

Axe HECO's unfair 'Shift and Save' plan

(Honolulu Star-Advertiser "Views & Voices" Article, June 5, 2024)

By Clint Churchill and John S. S. Kim

Hawaiian Electric (HECO) recently implemented a Shift and Save (S&S) pilot program with the pitch that you can save on your electric bill. Or is it "shift or pay more?"

All ratepayers should pay attention to this scheme since, according to HECO, "S&S is expected to be introduced to all customers in 2025." Some 15,000 pilot program customers hold the fate of all other customers.

S&S sets three new rates. For simplicity, we'll compare the new Oahu rates vs. a recent 40 cents per kilowatt hour (kWh) rate. The evening rate (5 PM to 9 PM) increases by 30% to 52 cents/kWh. The overnight rate (9 PM to 9 AM) drops 13% to 35 cents/kWh. The daytime rate (9 AM to 5 PM) drops by 58% to 17 cents/kWh.

HECO has stated that S&S will be revenue neutral to them, meaning that the unsustainable 17 cents/kWh rate will be *subsidized by other customers*. But who?

Biggest loser: Net Energy Metering (NEM) customers without a battery. Before S&S, excess daytime electricity is sent to HECO with a like amount of electricity available to them evenings and nights. With S&S, the monthly credit for exporting excess daytime electricity to the grid drops to 17 cents/kWh--a 58% reduction in NEM value with solar production effectively sequestered. Electricity *from* the grid for evening usage increases to 52 cents/kWh. What was previously a break-even proposition becomes a 3-to-1 proposition *against* non-battery NEM contract holders. Isn't this a well-disguised breach of contract?

Next biggest loser: day-shift working families, with or without solar. To break even, they must shift their energy usage out of the punishing evening rate or else. But do the math, to break even they would have to shift 70% of their normal evening usage to the nighttime rate, or 35% to daytime--such as on a weekend day. How can they possibly do either when evenings are when they turn the lights on, cook dinner, watch TV, and otherwise need electricity?

So who wins under this scheme *subsidized by the losers*?

Biggest winner: small to medium non-solar commercial customers. These customers receive a huge 58% reduction in their daytime electricity rate. While we all want small businesses to succeed, should it be on the backs of residential customers?

S&S is a disincentive for businesses to invest in solar when exactly the opposite is needed: more customer-sited solar in already urbanized Oahu vs. land-gobbling utility solar farms. Since they already have the best possible rate with shifting not applicable, the only reason to install solar plus battery is to game the system for profit.

Next biggest winner: residential Battery Bonus customers. Why? Because the value of their excess daytime power doesn't get sequestered in the 9-to-5 time slot. Under S&S, these customers are credited with the newly inflated evening rate of 52 cents when HECO draws down from their batteries in the evening. Such customers are *three times better off* than non-battery solar customers (52 cents vs. 17 cents).

What's driving this scheme? Since HECO knows that it is prohibitively expensive to deliver utility-level solar plus utility-level battery backup for evening and overcast day reliability, HECO is attempting to do its own shifting—of the cost of batteries to customers. Remarkably, HECO's battery grants *are subsidized in large part by those ratepayers unable to install solar*.

S&S pilot program customers need to monitor their bills closely to better understand how they're being affected. Write to the PUC—the rest of us are counting on you. And for all other customers, make your voice known to the PUC as well. Scrap this plan. It is ill-conceived, unjust, and unfair. To make solar power reliable, there is a more sensible and affordable option than batteries, namely dispatchable and low-cost natural gas (LNG) power.

Retired businessman Clint Churchill and retired meteorologist John Kim represent the Practical Policy Institute of Hawaii.

VIEWS & VOICES

Axe HECO's unfair 'Shift and Save' plan

By Clint Churchill and John S.S. Kim

Hawaiian Electric (HECO) recently implemented a Shift and Save (S&S) pilot program with the pitch that you can save on your electric bill. Or is it "shift or pay more"?

All ratepayers should pay attention to this scheme since, according to HECO, "S&S is expected to be introduced to all customers in 2025." Some 15,000 pilot program customers hold the fate of all other customers.

S&S sets three new rates. For simplicity, we'll compare the new Oahu rates versus a recent 40 cents per kilowatt hour (kWh) rate. The evening rate (5 to 9 p.m.) increases by 30% to 52 cents/kWh. The overnight rate (9 p.m. to 9 a.m.) drops 13% to 35 cents/kWh. The daytime rate (9 a.m. to 5 p.m.) drops by 58% to 17 cents/kWh.

HECO has stated that S&S will be revenue neutral to them, meaning that the unsustainable 17 cents/kWh rate will be subsidized by other customers. But who?

Biggest loser: net energy metering (NEM) customers without a battery. Before S&S, excess daytime electricity is sent to HECO with a like amount of electricity available to it evenings and nights. With S&S, the monthly credit for exporting excess daytime electricity to the grid drops to 17 cents/kWh — a 58% reduction in NEM value with solar production effectively sequestered. Electricity from the grid for evening usage increases to 52 cents/kWh. What was previously a break-even proposition becomes a 3-to-1 proposition against non-battery NEM contract

holders. Isn't this a well-disguised breach of contract?

Next-biggest loser: day-shift working families, with or without solar. To break even, they must shift their energy usage out of the punishing evening rate or else.

But do the math:

To break even they would have to shift 70% of their normal evening usage to the overnight rate, or 35% to daytime — such as on a weekend day. How can they possibly do either when evenings are when they turn the lights on, cook dinner, watch TV and otherwise need electricity?

So who wins under this scheme subsidized by the losers?

Biggest winner: small to medium non-solar commercial customers. These customers receive a huge 58% reduction in their daytime electricity rate. While we all want small businesses to succeed, should it be on the backs of residential customers?

S&S is a disincentive for businesses to invest in solar when exactly the opposite is needed: More customer-sited solar in already urbanized Oahu vs. land-gobbling utility solar farms. Since they already have the best possible rate with shifting not applicable, the only reason to install solar plus battery is to game the system for profit.

Next-biggest winner: residential customers in HECO's Battery Bonus

ISLAND VOICES



Retired businessman Clint Churchill and retired meteorologist John S.S. Kim represent the Practical Policy Institute of Hawaii.

program. The value of their excess daytime power doesn't get sequestered in the 9-to-5 time slot. Under S&S, these customers are credited with the newly inflated evening rate of 52 cents when HECO draws down from their bat-

teries in the evening. Such customers are three times better off than non-battery solar customers (52 cents vs. 17 cents).

What's driving this scheme? Since it is prohibitively expensive to deliver utility-level solar plus utility-level battery backup for evening and overcast day reliability, HECO is attempting to do its own shifting — of the cost of batteries to customers. Remarkably, HECO's battery grants are subsidized in large part by those ratepayers unable to install solar.

S&S pilot program customers need to monitor their bills closely to better understand how they're being affected. Write to the Public Utilities Commission; the rest of us are counting on you. And for all other customers, make your voice known to the PUC as well. Scrap this plan. It is ill-conceived, unjust and unfair. To make solar power reliable, there is a more sensible and affordable option than batteries, namely dispatchable and low-cost liquefied natural gas power.