July 17, 2026

The Honorable Chair and Members of the
Hawai‘i Public Utilities Commission
Kekuano‘a Building, First Floor
465 South King Street
Honolulu, Hawai‘i 96813

Dear Commissioners:

Re: Request to Open a New Proceeding and Establish an Expedited Process for Approval of a Concurrent Firm Generation Request for Proposals for O‘ahu

Hawaiian Electric Company, Inc. ("Hawaiian Electric" or the "Company") respectfully requests that the Hawai‘i Public Utilities Commission ("Commission") open a new proceeding to review and approve a request for proposals for approximately 500 megawatts ("MW") of fuel-flexible firm generation[1] on the island of O‘ahu ("Firm RFP"), to be administered concurrently with the Companies'[2] Integrated Grid Planning Request for Proposals ("IGP RFP"), which the Commission recently approved for issuance.[3] The Companies are filing the final IGP RFP as ordered on July 17, 2026, and Hawaiian Electric further requests that the Commission establish an expedited procedural schedule in the new proceeding that would allow the Firm RFP to be approved for issuance by the end of 2026.

This request is intended first and foremost to protect customer value and address affordability pressures while maintaining reliable service, and Hawaiian Electric's commitment to achieving Hawai‘i's statutory 100% renewable energy goals and the state's policy goals of affordability, resilience, and net-zero carbon emissions.

The requested proceeding and Firm RFP would provide a transparent, Commission-supervised forum for the Commission, the Division of Consumer Advocacy ("Consumer Advocate"), interested stakeholders, and potential market participants to evaluate whether additional firm, dispatchable, and fuel-flexible capacity is beneficial to customers and will support reliability, affordability, customer protection, fuel optionality, and Hawai‘i's clean energy transition.

[1] A fuel-flexible facility is one that can run on renewable fuels, fossil fuels, or blends of those fuels and switch among fuel types over time based on factors such as cost, availability, reliability needs and RPS requirements.
[2] Hawaiian Electric, Hawai‘i Electric Light Company, Inc., and Maui Electric Company, Ltd. are collectively referred to as the "Companies".
[3] *See* Dkt. No. 2024-0258, Decision and Order No. 42665, issued on June 17, 2026 ("Order 42665").

Recommended Procurement Structure

Hawaiian Electric proposes a separate, concurrent firm generation procurement as its preferred approach as it provides the best balance of flexibility, transparency, and optionality. A Firm RFP would preserve the integrity and schedule of the Commission-approved IGP RFP and would not hinder, delay, or otherwise interfere with the IGP RFP and the fulfilment of near-term grid needs identified in the first IGP cycle's plan, while addressing a potentially distinct need for longer-term firm generation resources. It would also allow the Commission to determine whether the additional 500 MW should remain in a separate solicitation, be folded into the IGP RFP, or be authorized through a waiver or other appropriate modification of the Competitive Bidding Framework.

Hawaiian Electric is not requesting that the Commission predetermine that the full 500 MW should be procured, nor would the IGP RFP and the proposed Firm RFP be treated as independent resource acquisitions. Proposals received through both solicitations would be evaluated through a single integrated portfolio assessment, with final selections limited to those resources that provide the greatest overall customer benefit based on cost, reliability, resilience, emissions, renewable integration, fuel flexibility, customer impacts, commercial viability, development schedule, system need, and consistency with Hawaiʻi's statutory and policy objectives.

The integrated portfolio assessment would be designed to ensure that any selected resource improves overall customer value, helps address affordability pressures, and remains consistent with the Companies' full commitment to Hawaiʻi's renewable energy objectives.

Basis for Request

There is substantial public information demonstrating the need to evaluate this opportunity promptly. On March 17, 2026, Governor Josh Green announced that the State of Hawaiʻi had received a proposal from JERA Co., Inc. to modernize Oʻahu's energy infrastructure through a proposed approximately 500 MW hybrid combined-cycle and simple-cycle natural gas-fired facility supported by liquefied natural gas infrastructure. The Governor's announcement described the proposal as a potential pathway to reduce reliance on oil, improve affordability, strengthen grid reliability, and support Hawaiʻi's clean energy goals.

In addition, the Hawaiʻi State Energy Office ("HSEO"), in the Waiau Repower proceeding, also indicated that it was aware of an anticipated proposal for a 500 MW LNG-fueled power plant on Oʻahu that could be filed with the Commission.

In fact, by letter to the Commission dated July 16, 2026, JERA Americas Inc. has proposed such a project ("JERA's LOI"). In that letter, JERA states an intent to file an application for a Certificate of Public Convenience and Necessity ("CPCN") for the development, ownership, and operation of a new, proposed regulated power generation company

(“GenCo”) and associated utility-scale generation facilities on O‘ahu. Specifically, JERA’s LOI states:

> JERA’s initial CPCN application will seek approval for approximately 500 megawatts (“MW”) of new utility-scale generation on O‘ahu. JERA intends the proposed 500 MW facility to represent the initial investment of a long-term regulated generation company . . . JERA proposes that GenCo operate as a regulated utility, subject to full Commission review and ongoing oversight.

The Commission’s approval of the Waiau Repower Project[4] also underscores the continuing need for firm, flexible resources on O‘ahu and reinforces the importance of evaluating generation resources through a transparent competitive process. Notwithstanding the generation procured there, the Company submits that additional firm generation on O‘ahu will support system reliability and is consistent with the longer-term needs in the first IGP cycle’s plan and the Commission’s 2024 Inclinations that emphasize the modernization of O‘ahu’s generation portfolio and reducing reliance on older, inefficient generation units.

The Commission has also recognized that procurement targets should not be applied in a manner that prevents the Companies from considering additional resources that provide customer benefits and meet grid needs. The Commission has expressly stated that the Companies may consider selecting proposals that provide energy and other services in excess of the targeted amounts identified in the IGP RFP and encouraged procurement beyond the stated targets when appropriate, [5] particularly in light of experience from prior procurements in which selected projects have later been withdrawn or cancelled. [6] That guidance supports evaluating additional firm generation through a transparent process without predetermining the outcome of the procurement.

The Company submits that procurement of fuel-flexible firm generation resources through a Firm RFP aligned with the timing of the IGP RFP may offer potential system benefits, including the ability to replace aging oil-fired generation, support renewable integration, provide dispatchable capacity during periods of low renewable output, and preserve a pathway for future use of lower-carbon fuels such as renewable natural gas, hydrogen, or other qualifying fuels as they become commercially available and feasible for Hawai‘i. Operational and policy uncertainties pose significant challenges to achieving RPS and the State’s net zero greenhouse gas emissions requirements while ensuring system reliability and resilience. More firm generation can reduce such uncertainty by providing a contingency across different scenarios: (1)

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[4] *See, generally*, Dkt. No. 2025-0211, Decision and Order No. 42411, issued on March 23, 2026; *see also PUC Approves New Firm Generation to Address O‘ahu’s Critical Electric Reliability Needs*, (Mar. 23, 2026), https://puc.hawaii.gov/news-release/puc-approves-new-firm-generation-to-address-oahus-critical-electric-reliability-needs/.
[5] *See* Order 42665 at 32 (“[T]he Commission encourages the Companies to earnestly consider procurement in excess of the stated targets, when appropriate.”).
[6] *See id.*

leverage additional generation resources to meet RPS goals if other renewable resources are not realized due to public policy, costs, community opposition, land availability, or affordability constraints; and (2) additional general resources can be ready to meet supply needs if demand exceeds current forecasts. Accordingly, the Company submits that the proposed Firm RFP provides both the Companies and the State with an opportunity for other options in the next twenty (20) years of the energy transition.

The proposed Firm RFP could accommodate technologies that may not fit comfortably within the current IGP RFP framework, such as the proposed 500 MW facility described in JERA's LOI. The Company would expedite the Firm RFP to align its proposal evaluation as closely as possible with that of the IGP RFP. If the proposed Firm RFP is approved by November 30, 2026, the Company would aim to issue the Firm RFP by December 11, 2026 with proposals tentatively due March 10, 2027 and best and final offers due at the end of May 2027, consistent with the IGP RFP. Aligning the IGP RFP and Firm RFP timelines would preserve competitive tension through the integrated portfolio assessment, and reduce the risk of over-procurement or selection of resources that do not provide the best overall value for customers considering all available options.

Given the magnitude of the potential resource need, the timing of emerging market interest, the customer impacts associated with long-lived firm generation investments, and the need to preserve the planned IGP RFP schedule, Hawaiian Electric believes it is appropriate and timely for the Commission to open a new docket dedicated to the development, review, and approval of a concurrent Firm RFP for Oʻahu. A new proceeding would allow these issues to be addressed directly while providing a clear procedural vehicle for stakeholder participation and Commission oversight.

Preliminary Comments Regarding JERA's LOI

Given that Hawaiian Electric received it this morning, Hawaiian Electric is still carefully reviewing JERA's LOI. However, the Company has the following preliminary concerns with JERA's LOI. These include:

1. **JERA's process bypasses any competition.** Especially given the fact that this will be the largest and most expensive resource on the system, it is wise to test whether JERA's project is the best project that the market can deliver. JERA appears to contend that regulation is a substitute for competition. This is incorrect. In fact, the Commission's Competitive Bidding Framework requires the utility to compete for the right to build and own new generation of this scale.

   JERA is a deal pre-packaged by a for-profit, foreign-owned entity, presented as the only choice. It is not. There is no bidding and no competition for what would be one of the largest infrastructure projects in state history. By moving ahead with the arrangement that has been structured by JERA, Hawaiʻi locks itself into a multibillion-dollar single-source contract that we will be committing this and future generations to pay.

2. **JERA's proposal envisions a second regulated utility for Oʻahu, creating complexity, bureaucracy and inefficiencies.** Creating a new regulated utility in an existing utility's service territory, especially a small one like Hawaiian Electric's, would be unprecedented, and the Company is not aware of anywhere in the country in which this has occurred. This untested approach at this scale would introduce significant uncertainty and risk, particularly for an isolated island grid. There are many questions that would have to be addressed, such as how to ensure reliability with multiple generation companies and whether the duplication of costs and structures outweighs any claimed benefits.

   Effectively, JERA's proposal contemplates separate utilities for generation and T&D. The Commission has previously considered and conclusively declined to pursue electric industry restructuring. After conducting a multi-year study on the matter in the early 2000s, the PUC concluded that "projections of any potential benefits of restructuring Hawaii's electric industry are too speculative and it has not been sufficiently demonstrated that all consumers in Hawaii would continue to receive adequate, safe, reliable, and efficient energy services at fair and reasonable prices."[7] Subsequently, in testimony the Commission submitted on a similar bill in the 2012 legislative session (H.B. 2400, Haw. Sess. Laws 2012), the Commission stated that it did not believe that there was any new evidence to significantly alter the Commission's previous findings, and Hawaiian Electric submits that holds true today. The Commission confirmed these views again in the 2026 legislative session:

   > The Commission has concerns that the separation of ownership and control of electric energy generation services from transmission and distribution services may not be in the public interest for the following reasons: (1) Hawaii's isolated island grids make it extremely challenging to create a truly competitive wholesale electricity market; (2) wholesale electricity price volatility poses risks to both ratepayers and Hawaii's electric public utilities; (3) deregulation of electricity generation has not necessarily resulted in lower retail electricity prices; and (4) the Commission's existing Competitive Bidding Framework, which includes oversight by an Independent Observer, already ensures that any new electricity generation is procured at competitively [bid] prices.[8]

[7] *See* Decision and Order No. 20584 issued on October 21, 2003, in Docket No. 96-0493.

[8] *See* Testimony of the Public Utilities Commission to the Senate Committee on Ways and Means dated February 19, 2026 on S.B. No. 3326, S.D.1.

3. **JERA contends that a CPCN proceeding is better and more transparent than the competitive bidding process.** Hawaiian Electric disagrees. In fact, Hawaiian Electric believes the competitive bidding process is more transparent than what JERA contemplates. The competitive bidding process is well-established and widely understood by stakeholders. Therefore, public participation is more ensured under a competitive bidding process compared to a CPCN proceeding. Indeed, based on Commission guidance, after extensive community engagement in the energy equity docket, the current RFP process pursuant to the Commission's Competitive Bidding Framework was significantly revised to ensure more effective public participation. As a result, and contrary to JERA's characterization, under the current process, public input is taken into account as part of the evaluation process and prior to proposal selection and submission to the Commission for approval.

4. **JERA's LOI implies that the competitive bidding process is controlled by Hawaiian Electric.** This is inaccurate. The Commission established and controls and oversees the entire competitive bidding process for generation. The Commission approves the issuance and design of all generation RFPs, and the RFP process is overseen by a Commission-appointed Independent Observer and Independent Engineer, including all communications and evaluations of proposals. Project selection is overseen by the Independent Observer and the Commission ultimately decides whether selected projects are approved and are in the public interest.

   In fact, the Commission, as recently as February, 2026, emphasized this point in testimony filed for S.B. 3325 S.D. 1, in which it stated:

   > Under this [Competitive Bidding] framework, electric utilities generally procure new generation resources through open, Commission-supervised solicitations that allow independent power producers and utility-affiliated projects to compete on price and performance. Additionally, the procurement process is monitored by an Independent Observer who reports directly to the Commission. This results in customers receiving the most competitive energy generation available, regardless of whether it is developed by an independent power producer or the electric utility.

5. **JERA's proposal states that regulation through a CPCN proceeding is necessary due to the size and scale of its proposed project.** However, this disregards the fact that Oʻahu already has a regulated electric utility fit, willing and able to compete to deliver a project of this size. Additionally, as recently as

2022, nearly 500 MWs of firm capacity was owned and operated by independent power producers. Furthermore, today, independent power producers of firm and variable generation own and operate approximately 50% of the total capacity on Oʻahu. None of this had justified direct regulation of the independent power producers by the Commission.

Requested Commission Action

Hawaiian Electric therefore respectfully requests that the Commission:

1. Open a new docket for review and approval of a firm generation RFP seeking approximately 500 MW of fuel-flexible firm generation on Oʻahu, to be administered concurrently with the IGP RFP;
2. Establish an expedited procedural schedule that enables Commission approval of the requested Firm RFP by November 30, 2026, while allowing the IGP RFP to proceed on its planned schedule;
3. Authorize Hawaiian Electric to submit a proposed RFP, proposed evaluation framework, proposed schedule, and proposed integrated portfolio evaluation approach promptly following docket opening;
4. Provide for timely participation by the Consumer Advocate and other interested stakeholders, while maintaining a schedule that supports prompt issuance of an approved Firm RFP and preserves competitive fairness for all potential proposers;
5. Authorize Hawaiian Electric to evaluate proposals received through the IGP RFP and the additional firm generation RFP as part of a single integrated portfolio assessment before any final resource selection is made;
6. In the alternative, authorize one of the following Commission-selected procurement structures:
    a. If the Commission determines that the additional firm generation need should be addressed within the existing IGP RFP, authorize Hawaiian Electric to fold up to 500 MW of additional fuel-flexible firm generation into the IGP RFP under such schedule, eligibility, evaluation, and procedural conditions as the Commission deems appropriate; or
    b. If the Commission determines that a waiver-based approach would better support timely evaluation of this potential resource need:
        1. Grant Hawaiian Electric a limited waiver of the Competitive Bidding Framework to conduct a Company-administered competitive procurement for up to 500 MW of fuel-flexible firm generation on Oʻahu that generally aligns with the concurrent IGP RFP structure described above, but is not subject to strict framework requirements that could delay or impair timely evaluation of proposals. Hawaiian Electric would return to the Commission for review and approval of any selected proposal, definitive agreement, or other resulting commitment before implementation; or

2. To the extent that the Commission believes that an RFP process is not required for this resource, then allow Hawaiian Electric to submit a Company proposal to provide a regulated, competitive alternative to the regulated utility option that JERA has proposed.

7. Grant such other relief as the Commission deems appropriate to support an efficient, transparent, and customer-focused procurement process.

For the reasons stated above, Hawaiian Electric respectfully requests that the Commission open a new docket as soon as practicable, establish an expedited schedule designed to approve the proposed Firm RFP within the timeframes requested, and provide guidance on whether the additional firm generation need should proceed through a separate concurrent solicitation, be folded into the IGP RFP, or be addressed through a waiver or other appropriate authorization.

Respectfully submitted,

/s/ Brendan S. Bailey

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