October 6, 2014

The Honorable Chair and Members of the Hawai'i Public Utilities Commission
465 South King Street
Kekuanaoa Building, 1st Floor
Honolulu. Hawai'i 96813

Subject: "Public Comment – Docket No. 2014-0183 – PSIPs"

Dear Commissioners,

Hawaii Electric Light Power Supply Improvement Plan of August 2014 submission fails in several fundamental ways to provide the people of the state of Hawaii a path to fossil fuel-free energy future, one that can be completely powered by clean and renewable energy sources.

We commend HECO for setting a power supply improvement goal for each of its component utilities in order to achieve a consolidated Renewable Portfolio Standard of 67% by 2030, which is in excess of the 40% required by statute. However, in 2014, there are no longer valid economic or technological reasons that HECO and its subsidiary utility operators cannot transition by the year 2030 to achieving the goal of 100% solar, wind, wave, and other non-fossil fuel energy generation, based on a smart grid infrastructure that is interconnected, reliable, robust, and which primary power-generation sources are distributed and not utility owned and operated.

Today, commercially available renewable energy power options that do not emit CO2 and other toxic emissions into atmosphere are available from a number of utility suppliers – avoiding emissions that directly result in the acceleration of climate change impacts. Image the clean energy growth in technology and solutions that will be available to HECO along the path to the year 2030. The Commission cannot ignore the connection between Hawaii's energy demands, HECO's plan priorities, and the environmental consequences of regulatory decisions that are made to power demand.

HECO's Power Supply Improvement Plan (PSIP) is replete with half-steps to a complete clean energy plan for Hawaii. HECO's PSIP calls for a transition from the direst of fossil fuel generation (diesel) to less dirty (approx. 50% the emissions) LNG. It is understood that grid load balancing considerations require utilities to have at their disposal on-demand power generation options, but this not the way forward. Replacing one form of fossil fuel with another does not answer the intent of national Renewable Portfolio Standards or the goal to a fossil-fuel free Hawaii power grid.

HECO's so-called "Preferred Plan" calls for changes in consumer rates that *"… more fairly allocates fixed grid costs across all customers (assumed effective in 2017) is expected to reduce monthly bills for average residential customers by 27% from 2014 to 2030."* HECO's Preferred Plan appears less about rate equity and more about slowing future adoption of customer sited solar generation connected to the public power grid. The "Preferred Plan" calls for raising the monthly rate minimum paid by HECO solar customers to more than 300% of the current utility monthly fee base of $20 for interconnection.

It is possible, and likely, this minimum monthly rate change *(regardless of power purchased from HECO and simply for being connected to the grid)* would be better titled the *Robin Hood Rate Plan.*

"…Under the DG 2.0 concept, current NEM customers would see an increased average monthly bill due to the increased fixed monthly demand and customer charges for all customers beginning in 2017, partially offset by the decrease in variable retail rates charged to all residential customers for electricity taken from the grid."

As proposed, the Plan will create additional economic barriers of entry in the adoption of solar by the general public (after solar system capital costs and installation fees) while rewarding those utility customers who do not adopt solar. Such a plan provision defeats the very goals of clean energy adoption in Hawaii.

HECO has participated in the net energy metering system that buys excess power from its customers at market prices for years, but failed to plan and adjust it operations as solar adoption grew in Hawaii, and now the utility's ability to incorporate that energy back into the system has been strained. **Poor planning by HECO and its subsidiaries should not be rewarded by the proposed changes by HECO to the NEM rules**, especially changes that discourages solar adoption and bails out bad utility management decisions.

The "Preferred Plan" also fails to consider and factor into account the present day power revenue donations made to HECO and its subsidiaries by its solar customers who generate more power than used and who are unable under Hawaii's present NEM *(net metering)* rules to recoup the value of power "given" to HECO and its subsidiaries within each annual period. To our knowledge there has not been an audit of the utility's solar power generation customers or the value that this excess power generation has financially benefited for HECO and its subsidiaries.

To repeat, **HECO's Power Supply Improvement Plan (PSIP) plan is replete with half-steps to a clean energy plan for Hawaii**. We urge the Commission to fully consider the following suggestions and direct HECO to amend their plan and to fully consider the following plan amendment recommendations.

- **HECO amends their plan to a business and revenue model** that considers more than shareholder value, but will transition Hawaii's electrical utilities from their current power generation and grid management model to a complete transition to clean energy options.
- In consideration of the first item, **HECO must swift its business model to the 21st century**, developing a corresponding utility revenue model that will replace the current power-generation model, and place it with a revenue emphasis on grid infrastructure management services, power back-up services for residential and commercial power-generating customers connected to the grid, and factor in the possibility and revenue opportunity of expanding into renewable power-enabling customer services.
- **HECO will drop plans for LNG adoption, and replace them a fossil-fuel free power generation mix** to meet plan goals that includes the adoption of:
    1. Utility scale solar and wind adoption to replace primary non-renewable power generation base before the year 2030
    2. Grid-enabled power storage systems, pumped storage, battery, and other commercially proven utility-grade power storage technologies
    3. A Grid designed to support distributed power generation as the primary, not auxiliary power sources,
    4. Develop and provide optional power back-up services for Customer Generation Sites, supported by a fee plan that provides off-sets for cap-ex grid transition improvements.

Sincerely,

Bill Bugbee
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