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**Public Utilities Commission  
State of Hawaii  
Hawaiian Electric Company, Inc.'s ("HECO") application for approval  
and/or modification of demand-side and load management programs and  
recovery of program costs and demand-side utility incentives  
Docket No. 05-0069  
Outline of Panel Topics for Discussion<sup>1</sup>  
August 28, 2006 – September 1, 2006**

**Monday, August 28, 2006 (Day 1)**

**I. Oral arguments on HECO's Motion for Partial Reconsideration of Interim  
Decision and Order No. 22420 (1.0)**

**II. Introduction to Panel Hearings**

*The purpose of this hearing is to answer these questions: What are Hawaii's goals for energy efficiency and load management? What programs, providers, terms, evaluation processes, cost levels, cost recovery mechanisms and rates designs will meet those goals most effectively?*

**III. Panel A: Goals (3.0)**

*Should the Commission establish specific goals for energy efficiency and load management? If so, should the goals be established in this proceeding? If in this proceeding, what should the goals be?*

- A. What is the necessity and desirability of goal-setting?
- B. What types of goals should the Commission establish?
  - 1. What policy purpose will be served?
    - a. Energy savings
    - b. Demand reduction (e.g., deferral or avoidance of

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<sup>1</sup>Subject to change. The times parenthetically noted are estimates.

generation, transmission or distribution)

1. Overall demand reduction
  2. Targeted peak reduction
  3. Targeted geographical load reduction
  4. Load shifting
- c. Oil displacement
  - d. Emissions reductions
  - e. Reliability
  - f. Grid support
  - g. Market transformation
    1. Demand side: customer acceptance
    2. Supply side: emerging technologies
2. Which industries should be included?
    - a. Gas
    - b. Electric
3. Which quantitative methodology should be used?
    - a. Percent of forecast sales growth
    - b. Percent of total sales
    - c. Fixed number of units of energy savings (e.g., MWh, MW)
    - d. Other
4. Which usage type(s)?
    - a. Air conditioning
    - b. Lighting





Tuesday, August 29, 2006 (Day 2)

**IV. Panel B: Specific Programs and Parameters (5.0)**

*What programs will most likely achieve the Commission-specified goals?*

- A. Specific programs proposed by HECO
  - 1. CIEE
  - 2. CINC
  - 3. CICR
  - 4. CI Load Management
  - 5. REWH
  - 6. RNC
  - 7. RLI
  - 8. RDLC
  - 9. ESH
  - 10. RCEA
  
- B. Other programs (including pilot programs)
  
- C. Questions applicable to all programs
  - 1. Which cost-effectiveness test(s) should be used?
    - a. Total Resource Cost (TRC)
    - b. Program Administrator or Utility Cost (PAC)
    - c. Participant Cost (PC)
    - d. Rate Impact Measure (RIM)
    - e. Other
  - 2. Cost-effectiveness
  - 3. Cost level
  - 4. Spending flexibility
  
- D. Conclusion: Concerning specific programs, what type of Commission decision in this docket is required? What type of Commission decision is desirable?

Wednesday, August 30, 2006 (Day 3)

**V. Panel C: Market Structure (4.0)**

*Given the stated goals and desired programs, what market structure(s) will best deliver the necessary program types, effectively and economically? What market structures will stimulate new programs unknown at this time? Do different market structures affect the need or desirability of "incentives"?*

- A. Discuss the possible criteria for determining appropriate market structure
- B. Consider application of market structure criteria to different program types
  - 1. Utility administration only
  - 2. Non-utility administration only
  - 3. "Hybrid administration"
  - 4. Pilot market structures
- C. Should the Commission's market structure policy differ for --
  - 1. KIUC's territory?
  - 2. HECO's various territories?
- D. What is the relationship between market structure and incentives; i.e., under different market structures what types of incentives are necessary or unnecessary?
- E. Legal question: Do the parties agree that the Commission has statutory authority to require and regulate various market structures, including the the Commission's authority to --
  - 1. Allow entities to provide energy efficiency services in place of utility generation?
  - 2. Choose a new company to be an energy efficiency utility with exclusive authority to institute programs in place of the utility?
  - 3. Authorize the new energy efficiency company to order the utility to provide particular programs or services?

- F. How can the IRP Framework accommodate Commission-mandated change to market structure?
- G. Possible market roles: Is it possible to "unbundle" the various steps, so that different market structures could apply to different steps, such as design, implementation and evaluation?
- H. Conclusion: Concerning market structure, what type of Commission decision in this docket is required? What type of Commission decision is desirable?

Thursday, August 31, 2006 (Day 4)

**VI. Panel D: Cost Recovery and Incentive Mechanisms (3.0)**

*For those programs provided by HECO, what cost recovery mechanism, rate design and incentives (if any) are appropriate?*

- A. What cost recovery mechanisms are appropriate?
  - 1. Goals common to any cost recovery mechanism
  - 2. Base rates
  - 3. DSM surcharge/public benefits charge
- B. What rate design methods, if any, are necessary to eliminate inappropriate penalty to a utility for engaging in activities that reduce electricity demand and consumption?
  - 1. Is there a disincentive problem?
  - 2. Option: Lost revenue adjustment mechanisms
  - 3. Option: Decoupling
- C. What "incentives," if any, are necessary and desirable?

**VII. Panel E: Monitoring, Evaluation Reporting and Transitions? (3.0)**

*Once the Commission makes the foregoing decisions, what are the ongoing roles for the Commission and the utility?*

- A. Program monitoring and evaluation
- B. Reporting
- C. Role of the IRP framework
- D. Is the formation of a working committee necessary?
- E. Transitions: What transition actions are necessary to move from existing programs and processes to the Commission's preferred programs and processes?

**Friday, September 1, 2006 (Day 5)**

**(Continuation of Panel E, if necessary)**

**VIII. Panel F: Issue Interactions (2.0)**

*What issues from earlier in this the hearing should we revisit due to their interactions with subsequent discussions?*

**IX. Closing Statements (1.5)**

*Each party or participant shall have up to ten minutes to summarize its position.*