



**Hawaii Solar Energy Association**  
*Serving Hawaii Since 1977*

Feb. 27, 2009  
Room 229  
9:30 A.M

Senate  
Committee on Commerce and Consumer Protection  
SB1675 SD1

Mark Duda  
President

**Testimony in Strong Support**

**Chair Baker, Vice Chair Ige and Members of the Committees:**

**Basis for Testimony**

HSEA's member companies are well placed to comment on this particular measure because they install the majority of net-metered PV systems on Oahu, Hawaii Island, and Maui. In addition, HSEA has intervened in the net energy metering (NEM) docket and has also worked closely with the HECO Companies throughout 2008 to raise system wide NEM caps from 1% to 3% for MECO and HELCO. HSEA is also intervening in several related dockets, including the feed-in tariff docket, which is perhaps most closely related to NEM and in which the elimination of NEM has been proposed and discussed. (HSEA strongly opposes eliminating NEM.)

**HSEA makes the following comments regarding this measure:**

HSEA strongly supports SB1675 SD1. This bill is wholly in keeping with the public interest and it will accelerate the penetration of renewable energy in Hawaii. The bill has three key provisions:

1. It eliminates the 'system wide' or 'demand share' caps that are currently 1% for KIUC and HECO, and 3% for MECO and HELCO. It is important to note that this does not subject these grids to stability or reliability issues because the utility always controls a customer-generator's ability to interconnect a system to the grid. If interconnecting a particular system poses problems to the grid, the utility may prevent it from being connected until appropriate safeguards are in place.
2. It raises the NEM system size cap from 100 kW to 1 MW. Because NEM customers are not allowed to profit by making excess energy (any excess at the end of the year is simply given to the utility) this provision does not represent a fundamental rules change. Rather, it serves only to allow commercial customers with larger energy bills to invest in renewable energy systems to reduce their electrical load in the same way smaller commercial customers currently are able to do. Raising this cap will substantially accelerate the adoption of renewable energy in Hawaii by providing an incentive for larger power users to invest in renewable energy system.

3. It ensures that customer-generators under net metering contracts will never be switched against their will to other tariffs against their will. This is important because a number of additional tariff regimes are being proposed that could alter the financial performance of investments in net-metered renewable energy systems. These include the feed-in tariff and time-of-use rates.

HSEA's position on NEM in general is that customers should always have NEM as an option (up the point where interconnecting additional systems can be shown to destabilize the utility grid). When NEM without artificial restrictive caps is in place, power users have a substantial incentive to install more generating equipment than they need to merely offset their instantaneous daytime usage. By making NEM available to more customers through expansion of both the system-wide and system size caps, SB1675 will induce more firms to install renewable energy systems and reduce their demands on the power grid. This is an important step that will help enable the state to reach its ambitious clean energy goals.

Finally, please note that HSEA does not feel it is necessary to compensate customer-generators for annual excess production at the retail rate. HSEA instead recommends that the original language of the §269-106 (b) be retained.

#### **About the Hawaii Solar Energy Association**

*Hawaii Solar Energy Association (HSEA) was founded in 1977 and is comprised of more than 30 installers, distributors, manufacturers and financiers of solar energy systems, both hot water and PV, most of which are Hawaii based, owned and operated. The organization's primary goals are: (1) to further solar energy and related arts, sciences and technologies with concern for the ecologic, social and economic fabric of the area; (2) to encourage the widespread utilization of solar equipment as a means of lowering the cost of energy to the American public, to help stabilize our economy, to develop independence from fossil fuel and thereby reduce carbon emissions that contribute to climate change; (3) to establish, foster and advance the usefulness of the members, and their various products and services related to the economic applications of the conversion of solar energy for various useful purposes; and (4) to cooperate in, and contribute toward, the enhancement of widespread understanding of the various applications of solar energy conversion in order to increase their usefulness to society.*