

HAWAII RENEWABLE ENERGY ALLIANCE

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TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE HAWAII RENEWABLE ENERGY ALLIANCE BEFORE THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

HB 1520 HD1, RELATING TO RENEWABLE ENERGY

February 22, 2011

Chair Herkes, Vice-Chair Yamane 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 HB 1520 HD1 are to: (i) exempt third-party customer-generated renewable energy systems from the definition of public utility, (ii) directs the PUC to monitor the impact of net energy metering, including accounting of costs and benefits on electric utility ratepayers to minimize adverse impacts and to include information from both the utility and the renewable energy provider in the monitoring..

HREA **strongly supports** this measure as it supports the state's overall clean energy objectives, and we offer the following comments in support:

- (1) Private Utility non Public Utility. By their nature, solar facilities and other customer-site renewables such as wind, biomass and hydro, help individual (or a small group of) consumers meet their energy needs. We view the developer or energy service company that provides the facility to the consumer (s) as "private utilities", rather than public utilities that serve a large number of consumers, and which also may have the "obligation to serve" via a monopoly franchise. Therefore, these third-party customer-generated solar energy facilities or the developer or energy service company are not public utilities.
- (2) Overall Benefits of this Measure. This measure will help expedite the installation of renewable distributed generators by avoidance of formal regulation of the "private utilities." We note that the utility already does control the entry of these systems into the market place via available interconnection agreements, such net energy metering and standard interconnection agreements, and by power purchase agreements, such as feed-in tariffs and Schedule q contracts.

Thank you for this opportunity to testify.

LATE TESTIMONY

Committee on Consumer Protection and Commerce

DATE: Wednesday, February 23, 2011
TIME: 2:05 pm
PLACE: Conference Room 325

Wednesday, February 23, 2011

Committee on Consumer Protection and Commerce
Rep Robert N Herkes, Chair
Rep. Ryan I Yamani, Vice Chair

Testimony in regards to HB1520,HD1,HSCR355 and changes to language to insure protection of public and fair practices in regards to the RFP and competitive bid process.

Aloha Chair Herkes and CPP Committee Members,

My concern with this bill deals with language which is so open ended it could allow the utility to take advantage of the wording and could unfairly incentivize the utility to simply charge the ratepayers for non-bid fuel contracts and energy production instead of utilizing the RFP process and honest competitive bidding. The utility has shown a history of this very act of circumventing the competitive process, and it is of great concern that this bill, as worded, would once again open the door for utility actions which would be of consequence to the ratepayer.

Please insert language in this bill to insure the RFP and competitive bid process is kept in place in all instances, and that the utility cannot simply go back to the process of making backroom deals for renewable fuel contracts, building their own generation and simply charging the ratepayer whatever they can push through the PUC. The language in the PUC decoupling docket specifies the need for the utility to decouple from past practices in regards to fuel contracts, building renewable power generation, as well as non renewable base load generation.

In the language where 'capital improvements and operations' is mentioned, perhaps to specify 'and fuel and energy contracts' as well in this paragraph would be supportive.

Please assure the language in this bill insures the bid process is not dominated by the utility, and that it will also cover the future of the bid and RFP process as transparent, robust and genuinely supportive of the move to a truly beneficial renewable energy opportunity for the State as a whole.

Thank you,

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LATE TESTIMONY



LATE TESTIMONY

Hawaii Solar Energy Association
Serving Hawaii Since 1977

February 23, 2011
2:05PM

**HOUSE
COMMITTEE ON CONSUMER PROTECTION &
COMMERCE
HB 1520 HD1**

Mark Duda
President

TESTIMONY IN SUPPORT

Aloha Chair Herkes, Vice Chair Yamane, and Members of the Committee:

The Hawaii Solar Energy Association (HSEA) supports HB 1520, which exempts third-party owners/operators of solar systems from the definition of "public utility."

HSEA notes that third-party owner/operators of solar systems provide only supplemental power from a specific system to a specific customer. This customer remains connected to the grid under a contract with a regulated utility. Under these conditions, the third party owner should not be regulated as a public utility, that is, as an entity that sells electricity to the general public.

In addition, this model of third-party ownership for operation is critical to the State's ability to meet its clean energy goals as it allows for the further adoption of solar systems by businesses and homeowners who want to be part of this clean energy movement, but whom do not have the means to finance a system on their own. Even more importantly, the State itself has a number of contracts out in which it procures power under third-party contracts, including those at the DOTA, DOE, and UH Community Colleges; as well as projects for the Counties. If the providers of these power purchase contracts are regulated as utilities they will surely avoid doing business in the state as the cost of compliance vastly outweighs the value of the contracts.

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.