

SB 2333

WRITTEN ONLY

**TESTIMONY OF CARLITO P. CALIBOSO
CHAIRMAN, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT
FEBRUARY 4, 2010**

MEASURE: S.B. No. 2333

TITLE: Relating to Renewable Energy

Chair Gabbard and Members of the Committee:

DESCRIPTION:

This bill would remove the total rated and combined total peak generating capacity limits for net energy metering and increases eligible customer-generator capacity to two megawatts, permit existing net-metered customers to remain with the net metering program once alternative credits or compensation mechanisms are created, allow an eligible customer-generator up to five hundred kilowatts before the eligible customer-generator must gain public utilities commission approval of safety and performance standards, and require the Public Utilities Commission ("Commission") to initiate rulemaking to adopt interconnection standards for certain renewable energy facilities.

POSITION:

The Commission believes that this bill is unnecessary as the Commission is already undergoing a detailed analysis of the issues involved in Net Energy Metering and related matters, and provides the following comments.

COMMENTS:

- On March 13, 2008, pursuant to the authority granted in §269-101.5, HRS, in Docket 2006-0084, the Commission approved, by order, an increase of the maximum size of a customer-generator from 50 to 100 kilowatts, and an increase in the system cap from 0.5% to 1.0% of system peak demand. (The individual customer-generator size limit remained 50 kilowatts in the Kauai Island Utility Cooperative ("KIUC").
- On December 26, 2008, the Commission, by order, increased the system caps for MECO and HELCO to 3.0% of system peak demand, and allowed for a further increase to 4.0 % when approved net-metering applications approach the 3.0% cap. It has not yet been necessary to increase the system cap for HECO.

- On January 7, 2010, the parties in Docket 2006-0084 presented a stipulation to move toward a 15% circuit-based threshold in which further integration studies would be required before allowing additional generation once the threshold is reached. The threshold would not operate as a cap per se, but would also take under consideration other distributed resources that fall under other programs, such as Feed-In Tariffs. The stipulation also proposes to remove the Net Energy Metering system caps, with the adoption of the circuit-based threshold and applicable reliability standards. Note that the proposal in this bill is to establish a 15% circuit cap on Net Energy Metering, where such a strict cap is not proposed to the Commission in Docket 2006-0084.
- To co-exist on an integrated system with other system resources, the multiple programs must follow a consistent set of measures for monitoring, performance and assessment in order to determine overall system-wide impacts and to successfully move away from discrete program caps. The Commission's investigations include the review of such an integrated system.
- Thus, the Commission is already undergoing detailed analysis of these issues, while the proposal in this bill seeks to make decisions on these issues without a full and complete record. While the proposals in this bill are likely well intentioned, it may be counter-productive because it would undermine all of the work and analysis that the parties to the Commission dockets and the Commission have already undertaken.
- The cost of raising the individual customer-generator size limit to two megawatts will be borne by ratepayers since net-metering credits at the retail rate.
- The Commission had envisioned the feed-in-tariffs would provide a mechanism for larger generators to be fairly compensated (a return of their money invested and a reasonable profit) for the energy they provide to the grid.
- Additionally, the feed-in-tariffs will not preclude net-metering, but will provide another option to eligible customer-generators.

Thank you for the opportunity to testify.



LIFE OF THE LAND

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COMMITTEE ON ENERGY AND ENVIRONMENT

Senator Mike Gabbard, Chair

Senator J. Kalani English, Vice Chair

DATE: Thursday, February 4, 2010

TIME: 3:00 p.m.

PLACE: Conference Room 225

SB 2333 RELATING TO RENEWABLE ENERGY.

SUPPORT

Aloha Chair Gabbard, Vice Chair English and Members of the Committees

Description: SB 2333 removes the total rated and combined total peak generating capacity limits for net energy metering and increases eligible customer-generator capacity to two megawatts. Permits existing net-metered customers to remain with the net metering program once alternative credits or compensation mechanisms are created. Allows an eligible customer-generator up to five hundred kilowatts before the eligible customer-generator must gain public utilities commission approval of safety and performance standards. Requires PUC to initiate rulemaking to adopt interconnection standards for certain renewable energy facilities.

Life of the Land is Hawai'i's own energy, environmental and community action group advocating for the people and `aina for four decades. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

Life of the Land's Analysis:

This bill does three important things: (a) it recognizes net metering as a viable option; (b) it raises the size of the units to bring them into alignment with other programs; and (c) it allows for non-ratepayer owned renewable energy systems which will lead to more installations.

Mahalo,

Henry Curtis
Executive Director

**Testimony before the
Senate Committee on**

Energy and Environment

S.B. 2333 -- Relating to Renewable Energy

**Thursday, February 4, 2010
3:00 pm, Conference Room 225**

**By Arthur Seki
Director, Technology
Hawaiian Electric Company, Inc.**

Chair Gabbard, Vice-Chair English and Members of the Committee:

My name is Arthur Seki. I am the Director of Renewable Technology for Hawaiian Electric Company. I am testifying on behalf of Hawaiian Electric Company (HECO) and its subsidiary utilities, Maui Electric Company (MECO) and Hawaii Electric Light Company (HELCO). We recognize the Legislature's strong interest in seeing more renewable energy development in the State and are committed not only to supporting renewable energy development but also to conservation and energy efficiency practices to reduce the State's dependence on oil.

We have previously testified in support of net energy metering (NEM) bills that resulted in:

- Act 272, 2001--led to the state's first NEM law;
- Act 99, 2004--increased the cap from 10 kW to 50 kW
- Act 69, 2005—allowed PUC review; and
- Act 104, 2005--allowed the PUC to increase the qualifying system size or enrollment limit by rule or order.

Since the PUC can make modifications to the NEM tariff, by rule or order, we do not think this bill is needed.

The PUC approved changes to NEM in 2008 (Docket No. 2006-0084):

- Increased the maximum size of the eligible customer-generator that can qualify for a NEM agreement from 50 kW to 100 kW;
- Increased the total rated generating capacity produced by eligible customer-generators from 0.5% to 1.0% of the utility's system peak demand;
- Reserved 40%, 50%, and 50% of the total rated generating capacity produced by eligible customer-generators for HECO, HELCO, and MECO, respectively, for residential and smaller commercial NEM customers (system sizes of 10 kW or less);
- Utilized the Integrated Resource Planning (IRP) process to evaluate impact to the utilities' systems and determine further adjustments to the NEM system size and cap limits (limits are re-examined on an annual basis).

With the tremendous growth in NEM activity which was approaching the system cap, the PUC has approved:

- Increasing the total rated generating capacity produced by eligible customer-generators from 1.0% to 3.0% of the utility's system peak demand for HELCO and MECO;
- Updating the percentage to 40%, and 40% of the total rated generating capacity produced by eligible customer-generators for HELCO, and MECO, respectively, for residential and smaller commercial NEM customers (system sizes of 10 kW or less).

Thus since the PUC can make modifications to the NEM tariff, by rule or order, and has done so in recent dockets or proceedings, we ask that you hold this bill.

Thank you for the opportunity to testify.

**DOWLING
COMPANY, INC**

February 3, 2010

Hearing on SB2333, Relating to Renewable Energy Net Energy Metering
Before the Senate Energy & Environment Committee
on Thursday, February 4, 2010 at 2:45 p.m. in Conference Room 225

Dear Chair Gabbard and members of the Committee:

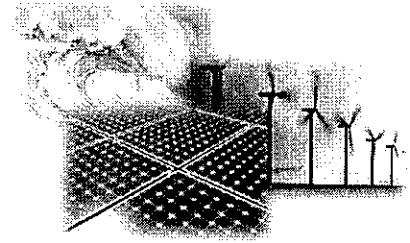
Thank you for this opportunity to submit testimony regarding Senate Bill 2333 pertaining to net energy metering of renewable energy. On behalf of Dowling Company, a real estate development company that is committed to green building practices and sustainable land use, I would like to share my support for this bill.

SB2333 bears significant implications regarding our state's economic stability and energy future. This bill will reduce the financial and regulatory barriers of entry for large-scale renewable energy projects. It will also reduce competition amongst customer-generators seeking to provide electricity to the grid as our respective systems approach peak load. Inasmuch, passage of SB2333 will boost Hawaii's commercial and residential renewable energy market as well as the ability for Hawaii businesses to fund largescale renewable energy projects.

In turn, securing investment in large-scale renewable energy projects will provide immediate relief for businesses that are struggling to remain viable during this recession, they also help to guide the efforts of businesses such as Dowling Company that are working to redefine the role of real estate development within a framework of environmental sustainability.

Sincerely,

Tia Ferguson



SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

February 4, 2010, 3:00 P.M.

Room 225

(Testimony is 1 page long)

TESTIMONY IN STRONG SUPPORT OF SB 2333

Chair Gabbard and members of the Committee:

The Blue Planet Foundation strongly supports Senate Bill 2333, a measure expanding Hawaii's successful net energy metering program to allow more clean energy on Hawaii's electricity grid. This measure will encourage further investment in customer-sited clean energy systems, further reducing Hawaii's dependence on fossil fuel and moving toward energy independence.

After wisely being passed in 2001, net energy metering slowly began 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 dramatically increased. In fact, we may be nearing a "tipping point" where many residential and commercial customers invest in renewable energy devices because of their relative cost and environmental advantages.

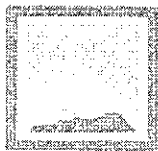
Senate Bill 2333 picks up where prior legislation left off—expanding the size limits for projects and removing the grid limitations. The feed-in tariff docket pending before the public utilities commission (Blue Planet is an intervenor in the docket) has examined many of the issues the prevented larger system sizes and increased grid penetration caps previously. Many of the previous hurdles were simply political or protectionist. This measure will force a more proactive approach to implementing a 21st century power grid that Hawai'i requires to meet its aggressive clean energy goals.

This measure will help enable residents and businesses statewide to turn their rooftops into power plants. The potential benefit of this measure to potential photovoltaic (PV) investors is significant. Customers will no longer be left with the choice of investing in only a portion of their roof for a 100 kW PV system and offsetting a small portion of their bill. Instead they can help Hawaii achieve its clean energy future by investing in a system that is sized to their power consumption and provides additional power to the grid.

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



Hawaii Solar Energy Association
Serving Hawaii Since 1977

February 4, 2010
3:00 P.M.

Senate
COMITTEE ON ENERGY AND ENVIRONMENT
SB 2333

Mark Duda
President

TESTIMONY IN SUPPORT

Aloha Chair Gabbard and Vice Chair English:

HSEA supports this measure, which seeks to align the net energy metering program system size parameters with those of other utility energy procurement mechanisms for distributed renewable energy. As it stands, net energy metering has been extremely successful in helping the solar industry contribute to the state's economy, and to grow and create jobs even in the current downturn.

Nonetheless, the current rules limiting the net energy metering program to 100 kW are problematic. In the solar marketplace they serve as an artificial cap on the size of the clean energy investment that business owners are allowed to make. This limits the scale of economic activity that the solar industry can generate and slows our State's pursuit of energy independence.

In the past, setting this low limit on NEM system sizes was justified on the basis of a lack of understanding of the impact that energy fed into the grid on the stability of the grid itself. This concern has been alleviated, however, by the Public Utilities' Commission's Decision and Order in the Feed-in Tariff docket (2008-0273) that allows distributed renewable energy systems that back feed the grid to be as large as 5 MW. (In practice systems interconnected at the distribution level will be smaller.) The fact that systems as large as 2 MW can and will be interconnected to the utility grid safely under the feed-in tariff means that net metered systems of this size can also be safely interconnected.

The potential benefit of this measure to would-be customer generators is enormous. They will no longer be left with the choice of building out only a portion of their roof for a 100 kW and offsetting a small portion of their bill. Instead they can help Hawaii achieve its clean energy future by investing in a system that is sized to their power consumption and that fully hedges on of the their chief operating expenses.

HSEA supports this measure as one that solves one of the more important problems that Hawaii businesses face in the solar marketplace today.

Thank you for the opportunity to testify on this measure.

Mark Duda
President, Hawaii Solar Energy Association

About Hawaii Solar Energy Association

Hawaii Solar Energy Association (HSEA) is comprised of installers, distributors, manufacturers and financiers of solar energy systems, both hot water and PV, most of

which are Hawaii based, owned and operated. Our 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.

HAWAII RENEWABLE ENERGY ALLIANCE

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

TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE HAWAII RENEWABLE ENERGY ALLIANCE BEFORE THE SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

SB 2333, RELATING TO RENEWABLE ENERGY

February 4, 2010

Officers

President
Warren S. Bollmeier II

Vice-President
John Crouch

Directors

Warren S. Bollmeier II
WSB-Hawaii

Cully Judd
Inter Island Solar Supply

John Crouch
Solar Power Systems
International

Herbert M. (Monty) Richards
Kahua Ranch Ltd.

Chair Gabbard and Vice-Chair English and members of the Committee, I am Warren Bollmeier, testifying on behalf of the Hawaii Renewable Energy Alliance (HREA). HREA is an industry-based, nonprofit corporation in Hawaii established in 1995. Our 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 our goals is to support appropriate policy changes in state and local government, the Public Utilities Commission and the electric utilities to encourage increased use of renewables in Hawaii.

The purposes of SB 2333 are to: (i) remove the total rated and combined total peak generating capacity limits for net energy metering and increases eligible customer-generator capacity to two megawatts; (ii) permit existing net-metered customers to remain with the net metering program once alternative credits or compensation mechanisms are created, (iii) allow an eligible customer-generator up to five hundred kilowatts before the eligible customer-generator must gain public utilities commission approval of safety and performance standards, and (iv) requires PUC to initiate rulemaking to adopt interconnection standards for certain renewable energy facilities.

HREA supports the intent of this measure and in support we offer the following comments and recommendations:

1. 2 MW CG Limit and Rules. Net metering works for many homeowners and small-commercial businesses, but how many of them would need a 2 MW CG to “kill” their load? And if their intent is to deliver net power to the grid, CG owners would likely be better off with a Feed-In Tariff (“FiT”). We would like to note that Rule 14H is for interconnection of Distributed Generation (“DG”), while Rule 18H is expressly for interconnection of net metered systems, which are renewable DG.
2. Future of Net Metering. We agree net metering, which is working well, should remain to be an option for customers, and FiTs have yet to be implemented. However, this measure appears to take away the option for the CG owner to enter into a separate purchase agreement for excess net annual electricity to the utility. This we do not support.
3. Role of the PUC. HREA notes that the PUC already has the authority to increase CG and system limits, while this measure proposes taking back that authority back. We understand rulemaking to be a longer process than a docket/order process. Thus, we believe the new docket just opened by the PUC on Rule 14H, will be more expeditious.
4. Recommendations. Overall, compared to SB 2836 (which would increase net metering), this measure could really increase net metering. However we are not sure taking back the current authority from the PUC for administering the net metering law is a wise step at this time.

Thank you for this opportunity to testify.

THE GAS COMPANY

P.O. Box 3000
Honolulu, Hawaii 96802-3000
www.hawaiigas.com

February 4, 2010

Testimony on SB 2333 Relating to Renewable Energy

Aloha Chair Gabbard, Vice Chair English and Members of the Energy and Environment Committee:

My name is Stephanie Ackerman, Vice President Public Policy and Communications of The Gas Company. Thank you for the opportunity to provide testimony on SB 2333.

The Gas Company (TGC) is a public utility that was founded in 1904 and is Hawaii's only government franchised full-service gas energy company making gas products and services available in Hawaii.

We support SB 2333.

Although we do not sell solar electric devices, The Gas Company has consistently expressed its support of all forms of alternative energy to encourage innovation and to drive our state toward reducing its dependence on imported petroleum.

We hope that this goal can be achieved with a minimum amount of tax payer subsidy in a way that will incentivize the most cost effective energy solutions, without creating the kinds of economic dislocations we are experiencing, for example in our food supply chain both nationally and globally when the federal tax policy heavily incentivized ethanol and biodiesel.

To that end, we believe that lifting the minimum net metered amounts on renewable electricity will benefit homeowners, the solar industry, and our economy by providing a long term, true economic benefit to the renewable energy industry and make it less reliant on subsidized incentives.

Thank you for allowing the opportunity to provide testimony in support of SB 2333.