



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

LINDA LINGLE
GOVERNOR
THEODORE E. LIU
DIRECTOR
MARK K. ANDERSON
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Monday, March 23, 2009
2:15 p.m.
State Capitol, Conference Room 325

in consideration of
SB 868 SD2 HD1
RELATING TO ENERGY RESOURCES.

Chair Herkes, Vice Chair Wakai, and Members of the Committee
on Consumer Protection & Commerce.

The Department of Business, Economic Development, and
Tourism (DBEDT) strongly supports SB 868 SD2 HD1, an
Administration bill which provides amendments to Chapter 196,
Hawaii Revised Statutes, to give the Energy Resources Coordinator
the statutory authority to better carry out its statutorily-
mandated role in governing energy resource planning, as well as
in preserving and ensuring Hawaii's energy security.

SB 868 SD2 HD1's proposed amendments provide clarity on the
fundamental need to maintain the technical capability and
adequate capacity to quantitatively and qualitatively analyze,
develop, and coordinate energy planning and policy efforts

essential to support the Energy Resources Coordinator's role in planning for Hawaii's energy future and energy independence.

Thank you for the opportunity to testify.



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

LINDA LINGLE
GOVERNOR
THEODORE E. LIU
DIRECTOR
MARK K. ANDERSON
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE
on
CONSUMER PROTECTION & COMMERCE
Monday, March 23, 2009
9:00 a.m.
State Capitol, Conference Room 325

in consideration of
SB1173 SD2 HD1
RELATING TO ENERGY EFFICIENCY.

Chair Herkes, Vice Chair Wakai, and members of the committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports the intent of SB1173 HD1, which embodies many of the proposals initiated in an Administrative bill. We support the proposals for energy efficiency portfolio standards, public buildings and benchmarking, energy efficiency consumer information in the sale or lease of real property, tax credits for net-zero energy buildings, and requirements for the Public Benefits Fee Administrator.

Regarding Section 2, Energy Efficiency Portfolio Standard, we strongly recommend that the following be revise on page 7, line 3 through 12, to read as follows:

"§ **Consumer information.** Prior to the sale or leasing of property, property owners and lessors shall provide the last utility bills for the most recent three month period for property for sale or lease while occupied. If the property does not have a utility account number, the property owner or lessor is not required to meet this requirement.

The public benefits fee administrator shall develop programs and information to educate financial institutions, realtors, mortgage brokers, and consumers on the economics of energy efficient properties, including savings over the life-cycle of such properties."

Regarding Section 4, page 13, line 19, item 8, we recommend that the following be inserted "For the purposes of this paragraph, "cost effective" means that all resources are deemed to effectively cover the incremental cost of investment within fifteen years, when measured against average electricity rates for residential, small commercial, large commercial, industrial, and agricultural customers;"

Thank you for the opportunity to provide this testimony.



HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

March 23, 2009, 2:15 P.M.

Room 325

(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF SB 868 SD2 HD1

Chair Herkes and members of the committee:

The Blue Planet Foundation supports SB 868 SD2 HD1, clarifying and further defining duties and responsibilities of the state energy office. We view this bill as a relatively straightforward housekeeping measure that provides more depth in defining the duties of the increasingly important energy office. Further, it also provides them with greater direction in examining the systemic changes necessary to transform Hawai'i to a clean energy future.

Blue Planet believes, however, that it may be time to consider elevating the level of energy planning and implementation in Hawai'i. If we are serious about ending our addiction to fossil fuel and seek to be powered by 100% clean, renewable, and indigenous sources, the government office charged with guiding the transition deserves greater standing and funding within state government. We would support the creation of a state Hawai'i Energy Security Authority (HESA), something akin to the existing Hawai'i Tourism Authority (HTA). HESA would be a stand-alone entity, tasked with all aspects of planning, permitting, and implementation of Hawaii's clean energy future. The Authority would be funded solely from a fee on each barrel of oil imported into the state; as dependency on oil decreases, so does the work of the Authority, and the budget decreases accordingly. Given Hawaii's energy independence the status, funding, and prioritization it deserves would help ensure that we achieve our clean energy goals.

Nonetheless, the simple changes in SB 868 SD2 HD1 are supported as an interim step.

Thank you for the opportunity to testify.

Jeff Mikulina, executive director • jeff@blueplanetfoundation.org

55 Merchant Street 17th Floor • Honolulu, Hawai'i 96813 • 808-954-6142 • blueplanetfoundation.org



HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

March 23, 2009, 2:15 P.M.

Room 325

(Testimony is 4 pages long)

TESTIMONY IN STRONG SUPPORT OF SB 1258 SD2 WITH AMENDMENTS

Chair Herkes and members of the committee:

The Blue Planet Foundation strongly supports SB 1258 SD2 HD1, establishing electric generation and delivery initiatives necessary for and contributing to the transition of Hawaii's energy sector to 70 percent non-petroleum energy sources by 2030.

Hawaii is the most dependent state in the nation on imported oil. Some 50 million barrels are imported annually, nearly 80% of which originate from foreign sources¹. In addition, over 805,000 tons of coal are imported into our state². These sources provide power for over 92% of Hawaii's electricity generation. The combustion of these resources also contributes over 23 million tons of climate changing greenhouse gas into our atmosphere annually³. Hawaii's economic, environmental, and energy security demand that we reduce the amount of fossil fuel imported and consumed in Hawaii. To that end, new policies are critically needed that will dramatically increase energy efficiency, build our smart energy infrastructure with storage, and develop clean, renewable, and indigenous energy sources

Our testimony will address each part of the bill separately.

Part 2. Renewable Portfolio Standards.

Part 2 of SB 1258 SD2 HD1 redefines and increases Hawaii's existing renewable portfolio standards. Blue Planet strongly supports this policy in conjunction with the energy efficiency portfolio standards contemplated by another measure pending before this Committee (SB 1173). We believe that this percentage is not only achievable, but required given the new realities of fossil fuel prices and global climate change.

¹ The State of Hawaii Data Book, 2007

² *Ibid.*

³ ICF International. Inventory of Greenhouse Gas Emissions and Sinks in Hawaii: 1990 and 2007. December 2008.

The original intent of the bill that became Act 95 in 2004 was to set Hawai'i down the path of producing more renewable power. Unfortunately, the "standard" enacted falls far short. The Act left major loopholes that would allow Hawai'i's utilities to meet the standards without ever siting a new renewable power facility.

While Act 95 has been called a Renewable Portfolio Standard (RPS), it would be more accurate to call it an "Efficiency Portfolio Standard." Senate Bill 1258 SD2 HD1 will create a true RPS to drive the state's clean energy market. While striving to increase the amount of energy conservation in Hawai'i should remain a key component to the State's energy strategy, a policy to incrementally increase the amount of clean, indigenous energy generated within the state will increase Hawai'i's economic security and self-sufficiency and reduce the impact of electricity production on our environment.

A true RPS would contain the following elements:

- RPS targets must be achieved only by electricity produced from renewable energy resources, and repeal the definition of energy efficiency gains as renewable resources for the purpose of the RPS;
- Eliminate "off-ramps" for failure to meet the standards; and
- Establish penalties for utilities' non-attainment of RPS target.

Finally, while we appreciate the increased RPS levels set by SB 1258 SD2 HD1, Blue Planet believes Hawai'i can be much more aggressive at increasing clean energy use. We suggest that SB 1258 SD2 HD1 be amended to contain the following RPS levels:

- 20% of net electricity sales by 2015;
- 30% by 2020;
- 40% by 2025; and
- 50% by 2030.

Setting an aggressive, clear energy efficiency standard and high renewable portfolio standard will mobilize the whole state to move towards our preferred energy future.

Part 3. Net Energy Metering

Part 3 of SB 1258 SD2 HD1 amends Hawai'i's net metering law. After wisely being passed in 2001, net energy metering began slowly with a handful of renewable energy generators. As more homeowners learn about the program and its impacts on the payback period for renewable energy devices, the subscription rate has increased. In fact, we may be nearing a "tipping point" where many residential customers invest in renewable energy devices because of their relative cost and environmental advantages. Senate Bill 1258 SD2 HD1 should pick up where prior legislation left off—eliminating the cap on the amount of net energy metering allowed on the grid. **Blue Planet supports amending SB 1258 SD2 HD1 to contain the cap and system size removal language found in the original SB 1675.**

The benefits of expanding net energy metering are numerous:

- Private individuals invest in the power plants of tomorrow—instead of ratepayers. Each new installed system can reduce the need to construct massive, expensive power plants, with all of their associated siting, environmental, and financial impacts. Private investors take on the risk of such investments, not ratepayers such as families and businesses.
- Diversified and decentralized power strengthens the power grid, providing more buffering from blackouts, oil price spikes, and accidents.
- Decentralized power reduces the need for infrastructure and powerlines.
- The allowable net energy systems in this program are clean and have less impact on Hawaii's environment than coal and oil-fired powerplants.
- Growth in the renewable energy industry in Hawai'i creates jobs and high-tech business opportunities—diversifying Hawaii's economy.
- A clean kilowatt from photovoltaic systems or other clean energy devices is worth much more for Hawai'i than a fossil fuel kilowatt. We should ensure that it is given at least as much value on the market.

Parts 4 and 5. Energy Resources Coordinator and Renewable Energy Resources

Part 4 of SB 1258 SD2 HD1 clarifies and further defining duties and responsibilities of the state energy office. We view these parts of SB 1258 SD2 HD1 as relatively straightforward housekeeping amendments that provide more depth in defining the duties of the increasingly important energy office.

Blue Planet believes, however, that it may be time to consider elevating the level of energy planning and implementation in Hawai'i. If we are serious about ending our addiction to fossil fuel and seek to be powered by 100% clean, renewable, and indigenous sources, the government office charged with guiding the transition deserves greater standing and funding within state government. We would support the creation of a state Hawai'i Energy Security Authority (HESA), something akin to the existing Hawai'i Tourism Authority (HTA). HESA would be a stand-alone entity, tasked with all aspects of planning, permitting, and implementation of Hawaii's clean energy future. The Authority would be funded solely from a fee on each barrel of oil imported into the state; as dependency on oil decreases, so does the work of the Authority, and the budget decreases accordingly. Given Hawaii's energy independence the status, funding, and prioritization it deserves would help ensure that we achieve our clean energy goals.

Nonetheless, the simple changes in parts 4 and 5 SB 1258 SD2 HD1 are supported as an interim step.

Part 6. Renewable Energy Facilitator

Part 6 of SB 1258 SD2 HD1 expands the types of projects that the renewable energy facilitator is asked to address. We generally support the intent of this part.

Part 7. Renewable Energy Permitting

Part 7 of SB 1258 SD2 HD1 vastly expands the type of renewable energy projects that will go through the fast-track permitting process and allows for automatic approval of projects after a certain amount of time has passed. Blue Planet greatly appreciates efforts to facilitate clean energy projects and give them priority permit processing and we appreciate the amendments made by the House Committee on Energy & Environmental Protection to clarify this permitting process. We are concerned, however, with the automatic approval of any type of permit, as such an action could negatively impact Hawaii's environment, impinge on residents' due process rights, and create negative backlash against clean energy. We respectfully ask that SB 1258 SD2 HD1 be amended by simply removing any "automatic permit approval" triggers.

First, through analyzing the history of clean energy developments in Hawai'i, environmental disclosure and permitting hurdles are lower on the list than obstacles such as financing, land acquisition, and interconnection agreements with the electric utility. In fact, interconnection agreements seem to be the biggest roadblock. For example, consider the Maui windfarm at Kaheawa Pastures. At the public hearing on the conservation district use permit—the main environmental approval that was needed—33 individuals and organizations testified and all were in support. The interconnection agreement with Maui Electric, however, took years to negotiate, with much frustration on the part of the wind developer.

Second, our existing permitting process protects the environment and the public's right to provide input in the decision making. ***This usually makes for better siting and development decisions.*** Given that many of our indigenous energy resources will be harnessed in remote or ecologically sensitive areas, proper permitting and analysis are crucial. Again in the Kaheawa Pastures case, through the existing permitting process an agreement was reached to protect the Nene and other species. But expediting permitting of new renewable energy facilities—particularly those that are located in wild areas—may cause important resource protection measures to be overlooked. In fact, one of the environmental impacts caused by the Kaheawa Pastures wind farm related to grading the steep road up to the wind farm location. Yet this part of SB 1258 SD2 HD1 allows for the automatic approval of permits for such projects—regardless of environmental impact.

Third, some of the "renewable energy facilities" contemplated in this section may be truly fossil fuel facilities in disguise. A recent proposal to produce biofuel by Kauai Ethanol LLC sought a covered source air permit to burn imported coal at the facility to convert molasses to ethanol.

Again, while we greatly appreciate the intent behind this part of SB 1258 SD2 HD1 —ostensibly to expedite the development of renewable energy sources in Hawai'i—we fear that faulty decision making may result if agencies and commissions are forced to respond to looming automatic approval deadlines at the expense of reduced public input and deliberation. It makes more sense to spend the extra months getting the permitting right than to spend years in court.

Thank you for the opportunity to testify.

HAWAII RENEWABLE ENERGY ALLIANCE

46-040 Konane Place #3816, Kaneohe, HI 96744 – Telephone/FAX: 247-7753 – Email: wsb@lava.net

Officers

President
Warren S. Bollmeier II

Vice-President
John Crouch

Secretary/Treasurer
Cully Judd

Directors

Warren S. Bollmeier II
WSB-Hawaii

Cully Judd
Inter Island Solar Supply

John Crouch
Sunpower Corporation

Herbert M. (Monty) Richards
Kahua Ranch Ltd.

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

SB 8688 SD2 HD1, RELATING TO RENEWABLE ENERGY

March 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.

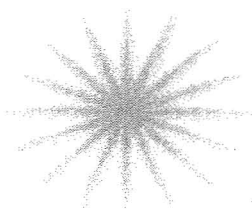
The purposes of SB 1868 SD2 HD1 are to: (i) address deficiencies in Hawaii's energy resources coordination statutes, and (ii) provide policy guidance to ensure adequate detail on the nature and relationship of the energy data analysis functions of the state energy resources coordinator and energy program.

HREA **supports** this bill and offers the following comments:

- (1) Need For An "Energy Office". We now have lofty, but make-able, energy goals on the Hawaii Clean Energy Initiative ("HCEI"). To achieve those goals, Hawaii needs an increased level of support from the "Energy Office" within DBEDT. Clearly, if Hawaii is to thrive in the "new world" of federal assistance, we need a strong Energy Office to seek and secure Hawaii's fair share; and
- (2) Staffing Requirements and Funding. HREA defers to DBEDT on the staffing requirements and funding to support the HCEI, and the Energy Office's other ongoing duties and responsibilities. We trust that there is a solution to DBEDT's requests in these difficult times, and that DBEDT and the legislature will find it.

We cannot afford to lose any momentum in on our path to our preferred energy future.

Thank you for this opportunity to testify.



Honolulu Seawater Air Conditioning, LLC

Affiliate of Renewable Energy Innovations, LLC, the COOL GREEN & CLEAN™ Company

7 Waterfront Plaza, Suite 407, 500 Ala Moana Boulevard, Honolulu HI 96813
Tel 808.531.7922 Fax 808.531.7923 www.honoluluswac.com

Testimony on

S.B. NO. 868, S.D. 2, H.D. 1 – RELATING TO ENERGY RESOURCES

Before the

House Committee on Consumer Protection & Commerce
Monday, March 23, 2009, 2:15 p.m., Conference Room 325

By

David Rezachek, Consultant
Honolulu Seawater Air Conditioning, LLC

WRITTEN TESTIMONY ONLY

Good afternoon Chair Herkes, Vice Chair Wakai, and members of the Committee. My name is David Rezachek and I am testifying on behalf of Honolulu Seawater Air Conditioning, LLC (HSWAC).

HSWAC **supports** S.B. 868, S.D. 2, H.D. 1, which comprehensively addresses deficiencies in Hawaii's energy resources coordination statutes now that the definition of "energy resources" has been amended to include "... **thermal energy** produced by combustion of any fuel, or generated or produced using wind, the sun, geothermal heat, ocean water, falling water, currents, waves, or any other source."

This simple change is highlighted in bold in the above amended definition.

Thank you for this opportunity to testify.