

SCR 23



Hawaii Solar Energy Association

Serving Hawaii Since 1977

April 16, 2009
Room 225
2:45 P.M

Senate
Committee on
SCR23 SD1

Mark Duda
President

Testimony in Support

Chairs Gabbard and Baker, and Members of the Committee:

In late 2008 the Hawaii Public Utilities Commission initiated a Docket into the investigation of Feed-in Tariffs in Hawaii. This docket is ongoing and at present not headed toward any particular conclusion. As a result, legislative guidance, as contained in SCR23 SD1 can be very useful in setting the policy context in which the docket's more technical issues are discussed.

HSEA member companies install the majority of residential and commercial PV and hot water systems in Hawaii. The organization's members are thus well positioned to comment on the need for a feed-in tariff. In this context, HSEA notes that the experience with well-designed feed-in tariffs in other jurisdictions has resulted in rapid adoption of renewable energy. At present, Hawaii lacks an incentive that can provide investors with a sufficient risk-adjusted rate of return to justify investments in PV systems. A FIT could provide such an incentive. As a result, HSEA supports SCR23, proposed SD1.

In addition, the proposed resolution's emphasis on the importance of continuing the net energy metering (NEM) program in parallel with a possible FIT is critical. The two tariffs do not service the same marketplace need and provide different levels of consumer protection to customer-generators that operate under each. HSEA strongly support the perpetuation of NEM and welcomes the legislature's support for the program in this resolution.

Thank you for the opportunity to submit testimony.

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.

Testimony in Support of SCR 23, proposed SD 1

Chairs Gabbard and Baker and Committee Members:

Introduction: My name is Riley Saito Senior Manager, Hawaii Projects for the SunPower Systems Corporation. Thank you in advance for accepting these few comments on **SCR 23, proposed SD1**.

SunPower Systems Corporation ("SunPower") has been a member of the Hawaii Energy Policy Forum since it convened in 2003 and a member of the HCEI Energy Generation group over the past year. SunPower is in the business of designing, manufacturing, and delivering the highest efficiency solar electric technology worldwide. One of our latest projects was the 1.2 megawatt La Ola solar farm on Lanai with Castle & Cooke Hawaii.

SunPower supports SCR23, proposed SD1. In late 2008 the Hawaii Public Utilities Commission initiated a Docket into the investigation of Feed-in Tariffs in Hawaii.

Although the PUC investigation is still ongoing, research has shown that one of the key results of a successful feed-in tariff program is the increased installation of renewable energy systems. Thus, a result of a successful FIT program will be to draw investors to the market and provide economic stimulus.

The proposed SD1 will provide the PUC with the Legislature's intent and guidance of the proposed FIT program.

Mahalo for the opportunity to submit testimony.

SCR 23 SD1 (PROPOSED)

**EXPRESSING SUPPORT FOR PROMOTING AND ACCELERATING THE
INCREASED USE AND DEVELOPMENT OF RENEWABLE POWER GENERATION
THROUGH FEED-IN TARIFFS, AND REQUESTING THE PUBLIC UTILITIES
COMMISSION TO ADOPT AND IMPLEMENT TRUE FEED-IN TARIFFS FOR CLEAN
ENERGY SYSTEMS UP TO TWENTY MEGAWATTS IN SIZE**

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

APRIL 16, 2009

Chair Gabbard, Chair Baker, and Members of the Senate Committees on Energy
& Environment and Commerce & Consumer Protection:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) and its
agricultural company Hawaiian Commercial & Sugar Company on SCR 23 SD1
(Proposed), "EXPRESSING SUPPORT FOR PROMOTING AND ACCELERATING
THE INCREASED USE AND DEVELOPMENT OF RENEWABLE POWER
GENERATION THROUGH FEED-IN TARIFFS, AND REQUESTING THE PUBLIC
UTILITIES COMMISSION TO ADOPT AND IMPLEMENT TRUE FEED-IN TARIFFS
FOR CLEAN ENERGY SYSTEMS UP TO TWENTY MEGAWATTS IN SIZE." We
support this resolution.

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 resolution expresses Legislative support for promoting and accelerating the increased use and development of renewable power generation through feed in tariffs and urges the Public Utilities Commission to adopt and implement feed in tariffs for clean energy systems up to twenty megawatts in size. We support this resolution as it will encourage the development of renewable energy by providing predictability and certainty with respect to the future rates to be paid for renewable energy. By ensuring predictability in renewable energy reimbursement rates, we envision a significant enhancement in the prospects of attracting new renewable energy producers as well as retaining those presently in production. The overall result will be the lowering of

Hawaii's dependence on fossil fuel imports and to increase Hawaii's future energy security.

Based on the aforementioned, we respectfully request your favorable consideration on this resolution. Thank you for the opportunity to testify.