

## HAWAII RENEWABLE ENERGY ALLIANCE

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## TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE HAWAII RENEWABLE ENERGY ALLIANCE BEFORE THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

### HB 1270 HD1, RELATING TO ENERGY RESOURCES

February 23, 2009

Chair Herkes, Vice-Chair Wakai and members of the Committee I am Warren Bollmeier, testifying on behalf of the Hawaii Renewable Energy Alliance (HREA). HREA is a nonprofit corporation in Hawaii, established in 1995 by a group of individuals and organizations concerned about the energy future of Hawaii. HREA's mission is to support, through education and advocacy, the use of renewables for a sustainable, energy-efficient, environmentally-friendly, economically-sound future for Hawaii. One of HREA's goals is to support appropriate policy changes in state and local government, the Public Utilities Commission ("Commission") and the electric utilities to encourage increased use of renewables in Hawaii.

The purpose of HB 1270 HD1 is to delete avoided cost by a utility in determining a just and reasonable rate for nonfossil fuel generated electricity. HREA **strongly supports** this bill for the following reasons:

1. in the past, negotiations for renewable energy sources have been complicated and "drawn out", in part, due to the effort required to determine if a proposed payment, say from a windfarm, is "at" or "below" utility's avoided costs and hence "just and reasonable." Removing the criteria, as proposed, should allow the Parties more latitude in reaching agreement, subject to the approval by the Commission of payments as "just and reasonable;"
2. thus, HREA believes this measure will help facilitate our state's general goal of increasing our use of indigenous resources, such as wind, solar, biomass and other renewables; and
3. removal of the "avoided cost" criteria will help facilitate customer-sited renewable generators. For example, this issue has been identified in the Feed-In Tariff ("FiT") docket before the Commission. Specifically, under current statute, FiT payments above avoided costs would be precluded. However, the proposed amendment would allow the Commission to establish FiT rates above avoided costs, if necessary, to facilitate the implementation of appropriate renewable energy sources.

Thank you for this opportunity to testify.

# LATE TESTIMONY

**HB 1270 HD1  
RELATING TO RENEWABLE ENERGY**

**PAUL T. OSHIRO  
MANAGER – GOVERNMENT RELATIONS  
ALEXANDER & BALDWIN, INC.**

**FEBRUARY 23, 2009**

Chair Herkes and Members of the House Committee on Consumer Protection & Commerce:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) and its agricultural company Hawaiian Commercial & Sugar Company on HB 1270 HD1, "A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY." We support this bill.

Hawaiian Commercial & Sugar Company (HC&S) has been in operation for over 125 years. While Hawaii's many other sugar companies have shut down over the years, HC&S has been fortunate, through significant investments in our agricultural infrastructure and operations and the implementation of our diversified bio-production program, to have sustained our operations and continue as a major employer in the State of Hawaii. Today, as we face increasingly lower margins from raw sugar production because of flat commodity prices along with increasing production costs, HC&S is in the process of transitioning from a primary producer of commodity sugar into the production of specialty sugar and bio-based products. In addition to being the sole supplier of Sugar In The Raw, the little brown packets of sugar seen at restaurants and coffee shops across the nation, HC&S is also expanding production of our specialty Maui Brand Sugar.

In addition, HC&S generates biomass produced electricity for its sugar milling, irrigation pumping, and other internal operations and also provides electricity to Maui Electric Company (MECO). This biomass electricity is primarily produced by burning bagasse, the residual fiber of the sugar cane plant, as a fuel to generate steam for the production of power. In addition to providing approximately 7% of MECO's electricity, HC&S also serves as a firm power source to MECO, and has played a significant role in the restoration of MECO's electrical service during power outages.

This bill proposes to remove the dependency of the rate for electrical energy generated from non-fossil fuels (that are not entirely tied to fossil fuels) from the cost of electrical energy generated entirely from fossil fuels. The result will be a significant reduction of the present linkage between the volatile market price of fossil fuels and the rate for the production of non-fossil fuel generated electricity (that is not entirely tied to fossil fuels). By minimizing the potential for fluctuations in the public utility reimbursement rates (which presently occur in conjunction with the fluctuation in the market price of fossil fuels), the prospects of attracting new renewable energy producers and retaining present renewable energy producers will be significantly enhanced. The anticipated result will be an overall lowering of Hawaii's dependence on fossil fuel imports and an increase in the prospects of Hawaii's future energy security.

Based on the aforementioned, we respectfully request your favorable consideration on this bill.

Thank you for the opportunity to testify.

[PART XV.] INTERISLAND SHIPPING OF VEHICLES

**§286-271 Interisland shipping of vehicles; proof required.** (a) Except as provided in subsection (b), a legal owner of a vehicle shall not ship that vehicle interisland in this State unless the legal owner first presents to the carrier the legal owner's current certificate of registration showing that the person is the registered owner of the vehicle, identification, and proof of motor vehicle insurance. If the registered owner of the vehicle is not the legal owner of the vehicle, the registered owner shall present to the carrier, the registered owner's current certificate of registration, identification, and proof of motor vehicle insurance. Duplicate copies of the current registration and proof of motor vehicle insurance shall be acceptable for commercial vehicles as defined in section 286-47(3)(C). An authorized agent of the legal or registered owner may ship the vehicle by presenting the current certificate of registration, identification, and proof of motor vehicle insurance ~~[, and a notarized letter from the registered or legal owner authorizing the shipment]~~. For an unrecorded owner pending a lawful transfer, a certificate of ownership signed by the previous owner may be submitted for the current certificate of registration for a vehicle purchased within thirty days of shipping. A facsimile of proof of motor vehicle insurance from an insurance company may be accepted for a vehicle purchased within thirty days of shipping. Presentation of proof of motor vehicle insurance shall not be required for:

- (1) Unlicensed propelled vehicles that are not intended for on-road use;
- (2) New unregistered vehicles shipped with a bill of lading; or
- (3) Vehicles owned by the federal, state, or county government.

(b) A legal owner of a damaged vehicle shall not ship that vehicle interisland in this State for repair, disposal, or salvage unless the legal owner first presents to the carrier the legal owner's current certificate of registration showing that the person is the registered owner of the vehicle or a car dealer's license. For an unrecorded owner pending a lawful transfer, a certificate of ownership signed by the previous owner may be acceptable for a vehicle purchased within thirty days of shipping. A registered owner of the vehicle who is not the legal owner of the vehicle must present a current certificate of registration.

(c) Any legal or registered owner who violates this section shall be fined not more than \$100.

(d) The carrier shall record by physical inspection the vehicle identification number (VIN) of the vehicle and maintain a record of the transporting of the vehicle along with the description of the vehicle for a period of not less than three years.

(e) This section shall not apply to:

(1) Any motor vehicle rental company as defined in section 431:9A-141 that periodically ships in quantities of ten vehicles or more;

(2) Licensed dealers who periodically ship in quantities of ten vehicles or more, or whose primary business is the auction of insurance salvage vehicles; or

(3) ~~Drivers of vehicles traveling on an interisland ferry; provided that such drivers present identification of the driver, a current certificate of registration for the vehicle, and proof of motor vehicle insurance. The interisland ferry carrier shall keep a record of transporting the vehicle by recording the vehicle identification number and retaining the information for three years after the date of travel.~~

A shipper of a rental motor vehicle as defined in section 437D-3, provided that the rental motor vehicle is transported by any water carrier authorized by the public utilities commission to transport vehicles interisland, the water carrier has a written agreement with the owner of the rental motor vehicle, and the water carrier records and retains information required under subsections (d) and (f) of this section.

(f) The records maintained as required by this section and all other records and receipts relating to the transportation of vehicles shall be available for inspection by the federal, state, or county law enforcement agencies, and financial institutions during normal business hours. [L 1994, c 170, §1; am L 1995, c 128, §2; am L 1997, c 251, §9; am L 1998, c 95, §2; am L 2002, c 23, §1; am L 2003, c 26, §3; am L 2008, c 66, §1]