

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

Meeting Notes

March 23, 2021

1:00 – 2:30 PM Hawaii Standard Time
Via Zoom Video and Phone Conference

1:00 – Welcome and Meeting Objectives

- The Energy Efficiency Manager (“EEM”) welcomed 52 attendees and thanked the Commission, Hawai’i Energy and others.
 - The EEM advised that the meeting was being recorded.
 - The EEM described the role of the TAG and gave an overview of the meeting agenda.
 - The EEM asked participants to submit questions via chat and noted that there will also be time at the end for questions.

1:10 – PBF Program Updates

- Hawai’i Energy acknowledged that it has been a year since COVID impacts began and that there are long lasting impacts on staff and customers throughout the state, and they provided a Program Year 2020 (“PY20”) update. Hawai’i Energy shared updates on the following categories:
 - Budget Impacts
 - There was an overall budget reduction of \$7,000,000 during this program year.
 - There remains a goal of supporting families and businesses through this pandemic.
 - One implication of the budget reduction is that Hawai’i Energy stopped mailing out home energy reports for the second half of the program year.
 - They additionally reduced funding in programs and made cuts to program administration.
 - Overall Program Performance
 - It was a strong year on the commercial side.
 - There were, however, some challenges in the Clean Energy Technologies and Affordability & Accessibility areas.
 - Going to an all-virtual format required changes for community events.
 - Program Updates
 - Clean Energy Technologies

- On the business side, hotels were able to take advantage of the hotel bonus. Lower program participation (especially in Maui and Hawaii counties) was likely attributed to the economic struggles that businesses have been facing.
 - On the residential side, incentives were increased. However, supply chain disruptions continued to be a challenge (e.g., for ENERGY STAR products).
 - Market Transformation & Economic Development
 - Professional Development has been challenging in going fully remote, but is on track to meet Program Year goals.
 - Accessibility & Affordability
 - Community-Based Energy Efficiency activities were initially paused given the uncertainties caused by COVID, but partnerships are coming through to continue to serve communities.
 - The Energy Advantage program incentives have been increased, yet this has still been a challenging year for small businesses. A targeted mailer has resulted in increased interest.
 - The Energy Relief Grant, which was split into two rounds, has received significant interest.
 - Energy Optimization Initiatives
 - Residential Demand Response Ready continued to progress with 332 installations of grid-interactive water heaters.
 - The Commercial Demand Response Ready effort continued in collaboration with GridPoint.
 - Customer interest has remained in the Electric Vehicle Charging Station Rebate Program, but permitting is a challenge. Hawai'i Energy will continue to monitor progress and has a waitlist for additional participants if projects are not completed.
- Attendees were invited to ask questions.
 - *Question: What is the typical percentage of restaurants participating in programs?*
 - *Answer: Restaurants would typically be a third to a half. This year is much higher.*

1:30 – Hawaiian Electric (“HECO”) Updates and Discussion

- HECO provided an update on two different dockets: the PBF Surcharge and Low and Moderate Income (“LMI”) Energy Efficiency Performance Incentive Mechanism Overview (“PIM”).
- PBF Surcharge Update – Advanced Rate Design (in Docket No. 2019-0323)
 - HECO shared that their proposal on the PBF surcharge is that:
 - All customers who are connected to the utility grid should fairly share the total costs to provide service;
 - Customers should have the opportunity to save, influence, and control their bill, and

- In transition to wider participation in Time-of-Use (“TOU”) rates, significant bill impacts to the customer should be minimized.
 - HECO shared that key aspects of the proposed TOU rate include a three-part rate, a phased roll-out with advanced meters and commercial and residential TOU rates. HECO added that:
 - TOU per kilowatt-hour (“kWh”) charges overall recover a smaller proportion of fixed costs in the variable rate than the respective existing non-TOU rate schedules, and
 - TOU is designed to allow customers to control their bill by either reducing their usage of electricity or by changing when they use electricity.
 - HECO shared that the surcharge discussion involves modification to the Revenue Balancing Account (“RBA”).
- LMI Energy Efficiency (“EE”) PIM Overview – Performance Based Regulation (in Docket No. 2018-0088)
 - HECO shared that according to Hawaii Public Utilities Commission (“HPUC”) Decision & Order 37507, the LMI EE PIM is intended to:
 - Incent the Hawaiian Electric Companies (“Companies”) to collaborate with Hawai’i Energy to deliver energy savings for LMI customers, and
 - Incent the Companies to promote Hawai’i Energy programming and to optimize load and customer interactions via tools within the Companies’ jurisdiction such as rate design and the provision of energy usage data.
 - HECO clarified that the PIM does not incent the Companies to offer their own energy efficiency programs or to compete with Hawai’i Energy, and that the intended focus is on customers identified as LMI by Hawai’i Energy.
 - HECO stated the requirements from the D&O as such:
 - The Companies must use Hawai’i Energy’s zip code methodology to identify LMI segment,
 - The upside-only maximum award is \$2,000,000, and
 - The duration is three-years with annual reviews.
 - HECO specified the two metrics to measure PIM performance:
 - LMI/EE Metric 1: Delivering energy savings for eligible customers beyond an established baseline.
 - LMI/EE Metric 2: Increasing participation rates of eligible customers in Hawaii Energy programs.
 - HECO offered their proposal for the two required metrics as follows:
 - LMI/EE Metric 1 would:
 - Specify that all savings are first-year savings,
 - Calculate the percentage increase in total sector savings from Affordability & Accessibility (“A&A”) programs and rate design programs,

- Clarify that the sector includes eligible households in the designated Hawai'i Energy zip codes (the target market for A&A programs), and finally
 - Be awarded on a sliding scale (e.g., every 0.2% increase in total sector savings = \$100,000).
 - The sliding scale percentages and amounts would need to be further assessed with Hawai'i Energy and other stakeholders to determine a feasible order of magnitude,
- LMI/EE Metric 2 would:
 - Calculated the percentage increase in sector participation in A&A programs and rate design programs,
 - Specify that the sliding scale percentages and amounts need to be further assessed with Hawai'i Energy and other stakeholders to determine a feasible order of magnitude, and
 - Clarify that the sector includes eligible households in the designated Hawai'i Energy zip codes (the target market for A&A programs), and customers able to self-identify as LMI customers outside of the Hawai'i Energy designated LMI zip codes.
- The attendees were invited to ask questions.
 - *Question: Are there programs for non-English speakers and noncomputer oriented residents?*
 - *Answer: Yes, there are programs for non-computer oriented residents. That being said, during the pandemic due to gathering restrictions and limitations we had to move to more of a virtual format. We look forward to the day we return to more in-person training and activities. Hawai'i Energy also has information on some of our programs in Chinese, Korean, and Tagalog.*

1:50 – Evaluation Measurement & Verification (“EM&V”) Activities

- The EEM offered a brief reminder of the EM&V efforts and schedule, and clarified that some work is prospective, meaning forward-looking, while some is retrospective, or backward-looking. The EEM shared the following activity updates:
 - The prospective PY20 Mid-year Technical Reference Manual (“TRM”) update is complete and posted on the Hawai'i Energy website.
 - The prospective Program Year 2021 (“PY21”) TRM is currently being reviewed.
 - The retrospective Program Year 2019 (“PY19”) Verification Report is in the draft final stage.
 - The retrospective Calendar Year 20 Annual and Historic Reports are in underway.
- TetraTech presented the following PY19 Verification Preliminary Results:
 - Verification included the Hawai'i Energy program areas of Resource Acquisition, Customer Equity, Market Transformation & Economic Development, and Customer Satisfaction.

- TetraTech shared the following overarching comments on the verification results:
 - Clean Energy Technologies involved dual baselines this year.
 - The Affordability & Accessibility targets were met.
 - In Economic Development and Market Transformation, two targets were not met: Energy in Decision Making and the Clean Energy Innovation Hub.
 - In Customer Satisfaction, the Commercial sector scored a 9.0 out of 10 and the Residential sector scored 9.3 out of 10.
- TetraTech showed Sankey diagrams to depict the percentage of verified savings by program and by end-uses.
- TetraTech concluded its commentary with key takeaways from the verification activities.
- The attendees were invited to ask questions.
 - *Question: Was the household comparison with Hawaii households or typical American household?*
 - *Answer: The reference is to Hawaii households.*
 - *Question: On the Sankey diagrams, is there a general trend toward custom measures during COVID?*
 - *Answer: This is not necessarily attributable to COVID.*

2:10 – Technical Reference Manual (“TRM”) Measure Updates

- Applied Energy Group (“AEG”) described two updated measures in the PY20 Mid-Year TRM.
 - The first measure is general service lamps. Changes were made to address two different Department of Energy rulings, and the effective date was shifted from PY20 to Program Year 2022.
 - The second measure is HVAC, for which the energy efficiency ratio requirement was removed for smaller units. This enabled the program to have 400 more eligible units.
- AEG shared three new measures included in the PY20 Mid-Year TRM, all in the commercial refrigeration category: evaporator motor controls, floating head pressure controls, and adding doors onto open cases.
- AEG described updated measures in the PY21 TRM, which include residential TVs and residential advanced power strips.
 - AEG shared two new measures included in the PY21 TRM: residential reflective exterior wall coating (“Cool Walls”) and residential solar light tubes.

2:20 – Q&A

- The attendees were invited to ask questions related to any speaker presentations.
- *Question: Are Technical Reference Manual measures indicative of people’s behaviors, or does it depend on the equipment?*

- *Answer: It depends mostly on the equipment, but there are places where they are combined. Surveys will tell us about behavior, and Home Energy Reports are another example of behavior information.*
- *Additional answer: They all take into account the customer behavior and how equipment is used: equipment doesn't save energy, people do. Within deemed savings, we are assuming average performance, operating hours, and weather conditions. So it does take into account how the systems are used.*
- *Question: Are economically disadvantaged customers the same as A&A programs or a subset?*
 - *Answer: It is under the A&A key focus area, and is part of a set of metrics associated with verification such as Energy Advantage and Single Family Direct Install.*
 - *Additional answer: A lot of Hawai'i Energy A&A efforts are accounted for under CET goals, so the performance amounts are split.*
 - *Clarification on the question: We want to make sure metrics reported for the PIM are aligned with what the EEM and Hawai'i Energy are using. There will also need to be alignment for the data sharing.*
- *Question: With the possibility of TOU rates (and somewhat consistent with the notion of considering EE measures that meet system needs instead of just maximizing energy saved), how might this impact future measure designs?*
 - *Answer: We want to align with grid needs, but it might vary based on the sector and type of end use. For example, if you are able to reduce during a high-use period, that will align with grid goals. An important question beyond program design is what is the valuation and avoided cost, and how that are they measured? It's going to vary widely depending on the sector and technology.*

2:30 – Adjourn

- The EEM thanked attendees for their participation and shared that meeting materials will be posted on www.HawaiiEEPS.org.
- The EEM concluded the meeting and welcomed follow up questions and comments from participants to Ted Pope at 510-462-0091 or tedpope@2050partners.com.