



Renewable Energy.
Sustainable Development.

December 30, 2022

RE:  **Kahana Solar Project Update
Decision to Mutually Terminate Power Purchase Agreement &
Re-Bid into Stage 3 Request for Proposals and Permitting Update**

Aloha Community Members,

As part of our ongoing commitment to keep the community up to date on Kahana Solar's latest developments, we hope you find this project update informative. As you know, the Kahana Solar Project is a proposed 20 MW solar and battery storage system (the Project) to be located on Maui Land & Pineapple (MLP) lands on the island of Maui that would power approximately 11,600 homes with renewable energy.

Innergex, and the Kahana Solar team, are grateful to the community, MLP, the Public Utilities Commission (Commission), Hawaiian Electric Company (HECO), Maui County and other agencies for their ongoing support for this important project.

Decision to Mutually Terminate PPA & Re-Bid into Stage 3 RFP

The Kahana Solar Project was bid in HECO's Stage 2 Request for Proposals (RFP) in November 2019; the Power Purchase Agreement (PPA) for the Project and the subsequent Overhead Line was approved by the Commission on November 19, 2021, and June 24, 2022, respectively, under Docket No. 2020-0142.

Despite our best efforts, this project is no longer financially viable under its current terms in the PPA. As such, both parties mutually agreed to the termination of the PPA for the expressed purpose for permitting the project to be rebid under the Stage 3 RFP for Maui in 2023.

The Project offers energy and battery storage solutions that can help address the ever-growing energy demands in West Maui, the reliability concerns on Maui by 2027 given the impending retirement of the Kahului fossil fuel plant and Maalaea generators¹, and the state's mandated goal for achieving 100% renewable energy by 2045 and energy independence. As concluded in HECO's *Maui Near Term Grid Needs Assessment July 2022 Report*, Maui has a critical need for additional power sources. The report states, "By 2027, Kahului Power Plant (32 MW) must be retired to comply with environmental regulations and 49 MW of firm generation at Maalaea Power Plant are at risk in the 2025-2026 timeframe due to unavailability of spare parts." Explaining the importance of the Stage 3 RFP, the report goes on to say, "On March 23, 2022 the Commission provided additional guidance, to conduct a Stage 3 RFP: On Maui...Hawaiian Electric has separately identified "the need to urgently issue an RFP for additional resources to be in place by 2027 [,]" due to the Company's concern that [49] MW of capacity at the Maalaea Power Plant may reach end of life in this timeframe. The

¹ <https://dms.puc.hawaii.gov/dms/DocumentViewer?pid=A1001001A22H01B00226H00819>

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Commission also notes the heightened need for reducing the reliance on fossil fuels in light of recent geopolitical tensions impacting the price of Hawaii’s fuel supply.”²

We understand it is in the best interest of Maui to have a project such as Kahana Solar online as soon as possible, as it provides a valuable energy and capacity resource to the West Maui grid. Innergex continues to advance County permitting and planning approvals, which will allow us to propose an earlier commercial operation date than many other Stage 3 RFP project submissions.

Kahana Solar Project Overview

The Kahana Solar Project is a 20 MW single-axis tracker solar PV coupled system with an 80 MWh battery energy storage system (BESS). The BESS would be charged from the solar panels during the day and dispatched when the energy is needed. 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 and 49 MW of capacity at the Maalaea Power Plant** due to close in 2024-2026*
- *will provide **community giving in the amount of \$1.375 million in direct community investment over the 25-year life of the Project** to Friends of Pu’u Kukui Watershed Preserve, Education and Training at Lahainaluna High School, West Maui Cultural Programs, specifically to the Honokōwai Valley project of Maui Cultural Lands and the Nāpili Kai Foundation program to perpetuate the Hawaiian culture, and West Maui Events and Organizations to be administered by Hawaii Community Foundation through an annual grantmaking program.*

Permitting Update

Based on the proposed uses within each state and county land use designation, a combined permit application package was submitted to Maui County in March 2022 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 in Q1 2023 once the project reaches the public hearing component of the process.

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https://www.hawaiielectric.com/documents/clean_energy_hawaii/selling_power_to_the_utility/competitive_bidding/2022_0729_heco_cos_gna_update_oahu_and_maui.pdf



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We are grateful for the generous support of the local community and MLP throughout this process and look forward to continuing our relationships in Maui as we rebid the project in the coming months.

Please do not hesitate to visit our website at <https://www.innergex.com/hawaii/kahana/> or to 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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