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PUBLIC UTILITIES
COMMISSION

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
)
HAWAII ELECTRIC LIGHT COMPANY, INC.)
)
For Approval to Construct an Overhead 69kV)
Transmission Line Extension Pursuant to)
HRS §§269-27.5 and 269-27.6(a), for Item)
H0003082, Ocean View Substation 69kV Line)
Extension.)

DOCKET NO. 2015-0229

PROJECT

DIVISION OF CONSUMER ADVOCACY'S
STATEMENT OF POSITION

Pursuant to the Hawaii Public Utilities Commission's ("Commission") Order No. 33725 Approving the Parties' Proposed Procedural Deadlines, filed on May 25, 2016 ("Order No. 33725"), the Division of Consumer Advocacy ("Consumer Advocate") informs the Commission that it has completed its review of the application filed by Hawaii Electric Light Company, Inc. ("Hawaii Electric Light"). Based upon that review, the Consumer Advocate objects to Hawaii Electric Light's request, pursuant to Hawaii Revised Statutes ("HRS") § 269-27.6(a), for a Commission determination that the proposed 69kV transmission extension for the new Ocean View Substation ("Ocean View Extension") be constructed above the surface of the ground.

The Consumer Advocate has a number of concerns with the proposed project that stems from the need for and justification of this project due to outstanding FIT projects. The Ocean View Extension is required to feed the new Ocean View Substation and is part of the interconnection facilities necessary to interconnect twenty-seven (27) Tier 2 Feed-In-Tariff ("FIT") solar photovoltaic ("PV") systems in the Ocean View area. The Consumer Advocate recommends that:

1. The Ocean View Extension be constructed underground pursuant to HRS § 269-27.6(a) to be paid for by the Solar Project Owners.
2. The 27 solar project owners pay for the additional items discussed in Sections II and III below.

The bases for the Consumer Advocate's recommendations are discussed below.

I. BACKGROUND.

On August 10, 2015, Hawaii Electric Light filed an application requesting that the Commission:

1. Conduct a public hearing as required by HRS § 269-27.5 for the Ocean View Extension.
2. Determine pursuant to HRS § 269-27.6(a) that the Ocean View Extension be constructed above the surface of the ground.

On August 28, 2015, the Consumer Advocate filed its preliminary statement of position.

On September 23, 2015, the Commission filed Order No. 33159 Denying Motion to Intervene and Granting Participant Status to the 26 Solar Project Owners.¹

On January 27, 2016, the Consumer Advocate submitted information requests to Hawaii Electric Light and the 26 Solar Project Owners. Hawaii Electric Light and the 26 Solar Project Owners responded on February 10, 2016.

On February 15, 2016, the Commission held a public hearing at Ocean View Community Center.

On May 18, the Consumer Advocate submitted supplemental information requests to Hawaii Electric Light and the 26 Solar Project Owners. Hawaii Electric Light and the 26 Solar Project Owners responded on June 1, 2016.

On May 25, 2016, the Commission filed Order No. 33725.

Public comments were filed from September 10, 2015 to June 20, 2016.

II. **DISCUSSION.**

The project scope of the proposed Ocean View Extension includes the installation of the following facilities that will tap off the existing 9600 69kV transmission line along Mamalahoa Highway to the new Ocean View Substation: (1) two new 80-foot wood poles (P-399X, P-1), (2) two disconnect switches, (3) new insulators, and (4) approximately 200 circuit feet of 556.5 KCM AAC 69 kV overhead conductors.² The estimated capital

¹ The "26 Solar Project Owners" represents 26 of the 27 project owners and refers collectively to Kona 50-18 LLC, Kona 50-19 LLC, Kona 50-20 LLC, Kona 50-21 LLC, Kona 50-22 LLC, Kona 50-23 LLC, Kona 50-24 LLC, Kona 50-25 LLC, Kona 50-26 LLC, Kona 50-27 LLC, Kona 50-28 LLC, Kona 50-29 LLC, Kona 50-30 LLC, Kona 50-31 LLC, Kona 50-33 LLC, Kona 50-34 LLC, Kona 50-35 LLC, South Point FIT LLC, and Hawaii FIT Twelve LLC.

² Application, at 6.

cost of the proposed Ocean View Extension is approximately \$168,000 and the total estimated cost of the construction of the new Ocean View Substation is approximately \$1.75 million, which is being paid for by the 27 project owners.³

Hawaii Electric Light plans for the construction of the Ocean View Substation to occur at the same time as the 27 Tier 2 FIT projects.⁴ Hawaii Electric Light states that:

Upon PUC approval of the 69 kV line to the substation, the FIT Agreements can be executed and construction can begin. Per the FIT Tariff, the developer will then have 18 months from the execution of the FIT Agreement to place the facility into service. Therefore, no construction timeline has been established at this time.⁵

As noted, the Commission conducted a public hearing at Ocean View Community Center on February 15, 2016, which addressed Hawaii Electric Light's request to conduct a hearing. In its review of the application, the Consumer Advocate considered the following issues:

- Whether there is a need for the proposed new 69kV line extension.
- Whether the proposed 69kV line extension should be constructed above or below the surface of the ground pursuant to HRS § 269-27.6(a).

³ Application, at 4. As the estimated capital cost is less than \$2.5 million, Hawaiian Electric Light is not requesting approval of the project under General Order No. 7 paragraph 2.3(g)(2).

⁴ Application, at 6.

⁵ Response to CA/HELCO-SIR-6.a. In addition, in response to CA/Project Owner-SIR-2, the 26 Solar Project Owners state that:

. . . it is not able - at this time - to provide a specific construction timeline for each of the FIT projects with specific milestone dates, until it knows when the utility substation is completed and online. Inasmuch as the 26 Solar Project Owners' original construction timeline are based upon the completion of the utility substation and transmission line, any prior construction timeline developed for these projects have been put on hold until a date certain can be obtained for the completion of the substation and transmission line.

However, the Consumer Advocate contends that the Commission should be made aware of the concerns related to the underlying FIT projects that are giving rise for the need for the proposed Ocean View Extension and the issue of whether the Ocean View Extension should be placed overhead or in underground facilities. As the Consumer Advocate analyzed the proposed project, issues and concerns with the underlying FIT projects and the community's concerns with the FIT projects and the associated infrastructure were clearly highlighted.

The following identifies a number of concerns with the underlying FIT projects:

- The FIT process was initiated in 2008 and these 27 projects are not yet operational. This delay in completion raises a number of concerns.⁶
- The delay in the completion raises questions about whether there is a commitment in finalizing the projects and these projects may have originally been an attempt to take advantage of market conditions.⁷
- The FIT process was deemed necessary at the time to encourage renewable energy project development, but the need for FIT projects, at compensation rates that are no longer reasonable, may not be consistent with the public interest at this time.

⁶ Hawaii Electric Light's response to CA/HELCO-SIR-8a confirms that there "are no other remaining FIT projects other than the 27 Ocean View projects that have yet to be places in service."

⁷ An example of the Consumer Advocate's market concerns is that the original applicants may have been seeking to reserve a spot in the FIT queue with the intent of "flipping" the project to an interested buyer. The Consumer Advocate acknowledges the delay was caused, in part, by the "aggregate generation from the projects creates a substantial amount of exported energy to the transmission system which required an IRS with a fairly complex cost sharing analysis." (Response to CA/HELCO-SIR-8b). This also highlights the concern about trying to circumvent the competitive bidding framework.

- The proposed placement of the FIT projects and the associated infrastructure could adversely affect the existing and future residents who live and/or will live next to or near the proposed FIT projects and associated infrastructure.
- With the understanding that 26 of the 27 remaining projects are owned or controlled by the same entity/entities, these projects may have been an attempt to circumvent the competitive bidding process since the combined capacity of the 26 FIT projects in question exceeds the competitive bidding threshold for the island of Hawaii.⁸

At the time when FIT projects were being reviewed for possible approval, the Consumer Advocate placed significant reliance upon the established FIT process, which included the retention of an independent observer (“IO”) to help protect the public interest. At this time, however, the Consumer Advocate is concerned that the IO failed to properly address relevant issues, such as some of the above identified issues, and protect the public interest. The Consumer Advocate contends that, in reviewing the proposed Ocean View Extension, the Commission should take note of these issues related to the FIT projects and take the appropriate actions to protect the public interest. The Consumer Advocate will offer specific recommendations to address some of the concerns in the following discussion.

⁸ Framework for Competitive Bidding, December 8, 2006, section II.A.3.f, approved by the Commission in Decision and Order No. 23121, filed on December 11, 2006 in Docket No. 2003-0372.

The Consumer Advocate anticipates that Hawaii Electric Light might argue that the discussion of the Ocean View Substation and some of the Consumer Advocate's recommendations in this statement of position ("SOP") exceed the scope of the application.⁹ The Consumer Advocate contends, however, that the Commission is able to consider the Consumer Advocate's full discussion in this SOP as well as the various recommendations pursuant to the Commission's investigative powers pursuant to HRS § 269-7. Further, the Consumer Advocate is not aware of any Commission review of the proposed Ocean View Substation and Ocean View Extension in another application pursuant to General Order No. 7. Therefore, if these issues are not raised and resolved now, the stated concerns could easily go unaddressed and that would be contrary to the public interest. The Consumer Advocate urges the Commission to reject contentions, if any, that the Consumer Advocate's SOP includes discussion beyond the scope of the relief requested by Hawaii Electric Light.

A. WHETHER THERE IS A NEED FOR THE PROPOSED OCEAN VIEW EXTENSION.

As has been discussed in prior proceedings, electricity utility systems are undergoing a period of transformation, thus the need to review electric utility projects to assess whether the project is in the public interest has become increasingly critical and challenging on both a near and long term basis.¹⁰ In the course of a public interest examination, consideration is given to determine whether there are other alternatives

⁹ See, e.g., Hawaii Electric Light's preamble to its response to CA/HELCO-SIR-13.

¹⁰ In other words, if there is no mid- to long-term need for the facilities that are to be relocated, relocation of the facilities may be an unreasonable and cost-ineffective decision.

(e.g., non-transmission alternative)¹¹ that will be able to serve the same purpose of the proposed 69kV line extension.

1. The Need for the Proposed Ocean View Extension Is Due to FIT Projects in the Area.

It should be made clear that the need for the proposed Ocean View Extension is driven by the need for a new substation to service the 27 Tier 2 FIT projects. If the FIT projects were not a consideration, the need for the proposed substation and transmission line extension cannot be justified at this time.

As background, the 27 Tier 2 FIT projects are part of the procurement mechanism for renewable resources that was approved by the Commission in Decision and Order filed on September 25, 2009, in Docket No. 2008-0273. As part of the FIT program, the Commission approved three project size tiers for the island of Hawaii:

- Tier 1: 0-20 kW
- Tier 2: Greater than 20 kW and up to and including 250 kW
- Tier 3: Greater than Tier 2 maximums and up to and including the lesser of 2.72 MW

¹¹ The consideration of non-transmission alternatives is consistent with the Commission's Inclinations of the Future of Hawaii's Electric Utilities, attached as Exhibit A to Decision and Order No. 32052, filed on April 28, 2014 in Docket No. 2012-0036, which state that:

New transmission projects must consider non-transmission alternatives – New, replacement or upgrade high-voltage transmission projects generally represent significant, lumpy capital investments that will be given careful scrutiny. Non-transmission alternatives (NTAs) such as local peaking or back-up generators, energy storage, demand response and smart grid resources are technically and commercially viable alternatives and must be evaluated as part of any economic justification for new transmission system projects.

The 27 Tier 2 FIT projects, in the Ocean View area, each have a peak production of 250 kW, for a total aggregate generation of 6.75 MW.¹² The applications for the 27 projects were submitted to the FIT queue in the November 2011 through January 2012 timeframe¹³ based on the procedures approved by the Commission in the Order Approving FIT Tiers 1 and 2 Tariffs, Standard Agreement, and Queuing and Interconnection Procedures and Concurring Opinion of Leslie H. Kondo, Commissioner, filed on October 1, 2010. Since 2010, an independent third party or IO has overseen the queuing process for the FIT projects and providing such services as:

- Assist in developing the queuing process, including review and comment on the proposed queuing procedures.
- Monitor the decisions made by the Company regarding the queuing process to ensure the process is fair and equitable to all projects.
- Review and assess the qualitative evaluation process for selecting project applications based on the evaluation criteria selected,
- Inform the Applicants of the status of the queue, including the queue length and their status in it.
- Monitor how the Company administers the queue.
- Report to the Commission on monitoring results during the FIT queuing and administration process, sufficiently early so that the Commission can correct defects or eliminate uncertainties without endangering the ability of projects to be completed.¹⁴

Two interconnection requirements studies, analyzing the impact of the FIT projects in the area, identified several issues. To address these issues, “the studies determined that the substation transformer should be located closer to the generation sites than the

¹² As mentioned earlier, the combined capacity of these projects exceed the competitive bidding threshold for the island of Hawaii.

¹³ See website: https://hecofitio.accionpower.com/_helco_1402/queue_public.asp.

¹⁴ Attachment A Scope of Work Revision – Independent Observer Contract, filed by the Hawaiian Electric Companies on January 26, 2010, approved by the Commission in Order Approving Independent Observer Contract, filed on January 28, 2010, in Docket No. 2008-0273.

present substation location at Kapua in order to provide acceptable voltage regulation, and a larger transformer with lower impedance is required.”¹⁵ Thus, these studies were used to support the need for the new substation and, due to the new substation, the transmission line extension was also made necessary.¹⁶

Hawaii Electric Light has had the easement for the proposed substation since 1972. Hawaii Electric Light states that “[t]he site has not been used because sufficient power to serve Ocean View loads has been provided by the Kapua substation, located 5 miles to the north of Ocean View.”¹⁷ These 27 Tier 2 FIT projects, however, have been accepted through the FIT process and have created a need for a new Ocean View Substation. Thus, based on the relevant studies and Hawaii Electric Light’s analysis of the existing load, the Consumer Advocate does not dispute that the 27 FIT projects created the need for the proposed substation and line extension.

2. The Proposed Ocean View Extension Can Be Considered As Part of a Non-Transmission Alternative.

The proposed Ocean View Extension may be considered a non-transmission alternative because generation is placed closer to the load in the project area. In the application, Hawaii Electric Light stated:

The subject project involves the short extension of the existing 9600 69 kV transmission to feed the new Ocean View Substation, and is being paid for by the Developers so will not result in a “significant, lumpy capital investment.” The substation capacity and transmission extension are

¹⁵ Application, at 5.

¹⁶ In its response to CA/HELCO-SIR-15c, Hawaii Electric Light confirms that the need for the Ocean View Substation is caused by the multiple FIT projects and not by the existing load conditions.

¹⁷ Response to CA-IR-6d.1.

needed to export the large FIT renewable resource to the transmission system since the energy produced greatly exceeds the loads. The facilities also enable proper voltage and power quality to be provided to existing customers on the area distribution circuits. Current technology of non-transmission alternatives such as energy storage, demand response and smart grid resources do not support this function and are very likely to be a more expensive option for the Developers to pay for. Therefore, the Company respectfully requests that the evaluation of non-transmission alternatives required for transmission projects be waived in this instance.¹⁸

The Consumer Advocate recognizes that, under the specific circumstances related to the need to accommodate these FIT projects, Hawaii Electric Light's request to waive the evaluation of NTAs is reasonable.

B. WHETHER THE PROPOSED 69KV LINE EXTENSION SHOULD BE PLACED ABOVE THE SURFACE OF THE GROUND.

Pursuant to HRS § 269-27.6(a), the following factors shall be considered in the construction of a new 46kV or greater high-voltage electric transmission system:

- (a) Notwithstanding any law to the contrary, whenever a public utility applies to the public utilities commission for approval to place, construct, erect, or otherwise build a new 49 kilovolt or greater high-voltage electric transmission system, either above or below the surface of the ground, the public utilities commission shall determine whether the electric transmission system shall be placed, constructed, erected, or built above or below the surface of the ground; provided that in its determination, the public utilities commission shall consider:

¹⁸ Application, at 8.

- (1) Whether a benefit exists that outweighs the costs of placing the electric transmission system underground;
- (2) Whether there is a government public policy requiring the electric transmission system to be placed, constructed, erected, or built underground, and the governmental agency establishing the policy commits funds for the additional costs of undergrounding;
- (3) Whether any governmental agency or other parties are willing to pay for the additional costs of undergrounding;
- (4) The recommendation of the division of consumer advocacy of the department of commerce and consumer affairs, which shall be based on an evaluation of the factors set forth under this subsection; and
- (5) Any other relevant factors.

Hawaii Electric Light states that the proposed project satisfies HRS 269-27.6(a).¹⁹

1. Whether a Benefit Exists that Outweighs the Costs of Placing the Overhead Sections of the Proposed Ocean View Extension Underground.

The estimated cost to place the proposed Ocean View Extension in overhead facilities is approximately \$168,000.²⁰ Hawaii Electric Light estimates the capital cost to place the line extension in underground facilities is approximately \$1,375,000, which is \$1,207,000, or eight times greater than overhead line extension.²¹ As discussed above,

¹⁹ Application, at 6.

²⁰ Application, at 8.

²¹ Application, at 7.

the 27 solar project owners will pay for Ocean View Extension as part of the interconnection costs related to its FIT projects. As such, the costs of placing the proposed Ocean View Extension in overhead or underground facilities should have a minimal impact on Hawaii Electric Light customers.

In its analysis to identify benefits, the Consumer Advocate considered the following:

1. Whether the proposed Ocean View Extension will result in added visual obstruction in the area; and
2. Whether other factors exist that support the underground placement of the Ocean View Extension.

a. Whether the Proposed Ocean View Extension will Result in Added Visual Obstructions in the Area.

The Consumer Advocate notes that there is an existing 69kV line on Mamalahoa Highway and a 12 kV line, requiring only 80 feet poles for Pole 399X, Pole 399, Pole 400X and Pole 1.²² It should be noted, however, the proposed overhead 69kV line extension to the new Ocean View Substation will be visible from adjacent parcels and the highway, the terrain and vegetation will obscure visibility for most residents of Ocean View Estates and Ocean View Ranchos.²³ Additionally, one home across the street on Kohala Boulevard will have a clear view of the substation and line extension.²⁴ Hawaii Electric

²² Response to CA-IR-8.

²³ Application, at 3.

²⁴ Application, at 3.

Light has offered that there is visual obstruction of the proposed substation site by rugged vegetation such as Christmasberry.²⁵

b. Other Factors.

(1) Community Concerns.

The Consumer Advocate notes that significant comments and concerns have been raised by the Ocean View community. Several of the comments and concerns raised are specific to the 27 Tier 2 FIT projects. Attachment 1 provides a sample of the comments that have been offered to date. Attachment 1 has grouped the comments by the relevant project (i.e., substation/transmission line and FIT projects) as well as type of concern. Notwithstanding some of Hawaii Electric Light's assertions regarding the visual impact, some of the concerns relate to the placement of the facilities and the visibility of the proposed Ocean View Substation and the Ocean View Extension.

As discussed above, these FIT projects were accepted as part of the FIT program overseen by the IO. The Consumer Advocate is not suggesting that the need for or reasonableness of the FIT projects be reviewed in this proceeding as that was part of the FIT process established in Docket No. 2008-0273 and should have been addressed by the IO.

The Consumer Advocate, however, is very concerned that the 27 solar project owners have not made greater efforts to conduct outreach and follow up to address the concerns raised in the community. In response to questions regarding community outreach and actions, the 26 Solar Project Owners' response discussed project issues

²⁵ Response to CA/HELCO-SIR-3.c.

regarding the development of the FIT projects. In part, the 26 Solar Project Owners discussed its efforts and costs to the develop the FIT projects.²⁶

Included in that same response, the 26 Solar Project Owners also provided a discussion on their initial efforts to conduct community notification and outreach activities:

. . . since 2013, the 26 Solar Project Owners have performed significant community notification and outreach activities concerning the proposed projects. While these outreach efforts have not specifically dealt with the mechanics of proposed overhead transmission line extension, said outreach efforts and meetings have involved providing the surrounding community with information regarding the proposed solar projects, and an opportunity to understand and receive community concerns, as well as to serve as a basis for allowing the 26 Solar Project Owners to address and mitigate -to the extent possible - said community concerns. At the earliest stages of this project, in May of 2013, authorized representatives of the 26 Solar Project Owners held the initial information meeting with the neighboring public, including residents of the Hawaiian Ocean View Ranchos subdivision. This meeting provided the general public with an overview of the proposed solar projects to be developed on subdivision parcels and initial plans for what is to be expected on full build out on the projects.

The Solar Project Owners also identify other efforts that they have pursued with regards to community concerns in the response to CA/Project Owners-IR-1.

Despite the representations by the 26 Solar Project Owners, the Consumer Advocate contends that outreach efforts have been lacking in several areas. First, as noted in the response, although meetings were first conducted in May 2013, the subsequent meeting was conducted two years later, in June 2015. Furthermore, it appears that there have been limited follow-up from the 27 solar project developers to address community concerns, which has resulted in significant public comments being

²⁶ Response to CA/Project Owners-IR-1.

filed in the proceeding. These comments are evident not only in the beginning of this proceeding, but are continuing through June 2016.

At this time, the 26 Solar Project Owners are developing a community giveback program. In response to CA/Project Owner-SIR-3, the 26 Solar Project Owners state that:

The 26 Solar Project Owners have had internal discussions and have come to the decision that it is willing to meaningfully participate in the development of a community giveback program to seek to ameliorate some of the community's concerns with the FIT projects and proposed substation and transmission line.

To this end, the 26 Solar Project Owners have advised and reached out to HELCO to express its willingness towards the development of a proposed community giveback program. While the 26 Solar Project Owners have identified several specific items that could be included in any proposed program, discussions with the utility are in the very preliminary stages, and the parties are not prepared to make a full disclosure on what the proposed program will be comprised of at this time.

However, the 26 Solar Project Owners hereby pledge to use all of its reasonable best efforts to work closely with HELCO to develop a proposed community giveback program that will substantially benefit the Ocean View residents in the area, while helping the utility and the State meet their clean energy transformation goals for the future.

The 26 Solar Project Owners hope that the specifics of any such program can be finalized within the next 60 days, and will promptly advise the Consumer Advocate and the Commission in writing of the proposed community benefits program once the specifics of said program are finalized.

The Consumer Advocate is unable to comment on the "proposed community giveback program" at this time as it has not been finalized or provided for review. It should be made clear, however, that these projects or any future projects should seek to address local community concerns in order to address whether the proposed project is in the public interest.

The Consumer Advocate contends that the proposed Ocean View Extension should be placed in underground facilities and the following are some of the reasons that would justify the Commission reaching this conclusion:

- The FIT projects have not yet been completed and are not expected to be completed until around the time that the proposed substation and transmission line will be completed. However, given the delay in completing these FIT projects, the Consumer Advocate contends that the impact of the proposed extension on the surrounding community should be minimized and undergrounding the transmission line will be one means of minimizing the impact.²⁷
- As stated in various comments, the community has various concerns with overhead placement and underground placement will address these concerns.
- Since the developers will be responsible for the costs of the transmission facilities, underground placement will not adversely affect the community or the island of Hawaii in terms of rate and bill impact related to the capital improvements.

In addition to recommending placement of the transmission facilities in underground facilities, the Consumer Advocate recommends that the Commission also require other measures in order to address the public interest.

²⁷ The Consumer Advocate is aware that arguments may be made that placing the transmission facilities underground could result in a greater disruption than overhead placement. However, the placement of the proposed transmission facilities in underground facilities will be a short-term disruption, whereas overhead placement will leave a lasting impression and reminder of the impact that the proposed FIT projects have on the community.

- The Consumer Advocate recommends that the substation placement should be reviewed to ensure that optimal, and not convenient, placement occurs before substation construction work occurs. The Consumer Advocate contends the currently proposed placement of the substation has not been fully justified and it is not clear whether the proposed placement of the substation simply reflects an expedient and convenient site, or represents the optimal site.
- If the substation is going to remain in the currently proposed location, additional work should be done to ensure that the visual impact of the substation is eliminated and not just mitigated. The Consumer Advocate urges that any measures to address visual impact utilize plans to increase the placement of ohia trees to not only retain the local fauna appearance, but also to help address the current concerns with the fungus that is killing ohia trees on the island of Hawaii. While Hawaii Electric Light has suggested relying on existing shrubs to mitigate concerns with visual impact (see response to CA/HELCO-SIR-14), as illustrated by Attachment No. 1 to CA/HELCO-SIR-14, the existing shrubs will not adequately address concerns. If it is determined that the substation is more optimally placed in the site that was originally identified, all construction work should avoid the destruction of any ohia trees in the area and also plan to increase the number of ohia trees to eliminate visual concerns with the substation.

- The Consumer Advocate also recommends that adequate security considerations be taken to ensure that the substation and transmission line will not be available as a target of frustrations with the FIT projects. Underground placement of the Ocean View Extension should address concerns with possible security concerns with the transmission facilities, but appropriate steps should be taken with respect to the substation, such as security cameras, fencing or walls, and/or other appropriate measures.
- The Consumer Advocate also recommends that appropriate upgrades to ensure that the substation and associated infrastructure is properly equipped with SCADA and other communication and monitoring equipment to ensure that the proposed FIT projects do not adversely affect the local community, other customers, or the grid. Any costs (capital or O&M) associated with SCADA, monitoring, or communication equipment should be made the responsibility of the developers and not be recoverable from the general ratepayers.
- The Consumer Advocate also recommends that besides covering the costs of the substation and transmission facilities, the developers should also be required to provide assurances that the costs to remove, if and as necessary, the substation, transmission lines, and the FIT projects themselves will be paid for by the developers. At this time, the Consumer Advocate is not making specific recommendations as to how this

assurance can be met (e.g., by requiring estimated costs being placed in escrow), but these assurances must be meaningful.²⁸

(2) Operations and Maintenance (“O&M”) Expenses.

For this and other similar proceedings, the Consumer Advocate investigated potential differences in O&M expenses resulting from the overhead v. underground placement and/or whether the service life of the system would be extended through the underground installation.

The Consumer Advocate notes that Hawaii Electric Light states that it has not incurred expenses beyond “normal” wear-and-tear in maintaining the transmission facilities in the area of the project and has not recorded any incidents of this nature in the last ten years.²⁹ Furthermore, although there are currently no underground transmission lines on its system, Hawaii Electric Light represents that the estimated O&M expenses for an underground placement would be equivalent to an overhead placement.³⁰

Notwithstanding the above statement, the Consumer Advocate has recommended that the transmission line should be placed in underground facilities. Thus, along with the recommendation to place the Ocean View Extension in underground facilities, the Consumer Advocate also recommends that the Commission require the developers of

²⁸ Given that the need for these projects are caused by the FIT projects, whether the FIT projects are or are not completed, the removal of the proposed substation and transmission line should not fall upon the general ratepayers. Whether by performance bonds, escrow accounting, or some other alternative, the Commission should require an acceptable means of addressing this concern so that, in the future, when removal is necessary, customers are not required to fund removal because the responsible parties are no longer available or capable of meeting this obligation.

²⁹ Response to CA-IR-1.a.1.

³⁰ Response to CA/HELCO-SIR-2.b.

the FIT projects to be held responsible for all operating and maintenance expenses associated with the Ocean View Substation, Ocean View Extension, and any relevant supporting infrastructure (e.g., security, communication equipment, monitoring equipment, etc.).^{31 32} Given that the need for the transmission line and substation is caused by the FIT projects, Hawaii Electric Light will incur the relevant O&M expenses only because of the FIT projects. The Consumer Advocate contends that it is not reasonable for the general ratepayers to be expected to cover the relevant O&M costs, regardless of whether the proposed FIT projects are completed or not. The adverse effects on customers will, however, be exacerbated if the FIT projects will not be completed.

2. Whether There is Governmental Public Policy Requiring the Electric Transmission System to be Placed, Constructed, Erected, or Built Underground, and the Governmental Agency Establishing the Policy Commits Funds for the Additional Costs of Undergrounding.

Hawaii Electric Light states that, to the best of its knowledge, there is no governmental public policy that requires the proposed Ocean View Extension to be constructed underground.³³ Given that the Consumer Advocate contends that there are sufficient reasons for the Commission to require underground placement of the line

³¹ In its response to CA/HELCO-SIR-10, Hawaii Electric Light's response seems to support an expectation that the O&M costs associated with curtailment control will be billed to the project owners. It should be made clear that, not just O&M for curtailment controls, all O&M associated with the facilities and equipment to interconnect and support the FIT projects will be recovered from the project owners.

³² In its response to CA/HELCO-SIR-4, Hawaii Electric Light confirms that if ordered, it could establish procedures to collect the O&M from the FIT owners.

³³ Application, at 7.

extension, as already discussed above, the presence or absence of government policy related to underground placement of the Ocean View Extension does not need to be evaluated in this proceeding.

3. Whether any Governmental Agency or Other Parties are Willing to Pay for the Additional Costs of Undergrounding.

The solar project owners of the FIT projects are funding the new substation and associated 69 kV and 12 kV connections. Thus, the recommendation that the proposed facilities should be placed underground will not adversely affect general ratepayers.

4. Any Other Relevant Factors.

Hawaii Electric Light states that it is not aware of any other relevant factors.³⁴ As already discussed above, the Consumer Advocate has identified various factors that support the underground placement of the proposed facilities. The Consumer Advocate has also offered other recommendations in order to address certain concerns related to the proposed project

³⁴ Application, at 7.

III. RECOMMENDATION.

Based upon the particular facts and analysis in this proceeding, the Consumer Advocate recommends that the Commission, pursuant HRS 269-27.6(a), deny the application to have the Ocean View Extension be constructed above the surface of the ground. The Consumer Advocate recommends that the Commission determine that the proposed Ocean View Extension be placed underground and paid for by the 27 solar project owners as part of the interconnection facilities of their FIT projects.

Furthermore, the Consumer Advocate recommends that the following additional items also be considered and included as part of the interconnection facilities cost:

- As community issues have been raised regarding security, security cameras should be installed at the Ocean View Substation.³⁵
- Landscape screening for the Ocean View Substation as well as the FIT projects.³⁶ The development plan for such screening should be coordinated with the community.

Assuming that the Commission adopts many, if not all, of the Consumer Advocate's recommendations, the Consumer Advocate recommends that Hawaii Electric Light should file status updates on compliance with the Commission's conditions, especially on the accounting processes will be established to ensure that any

³⁵ In response to CA/HELCO-SIR-3, Hawaii Electric Light stated that since the substation will be equipped with communications, the addition of cameras is easily added. Hawaii Electric Light also stated that it is in the process of investigating camera and entry detection systems for the Ocean View Substation.

³⁶ In response to CA/Project Owner-SIR-3.b., the 26 Solar Project Owners stated that they are in the process of retaining a consultant to assist in developing a plan for landscape screening to be incorporated into the design of each of the projects.

costs incurred by Hawaii Electric Light associated with the adopted conditions will not be recovered from the general ratepayers.

The Consumer Advocate's recommendations in this docket should not be considered a policy statement as to the need to underground high voltage transmission lines in all instances. The recommendations in this docket are unique to these FIT projects. In this instance, it is apparent that the Solar Project Owners effectively "gamed" the FIT process in order to avoid going through the more rigorous competitive bidding framework. Furthermore, the failure of the Solar Project Owners to conduct an effective community outreach program with mere promises of a community benefits package should not be condoned. The Consumer Advocate's recommendations will mitigate the Solar Project Owners' attempt to game the system and their failure to conduct an adequate and effective community outreach program.

DATED: Honolulu, Hawaii, June 29, 2016.

Respectfully submitted,

By  _____
JEFFREY T. ONO
Executive Director

DIVISION OF CONSUMER ADVOCACY

Brief Summary of Filed Comments

Category	Filed Comments
Ocean View Extension and Ocean View Substation	Visual impact of the proposed substation and lines are located right at one of the two entrances of the subdivision.
	Visual impact of the proposed substation and line to nearby residents. Transmission line extension should be placed underground.
	Visual impact of transmission lines and substation.
	Concerns with current location of substation
	Proposed substation and lines are only needed for the FIT projects and the easement at the proposed substation site was put aside by the developers to serve the future needs of the community.
	Concerns with electromagnetic fields. High voltage lines should be routed underground and the transformers should be shielded.
	The substation and line is not needed as it only serves the FIT project. No benefit to the community.
	Visual impact to visitors as Highway 11 is designated as a Scenic Byway by the State of Hawaii. Requests that the original site be considered for the proposed substation.
	Overhead lines will pose danger to community.
FIT Projects	Concerns with the FIT process
	Concerns that FIT process did not consider the intent of Hawaii Revised Statutes § 205-2.
	Destruction of o'hia trees and deforestation
	Impact on hoary bats and Hawaiian hawk
	Concerns with placement the amount of generation from the FIT projects installation in a remote area.
	Concerns with zoning to avoid environmental impact studies and any oversight of the development projects.
	Visual impact of the barb wired fences in a residential area. Giving it a look of an industrial or low security prison.
	Concerns with the high FIT rate
	Concerns that electricity produced only during daytime when energy is already at a surplus resulting in curtailment.
	Concerns that FIT project owners did not have site control and did not meet FIT rules.
	Concerns that FIT projects do not meet the intended purpose of FIT.
	Concerns with fire issues

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **DIVISION OF CONSUMER ADVOCACY'S STATEMENT OF POSITION** was duly served upon the following parties, by personal service, hand delivery, and/or U.S. mail, postage prepaid, and properly addressed pursuant to HAR § 6-61-21(d).

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PROCEEDINGS
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Honolulu, Hawaii 96840

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DATED: Honolulu, Hawaii, June 29, 2016.

