GRIDWORKS

CASE STUDY

HOW HAWAII GOT ADVANCED RATES

OVERVIEW

In 2019, the Hawaii Public Utilities Commission decided to take on advanced rate design in a full-force effort coordinated with DER Program and Technical updates. This case study takes a closer look at Hawaii's advanced rate design initiative and the role of the 2020 Advanced Rate Design Working Group facilitated by Gridworks.

THE CHALLENGE

While Hawaii is home to some of the most progressive clean energy policies, the Hawaiian Electric Companies' rate design had not significantly changed for a number of years. The Hawaii Public Utilities Commission recognizes that dynamic rate designs are critical to align customer behavior with grid needs and realize the full value of DER. However, a number of competing priorities must be balanced with new rate design including installation of advanced metering infrastructure across the islands and updates to existing DER program designs.

APPROACH

To meet Hawaii's needs, Gridworks designed and facilitated Hawaii's Advanced Rate Design Working Group.

Over a three month period, the Working Group met to discuss rate design theory, necessary data inputs, and parties' rate design proposals. In total, the Working Group convened in seven biweekly, three-hour meetings and two supplemental one-hour meetings focused on data. Meeting subjects included:

- **Cost Classification**
- **Revenue Apportionment**
- **Utility Cost of Service Study Methods**
- **Surcharges**
- **Residential Rate Proposals**
- **Commercial Rate Proposals**
- **Electric Vehicle Rates Proposals**
- **Lessons Learned from Rate Design Pilots**
- **Marketing, Education, and Outreach**
- **Commission Guidance**

The Working Group hosted industry experts to share experience and lessons learned on different aspects of rate design, including cost classification, revenue apportionment, marketing, and lessons learned from pilots in other jurisdictions. These shared learning opportunities provided the Working Group with a common foundation and consistent language to apply in Working Group discussions.

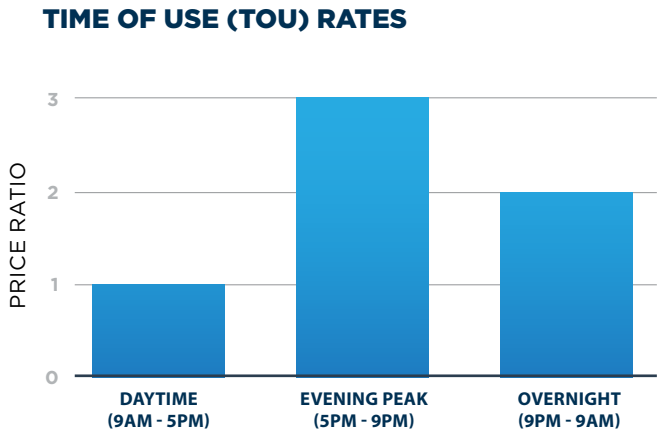
Throughout the Working Group process, parties presented their principles and ideas for time-of-use rate design, including the appropriate data sources and the availability of those sources. Parties included the Hawaiian Electric Companies (which serves the islands of Oahu, Hawaii, Maui, Molokai, and Lanai), the Consumer Advocate, and DER Parties (a coalition of DER advocates). The Parties' commitment and dedication to providing detailed proposals was integral to the productivity and success of the Working Group.

OUTCOMES

The Advanced Rate Design Working Group initiative led to the following outcomes:

- Shared learning among stakeholders and staff on key advanced rate design concepts
- New opt-out time-of-use rates for residential and commercial customers comprised of a:
  - Customer charge to recover customer-specific metering and billing costs
  - Grid access charge to recover costs to connect to the electric grid
  - Time-differentiated energy charge at a 1:2:3 price ratio for overnight, daytime, and peak periods, respectively

- Establishment of a three-phased implementation process:
  - **Ramp Up:** Finalize the rate design; Evaluation and Assessment plan; Marketing, Education, and Outreach plan; and the utility's internal preparations (e.g., training Call Center staff, updates to the billing system)
  - **Roll Out:** One-year study period to track customer behavior, bill impacts, and other issues relating to customer enrollment in opt-out TOU rates
  - **Evolve:** Implement updates to TOU rate design, inputs, and/or implementation, as needed, prior to broader customer enrollment
- Bill protection for residential customers for bill increases over $10 per bill (for the first six months)
- Reconvening of the Advanced Rate Design Working Group to finalize TOU rate development, monitor implementation progress, and discuss future updates



ABOUT GRIDWORKS

Gridworks facilitates difficult discussions and collaboration between policymakers, decarbonization advocates, energy providers and utility operators. We work with these groups to determine the best approach to meet decarbonization goals. Our work has eased the shift toward clean energy in the Western U.S. We're expanding to further our mission and invite you to work with us to navigate your clean energy challenges.

Learn more at ***gridworks.org****.*