State of Hawaii Public Utilities Commission
Public Benefits Fee (PBF)
Technical Advisory Group (TAG)

Meeting Summary

Tuesday, February 25, 2020
10:40am – 12:45pm Hawaii Time
Hawaii Public Utilities Commission, Honolulu

10:40 – Welcome and Context

- Attendees (~ 20 attending live in Honolulu and ~ 15 on the videoconference) were welcomed and advised that the meeting was being recorded.
- The Energy Efficiency Manager (EEM) previewed the agenda and described the context for PBF Program Updates
    - The Hawai'i Energy Triennial Plan was proposed, and a supplemental filing submitted on June 12, 2019. The Commission issued an Approval Order, with modifications, on October 25, 2019. Hawai'i Energy provided a response to Order Number 36708, with Modifications, Improvements and Additions to the Triennial Plan

10:45 - PBF Program Updates and Annual Review

- Hawai'i Energy showed the PY 19 program status indicators and forecast; and highlighted selected new program offerings.
- Hawai'i Energy summarized the response to PUC Approval Order, including:
    - Demand response ready / enablement – aligns with what was shared in the Potential Study presentation at the TWG meeting.
    - Energy storage pilot programs – to support load shifting and customers' capacity to be active grid participants.
    - EV charging station program
- Hawai'i Energy described their revised annual report format
- Hawai'i Energy & Hawaiian Electric noted they are updating collaboration framework
- The North Kohala collaboration was summarized. Last night's community meeting was standing room only.
- Another modification mentioned was the 10 Year Roadmap. Components were previewed, including:
    - Reduce energy (kWh) usage and shift demand (kW) in alignment with the state's Energy Efficiency Portfolio Standards (EEPS) (Objective 1)
    - Transform buildings into smart, resilient, grid resources (Objective 3)
    - Providing critical assistance to low-income households, small businesses, and other hard-to-reach customer segments. (Objective 4)
    - Reduce carbon emissions from transportation (Objective 2)
- Questions from attendees were invited

11:10 – Evaluation, Measurement and Verification Activities

- The EEM set the context of why we do EM&V
- CY 2019 and PY 2018 EM&V activities are now complete
- Ongoing EM&V activities were summarized, including LED Market Transformation and Codes & Standards Attribution
- Upcoming EM&V activities include Peer (home energy reports) impact evaluation using control group
- Mary Sutter and Jenn Mitchell-Jackson of Grounded Research and Consulting, LLC are two new EEM team members.

11:20 – Hawai'i Energy PY2018 Preliminary Verification Results

- Tetra Tech summarized preliminary verification results. PY2018 targets for many performance targets were met or exceeded.
- A Sankey diagram was shown to provide the resource acquisition PY2018 overview.
- Market transformation, customer equity, customer satisfaction findings were presented.
- Carry-over recommendations from PY17 Verification Report:
    - For fully deemed measures, Hawai'i Energy should use the TRM methodology and eligibility criteria, including rounding the savings values in the same way as the TRM
    - Consider expanding the timing and methods for gathering customer satisfaction results
    - Hawai'i Energy should consider updating the data tracking system to differentiate between different forms of measure quantities recorded at the rebate or measure level
    - Findings from the verification process should continue to be used to inform TRM updates
- New recommendations:
    - Ensure site inspections are closely examined to catch good-faith mistakes
    - Collect detailed information from customer sources, such as control systems, that will allow for better accuracy on custom calculations
    - Ensure that enough information is available for projects using utility billing regressions to address whether regressions are the best analysis approach
- Tetra Tech described verification work as "an assessment of Hawai'i Energy's program tracking database". Limitations of verification include that savings estimates are not independently calculated, there are no process or market assessment activities
- *There were multiple questions:*
    - *Is the verification on current programs? Answer: Tetra Tech was reporting on PY18.*
    - *Is there a change to verification now that work is via a 3 year plan (e.g., if there is program lag, how does Hawai'i Energy know?) Answer: Correct that this is back looking, but it is fairly quick. We use the Technical Reference Manual. It was also noted that from the Hawai'i Energy perspective: Hawai'i Energy doesn't rely on*

this EM&V; rather they have annual targets, quarterly reporting, and internal monitoring.
    - *Is the TRM updated every year? Answer: Yes.*
    - *Is there opportunity for TAG to given input? Answer: Yes – the TAG and HECO did provide ideas.*
    - *What is the process? Answer: our next presenter is going to provide that.*
    - *Two additional participants joined the meeting.*

11:45 – TRM Update Highlights

- AEG described the purpose of the TRM review and updates. Last year, a major review and update was carried out for the PY19 TRM. This year, there were two sets of updates:
    - Mid-year additions to the PY19 TRM - in Fall 2019, Hawai'i Energy requested new measures and expanded measures, and corrections and clarifications
    - Prioritized updates for the PY20 TRM - Solicited feedback from TAG, Hawai'i Energy, EEM, HPUC, and Verification Team. Compiled list of 90+ update ideas. All feedback received has been added to the ongoing list.
- The PY21 TRM update process will start this summer
- PY20 TRM Updates were summarized:
    - Residential Water Heating: Low-Flow Showerheads & Faucet Aerators, Residential Heat Pump Water Heater
    - Residential HVAC: Whole House Fan and Solar Attic Fan
    - Commercial HVAC: AC and Heat Pump Measures
    - Cross-Cutting Updates: Clarification of TRB calculations, and of two baseline periods for dual baseline measures. Updated data using latest Hawaii market research. Addition of Codes & Standards tracking sheet
- Key Finding and Implications:
    - Mid-Year PY19 TRM updates focused on measure additions and clarifications
    - PY20 TRM updates focused on current and upcoming C&S, TRB clarity, Hawaii conditions, measure additions & expansion
    - When updates are applied to the number of measures planned, the overall effect on the portfolio is expected be a small net increase in lifetime energy savings in PY20 and PY21
    - Savings reductions are mainly from updates to federal and state minimum efficiency requirements
    - Savings increases are from updates to the savings estimation approaches
- There were a couple questions:
    - A *participant asked about the Governor's $100 million spending on air conditioning? Did the EM&V effort look at the State's expenditure and whether it was a good use of funds. Answer: Hawai'i Energy is in constant coordination with schools, but does not pay for PV-AC incentives.*
    - *Since this is a Triennial Plan – which TRM gets used? Answer: the general rule is the TRMs are applied prospectively.*

12:00 – Public Benefit Fund Surcharge Collection Design

- The Consumer Advocate and other stakeholders were asked to take a look at how the current PBF was structured. They introduced a presentation focused on the PBF structure and two possible options discussed by the Consumer Advocate and HECO.
- *A participant noted that we have been raising this issue for a number of years.*
- Revenues of the current Public Benefit Fund were shown: 43% residential, 57% commercial. A graph showed why the PBF should be non-by passable.
- Two potential solutions were presented: 1) Fixed Charge and 2) Fixed and Variable Charge. The PBF Surcharge bill impact for some rate schedules were shown.
- Questions
    - *If you show the graphics for the larger rate schedules, would these rates also go down? Answer: other rate schedule in the appendix. The Demand schedules are harder to figure out where cross points are. The schedules J and P examples were shown. The rates do go down for larger users.*
    - *Were the rates you show residential and commercial? Answer: just residential. And how did you come up with the 29/71 split? Answer: It was arbitrary – you take the $1 and multiply by the number of bills; whatever is left over falls into the variable charge. If the fixed charge went up the variable charge could change.*
    - *Has there been consideration about other models to help with equity (e.g., don't charge low income customers)? Answer: we didn't look specifically at low income customers. Some low-income have quite substantial use. The Commission could look at that. We looked at a percentage of base revenues model, but that has challenges (the rate would be identical to each island, but money collected would be different, given different island fuel costs). So that would bring up equity issues (resulting in different rates by island). It was outside of the construct because we were trying to treat everyone equally. These are just two options as a start for discussion. We are under a tight timeline if we are working to make the rate effective July 1st.*
- Next steps are to collect feedback during March, discuss at DER Stakeholder meeting (3/23), filing in April and Rate effective July 1. Participants were invited to contact Jennifer.baker@hawaiianelectric.com by 3/10.
    - *What is the dollar amount in terms of sales for customers that have PV systems? Answer: We don't have that number.*
    - *The person who asked the prior question said that this is an important data point. We need to understand what it means with who pays more and who pays less. We don't want this to address more people than it is intended to address. Answer: We can't treat NEM customers differently so we'd need a legislative solution.*
    - *There was also a question about legal aspect: how should we think about the legislative requirements related to the NEM customers and what the Commission's authority is to change the surcharge design? Could it be based on consumption (e.g., not billed kWh but the number of kWh that crosses the meter delivered by the company to the customer, or other ways)? Answer: we would need to have all customers on smart meters.*

- *One suggestion: consider how these are done in other jurisdictions. We have a number of structures in Hawaii; it would be useful to understand what approaches are being used or considered elsewhere. Answer: we can undergo that research. We still have the problem of different dollar amounts.*
- *What problem is this addressing? Is this meant to address people using less and paying less. Answer: solar PV might be only one of the drivers; there are other considerations. This group should agree on guiding principles to make it fair. I am hearing we need another meeting. I can work with Dean and HE and the PUC to have another discussion.*

12:44 – Adjourn