

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

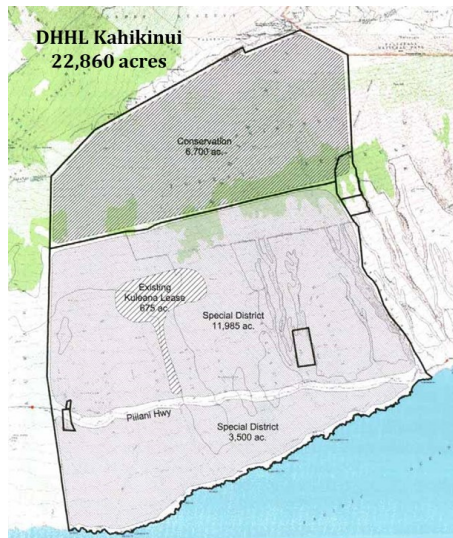
How to Submit Comments

1. You can present your comments tonight.
2. You can write your concerns down on the half-sheet blank 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:

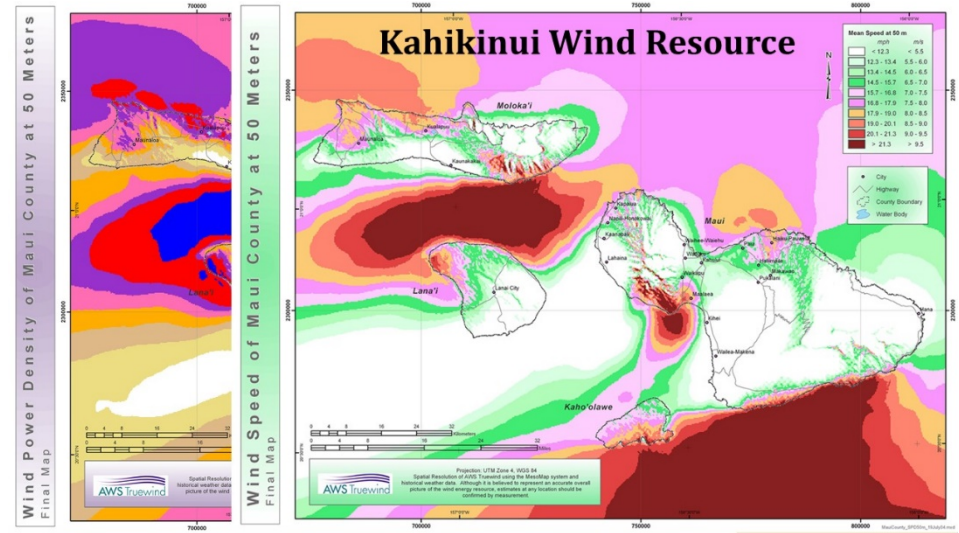
- Emailed to the Planning Office at: DHHL.Planning@hawaii.gov
- Mailed to: DHHL Planning Office
P.O. Box 1879
Honolulu, HI 96805

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.



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
1. The Utility -HECO, MECO, HELCO <ul style="list-style-type: none"> • Secure renewable energy resource • Fixed price 	<ul style="list-style-type: none"> • Goal: secure Power Purchase Agreements (PPAs)— the producer agrees to produce the energy and the utility agrees to buy it at a certain rate. • Process: [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 • HECO Phase 2 RFPs: May/June 2019
2. Renewable Energy Producers <ul style="list-style-type: none"> • Long-term PPA • Land/Resource 	<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
3. Large Landowners (private and public) <ul style="list-style-type: none"> • High Lease Rent • Without pricing out of the market 	<ul style="list-style-type: none"> • Private landowner—can sell, lease or give land to any renewable energy producer • Public landowner (State DHHL): 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 2018-2019 Solicitation Process**
- **Published a Solicitation for Renewable Energy Development Proposals for Kahikinui, Maui and Kalaeloa, 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

WHERE?

- Southeastern portion of DHHL land in Kahikinui region.

Kahikinui

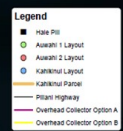
Existing Auwahi wind project

Approximate Project Area Location

Image © 2015 DigitalGlobe
Data SIOEST/UM
© 2015 Google

Google

Preliminary Conceptual Site Layout



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

