



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

Beneficiary Consultation Meeting on the Proposed Innergex Kalaeloa Solar Project

**Kapolei Middle School
Thursday, March 21, 2019
6:00 pm–8:00 pm**

Purpose and Agenda

- 1. Share Information on Renewable Energy and DHHL**
 - **Why/How is DHHL involved in Renewable Energy?**
 - **Why Kalaeloa?**
 - **Why Now?**
- 2. Innergex will Present their Proposed Kalaeloa Solar Project**
- 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. Participate in tonight's meeting—we are taking notes.
2. Purple Half-Sheets--Write your comments/concerns on the half-sheet blanks and leave it at the registration table.
3. You can think about it and submit written comments later.

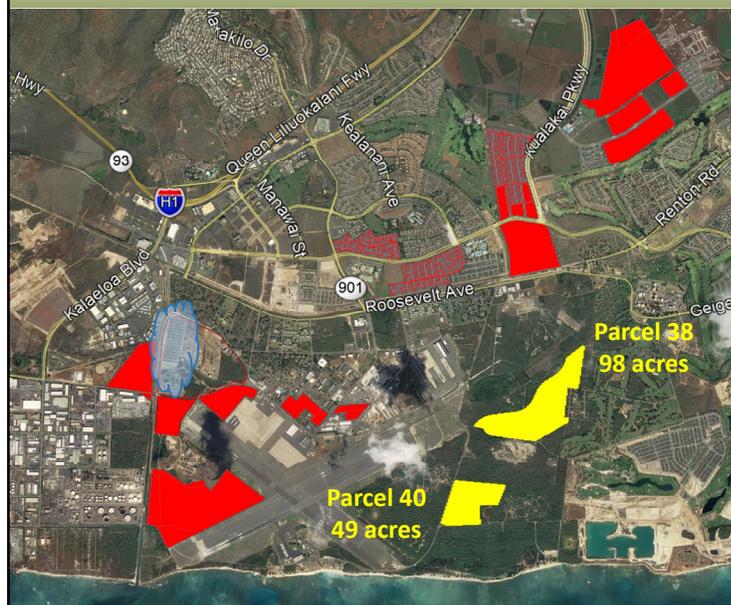
The deadline for comments is Friday April 5, 2019 (2 weeks)

Written comments can be:

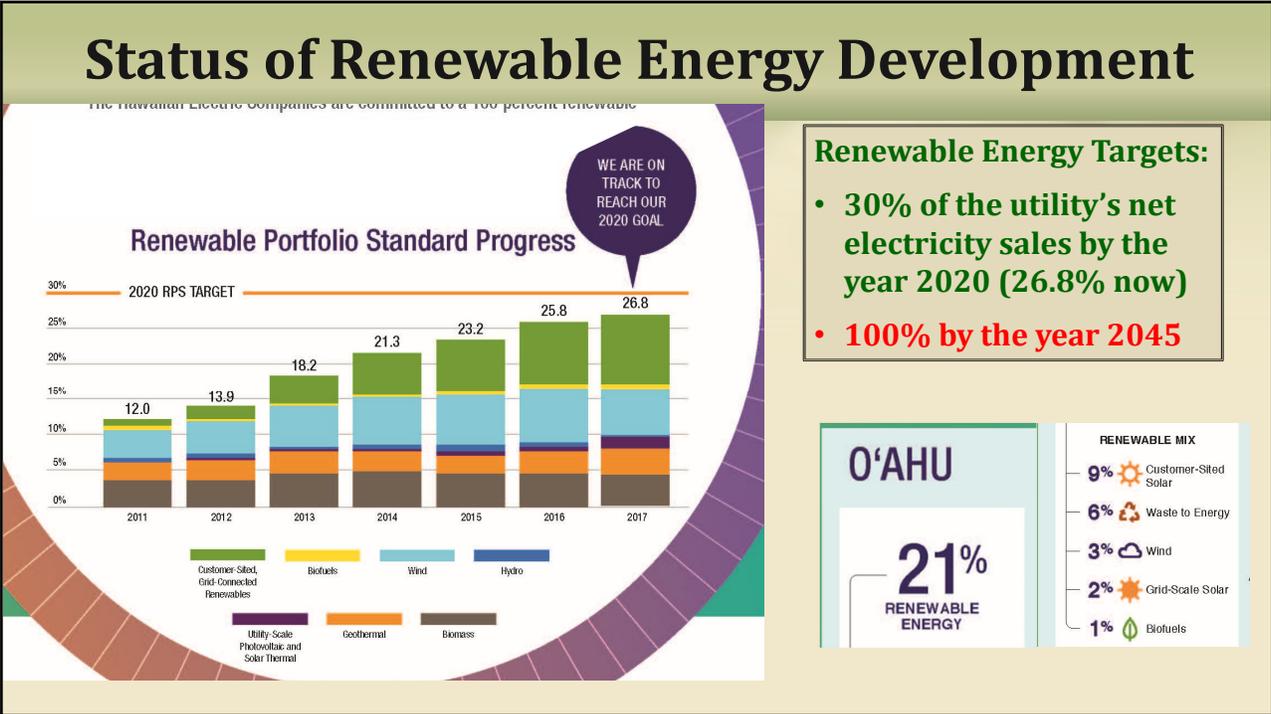
- Dropped off with the Receptionist
- Emailed to the Planning Office at: DHHL.Planning@hawaii.gov
- Mailed to: DHHL Planning Office
P.O. Box 1879
Honolulu, HI 96805

Info. on the 2019 solicitation-- <http://dhhl.hawaii.gov/procurement/>
Beneficiary Consultation page on our website: www.Hawaii.gov/dhhl

DHHL Kalaeloa Lands, Honouliuli Ahupua'a



- DHHL Land at Kalaeloa = 555 acres
- Land Use Designation = Industrial
- Blue area—location of existing Kalaeloa Solar Two Project:
 - 5 MW; began operations January 2015; lease rent \$374,000/year
- Current focus on East Kalaeloa parcels (yellow)



Why is DHHL Interested in Developing Renewable Energy at Kalaeloa?

- **With the goal of 100% renewable energy by 2045, there is a need and demand for renewable energy.**
- **The parcels at Kalaeloa have qualities that Solar companies look for: level of direct solar radiation; access to existing transmission and distribution infrastructure; south facing exposure; flat land; area free of shading from mountains, buildings or trees.**
- **DHHL's Energy Policy - Ho'omalūō supports renewable energy**
- **Revenue can be used for homestead projects; community benefits go directly to the homestead community**

How Do We Get On-Board?

Complex and Independent Processes:

- HECO's RFP Process
- PUC has to Approve Everything
- DHHL's Normal Land Disposition Process
- DHHL's Process to Lease Land for Renewable Energy Development
- Developer's planning, design, financing, use of tax credits
- Homestead Community Projects

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

What Have We Done So Far?

- **HHC Approval for the 2019 Solicitation Process**
- **Published a Solicitation for Renewable Energy Development Proposals for Kahikinui, Maui and Kalaeloa, O'ahu.**
- **Received Four (4) Applications to Develop Solar Energy at the two Kalaeloa parcels.**
- **A Committee Reviewed and Scored the Proposals. One was disqualified.**
- ****Innergex Renewables USA LLC was selected****
- **Beneficiary Consultation Meeting.**

What Do We Still Need to Do?

I. For Innergex 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. They need to get a PPA from HECO
4. The use of State lands require an EA/EIS which has to be completed before entering into a long-term land agreement.

II. For DHHL to Lease the Land to Innergex

1. Negotiate Final Terms of the Agreement
2. Conduct 2 Public Hearings on Island - June
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 Construction-New terms
3. Innergex asking for a 25-year term to start when the project can deliver energy to the power grid and extensions to match the PPA extensions

The Proposed Project

WHO:

- **Innergex Renewables USA LLC**
- **Wholly-owned subsidiary of Innergex Renewable Energy, Inc., a publicly-traded \$1.39 billion Canadian corp.**
- **Same developer that received final award under HECO's 2018 RFP for 15MW solar project in Ulupalakua, Maui and 30MW in Waimea, Hawai'i Island**

The Proposed Project (Cont'd.)

WHAT?

- **Construction of a 20MW solar energy project**
- **High-efficiency PV panels on single-axis trackers**
- **May include battery storage**

WHY?

- **On O'ahu, HECO still requires about 160,000 MWhrs (roughly 60 MW) in renewable energy generation to meet its 2022 power needs.**

The Proposed Project (Cont'd.)

WHERE?

- **Exact location to be determined in due diligence and investigation period during ROE:**

HOW MUCH LAND IS NEEDED?

- **Less than 100 acres (out of the combined total of 147 acres)**
- **Actual land for solar panels about 67% (67 acres) with remainder for access and security**

WHEN?

- **Due diligence and investigation period - 2 Years**
- **Option to extend ROE for three one-year periods**
- **Project completion and operation by December 2022**
- **Innergex requesting a 25-year lease term from the date that the solar project can deliver energy to the power grid and extensions to match the HECO PPA.**

NEXT STEPS

- **Negotiate final ROE and General Lease terms**
- **April 15-16 HHC Meeting**
 - **Beneficiary Consultation Report**
- **June**
 - **Conduct (2) Public Hearings on Maui**
 - **Conduct (2) Public Hearings on O‘ahu (notices will be in the newspaper)**
 - **Decision-making by HHC**



INNERGEX RENEWABLE ENERGY INC.

Founded in 1990, Innergex Renewable Energy Inc. is a Canadian corporation which develops, acquires, owns and operates run-of-river hydroelectric facilities, wind farms, solar farms and geothermal plants.

Innergex conducts operations in Canada, France, the United States, Chile and Iceland.

Pure play in the renewable energy industry

Head Office in Longueuil, Québec



INNERGEX



OUR MISSION

Our mission is to increase our production of renewable energy by developing and operating high-quality facilities while respecting the environment and balancing the best interests of the host communities, our partners and our investors.



INNERGEX



A SUSTAINABLE BUSINESS MODEL

We strive for a sustainable approach in all aspects of our business: the energy we produce, the contribution we make to local communities, the revenue we generate and the returns we provide to investors.

| | | |
|---|---|---|
| Social Acceptance 1 | Respect for the Environment 2 | Corporate Profitability 3 |
| Projects and socio-economic benefits for the communities and our partners | Avoid, minimize, mitigate or compensate for any impact on the surrounding ecosystem | Stability and growth of dividends to holders of common shares |

INNERGEX VALUES

Integrity

1

Transparency

2

Responsibility

3

Collaboration

4





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INNERGEX FACILITIES

73

facilities in
operation and
development

A global company with
presence and expertise in
five countries and two
continents

LÉGENDE

- Wind in operation
- Wind in development
- Solar in operation
- Solar in development
- Hydro in operation
- Hydro in development
- Geothermal in operation

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INNERGEX SOLAR ASSETS



Spartan in Michigan, USA



Stardale in Ontario, Canada



Pampa Elvira in Atacama, Chile



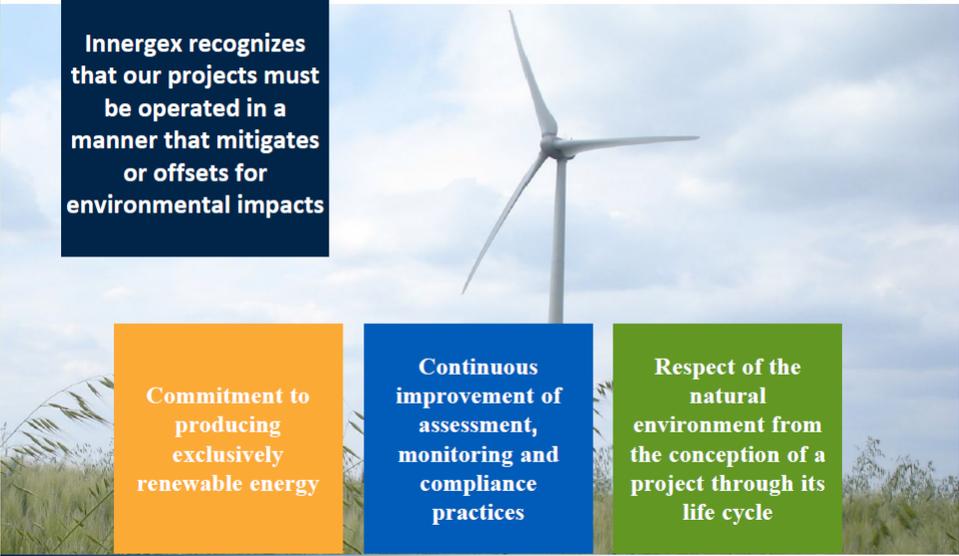
Kokomo in Indiana, USA

| Site | Acquisition or Commissioning | Innergex Participation (%) | Gross Capacity (MW) | Region |
|---------------|------------------------------|----------------------------|---------------------|--------|
| Kokomo | 2018 | 90.0 | 7.0 | USA |
| Pampa Elvira | 2018 | 27.5 | 34.0 | Chile |
| <i>Phoebe</i> | 2019 | 100.0 | 315.0 | USA |
| Spartan | 2018 | 100.0 | 13.5 | USA |
| Stardale | 2012 | 100.0 | 33.2 | Canada |



COMMITTED TO THE ENVIRONMENT

Innergex recognizes that our projects must be operated in a manner that mitigates or offsets for environmental impacts



Commitment to producing exclusively renewable energy

Continuous improvement of assessment, monitoring and compliance practices

Respect of the natural environment from the conception of a project through its life cycle

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COMMITTED TO THE ENVIRONMENT

| | | | |
|---|---------------------------------|--|--|
| Low impact on environment compared to other forms of energy generation | Virtually emissions-free | No significant impact to surrounding ecosystems | Offsetting potential greenhouse gas production from carbon-based power plants |
| 1 | 2 | 3 | 4 |



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A COMMITTED PARTNER

Innergex acknowledges its responsibility to the host territories of its projects and participates in their socio-economic development



| | | | |
|---|---------------------|--------------------------|---------------------------|
| Opportunities for local businesses | Job creation | Economic benefits | Community Benefits |
|---|---------------------|--------------------------|---------------------------|

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FIRST NATIONS PARTNERSHIPS

Innergex has gained a reputation as a partner of choice for First Nations seeking to develop business opportunities in the renewable energy sector.

Our development model with neighbor communities is based on:

- Sharing information,
- Understanding local issues and concerns
- Community benefits and education.

Four operating facilities with local communities or First Nations.

“We trust that Innergex will work within our traditional territory in a manner respectful of the environment, our culture and our constitutional aboriginal rights, titles and interest.”

Chief Stanley Thomas, Saik’uz First Nation, BC.

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RENEWABLE ENERGY IN HAWAI'I

The State of Hawaii has set a goal to achieve 100% renewable energy generation by 2045

→ In 2017, 21% of electricity used by Hawaiian Electric Company customers came from renewable energy sources.

By 2022 Hawaiian Electric Companies is seeking to add 390 MW of renewable energy to their energy mix through a competitive procurement process.

→ Of that, HECO is seeking to add 60+ MW on Oahu

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COMPONENTS

Solar Panel



High efficiency panels that are 400+ watts provide optimal energy production and minimize the footprint of the solar project

Solar Single-Axis Trackers



Increase energy output by 10-20% compared to fixed tilt foundations and have proven reliability under severe weather conditions

Battery Storage



Lithium-ion battery storage improves grid resiliency with major benefits such as load shifting to deliver power when it is needed most

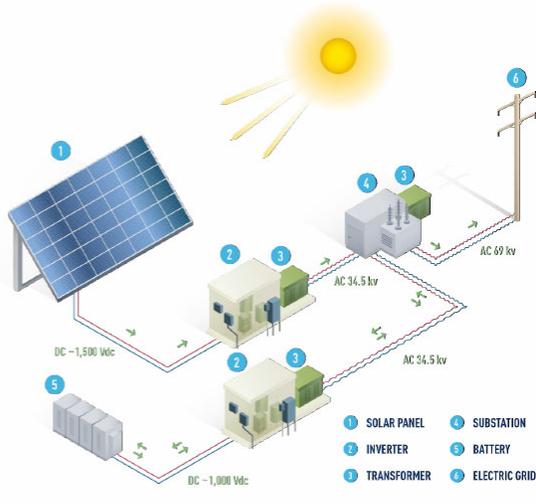
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SOLAR PHOTOVOLTAIC ENGINEERING

Photovoltaic solar panels collect energy from the sun to generate electricity.

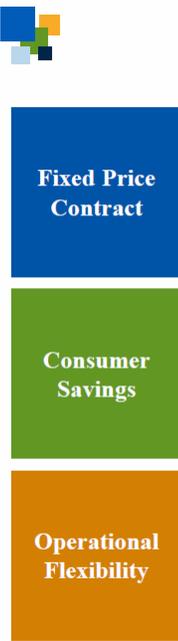
The power generated can either charge the batteries or send power to the main grid.

The batteries charge from the solar array during daylight hours and send power to the grid when it needs it most, day or night.



1 SOLAR PANEL 4 SUBSTATION
2 INVERTER 5 BATTERY
3 TRANSFORMER 6 ELECTRIC GRID

HECO IDENTIFIED BENEFITS



The diagram consists of three stacked colored boxes on the left: a blue box for 'Fixed Price Contract', a green box for 'Consumer Savings', and an orange box for 'Operational Flexibility'. To the right of each box is a corresponding text block.

Fixed Price Contract
The Unit Price, as defined in the PPA, is advantageous in that it is fixed for the duration of the PPA and is anticipated to result in lower effective rates for customers.

Consumer Savings
A typical HECO customer consuming 500 kWh per month could save approximately \$2.78 in 2022 and \$3.90 in 2023 on the customer's monthly electric bill.

Operational Flexibility
HECO will have the contractual flexibility to dispatch energy from the Project's PV or battery storage system as needed, offset night-time customer demand, and assist in grid stabilization subject to discharge limits.

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BENEFITS

We have three community benefit strategies for sharing benefits with the local community that reflect the economics of the Project.



The diagram shows three colored boxes: a dark blue box for 'Local supplier procurement and employment', a blue box for 'Contribution to the Community', and an orange box for 'Community event sponsorships and participation'. Below these boxes is a horizontal bar with four photographs.

Local supplier procurement and employment

Contribution to the Community

Community event sponsorships and participation



The four photographs show: 1) Workers installing solar panels on a roof. 2) Two men in suits performing a ribbon cutting ceremony. 3) A large group of people, including children, standing in front of a building. 4) A group of people holding a banner that says 'INNERGEX Renewable Energy Sustainable Energy Community'.

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COMMUNITY BENEFITS PROPOSED

The Kapolei Heritage Center



- Estimated \$35,000/year during 25-year lease term to be designated for the Kapolei Community Development Corporation **Heritage Center** starting in 2023.
- Preliminary discussions with KCDC indicate this could cover the Center's annual utility and maintenance fees.
- Community education related to energy savings opportunities, job training and subcontracting opportunities with HALE and its program vendors & consultants.
- Volunteer support for the building of the Halau Center.

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**Submit comments, concerns or questions by
Friday, April 5, 2019**

via email to

dhhl.planning@hawaii.gov

**These will be incorporated into the beneficiary
consultation report presented to the HHC at its
regularly-scheduled meeting in April**

Mahalo!