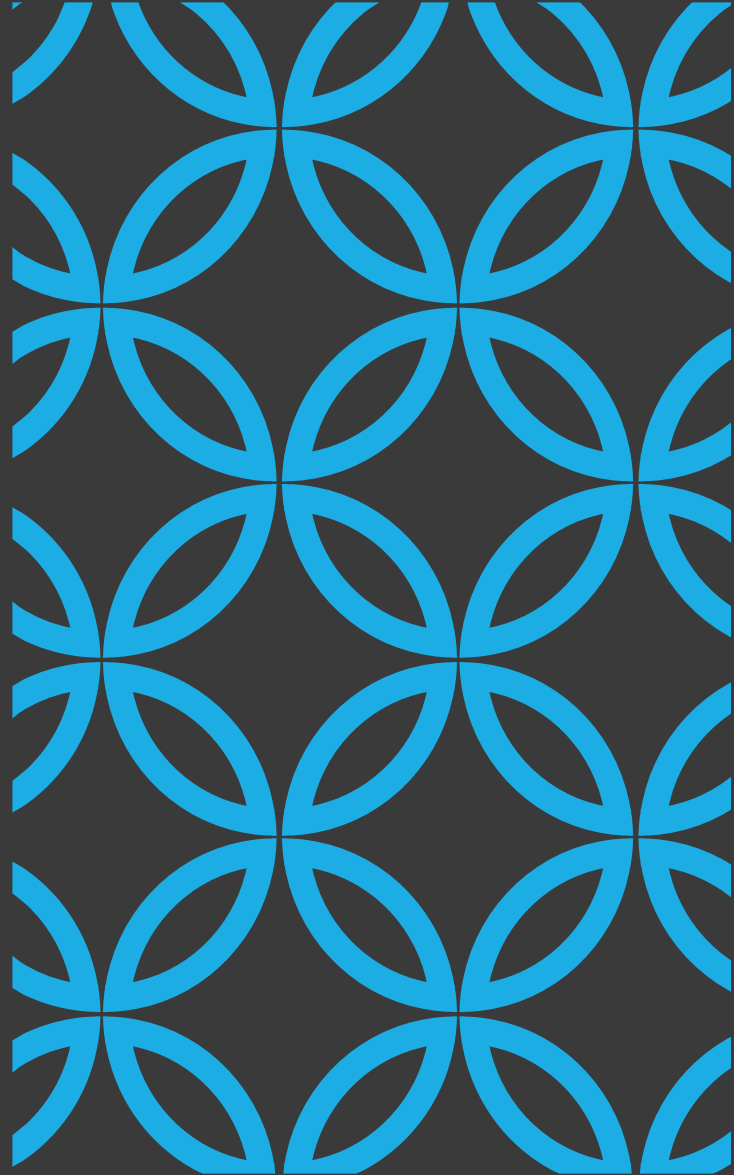
Commission staff plans to draft a set of recommendations informed by this set of meetings for this group to provide feedback on.

POST-MEETING POLL

Provide additional input on community benefits packages, non-price evaluation criteria, and this series of meetings.

Link: <https://forms.office.com/g/2198uRUG5G>

Please respond by end of day tomorrow, Friday, Decemberst



MAHALO!
