



COLLEGE OF SOCIAL SCIENCES

**HAWAII ENERGY POLICY FORUM**

UNIVERSITY OF HAWAI'I AT MĀNOA

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# **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)

- Agreement with State of Hawaii and U.S. Dept. of Energy (January 2008)
- 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



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**Mahalo!**

Questions?