

APPENDIX II

FEED-IN TARIFF (FIT) PROGRAM

Queuing and Interconnection Procedures for Tier 3

FIT Program Information

Applicants to the Program are encouraged to visit the Company's FIT website at www.heco.com/fit to review the following documents and procedures before beginning the registration and application process.

- Application for FIT Program
- Application for Interconnection Agreement
- FIT Queuing and Interconnection Procedures
- Schedule FIT Tariff
- Schedule FIT Agreement
- Link to Locational Value Maps

Registration

Applicants are required to register on the FIT website, which can be accessed at www.heco.com/fit. Applicants will be provided with a password and user name and a specific project folder for each project the Applicant proposes. All correspondence with the Applicant will be transmitted through the project folder. Persons who register on the FIT website are not obligated to submit an application.

Pre-Qualification

Applicants must meet the following pre-qualification requirements in order to be eligible for the FIT Program:

- Demonstrate site ownership or control
- Proposed project must be able to be completed within 18 months of the Seller and Company's execution of the Schedule FIT Agreement

Application Forms

Applicants must complete the following application forms:

- Application for FIT Program ("Application")
- Application for Interconnection Agreement

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Once the Applicant has successfully submitted the Application through the FIT website, Applicant must mail the required application fee and reservation fee to the address provided and upload the required project documentation to the FIT website. Failure of an Applicant to submit these items within the deadlines provided will render the Application incomplete and the Application will be removed from the queue.

Tier 3 Applications will continue to be accepted into the Active Queue until such time that the allotted FIT program capacity is filled. Applications will continue to be accepted in the unlimited Reserve Queue for Tier 3. Queue position will be based on the date and time stamp on the Application.

The IO will provide oversight of the queuing process conducted by the Company. In consultation with the IO, the Company may exercise administrative discretion in the management of the FIT program.

The FIT Tier 3 Program procedures are summarized below and illustrated in Exhibit 1.

Application Process

1. Applicant completes the on-line Application form. All required fields of the Application must be properly completed before the FIT website will allow the form to be submitted. Required documents must be uploaded for an Application to remain on a queue.
2. Upon successful submission of the Application, the website will assign a Date/Time stamp to the Application, notify the Applicant to submit the Application for Interconnection Agreement, the non-refundable Application Fee, and the refundable Reservation Fee within the required timeframe.
3. A FIT Applicant may not simultaneously engage with the Company in bilateral negotiations for a power purchase agreement for the same project.

Queuing Process

1. The website will accept Applications in the Active Queue until the Tier 3 Queue is filled. Once the Active Queue is filled, the Applications will be assigned to the Reserve Queue. The on-line status of the Active and Reserve Queues will be updated as Applications are received.
2. Within five (5) business days, the Company should be in receipt of the Applicant's Application Fee and Application for Interconnection Agreement. If any of these items

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are not received, the Application will be removed from the Active Queue and Applications in the Reserve Queue may be moved into the Active Queue.

3. Within fifteen (15) business days, the Company should be in receipt of the Applicant's Reservation Fee. If any of these items are not received, the Application will be removed from the Active Queue and Applications in the Reserve Queue may be moved into the Active Queue.

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Interconnection Process

1. The Application for Interconnection Agreement will be reviewed by the Company for the need for an Interconnection Requirements Study (IRS) following the same timeframes outlined in Rule 14.H.
2. An application to the Public Utilities Commission may be required pursuant to Hawaii Revised Statutes (HRS) Section 269-27.6 regarding the construction of a new 46kV line, either overhead or underground, and HRS Section 269-27.5 requiring a public hearing if the new line is in or near a residential area.
3. To expedite the IRS process, the Company will post on the FIT website a list of documents that will be requested of the Applicant if an IRS is required. The Applicant may upload these documents prior to being requested by the Company. If an IRS is required, these documents must be uploaded within 5 business days of notification or the Application will be removed from the Active Queue.
4. The Applicant will be notified for any projects that require an IRS. If the Applicant agrees to proceed with the IRS, they will be required to execute a signed IRS Letter Agreement to initiate the IRS process. The Applicant's position in the Queue will be maintained while the IRS is being conducted. The Applicant shall have 15 business days to execute the IRS Letter Agreement or contract directly with an approved HECO firm to complete the IRS or the Application will be removed from the Active Queue.
5. The IRS shall be completed within one hundred fifty (150) calendar days of the Applicant's agreement to move forward with the IRS and payment of the IRS cost is received. If the Applicant has elected to contract with a third-party, the IRS shall be completed within 150 days of the Applicant's notice to the Company of the selected third-party to complete the IRS. The Company, for good cause and after consultation with the Independent Observer, may modify the time limits to conduct the IRS, and shall inform the Applicant in writing of the need to modify the applicable time limit.
6. After completion of the IRS, the Company will review the results of the IRS with the Applicant to address any questions or issues associated with the conclusions and recommendations of the IRS. The Applicant will have 15 business days to exercise the option of withdrawing from the Active Queue or proceeding to Step 7.

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7. Once the IRS is agreed to by the Applicant and finalized, the Company will prepare an estimate of the interconnection costs that will be the responsibility of the Applicant. The Company will review these estimates with the Applicant to address any questions or alternatives that may be available to the Applicant.
8. The Applicant will then have the option of agreeing to proceed with this interconnection work or withdraw from the Queue. The Applicant will have 15 business days to notify the Company of their intention to proceed or withdraw.
9. If the Applicant agrees to proceed with the interconnection work, the Seller and Company will execute the Schedule FIT Agreement within 10 business days. If applicable, a PUC Application for the 46kV line extension will be filed.
10. Upon execution and receipt of the Schedule FIT Agreement, the terms of the Schedule FIT Agreement will be in effect.

Table 1 below summarizes various application statuses in the Schedule FIT Queue and required actions and timeframes for compliance:

Table 1

IRS STATUS	SERVICE REQUEST STATUS	ACTION
IRS Required, Payment Received, Study Underway	Service Request Submitted, Payment Received For Firm Cost Estimate	Execute FIT agreement when costs are available to complete Attachment G.
IRS Not Required	Service Request Submitted, Payment Received For Firm Cost Estimate	Execute FIT agreement when costs are available to complete Attachment G.

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Table 1 (Continued)

IRS Required, No Payment Received		Applicant must agree to proceed within 15 business days of notification that an IRS is required; IRS Letter Agreement detailing cost and scope of the study, and any other documentation required for the IRS must be returned, with payment, within 15 business days of receipt of the IRS Letter Agreement.
IRS Required, Additional Information Requested From Applicant		Applicant must agree to proceed within 15 business days of notification that an IRS is required; IRS Letter Agreement detailing cost and scope of the study, and any other documentation required for the IRS must be returned, with payment and the requested documentation within 15 business days of receipt of the IRS Letter Agreement.
IRS Required, Payment Received, Study or Resulting Requirements Underway	Service Request Not Submitted or No Payment Made For Cost Estimates	Applicant must submit a service request within 15 business days of the Applicant's receipt of the IRS study results including the scope and cost of any required upgrades. The Rough cost estimate must be paid within 15 business days of the Applicant's receipt of the estimate; the Firm cost estimate must be paid within 15 business days of the Applicant's receipt of the estimate.
IRS Not Required	Service Request Not Submitted or No Payment Made For Cost Estimates	Applicant must submit a service request within 15 business days. The Rough cost estimate must be paid within 15 business days of the Applicant's receipt of the estimate; the Firm cost estimate must be paid within 15 business days of the Applicant's receipt of the estimate.
Technical Review Incomplete	Technical review Incomplete	Insufficient information to begin technical review, Applicant will have 15 business days to provide all of the information required to proceed with the technical review and establish site control.

If no service upgrade is required for a particular project, then such project would be treated as if the service request milestones have been met.

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Project Development and Completion

The Applicant may submit a written request for an extension of an interconnection milestone prior to the milestone date. In considering the extension request, the Company shall take into account the progress made by the Applicant in achieving the milestone and the number of other Applicants waiting to execute Agreements, if any. The Company shall not unreasonably withhold such extension. Within ten (10) days of receiving written notification of an extension the Applicant shall pay the Company an additional reservation fee in the same amount as that initially paid and subject to the same refund and forfeiture provisions. In order to ensure only viable projects remain in the Queue, in no event shall the allowed extension be extended for more than 180 days.

The project must meet all project development milestones and be placed In-Service within the timeframes specified in the Schedule FIT Agreement.

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