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June 27, 2022

Re **Kahana Solar Project Update: Power Purchase Agreement (PPA) and Permitting Next Steps**

Aloha Community Members,

As part of our commitment to keep you updated on the Kahana Solar Project, we are pleased to share that we continue to meet important milestones. The Hawaii Public Utilities Commission (PUC) approved the Overhead Line application today. As you may recall, the PUC had previously approved the PPA for the project in November 2021. These significant actions allow us to continue securing permits from regulatory agencies over the rest of 2022 and 2023 and move closer to commencing construction activities.

Innergex and the Kahana Solar team are sincerely grateful to the community, the Public Utilities Commission and Maui Electric for their support throughout the development of the project to this point. We invite you to watch for future updates on the Kahana Solar Project.

Hawaii Public Utilities Commission Approvals

On September 14 and 15, 2021, the PUC held an Evidentiary Hearing about the Kahana Solar Project PPA with Maui Electric Company. Representatives for all parties and participants involved—Kahana Solar LLC, Maui Electric, the Consumer Advocate, and West Maui Preservation Association—had the opportunity to raise questions about previously submitted documentation and to present oral arguments. **We are grateful for the numerous letters of support** for the Project that were sent to the PUC. You can find the recording of the hearing on the PUC's YouTube channel (<https://puc.hawaii.gov/>) as well as in Docket 2020-0142.

The two-day session concluded with the PUC instructing all parties to participate in a mediation process to resolve differing viewpoints. We remain committed to working with the community on developing Kahana's community benefits process; our preference for a local workforce; and Kahana's expressed intent to decommission at the end of the 25-year life of the project unless the PPA and permits are renewed.

After a productive mediation process, the involved parties came to an agreement on October 15 that resolved the differing perspectives which included formalizing Kahana's original array of benefits in support of community priorities for the West Side. On November 19, 2021, the PUC issued a decision and order approving the PPA.

In January 2022, the PUC issued a procedural schedule for the Overhead (OH) Line approval process and on June 27, 2022, they issued a decision and order approving the OH Line.

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Next Steps: Permitting

Based on the proposed uses within each state and county land use designation, a combined permit application package has been submitted to Maui County for the following permits:

- Maui County Special Use Permit for the project
- Maui County Special Use Permit for the Maui Electric Interconnection Facilities
- Land Use Commission Special Permit for the Project
- Phase II Project District Development Approval for the Project's access road

You may find a copy of the application on the project website:

<https://www.innergex.com/hawaii/kahana/downloads/> Notices will be sent out later this year once the project reaches the public hearing component of the process.

Benefits to the Community

The State of Hawaii's renewable energy mandate is to achieve a 100 percent renewable portfolio standard by the year 2045. **Kahana Solar Project's primary benefit to the community is the contribution it will make toward achieving the 100% renewable energy goal.** Utility-scale solar projects like Kahana Solar benefit all Maui Electric customers connected to the grid, not just those who can afford a solar installation. The project will help reduce Hawaii's overdependence on foreign oil and vulnerability to volatile oil prices.

Kahana Solar Project Overview

The Kahana Solar Project is a 20 MW fixed-tilt solar PV coupled with an 80 MWh battery energy storage system (BESS). The BESS would be charged from the solar panels during the day. The Project:

- *provides Maui Electric with flexible, semi-dispatchable renewable energy at **a fixed price for 25 years***
- *provides enough electricity to power **the equivalent of 11,600 homes***
- *will provide **West Maui** with the only utility-scale stored renewable generation and will improve grid stability*
- *will **displace about 2,160,872 barrels of fossil fuel** over the 25-year life of the project*
- *will offset an **estimated 754,510 net metric tons** of greenhouse gas emissions over the life of the project*
- *will help **replace the power of the 38 MW oil-fired Kahului Power Plant** due to close in 2024*

Community Giving. We know that being a good neighbor in the communities that host our projects is essential for our success—and is a direct reflection of our company's values. As part of our development strategy, we interviewed more than 100 West Maui residents and organizations, including educators, business owners, non-profit representatives, cultural practitioners, senior citizens, and students who shared their multi-faceted perspectives on the project.

Guided by these community interviews¹ and in keeping with what we originally presented to the PUC as well as what was subsequently approved by the PUC in its recent Decision and Order, we are committed to providing **\$1.375 million in direct community investment** over the 25-year life of the Project. This funding, approximately \$55,000 per year, will support:

- **Friends of Pu'u Kukui Watershed Preserve** through the Living Pono Project as part of supporting environmental stewardship, sustaining the Preserve's natural and cultural resource, and protecting a vital water source in the Maui community.
- **Education and Training at Lahainaluna High School** (through the Lahainaluna High School Foundation) **and/or the University of Hawai'i Maui College** to advance renewable energy and environmental stewardship training. Eligible initiatives may include vocational education, mentoring, internships, professional development for teachers, equipment, and leadership development that expands student horizons. Innergex will also serve as an **Education Resource** for engaging students in exploring renewable energy or sustainability career paths.
- **West Maui Cultural Programs** that promote cultural education and/or environmental protection programs and initiatives, specifically the Honokōwai Valley project of Maui Cultural Lands and the Nāpili Kai Foundation program to perpetuate the Hawaiian culture.
- **West Maui Events and Organizations** to be administered by Hawaii Community Foundation through an annual grantmaking program that aligns with Innergex's core values around long-term sustainable development that balances People, our Planet and Prosperity. Kahana Solar will support events and organizations in West Maui over the life of the Project.
- **Memberships and Sponsorships** of events and programs identified by Innergex that occur throughout the year in West Maui.

Day of Service – removing invasive species with Maui Cultural Lands



¹ <https://www.innergex.com/hawaii/wp-content/uploads/2021/05/2020-2021-Community-Interviews-Findings-and-Recommendations.pdf>



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In addition to the above, Kahana Solar engaged and harnessed local knowledge and talent to aid in the complex planning process of the solar farm. As an example, **expertise provided by the West Maui Ridge 2 Reef and CORAL Reef Alliance on minimizing stormwater runoff has led to incorporating design techniques that minimize the landscape impacts from the project.** We are grateful for the dedication of all who contributed expertise to the Project's goals.

To date, Kahana Solar has hired from the local workforce and purchased from local businesses. The construction and the operation phases will further create new employment opportunities and the need for other local suppliers and services. For these phases, we are also committing to **a preference to local residents, consultants, businesses, and contractors, with a significant majority of project hours paid at the prevailing wage equivalent.**

We are excited to continue engaging with the West Maui community and apply our resources and expertise, sponsorship opportunities, and support to local organizations as needed. Nurturing long-term relationships and providing support, as well as partnering with the communities that host our projects has always been, and will remain, a priority at Innergex.

Kahana Solar's Contributions to State and County Goals

The Kahana Solar Project is to be sited on Maui Land & Pineapple Company lands on approximately 220-acres of fallow agricultural land. It is a critical part of maintaining a reliable supply of power, achieving Maui's renewable energy goals, and reducing Hawai'i's dependence on imported fossil fuels. Kahana Solar was one of 17 projects statewide to be selected by Hawaiian Electric through a competitive RFP process initiated in 2018 to move Hawai'i toward its 100 percent renewable energy portfolio standard by 2045.

Risks ahead. As part of the 100 percent renewable energy goal, Hawaiian Electric is tasked with closing the 74-year-old, fossil-fuel-burning Kahului Power Plant by 2024 as well as addressing the uncertainty of four generators at the Maalaea Power Plant. Recently, two planned renewable projects rescinded their PPA with the PUC, effectively cancelling their projects. The projects can no longer continue under their original PPA due to escalating costs and supply shortages for solar panels and batteries as well as increased shipping prices. Given these shifts with proposed RFP 1 and RFP 2 renewable projects, HECO has indicated that the 2024 closure of the Kahului Power Plant is in jeopardy, noting that 40MW of solar plus storage must be online to maintain a reliable grid after the plant were to close. The Kahana Solar Project is a key piece to eliminating the GHGs and pollution created by the Kahului Power Plant while ensuring energy security in Maui.



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Connect With Us

As our team works with the regulatory agencies to obtain the permits for construction, Kahana Solar will continue interacting with and providing updates to the community. We welcome your feedback at any time!

You are invited to visit our website at <https://www.innergex.com/hawaii/kahana/> for more details.

Please also contact my colleagues, Julia Mancinelli and Ellen Bird; our Maui team, Jeanne Skog and Teena Rasmussen; or me. All direct emails are listed below. We also welcome your questions or comments via the project's email, kahanasolar@innergex.com.

Mahalo

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