

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

----- In the Matter of -----)
HAWAIIAN ELECTRIC COMPANY, INC.)
Regarding Integrated Resource)
Planning.)
_____)

DOCKET NO. 2007-0084

ORDER CLOSING DOCKET

RECEIVED
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DIV. OF CONSUMER ADVOCACY
DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
STATE OF HAWAII

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PUBLIC UTILITIES
COMMISSION

FILED

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OF THE STATE OF HAWAII

----- In the Matter of -----)	
HAWAIIAN ELECTRIC COMPANY, INC.)	Docket No. 2007-0084
Regarding Integrated Resource)	
Planning.)	
_____)	

ORDER CLOSING DOCKET

By this Order, the commission closes this docket.

I.

Request

By letter dated and filed on November 6, 2008, HAWAIIAN ELECTRIC COMPANY, INC. ("HECO") and the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate")¹ request that the commission close this docket, as a result of the "Energy Agreement Among the State of Hawaii, Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, and the Hawaiian Electric Companies" dated October 20, 2008 ("Energy Agreement").

According to HECO and the Consumer Advocate:

As a part of the Energy Agreement and in order to improve analysis and guidance for Hawaii's clean energy future, the HCEI Parties agreed to replace the current Integrated Resource Planning ("IRP") process with a new

¹The parties to this docket are HECO, the Consumer Advocate, Life of the Land ("LOL"), Hawaii Renewable Energy Alliance ("HREA"), Honolulu Seawater Air Conditioning, LLC ("HSWAC"), and OCEES International, Inc. ("OCEES").

[Clean Energy Scenario Planning ("CESP")] process. Specifically, the HCEI Parties agreed to the following:

- The CESP process will provide high level guidance on long term (10-20 years) direction and an Action Plan for near term initiatives (5 years), balancing how the utility will meet its customers expected energy needs as modified by planned energy efficiency, renewables substitution and demand response, encouraging high levels of renewable and clean energy with distributed resources, while protecting reliability at reasonable costs.
- The CESP process will be conducted on an on-going basis with a new Clean Energy Scenario Plan developed in three-year cycles. The CESP process will include exploring alternative energy scenarios, risks and uncertainties, to develop a base case and variations for a 20-year planning horizon.
- Since clean energy actions and choices on one island may affect the entire State, all Hawaiian Electric utilities shall conduct the CESP process in parallel or as one CESP process for all three utilities, using common economic and other assumptions and common scenarios for technology, economic, and development paths and options, while maintaining the option to also develop island-specific scenarios.
- The Hawaiian Electric utilities shall conduct a comprehensive generation and transmission analysis every three years to support the evaluation of several planning scenarios to be considered in developing the new base case. In addition, the Hawaiian Electric utilities shall provide Locational Value Maps that will guide the identification of geographic areas of distribution system growth for potential application of new energy efficiency, demand response, and distributed generation and storage within Clean Energy Investment Zones.

- The CESP process will incorporate an Advisory Committee and a public review process;

Energy Agreement at 36-37.

Additionally, the HCEI Parties agreed that a joint request would be made to the Commission to close Docket No. 2007-0084 and open a new docket to establish the CESP process. The Hawaiian Electric Companies anticipate submitting a proposed framework to govern the CESP process consistent with the determinations contained in the Energy Agreement for the Commission's review and approval by March 31, 2009. The Hawaiian Electric Companies and the Consumer Advocate respectfully request that the Commission defer opening the docket to establish the CESP process until that time. Pending the Decision and Order establishing the CESP process, HECO will continue to meet with its IRP Advisory Group (e.g., a meeting is scheduled for November 25, 2008), and proposes to file an IRP-3 Evaluation Report by December 31, 2009.

The Energy Agreement also requires that HECO request Commission approval to implement items in its Action Plan that otherwise would require approval through the IRP-4 process. Accordingly, and in order to facilitate meeting the goals of the Energy Agreement, HECO respectfully requests that the Commission authorize HECO to implement those items in its IRP-4 Action Plan for which approval is required in the IRP-4 process (e.g., in the fourth quarter HECO plans to file an application requesting Commission approval of an Advanced Metering Infrastructure project, and an application requesting Commission approval and a waiver from the Competitive Bidding Framework for a second combustion turbine generating unit at Campbell Industrial Park).

The closing of Docket No. 2007-0084 will avoid the expenditure of significant resources by all parties to the proceeding which may ultimately be rendered unnecessary by the new CESP process. The opening of a new docket to establish the CESP process will provide a vehicle for the Commission to review, evaluate and approve the specifics of the CESP process which are generally discussed in the Energy Agreement. The transition from the IRP process to the CESP process in a timely manner will facilitate implementation of the Energy Agreement as a coherent whole while also moving

the State toward a more "sustainable, clean, flexible and economically vibrant energy future." Energy Agreement at 1.

Accordingly, the undersigned respectfully request that the Commission 1) close Docket No. 2007-0084, 2) open a new docket to establish the Clean Energy Scenario Planning process upon the submission of a proposed CESP framework for the Commission's review and approval, and 3) authorize HECO to implement items in its Action Plan that otherwise would require approval through the IRP-4 process. HECO and the Consumer Advocate offer the foregoing as good cause therefore.

Letter dated and filed November 6, 2008, from HECO and the Consumer Advocate to the commission, at 2-4 (footnotes and text therein omitted).

By a document titled "Reply Motion to Hawaiian Electric Company & Consumer Advocate's Motion to Close Docket" filed on November 12, 2008 ("Opposition"), LOL indicated its opposition to closure of this docket. According to LOL, "HECO IRP-4 should remain open to analyze the issue of climate change, the REI Consolidation Incentive and the need for the CIP CT2, among others. If anything, getting these items to the Commission sooner rather than later will speed up the process. Once the CESP is established, these issues may blend into the CESP issues."² In addition, LOL states: "Opening up the CESP docket now, determining who is in the docket and what the issues are and having all parties file simultaneous proposed frameworks,

²Opposition, at 13.

will speed up the process significantly. By the time HECO [is] expected to file, every other party would have also filed."³

Here, having considered the filings, the commission will close this docket. Consistent, however, with the closure of prior IRP dockets, the commission declines to authorize HECO to implement those items in its IRP-4 Action Plan for which approval is required in the IRP-4 process. The necessary review and approval envisioned by the IRP Framework⁴ has not been conducted. Accordingly, for purposes of the IRP-4 Action Plan, the commission will treat IRP-4 as it did HECO IRP-3, as having the status of a plan filed with, but not approved by, the commission.

As the commission is closing this docket to allow for resources to be diverted to development of a CESP framework, the commission directs HECO to suspend all activities pursuant to the IRP Framework. HECO is no longer required to meet with its IRP Advisory Group or file an IRP-3 Evaluation Report by December 31, 2009.

The CESP framework that HECO and the Consumer Advocate intend to file in March 2009 should comprise proposed revisions to the existing IRP Framework. The IRP Framework was the result of a collaborative process and has been the basis for utility planning in Hawaii for over a decade. In contrast, it is the commission's understanding that the CESP framework is a novel

³Opposition, at 13. Apart from LOL, no other party filed any response to HECO and the Consumer Advocate's request to close the docket.

⁴The IRP Framework was established by Decision and Order No. 11523, filed on March 12, 1992, in Docket No. 6617, as amended by Decision and Order No. 11630, filed on May 22, 1992.

concept that has not yet been adopted by any other jurisdiction. Accordingly, the commission's preference is that the parties revise the IRP Framework to develop their proposed CESP framework. In drafting the proposed CESP framework, HECO and the Consumer Advocate shall include LOL, and other interested parties, including Kauai Island Utility Cooperative, which may be bound by this new framework, in discussions regarding the new framework.

II.

Order

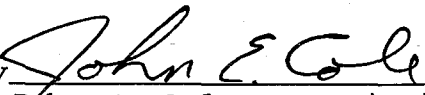
THE COMMISSION ORDERS:

This docket is closed.

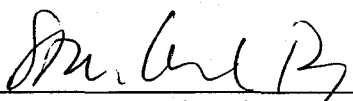
DONE at Honolulu, Hawaii NOV 26 2008.


PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
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By 
John E. Cole, Commissioner

APPROVED AS TO FORM:


Stacey Kawasaki Djou
Commission Counsel


By
Leslie H. Kondo, Commissioner

2007-0084.laa

CERTIFICATE OF SERVICE

The foregoing order was served on the date of filing by mail, postage prepaid, and properly addressed to the following parties:

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Certificate of Service
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