



Renewable Energy.
Sustainable Development.

January 17, 2020

Aloha MMNA Members,

Thank you for the opportunity to provide you with information and an update on the development of the Paeahu Solar Project. Our team has continued to work diligently to address the many requirements and opportunities that will assure the project's value to Maui's energy needs.

The goal is energy independence. The State's renewable energy mandate is to achieve a 100 percent renewable portfolio standard by the year 2045; but the state needs to reach the following milestones first: 30% by 2020, 40% by 2030, 70% by 2040, 100% by 2045. This is a very challenging but realistic achievement. Hawaii cannot wait until the last minute to "get there." The State's renewable energy mandate is founded in mitigating reliance on fossil fuels, price volatility, the export of funds for fuel imports, fuel supply reliability risk, and greenhouse gas emissions. It lowers the cost of electricity generation, which is part of our electricity bill. Fuel costs comprises about 50% of our bills. Renewable energy places downward pressure on electricity bills. The other components of our bills include the cost to distribute the power, billing, and support.

Rooftop solar is not enough. Maui Electric's plan for 100% renewable energy assumes all single-family homes and some commercial customers have solar PV on their rooftops, and all homes generate all of their own electricity (e.g., all single-family homes are "net zero"). Even with this large amount of rooftop solar, Projects like Paeahu Solar are still needed to reach the 100% renewable energy mandate.

PROJECT UPDATE

Changes to the Project Based on Maui Meadows and Other Community Feedback. As anticipated, community feedback on the project has been invaluable to honing Paeahu Solar's development. To date Paeahu Solar has conducted multiple open houses and over 100 face-to-face engagements within the community including Maui Meadows homeowners, and community groups. The engagements led to the modifications outlined below.

- We relocated the project farther away from the Maui Meadows neighborhood by an additional 70 feet, for a total of 270 feet.
- We lowered the height of the solar array by half (from 16 ft. to 8 ft.) to be below the existing tree line.
- We committed to not use Maui Meadows roads during the construction of the project.
- We explored an alternative site further south of the neighborhood. To do this, we stopped the development work on the current site and spent time and resources to perform archaeological, environmental, and technical assessments on the alternative site.
 - The assessments indicated that the archaeological and environmental impacts would be too great at the alternative site.

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- We shared the results with the Aha Moku, Maui Chapter of the Sierra Club, and the community during the open house. The Aha Moku and Sierra Club were very grateful for the decision to not develop at the alternative site.
- We developed visual (photo) simulations of the project through an experienced engineering firm to understand the visual effects from the homes along the border of the Ranch land and shared them with the community (available under the Document tab of our project website – paeahsolar.com). None of the other homes in Maui Meadows will have view planes affected by the project.
- We committed to adding additional vegetation where beneficial to mitigating view planes of the select homes that may be affected.

PUC Hearing. The Public Utilities Commission (PUC) held the two-day evidentiary hearing on the Paeahu Solar Project in December 2019 with all parties represented. Both Maui Electric and Paeahu Solar presented compelling information during the two-day PUC evidentiary hearing. As importantly, we were pleased that written testimonies in support of the project, including several from Maui Meadows residents, were submitted to the PUC in advance of the hearing.

Maui Electric underscored the importance of the project to help replace the energy that will be lost with the planned retirement [2024] of their fossil fuel power plants. Innergex reiterated its commitment to continue proactive outreach with the community throughout the life of the project, to share information, to field and respond to comments, and to incorporate where feasible the comments into the design or operation of the project.

PPC's main opposition to the project seems to relate to the location of the proposed project on Ulupalakua Ranch lands and the effect of that location on partial view planes of the 17 homes that border the Ranch land. (The project is approximately a football field distance (270 feet) away from the nearest property.) PPC claimed that more renewable energy was not needed and suggested moving the project to industrial land on Maui which the representative did not realize would greatly increase the price of the electricity generated due to additional land and transmission costs to South Maui. PPC also suggested moving the Project to another island altogether, which is not possible nor meet the Maui's energy needs. It was disappointing to learn that PPC boycotted and encouraged others to boycott Paeahu Solar's Open House meetings and saw them as a "waste of time." The meetings fostered productive one-on-one conversations triggered by questions and concerns about the project lasting from 30 minutes to two hours.

The documents related to the PUC proceeding can be found on the PUC website using Docket No. 2018-0433. We are awaiting a ruling from the PUC.

PROJECT OVERVIEW

- *The Paeahu Solar Project was selected by Maui Electric in 2018 after a competitive RFP process based on the project's price and its overall attributes.*
- *The price of the electricity generated by the Paeahu Solar Project is 11.7 cents/kWh and is very competitive to other similarly sized projects. Paeahu is smaller and the soil conditions are more challenging; these and other factors also affect the price. The price will be fixed for 25 years and is substantially below the current cost of Maui Electric's power generation using fossil fuel.*
- *The project area is about 200 acres, but the solar panels will take up less than a quarter of the project footprint.*
- *The project is expected to lower customer bills, reduce Maui's exposure to fuel price volatility, offset greenhouse gas emissions, and contributes to the State's 100% renewable energy mandate.*
- *The project's location is strategic in that it provides local generation in the South Maui area, which should help alleviate the need to build new transmission lines in South Maui. Because of the requirements of the energy contract, relocating the project outside of the proposed TMK is not allowed.*

We will continue to provide updates. As part of our commitment to be respectful and to be a good neighbor, we will continue to provide updates as the project moves along. You will shortly be receive in the mail a notice about us undertaking geotechnical testing and analysis to support our continued assessment and design of the Project. If you would like to be notified by email, please feel free to provide your name and email address to us at hawaiisolar@innergex.com.

If at any time you have any questions, concerns or ideas, please do not hesitate to contact me personally, my colleague Julia Mancinelli, or our Maui team, Jeanne Skog and Teena Rasmussen of Skog Rasmussen LLC.

Mahalo,

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