

12-15-06

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BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

PUBLIC UTILITIES  
COMMISSION

2006 DEC 15 P 3:42

FILED

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			)	
	PUBLIC UTILITIES COMMISSION		)	DOCKET NO. 03-0371
			)	
	Instituting a Proceeding to Investigate		)	
	Distributed Generation in Hawaii		)	
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HAWAII RENEWABLE ENERGY ALLIANCE'S  
RESPONSE TO  
UNSOLICITED LETTERS FROM NON-PARTIES  
ON DOCKET NO. 03-0371  
AND  
CERTIFICATE OF SERVICE

Warren S. Bollmeier II, President  
HREA  
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## II. Specific Comments

After a review of the *unsolicited* letters, we offer the following assessment of and comments on the key issues identified by the non-Parties:

### A. Pacific Regional CHP Application Center (PRAC). PRAC:

1. Supports the comments provided by the United States Combined Heat and Power Association ("USCHPA") which were submitted to the Commission on October 11, 2006;
2. Suggests that a proposal for a standby charge of current \$30/kW have a significant negative impact on the net savings available from CHP installations, greatly increasing the simple payback period and making the projects economically unattractive;"
3. Suggests that Hawaii is out of step with what other states are doing. "For example, California has waived standby charges for DG systems as their benefits and grid impacts are being more carefully studies;" and
4. Asks "that the Commission establish a new docket for standby rates so that all stakeholders can participate in this important proceeding."

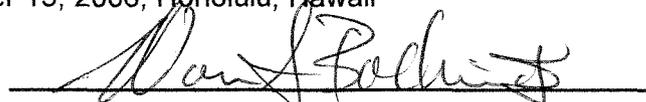
**HREA Comments: HREA shares the same concerns as expressed by PRAC, and supports their recommendations.**

### B. Two Letters from Marriott: (1) Joseph Allan - (Director of Engineering of Hospitality Properties Trust, majority owner of the Kauai Marriott, and (2) Ed Hubennette (Area VP for Marriott Hotels and Resorts – Japan, Hawaii & South Pacific. Mr. Allan and Mr. Hubennette:

1. Conclude that the increase from \$5/kW to \$31.25/kW for standby will potentially make their planned CHP project at the Kauai Marriott and potential projects at other locations economically unattractive. The proposed standby charges are estimated to result in a 40% reduction in savings from the Kauai project;

**HREA Comments: HREA shares the same concerns as expressed by Mr. Scheibert support his recommendations. We especially agree there are significant potential impacts to achieving our energy efficiency and renewable state policy goals if standby charges are applied to all DG. Furthermore, we do not believe it is wise to encourage larger customers to leave the grid. We believe the implementation of DG will serve to strengthen the grid and provide benefits to all customers in the long term. These benefits will not be accrued if customers leave the grid. Obviously, further discussion is warranted.**

DATED: December 15, 2006, Honolulu, Hawaii

  
\_\_\_\_\_  
President, HREA

**Party**

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Dated: December 15, 2006



President, HREA