

DPS Phase 3 D&O Summary

[Decision and Order No. 40418](#) finalizes the new Distributed Energy Resources (“DER”) Program Structure (“DPS”) Programs, i.e., the **Smart DER Tariff** and the **Bring-Your-Own-Device (“BYOD”) Tariff**, which will launch for customer enrollment on April 1, 2024.¹ DERs have played an important role in the electric grid in Hawaii over the last several years by providing renewable energy and other grid services, and DERs are expected to play a larger role in Hawaiian Electric’s resource portfolio over the next few decades as the utility transitions to a 100% renewable energy grid. The Commission intends for these DPS programs to further enable customer participation in the utility grid through DERs and to support Hawaiian Electric’s pursuit of utilizing 100% renewable energy. These DPS programs will be updated every three years to keep up with the evolving needs of the electric grid.

Smart DER Tariff. The Smart DER Tariff has two options: (1) a non-export option that allows customers to connect to the grid through a streamlined process without compensation for exporting energy (“Non-Export Rider”); and (2) an export option that allows customers to connect to the grid and receive time-varying compensation for exporting energy (“Export Rider”).

Export rates are highest during the evening peak period, 5 p.m. to 9 p.m., and lowest during the daytime period, 9 a.m. to 5 p.m. The Smart DER Tariff Export Rider’s time-varying export rates encourage customers to install batteries and shift utilization of customer generation to the evening peak period when the grid needs it most.

Moving forward, the Smart DER Tariff will be the only available underlying DER tariff for new customers and will compensate customers enrolled in the Export Rider at the export rates laid out below in Table 1. Customers on existing interim DER tariffs may be required to transition to the Smart DER Tariff, depending on the tariff on which they are enrolled, and Hawaiian Electric will provide ample notice in advance of any necessary transition.

Table 1: Smart DER Tariff Export Rider Rates (\$/kWh)

Island	Overnight (9pm–9am)	Daytime (9am–5pm)	Evening Peak (5pm–9pm)
Oahu	\$0.189	\$0.135	\$0.329
Hawaii Island	\$0.148	\$0.106	\$0.231
Maui	\$0.131	\$0.066	\$0.182
Lanai	\$0.259	\$0.267	\$0.408
Molokai	\$0.174	\$0.179	\$0.272

¹Decision and Order Nos. 40582 (filed on February 5, 2024), 40600 (filed on February 12, 2024), and 40626 (filed on February 26, 2024), provides additional clarifications and tariff guidance in response to motions from the DER Parties and Hawaiian Electric.

BYOD Tariff. The BYOD Tariff is an advanced, supplemental DER tariff that DER customers enrolled in an underlying DER tariff (such as the Smart DER Tariff or one of the existing tariffs) may enroll in to provide additional grid services from a device such as a battery to Hawaiian Electric in return for additional compensation. The BYOD Tariff has three options: (1) a Level 1 Rider that requires customers to schedule their enrolled BESS device to discharge a promised amount of power for two consecutive hours each day; (2) a Level 2 Rider that requires customers to respond to utility-determined events by providing a promised amount of power for a one-hour period; and (3) a Level 3 Rider that requires customers to respond to utility-determined events by providing (load build) or taking (load reduction) promised amounts of power for up to two consecutive hours. The Level 1 Rider will be available April 1, 2024, while the Level 2 Rider and Level 3 Rider will be available at a later date.

Enrollment on the BYOD Tariff provides up to three incentives: an upfront incentive, a monthly incentive, and credits for controlled energy exports during BYOD events. The upfront incentive provides \$100 per kilowatt (“kW”) of capacity that the customer commits to delivering during BYOD events to Hawaiian Electric (i.e., the customer’s “commitment capacity”); up to \$500 per customer (or up to \$1,000 per customer for low- and moderate-income (“LMI”) customers). The monthly capacity performance incentive provides \$5 per kW of commitment capacity for the Level 1 and Level 2 Riders and \$10 per kW of commitment capacity for the Level 3 Riders. LMI customers may opt to receive an adder to their monthly incentives rather than an addition to the upfront incentive. Customers on the Level 1, 2, or 3 Rider may also earn credits for controlled energy exports during BYOD events equal to the Smart DER Tariff Export Rider’s evening peak export rate or their underlying tariff rate (e.g., Net Energy Metering rate), whichever is higher.

For the BYOD Tariff, the customer’s commitment capacity is a fixed amount of power that a customer’s device must discharge, either to serve the customer’s onsite load or to send to the grid as energy exports (or for Level 3 load-build events, to charge), for the duration of the event, as defined by the Rider. At program launch, eligibility is limited to batteries, but Hawaiian Electric is investigating whether additional devices may become eligible for this program. Table 2 below provides an overview of the BYOD Tariff:

Table 2: BYOD Tariff Overview

	Level 1: Flexible User Dispatch	Level 2: Utility Dispatch	Level 3: System Grid Services Program
Description	Daily scheduled capacity load reduction for two hours, typically during evening peak	Capacity load reduction for one hour in response to utility events	Capacity load reduction or load build for up to two hours in response to utility events
Capacity	Oahu: 70 MW Hawaii: 17 MW Maui: 17 MW		

	Lanai: 1.45 MW Molokai: 1.45 MW		
Grid Services	Capacity Load Reduction	Capacity Load Reduction	Capacity Load Reduction and Load Build
Eligible Devices	Battery energy storage systems paired with renewable energy generation		
Number of Events	365 per year	Up to 156 events	Up to 365 events
Event Duration	2 hours	1 hour	2 hours
Event Notification	N/A (scheduled)	24-hour day-ahead notice, unless emergency	24-hour day-ahead notice, unless emergency
Upfront Incentive	\$100 per kW, up to \$500 LMI Adder: additional \$100 per kW, up to \$500 (may also be applied to monthly incentives)		
Monthly Capacity Performance Incentive	\$5/kW	\$5/kW	\$10/kW
Credit for Controlled Energy Exports	Smart DER Tariff Export Rider's evening peak export rate		
Customer Commitment	3 years		
Program Duration	10 years		
Program Launch	April 1, 2024	TBD	TBD

Understanding that there are challenges to LMI customer participation in these DPS Programs, the Commission outlines several opportunities in [Decision and Order No. 40418](#) that Hawaiian Electric is actively pursuing or is directed to pursue to address these barriers, including pilot programs. The Commission expects to address these opportunities in more detail later in this docket (Docket No. 2019-0323) or in other dockets, such as the Energy Equity docket, Docket No. 2022-0250.