

✓BKK/LYK

11-09-06

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

--- In the Matter of ---)
)
PUBLIC UTILITIES COMMISSION)
)
Instituting a Proceeding to Investigate)
Distributed Generation in Hawaii)
_____)

DOCKET NO. 03-0371

PUBLIC UTILITIES
COMMISSION

2006 NOV -9 A 11:39

FILED

HAWAII RENEWABLE ENERGY ALLIANCE'S
RESPONSE TO
UNITED STATES COMBINED HEAT & POWER ASSOCIATION'S
COMMENTS ON DOCKET NO. 03-0371
AND
CERTIFICATE OF SERVICE

Warren S. Bollmeier II, President
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II. Specific Comments

After a review of the USCHPA comments, we offer comments in response below. Specifically, HREA concurs with the USCHPA that:

1. HECO should be directed to revise the standby rates such that they are not discriminatory,
2. DGs that are on-line during peak hours should not have to pay standby charges,
3. The consequence of any revenue losses due to non-utility DG should not be treated separately, but in rate cases. HREA notes that this recommendation comports with similar recommendations regarding potential revenues losses from the implementation of utility Demand-Side Management ("DSM") measures (Reference: DSM Docket No. 05-0069).
4. The tariff should be flexible with respect to scheduling, and
5. Other proposed requirements (demand ratchet, reservation charge, utility meter at customer expense, the 6-month termination notice) are unreasonable, if not punitive.

III. Conclusion

As noted above, HREA does not believe HECO's proposed standby rate tariffs are structured within the spirit and intent of the DNO on the instant docket. We need to encourage DG in light of HECO's predicted capacity margin shortfalls in the near term and the proposed standby rates simply will do the opposite. Furthermore, we are now concerned that the proposed tariffs will serve to: (1) discourage potential DG users from working with third party energy service providers, and (2) exacerbate the capacity shortfall problem as there will now be further delays in order to structure and approve non-discriminatory standby rate tariffs.

DATED: November 9, 2006, Honolulu, Hawaii



President, HREA

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