



LATE

Hawaii Solar Energy Association
Serving Hawaii Since 1977

February 25, 2010
9:30AM

Senate
COMITTEE ON COMMERCE AND CONSUMER
PROTECTION

Mark Duda
President

SB 2488 SD1

TESTIMONY IN STRONG SUPPORT

Aloha Chair Baker, Vice Chair Ige, and Members of the Committee:

HSEA supports this measure, which seeks to compensate generators of excess energy under NEM contracts, raise the current artificial limit on system sizes for net metered systems, establishes the same treatment for net metered systems as for other types of distributed energy systems under the Rule 14H interconnection process, and prevents net metered customers from having their contracts changed against their will. Each of these changes advances the cause of renewable energy in the State of Hawaii and in doing so will continue the economic growth and job creation associated with the solar industry.

HSEA member companies and their customers – the homeowners and businessowners of Maui County, Hawaii Island, and Oahu – will benefit from this measure because it further expands customer options in the marketplace for solar energy. It does so by minimizing obstructions in the current law that serve to reduce the size of systems installed and/or prevent customers from investing in systems in the first place. Hawaii has world class solar resources and this measure will allow its citizens to exploit these resources to produce clean renewable energy that does not rely on imported fuels.

Thank you for the opportunity to testify in support of 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 financers 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 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.

WRITTEN ONLY

**TESTIMONY OF CARLITO P. CALIBOSO
CHAIRMAN, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE**

LATE

**SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
FEBRUARY 25, 2010**

**MEASURE: S.B. No. 2488 S.D.1
TITLE: Relating to Renewable Energy**

Chair Baker and Members of the Committee:

DESCRIPTION:

This bill would require electric utilities to compensate net metering surplus customer-generators for excess electricity at the end of the twelve-month period; increase the maximum customer-generator capacity to two megawatts; permit existing net-metered customers to remain with the net metering program regardless of available alternatives; increase the total allowable generating capacity produced by customer-generators to 15% of that distribution feeder's penetration level or the penetration level that triggers additional technical study, as determined by the Public Utilities Commission ("Commission"), whichever is higher; allow a customer-generator up to five hundred kilowatts before the Commission approval for safety and performance standards is required; and direct the Commission to determine the net surplus compensation rate.

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 ("NEM") 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 at Kauai Island Utility Cooperative.
- 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 ("FITs"). The stipulation also proposes to remove the NEM 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 NEM, 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 compensation for producing surplus energy portions of the bill may help to incentivize and produce more renewable energy generation through NEM. However, the Committee should also be aware that it may result in additional out-of-pocket costs to pay for these credits, which will be passed on to other ratepayers, as well as additional administrative costs for the utilities to administer and issue payments to surplus net-metered customer-generators.
- 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 FITs 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 FITs will not preclude net-metering, but will provide another option to eligible customer-generators.

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

**TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE HAWAII
RENEWABLE ENERGY ALLIANCE BEFORE THE SENATE COMMITTEE ON
CONSUMER PROTECTION AND COMMERCE****SB 2488 SD1, RELATING TO RENEWABLE ENERGY**

February 25, 2010

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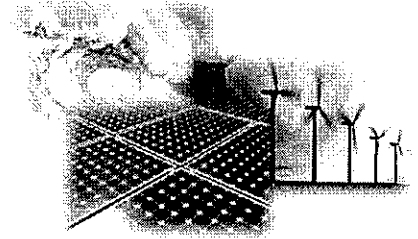
Chair Baker, Vice-Chair Ige and members of the Committee, I am Warren Bollmeier, testifying on behalf of the Hawaii Renewable Energy Alliance (HREA). HREA is an industry-based, nonprofit corporation in Hawaii established in 1995. Our mission is to support, through education and advocacy, the use of renewables 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 2488 are to: (i) require electric utilities to compensate net metering surplus customer-generators for excess electricity at the end of the twelve-month period; (ii) increase customer-generator capacity to two megawatts; (iii) permit existing net-metered customers to remain with the net metering program regardless of available alternatives; (iv) increase the total allowable generating capacity produced by customer-generators to 15% of that distribution feeder's penetration level or the penetration level that triggers additional technical study, as determined by the PUC, whichever is higher; (v) allow a customer-generator up to five hundred kilowatts before the public utilities commission approval for safety and performance standards is required; and (vi) direct the PUC to determine the net surplus compensation rate.

HREA supports this measure for the following reasons:

1. Net metering is a very good policy that supports our overall state energy goals, and it is working. So let's keep it working.
2. This measure will strengthen net metering and ensure that it remains an option for customer-generators, including:
 - a. a provision to pay for excess delivery of electricity to the utility over an annual period. Note: other states allow such payments, and
 - b. the proposed payment is to be at prevailing "feed-in tariff" rates.
3. HREA notes that the measure would "memorialize" one aspect of the HCEI agreement, i.e., that net metering projects should NOT be limited to a specified percentage of island grid capacity, but be subject only to circuit penetration limits. These limits would start at 15%, meaning that DG would be limited in capacity to 15% of the maximum load on individual circuits.
4. Given the above, there is no real reason to limit the capacity of individual projects as stated in Section 4. That said, we can live with a customer-generator size limit of 2 MWs.

Thank you for this opportunity to testify.



LATE

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

February 25, 2010, 9:30 A.M.

Room 229

(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF SB 2488 SD1

Chair Baker and members of the Committee:

The Blue Planet Foundation supports Senate Bill 2488 SD1, a measure that wisely expands one of Hawaii's most effective policies at increasing distributed clean energy resources. This bill will expand the allowable system size for net metered systems, increase the total clean energy penetration limit, allow solar energy credits to be valued beyond the current one-year cycle, and direct the public utilities commission to adopt best practice interconnection standards for solar and other clean energy systems. This measure will encourage further investment in customer-sited clean energy systems statewide, 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 customers invest in renewable energy devices because of their relative cost and environmental advantages.

Senate Bill 2488 SD1 picks up where prior legislation left off—expanding the allowable system size, reducing grid connection limitations, and allowing net metered customers to be compensated for excess energy credits at the end of a billing cycle, among other improvements.

Jeff Mikulina, executive director • jeff@blueplanetfoundation.org

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

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 that 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.