

**TESTIMONY OF CARLITO P. CALIBOSO  
CHAIRMAN, PUBLIC UTILITIES COMMISSION  
DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE  
HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE  
FEBRUARY 23, 2011**

**MEASURE:** H.B. No. 1520 HD1  
**TITLE:** Relating to Renewable Energy.

Chair Herkes and Members of the Committee:

**DESCRIPTION:**

This bill exempts third-party customer-generated renewable energy systems from the definition of public utility. This bill also requires the Public Utilities Commission ("Commission") to monitor the impact of net-energy metering on existing electric utility ratepayers.

**POSITION:**

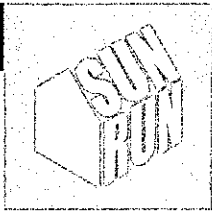
The Commission does not object to this bill.

**COMMENTS:**

Under the current definition of "public utility" in Section 269-1, HRS, it could be argued that the innovative business models of companies such as SunRun place them within the definition of a public utility. While the Commission may not find such an argument persuasive, it may be best to clarify the law so that companies using these business models can continue to help more Hawaii consumers benefit from solar energy systems on their properties.

The concern that the Commission raised in the last hearing has been addressed in the current draft. The Commission does not object to the monitoring provision in the bill.

Thank you for the opportunity to testify.



## TESTIMONY IN SUPPORT OF HB 1520

To: House Committee on Consumer Protection & Commerce

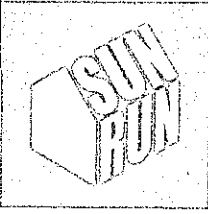
Wednesday, February 23<sup>rd</sup>, 2011 at 2:05p.m.

Aloha Chair Herkes and members of the committee:

SunRun believes that every homeowner should have access to clean, affordable energy. As the leading home solar services provider in the U.S, SunRun owns and operates more home solar systems than any other company and allows customers to adopt solar for little to no money upfront. Founded in 2007, SunRun currently serves more than 8,000 customers in 7 states.

SunRun supports HB 1520 for three primary reasons:

1. **SunRun believes that third-party solar services are an important option for Hawaii homeowners and institutions that are interested in clean solar electricity.** Third-party solar services fill a significant void in the market for interested parties that are not capable of providing the upfront investment necessary or that choose not to take on the on-going ownership responsibility of maintaining a solar facility.
2. **Third-party solar services provide competitive services and choice for Hawaii residents and institutions.** In contrast to a public utility that maintains and manages a natural monopoly of fixed transmission and distribution infrastructure, third-party solar services are a choice for Hawaii's homeowners, businesses, schools, and government buildings. These services supplement – they do not entirely replace – traditional grid services. As such, they are not indispensable for customers and they do not provide a public service.



3. **HB 1520 will provide additional clarity to Hawaii's solar market that will further stimulate new growth and environmental benefits.** Hawaii's solar market development has and is poised to continue creating new clean energy jobs and reducing the state's dependence on environmentally damaging fuel sources for electricity.

**Thank you for the opportunity to provide testimony in support of HB 1520.**

Applied Materials

Borrego Solar

BP Solar

Community Energy

Element Power

First Solar

enXco

Kyocera

Mainstream Energy

Mitsubishi Electric

Oerlikon Solar

Petra Solar

Q-Cells

Sanyo

Schott Solar

Sharp Solar

SolarCity

Solaria

Solar Power Partners

Solyndra

SunRun

SolarWorld

SPG Solar

SunEdison

SunPower

Suntech

Tioga Energy

Trinity Solar

Unirac

Uni-Solar

**Working with the  
states to develop  
cost-effective PV  
policies and  
programs.**

TESTIMONY IN **STRONG SUPPORT** OF HB 1520, HD1

To: House Committee on Consumer Protection & Commerce

Hearing on February 23, 2011 at 2:05p.m. in Room 325

From: The Solar Alliance

Aloha Chair Herkes and members of the Committee:

**The Solar Alliance is in strong support of HB1520, HD1** because it provides clarity to HRS sec. 269-1 and recognizes that Third-party PV owner/operators are exempt from the definition of a public utility.

Such clarity will expedite the ability to make more solar energy systems available to all homeowners, commercial business owners, schools and government buildings in Hawaii.

Many people think that if we want solar, all that is necessary is to go out and install PV panels. It is not that simple because many residents and businesses in Hawaii are either unwilling or unable to purchase and operate individual solar energy systems for a variety of reasons. Third-party PV owners/operators fill that void.

Third-party PV owners/operators monetize federal and state tax credits, provide cost-effective financing, and professionally install, monitor, operate and maintain individual solar energy systems on a customer's property, providing the power directly to the customer. Thus, the customer avoids much of the difficulty associated with developing and installing solar systems.

Third-party PV owners/operators, however, are not public utilities. Unlike an electrical public utility, a Third-party PV owner/operator only provides supplemental power to the customer and, the customer is still connected to the electrical public utility grid. The Third party PV owner/operators' services are not indispensable to the customer and the Third party PV owner/operator is not the provider of last resort. The solar services provided by the third party developer are not a monopoly service and as such no "obligation to serve exists." Conversely, the public does not have a right to demand solar electric service from providers in the very competitive marketplace that exists for such solar development. The agreement between the Third-party PV owner/operator and the customer is voluntary; meaning price and all terms and conditions are negotiated at arms length, with all traditional contracting party rights retained.

In addition, passage of this legislation removes a barrier to Third-party PV owners/operators entering the state, adding jobs and increasing the existing competition in the solar industry, ensuring that solar companies offer the most compelling product available for the customer.

The Solar Alliance does not object to making this exemption applicable to all third party renewable energy suppliers. Nor, does it object to the impact monitoring language for net-metering. However, the inclusion of such language should not hinder the passage of HB1520, HD1, specifically in regards to clarifying that Third-party PV owner/operators are exempt from the definition of a public utility. As stated above, this amendment is vital to expedite the ability to make more solar energy systems available to all homeowners, commercial business owners, schools and government buildings in Hawaii.

Thank you for the opportunity to provide testimony in strong support of HB1520, HD1.

*(The Solar Alliance is a state-focused association of solar manufacturers, integrators, and financiers specifically working with state administrators, legislators, and utilities to establish cost-effective solar policies and programs. Our experience in Hawaii includes, but is not limited to, (i) being an intervenor in the Public Utilities Commission's ("PUC") Feed-in Tariffs Investigation; (ii) having a member be an intervenor in the Commission's Intra-Governmental Wheeling Docket; (iii) having a member serve on the Generating Committee of the Hawaii Clean Energy Initiative ; and (iv) having a member serve on the Hawaii Energy Policy Forum since it convened in 2003.)*