

## Hawaii Energy Forum Meeting

Hawaii Energy Policy Forum  
General Membership Meeting  
State of Hawaii Capitol Building  
Meeting Room #309  
Thursday, October 23, 2008  
10:00 am – 1:00pm  
Summary Notes

### **In Attendance:**

### **Members:**

Amy Asselbaye, Carl Freedman, H. Ray Starling, Joelle Simonpietri, Kyle Datta, Lance Tanaka, Lynne Ebisui, Madeleine Austin, Steve Teves, Mike Hamnett, Peter Rosegg, Rep. Hermina Morita, Riley Saito, Sharon Miyashiro, Steven Rymsha, Ted Peck, Tim O'Connell, Warren Bollmeier

### **Staff:**

Chelsea Phlegar, Kim Suman

### **Guests:**

Bob Shleser, Clear Fuels; Jackie Conant (from Mazie Hirono's office)  
Jim Mistysyn, BEI (Bioenergy); Mark Duda (Suntech), Sandie Wong, Ted Liu, DBEDT;  
Ed Chu, EPA (speaker), Doug Carlson, Jody Allione, UPC Solar; Estrella Seese,  
DBEDT.

### **Closing the Loop on Climate Change (Ed Chu, USEPA)**

### **Discussion**

- If there is a price on carbon, this will have huge implications on HCEI; the whole equation will change
- GHG reporting rule needs to be looked at; how will local efforts fit into national agenda?
- We need to consider both of these issues in regards to Hawaii's energy future and HCEI

### **HCEI Update Regarding the Voluntary Actions Agreement (Ted Liu, DBEDT)**

Director Ted Liu presented background on the HCEI and the work to date. Over the last 12 months there has been an evolution in thinking by the utilities, the PUC, DCA, DBEDT, etc. that business as usual was not acceptable and that our quality of life was at risk. We concluded that we needed to look at our regulatory system and

October 23, 2008

## Hawaii Energy Forum Meeting

needed to put into place a regulatory environment that allowed and incentivised change that was needed.

### *The background leading to the Agreement:*

- The process started prior to HCEI last year with some discussions w/ HECO. Over the last 6 – 7 months, helped by the HCEI and the regulatory process, etc. the agreement framework started to emerge. HEPF contributed to the environment that led to this agreement.
- The recent trip to National Renewable Energy Lab was a seminal event; they've never received a state delegation like ours (legislators, DCA, PUC, Governor, CEO of every major utility and senior staff).
- The process was a fairly closed one due to HECO being a publicly traded utility
- A lot of credit goes to Cat Awakuni and her staff at the DCA – there is no doubt that we have all been moved outside our comfort zone

### *The Agreement (<http://hawaii.gov/dcca/areas/dca/HCEI/>)*

- There are a lot of things HECO can do voluntarily but major work will be done by the PUC
- The agreement will be a living document, we are already talking with the utility about improvements
- We still have the HCEI process to complete, we anticipate a series of recommendations to come out of this process
- There will likely be a focus on building efficiency (which may result in building code changes, etc.) and transportation (alternate fueled vehicles such as plug-in electric hybrid vehicles, etc.)
- The focus will not likely be on biofuels at this time
- With new administration coming next year, we cannot depend on the Feds for funding; but hopefully HCEI will survive the change w/ bipartisan support
- To achieve success with HCEI, we need to:
  - Change the rules of engagement on the regulatory side, i.e. change incentive structure in the regulations. Could happen in 6 - 9 months. Ex.: Make feed-in tariffs available by next summer. Bill feels it's feasible.
  - Submit a good legislative package for the coming session. Funding options include the state general fund, a barrel tax, and revenue bonds.
  - De-coupling of utility's profits from electricity sales.
- One year ago during an energy efficiency hearing, a de-coupling proposal was offered but not pursued. The process was considered too lengthy to consider. However, it may be that change would be much more achievable with the high price of energy, projected security risk, etc.

October 23, 2008

## Hawaii Energy Forum Meeting

- Since June, HCEI has made an effort to bring ideas to the table (i.e. NREL/Booz Allen) (i.e. building codes, etc.).
- Information is now being compiled and will be sent to the HCEI working groups so they can comment, prioritize and review.
- A package of bills will be submitted to the Legislature. Legislation needs to be balanced as far as its energy/project/initiative mix. Will not likely be perfect but all components need to be approved in the aggregate rather than approving the items in the bill separately. Specific items that don't work should be corrected in a year or two.
- For the last couple of months, a small group of state legislators has met w/ HCEI representatives to facilitate the legislative process. We also need HEPF input.
- Contents of the regulatory versus the statutory framework have not yet been worked out. PUC budget is the common denominator between legislation and the regulatory framework. Also, funding is needed by the PUC, DBEDT, and the DCA, which are all currently understaffed.

### **HCEI Question & Answer Session**

Q: In general, what legislation might be proposed? What will the role of mandates vs. credits be?

A: Ted Liu is concerned about the timeline remaining before the Legislative session opens. Legislators are deferring to the HCEI process, focus is on efficiency and transportation; don't know at this point if the Administration will have their own legislative package, however we're trying to make this a non-partisan effort

Q: Will the undersea cable be owned by the state? Is there going to be any money requested from Congress?

A: Funding for the state-owned undersea cable could come from 3rd parties who would build and operate the cable. This cable would support a more stable electrical grid and would allow supply to meet demand on other islands. The cable would be similar in depth and length to the Long Island to New Jersey cable. We have private companies coming to us who are interested in the cable project. The agreement is intended to open up our markets to private capital, private development, etc. Loan guarantee programs are being considered (both state & federal); a solicitation is currently out that is due 12/31/08 for \$10 billion to private project developers, a couple of companies are looking at trying to get this funding.

Q: Will DBEDT be able to sponsor a seminar to walk people through the various areas of the agreement?

A: DBEDT is currently focused on getting Leg proposals ready for the upcoming session. DBEDT will likely do a 1/2 - 1-day workshop to walk thru the details of the agreement but not until later this year like late November or early December. HEPF

## Hawaii Energy Forum Meeting

would be happy to co-sponsor this kind of informational session. Right now DBEDT is busy identifying the various dockets that will be impacted in order to meet the timelines in the agreement.

Q: What is the best way to get info on the Leg proposals and then to provide input regarding the Leg proposals to the right people?

A: This is one of the issues HCEI has been struggling with, and we are trying to get a leg. package ready and circulated around early enough for comment and buy-in.

Q: Sounds like legislative discussion is still happening in small, private groups? Is there a way for us to participate?

A: The legislation is supposed to be a starting point for discussion, relying on lots of technical information. HEPF's role can be to promote the right staffing and funding.

There were a number of questions about the agreement regarding NEM, feed-in tariffs, etc. that came up. The lack of detail in the agreement is resulting in market uncertainty in the solar industry already. This framework of the agreement is really meant to move PUC in the desired direction by summer 2009. PUC will still have to go thru the process and receive public comment on how the details will be worked out. So there will not be more info (details) in the next month or so. However, clarity of details in the agreement as soon as possible should be the focus.

### **Follow-up Action:**

It was decided that the Forum would consolidate comments (questions, comments, priorities not so listed) on the agreement from interested parties by 11/7/08 (need to reference the agreement page, section, and paragraph #). Then the steering committee will look at it, write a cover letter and send to the agreement parties.

### **Working Group Reports**

COMMUNICATION/OUTREACH: 'Call for Papers' was sent to Forum members. Ideas for paper topics are due at the end of October; and should be sent to Working Group chairs. The plan is to get the draft of papers completed by the beginning of December.

RENEWABLE ENERGY: Renewable energy related call for papers ideas - food vs. fuel; renewable energy costs on energy bills; to cable or not to cable?

GHG: UHERO Energy and Greenhouse Gas Solutions Project papers will be completed soon and will be presented to the Forum at its next general meeting on December 17.

## Hawaii Energy Forum Meeting

REGULATORY REFORM: The WG will monitor the HCEI proposal as we have to keep in mind why we want renewables (displace fossil fuels, environmental benefits) and also careful about greasing the wheels too much on environmental permitting. Also the new agreement requires a huge amount of immediate action by the PUC, this will be a huge burden on them. The total current energy infrastructure is \$3 billion, and the proposed infrastructure is \$16 billion; this doubles or triples the weight. We have to count on vigorous analysis by the PUC, and the idea of risk/return/obligation is important and sobering.

HYDROCARBON FUTURE: There is a lot of interest in the new HCEI Agreement; it is important for us to discuss this and set some HEPF priorities

### **Announcement:**

The next general membership meeting will be held on December 17, from 10am – 1pm at the Capitol, Conference Room 329

### **Adjournment:**

The meeting adjourned at 1:30 pm.