BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF HAWAII

--------In the Matter of--------

PUBLIC UTILITIES COMMISSION

DOCKET NO. 2022-0009

Instituting a Proceeding to Investigate
Integrated Resource Planning for The
Gas Company, LLC, dba Hawaii Gas.

INDEPENDENT FACILITATOR’S ADVISORY GROUP REPORT:
ADVISORY GROUP COMMENTS ON HAWAII GAS’ PROPOSED WORK PLAN

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INDEPENDENT FACILITATOR
Independent Facilitator's Advisory Group Report:
Advisory Group Comments on Hawaii Gas’ Proposed Work Plan
May 19, 2022

Introduction


Background

In January 2022, the Hawaii Public Utilities Commission (Commission) opened Docket 2022-0009 to examine the Integrated Resource Plan (IRP) Report and Action Plan for Hawaii Gas.\(^3\) Docket Orders set guidance on the process and directed Hawaii Gas to prepare and file a Work Plan to guide the development of the IRP Report.\(^4\) The Commission also directs the Consumer Advocate, the Commission, and the Advisory Group\(^5\) to review the Work Plan. The IF (Gridworks) is instructed to file an Advisory Group Report summarizing the Advisory Group's discussion and comments on the proposed Work Plan.\(^6\)

On April 21, 2022, Hawaii Gas filed its Proposed Work Plan. The Proposed Work Plan was posted publicly to the Commission's Document Management System and the IF notified the Advisory Group members of the document’s availability via email. On May 4, 2022, the Advisory Group met to discuss feedback on the Proposed Work Plan. A detailed comment summary is included as Attachment 1 of this Report. Additionally, during the May 4 meeting, Advisory Group members were invited to provide written comments on the Proposed Work Plan by May 11, 2022. Written comments were submitted by the City of Honolulu Office of Climate Change, Sustainability, and Resiliency (CCSR); the Hawaii State Energy Office (HSEO); Life of the Land; and Simonpietri Enterprises LLC (included as Attachments 2 – 5, respectively, of this Report).

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\(^1\) Order No. 38263, issued in Docket 2022-0009, filed March 7, 2022, at page 9.
\(^2\) See Exhibit A of Decision and Order, issued in Docket 2009-0108, filed March 14, 2011.
\(^3\) Order No. 38189, issued in Docket 2022-0009, filed January 19, 2022, at page 1.
\(^4\) Order No. 38189, at page 8.
\(^5\) The Advisory Group is composed of organizations that represent interests that are affected by Hawaii Gas' resource plans and that possess the ability to provide significant perspective or useful expertise in the development of the resource plans.
\(^6\) Order No. 38263, at page 9.
Proposed Work Plan Overview

At the May 4, 2022 Advisory Group Meeting, representatives from Black & Veatch, consultants to Hawaii Gas, presented an overview of the Proposed IRP Work Plan. The Proposed Work Plan includes six phases for IRP development:

- **Phase 1:** Development of IRP Planning Objectives and Metrics (May 4 - July 5, 2022). Primary tasks include:
  - Review and identify principle issues facing Hawaii Gas;
  - Summarize Revised Framework and the alignment of Hawaii Gas’ methodology;
  - Review IRP Planning Objectives and Key Metrics; and
  - Develop Evaluation Criteria.
- **Phase 2:** Review and Develop Key Planning Assumptions and Forecasts (July 6 - August 2, 2022). Primary tasks include:
  - Identify and review existing and potential supply (resource) options to be evaluated; summarize supply option cost project methodology; and forecast of CapEx, OpEx, and commodity costs;
  - Examine gas demand projection by sector by market (i.e., Oahu, Kauai, Maui, Hawaii); identify the underlying assumptions underpinning gas demand in each market; and
  - Review energy efficiency programs and access other key fundamental drivers that impact gas demand or supply options.
- **Phase 3:** Scenario Development (August 2 - September 6, 2022). Primary tasks include:
  - Develop summary presentation of assumptions to be used for Scenario development;
  - Identify key uncertainties and drivers; estimate the potential range over the analysis period and its impact on Hawaii Gas;
  - Review proposed Scenarios from Hawaii Gas and Advisory Group meetings; and
  - Develop Scenarios for further analysis.
- **Phase 4:** Develop Analysis and Models for IRP Plan (September 7 - November 30, 2022). Primary tasks include:
  - Develop analysis models, key summary metrics for each fuel supply (resource) option and portfolio;
  - Examine the impacts of different Scenarios on each fuel supply (resource) portfolio;
  - Determine, evaluate, and compare the merits of each fuel supply (resource) portfolio, and prioritize based on the evaluation criteria established in Phase 1; and
  - Summarize preliminary and final results for review.
- **Phase 5:** Develop Action Plan (December 1, 2022 - January 3, 2023). Primary tasks include:
  - Review Final Analysis Results and Develop Action Plan for near-term, mid-term, and long-term; and
  - Identify key decision points/critical path of Action Plan.
- **Phase 6:** File IRP Report (January 3 - March 13, 2023). Primary tasks include:
  - Draft IRP Report; and
Incorporate Independent Entity, Independent Facilitator, Consumer Advocate, and Advisory Group comments into the IRP Report and Action Plan.\(^7\)

Consistent with provisions in Order No. 38263, the Proposed Work Plan notes three instances of language in the IRP Framework that may not appropriately apply in this planning process and proposes alternate exceptional provisions for the Commission’s IRP Framework that may be applicable to Hawaii Gas. Those exceptions include:

- Defining "supply-side" as resources (feedstock, gas, or finished fuels) designed to supply the utility system, rather than as resources designed to supply power to the utility system;
- Repeating the IRP planning cycle every six years, rather than every three years; and
- Limiting intervenor funding to exclude compensation costs for legal or consulting services to limit cost exposure to Hawaii Gas’ customers.

The Proposed Work Plan also includes a schedule for development of the IRP Report (Figure 1).

![IRP Work Plan Schedule](image)

**Figure 1. Proposed IRP Work Plan Schedule**\(^8\)

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\(^7\) Hawaii Gas Proposed Work Plan, filed in Docket 2022-0009 on April 21, 2022.

\(^8\) Hawaii Gas Proposed Work Plan, at page 8.
Summary of Advisory Group Discussion and Feedback

On May 4, 2022, the IE and IF hosted a virtual meeting of the Advisory Group to discuss Hawaii Gas' Proposed Work Plan. For the purposes of this Report, the IF categorizes Advisory Group comments under the following themes:

- Analysis
- Assumptions
- Confidentiality of Data Sources and Models
- Integrated Resource Plan
- Methodology for Greenhouse Gas (GHG) Emissions Calculations
- Metrics
- Objectives
- Principle Issues
- Process
- Scenarios

A high-level comment summary is provided below. A detailed summary of Advisory Group comments is included as Attachment 1 of this Report. Written comments provided by individual organizations are included as Attachments 2 - 5 of this Report.

Analysis

The Consumer Advocate, HSEO, and Simonpietri Enterprises LLC asked Hawaii Gas questions related to its analysis approach, analysis availability, and data sources. Specific analysis topics discussed included renewable natural gas (RNG) availability, potential to integrate hydrogen, continued ability of the synthetic natural gas (SNG) plant to operate under a declining demand scenario, costs and benefits, and market studies.

Assumptions

The Consumer Advocate, HSEO, Life of the Land, and Simonpietri Enterprises LLC provided comments related to planning assumptions. Comments and questions spanned across specific and general planning assumptions, assumption metrics, and data availability.

Confidentiality of Data Sources and Models

Life of the Land and Simonpietri Enterprises LLC asked whether models would be available to the Advisory Group. Hawaii Gas was encouraged to leverage publicly available data sources and models to the extent possible. Before proceeding with confidential data sources and/or models, it was requested that Hawaii Gas first consult with the Advisory Group to determine whether publicly available alternatives are available and to discuss the advantages and shortcomings of publicly available vs proprietary information. Hawaii Gas confirmed that they intend to be as transparent as possible.
Integrated Resource Plan

Simonpietri Enterprises LLC recommended that the report include an infographic forecasting demand and supply over time.

Methodology for GHG Emissions Calculations

Earthjustice and Simonpietri Enterprises LLC commented on GHG emissions. Questions related to the availability of Hawaii Gas’ baseline emissions assessment currently underway and when more data about hydrogen feedstock assumptions will be available. In the May 4 meeting, Hawaii Gas responded that the baseline emissions assessment would be complete at the end of May 2022. It was noted that RNG resources vary significantly by location, quality, and lifecycle emissions, and that it is keeping all options open with regard to hydrogen feedstock assumptions. Simonpietri Enterprises LLC recommended the use of a model similar to California’s GREET model leveraged in the Low Carbon Fuel Standard (LCFS) program. Hawaii Gas noted that it plans to explore hydrogen resources from both fossil and non-fossil sources.

Metrics

The HSEO and Par Hawaii asked questions relating to metrics. Specifically, Par Hawaii asked about whether metrics should vary by island given the differences in utility infrastructure and the HSEO asked how planning objectives would be weighed in evaluation, if at all.

Objectives

The IE, State Office of Planning and Sustainable Development, and Simonpietri Enterprises LLC requested clarification on the applicable state policies and other statutory requirements. Hawaii Gas clarified that state policies to be addressed in the analysis will be discussed with the Advisory Group during Phase 1.

Principle Issues

Life of the Land, the Honolulu Office of CCSR, and the HSEO commented on Principle Issues. In the May 4 meeting, Life of the Land noted that addressing Public Trust issues should be included as a Principle Issue.

The Honolulu Office of CCSR provided written comments relating to Principle Issues (Attachment 2). In its transmittal Honolulu Office of CCSR noted that it was not requesting a direct reply from Hawaii Gas, unless it wishes to do so. Comments included recommended considerations relating to state emission reduction goals, renewable resource availability and assumptions, sea level rise exposure, and customer losses and growth.

The HSEO also provided detailed written comments relating to Principle Issues (Attachment 3). At a high level, the HSEO finds that the Proposed Work Plan lacks sufficient specificity regarding the process that
Hawaii Gas will apply to develop the IRP and Action Plan. The HSEO recommends that Hawaii Gas incorporate into the Work Plan considerations from the HSEO-Hawaii Gas Stipulation\(^9\) established in the change of control proceeding (Docket 2021-0098), Hawaii Gas’ four-pronged Clean Energy Plan,\(^10\) a carbon transition portfolio standard, and more explicit consideration of demand-side resources like energy efficiency and demand response. Further, the HSEO recommended including considerations regarding supply chain reliability and resilience issues, and interconnection of renewable natural gas developers into Hawaii Gas’ pipeline system.

Process

The HSEO, IE, Life of the Land, and Simonpietri Enterprises LLC raised process-related questions and comments. Questions related to when Hawaii Gas would consider the Advisory Group’s technical expertise, public input, the potential impact of Hawaii Gas’ sale, and when GHG emission metrics will be discussed. Further, comments noted that the proposed cadence of Hawaii Gas IRPs (i.e., every six years) is premature and too infrequent and that a wiki and lexicon of terms may be useful in the IRP development process. Lastly, Advisory Group members noted concerns that the IRP development process seems back-end heavy which could limit the ability to engage in robust dialogue, and suggested exploring whether some work could be done in parallel rather than sequentially.

Scenarios

The Consumer Advocate, HSEO, IE, and Life of the Land posed scenario-related questions. Specifically, questions raised included when a base case scenario would be available, how many scenarios would be analyzed, and what the scenarios would include (e.g., a range of values). The HSEO and Life of Land suggest including a scenario where Par Hawaii Refinery operations cease. Life of the Land also provided written comments following the meeting with specific scenario suggestions. In the May 4 meeting, Hawaii Gas noted that a base case scenario would be provided before the August Advisory Group meeting and that there is currently no pre-set limit on the number of scenarios. Supply-side scenarios will include assumptions about RNG, liquified natural gas (LNG), hydrogen, and associated fuel costs.

Conclusion

The IF notes that the content in Hawaii Gas’ Proposed Work Plan is presented at a more general level than many of the Advisory Group's specific and more detailed questions and comments. While it is important that Hawaii Gas consider all of the Advisory Group’s questions and feedback, it may be appropriate to address some of the Advisory Group's questions and comments during the course of IRP development, as opposed to via a Work Plan update. To the extent possible and appropriate, Hawaii Gas should incorporate responses to Advisory Group feedback in its Work Plan update and, if a Work Plan update is not the right venue to address a specific issue, Hawaii Gas should note in which phase


that issue will be addressed. The IF will continue to track the Advisory Group’s questions and comments and work with Hawaii Gas to gather responses to feedback as this IRP process continues.
The foregoing document was electronically filed with the State of Hawaii Public Utilities Commission's Document Management System (DMS).