



October 27, 2023



Daniel Orodener, Executive Officer
State of Hawai'i Land Use Commission
Department of Business, Economic Development and Tourism
P.O. Box 2359
Honolulu, Hawai'i 96804-2359

Dear Mr. Orodener:

Re: Petition for Land Use Commission District Boundary Amendment for Property situated at Wailuku and Makawao District, Maui, Hawai'i; Maui Electric Company, Limited; LUC Docket No. A97-722; Tax Map Key: (2) 3-8-003:023 and 024

Enclosed is the Twenty-Fifth Annual Report of Hawaiian Electric¹ (original and one copy).

We would appreciate receiving a file stamped copy of the above. Enclosed is a stamped, self-addressed envelope for this purpose.

Thank you for your consideration and assistance in this matter.

Sincerely yours,

DeCaprio, Michael

Digitally signed by DeCaprio,
Michael
Date: 2023.10.27 10:13:46 -10'00'

Michael R. DeCaprio
Vice President

Enclosures

cc. Mary Alice Evans – Office of Planning and Sustainable Development (Director)
Kathleen Aoki – County of Maui Planning Department (Director)
Daniel E. Orodener – Land Use Commission (Executive Officer), electronically

¹ Hawaiian Electric Company, Inc., Maui Electric Company, Limited, and Hawai'i Electric Light Company, Inc. ("Company" or "Companies") are each doing business as "Hawaiian Electric" and have jointly registered "Hawaiian Electric" as a trade name with the State of Hawai'i Department of Commerce and Consumer Affairs, as evidenced by Certificate of Registration No. 4235929, dated December 20, 2019.

TWENTY-FIFTH ANNUAL REPORT OF HAWAIIAN ELECTRIC

and

CERTIFICATE OF SERVICE

BEFORE THE LAND USE COMMISSION

OF THE STATE OF HAWAI'I

In the Matter of the Petition of)	
)	Docket No. A97-722
Maui Electric Company, Limited, a)	
Hawai'i corporation)	
)	
To Amend the Agricultural Land Use)	
District Boundary into the Urban)	
Land Use District for Approximately)	
65.7 acres of Land at Wailuku and)	
Makawao District, Island of Maui,)	
State of Hawai'i, Tax Map Key No.)	
<u>3-8-03:23 and 24</u>)	

TWENTY-FIFTH ANNUAL REPORT OF HAWAIIAN ELECTRIC

TO THE HONORABLE LAND USE COMMISSION OF THE STATE OF HAWAI'I:

COMES NOW HAWAIIAN ELECTRIC, a Hawai'i corporation, Petitioner herein, and pursuant to Condition No. 14 of the Findings of Fact, Conclusion of Law, and Decision and Order issued on June 22, 1998, hereby submits to the State Land Use Commission its Twenty-Fifth annual report of compliance with the conditions established by said approval as follows:

General Progress on the Project from December 2022 to October 2023:

In the Company's Twenty-Fourth Annual Report, the Company described a proposed Waena Generating Station, a Battery Energy Storage System (BESS) project and a Switching Station, all of which were contemplated in some form under the original Project proposal. The Waena Generating Station described herein was originally considered a contingency project that

could be implemented if necessary. However, although it may continue as such, it was also submitted into the Company RFP process that is still pending.

On May 11, 2023, Hawaiian Electric issued a Request for Proposals (RFP) for Renewable Dispatchable Generation and Energy Storage Maui. The intent of the RFP was to procure sufficient energy and capacity resources to enable the retirement of the Kahului Generation Station (KGS) and to continue progress toward the State's 100% renewable energy goal. Hawaiian Electric's Waena site was offered to developers as a potential site as part of the RFP. Information on the RFPs can be found at the Hawaiian Electric website: <https://www.hawaiianelectric.com/clean-energy-hawaii/selling-power-to-the-utility/competitive-bidding-for-system-resources>.

Hawaiian Electric's development team responded to the May 11, 2023, RFP with the Waena Generation Station proposal that was previously described, and involves a 40 MW generation station consisting of a group of Tier 4 engines² that Hawaiian Electric proposes to operate primarily using biodiesel (B100). The Company has not made a final bid selection.

The proposed facility would provide Hawaiian Electric with a greater level of flexibility so that it could, among other goals, (a) maintain reliability while decommissioning older generating units elsewhere on Maui, and (b) accommodate a greater percentage of variable, renewable, dispatchable generation on the grid. In the mid-1990s Maui Electric proposed a larger generating station (232 MW) at the subject site and completed an Environmental Impact Statement (EIS) for that project in 1997. The current proposed smaller generation project than was initially proposed in 1997 and is intended to operate primarily on renewable fuels.

The Company is providing information regarding its proposed Waena Generation Station project in this annual report because the selection will not be made until early 2024. Furthermore, the Company seeks to be transparent and increase the likelihood that the project could achieve the aggressive implementation schedule necessary to achieve the timely retirement of KGS. Information concerning the Company's response to the RFP can be found in our

² A Tier 4 engine is one that meets the strictest EPA emissions requirement for off-highway diesel engines. Those standards regulate the amount of particulate matter (PM), or black soot, and nitrogen oxides (NOx) that can be emitted from an off-highway diesel engine; the standards reduced the emission of those pollutants by 99% compared to 1996 levels. In addition, the engines are planned to include Selective Catalytic Reduction (SCR) to achieve even lower emissions.

“Voluntary Environmental Impact Statement Preparation Notice,” available at https://www.hawaiianelectric.com/documents/community_and_education/community_events/06222023_voluntary_eispn_waena_generating_station.pdf. Additionally, currently it is contemplated that even if the Project is not successful in the RFP process that the Project could be developed as a Company contingency project to meet the acknowledged demand for firm generation should the selected project not proceed. .

On Maui, new renewable generation and storage is needed for the planned retirement of firm fossil generation within the next five years. To help support renewable sources that are intermittent, Hawaiian Electric proposed to build a load-shifting BESS at the Waena site. The PUC application for the project was filed on September 8, 2020, with comments received through a virtual community meeting and during two public comment periods. On August 22, 2022, the Hawaiian Electric Development Team filed its response for approval to commit funds for the Waena BESS Project which is still pending.

A switchyard that is ancillary to the Maui Electric system was constructed on the site and completed in 2023. The switchyard is an ancillary facility that is involved in the transmission and distribution of energy. The Switchyard is intended to support the transmission of energy including from renewable sources that will facilitate the retirement of the fossil fuel generating units at the Company’s Kahului Power Plant facility. It will also be ancillary to any generating facility located on the site.

The Company is temporarily using a portion of the property for the storage of poles and other equipment related to responding to the Wind Storm.

The following confirms whether the conditions of the Land Use Commission approval have been met and, if they have not yet been met, how the cumulative proposed use of the site intends to comply with them.

Report on Compliance with Conditions Imposed by the Land Use Commission

1. Petitioner shall participate in an air quality monitoring program, coordinated with and approved by DOH to monitor air quality impacts attributable to the operations of the Waena Generating Station. Mitigation measures for air quality impacts attributable to the operations of the Waena Generating Station shall be implemented by Petitioner if, based on applicable State and Federal air quality standards, the results of the monitoring program warrant them.

Mitigation measures shall be developed in coordination with DOH and implemented by Petitioner.

The Department of Health (DOH) monitors particulate matter (PM_{2.5}) parameter using its two ambient air quality monitoring stations located in Kīhei and Kahului. The results of the monitoring are published annually in the State of Hawai'i Annual Summary Air Quality Data Books (available for public at: <https://health.hawaii.gov/cab/hawaii-air-quality-data-books/>).

Petitioner has submitted an Initial Covered Source Permit (CSP) application to the State of Hawaii DOH. The proposed Waena Generation Station involves operating Tier 4 engines using biodiesel, which has a very low potential for emitting PM_{2.5}. It is anticipated that PM_{2.5} emissions will not require monitoring beyond any that might be required in its permit. The BESS and switchyard elements do not have the potential to generate PM_{2.5}. The petitioner will continue to coordinate with DOH regarding this condition and implement an air quality monitoring program if deemed warranted by DOH.

2. Petitioner shall consult with DOH and, if necessary, Petitioner shall participate in a groundwater quality monitoring program in consultation with the county Department of Water and approved by DOH to monitor groundwater quality impacts directly attributable to the operations of the Waena Generating Station. Petitioner shall implement mitigation measures should the results of the monitoring program warrant them based on applicable State and Federal water quality standards. Mitigation measures shall be developed in coordination with DOH and implemented by Petitioner.

The project discussed in the 1997 Final EIS included the installation of production wells and injection wells. The proposed Waena Generation Station, planned BESS, and switchyard would require much less water. No production or injections wells would be necessary. Therefore, the potential for water resources impacts is substantially reduced. Notwithstanding, Hawaiian Electric will comply with this condition through continued consultation with DOH.

3. Petitioner shall provide at its own expense, adequate non-potable water source, storage, and transmission facilities and improvements to accommodate the proposed project. The non-potable water improvements shall meet all applicable County, State, and Federal standards and shall be consistent with the County of Maui adopted water use and development plan.

To the extent that any non-potable water is required, the Company will meet these requirements.

4. Petitioner shall consult with DOH and, if necessary, prepare a wastewater disposal plan subject to review and approval by DOH. Petitioner shall provide at its own expense adequate wastewater treatment, transmission, and disposal facilities for wastewater directly attributable to the operations of the Waena Generating Station.

The Company will comply with this condition. However, the currently proposed, planned, and built uses of the land will not result in the need for wastewater treatment, transmission, or disposal facilities. The equipment does not generate wastewater and the facilities will be operated remotely. Notwithstanding, Hawaiian Electric will comply with this condition through continued consultation with DOH.

5. Petitioner shall establish appropriate systems to contain spills and prevent materials associated with heavy industrial uses attributable to the operations of the Waena Generating Station, such as petroleum products, chemicals or other pollutants, for leaching or draining into above ground or subsurface storm drainage collection areas. Based on applicable State and Federal standards, Petitioner shall use best management practices to minimize non-point source pollution into irrigation ditches. Petitioner shall consult with DOH and County Department of Public Works and Waste Management and obtain any permits required or construct improvements required for storm water discharge on the Property.

Hawaiian Electric will comply with this condition. Permits will be obtained, as necessary. The design for the Waena Generating Station includes a bermed fuel storage area and a storm water retention basin. The switchyard also includes a storm water retention basin. Notwithstanding, Hawaiian Electric will comply with this condition through continued consultation with DOH and the County of Maui.

6. Petitioner shall consult with DOH regarding hazardous waste storage and, if necessary, prepare a hazardous waste storage plan.

It is not expected that the proposed, planned, or built uses will generate or store hazardous waste. Hawaiian Electric will comply with applicable laws and regulations as well as internal Safety Manuals and established Standard Operating Procedures with respect to any hazardous materials or wastes that may be present. All components, such as the engines, batteries, and transformers, shall be designed to applicable code. Notwithstanding, Hawaiian Electric will comply with this condition through continued consultation with DOH.

7. Petitioner shall participate in the funding and construction of local and regional transportation improvements and programs attributable to the operations of the Waena Generating Station as determined by the State Department of Transportation (DOT) and the County of Maui.

Hawaiian Electric will comply with this condition. It is preparing an updated Traffic Impact Analysis that considers whether local and regional transportation improvements and programs are warranted due to the operation of the proposed, planned, and built improvements. The analysis will be shared with DOT and the County. Hawaiian Electric shall participate in the funding and construction of those improvements and programs determined to be necessary by those agencies, if any.

8. Petitioner shall coordinate with the surrounding property owner to ensure that the proposed project will not adversely impact the use of cane haul roads and irrigation ditches or adversely impact the continued agricultural operation of adjoining sugar cane cultivation areas.

Hawaiian Electric will comply with this condition. Agricultural operations in the region no longer involve sugarcane cultivation and active irrigation ditches are no longer present at the site. Hawaiian Electric is and will continue to coordinate with the surrounding property owners, to ensure Company uses and activities associated with the Waena site will not adversely affect surrounding agricultural uses and activities.

9. Petitioner shall participate in the pro rata funding and construction of adequate civil defense measures as determined by the State of Hawai‘i and County of Maui civil defense agencies.

The Petitioner will comply with recommendations by the State of Hawai‘i and County of Maui civil defense agencies to the extent these measures are relevant to the proposed, planned, and built uses of the Waena site.

10. Petitioner shall implement effective soil erosion and dust control measures during and after construction in compliance with the applicable rules and regulations of DOH and the County of Maui.

If required, the Petitioner will apply for a County grading and work permit and shall additionally comply with applicable rules and regulations. For example, grading permits G2022-00378 and GT20220032 and roadway permit WTPT20220009 were obtained in 2022 for work associated with the switchyard. An NPDES Construction Storm Water General Permit may also be required for certain elements; for example, NGPC file no HIR10G731 was obtained in 2022 for work associated with the switchyard. The design for the Waena Generating Station includes a storm water retention basin and a retention basin was built for the switchyard.

Hawaiian Electric will continue to comply with this condition through continued consultation with DOH and the County of Maui and the filing of permit applications.

11. Should any human burials or any historic artifacts, such as charcoal deposits, stone platforms, pavings or walls be found, Petitioner shall stop work in the immediate vicinity and contact the State Historic Preservation Division (SHPD). The significance of these finds shall then be determined and approved by the SHPD and, if applicable, an acceptable mitigation plan shall be approved by the SHPD. The SHPD must verify that the fieldwork portion of the mitigation plan has been successfully executed prior to work proceeding in the immediate vicinity of the find. Burials must be treated under specific provisions of Chapter 6E, HRS.

Petitioner understands its obligation to comply with this condition.

12. Petitioner shall develop the Property in substantial compliance with the representations made to the Commission. Failure to so develop the Property may result in reversion of the Property to its former classification or change to a more appropriate classification.

The original zoning reclassification allows Hawaiian Electric, “to construct a new power generating facility in Central Maui which will: Maintain an adequate system margin-of-reserve generating capacity; increase overall system reliability; replace older generation facilities scheduled for retirement; and provide additional capacity to meet project demand for electrical service.”

This smaller, primarily renewable project will meet the main goals of the larger project as set out in the original Order:

79. The proposed Waena Generating Station is required as a facility to: maintain an adequate system margin-of-reserve generating capacity; provide a system that meets the projected electrical demand; increase system reliability; replace older generation facilities scheduled for retirement; and provide dependable electrical service to its customers.

Further, the proposed and planned energy generation and storage capacity are much smaller, will run primarily on biodiesel, and, consequently, are expected to have less impact than the project that was initially contemplated. The order also expressly contemplated a switchyard, and use of new technologies on the site, such as a BESS.

Petitioner shall give notice to the Commission of any intent to sell, lease, assign, place in trust, or otherwise voluntarily alter the ownership interests in the Property, prior to development of the Property.

Petitioner understands its obligation to comply with this condition, and currently has no plans that would alter its ownership rights.

13. Petitioner shall timely provide without any prior notice, annual reports to the Commission, the Office of Planning, and the County of Maui Planning Department in connection with the status of the subject project and Petitioner's progress in complying with the conditions imposed herein. The annual report shall be submitted in a form prescribed by the Executive Officer of the Commission.

Petitioner understands its obligation to comply with this condition and has filed Annual Reports with the Commission since 1999.

14. The Commission may fully or partially release the conditions provided herein as to all or any portion of the Property upon timely motion and upon the provision of adequate assurance of satisfaction of these conditions by Petitioner.

Petitioner understands the Commission's authority in this condition.

15. Within 7 days of the issuance of the Commission's Decision and Order for the subject reclassification, Petitioner shall (a) record with the Bureau of Conveyances a statement that the Property is subject to conditions imposed herein by the Commission in the reclassification of the Property, and (b) shall file a copy of such recorded statement with the Commission.

Petitioner has recorded a Notice of Imposition of Conditions by the Land Use Commission pursuant to Commission Rule Section 15-15-92. The notice was dated June 25, 1998, and recorded in the Bureau of Conveyances of the State of Hawai'i as Document No. 98-094602. A copy of the notice was transmitted to the Commission on July 1, 1998.

16. Petitioner shall record the conditions imposed herein by the Commission with the Bureau of Conveyances pursuant to Section 15-15-92 Hawai'i Administrative Rules.


Petitioner has recorded a Document Listing Conditions to Reclassification of Land pursuant to Section 15-15-92 of the State of Hawai'i Land Use Commission Rules. The document was dated July 23, 1998, and recorded in said Bureau of Conveyances as Document No. 98-112111. A copy of the document was transmitted to the Commission on August 4, 1998.

Conclusion

The proposed, planned, and built uses of the Waena site can and will comply with the conditions imposed by the Commission. Hawaiian Electric will continue to coordinate with the Commission, the County, DOH, and other parties to ensure that compliance is achieved and maintained.

Dated: Kahului, Hawai‘i, October 27, 2023.

HAWAIIAN ELECTRIC,
Petitioner

By: **DeCaprio,
Michael**  Digitally signed by DeCaprio,
Michael
Date: 2023.10.27 10:14:14
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Michael R. DeCaprio
Vice President

CERTIFICATE OF SERVICE

I hereby certify that due service of a copy of the within document will be made by depositing the same with the U.S. mail, postage prepaid, within (5) days of the date on this report, addressed to:

<p>MARY ALICE EVANS Director Office of State Planning and Sustainable Development State of Hawai'i P.O. Box 2359 Honolulu, Hawai'i 96804</p>	<p>BY MAIL</p>
<p>Kathleen Aoki Director County of Maui Planning Department 2200 Main Street One Main Plaza Building, Ste 315 Wailuku, Hawai'i 96793</p> <p>Dated: Kahului, Hawai'i, October 27, 2023.</p>	<p>BY MAIL</p>

By:

DeCaprio, Michael

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Michael
Date: 2023.10.27 10:14:22 -10'00'

Michael R. DeCaprio
Vice President