

## BENEFICIARY CONSULTATION ON SEMPRA'S PROPOSED KAHIKINUI MOA'E KŪ WIND PROJECT



HAWAIIAN HOME LANDS  
HAWAIIAN HOMES COMMISSION · DEPARTMENT OF HAWAIIAN HOME LANDS

### **Beneficiary Consultation Meeting on Sempra's Proposed Kahikinui Moa'e Kū Wind Project**

Kula Community Center  
Tuesday, March 19, 2019  
6:00 pm-8:00 pm

## AGENDA

1. **Welcome, Introductions, Purpose**
2. **Background Information**
  - Kahikinui
  - Renewable Energy
  - Current Solicitation Process
3. **Sempra's Kahikinui Moa'e Kū Wind Energy Project**
4. **Next Steps**
5. **Questions and Answers, Comments, Concerns**

## PURPOSE OF TONIGHT'S MEETING

1. **Information on Kahikinui and Renewable Energy**
  - Why/How is DHHL involved in Renewable Energy?
  - Why Kahikinui?
  - Why Now?
2. **Information on Sempra's Kahikinui Moa'e Kū Wind Project Proposal**
3. **Beneficiary Comments, Concerns, Answer Questions**
4. **Next Steps:**
  - How to Submit Comments
  - Deadline for Comments
  - Public Hearings in June

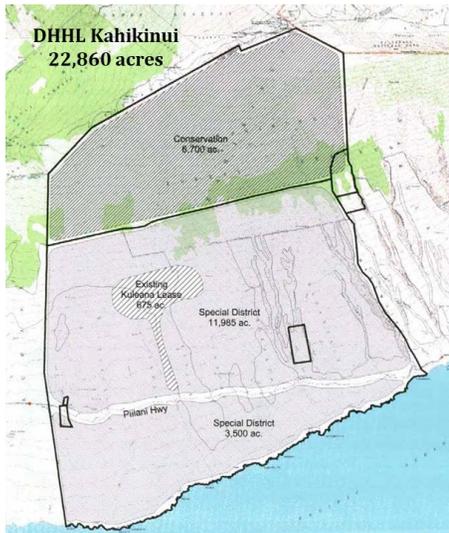
## How to Submit Comments

1. You can present your comments tonight.
2. You can write your concerns down on the half-sheet blanke and turn it into the staff at the registration table.
3. You can think about it and submit written comments later.  
**The deadline for comments is Friday April 5, 2019 (2+ weeks)**

Written comments can be:

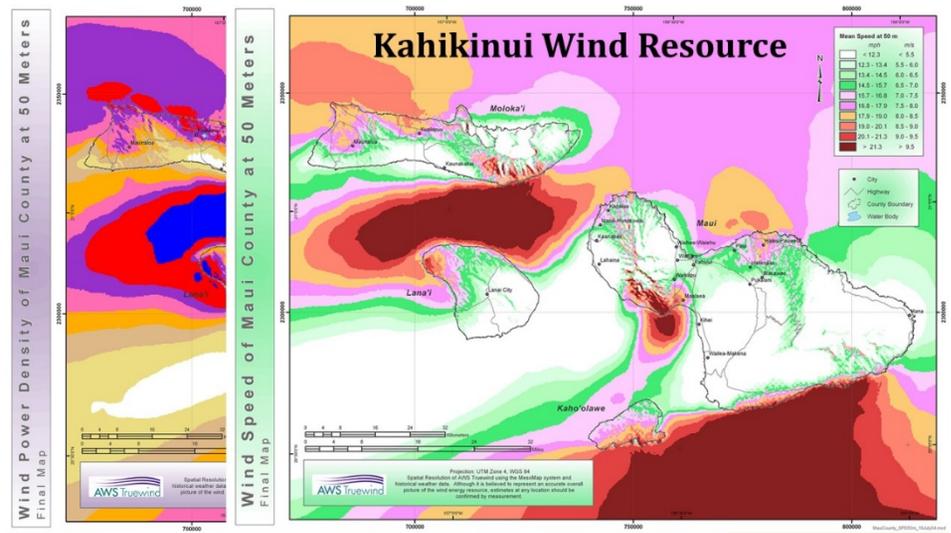
- Emailed to the Planning Office at: [DHHL.Planning@hawaii.gov](mailto:DHHL.Planning@hawaii.gov)
- Mailed to: DHHL Planning Office  
P.O. Box 1879  
Honolulu, HI 96805

Info. on the 2019 solicitation: <http://dhhl.hawaii.gov/procurement/>



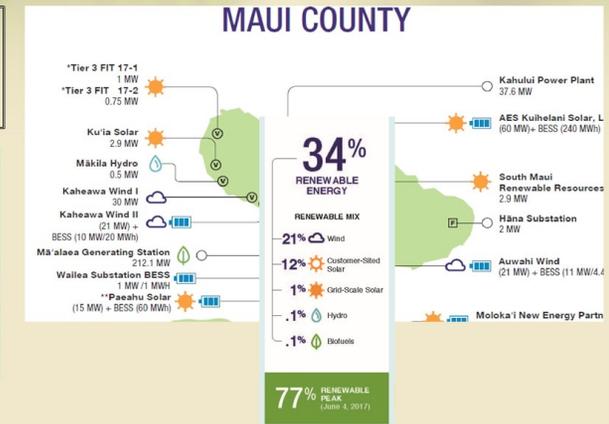
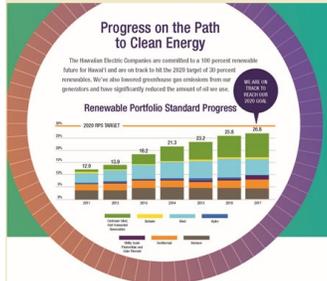
### Kahikinui Moku

- Kahikinui, translated as "Great Tahiti" is thought to be where original Polynesians first came ashore in Hawai'i
- The Moku of Kahikinui is comprised of 8 ahupua'a (Auwahi to Manawainui)
- DHHL: 7 of 8 ahupua'a; 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
- Āina Malo'o dryland cultivation; untouched by plantation agriculture and urbanization, archaeological sites are largely intact.
- Majority of land in the Special District.



## Status of Renewable Energy Development

- Renewable Energy Goals:**
- 30% by the year 2020 (26.8% now)
  - 100% by the year 2045



## Why is DHHL Interested in Developing Renewable Energy at Kahikinui?

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

## How Do We Get On-Board?

- **Complex and Independent Processes:**
  - HECO's RFP for Renewable Energy
  - DHHL's Process to Lease Land for Renewable Energy Development
  - DHHL's Normal Land Disposition
  - Developer's financing, tax credits
- **Long-Term**
  - Institutional memory—accountability
- **Build Supportive Relationships**

MAJOR PLAYERS	ROLE/FUNCTION
<b>1. The Utility</b> -HECO, MECO, HELCO  • <b>Secure renewable energy resource</b> • <b>Fixed price</b>	<ul style="list-style-type: none"> <li>• <b>Goal:</b> secure Power Purchase Agreements (PPAs)— the producer agrees to produce the energy and the utility agrees to buy it at a certain rate.</li> <li>• <b>Process:</b> [11-months]                             <ol style="list-style-type: none"> <li>1. HECO releases RFP</li> <li>2. Renewable Energy producers submit proposals.</li> <li>3. HECO selects short list of companies</li> <li>4. Companies make Best and Final Offer</li> <li>5. HECO negotiates PPA</li> <li>6. PPA to PUC for approval</li> </ol> </li> <li>• HECO Phase 2 RFPs: May/June 2019</li> </ul>
<b>2. Renewable Energy Producers</b> • <b>Long-term PPA</b> • <b>Land/Resource</b>	<ul style="list-style-type: none"> <li>• Plan, design, finance, construct, own, operate and maintain a renewable energy facility that generates and dispatches energy to HECO.</li> <li>• They need land for their facility</li> <li>• They need renewable energy resource</li> </ul>
<b>3. Large Landowners (private and public)</b>  • <b>High Lease Rent</b> • <b>Without pricing out of the market</b>	<ul style="list-style-type: none"> <li>• Private landowner—can sell, lease or give land to any renewable energy producer</li> <li>• <b>Public landowner (State DHHL):</b> General Lease lands for renewable energy development pursuant to Chapter 171-95.3, HRS.                             <ul style="list-style-type: none"> <li>• Required to notify other renewable energy producers so they can submit a proposal.</li> <li>• Required to conduct 2 Public Hearings on island</li> <li>• Action taken on the project must be on island</li> <li>• Use of state lands require Chapter 343, HRS compliance (Environmental Assessment)</li> </ul> </li> </ul> <p><b>**Our process requires more time—so we're trying to get in front of it.</b></p>

## WHAT HAVE WE DONE SO FAR?

- **HHC Approval for the 2018-2019 Solicitation Process**
- **Published a Solicitation for Renewable Energy Development Proposals for Kahikinui, Maui and Kalaheo, O'ahu.**
- **Received Two (2) Applications to Develop Wind Energy at Kahikinui.**
- **A Committee Reviewed and Scored the Proposals.**
- **\*\*Sempra Renewables LLC was selected\*\***
- **Beneficiary Consultation Meeting.**

## WHAT DO WE STILL HAVE TO DO?

- I. **For Sempra to Develop the Project**
  1. They need time on the land to do their studies.
  2. Accurate site information will provide more accurate cost estimates.
  3. The use of State lands require an EA/EIS which has to be completed before entering into a long-term land agreement.
  4. They need to get a PPA from HECO
- II. **For DHHL to Lease the Land to Sempra**
  1. Conduct 2 Public Hearings on Island - June
  2. Negotiate Final Terms of the Agreement
  3. Commission Approval on Island
- III. **Approve Land Disposition**
  1. Right-of-Entry (ROE): 2 years, option to extend (3) 1-year periods
  2. Date of Operation--General Lease for 25-years, option for 25-years

## The Proposed Project

### WHO:

- Sempra Renewables LLC
- Wholly-owned by Sempra Energy based in San Diego, California and ranked 280 on 2018 Fortune's top 500
- Same developer that owns the Auwahi wind farm on Ulupalakua Ranch land next to Kahikinui's west boundary

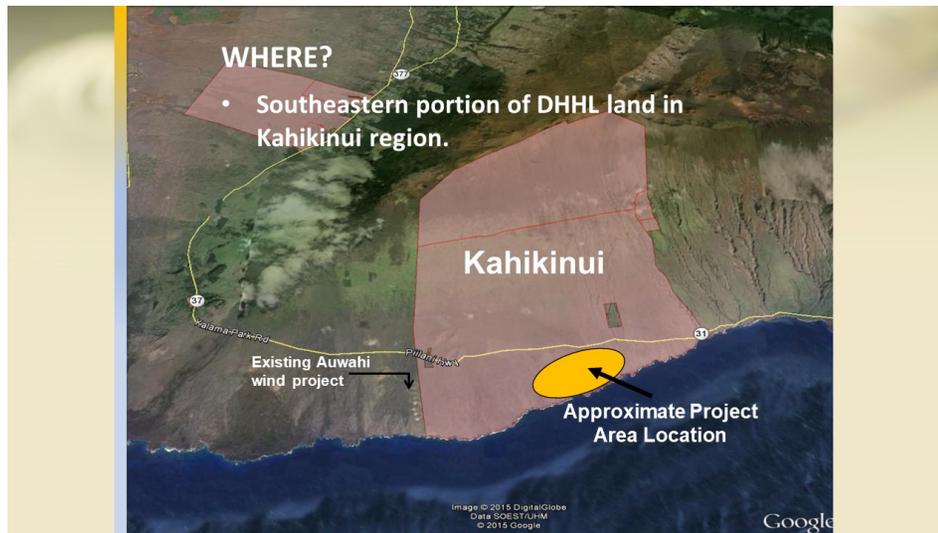
## The Proposed Project

### WHAT?

- Construction of the proposed 30MW Kahikinui Moa'e Ku Wind Project
- 8 to 15 wind turbine generators
- Each turbine generating between 2MW - 5MW of energy

### WHY?

- MECO still requires 40MW in renewable energy and storage to meet its 2022 power needs



## The Proposed Project

### • Exact location to be determined in due diligence and investigation period during 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

## The Proposed Project

### HOW MUCH LAND IS NEEDED?

- An estimated 100 acres to be used during construction and as buffer area
- Only 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
- Project completion and operation by December 31, 2022
- Sempra 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

### 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

## The Proposed Project

### FINANCIAL OFFER:

- Community benefits package of a \$500,000 lump sum OR \$50,000/year during lease term
- Both lease rent and community benefits amounts depend on price of energy MECO buys from wind project
- Price of energy and ultimate size of project unknown until MECO selects Sempra's wind project and Power Purchase Agreement (PPA) is finalized

## NEXT STEPS

- **Before April HHC Meeting Negotiate final ROE and General Lease terms**
- **April 15-16 HHC Meeting - Beneficiary Consultation Report Comments from tonight's meeting and written comments will be presented to the HHC**
- **June Conduct (2) Public Hearings on Maui (notices will be in the newspaper)**
- **June? Decision-making by HHC**

