

PRESENTATION OF
CARLITO P. CALIBOSO
CHAIRMAN, PUBLIC UTILITIES COMMISSION
TO:

HAWAII ENERGY POLICY FORUM

July 24, 2007

(Reference January 18, 2007 Forum & Agency Legislative Briefing)

STATUS, PLANS AND PRIORITIES OF THE PUBLIC UTILITIES COMMISSION

<u>Reference</u>	<u>Docket</u>	<u>Description</u>	<u>Status and Update</u>
1. Chapter 269, HRS	03-0371	Investigation re Distributed Generation ("DG") to establish policies and principles for DG deployment and generation, and guidelines and requirements for DG.	<ul style="list-style-type: none"> • Completed with Decision and Order No. 22248, January 2006, setting forth various DG policy and procedural matters, and with further details to be established by tariff. • Decision and Order No. 22375, April 2006, ruling on HECO's motion for clarification and reconsideration. • HECO's and KIUC's proposed revised interconnection tariffs filed July 2006. • HECO's proposed standby service tariff filed August 2006; KIUC's proposed standby tariffs filed November 2006. • Many concerns and comments were generated by proposed standby service tariffs; accordingly, tariffs to be reviewed in two new dockets: HECO (2006-0497) and KIUC (2006-0498). Statewide public hearings will be held in February 2007. • UPDATE: • Statewide public hearings were held in February 2007 for the standby service tariff dockets for HECO (2006-0497) and KIUC (2006-0498). • Parties currently discussing the possibility of a settlement and compromise. • Procedural schedules from the parties are due by August 8, 2007 for HECO docket, and August 29, 2007 for KIUC docket.
2. Chapter 269, HRS	03-0372	Investigation into Competitive Bidding as a mechanism for acquiring or building new generation projects in effort to ensure new	<ul style="list-style-type: none"> • Completed with establishment of Competitive Bidding Framework in Decision and Order No. 23121, December 2006. • Electric utilities interconnection and upgrade tariffs, and proposed Code of

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		generation at least cost.	<p>Conduct to be filed.</p> <ul style="list-style-type: none"> • UPDATE: • HECO filed proposed interconnection and upgrade tariffs on April 17, 2007, HREA filed comments on May 21, 2007, HECO filed response on June 5, 2007. Pending Commission review and decision. • HECO filed proposed Code of Conduct June 15, 2007, HREA filed comments July 18, 2007, HECO response due August 2, 2007. • Commission approved proposed list of Independent Observers for Competitive Bidding June 22, 2007.
3.	Act 104, SLH 2005	06-0084	<p>Net Energy Metering Investigation: whether to increase: (1) max capacity of customer-generators to more than 50 kW; and (2) total capacity produced by customer-generators above 0.5% of utility's peak demand</p> <ul style="list-style-type: none"> • Parties determined and Procedural Schedule adopted; discovery and technical meetings scheduled through August 2007, Evidentiary Hearing scheduled for September 2007, post-hearing briefs to follow. • Decision and Order target completion December 2007.
4.	Act 162, SLH 2006	05-0069	<p>Energy Efficiency Docket to review HECO proposed Demand-Side Management ("DSM") Programs and to consider use of Public Benefits Fund to administer DSM programs.</p> <ul style="list-style-type: none"> • Discovery completed, Hearings held August 2006, Post-Hearing Briefs completed November 2006. • Federal EPA Consultants retained for assistance. • Decision and Order target completion February 2007. • UPDATE: • Decision and Order No. 23258, February 13, 2007; Order No. 23448, May 21, 2007 (Order granting in part HECO Motion for Clarification and/or for Partial Reconsideration). <ul style="list-style-type: none"> ○ Approved most of HECO's proposed DSM programs. ○ Ordered transfer of DSM and energy efficiency programs to third-party administrator by January 2009. Direct load control programs to remain with HECO. • Subsequent follow-up Investigative Dockets to be opened: (1) to Develop

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				<p>RFP for third party administrator; and (2) for HECO to file for review Accomplishments and Surcharge reports, and Monitoring and Evaluation Reports, and to review any implementation flexibility requests.</p>
5.	Act 95, SLH 2004 Act 162, SLH 2006	07-0008	Renewable Portfolio Standards (“RPS”) Investigative Docket to implement RPS and incentive mechanism and structure.	<ul style="list-style-type: none"> • Held informal workshops to receive range of comments and recommendations. • Opened formal Investigative Docket to complete investigation with changes made by Act 162, which allows for penalties if RPS not achieved. • Electric Utilities have exceeded RPS standards of 8%, as of December 2005 (HECO 11.7%, KIUC 13.9%). • Decision and Order target completion December 2007. • UPDATE: • Final Statements of Position and Proposed framework to address issues in docket due by September 4, 2007.
6.	Act 162, SLH 2006	05-0315	Act 162 requires examination of certain factors before an automatic fuel rate adjustment clause may be approved by Commission, to be applied in HELCO Rate Case.	<ul style="list-style-type: none"> • Review includes consideration of whether clause provides sufficient incentive to encourage greater use of renewable energy, among other considerations. • Proposed adjustment clause will be reviewed under the standards established by Act 162. • UPDATE: • 05-0315: Final Settlement Letter signed by HECO and CA filed May 15, 2007. Opening Briefs filed June 4, 2007; pending Commission determination. • As required by statute, issue will also be applicable to other subsequent rate cases, including MECO (06-0387), and HECO (06-0386).
7.	Act 240, SLH 2006	06-0425	Solar Water Heating Pay As You Save Program - Investigation to establish parameters of program.	<ul style="list-style-type: none"> • Investigation opened; parties and intervenors determined; Stipulated Protective Order and Stipulated Procedural Order entered. • KIUC and HECO’s proposed tariffs filed December 2006.

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			<ul style="list-style-type: none"> • Technical meeting and discovery scheduled through April 2007; evidentiary hearing to follow if necessary. • Decision and Order target completion June 2007. • UPDATE: • Decision and Order No. 23531, June 29, 2007, approved HECO and KIUC proposed tariffs for pilot programs with modifications. • HECO tariffs filed July 9; KIUC tariffs filed July 11, 2007.
8.	Chapter 269, HRS, Par. 2.3.g.2 Gen. Ord. No. 7	05-0145	<p>Application of HECO for Approval of Campbell Industrial Park generation plant; involves renewable energy and biofuels issues.</p> <ul style="list-style-type: none"> • Discovery completed; evidentiary hearing held December 2006. • Pending Post-Hearing Briefing; Decision and Order to follow. • UPDATE: • Decision and Order No. 23457, May 23, 2007, approved generation plant with use of 100% biofuels, along with a new 138kV transmission line. • Related HECO Community Benefits application Docket No. 05-0146, Decision and Order No. 23514, June 27, 2007, approved reverse osmosis water pipeline, environmental quality monitoring program, but denied request for residential rate reduction program for residential ratepayers in the 96707 zip code area.
9.	Federal Energy Policy Act of 2005, amending PURPA	Various: 04-0046 04-0077 06-0084 06-0165 06-0497 06-0498 07-0084	<p>Commission required to consider and make a determination on five (5) standards described in Energy Policy Act:</p> <ul style="list-style-type: none"> • Net Metering (by August 2008) • Fuel Diversity (by August 2008) • Fossil Fuel Generation Efficiency (by August 2008) • Time-Based Metering and Communications (by August 2007) <ul style="list-style-type: none"> • Net Metering: To be reviewed in Commission's Net Energy Metering Investigation (06-0084) • Fuel Diversity and Fossil Fuel Generation Efficiency: To be reviewed in Integrated Resource Planning ("IRP") dockets. HELCO (04-0046), MECO (04-0077), HECO (07-0084), KIUC (06-0165). • Time-Based Metering and Communications: To be reviewed in HELCO Rate Case (05-0315) • Interconnection: To be reviewed in two new DG dockets to review interconnection tariffs. HECO (06-0497), KIUC (06-0498). Federal EPA Consultants retained.

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10.	Act 143, SLH 2006; Act 177 (SLH 2007)		<ul style="list-style-type: none"> • Interconnection (by August 2007) Regulatory Reform: Report from Commission on re-structuring and resource needs; to enable it to more efficiently and effectively address day-to-day regulatory responsibilities and important policy issues.	<ul style="list-style-type: none"> • See PUC Act 143 Report, December 2006. • Resource and Restructuring requests included in Budget request. • UPDATE: • Act 177 (SLH 2007) (HB1005 HD2 SD1 CD1), Relating to Public Utilities Commission, restructures Commission as recommended by PUC Act 143 Report. Currently processing required changes administratively. • Received strong Forum, Legislative, and Administrative support for measure.
11.	Legislative Proposal 2007; Act 177 (SLH 2007)		To improve energy security, and to reduce dependence on foreign oil and benefit the environment, the Commission should be expressly allowed to consider the need for renewable energy in exercising its authority to regulate public utility companies.	<ul style="list-style-type: none"> • Proposed new language: "§269-A Consideration of renewable energy. The public utilities commission may consider the need for increased renewable energy use in exercising its authority and duties under this chapter." • To be submitted with Administration's package. • UPDATE: • Requested provision was included in Section 2 of Act 177.
12.	Chapter 269, HRS, Integrated Resource Planning ("IRP") Framework	04-0046 04-0077 07-0084 06-0165	HELCO MECO HECO KIUC	<ul style="list-style-type: none"> • IRP Dockets are ongoing for each of the utilities. MECO and HELCO completed advisory group process and recently filed preferred IRP plans for Commission consideration. KIUC is scheduled to file plan by December 2007; HECO currently proceeding with advisory group process and scheduled to file its plan by June 2008.
13.	Act 177, § 2 S.C.R. 180 Chapter 269, HRS	07-0176	Investigation re Intra-governmental Wheeling of Electricity	<ul style="list-style-type: none"> • Investigation opened with Order No. 23530, June 29, 2007. • Several motions to intervene or participate have been filed; pending Commission review and determination. • Procedural schedule due within 45 days of Order No. 23530 (i.e., August

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14.	Chapter 486H, HRS, Act 182 (SLH 2007)		Petroleum Industry Monitoring, Analysis and Reporting ("PIMAR")	<p>13, 2007).</p> <ul style="list-style-type: none"> • Weekly PIMAR reporting forms completed after consultation with industry and other state agencies. • First revised weekly reports due August 22, 2007.
15.			Potential Issues for Future Investigation	<ul style="list-style-type: none"> • Decoupling Mechanism • Climate Change – Green House Gas Emissions; Act 234 (SLH 2007), establishes policy goal of reducing GHG emissions to 1990 levels by 2020.