UPDATE ON ENERGY INITIATIVES

Public Utilities Commission
State of Hawaii
Carlito P. Caliboso
Chairman
January 22, 2009
Commission Regulatory Authority

- General supervisory power over public utilities under Chapter 269, HRS. HRS §269-6(a).

- “The public utilities commission may consider the need for increased renewable energy use in exercising its authority under this chapter.” HRS §269-6(b). Act 177 (SLH 2007).
Traditional Regulatory Objectives, Ch. 269 HRS

- Reliable Electricity Service
- Just and Reasonable Electricity Rates
- Fair Opportunity to Earn Reasonable Rate of Return
OIL PRICES (WTI)

Data Source: U.S. DOE Energy Information Administration
http://tonto.eia.doe.gov/dnav/pet/pet_pri_spt_s1_m.htm
EFFECTIVE RATES AND OIL PRICE CHANGES
SINCE JANUARY 1, 2007

Data Source: HECO Companies "Effective Rate Summaries" Reports
KIUC Fuel and Purchased Power Rate Adjustment Reports
U.S. DOE Energy Information Administration
http://tonto.eia.doe.gov/dnav/pet/pet_pri_spt_s1_m.htm
Priority Policy and Regulatory Objectives

- **Energy Security** – Reduce Dependence on Imported Oil
  - Supply Security
  - Price Stability

- **Climate Change** – Reduce Green House Gas Emissions
Energy Strategies

- Maximize Cost-Effective Energy Efficiency
- Increase Renewable Energy
- See HCEI Agreement
Energy Efficiency

- 2004 HECO Rate Case 04-0113
  DSM Application Bifurcated
- Energy Efficiency Docket 05-0069
- Public Benefits Fee, Act 162 (2006)
- Energy Efficiency Program Administrator Docket 2007-323
Energy Efficiency Program Administrator

- **RFP Issued and Contractor Selected**
- **Fiscal Administrator:** BoH
- **Contract Administrator:** Jim Flanagan Associates
- **Program Administrator:** Science Applications International Corporation (SAIC)
Increasing Renewable Energy Generation

**RPS**
- 10% Renewable Energy by 2010
- 15% Renewable Energy by 2015
- 20% Renewable Energy by 2020

**Penalties Established for RPS at $20 per MWh of deficiency.**
(Order 12/19/2008 Docket 2007-0008)
Increasing Renewable Energy Generation

- **Feed-in-Tariffs (Docket 2008-0273)**
- **Decoupling Mechanism (Docket 2008-0274)**
- **Net Energy Metering**
  - System Caps Increased for HELCO and MECO from 1.0% to 3.0%-4.0% (Order 12/26/2008, 2006-0084)
  - HECO to apply for 15% circuit cap per HCEI