

State of Hawaii Public Utilities Commission
Energy Efficiency Portfolio Standard (EEPS)
Technical Working Group (TWG) Meeting

Meeting Summary

February 29, 2024

2:00 pm to 3:30 pm Hawaii Standard Time

Hawai'i Energy Offices with Teams Web Conference Option

2:00 – Agenda and Introductions

- Attendees (16 in person and 20 virtual) were welcomed.
- All attendees were welcomed on behalf of the Commission, thanked for their continued participation, and asked that they share their ideas and questions.
- The Energy Efficiency Manager (EEM) provided an overview of the meeting agenda and objectives. Each attendee introduced themselves by name and organization.

2:10 – Third EEPS Report to Legislature

- EEM provided an EEPS Leg report update.
 - Third EEPS Report to Legislature was delivered at the end of December.
 - Adopted the TWG recommendation to include the lighting market effects representing the reinstatement of EISA post-2020.
 - The report included progress in terms of both first-year and cumulative persisting savings.
 - Reviewed EEPS accomplishments in terms of First Year Savings.
 - Reviewed EEPS accomplishments in terms of Cumulative Persistent Savings for 1st and 2nd reporting periods. Cumulative persistent savings only counts the savings that are persisting in that year.

2:20 – EEPS Updates

- Hawaii Public Utilities Commission (HPUC) Staff provided update on current status of new EEPS legislation.
 - Reviewed the status of EEPS Bills:
 - HB 1828 HDI (House Majority Bill), EEPS expansion bill, expected to cross to Senate.
 - SB 2122 SDI, heard in EET on January 26, passed with amendments and effective date added of 1/1/2060.
 - HB2389 and SB3078, never heard in committee.
 - In today's meeting, we are looking to make sure we have alignment on the EEPS metric definition. This will be a primary discussion point today. Would like to obtain more feedback from TWG regarding first year savings vs. cumulative

persisting savings (CPS). We want to make sure we are aligned as this moves through the legislature.

- The proposed language in EEPS bills state CPS.
- Based on TWG feedback and consensus, the Commission will develop testimony to clarify the metric.
- Following this meeting, at later meeting, we will get more detailed around the 6,000 GWh target goal.
- In the future, we will get back into the EEPS framework itself and may look to engage subgroups again. We recognize this is an opportunity to utilize the group to be more expansive in framework.
- For now, would like input from Technical Working Group regarding the metric.

- *Question: Is the Intent to modify the bill language based on TWG input?*
 - *Answer: Yes. We have the opportunity now to assess what is the correct metric. The ideal outcome of today's meeting is to get an understanding on input to the bill language.*

2:25 – EEPS Metric

- EEM presented a review of the EEPS metrics – first year versus cumulative persisting savings (CPS).
 - Reviewed history of how we defined the EEPS metric. Reviewed key differences between the metrics. TWG had soft adopted the cumulative persisting savings previously.
 - First year savings gives you accomplishments.
 - For CPS, we have all the data we need for Hawai'i Energy programs but not all the data we need from all of the contributing agencies.
 - The Commission is seeking the TWG's recommendation on whether the EEPS metric should be expressed as cumulative first-year savings or cumulative persisting savings.

- *Question: Can you give an example. i.e. I buy a heat pump water heater. For EEPS tally we assume it is no longer delivering savings. But what if he purchases a new replacement heat pump it would not be counted?*
 - *Answer: It only gets counted again if it comes back through a program.*
- *Question: If for grid planning, does savings come back for Heat Pump if it gets replaced by another Heat Pump? It is effective useful life? Why is it better for grid planning?*
 - *Answer: You understand the expected amount of savings that will be hitting the grid. Expect most get replaced with like for like.*
- *Question: If the heat pump fails in year 7 and HE no longer rebates, then what is savings and is one different from the other.*
 - *Answer: We are looking to what the contributing entity produces every year. Tally them up every 5 years. If they do not get an incentive then it does not show up in EEPS unless it comes through a program.*

- *Codes and standards also show in EEPS calculations. We try to make assumptions about what the behavior is in the market to construct accomplishments.*
 - *Trying to answer: what is the best we can do in constructing those assumptions on how to treat those savings?*
 - *Question: Have legislators asked about proposed language change? It is already in there?*
 - *Answer: As currently defined it is just GWh, not persistent. When recommended cumulative persistent savings was added. We still have room to clarify and back that up.*
 - *Comment: From an advocacy standpoint, I don't want to overcomplicate things. Don't want to get too minute in the details. High level legislatures likely won't care.*
 - *Comment: We want to quell any confusion.*
- EEM reviewed statements from D&O 30089 that support both cumulative persisting savings and first-year savings approaches.
- *Showed layout graphically for both methods to make sure it is clear and illustrate how savings accrue.*
 - *Reviewed the pros and cons for cumulative first year savings vs. cumulative persisting savings.*
- *Comment: I say we leave it alone.*
 - *Comment: This is our last opportunity before the bill goes through to clarify. I understand the consideration of why make it more confusing but also need to consider what are we making confusing for us.*
 - *Question: Where are we in legislative session and if 2045 is one of the benchmarks we really want, is there an opportunity to consider this at a later date and make a decision then?*
 - *Answer: Not if we want to make the change in this legislative session.*
 - *Comment, EEM Suggestion: If we think it is important to track the cumulative persisting sales, we could make cumulative first year savings the primary savings for the report and add cumulative persisting savings in the framework.*
 - *Comment: Some are advocating that we should leave it as it is. I thought there was consensus previously and that is why it was put in the bill.*
 - *Comment – We did a soft adoption of cumulative persistent savings in the past.*
 - *Comment: From a reality of implementation, if we look only at cumulative persistent savings, it means that the first 8 years of the program mean nothing. If we use cumulative persistent savings, all of savings from first 8 to 9 years will not count, will fall out. Speaking specifically for Hawaii Energy programs.*

- *Comment: Codes and Standards is the exception to this. Codes and Standards are a contributing entity that will persist indefinitely.*
- *Comment: What do we want the goal to be? If we change the goal, how will we achieve that, how will we pay for it? We will do another NPS. Once we do the new NPS we will need to readjust everything.*
- *Question: I am curious how this change will affect your bundling. I do not think it does but I think about the supply side energy efficiency measures and how that would be calculated as first years savings.*
- *Comment: Maybe there is a period of time where you are tracking both metrics – i.e. five years and see how they compare.*
- *Question: Can I make a play for naturally occurring savings?*
 - *Answer: We are only talking about the first topic today, that falls into a discussion at a later date. AEG described naturally occurring savings and want to disaggregate that and really understand it. Don't want to adopt something we do not fully understand.*
- *Comment: EEM is proposing to keep the legislation simple, and keep cumulative first year savings in the bill and continue to track persistent savings in the background.*
- *Question: Will we be putting the bill at risk?*
- *Comment: We can work within the framework and not have to go back to the legislature and it is good to get out on the table what the options are.*
- *Comment: I go with the thinking that we keep the bill as is. We have done several studies ourselves and we always look at first year cumulative.*
- *Comment: We have no one from IGP on the line, and we want to have a chance to talk to them and have them weigh in on it.*
- *Comment: We were hoping to have a resolution today. We could have a short virtual meeting in a week so IGP can get resolution on their end.*
- *Comment: Proposed landing place is to keep what is in the legislation and instead adjust the framework. If we want to simplify things and make a change, now is the time to do it. Whatever method we do, once we adjust the NPS, we will reset the NPS higher if first year savings and lower if cumulative persisting. Issue is that it is too confusing. EEM recommendation is to keep the simple cumulative first years calculation in the legislation and track cumulative persisting. Recommending to the commission to propose a cumulative first year savings in legislation and complex in the framework?*
- *Comment: – We will not be able to vote today and will have to take back to legislative team. We have already submitted testimony.*
- *Request: Is it possible to circulate language with the group? How do you define the GWh. Would need to strike out the revision we have submitted. Circulate what is currently in the proposal vs. the simplified version. It would be helpful to schedule a one hour follow up call to try to get consensus and vote by organization.*

- *Comment: Timing works for me. We are going to continue to support the bill. Appreciates there is consideration for impact. It is a question of complexity. Do not want to add more. If it is consideration to leave bill as proposed, should be an option to do that and revisit it in a couple years.*
- EEM Concluded that they will send a follow up email with the language as it appears now and ask each attendee to check with your organization and testimony submitted. May schedule a short call next Thursday to come to a consensus and you can also email your input to me.

Post meeting addendum: The Commission Staff and EEM received both support and constructive feedback after sending the memo with current and proposed legislation language. Ultimately, the Commission Staff decided that proposing a change to the technical language at this point had the potential to undermine the legislation. So, it was decided to leave in the language about cumulative persisting savings. We will pursue simplifying the language the time when the Commission wants to propose a change to the EEPS target.

3:10 – HSEO Hawai'i Pathways to Decarbonization Report

- HSEO presented the key findings from their recent decarbonization report.
- HSEO was tasked with analyzing pathways and developing recommendations for achieving the State's decarbonization goals.
- Reviewed GHG emitting sectors in Hawai'i
- Showed historic emissions and how to achieve mandated target of net negative as quickly as practicable but no later than 2045 and 50% reduction by 2030.
- Discussed Engage, an open access capacity expansion model, that is used to support the Energy Office in examining the trade-offs between different future energy system scenarios.
 - Reviewed inputs and assumptions for Engage capacity expansion modeling tool.
- Evaluated four scenarios using the modeling tool
 - Discussed main takeaways from pathways modeling.
 - Most cost effective pathway is building efficiency and transportation demand management.
 - Reviewed key EE assumptions.
- Presented emissions reduction by sector for each scenario.
 - Found that reduction is really driven in the electric sector. Driven by renewables and demand reduction.
 - Even with adoption of EVs demand was able to be reduced. Electricity demand started to stabilize.
- Reviewed annual incremental costs by scenario.
 - Because so much demand savings, actual decline in total costs. Scenario three has higher costs than others.

- *Question: In scenario 2, the one assuming aggressive demand reductions, what did you assume it will cost to get those savings?*
 - *Answer: That is something we need to run more scenarios on.*
 - *Question: The assumptions from the 2020 NPS have not held. It will be harder and more expensive to stay at business as usual.*
 - *Answer: as we take this out and socialize it, it paints a pretty good picture of meeting our efficiency targets but I think you have to get back to that if is very evident that we cannot continue to operate as business as usual.*
 - *Capture facilities are really expensive. Not a solution for us. Iceland can do it because they have a ton of hydro electricity.*
 - *Question: For aviation, is that interisland or transpacific?*
 - *Answer: It follows the way we do our emissions inventory guidelines. It is domestic aviation, interisland as well as any flight that begins in Hawaii and ends on the continent. Does not include international. Likely undercounting marine transport because much of fueling happens outside of state bounds. The assumption regarding electrified aviation is that we cannot get very far with that. It is a weight limit. Limited to 12 passengers.*
- Invited to reach out to HSEO directly with follow up questions.

3:35 – Wrap Up

- EEM led wrap up of meeting
- Thanked all for digging in. We went a few minutes over time, but well worth it to listen to HSEO presentation.
- If any feedback on what went well and what we can improve, please send that along.
- Know we all need to talk louder.

3:39 – Adjourn