

**SB 2619**

**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. 2619**  
**TITLE: Relating to Net Energy Metering**

Chair Gabbard and Members of the Committee:

**DESCRIPTION:**

This bill would allow eligible customer-generators to carry –over unused credits for excess electricity from previous months until exhausted.

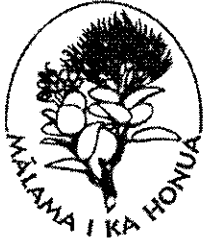
**POSITION:**

The Public Utilities Commission (“Commission”) defers to the legislature on the policy objectives of the bill, and provides the following comments.

**COMMENTS:**

- While encouraging an increase in the use of net-metering, an open-ended carry-over period could also result in increased subsidization of net-metered customers by other ratepayers.
- This bill may help to incentivize and produce more renewable energy generation through net energy metering. However, this Committee should also be aware that the measure may result in some lower revenues to the electric utilities as a result of these open-ended credits, which will eventually have to be replenished by other ratepayers.
- The measure may also increase system costs to the utility to make necessary upgrades to allow for an increase in the use of distributed intermittent renewable resources.
- The comments on costs are not meant to be negative, but offered to make this Committee aware that many of the necessary programs or initiatives necessary to move the state away from fossil fuel consumption may likely result in increased cost to ratepayers, at least in the short-term. The policy issue is whether we should incur these costs to attain the benefits and policy objectives of this bill.

Thank you for the opportunity to testify.



# Sierra Club Hawai'i Chapter

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## SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

February 4, 2010, 2:20 P.M.

(Testimony is 1 page long)

### TESTIMONY IN SUPPORT OF SB 2619

Aloha Chair Gabbard and Members of the Committees:

The Hawai'i Chapter of the Sierra Club supports SB 2619, which would allow residents creating clean energy to carry "roll over" credits until exhausted.

While big measures sometimes gather all the attention, we need to do all that we can to support resident that want to do something good for the environment and their quality of life. Little measures, like SB 2619, can go a long way to support homeowners that make the right choice and help Hawai'i meet its clean energy goals.

Please move this measure forward. Thank you for the opportunity to testify.

**Testimony Before the Senate Committee**

**On**

**Energy and the Environment**

**S.B. 2619 RELATING TO NET ENERGY METERING**

**By: Peter Young  
Energy Services Department  
Hawaiian Electric Company, Inc.**

Chairman Gabbard, Vice-Chairman English, Members of the Committee on Energy and Environment:

My name is Peter Young, and I represent Hawaiian Electric Company (HECO) and its subsidiary utilities, Hawaii Electric Light Company (HELCO) and Maui Electric Company (MECO). I appreciate the opportunity to present testimony on S.B. 2619.

The HECO Companies support customer participation in Net Energy Metering projects. However, we have the following comments regarding the proposed elimination of the twelve-month reconciliation period for unused credits for excess electricity production.

The Net Energy Metering statute is intended to give customers the opportunity to use their own generators primarily to offset part or all of the customer's own electrical requirements. The intent is for customer-generators to "right size" their units to match their requirements.

As a result of the 2005 amendment that approved month to month carryover of unused credits for excess customer-generated electricity within a twelve-month period, it was anticipated that customer participation in NEM would be expanded.

The HECO Companies suggest that the carry forward of credits or the reconciliation period should be lengthened, but not indefinitely. We suggest increasing the reconciliation period to 36 months would strike an appropriate balance between the incentivizing customers to right size systems to match energy requirements and giving the customer an adequate opportunity to get full value for all energy produced.

The elimination of the 12-month cap on the use of the credited electricity removes the discipline for customers to efficiently align the size of their own energy systems with the amount of their electricity consumption.

The HECO Companies believe that increasing the carryover period for unused credits to 36 months supports and encourages continued development of customer participation in Net Energy Metering.

Thank you for this opportunity to testify.

# HAWAII RENEWABLE ENERGY ALLIANCE

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

### SB 2619, RELATING TO NET ENERGY METERING

February 4, 2010

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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 purpose of SB 2619 is to allow eligible customer-generators to carry over unused credits for excess electricity from previous months until exhausted.

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

1. Net Metering Design. Ideally, a net metered system is designed, installed and performs to minimize the amount of net energy consumed during a given 12-month period. Given this basic design objective, it does not make sense to “oversize” the system and deliver “excess” net annual electricity to the utility.
2. However, an option to sell excess electricity already exists in the current statute. Specifically, the CG owner can enter into a separate agreement to sell excess net annual electricity delivered to the utility via a separate power purchase agreement. So, on the surface, this measure is not needed.
3. But What Type of Payment? The current statute is “vague” and one might assume the payment would be at avoided cost. Yet, state policy is now to decouple the price of renewables from fossil fuel, which severely drives the price of our electricity in Hawaii. In the interim Decision and Order on the Feed-In Tariff (“FIT”) docket, the PUC denied a request to allow payment at the “to-be-established” FIT payment rate. So, we have a bit of a conundrum, a payment at avoided cost or at a FIT rate or somewhere between?
4. Recommendation. HREA recommends, if this bill is moved forward (or perhaps in another vehicle), that the Commission be asked to investigate further the issue of the appropriate power purchase agreement payment for excess net annual electricity delivered to the utility under a net metering agreement.

Thank you for this opportunity to testify.