



Hawaiian Electric
Maui Electric
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NEWS RELEASE

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Regulators approve new program to reward customers for sharing control of energy use

Demand response seen as key tool in renewables efforts

HONOLULU, Feb. 7, 2018 – The Public Utilities Commission has approved a comprehensive new portfolio of programs that will reward customers of the Hawaiian Electric Companies who can use their own equipment to participate in the management of the electricity grid.

The Jan. 25 approval comes after more than two years of technical and financial analysis and participation by dozens of stakeholders who helped shape the companies' proposed programs, which are collectively known as demand response.

"We appreciate the commission's approval of the program and their advocacy for demand response, which has the potential to be a cost-effective tool to help us reach our renewable energy goals," said Richard Barone, manager of demand response for Hawaiian Electric. "We see this program creating a more flexible and reliable grid while at the same time empowering customers with expanded energy options and economic opportunity."

Demand response, which will initially be available on O'ahu and Maui with the other islands to follow, allows the utility and its demand response partners to control customers' equipment in a way that impacts their energy demand. A simple example is Hawaiian Electric's Energy Scout program, which offered customers a bill credit if they installed a wireless switch that allowed the utility to briefly turn off their water heaters in a sudden shortfall of electricity available on the grid.

Today's demand response program envisions a broader, more high-tech approach that could potentially shift hundreds of megawatts of electricity from thousands of participating homes and businesses. It will include many other resources, including residential battery storage systems and electric vehicles, whose participating owners will receive a financial incentive to allow the utility or its partners to charge or discharge their batteries or adjust their charging patterns, depending on the needs of the grid.

This will further empower customers to manage their energy use and participate in the effort to integrate more renewable energy in a way that can provide economic benefits to participants as well as all other customers.

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The program is aligned with the companies' proposed Grid Modernization Strategy, which will use advanced meters and wireless networks to communicate with controls on homes and businesses.

Under the new programs, third-party partners approved by the utility can enroll customers who will allow for the control of their equipment within agreed upon limits. These third-party partners will contract with customers, aggregate and optimize the resulting demand response capabilities and make them available to the utility grid operators.

The companies are in the process of developing tariffs, rate schedules and grid services purchase agreements with the aim to have the first participants online by the second half of 2018. Rates and other financing mechanisms are subject to approval by regulators.

"Demand response is expected to play an essential role in achieving Hawai'i's clean energy goals by creating opportunities to allow customers -- and their growing accumulation of distributed resources -- to help increase renewable energy resources on the grid while maintaining grid stability and reliability," said Shelee Kimura, senior vice president for business development and strategic planning for Hawaiian Electric.

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