



PUBLIC UTILITIES COMMISSION

FOR IMMEDIATE RELEASE

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PUC Approves Tariff for Interim Time-of-Use Rates

HONOLULU – The Hawaii Public Utilities Commission (“PUC” or “Commission”) issued an order on Friday, September 16, 2016, instructing the Hawaiian Electric Companies (the “HECO Companies”) to offer a tariff giving customers the option of enrolling in a new time-of-use (“TOU”) program, which allows customers to manage their electricity consumption to reduce monthly bills and benefits the overall grid. The HECO Companies serve the islands of Hawaii, Lanai, Maui, Molokai, and Oahu.

Traditional electricity prices are flat and do not change based on time of day. TOU programs are designed to price electricity in a way that reflects electricity’s true costs by charging customers different rates at different times of the day, instead of a flat rate. This encourages customers to reduce electricity use during times when electricity is more expensive to produce, while allowing them to take advantage of less expensive electricity being offered at other times.

The optional TOU rates approved by the Commission offer lower electricity prices during the daytime to encourage customers to use energy when solar and other lower-cost renewables are available. In exchange, the TOU rates are higher during the evening when the overall electricity demand is greatest (the system “peak”). The TOU program is the result of collaborative efforts of the HECO Companies and interested stakeholders, including local community groups, non-profit organizations, and renewable energy companies.

The “on-peak” TOU period coincides with the time of day during which the HECO Companies typically experience the highest volume of residential customer demand. This period has the highest TOU electricity rate, higher than the price a typical customer would be subject to under the current residential tariff. The “mid-day” period represents the time of day during which the HECO Companies typically experience relatively lower residential customer demand and higher level of solar PV and other renewable generation. This “mid-day” period features the lowest TOU period rate, below what a typical customer would pay under the current residential tariff. TOU rates are intended to encourage customers to shift their demand from the “on-peak” evening period to the “mid-day” period and to enable more cost-effective integration of renewable energy.

Several key features of the TOU Program include:

- Open, voluntary, optional enrollment to all residential customers of the HECO Companies.
- A rate structure with three distinct time periods, each with its own “TOU” rate: (1) a “mid-day” period from 9am up to 5pm; (2) an “on-peak” period from 5pm up to 10pm; and (3) an “off-peak” period overnight from 10pm up to 9am.
- A “shadow bill” feature which will allow program participants to compare their bill under the TOU program to what their bill would have been under their previous residential tariff, in order to determine if the program is beneficial to them.
- A two-year program duration, subject to change by the Commission.
- An option for customers to opt-out of the program at any time, without penalty.

The Commission instructed the HECO Companies to file a tariff for the interim TOU program within thirty days, at which time the tariff will take effect and the program will be open for enrollment. The complete Order, as well as links to the docket record, may be found on the Commission’s website at: <http://puc.hawaii.gov/>.

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