

SUNPOWER

Room # 225

2:45 PM

February 5, 2009

LATE

Senate Committee on Energy and Environment and Committee on Commerce and Consumer Protection

AE

SB871

RELATING TO HAWAII'S CLEAN ENERGY INITIATIVE
IN ENERGY EFFICIENCY

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 **SB871**.

SunPower Systems Corporation ("SunPower") has been a member of the Hawaii Energy Policy Forum since it convened in 2003 and a member of the Energy Generation working group for the HCEI 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 SB871 and ***strongly supports the proposed amendments in Part III relating to Renewable Energy Income Tax Credits***. The current tax credit policy is restrictive in that the Hawaii tax credit cannot be monetize by investors, to the point that the commercial size photovoltaic installations in the Hawaii has virtually come to a stand still. The current tax credit fails to attract out of state investors to participate in Hawaii PV projects.

The proposed amendment would reopen the market for millions of out of state funding per year. This would provide an immediate economic stimulus to Hawaii and greatly reduce our dependency on fossil fuel imports. Currently, Hawaii's strong reliance on fossil fuels results in billions of dollars being exported out of state for the purchase of fossil fuels from foreign sources which jeopardizes Hawaii's energy security.

Thus, SunPower supports SB871 and urges the committee to pass it out.

Mahalo for the opportunity to submit testimony in support.



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Hawaii Solar Energy Association
Serving Hawaii Since 1977

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Senate
Committee on Energy and Environment
SB871

Mark Duda
President

Testimony in Strong Support of the Intent

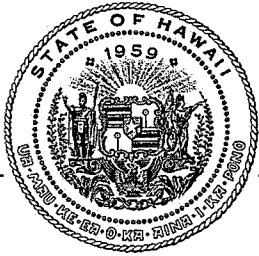
Chair Gabbard, Vice Chair English and Members of the Committees:

Hawaii Solar Energy Association (HSEA) is comprised of more than 30 installers, distributors, manufacturers and financers 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.

HSEA members manufacture and install the majority of solar water heating systems, and install the majority of solar PV systems in the State of Hawaii. Our comments on this measure are based on this expertise, and our related experience in other renewable energy technologies.

HSEA makes the following comments regarding this measure:

HSEA's member companies are committed to a clean renewable energy future for Hawaii and support efforts to reduce carbon emissions and increase the efficiency of energy use in the state. SB871 is wholly in this spirit and HSEA supports its intent. HSEA is especially interested in pointing out to the Committee the potential value of Part III, Section 10. Because solar photovoltaics are an available, proven, distributed energy generating technology, they can be rapidly deployed and sited on existing structures. It is not an exaggeration to say that, by fixing provisions of the Renewable Energy Technologies Income Tax Credit (RETITC) that currently prevent it from being monetized by investors, the provisions in Part III, Section 10 of SB871 will do more to encourage the adoption of renewable energy in Hawaii between 2009 and 2011 than any other measure the state could adopt. In the process the industry will create jobs and promote economic development in an otherwise challenging period of employment contraction.



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

LATE

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February 6, 2009

The Honorable Mike Gabbard, Chair
Senate Committee on Energy and Environment
Twenty-Fifth State Legislature
State Capitol, Room 210
Honolulu, Hawaii 96813

Chair Gabbard:

During your February 5, 2009, hearing on SB871, relating to Hawaii's Clean Energy Initiative, your committee requested information on the impact of the tax credits proposed. As requested, I would like to provide the information requested by your committee.

We estimate that the impact will exceed just over \$6M. We base our very rough estimate on a number of difficult-to-quantify factors which have and may affect future renewable energy installations: the cost of oil and its consequent impact on consumer's utility bills, the ability to claim proposed refundable tax credits, the specific economic strength or weakness of potential taxpayers who will purchase renewable systems, the marketing strength of renewable companies, and national and international events which will impact Hawaii and consumer choices.

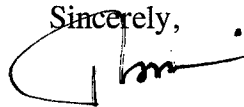
In 2005, the latest figures available from the Department of Taxation, there were a total of 2,280 claims for renewable energy tax credits which resulted in \$2.6M claimed in tax credits. Of the returns that claimed the credit, 1,844 were for solar water heating devices, 16 for wind, and 185 for photovoltaic, and 104 for multiple energy systems. Having consulted with Hawaiian Electric Company, which offers rebates for solar water heating systems, the number of solar systems installed under their rebate programs for HECO, HELCO, and MECO shows that in 2005 some of the customers did not claim tax credits. In 2005 the number of customers installing solar water heating was 3,500; for subsequent years, the numbers were 2006 (4,452 installations), 2007 (5,295), and 2008 (8,207). The 2008 installations are higher than normal because of the concern about expiring federal tax credits, which have since been restored, accelerated the number of consumers installing solar systems.

In the past, the tax credits have played a major factor in consumer's choices. An analysis and history of the influence of tax credits is provided in our, *Report of the Energy-Efficiency Policy Task Force, January 2002*, which is available on our website. The Task Force conducted extensive analyses of the tax credit impacts. The analyses were conducted by Dr. Thomas Loudat and included cost benefit analyses of solar water heating, photovoltaic

The Honorable Mike Gabbard, Chair
Senate Committee on Energy and Environment
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systems, and wind systems. The analyses were peer reviewed by Dr. Leroy Laney. In essence, the analyses showed that for \$1 in tax credits paid, \$1.82 in tax revenues is generated from solar water heating.

Thank you for the opportunity to provide this additional information.

Sincerely,


Theodore E. Liu

TEL/cos



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Hawaii Solar Energy Association
Serving Hawaii Since 1977

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