



HAWAIIAN HOMES COMMISSION PUBLIC HEARINGS

AEP Wind Holdings, LLC PROPOSED KAHIKINUI WIND ENERGY PROJECT

**Paukūkalo Community Center
Wailuku, Maui**

May 29, 2019 • 6:00 p.m.

May 30, 2019 • 9:00 a.m.

Hawaiian Homes Commission
Public Hearings
May 29, 2019 and May 30, 2019
AGENDA

- I. Roll Call and Approval of the Agenda**
- II. Purpose and Format of the Public Hearing**
- III. How to Submit Testimony—Questions and Comments**
- IV. Background Information**
- V. Presentation on the Proposed Kahikinui Wind Energy Project**
- VI. Questions for Clarification [use half-sheets]**
- VII. Public Testimony [sign-in to testify]**
- VIII. Adjournment**

Purpose

The HHC is conducting two (2) Public Hearings on the Island of Maui pursuant to Section 171-95.3, HRS:

- Allows the HHC to lease DHHL lands to renewable energy producers without public auction, as long as it is a public process and other renewable energy producers can participate.
- Prior to the lease of DHHL lands, the HHC is required to conduct two (2) Public Hearings on the island where the project is located in order to:
 - Inform the public of the lease of DHHL land for a renewable energy project
 - Distribute an outline of the proposal for the renewable energy project
 - Receive testimony from interested parties and the general public
- HHC action on the proposal will be taken during a Special Commission Meeting at 10:00 a.m. on May 30, 2019.

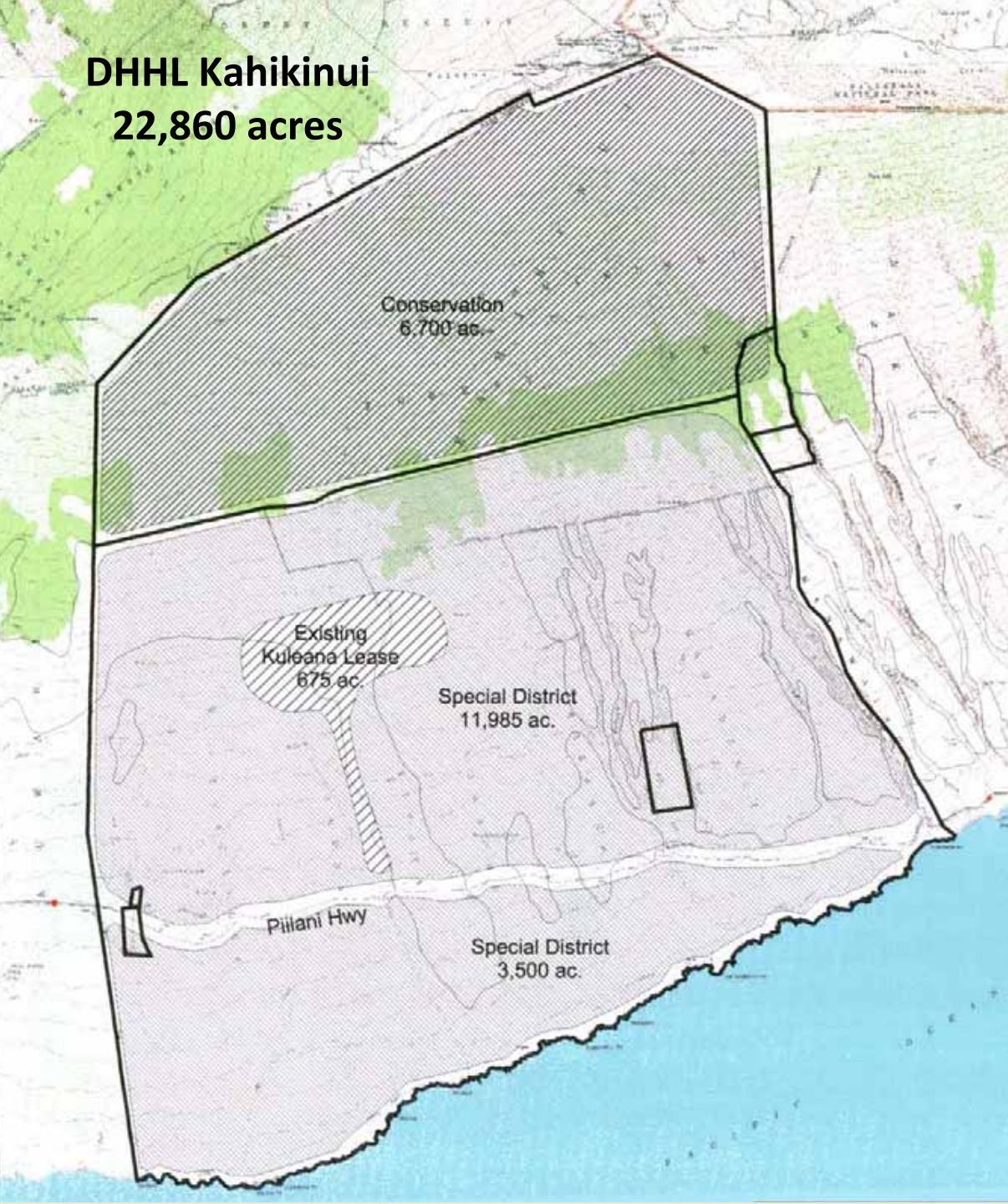
Format of the Hearing

- **STAFF OVERVIEW** of background information about the selection process and the reasons for their recommendation.
- **AEP PRESENTATION** of the proposed wind energy project at Kahikinui.
- **QUESTIONS:** If you have questions about the proposal, please submit them on the yellow half-sheets. We will respond to questions that seek clarification on the proposal.
- **PUBLIC TESTIMONIES:** If you want to testify, sign-up at the registration table, you will be called in the order of the sign-up sheet. During that part of the Hearing, there shall be no discussion or questions from the audience. Try to limit your comments to 3-minutes. Staff will indicate when you have 1-minute left and when your time expires.
- The same information will be covered in both Public Hearings; you only need to attend one Hearing.

How to Submit Testimony—Questions and Comments

- **QUESTIONS:**
 1. Write your questions on the yellow half-sheets.
 2. Hold it up and staff will collect them or turn it in to the staff at the registration table.
 3. We will respond to questions about the proposal before we begin taking public testimonies.
- **COMMENTS:**
 1. Present oral testimony at the Hearing; or
 2. If you have written comments, submit them to the staff at the registration table.

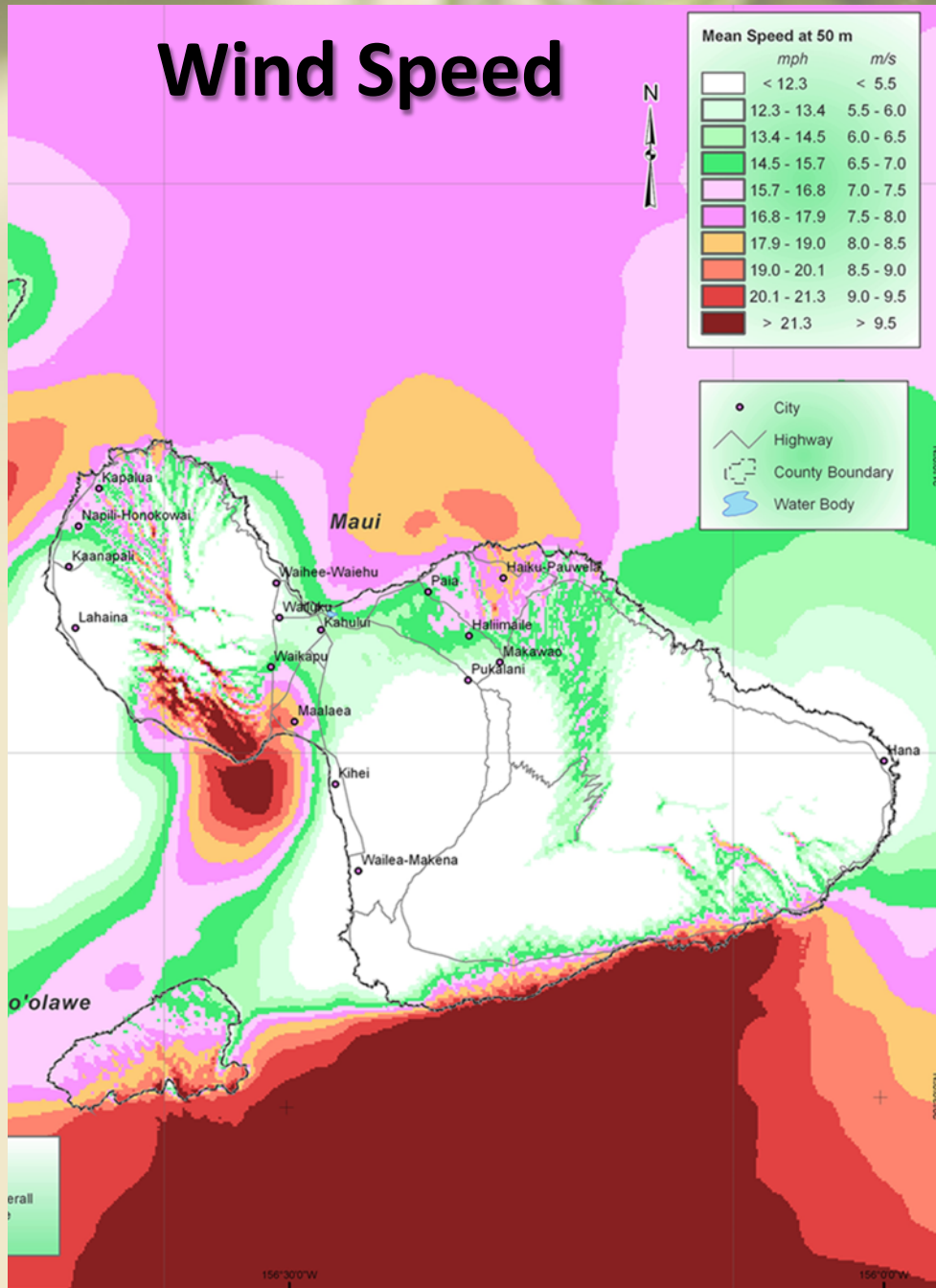
DHHL Kahikinui
22,860 acres



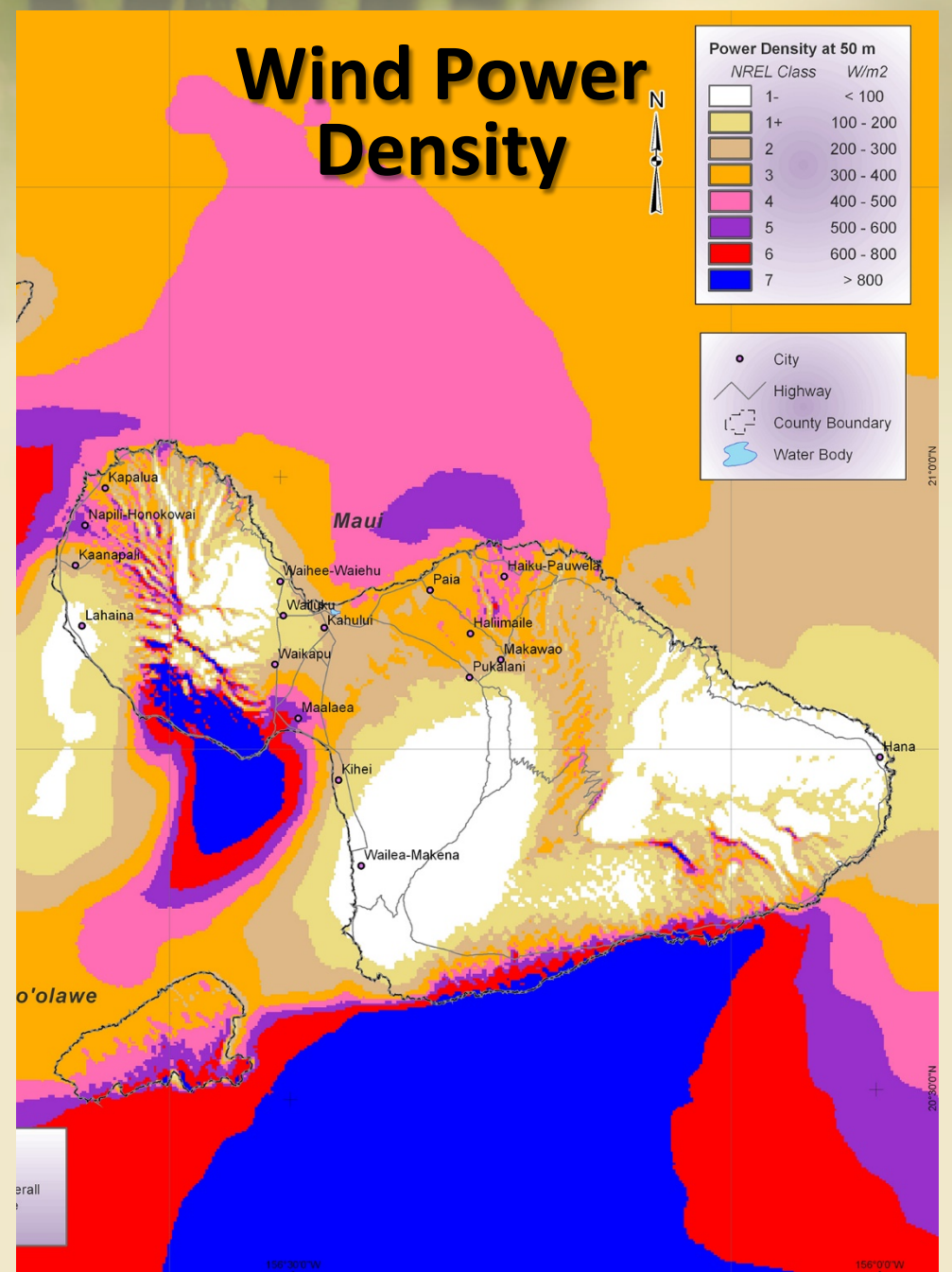
Kahikinui Moku

- The Moku of Kahikinui is comprised of 8 ahupua'a; 7 of the 8 ahupua'a are DHHL lands
- DHHL lands: 23,000 acres, 75% of DHHL lands on Maui; forest reserve
- 75 Pastoral Kuleana Leases were awarded in 1999; first of its kind; off-grid
- Untouched by plantation agriculture and urbanization, archaeological sites are largely intact
- Majority of land in the Special District

Wind Speed



Wind Power Density



Background Information on Renewable Energy

- The Legislature establishes renewable energy goals for the State. By the year 2045, 100% of our energy needs must be met with renewable energy sources.
- Electric utility companies (HECO, MECO, etc.) buy renewable energy from producers that are selected through a competitive bidding process which results in a negotiated Power Purchase Agreement (PPA) where HECO agrees to buy renewable energy from a producer at an established price.
- HECO issued an RFP in 2018 and is due to issue another RFP in June. Renewable energy producers need to have site control of land for their project in order to submit a bid to HECO.
- In anticipation of HECO's 2nd RFP, DHHL is interested in leasing land at Kahikinui to a renewable energy producer at a rate that allows them to submit a competitive bid so they may be selected by HECO for a PPA.

Background Information on DHHL's Process

- DHHL published a public solicitation for renewable energy projects at Kahikinui on December 21, 2018.
- DHHL received and evaluated two (2) wind energy proposals; Sempra Renewables LLC (now known as AEP Wind) was selected.
- On March 19, 2019, a Beneficiary Consultation meeting was conducted; the Beneficiary Consultation Report was submitted to the HHC at its April meeting.
- AEP Wind is required to satisfy several conditions for eventual issuance of a General Lease, including:
 - Written request to exercise the option and payment of a \$35,000 fee
 - DHHL approval of a site plan and a legal description for leased land
 - Completion of Chapter 343, HRS requirements (Environmental Assessment)

Reasons for Staff Support of a Wind Energy Project at Kahikinui

- With the goal of 100% renewable energy by 2045, there is a need and demand for renewable energy.
- Kahikinui has tremendous wind resources—wind speed, wind power.
- Wind is clean energy—no toxic emissions, no heat trapping emissions that contribute to global climate change.
- There are ample lands at Kahikinui.
- Wind turbines can coexist with other land uses and can facilitate resident access to shoreline resources.
- The homestead community at Kahikinui supports the project.

The Proposed Project

WHO?

- AEP Wind Holdings, LLC
- Owns the Auwahi Wind Farm

WHAT?

- 30MW Wind Energy Project
- 8 to 15 wind turbine generators
- Each turbine generates 2MW - 5MW of energy
- Access roads to reach the turbines, electrical cables to connect the turbines to each other, and a transmission line to connect to the electrical grid

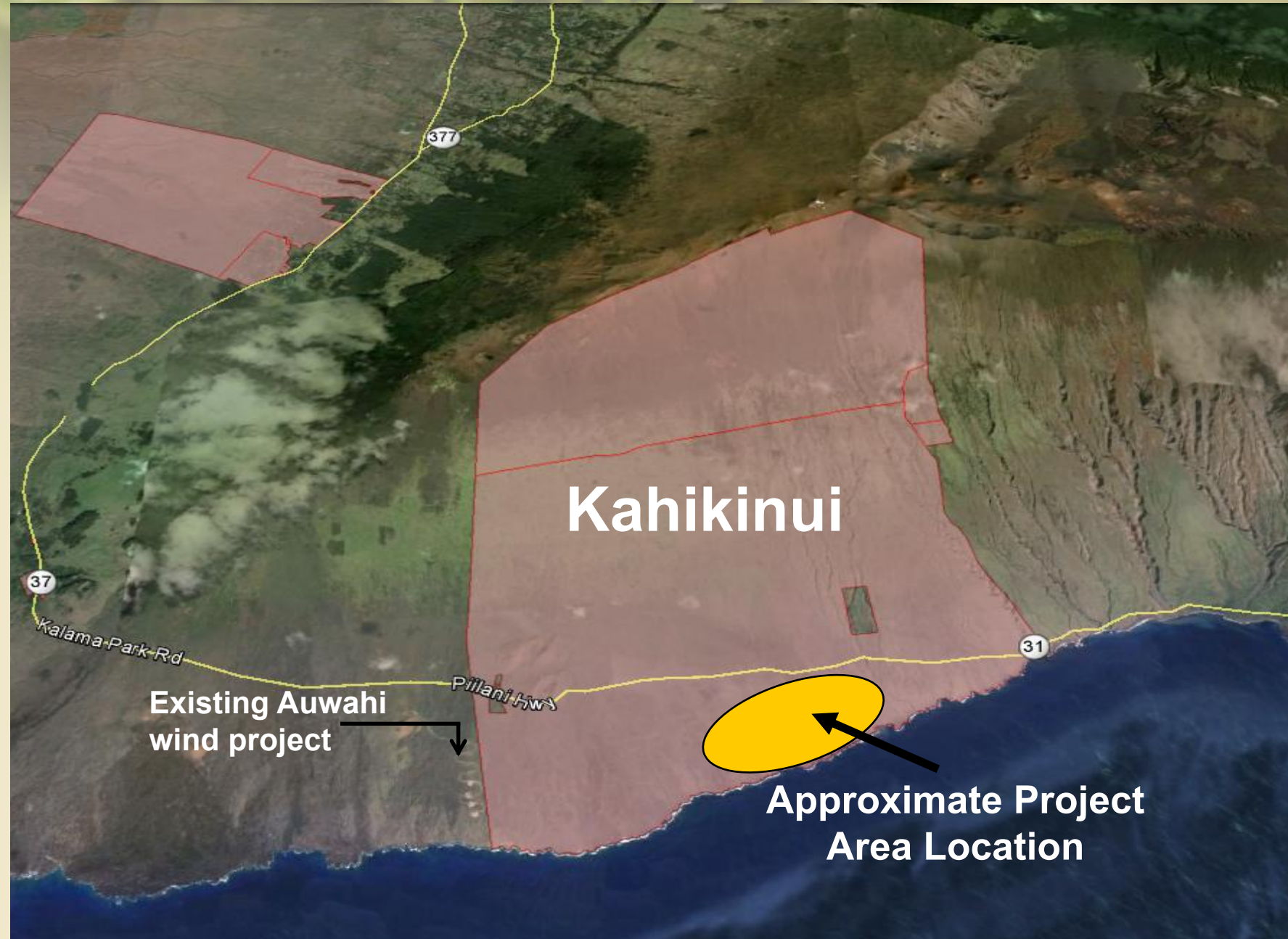
WHY?

- MECO has indicated it is looking for at least 40 MW of renewable energy to support its needs and potentially upwards of 295,000 MWh
- Excellent wind resource
- Potentially share existing Auwahi transmission facilities

The Proposed Project

WHERE?

Southeastern portion
of DHHL Kahikinui
lands below Pi'ilani
Highway



Preliminary Conceptual Site Layout

KAHIKINUI

Tax Map Key No. (2) 1-9-001:003

Property to include 50 feet
Mauka of Overhead
Collector Option B above
Piilani Highway

Property to include 50 feet
on either side of Overhead
Collection Option B below
Piilani Highway

EXISTING AUWAHI
WIND PROJECT

Property to include 50
feet on either side of
Overhead Collector
Option A

Legend

- Hale Pili
- Auwahi 1 Layout
- Auwahi 2 Layout
- Kahikinui Layout
- Kahikinui Parcel
- XXX Project Area during ROE
- Overhead Collector Option A
- Overhead Collector Option B

The Proposed Project

- Exact location of infrastructure for the wind farm is to be determined in the due diligence and investigation period during the ROE:
 - ✓ Wind analysis, including installing on-site monitoring equipment
 - ✓ Environmental studies
 - ✓ Engineering assessment, including drilling to evaluate soil and bedrock
 - ✓ Cultural field studies to identify sensitive areas and sites to avoid
 - ✓ Land survey work

The Proposed Project

DESCRIPTION OF LANDSCAPE AND AMOUNT OF LAND NEEDED

- Kahikinui lands lie within a region of steep and rugged terrain consisting largely of undissected lava flow slopes
- The site is arid and typically receives significant rainfall only during occasional Kona storms
- An estimated 100 acres to be used during construction and as buffer area
- Only about 50 acres will ultimately be needed under the General Lease

WHEN?

- Due diligence and investigation period begins upon execution of ROE for two years
- Option to extend ROE for three one-year periods
- Targeted project completion and operation by December 31, 2022, although potential exists for bringing project online by end of 2024
- AEP Wind requesting a 25-year lease term from date wind project can deliver energy to power grid
- Option to extend General Lease for another 25 years

The Proposed Project

NOTE: This slide contains propriety information that could compromise AEP's ability to submit a competitive bid. As a result, this slide is not included in the handout or website copy.

FINANCIAL OFFER:

- \$100,000/year for the first two years under the ROE
- \$100,000/year for three one-year ROE extensions, if needed
- Lease rent to be the greater of \$175,000/year OR 2.75% of gross revenue and percentage increases over time
- Lease rent under option to extend lease term for another 25 years to be renegotiated
- During initial construction period of two years, \$150,000/year to be paid; three one-year options to extend
- \$35,000 to be paid when the project begins commercial operation

The Proposed Project

COMMUNITY BENEFITS:

- **Community benefits package of a \$500,000 lump sum OR \$50,000/year during lease term**
- **Shared use of turbine access road by Kahikinui residents with secured entry to prevent unauthorized entry to makai parcel**

The Proposed Project

HOW THE PROJECT WILL BE FINANCED

- AEP Wind is a subsidiary of American Electric Power Company, Inc. (AEP)
- AEP is one of the nation's largest electricity producers with approximately 32,000 megawatts of diverse generating capacity, including more than 4,300 megawatts of renewable energy
- AEP was ranked 192 of 500 on the 2018 Fortune 500 list and maintains a strong investment grade credit rating
- AEP has the ability to finance 100% of the project cost using its balance sheet and is not dependent on project financing for construction or long-term operation

Business Concept for the Project

- **AEP Wind to become lessee on DHHL's Kahikinui land**
- **Secure a revenue contract (i.e., Power Purchase Agreement) to sell the power**
- **Lease payments and direct benefits to Kahikinui community**
- **Strong community engagement to ensure the project is supported by the community and compatible with the landscape**

Reasons for Staff Support of AEP Wind's Project

- **It has the financial resources, qualifications, and experience to develop the wind project sooner than another developer**
- **It is part of the American Electric Power Company, operator of the nation's largest electricity transmission system**
- **It has easements and entitlements already in place to help build the project faster**
- **It has wind data already assembled from its nearby Auwahi wind farm and much of the institutional knowledge needed to build in that part of Maui**
- **It has a good community relationship from dealing with the residents over the years because of its nearby Auwahi wind farm**

Next Steps

- HHC approval of ROE and conditional General Lease
- Due diligence studies to develop site plan
- Chapter 343, HRS compliance – identify and mitigate cultural, environmental, social, and economic impacts of the proposed project and site plan
- HECO/MECO issues a RFP; AEP Wind submits a competitive bid; AEP Wind is selected by HECO/MECO; PPA is negotiated
- General Lease issued
- Construction of project
- Operation and maintenance activities

VI. Questions for Clarification



The background of the slide is a photograph of a landscape. In the foreground, there is a paved road that curves through a field of dry grass and some green shrubs. In the middle ground, there are rolling hills with sparse vegetation. The sky is blue with scattered white clouds. The text is overlaid on the upper half of the image.

VII. Public Testimony

- Sign-up at the Registration Table to Testify
- “Listening Mode” – no responses to questions or testimonies.