

HESS-DT-IR-1 to HECO

Ref.: HECO T-1, p. 29, lines 13-15, "If DG/CHP customers install the DG/CHP meter required by the rider and take advantage of the options offered by the rider, they may well be able to obtain backup service at lower cost than under HELCO's regular rate schedules."

Please explain in detail how DG/CHP customers could obtain backup service at a lower cost than under HELCO's regular rate schedules.

HECO Response:

A DG/CHP customer with at least 3 DG/CHP systems and who is served under Schedule P in conjunction with Rider A's Schedule Maintenance Option could have a lower electric bill than under the regular rate Schedule P. The lower customer's bill under this Rider A option is due to the following:

1. The standby demand charge under the Rider A Scheduled Maintenance option is \$10.26 per standby billing kW. This charge is lower than the demand charges in HELCO's regular Schedule P of \$11.25 per billing kW for the first 500 billing kW, and \$10.75 per billing kW above the first 500.
2. The lower standby demand charge is applied only on the sum of the capacities of the customer's two largest DG/CHP systems, rather than on the total capacities of all of its DG/CHP systems.
3. All kWh used by the customer during the scheduled maintenance period are charged only 8.0 ¢/kWh, which is much lower than the energy charges in HELCO's regular Schedule P of 15.2290 ¢/kWh for the first load factor block, 13.0488 ¢/kWh for the second load factor block, and 12.0458 ¢/kWh for the last load factor block.

HESS-DT-IR-2 to HECO

Ref.: HECO T-5 p.18, lines 22-25, p.19, line 1, "If Rider A is modified to make it voluntary, current Rider A customers (as well as customers that have DG/CHP systems installed in the future) will have the opportunity to sign up for the Rider A option. If they do not elect to sign up for the Rider A option, they will not be subject to any Rider A charges, and will receive all service under the appropriate regular rate schedule."

- a. Please explain in detail the distinctions between the Rider A charges and the regular rate schedule for a DG/CHP customer?
- b. Please explain in detail the incentives, if any, for a DG/CHP customer to voluntarily sign up for Rider A.
- c. If HELCO is permitted to enter in the CHP business, will its customers be presented with the exact same options as customers of third-party CHP vendors? If no, please explain in detail why not. Also, please explain in detail the differences.

HECO Response:

- a. The distinctions between the Rider A charges and the regular rate schedule for a DG/CHP customer are the following:
  1. A DG/CHP customer served by HELCO is billed under the applicable rate schedule in conjunction with Rider A. The total monthly bill of a DG/CHP customer under the applicable rate schedule includes the Rider A's standby charge applied to the customer's standby kW load.
  2. A DG/CHP customer's billing kW under the applicable rate schedule is reduced by its standby billing kW. This ensures that a DG/CHP customer is not charged twice for the same kW.
- b. An incentive for a DG/CHP customer to voluntarily sign-up for Rider A is the savings in its energy costs. The Scheduled Maintenance Option of Rider A can provide DG/CHP customers with lower a electric bill. See HECO response to HESS-DT-IR-1 to HECO.
- c. The Companies cannot respond to this question as it calls for speculation. The Companies cannot speculate as to what options third party CHP vendors will offer to their customers.