BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF HAWAII

---------In the Matter of--------	)	DOCKET NO. 2009-0108
	)	
PUBLIC UTILITIES COMMISSION	)	
	)	
Instituting a Proceeding to	)	
Investigate Proposed Amendments to	)	
the Framework for Integrated	)	
Resource Planning	)	
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THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM'S COMMENTS ON THE NRRI PAPER

AND

CERTIFICATE OF SERVICE

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THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM'S COMMENTS ON NRRI's PAPER

The Department of Business, Economic Development, and Tourism ("Department" or "DBEDT"), by and through its Director ("Director") in his capacity as the Energy Resources Coordinator, through the undersigned Deputy Attorney General, hereby submits to the Hawaii Public Utilities Commission ("Commission" or "PUC") its general comments on NRRI's paper titled "Clean Energy Scenario Planning: Thoughts on Creating a Framework", issued by the Commission on November 3, 2009.

The NRRI paper attempts to answer what NRRI believes is the "deeper question" to ask in this docket, namely: *"Is integrated resource planning (IRP), whether or not updated, a sufficient process for achieving the state's needs, or is something more needed?"* In response to this question, NRRI concludes and asserts that:

1. "The concept of scenario planning is the correct response to the state's challenges." (NRRI Paper, page 1.)
2. "Scenario planning is sufficiently different from traditional integrated resource planning and its successful implementation requires more than editing the 1992 document." (NRRI Paper, page 1.)
3. "While there is certainly a role for integrated resource planning, and while the parties' attempt to edit the 1992 Framework to connect it better to 2010 priorities certainly has merit, that attempt by itself will not prepare Hawaii for the range of uncertainties ahead." (NRRI Paper, page 1.)

The NRRI paper states that its purpose is not to critique the parties' editing of the 1992 document but recommend a predecessor step: to define "scenario planning", and distinguish it from integrated resource planning.

DBEDT offers the following general comments on the NRRI paper:

1. DBEDT agrees on the need for a scenario planning approach in providing for Hawaii's future energy needs given the continuing changes and developments in Hawaii's energy environment (i.e., policies, mandates, priorities) as well as in the energy market in general (i.e., technological developments), that create risks and uncertainties. DBEDT also agrees that "scenario planning" should be defined and determine how it is different as well as how it is similar or the same as integrated resource planning. The question of what is meant by a "scenario" and/or "clean energy scenario planning" has been raised by the Parties during the initial Technical Session in August 2009 and in comments to the HECO Companies' proposed draft CESP Framework long before the NRRI paper was issued recommending that scenario planning should first be defined. The need for this definition does not however make "scenario planning" sufficiently different from integrated resource planning as to invalidate the Parties' approach in crafting a CESP Framework by modifying the 1992 Framework.
2. DBEDT is not convinced that scenario planning is sufficiently different from the IRP process that it

would require developing a new and completely different framework; moreover, developing such a framework by "editing the 1992 Framework" (as implied by the NRRI paper) is a futile exercise, as this approach will not "prepare Hawaii for the range of uncertainties ahead." While the scope, focus, and some of the process steps of scenario planning are different than those of integrated resource planning, DBEDT maintains that modifying the 1992 Framework to incorporate the requirements and appropriate guiding principles for scenario planning process is a reasonable approach in developing a CESP Framework. DBEDT also maintains, as stated in its PSOP, that there are some provisions in the 1992 Framework that are applicable to scenario planning and should be adopted and incorporated in the CESP Framework.

3. NRRI's characterization of the IRP process as overly simplistic (i.e., "single-future view with least-cost-centric solution") is not quite accurate. For one thing, Hawaii's IRP goal is the identification of the mix of resources for meeting future energy needs in <u>an efficient and reliable manner at the lowest reasonable cost</u>, and NOT simply the least-cost resource plan as portrayed by NRRI. HECO's IRP plans developed under

the 1992 IRP Framework reflect some form of "scenario planning" and are more sophisticated than NRRI's characterization of the IRP process. DBEDT invites NRRI to read HECO's IRP-4, which proactively considered the many changes in Hawaii's energy landscape. HECO's IRP-4 was filed with the Commission in September 2009 and posted on HECO.com. While this is not to say that the 1992 IRP Framework satisfies the requirements of or provides adequate and appropriate guiding principles for scenario planning, it simply demonstrates that the 1992 Framework provides a reasonable starting point in crafting a CESP Framework.

4. DBEDT recognizes that while there are differences between scenario planning and integrated resource planning, especially in terms of focus and process steps, these two planning processes or approaches have some commonality. The analytic requirements under both planning approaches are very similar if not the same (i.e., both planning processes require forecast assumptions on load, fuel prices, resources, costs, etc.). Both planning processes may employ similar or the same analysis method (i.e., cost-benefit analysis, generation planning analysis, impact analysis, etc.).

The end result of both processes (i.e., programs and resource plans to meet future energy needs) are subject to the same regulatory process.

In summary, DBEDT believes that modifying the 1992 Framework to incorporate appropriate requirements and guiding principles for scenario planning is a reasonable approach in crafting a CESP Framework. DBEDT also believes that the deeper questions to ask include but are not limited to the following: (1) what are the requirements of scenario planning; (2) what are the appropriate guiding principles for scenario planning; (3) what are the objectives of the planning framework; (4) what are the expected end-results of scenario planning; (5) what are the purposes of the scenario planning's end results; (6) what are the planning process steps or procedures; (7) how to assess the reasonableness of the scenario planning's end-results; (8) how and who will determine the "scenarios" to be used in the planning process; (9) how to accommodate and reflect public

inputs; and (10) how to streamline the regulatory approval process of scenario planning end results.

DATED: Honolulu, Hawaii, November 23, 2009.

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Certificate of Service

I hereby certify that I have served a copy of the Department of Business, Economic Development, and Tourism's Comments on the NRRI Paper in PUC Docket Number 2009-0108, by electronic transmission on the date of signature to each of the parties listed below.

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