



**Hawaiian  
Electric**

# Senate Informational Briefing

Committee on Commerce and Consumer Protection

Committee on Public Safety and Intergovernmental and Military Affairs

April 18, 2024



# Opening Remarks



# Agenda

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- Background and Context
  - Hawaiian Electric
  - Increasing Wildfire Risk in Hawai‘i
- Hawaiian Electric actions to help with recovery and mitigate wildfire risk
  - Maui Restoration and Recovery
  - Wildfire Immediate Action Plan
  - Wildfire Safety Strategy
  - Legislation
- Questions and Answers



# Background and Context



# We are a local company of Hawai‘i and for Hawai‘i since 1891



At our core is our values and connectedness to the community, state, customers AND their values

*“Our highest priority is to **build a sustainable Hawai‘i** in which our children and grandchildren, our communities, our customers, and employees will **thrive, together.**”*

*Hawaiian Electric’s Declaration*

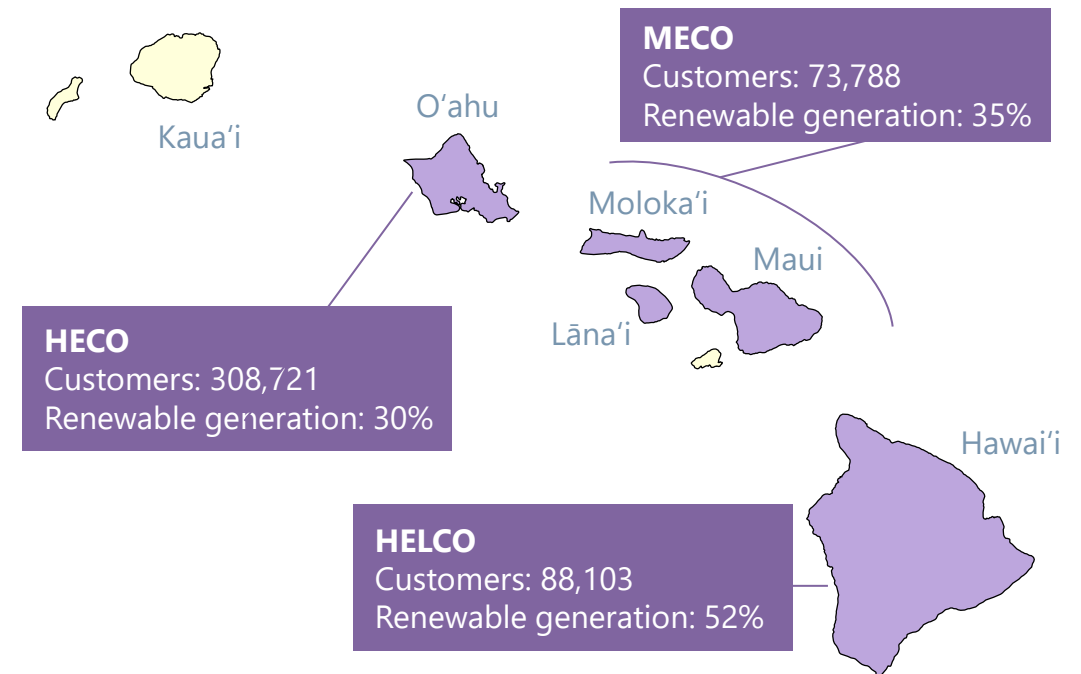
# Hawaiian Electric – a partner in our shared vision for Hawai‘i’s future

## The special characteristics of our grids and our place

- 5 separate islands in the most remote place on Earth
- Serving 95% of the residents of Hawaii
- Unique role as a critical infrastructure provider to INDOPACOM and its subordinate component commands
- Fit for purpose Regulatory Model – PBR and Decoupling

## Executing on our shared vision and policy of the State

- Exceeded all RPS targets (2015 & 2020)
- No. 1 in U.S. for percentage of customers with rooftop solar
- No. 2 in U.S. for per capita electric vehicle adoption
- Proactively initiated the 1st statewide decarbonization study
- >50% of distribution circuit miles located underground, compared with ~20% in California and nationally



# Hawai‘i also has a unique set of resiliency risks



## Cyberattack

*Hawaiian Electric is a target for a variety of threat actors using evolving tactics, techniques, and procedures*



## All-Hazards Resilience

*Adapting to our changing climate and extreme weather events is vital to the resilience of our entire community*



## Wildfire

*Addressing the increasing risks of wildfire in Hawai‘i requires a “whole of society” and “whole of government” approach*

# Land use has changed in Hawai‘i over the last 130 years



Moku'ula Mokuhinia



Plantation



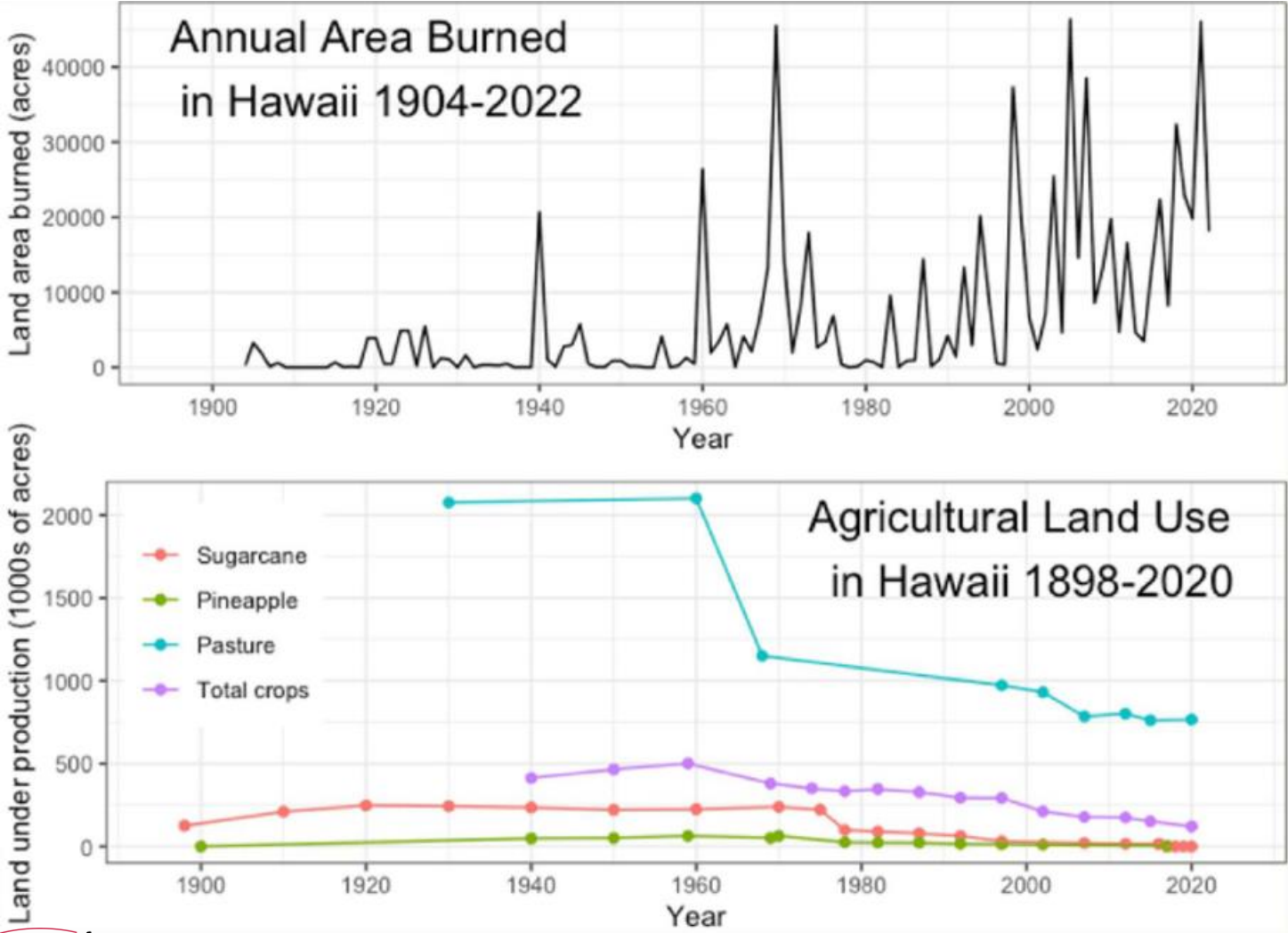
Modern Era

*“Fire has been increasing over the last few decades. We have more and more invasive grasses. We have changes in land use that have led to lots of fallow unmanaged land. **Our infrastructure and our communities weren’t built at a time when wildfire was a risk.** Now, we’re at the stage of trying to retrofit everything and catch up to that risk.”*

*- Elizabeth Pickett, Co-Executive Director at the Hawaii Wildfire Management Organization*



# There are direct links between changes in land use, the abandonment of active agriculture, and wildfire occurrence statewide



"Hawai'i's fire problem is due to the vast areas of unmanaged, nonnative grasslands from decades of declining agriculture ... These savannas now cover about a million acres across the main Hawaiian Islands, mostly the legacy of land clearing for plantation agriculture and ranching in the late 1800s / early 1900s."

- Dr. Clay Trauernicht, UH Mānoa Wildfire Expert



# Hawaiian Electric actions to help with recovery and mitigate wildfire risk



# 'It's a kākou thing' – a collaborative path forward

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Hawaiian Electric is focused on ...

## Supporting restoration & recovery

*Help with recovery and provide immediate relief for the people of West Maui who are suffering*

*What we've done – Maui  
Restoration Recap  
One 'Ohana Initiative*

## Addressing risks going forward

*Address the risk of catastrophic wildfires going forward*

*Immediate Action Plan  
Wildfire Safety Strategy  
Legislation*

# All West Maui customers who can be safely restored are back online



**Fully activated**

*Incident Management Team and Executive Incident Management Team, all hands on deck 24/7 from Aug 8 through November*

**600 people**

*400 employees from across company, 200 contractors involved in emergency response*

**95%+**

*Of Maui customers safely restored within three weeks*

**100+ people**

*On Maui and across company still working on rebuild, planning, community support, government partnerships, federal aid*

**All islands**

*Vehicles, equipment, shipped from all islands to support restoration efforts*

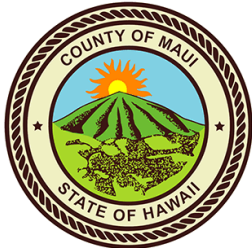
**80%**

*Of Maui customers safely restored within the first week*

**~\$30M**

*Estimated spent on manpower, material (including steel transmission poles being installed now)*

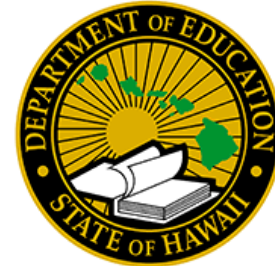
# Hawaiian Electric acted quickly to support the West Maui community and our partners in restoration and recovery efforts



FEMA



US Army Corps of Engineers®



# Hawaiian Electric Wildfire Safety Strategy Video

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# We are not waiting - immediate action to address wildfire risk



## Enhanced WF Operational Strategies & Practices

- Block reclosing & fast trip*
- Enhanced inspection tools & data*
- Enhanced vegetation management*
- Public Safety Power Shutoff (PSPS)*



## Improve Situational Awareness

- Forward observers*
- Dual optical/thermal video cameras*
- Weather stations*
- 360° video cameras w/ AI*

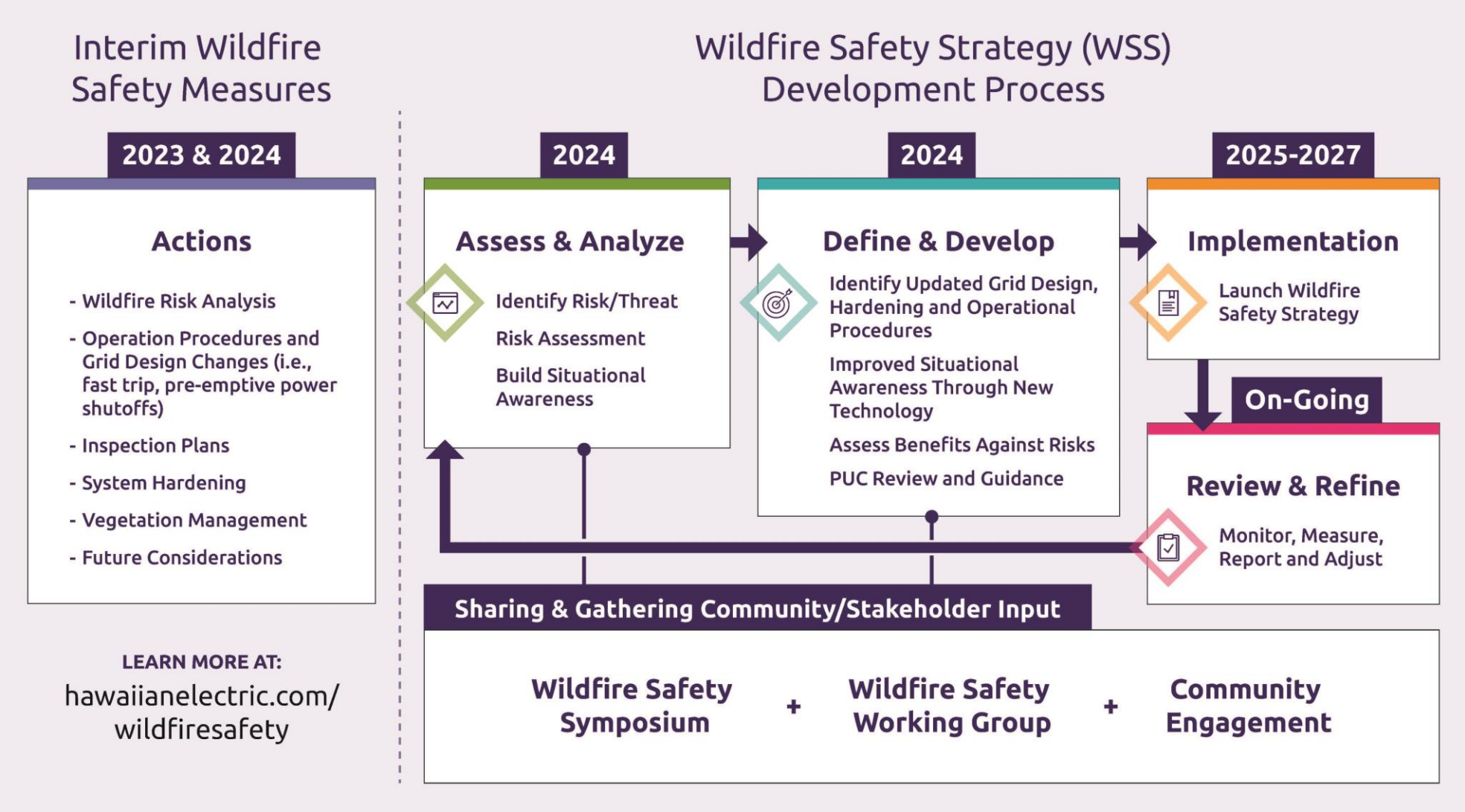


## Harden the Grid

- Wood pole replacements*
- Reconductoring and line spacers*
- Strategic undergrounding*
- Address identified asset risks*

**\$117 million budgeted for wildfire mitigation work in 2024 (~37% of capital budget)**

# Wildfire Safety Strategy Development





# Wildfire Safety Symposium



## WILDFIRE SAFETY SYMPOSIUM

April 10-11, 2024 • Hilo, Hawai'i



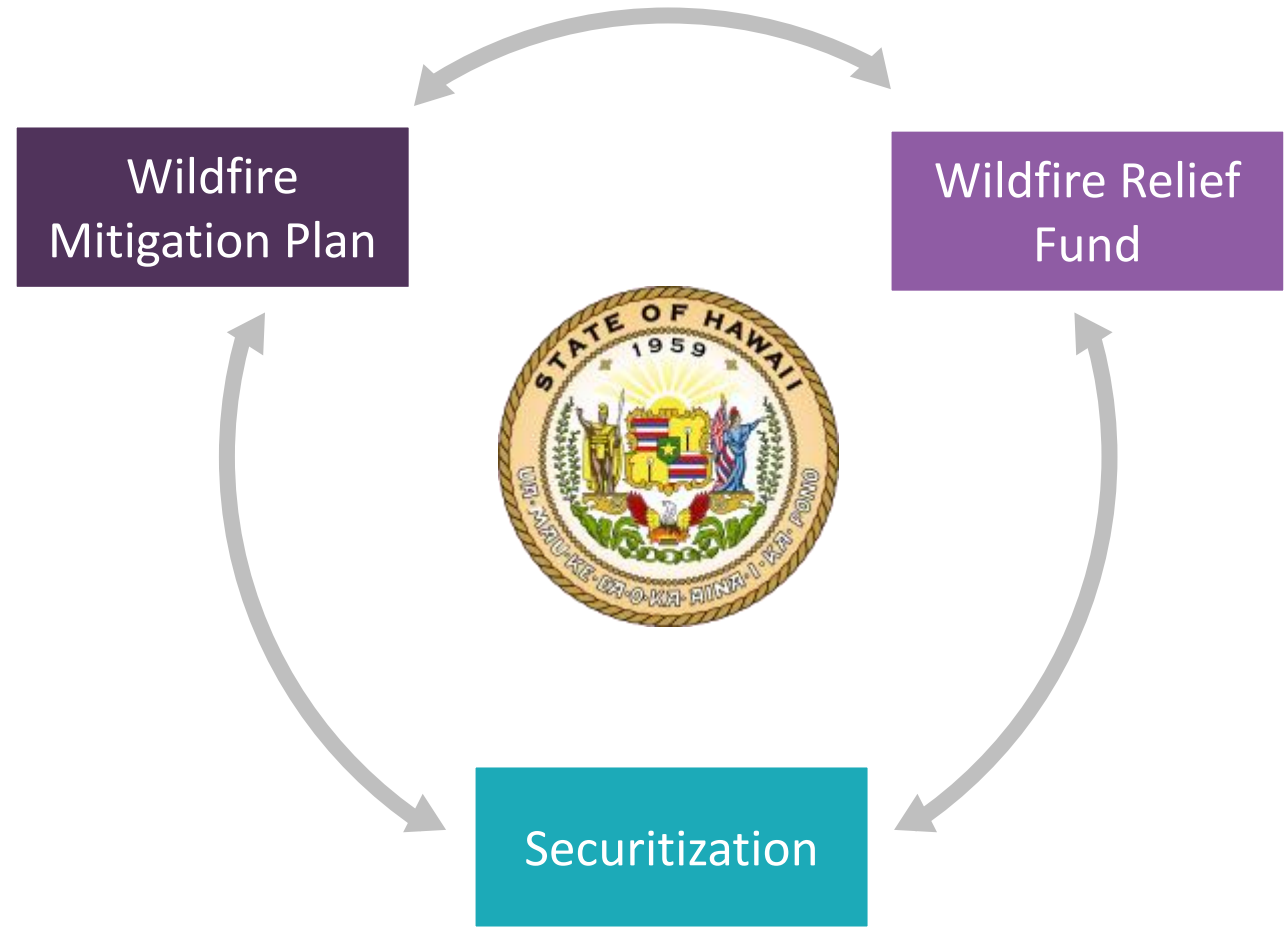
- American Red Cross of Hawaii
- California Public Utilities Commission
- City & County of Honolulu
- College of Tropical Agriculture and Human Resources
- County of Hawaii
- County of Maui
- Dept. of Business, Economic Dev. and Tourism
- Dept. of Commerce & Consumer Affairs
- Dept. of Defense
- Dept. of Land & Natural Resources
- Dept. of Transportation
- Essential Energy
- Hawaii Green Growth
- Hawaii Public Utilities Commission
- Hawaii Wildfire Mgmt. Organization
- Hawaiian Telcom
- Honolulu Board of Water Supply
- Imiloa Astronomy Center
- Kamehameha Schools
- Kauai Island Utility Cooperative
- Kohala Coast Resorts Assoc.
- Kohala Ranch Firewise
- Kohala Ranch Water Company
- Life of the Land
- LUMA Energy
- Mahi Pono
- Mauna Kea Watershed Mgmt.
- National Oceanic and Atmospheric Admin.
- Pacific Gas and Electric Company
- Puukapu Firewise
- Queen Emma Land Company
- San Diego Gas & Electric
- Southern California Edison
- State Energy Office
- T-Mobile
- AT&T
- UMS Group
- United States Dept. of Homeland Security, Federal Emergency Mgmt. Agency
- Verizon Wireless
- Vibrant Hawaii
- Waianae Mountains Watershed Partnership
- Waikoloa Village Firewise

# Federal funding opportunities can accelerate mitigation efforts & reduce bill impact

*U.S. Dept of Energy (DOE) Grid Resilience & Innovation Partnership (GRIP) Program*

Title	Status of Opportunity	Est. Selection Timeframe	Total Project Amount	Federal Match %	Federal Match Amount
<b>GRIP1 Topic 1 - Grid Resilience</b> (grid hardening)	<b>Selected for Award Negotiations</b>	<b>8/30/2023</b>	\$ 190 million	50%	\$ 95 million
<b>GRIP2 Topic 1 - Grid Resilience</b> (wildfire focus)	Full Application submitted	Summer/Fall 2024	\$ 200 million	50%	\$ 100 million
<b>GRIP2 Topic 2 - ADMS and Field Devices</b>	Concept Paper Submitted	Summer/Fall 2024	\$ 205 million	49%	\$ 100 million
<b>GRIP2 Topic 3 - State-wide Grid Innovation</b> (HSEO sponsoring with DOD, HIEMA and KIUC)	Full Application submitted	Summer/Fall 2024	\$ 500 million	50%	\$ 250 million
<b>Total</b>			<b>\$ 1.1 billion</b>		<b>\$ 545 million</b>

# Forward-looking legislation helps protect the people of Hawai'i and economy from the risk of wildfire



Representative list of supporters include:

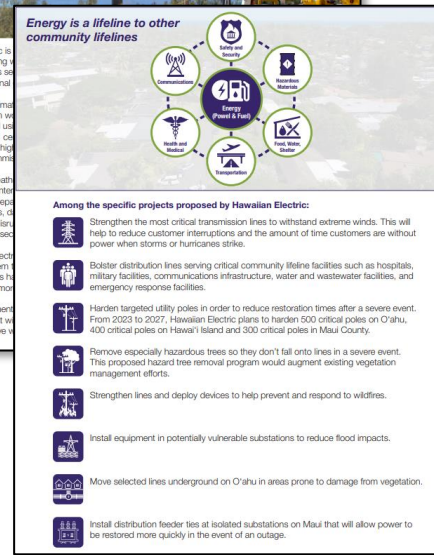




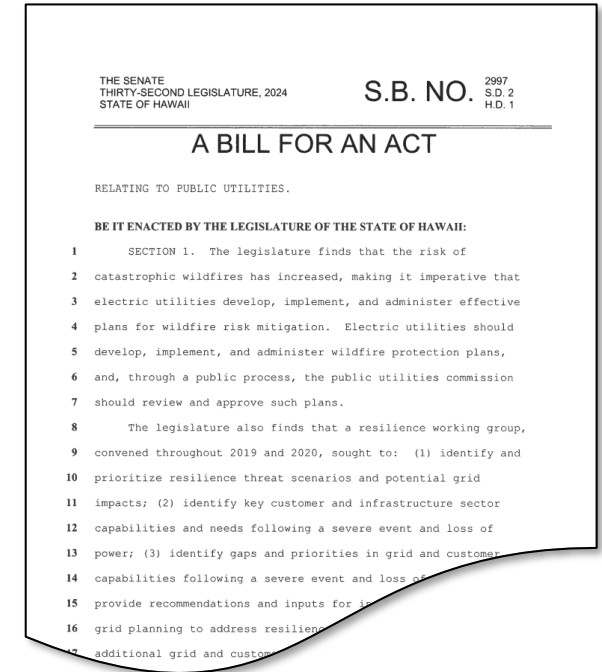
# Wildfire Mitigation Plan



*Resilience Working Group & Wildfire Mitigation Plan Development (2019)*



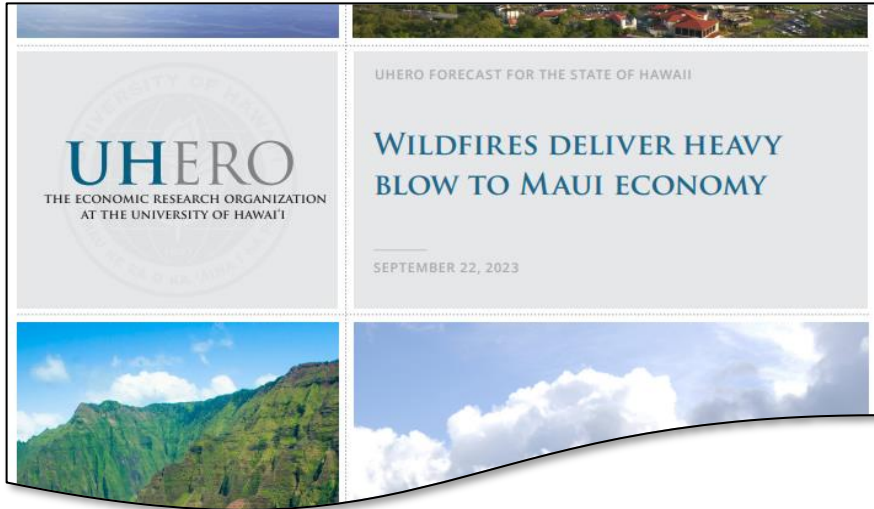
*Climate Adaptation Transmission & Distribution Resilience Program (2022)*



*Proposed Wildfire Mitigation Plan (2024)*



# Wildfire Relief Fund



*“... It is in the public interest to ensure that the threat of wildfires does not make investment in Hawaii's public utilities so financially risky that it becomes too costly or impossible for them to raise capital to implement vital plans, including plans to mitigate wildfire risk, and to provide safe, reliable, and affordable service to the people of the State ... it serves the public good to avoid the costs of litigation arising out of catastrophic wildfires in order to **protect Hawaii's economy and encourage investment in the State.**”*

- Hawaii State House of Representatives. Committee on Water and Land & Consumer Protection and Commerce, H.B. 2700, H.D. 1, (HSCR 191-24). Hawaii, Feb 8 2024

*“State lawmakers [in California] passed a bill in 2019 that established a wildfire fund to help the companies manage financial risk ... ‘That’s a **commitment that California has made that our investor-owned utilities should be investible,**” [Pope] said. ‘There was a period of time when we weren’t, but that time has passed.’”*

- Katherine Blunt, Wall Street Journal, Wildfires Make Utilities a Tricky Investment. Just Ask Warren Buffett

2	2024 GENERAL SESSION
3	STATE OF UTAH
4	Chief Sponsor: Scott D. Sandall
5	House Sponsor: Carl R. Albrecht
6	<hr/>
7	<b>LONG TITLE</b>
8	<b>General Description:</b>
9	This bill modifies provisions related to planning and cost recovery for certain energy
10	resource decisions and allows a large-scale electric utility to establish a Utah fire fund.



# Securitization – the bill that pulls it all together and is the lowest cost option with a 5% cap

*Illustrative example:*



**+\$4.10 typical residential  
monthly bill (+2.1%)**



**Equates to \$1 billion to invest in  
wildfire mitigation & utility  
contributions to relief fund &  
other wildfire related expenses**

*“The lower the interest rate in borrowing funds, the lower the impact on ratepayers. The lowest rate today is through securitization. To call saving money a ‘bailout’ is crazy.”*

*- Henry Curtis, Ililani Media, April 13, 2024*

# Key Takeaways

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- Hawaiian Electric and its employees are of and for Hawai'i
- Our focus is and has been focused on helping the people Maui recover/heal and reducing the risk of future catastrophic wildfires statewide
- The rising risk of wildfire in Hawai'i must be addressed collectively and collaboratively
  - Investments Hawaiian Electric and others are making are reducing the risk and making the grid safer, but more is needed
  - Working together we can accelerate risk reduction and reduce the bill impact of these investments through federal grants and securitization which is the lowest cost means of financing available at this time
- The proposed legislation before you is forward looking, in the public interest and will protect the people of Hawai'i and its economy from future catastrophic wildfire

# Closing Remarks







**Q&A**

