



USCHPA and Hawaii DG Stakeholders Achieve Success for CHP

Hawaii celebrates the tradition of the making and wearing of flower leis each May, an annual event since 1928. The CHP industry and the Hawaiian Electric Company provided another celebratory event when the Hawaii PUC, on May 15, approved the negotiated settlement for standby service between the DG Stakeholders and HECO. The islands of Oahu, Maui, Molokai, Lanai and the Big Island are served by HECO (Kauai island is served by a cooperative; the standby proceeding decision for this island is expected in the near future).

USCHPA challenged the proposed standby rates in October 2006, finding the rates anti-competitive and asserting that hearings were necessary. This action prompted others to engage who similarly requested a full investigation. USCHPA was granted intervener status and then was asked by the other DG stakeholder to serve as coordinator of their efforts. The expert rate consultants, Barkovich and Yap, were secured to aid in discovery, workshops and evidentiary hearings. A non-adjudicatory resolution was sought that led to intensive negotiations beginning in early 2008, and a stipulated agreement was filed with the PUC in March 2008.

With DG interconnection rules approved the month before and an attractive spark spread, the triumvirate now exists to pave the way for greater penetration of CHP. The settlement sets forth the rates, terms and conditions for standby service during unscheduled outages and scheduled maintenance. One of the novel aspects of the tariff is the option to take standby service or to decline such service and to remain on the otherwise applicable rate schedule. Other key aspects include a four month grace period to accommodate plant commissioning, and no standby service is deemed supplied for plant shutdown caused by events on the utility side of the meter.

Possessing a large base of hotels, hospitals, senior living homes and military bases, CHP in Hawaii offers considerable savings to end-use customers, benefits to the grid and a cost effective way to help meet future load growth. Hawaii's leadership has set the tone and direction for CHP across the US!

"USCHPA's participation was led by Eric Wong of Cummins. USCHPA members with questions about the ruling should contact Eric at Eric.R.Wong@cummins.com