



Energy Efficiency Portfolio Standard

Pacific Peer Exchange

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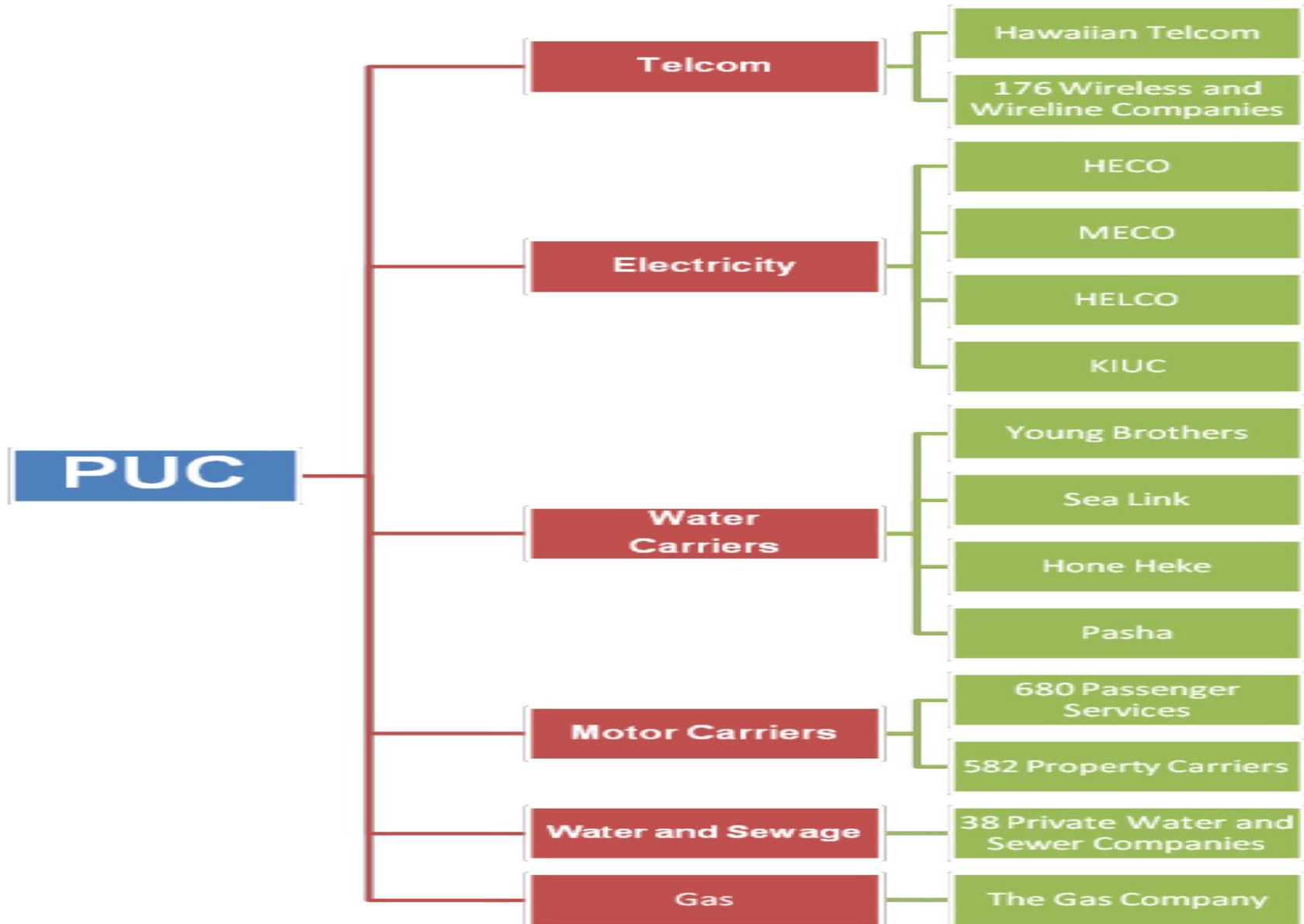
Overview

The PUC is responsible for regulating all franchised, certificated, and registered public utility companies that provide electricity, gas, telecommunications, private water and sewage, and motor and water carrier transportation services in the State.



PUBLIC UTILITIES COMMISSION

DEPARTMENT OF BUDGET & FINANCE



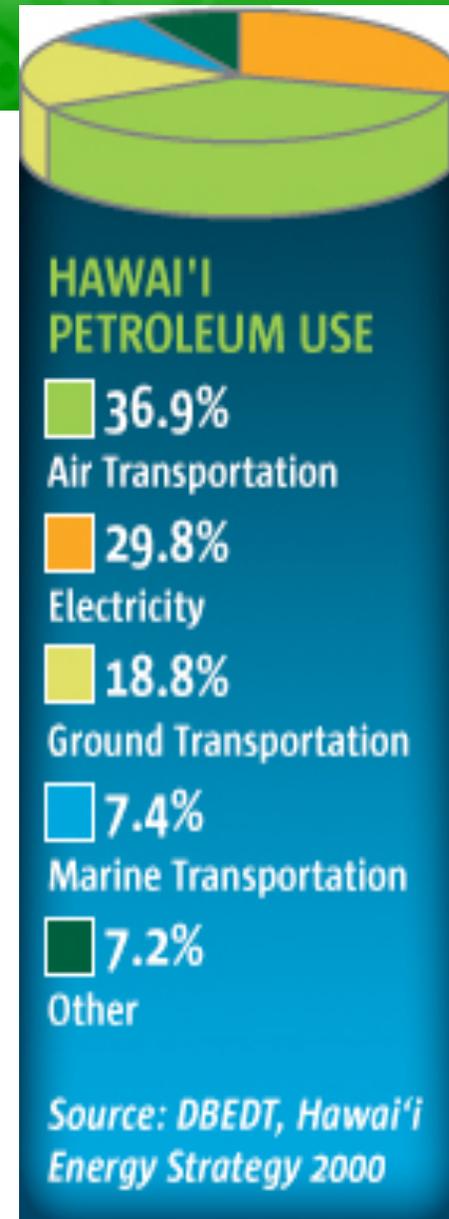
Hawaii Clean Energy Initiative

Memorandum of Understanding signed on January 28, 2008 between the State of Hawaii and U.S. Department of Energy to accelerate the scale and deployment of energy efficiency & renewable energy to achieve an energy system transformation with the following goals:

- Achieve a 70% clean energy economy for Hawaii within a generation
- Increase Hawaii's energy security
- Capture the economic benefits of clean energy for all levels of society
- Contribute to greenhouse gas reduction
- Foster and demonstrate innovation
- Build the workforce of the future
- Serve as a national model

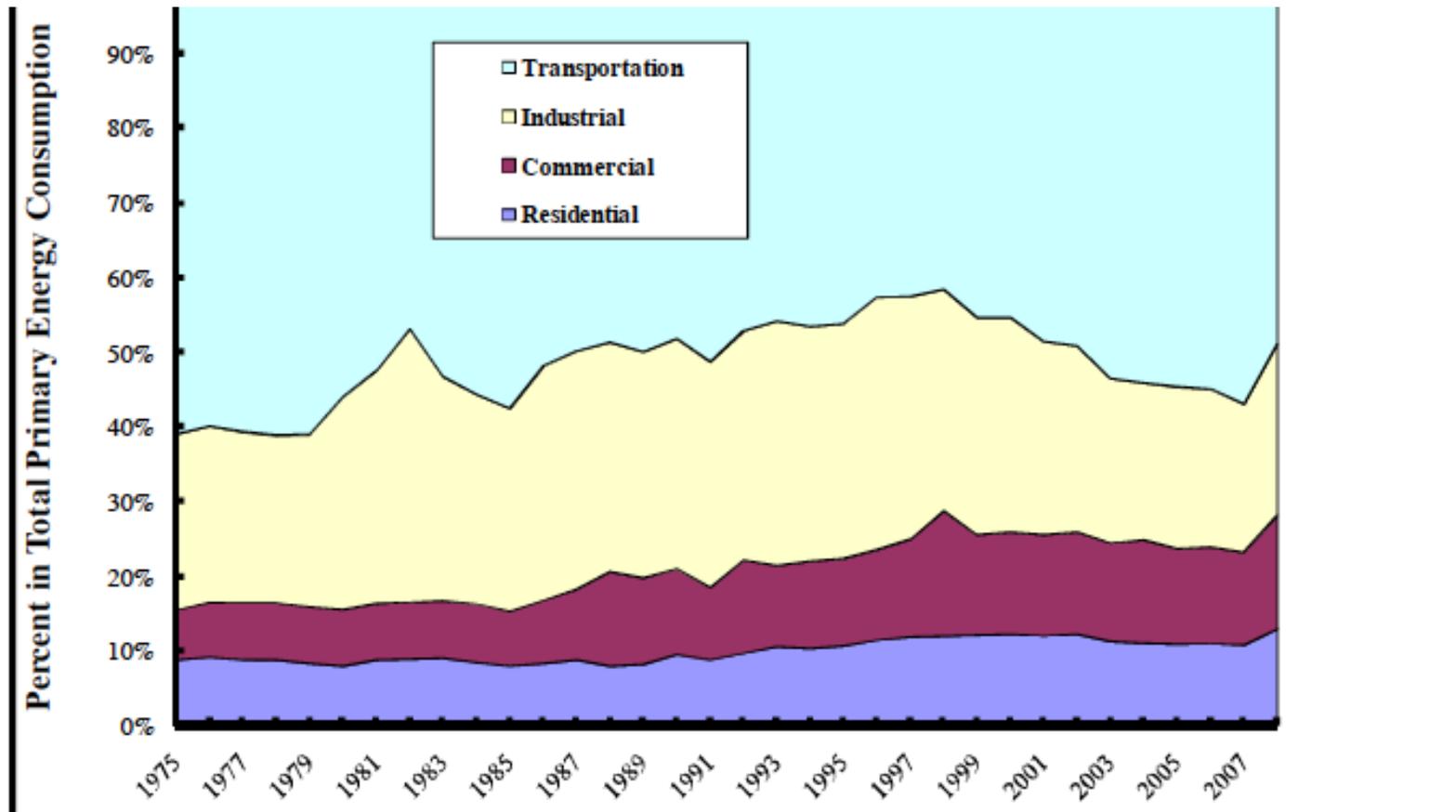
Background - Petroleum

- Hawaii – most oil dependent state in the nation
- Imports 51 million barrels of oil annually
- 85% of state's energy
- Cost of \$7 billion
- 60% used for transportation (air, ground and marine transport)
- 30% used for buildings





Energy Use in Hawaii – 1975-2008



Background – Electricity Rates

- Electricity rates – Highest in nation

Rate	HI	US
HI Residential	¢ 35.8/kWh	¢ 11.26/kWh
HI Small Non-Res	¢ 44.6/kWh	¢ 6.83/kWh
HI Avg Residential Bill	\$204/month	\$104/month

(Varies by island. Source: HECO 2011; EIA 2010)

Background - Energy Costs

- Approximately 10% of gross state product is spent on energy
- For electricity use that means \$2.1 billion annually
- 90% of spending on petroleum leaves the state (and most goes to foreign countries)
- Energy efficiency is an important tool for mitigating high costs
- Energy efficiency aligns with state goals

Act 155, SLH 2009

The purpose of this Act is to provide a first step in aligning Hawaii's energy policy laws with the State's energy goals. For Hawaii to realize energy independence and economic stability, the transformation of its energy system must encompass changes to:

- (1) Hawaii's policy and regulatory framework;
- (2) System-level technology development and integration
- (3) Financing or capital investment; and
- (4) Institutional system planning.

Act 155, SLH 2009 (continued)

- Amendments to the Renewable Portfolio Standards
 - As of January 1, 2015 the RPS is solely electricity generated from renewable resources
 - 25% renewables by 12/31/2020
 - 40% renewables by 12/31/2030
- Establishing the Energy Efficiency Portfolio Standards
 - 4300 gigawatts hours of electricity use reduction by 2030

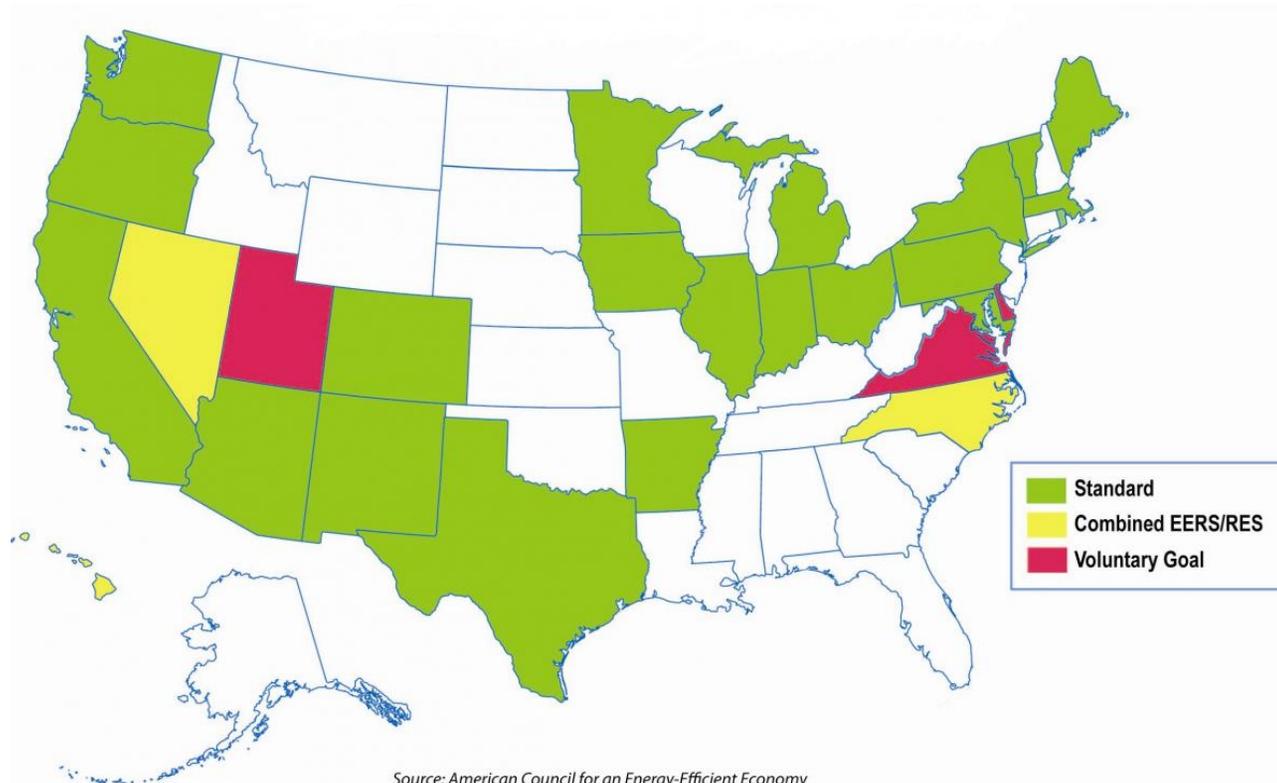
What is an Energy Efficiency Portfolio Standards (EEPS)?

Why is an EEPS Important?

- EEPS is a mandate that sets a goal or standard for electricity use reduction to be achieved in incremental stages
- EEPS provides for the measurement of electricity savings and the reporting of progress and evaluation of programs necessary for long range planning



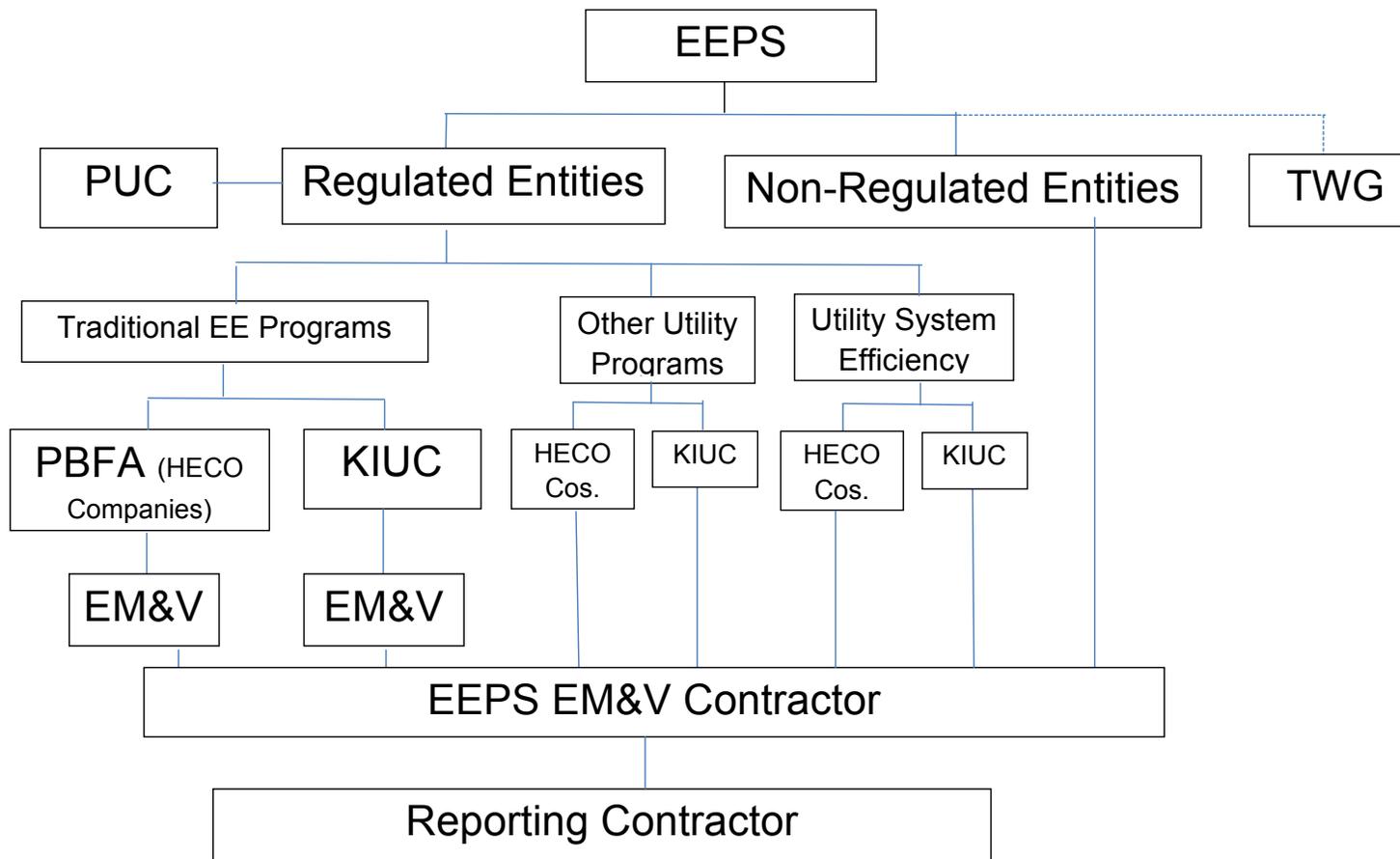
States with an EEPS/EERS Energy Efficiency Portfolio (or Resource) Standard



Docket No. 2010-0037 Order Initiating Investigation of EEPS

- PUC Order Initiating Investigation (March 8, 2010)
 - 12 parties/stakeholders in the proceedings
- Informational Hearings
- Technical Workshop (May 24, 2011)
- Presentation of the Straw Framework (August 5 & 12, 2011)
- Comments & replies from the parties/stakeholders (due Sept 23, 2011)
- Revised Final Framework
- Decision & Order Approving a Framework for EEPS (Jan. 03, 2012)

EEPS Organizational Chart



EEPS Framework

- Performance and Evaluation Periods
- Goals and Metrics
- Strategies to Achieve EEPS
- Roles and Responsibilities
- Technical Working Group
 - PUC Regulated Entities
 - Non-Regulated Entities
- Tracking and Reporting Requirements
- Evaluation, Measurement and Verification
- Cost Effectiveness of Programs & Bill Impacts
- Funding, Incentives and Penalties



Year	GWh goal	% of baseline	% of forecast
2009	196.5*	1.38	1.38
2010	196.5*	1.38	1.37
2011	196.4*	1.37	1.37
2012	196.4	1.37	1.37
2013	196.4	1.37	1.37
2014	196.4	1.37	1.37
2015	196.4	1.37	1.37
Total	1375	9.6	9.6

Implementation Plans

- Coordinate delivery and measurement of existing resources:
 - Public Benefit Fee Administrator Programs
 - KIUC Programs
 - Non-Regulated Programs
 - DBEDT Programs
 - Federally Funded Programs
 - State & County Building Codes
 - Non-profit, faith-based and environmental groups
- Gather data and update potential studies
- Identify funding and procure resources
- Refine 5 year goals
- Examine 10, 15 and 20 year milestones

What Can You Do To Support the EEPS?

- Coordination of ongoing County, DBEDT and other State Agencies and Federal Activities
- Assure that State & County efforts complement the Public Benefit Fee Administrator and KIUC program efforts:
 - Building Codes
 - Appliance and Equipment Standards
 - Other legislative mandates such as benchmarking, time of sales upgrades, education and workforce training
- Funding
 - PBFA/KIUC ratepayer funded programs
 - PUC funding for EEPS
 - Other State & County Agencies

Questions/Comments?