Governance and Policy Issues

2009 Legislative Session

January 22, 2009
Governance: Agency Roles

- **Legislature**
  - Sets General and Specific Energy Policies
  - Determines Scope of Agency Authority and Duties
  - Determines Agency Budgets
  - Provides Oversight of Agencies

- **Public Utilities Commission (PUC)**
  - Regulates All Aspects of Public Utilities
  - Sets Rates and Specific Policies
  - Investigations / Responds to Complaints
Governance: Agency Roles

- Division of Consumer Advocacy
  - Represents Consumers Before the PUC
  - Provides Public Information

- Strategic Industries Division (DBEDT)
  - Planning and Information
  - Program Implementation
  - Resource Permitting Facilitation
  - Greenhouse Gas Task Force (with DOH)
Governance Issues

- Who Sets Policies: Legislature vs PUC
  - General Policy versus Implementing Policies
  - Evolving, Technical or Difficult Issues to PUC
- Transportation Sector Energy Policy
  - How to Encourage / Mandate Efficiency
- Permit Streamlining
  - Energy Imperatives versus Normal Due Process
  - Caution Regarding Legal Errors
Governance Issues

- Adequate Agency and Program Funding
  - Agencies and Programs Do Not Work Without Resources
    - Staff Positions
    - Budget for Resources
  - Forum Fully Supports Completion of PUC Agency Reorganization and Relocation
Governance Issues

➢ Funding Sources

❑ Utility Consumers - Surcharges on Utility Bills
  • PUC Special Fund – For PUC/DCA Agency Costs Only
  • Public Benefits Fund Surcharge – Efficiency Programs
  • DSM Surcharge - Load Management Programs
  • Clean Energy Infrastructure Surcharge – Utility CWIP

❑ Taxpayers
  • General Fund
  • Tax Credits

❑ General Consumers
  • Upstream “Barrel” Tax
Energy Policy
What is 2009 All About?

➢ Hawaii State Budget Crunch
➢ Economic Stimulus Strategies
➢ Pending Federal Energy Policies
➢ New Hawai‘i Energy Initiatives
  ❉ Hawaii Clean Energy Initiative
  ❉ October 2008 Energy Agreement
  ❉ Legislative Initiatives
Hawaii Clean Energy Initiative (HCEI)

- Calls for 70% Clean Energy by 2030
- Includes Electrical and Transportation Sectors
- Inspired the October 2008 Energy Agreement
- Includes a Legislative Package
  - HEPF Will Review Components
October 2009 Energy Agreement

Signed Agreement Between:

- State of Hawaii
  - Governor
  - DBEDT
  - Consumer Advocate

- Hawaiian Electric Companies
  - HECO
  - MECO
  - HELCO
October 2009 Energy Agreement

- New Paradigm for HECO Regarding Extensive Renewable Generation:
  - Old Position: No Can Do (much)
    - Cost Too High / System Integration Issues
  - New Position: Can Do… (a lot more)
    - Cost Recovery / Smart Grid

- Agreement Primarily Includes Matters To Be Determined by the PUC
October 2009 Energy Agreement

Several PUC “Dockets” Opened:
- Feed-in Tariffs
- Revenue Decoupling
- Advanced Metering / Time of Use Rates

Several More Dockets Contemplated:
- Clean Energy Infrastructure Surcharge
- Clean Energy Scenario Planning Process
- Capacity Surcharge Adjustment Mechanism
- HECO “PV Host” Program
- Renewable Portfolio Standard Modifications
- Energy Efficiency Portfolio Standard
- Specific Energy Efficiency Resource Programs
October 2009 Energy Agreement

- Feasibility Not Yet Determined
  - Overall Costs and Rate Impacts Not Determined Specifically
  - Electric System Integration Issues Not Resolved
  - No Over-Arching Venue or Investigation of Merits

- Concerns Regarding Impacts On Existing Hawaii Renewable Industry
October 2009 Energy Agreement

➢ Legislative Matters:
  ❑ Enabling Legislation
    • Wholesale Contracts Above Avoided Cost
    • Renewable and EE Portfolio Standards
    • ???
  ❑ Legislative Oversight
    • Will PUC Conduct Probative Investigation?
    • Will Consumer Advocate Remain Objective? (Considering Being an Agreement Signatory)
Other Legislation?

 ➢ Soon to be Determined…

 ➢ Forum Will Review Energy Related Bills to Determine Which Have Full Consensus Support
Mahalo!

Questions?