

**TESTIMONY OF H. RAY STARLING
PROGRAM MANAGER FOR THE
HAWAII PUBLIC BENEFITS FEE ADMINISTRATOR
TO THE SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION
APRIL 1, 2011**

LATE

MEASURE: H.B. 1520 HD2 SD1
TITLE: Relating to Renewable Energy.

Chair Baker and Members of the Committee:

DESCRIPTION:

This bill directs the Public Utilities Commission ("Commission") to adopt rules to allow public utility customers to finance purchases of renewable energy technology through on-bill financing, backed by the public benefits fund.

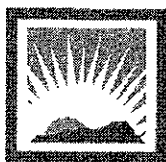
POSITION:

The Public Benefits Fee Administrator (PBFA) concurs with the intent of the bill and **strongly supports the position of Jeff Mikulina, Executive Director of Blue Planet Foundation as to amendments proposed** in his testimony presented to this Committee today regarding HB 1520 HD2 SD1.

COMMENTS:

1. Study and Analysis Needed Before Committing - Before embarking on the mandate of this bill, the PBFA suggests that allowance be made for the PUC to conduct a study to determine the cost-effectiveness of this bill and the best way to implement the bill's intent.
2. Clarification Needed on Funding Source – More significantly, it is not clear from the language in the bill whether or not the intent is to have the Public Benefits Fee supply the actual financing for the systems covered or if third-party financing is allowed to be used. This should be clarified to allow the actual financing funds to come from sources other than the PBFA funds. Funding this bill's mandate entirely with the Public Benefits Fee would severely reduce or eliminate funding for other more cost-effective conservation and efficiency measures, thereby jeopardizing the timely achievement of the state's clean energy goals.

Respectfully submitted.



LATE

Hawaii Solar Energy Association
Serving Hawaii Since 1977

April 1, 2011
9:00 AM

SENATE
COMMITTEE ON COMMERCE & CONSUMER
PROTECTION
HB 1520 HD2 SD1

Mark Duda
President

TESTIMONY IN SUPPORT

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

HSEA supports HB 1520 HD2 SD1, which directs the Public Utilities Commission to establish an on-bill financing program for residential electricity customers. On-bill financing is one of the most effective steps that Hawaii could take to increase adoption of energy efficiency measures and solar energy systems. In addition to providing straightforward access to cost effective financing for these measures, on-bill financing would help address two of the most troublesome stumbling blocks to widespread adoption of these measures by making these measures more widely available on renter occupied properties and to lower income families.

In order to increase the likelihood that this measure achieves its promise, HSEA strongly recommends amending it in three ways:

- To reduce the impact to the Public Benefits Fee,
- To ensure a proper examination of the costs and benefits of an on-bill financing program, and
- To guide the focus of the program to include market segments (such as the rental market) and customer types (such as lower income households)—that may be underserved by current efficiency programs and/or market solutions.

HSEA has included language that would address these concerns at the end of this testimony.

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.

SUGGESTED AMENDMENTS TO HB 1520 HD2 SD1

Amendment 1: Direct the public utilities commission to “consider” implementing an on-bill financing program (instead of directing the commission to implement the program). This “consider” language is customarily the way the legislature directs the commission to open a docket to examine an issue—inviting stakeholders, experts, and affected parties to explore the matter and eventually arriving at a decision and order. This language gives the commission the discretion to implement a program when the docket is complete.

Amend HB 1520 HD2 SD1 page 2 lines 4 – 7 to read as follows:

"§269- On-bill financing for energy efficiency and renewable energy. (a) The public utilities commission shall consider implementing [~~implement~~] an on-bill financing program which shall allow a residential electric utility customer to purchase:

Amendment 2: Clarify that the public benefits fee established under 269-121 is not used to fund the actual investment or financing of the solar or efficiency products, rather, the fee is used for administrative costs associated with the establishment and operations of the program. The investments and financing monies will likely be provided by a third-party, such as a local bank.

Amend HB 1520 HD2 SD1 page 4 lines 6 – 9 to read as follows:

(e) All administrative costs associated with the establishment and operations of an on-bill financing program established pursuant to this section shall be paid from the public benefits fee established under section 269-121.

Amendment 3: Add a new subsection to specify that the commission shall seek to address markets that are traditionally underserved by efficiency programs, such as the rental market.

Add a new subsection (h) to read as follows:

(h) In considering an on-bill financing program, the commission shall seek to address the problem of solar and efficiency underinvestment in the rental market and other underserved markets.



Sierra Club Hawai'i Chapter

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LATE

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

April 1, 2011, 9:00 A.M.
(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF HB 1520, HD2, SD1

Aloha Chair Baker and Members of the Committee:

The Sierra Club, Hawaii Chapter, with 8,000 dues paying members and supporters statewide, **supports** HB 1520 HD2 SD1. This measure would direct the Public Utilities Commission to implement an on-bill financing program for residential electric utility consumers.

Until we solve the problem of upfront cost, it is unlikely that clean energy will make a significant penetration into the residential market. Currently less than 1% of our electricity comes from distributed solar. We've tried a wide-range of policies -- like expedited permitting, tax incentives, and educational programs -- and yet the installation rate of residential clean energy systems is fair lower then anyone would like to see.

Our society has evolved into a pay-as-you-go system. No one would consider paying \$19,200 for twenty years of cell phone service, although that is the approximate cost of a modern iphone (\$80 per month x 12 months x 20 years). Similarly, too few people are willing to pay \$42,000 for a clean energy system that locks in today's energy rates (average bill of \$175 x 12 months x 20 years).

HB 1520 simply is smart policy. By establishing a pay-as-you-save program, it could lead to the development of a stronger renewable energy market, wean Hawai'i off of fossil fuels, and put more money into the pocket of Hawai'i residents.

What distinguishes HB 1520 from prior years is that the utilities no longer need to handle financing. The public benefits fee administer has access to all of the billing information and software. It will be possible for the PUC to contract this responsibility out and keep the utilities role to a bare minimum.

The Sierra Club respectfully asks that this committee advance this measure. Mahalo for the opportunity to testify.