

Should the Cayman Islands be emulating Hawaii as the State orders Hawaiian Electric Companies to lower rates, connect more solar

The Hawaiian Public Utilities Commission (PUC), unlike the Cayman Islands Electrical Regulatory Authority (ERA) in dealing with Caribbean Utilities company Ltd (CUC), has sent a strong message to Hawaiian Electric Companies (HECO) on Tuesday April 29th 2014, saying the company is not moving fast enough to lower utility rates and connect more photovoltaic systems into the grid. Backed by governor Neil Abercrombie, the commission laid out an action plan on what the goals should be for the utility company.

The PUC wants HECO to implement plans that will reduce energy costs and be more proactive to emerging integration challenges. HECO is also ordered to improve the process to interconnect photovoltaic systems and embrace customer demand response programs.

“It is now incumbent upon the Hawaiian Electric Companies to use this road map diligently and promptly to move forward,” said commissioner Lorraine Akiba of the Public Utilities Commission.

Hawaii residents have complained about [and] continue to pay some of the highest utility rates in the nation, a source of frustration for customers. Along with not being able to connect their PV systems.

“The commission recognizes the inability to interconnect is a major source of customer frustration and has to be dealt with promptly,” said PUC commissioner Michael Champley.

Critics like Blue Planet Foundation, a group that promotes clean energy, say it doesn't have to be that way.

In the Cayman Islands, Nicholas Robson, Director-General of the Cayman Institute concurs, saying that 'in my opinion the ERA does not appear to be regulating in the best interests of the people of the Cayman Islands. The continued social and commercial impacts of high energy prices are and will continue to have a negative effect on the Cayman Islands. If these islands want to remain competitive as a tourist destination and as a financial centre the cost of doing business must be reduced. Rising electrical prices also impinge on the price of water. The Water Authority should be investigating installing their own solar generation as is being done in the eastern Caribbean of Bequia in the Grenadines. <http://bit.ly/1qhFc2V>

“The technology is out there to enable everyone to plug into the grid and that's just one of the frustrating pieces to this,” said Jeff Mikulina, executive director of Blue Planet Foundation.

That frustration has forced the PUC to criticize HECO's planning, saying that after review, the commission finds that HECO did not sufficiently and meaningfully address the identified principal issues, such as reasonable costs of rate impacts. The PUC said estimates were flawed and unreliable.

On the potential rate impacts to customers without PV, the PUC said HECO appears to underplay the issue.

Hawaiian Electric did not show up at the press conference and declined to give an on-camera interview, but a spokesperson sent a statement saying the company is already working on some of the initiatives proposed by the PUC.

Mikulina says HECO has done some things like smart meters, but the company needs to move faster with the evolving technology that's out there.

"Things are moving so quickly that what's worked in the past for utilities will not work in the future and they need to make these changes quickly and articulate that vision," Mikulina said.

The PUC is giving Hawaiian Electric up to 120 days to come up with a more comprehensive strategy that can lower energy costs and help connect more PV systems to the grid.

The PUC's guidance and direction to Hawaiian Electric Companies were outlined in the following decisions and orders:

Integrated Resource Planning ([Docket No. 2012-0036](#), [Order No. 32052](#), "IRP Order") – which rejected Hawaiian Electric Companies' Integrated Resource Plan submission and, in lieu of an approved plan, has commenced other initiatives to enable resource planning and proffered a white paper entitled, "Commission's Inclinations on the Future of Hawaii's Electric Utilities." The white paper outlines the vision, strategies and regulatory policy changes required to align Hawaiian Electric Companies' business model with customers' changing expectations and state energy policy; and provides specific guidance for future energy planning and project review, including strategic direction for future capital investments;

Reliability Standards Working Group ([Docket No. 2011-0206](#), [Order No. 32053](#), "RSWG Order") – which makes various rulings regarding the final work product of the working group, and provides the PUC's observations and perspectives regarding integrating utility-scale and distributed renewable energy resources in a reliable and economic manner; and directs Hawaiian Electric Companies, and in some cases, the Kauai Island Utility Cooperative, to take timely actions to lower energy costs, improve system reliability and address emerging challenges to integrate additional renewable energy;

Policy Statement and Order Regarding Demand Response Programs ([Docket No. 2007-0341](#), [Order No. 32054](#), "Demand Response Policy Statement") – which provides specific guidance concerning the objectives and goals for demand response programs, and requires Hawaiian Electric Companies to develop a fully integrated demand response portfolio that will enhance system operations and reduce costs to customers; and

Maui Electric Company (MECO) 2012 Test Year Rate Case ([Docket No. 2011-0092](#), [Order No. 32055](#), "MECO Order") – which accepted the PUC consultant's report reviewing MECO's System Improvement and Curtailment Reduction (SICR) plan and directs MECO to file a Power Supply Improvement Plan to address the SICR plan's shortcomings.

Hawaiian Electric Companies consists of Hawaiian Electric Company Inc. (HECO), serving the island of Oahu; Maui Electric Company Limited (MECO), serving the islands of Maui, Lanai and Molokai; and Hawaii Electric Light Company Inc. (HELCO), serving Hawaii Island.

Read the PUC's decisions and orders here. <http://1.usa.gov/1hzJfaV>

The following is a statement from Dick Rosenblum, president and CEO, Hawaiian Electric Company:

The PUC issued a comprehensive set of energy policies and guidelines. In this challenging, fast-changing energy environment, we welcome the PUC's clear direction and roadmap. We've been working on many of these initiatives, and these directives confirm the energy policy priorities that will guide our strategies and implementation.

We have many of the building blocks already in place, including our grid modernization work, the initial phase of our smart grid project, and our progress in renewable energy – now at more than 18 percent. We've begun deactivating older fossil fuel plants, such as Honolulu Power Plant and others on Maui and Hawaii Island. And we're taking other steps to lower costs to customers, such as use of low-cost liquefied natural gas as a transition fuel.

We understand the importance of moving quickly and see this as an unprecedented opportunity to move aggressively on a shared vision for the utility of the future and on our role in meeting the needs of our customers.

We look forward to working with the PUC and the Hawai'i State Energy Office as we move forward to develop and execute these comprehensive plans.

<http://khon2.com/2014/04/29/state-orders-hawaiian-electric-companies-to-lower-costs-address-challenges/>