

CONSUMER SPOTLIGHT

STATE OF HAWAII
DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS
DIVISION OF CONSUMER ADVOCACY



Executive Director's Message

By: Dean Nishina

Spring 2022 is upon us. Looking back at 2021, our office participated in over 100 dockets and saved Hawaii consumers an estimated \$77.7 million dollars. Our office carefully reviews different aspects of a utility company's request to regulators to determine whether

it is reasonable and in the public interest, then makes recommendations on behalf of consumers.

There has been a lot happening in the world and on the utility front here in Hawaii. Keep reading to find out more about how the war in Ukraine and the Russian oil ban is affecting bills here in Hawaii. There is also a short article detailing HECO's application for approval of a PPA with Kuponon Solar, details on the Performance-Based Regulation Framework and proposed performance incentive mechanisms, and continued utility bill assistance that is available. This newsletter also includes details on an RFI related to the establishment of HERA, and Integrated Resource Planning for Hawaii Gas.

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Hawaii PUC Chairman Stepping Down In June

Gov. David Ige has nominated Naomi Kuwaye to the Public Utilities Commission (PUC).

Kuwaye will fill the seat currently held by PUC chair, James (Jay) Griffin, who announced he will step down at the end of his term, which expires on June 30, 2022.

Kuwaye's appointment is subject to Senate confirmation and, if confirmed, Kuwaye is expected to serve a six-year term from July 1, 2022, through June 30, 2028.



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Higher Oil Prices Will Affect Electric Bills

As the U.S. and other nations stand with the people of Ukraine and impose economic sanctions on Russia, including the refusal to buy Russian oil (see next article), Hawaii will see higher prices at the gas pump and in electric bills.

You can take steps to stabilize and manage your energy bills by conserving energy whenever possible.

Some actions to take now:

- Reduce the use of anything that generates heat – water heater, oven, clothes dryer, stove. Consider a heat pump water heater, now available with a \$500 rebate from Hawai'i Energy – it could cut your bill by up to 40%.
- Turn off air conditioning or set it at 78 degrees. Even turning it off for an hour helps.
- Use smart plugs or unplug electronics when not in use, including computers, printers, cable boxes, game devices, and chargers.
- Replace any bulbs with LEDs. Even if your current incandescent bulb is still good, a new LED cuts the energy compared to an incandescent bulb by 90%!

There are ways to save energy in every part of your home!

For more tips on saving energy, visit: <https://www.hawaiienergy.com/for-homes/tips-to-save-energy>.

PAR PACIFIC SUSPENDS PURCHASES OF RUSSIAN CRUDE OIL

Par Pacific Holdings, Inc. announced in a [statement](#) that it was suspending purchases of Russian crude oil in light of Russia's war against Ukraine. To meet its fuel production needs, Par Pacific Holdings is planning to use "other grades of crude, principally from North and South America to meet fuel production requirements."

Par Pacific Holdings is the parent company of Par Hawaii, which operates the only refineries in Hawaii. Russian oil has accounted for up to a third of Hawaii's crude oil in recent years. Eric Wright, president of Pan Pacific subsidiary Par Hawaii said the company doesn't expect its decision will meaningfully affect prices paid by Hawaii consumers.

Hawaii's largest utility, Hawaiian Electric, "met with Par Hawaii and expressed our concerns about buying oil from Russia, and we heard from customers who had similar concerns. Par Hawaii's decision to suspend oil imports from Russia is the right thing for Hawaii and for Ukraine," CEO Shelee Kimura said in a statement.

Scott Glenn, chief energy officer at the Hawaii State Energy Office (HSEO), applauded the decision. "While we do not anticipate any supply concerns, HSEO reminds residents that energy prices are likely to remain high and perhaps go even higher due to uncertainty in the global energy markets," he said. "This market exposure underscores why Hawaii is focused on transitioning as quickly as it can to locally-produced renewable energy."

This widely supported decision highlights the importance of the Hawaii Clean Energy Initiative.

HECO PPA with Kuponono Solar

In January 2022, Hawaiian Electric filed an application for PUC approval of the Purchase Power Agreement (PPA) executed between HECO and Kuponono Solar, as well as other related matters relating to a 42-megawatt photovoltaic project paired with a 168-megawatt hour lithium-ion battery energy storage system.

The PPA is a product of HECO's Oahu Stage 2 RFP and was selected through a competitive procurement process. A procedural schedule is forthcoming.

(Docket No. 2022-0007)

PUC Docket Numbers are included in these articles for further, in-depth reading. PUC public filings are accessible online via the PUC's Document Management System (DMS). Visit: <http://dms.puc.hawaii.gov/dms>

Performance-Based Regulation Framework

In 2018, the Hawaii Public Utilities Commission (PUC) opened a proceeding to investigate performance-based regulation (PBR) for the Hawaiian Electric Companies. PBR includes a set of alternative regulatory mechanisms intended to focus utilities on performance and desired outcomes, such as increased renewable energy, lower cost, and improved customer service.

Building on the historic transformation of the electricity industry in Hawaii, the portfolio of Performance Mechanisms offers additional financial incentives and penalties targeting exemplary performance in achieving the State's clean energy goals. The PUC continues the collaborative process utilized to develop the PBR Framework, and works with a wide variety of stakeholders including the Consumer Advocate to finalize the critical details of the performance mechanisms.

A Performance-Based Regulation Working Group was established to investigate performance incentive mechanisms (PIMs) and PUC staff has since proposed additional PIMs which are currently under review. The Consumer Advocate has conducted an investigation into the proposed PIMs and filed a Statement of Position with the PUC.

The procedural schedule for this docket was recently modified. A hearing for this docket, now scheduled to be held on April 26-27, 2022, will utilize a panel format. Further details regarding the panel hearing will be provided closer to the commencement of the hearing.

(Docket No. 2018-0088)

UTILITY BILL ASSISTANCE AVAILABLE



The Division of Consumer Advocacy wants to inform consumers of available programs for those who may be in need of financial assistance. Please note that, due to the high demand for assistance, programs may quickly reach capacity.

Visit the Division of Consumer Advocacy website for up to date COVID-19 utility bill assistance <https://cca.hawaii.gov/dca/covid-19-utility-assistance-programs/>.

Division of Consumer Advocacy's Hu Honua Post-Hearing Brief

The Hawaii Public Utilities Commission (PUC) held an Evidentiary Hearing for Hu Honua back in March, 2022. The Division of Consumer Advocacy recently filed its Post-Hearing Brief.

Located on a cliff overlooking the Pacific Ocean on Hawaii island's Hamakua Coast, Hu Honua proposes to burn trees to create energy.

The brief discusses important questions and concerns about preferential rates and Greenhouse Gas emissions in the proposed Amended and Restated Power Purchase Agreement (A&R PPA) that have not been adequately addressed.

In the absence of the burden of proof being met, the Consumer Advocate believes the PUC should not find the A&R PPA to be in the public interest based on the current record. If the PUC is inclined to approve the A&R PPA, the Consumer Advocate has provided recommended conditions to address the remaining concerns and to increase the probability of net benefits to Hawaii Island customers.

The Consumer Advocate believes that without adopting those conditions, it is unclear whether benefits outweigh the potential costs and impacts that will result from the proposed Hu Honua facility.

(Docket No. 2017-0122)

Integrated Resource Planning For Hawaii Gas

The Integrated Resource Planning (IRP) framework aims to develop a plan that governs how a utility will meet energy objectives and customer energy needs consistent with state energy policies and goals, while providing safe and reliable service at reasonable cost.

The PUC is requiring Hawaii Gas to develop an IRP report due to various concerns, such as the dependency on imported oil, carbon emissions, and dependency on synthetic natural gas. Thus, the PUC expects the report to address how to reduce greenhouse gas and other emissions, decarbonization goals, and sustainability amongst other things. An Advisory Group has been created to provide comments and recommendations in support of the IRP process.

(Docket No. 2022-0009)



- **April 15, 2022: Good Friday** (State Holiday: Our Office will be Closed)
- **April 17, 2022: Easter Sunday**
- **April 26-27, 2022: PBR Hearing** (Details forthcoming)
- **May 30, 2022: Memorial Day** (State Holiday: Our Office will be Closed)

Contact Us

Division of Consumer Advocacy
P.O. Box 541 Honolulu, HI 96809
Phone: (808) 586-2800
Fax: (808) 586-2780
E-mail: dca@dcca.hawaii.gov
Web Address: dcca.hawaii.gov/dca

Also Visit

Public Utilities Commission (PUC)
465 South King St., Rm. 103
Honolulu, HI 96813
Phone: (808) 586-2020
Fax: (808) 586-2066
E-mail: puc@hawaii.gov
Web Address: puc.hawaii.gov

Federal Communications Commission (FCC)
445 12th St., SW
Washington, DC 20554
Toll-Free: 1-888-225-5322
E-mail: fccinfo@fcc.gov
Web Address:
www.fcc.gov/consumers

Federal Energy Regulatory Commission (FERC)
888 First St., NE
Washington, DC 20426
Toll-Free: 1-866-208-3372
E-mail: customer@ferc.gov
Web Address: www.ferc.gov



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