

# HB 1051, HD1

**Measure Title:**

RELATING TO ENERGY EMERGENCY PREPAREDNESS

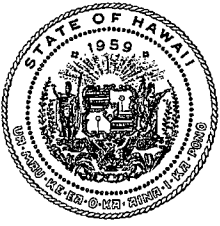
**Report Title:**

Energy; Emergency Preparedness

**Description:**

Comprehensively addresses deficiencies in Hawaii's energy emergency preparedness statutes; Provides up-to-date policy guidance needed for consistency with current federal and state energy emergency and overall emergency management policies and plans, and to provide definitive guidance on critical energy data analyses functions.

Effective 01/01/2020. (HB1051 HD1)



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of  
**THEODORE E. LIU**  
Director

Department of Business, Economic Development, and Tourism  
before the

**SENATE COMMITTEE ON PUBLIC SAFETY AND MILITARY AFFAIRS  
AND SENATE COMMITTEE ON ENERGY AND ENVIRONMENT**

Thursday, March 19, 2009

1:15 p.m.

State Capitol, Conference Room 229

in consideration of  
**HB 1051 HD1**  
**RELATING TO ENERGY EMERGENCY PREPAREDNESS.**

Chairs Espero and Gabbard, Vice Chairs Bunda and English, and  
Members of the Committees.

The Department of Business, Economic Development, and Tourism  
(DBEDT) strongly supports HB 1051 HD1, an administration bill, which  
comprehensively addresses deficiencies in Hawaii's Energy Emergency  
Preparedness program. However, we prefer the bill be amended so that  
it shall take effect on upon its approval on July 1, 2009.

This bill seeks to amend chapter 125C, Hawaii Revised Statutes,  
to establish this Chapter as the enabling statute for the State's  
energy emergency preparedness program's coverage of all forms of  
energy emergencies.

The Director of DBEDT, as the Energy Resources Coordinator, is  
the Governor's authorized representative for energy emergency  
preparedness and management. DBEDT plays a critical role in the  
Department of Defense's (DoD) emergency response plans as the primary

and coordinating State agency for energy-related Emergency Support Function (ESF) #12.

This responsibility engages when an energy incident is triggered either by a natural disaster or other energy supply disruption caused by market fluctuations, resource availability or other related occurrence.

The completely voluntary Hawaii State Energy Council (EC) is the key coordinating mechanism under the ESF #12 structure. The EC is not statutorily created, and does not have any authority to collect information that the DoD may need or request in an emergency. Not all Hawaii energy companies choose to be members of the EC.

The timely and consistent flow of energy information is essential to ensure the efficient operation of ESF #12. Without it, the ERC cannot effectively develop current and comprehensive energy reports that are critical for managing an immediate or protracted statewide energy shortages.

Currently, during a declared energy emergency only importers of petroleum products are subject to reporting requirements, and only report supply and demand information. Real-time operational and infrastructure information from other major energy companies are critical during emergency situations and they are not currently available to the ERC.

These restrictions preclude an understanding of the severity and impacts of an energy emergency on a statewide basis, and the ERC's ability to determine what response measures may be necessary in a timely fashion.

DBEDT and the Public Utilities Commission (PUC) have separate, non-redundant energy-related missions and functions. They implement different analytic support functions to produce different kinds of information for different purposes. Most of the information the PUC collects under the Petroleum Industry Monitoring, Analysis, and Reporting Program is focused on petroleum prices and petroleum industry profits, not substantively supportive of DBEDT's analytic functions needed for energy emergency preparedness. In addition, this information is time lagged 7 weeks or more. We are aware of no other state that compels an energy-coordinating agency to obtain information essential to the performance of their statutory responsibility, from a regulatory agency during a crisis.

Industry should not expect these reporting requirements to present a large additional administrative burden as once baseline data is compiled, only real-time data will be requested during an emergency or when there is a significant risk of an energy shortage.

In recognition of the potential proprietary nature of some of the data and information that will be required, this bill has included protective language that will ensure the confidential nature of the data.

In conclusion, we believe the ERC needs the statutory authority to obtain the necessary data and information from the energy companies to fulfill its emergency preparedness obligations and be able to provide necessary critical information to key decision-making stakeholders in times of emergency. This bill provides that statutory authority to the ERC.

Thank you for the opportunity to testify.



**TESTIMONY TO THE  
SENATE COMMITTEE ON PUBLIC SAFETY AND MILITARY AFFAIRS  
AND SENATE COMMITTEE ON ENERGY AND ENVIRONMENT  
ON  
HB 1051, HD1 RELATING TO ENERGY EMERGENCY PREPAREDNESS  
By  
Richard Parry  
President and Chief Executive Officer  
Aloha Petroleum, Ltd.**

Chair Espero and Members of the Senate Committee on Public Safety and Military Affairs and Chair Gabbard and Members of the Senate Committee on Energy and Environment, I am Richard Parry, President and Chief Executive Officer of Aloha Petroleum, Ltd.

Aloha Petroleum supports the intent of House Bill 1051, HD1 to address deficiencies in Hawaii's energy emergency preparedness, but opposes the additional and duplicative reporting requirements on fuel marketers, storers and transporters. Most, if not all, of the requested fuel information is already being provided to DBEDT by the PUC under the Petroleum Industry Monitoring and Reporting Act. If there are gaps in the current PUC reporting system, which we are not aware of, DBEDT should narrow the scope of the information requested in order to reduce the administrative burden and costs on the fuel companies, and its impact on higher gas prices for Hawaii consumers.

Thank you for the opportunity to testify on House Bill 1051, HD1.

Testimony before the  
Senate Committees on  
Public Safety and Military Affairs  
and  
Energy and Environment

H.B. 1051, H.D.1 – Relating to Energy Emergency Preparedness

Thursday, March 19, 2009  
1:15 pm, Conference Room 229

By Dean Mizumura  
Manager, Asset Management  
Hawaiian Electric Company, Inc.

Chairs Espero and Gabbard, Vice Chairs Bunda and English, and Members of the Committees:

My name is Dean Mizumura and I am testifying on behalf of the Hawaiian Electric Company, Inc. and its subsidiaries, Maui Electric Company, Ltd. and Hawaii Electric Light Company.

This measure grants authority to the director of DBED&T to acquire, use and analyze information on Hawaii's energy resources, systems and markets to respond to and recover from an emergency. This would require information from a broad array of both private and public sector sources.

Hawaiian Electric appreciates and recognizes the importance of being prepared to respond to emergency situations and the need for close coordination with state and county agencies. However, we have very strong reservations regarding the information that is being requested. Not all is relevant to the stated purpose of this measure. This request for information goes beyond what would be required to manage an energy emergency. It involves detailed operational and customer information on command and control centers, load control schemes and customer utilization of electricity that is of little or no use for the evaluation of energy shortages. In addition, this is highly sensitive information. It involves the data we use to monitor and control generation and transmission of electricity within our grid. Security is essential to prevent cyberterrorism, and the more broadly this information is shared the greater the risk of misuse.

During emergency situations, we work closely with state and county agencies such as State Civil Defense and the Department of Emergency Management to ensure that everyone is informed of what the Companies are doing and to respond to questions or inquires they may have. HECO is the leading private sector company supporting the

emergency preparation efforts of the State Civil Defense and the Department of Emergency Management.

HPD and HFD also partner with HECO by assigning personnel to be present at HECO's dispatch center to stay abreast of a developing situation. In addition, HECO personnel are assigned as liaison to state and city civil defense centers whenever our incident command team is activated. We will continue to give attention to these working relationships and are always open to suggestions in improving the communications between key state and city agencies.

Some of the requested utility information is currently being provided to DBED&T by the Public Utilities Commission. Accordingly, this measure would be duplicative of communications channels already established. Furthermore, energy, fuel, cost and generation capacity information is provided to the Public Utilities Commission, and that information may be shared with DBED&T at the PUC's discretion.

The proposed measure provides the Director of DBED&T with full discretion and authority to require any information pertaining to the utility at any time and within a prescribed time frame as determined by the Director. This appears to be much broader authority than required for emergency purposes. We have concerns that this broad requirement could result in an administrative burden for the utilities, duplicate efforts already in place with the PUC, and add little if any value to the state's ability to respond to an emergency.

Hawaiian Electric Company, Inc., Maui Electric Company and Hawaii Electric Light Company are active participants in the Energy Council which is led by DBED&T to address energy shortages or emergencies and where time is of the essence. The Energy Council is one of the emergency support functions, ESF-12, under the State Civil Defense umbrella. This proactive relationship has been in place for many years. It functions very effectively and addresses the needs that are identified in this bill. Thus, there is no need to overlay another process at this time.

We respectfully recommend that H.B. 1051, H.D.1, be held at this time for further consideration and discussion, of its relationship to existing information channels, reporting obligations, and security sensitivities. In the alternative, we recommend that specific sections and language pertaining to utilities from the proposed measure be deleted as the information requested is overbroad and irrelevant to the purpose of this bill.



**Western States Petroleum Association**

March 19, 2009

1:15 p.m.

Senate Committee on Public Safety and Military Affairs

Senate Committee on Energy and Environment

Room 229

**Re: HB 1051 HD1 Relating to Energy Emergency Preparedness.**

Western States Petroleum Association is a non-profit trade association representing a broad spectrum of petroleum companies in Hawaii and five other western states.

We are respectfully opposed to HB 1051 HD1 in its current form.

Petroleum companies in Hawaii and elsewhere in the U.S. are required to provide an enormous amount of information – some of it proprietary and competitively sensitive – to a long list of state and federal agencies. For example, these companies provide more than 42 separate reports containing large amounts of information to the U.S. Energy Information Administration on a weekly, monthly and annual basis.

In Hawaii, members of the petroleum industry participate in the state's Energy Council. Recently, the industry members successfully contributed to the council's understanding of and handling of the electricity black out on Oahu.

The petroleum industry in Hawaii is already required to comply with the Petroleum Industry Monitoring and Reporting Act, submitting volumes of information on at least 23 different aspects of their business activities, to the Public Utilities Commission. Providing this information on weekly and monthly reports consumes a considerable amount of time and resources.

The PUC has the authority to review the information and provide comments, conclusions and analysis, while preserving the confidentiality of competitively sensitive and proprietary information. We are concerned that additional reporting requirements will not enhance the state's ability to gather information, but it will create additional burdens on the industry and expose potentially sensitive information to additional agencies that would be required to maintain that information's confidentiality.

The purpose of requiring additional disclosure of competitively sensitive industry information is ostensibly to address emergency preparedness. However, we believe this kind of information is already disclosed in a variety of ways to government authorities and no additional laws are required.



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Petroleum companies are understandably concerned that competitively sensitive information be treated as such and that WSPA members want to ensure that the state's reporting requirements do not result in disclosure of competitively sensitive information that could lead to market distortions and negatively impact the companies and consumers. We note that although this bill has confidentiality language, we would want any such provisions to, at a minimum, be consistent with that agreed to by the PUC.

Thank you for the opportunity to testify.