

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

Meeting Summary

Monday, March 25, 2019

3:15 to 5:00pm Hawaii Time

Hawaii Public Utilities Commission, Honolulu

3:15 Welcome – Steve Schiller, EEM team

- Attendees (~ 20 attending live in Honolulu and ~ 15 on the videoconference) were welcomed and advised that the meeting was being recorded.
- Meeting materials, including presentation, notes and recordings, will be posted at www.hawaiiieps.org on March 25, 2019 TAG meeting page.
- Meeting goals:
 - Report on Verification Results for PY17
 - Present PY19 Technical Reference Manual (TRM) and new TRM Framework
 - Discuss possible updates to Avoided Cost assumptions
 - Give an introduction to PY19-21 Program Design

3:20 Report on Verification Results – Sue Hanson, Tetra Tech

- Overall Results: PY2017 targets were met or exceeded in nearly all performance metrics. Very close to meeting peak kW target (96% of target), exceeded kWh and TRB targets, exceeded economically disadvantaged targets, exceeded customer satisfaction target, met all (and exceeded some) market transformation targets
- Verification Activities: In-depth review of program reported savings for consistency with TRM. Independently calculated Peer Comparison Group savings. Reviewed customer satisfaction and documentation from Market Transformation programs to verify activities. Surveyed professional training participants on value and satisfaction perspectives. Activities informed TRM updates and other analytic and policy discussions. Developed recommendations for consideration in future program years.
- Recommendations:
 - Continue current practices for business program documentation
 - Improve savings estimation approaches and data tracking
 - TRM updates and measure characterizations
 - Maintain clarity of database information
 - Consider how projects, measures, and programs align in relation to NTG assumptions and intent of TRM programmatic definitions and NTG factors
 - Establish metric calculation method and data organization for Market Transformation programs – similar to a TRM characterization
 - Consider diversifying timing and methods for gathering customer satisfaction information

- PY2017 Performance Overview was given
- Brief note that PY18 verification planning has started and participants were asked to comment on items they would like to see in next year's verification effort. No comments were received.

3:45 TRM and TRM Framework Update – Steve Schiller, EEM and Sue Hanson, Tetra Tech

- The TRM team lead was thanked.
- An overview of the purpose of TRM Review and Update was provided. The last major review of the PBFA TRM was conducted during PY12. There have been subsequent minor changes to the TRM since then. The TRM was due for a major review and update because of need to:
 - Align baselines with current market conditions and codes & standards changes
 - Benchmark algorithms against industry best practices
 - Incorporate newer, more applicable data to estimate values for key parameters and metrics
 - Modify measures to reflect program changes
- The process was described, beginning with prioritization.
- Additional factors and metrics addressed in PY19 TRM update were described
- The benchmarking analysis process used for updating TRM was described
- Effective Useful Life results were presented.
- Net to Gross Review was described. Results:
 - Updated Business Hard to Reach value from 0.99 to 0.91
 - Other NTG values were found to be reasonable
- Hawaii-specific analysis focused on key metrics that apply to Hawaii's climate and HECO power infrastructure. Examples are in the slides.
- A reminder of the reasons for the TRM Framework was provided: it is vital for all parties to have a shared understanding of the approaches and methods that will be used to measure program success. Since the determination and verification of impacts is highly dependent on the TRM, it is important for the content of the TRM to be developed in a transparent and well documented manner
- The Hawai'i Energy TRM and TRM Framework are intended to be flexible and living documents
- Notable Changes in the TRM Process were described
- The goal is to begin the verification process sooner than usual, aiming to submit for approval by the HPUC by January 15th each year
- Once the Hawai'i Energy TRM Framework has been approved, it can be found on the Hawai'i Energy webpage: <https://hawaiienergy.com/about/information-reports>

4:05 Discussion of Possible Update to Avoided Cost Assumptions – Steve Schiller, EEM

- Avoided costs refers to the costs of those electricity resources that are deferred or avoided by the efficiency resources being evaluated for cost-effectiveness.

- Efficiency provides 1) participant benefits, 2) societal benefits, and 3) utility system benefits. The discussion just covers classic components of avoided energy and capacity costs imbedded in the costs of building and running a power plant and T&D system.
- The avoided energy and capacity costs currently assumed for the TRB calculations appear to not be comparable with current HECO avoided costs.
- The EEM is recommending that new Hawai'i Energy avoided energy and capacity costs be applied for PY19 and PY20 with the HECO IGP planning process providing avoided cost values for subsequent years.
- Efficiency portfolios will still be quite cost-effective from a classic utility (or program administrator) cost test perspective.
- However, updated avoided costs will result in lower TRB values being calculated for PY19 and PY20 than in prior years. The TRB goals for Hawai'i Energy should be modified accordingly.
- Some approaches to calculating New Avoided Energy Costs were shared.
 - A participant asked whether avoided capacity makes sense when load growth is flat or declining and no new plants are expected to be built. One response was that RPS effectively required renewable generation to be constructed to replace fossil generation even though the fossil plants might otherwise be adequate for serving the demand. Traditionally, the concept has been about avoiding energy related costs, but as the grid is built out, efficiency might have more of a capacity benefit (offsetting expensive storage and generation capacity). So going forward, it is important to think about energy efficiency and demand side resources from an integrated point of view. Work to help the system of the future with the least cost possible. Will need to be informed by IGP process.
 - Another participant asked: in other jurisdictions, are people looking at a proxy resource, current market values, or a combination? One answer is that avoided cost is a proxy. States are using IGP processes as a more appropriate modelling process, and not necessarily using avoided costs. Hawaii is on the right path for doing the IGP, and it may help to estimate avoided costs. There is a national standard practice manual for assessing EE using avoided costs, including considering ranges of non-energy impacts and benefits.

4:20 Introduction to PY19 – PY21 Program Design – Brian Kealoha, Hawai'i Energy

- The 10-year history for Hawai'i Energy and a view into the coming years described:
 - Programs need to serve hard to reach communities.
 - Hawai'i Energy needs to move beyond lighting with a focus on “whole building” systems.
- Hawai'i Energy wants to expand services in existing core competencies and add one core competency, including spending more time, effort, and resources working with the utility as it goes through the IGP process.
- Customers need more technical advising.
- Funding allocation comparisons were provided.

- Approach for design and implementation was shown – including a focus on significantly reducing lighting and making a larger investment in comprehensive solutions.
- PY19-21 savings estimates and sample metrics were shown.
- The group was asked to comment on major themes of PY19-PY21 programs as envisioned by Hawai'i Energy.
 - A participant asked about cumulative savings, and customer savings were shown.
 - A participant asked about the biggest challenge. One of the biggest barriers is financing. Another challenge is the need for better information to align incentive structures. There is also uncertainty about where the federal standards will land.
 - What would be helpful from the community and TAG? Hawai'i Energy is looking for ways to work with community partners to support financing options.
 - A participant asked about financing options. Working with GEMS is one way. Hawai'i Energy is also looking at financial advising opportunities, including helping clean energy allies to have financial conversations.
 - A participant asked whether the availability by AMI data will improve program offerings. Having better data will allow Hawai'i Energy to better design programs.
 - There was discussion about legislation (namely benchmarking) and one area the program can help is on benchmarking data.
 - One commenter mentioned that the numbers are impressive (e.g., to be able to invest \$89 million and get \$1.4 billion back).
 - The same commenter asked about peak shaping. Hawai'i Energy noted that defining the peak is important and they are looking at programs and technologies to shift load. It may not result in kWh reductions because when people are using energy is as important as how much energy they are using. Hawai'i Energy wants program designs that are more grid friendly than not.

4:55 Additional Discussion – Ted Pope, EEM team

- Hawai'i Energy and the other presenters were thanked.
- Attendees were invited to provide further input and were encouraged to reach out and share thoughts about this meeting and related issues in the weeks ahead.
- The group was reminded to think about joining a working group for the Potential Study.
- Participants were thanked and the meeting concluded.