

SB 1346

**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 1, 2011

MEASURE: S.B. No. 1346

TITLE: Relating to Renewable Portfolio Standards.

Chair Gabbard and Members of the Committee:

DESCRIPTION:

This bill amends the definition of "renewable electrical energy" to include, beginning on January 1, 2015, customer-sited, grid connected renewable energy generation.

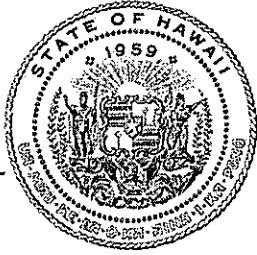
POSITION:

The Commission takes no position on the bill, and provides the following comments.

COMMENTS:

Under the current law, it is unclear how customer-sited, grid-connected renewable energy generation will be treated starting in 2015, when electrical energy savings will no longer count toward a utility's renewable portfolio standards ("RPS"). The amendment in this bill removes any confusion by expressly stating that all customer-sited, grid-connected renewable energy generation will count towards the electric utilities' RPS.

Thank you for the opportunity to testify.



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

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
INTERIM DIRECTOR

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Statement of
RICHARD C. LIM
Interim Director
Department of Business, Economic Development, and Tourism
before the
COMMITTEE ON ENERGY & ENVIRONMENT
Tuesday, February 1, 2011
3:30 pm.
State Capitol, Conference Room 225

in consideration of
SB 1346
RELATING TO RENEWABLE PORTFOLIO STANDARDS.

Good Afternoon Chair Gabbard, Vice Chair English, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports SB 1346, which amends the definition of "renewable electrical energy" in Hawaii's Renewable Portfolio Standards law to include customer-sited, grid-connected renewable energy generation, beginning January 1, 2015.

The amendment clarifies Hawaii's RPS law and appropriately includes customer-sited, grid connected renewable energy generation as part of the RPS.

DBEDT supports the passage of this bill. Thank you for the opportunity to testify.



Hawaii Solar Energy Association
Serving Hawaii Since 1977

February 1, 2011
3:30PM

SENATE
COMMITTEE ON ENERGY AND ENVIRONMENT
SB 1346

Mark Duda
President

TESTIMONY IN OPPOSITION

Aloha Chair Gabbard, Vice Chair English, and Members of the Committee:

Nationally, the renewable energy industry relies on subsidies of varying sorts as it continues to mature. These subsidies take many forms as you yourselves know, including tax credits, accelerated depreciation, and other measures at both the state and federal levels.

One incentive that has evolved outside of government action, however, relies on the ability of renewable energy producers to separate the environmental attributes of green power from the actual electrons they produce. The name given to these green attributes is renewable energy credits (RECs) or green tags. These commodities are bought and sold by the megawatt hour, in wholly voluntary markets. New Jersey has the most advanced of these and sees prices that range from \$200 to \$600 per REC (i.e., the green attributes of 1000 kWh produced with renewable energy). This can exceed the value of the power produced

The voluntary market relies on independent third party certification of the RECs. Among other things, this certification addresses possible double counting against multiple RPSs or other clean energy goals. This requirement currently makes Hawaii RECs useless precisely because, although Hawaii utilities do not own the RECs generated by the distributed generation systems attached to their grids, they are still able to count the energy produced by these systems toward their RPS goals.

This practice by Hawaii utilities of counting RECs that they do not own toward their RPS goals has rendered Hawaii RECs un-certifiable. Without certification they have literally no value. HSEA is concerned that the measure under consideration would actually make this situation worse by ratifying this status quo.

Note that the primary beneficiaries of a market for Hawaii RECs would not be renewable energy project developers because the market would very rapidly integrate them into project financing and the additional project revenue stream would, in effect, lower development costs to the end user of the power. This situation would particularly affect third party financed projects, such as those that the State of Hawaii has out under RFP or has recently closed RFPs on. To put this another way, with a robust market for the green attributes of Hawaii's ever-growing supply of renewable power, the cost to the State of procuring this power under PPAs would be lower than it is today.

HSEA is further concerned that this measure would run afoul of various proposals to

nationalize the market for the environmental attributes of clean energy. Depending on the nature of such markets, Hawaii could be left out of this federal market for clean energy as a result of the blurring of ownership and use rights over the green attributes of its power, as codified in this measure.

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.

HAWAII RENEWABLE ENERGY ALLIANCE

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Inter Island Solar Supply

John Crouch
SPSI, LLC

Herbert M. (Monty) Richards
Kahua Ranch Ltd.

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

SB 1346, RELATING TO RENEWABLE ENERGY

February 1, 2011

Chair Gabbard, Vice-Chair English and members of the Committee, I am Warren Bollmeier, testifying on behalf of the Hawaii Renewable Energy Alliance (HREA). HREA is a nonprofit corporation in Hawaii, established in 1995 by a group of individuals and organizations concerned about the energy future of Hawaii. HREA's 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 HREA's 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 1346 is to amend the definition of renewable electrical energy to include customer-sited, grid-connected renewable energy generation, beginning 1/1/15.

HREA **supports** the intent of this measure which is to modify the definition of "renewable electrical energy" and we can fully support the measure with the following amendment:

In line 7 of the measure, insert the following text before the word "customer-sited:"

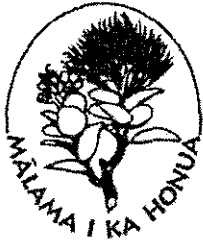
"net electricity delivered to the utility from"

RPS was initially designed as a requirement that a certain portion of the wholesale power purchased by the utility or generated by the utility be from renewable sources. However, our RPS law has been modified to include contributions from load reduction measures such as energy efficiency, conservation and renewable distributed generation.

HREA's position in the Energy Efficiency Portfolio Standard ("EEPS") docket (No. 2010-0037) is that the load reduction measures should be included in the EEPS and not in RPS.

Therefore, as proposed above, any renewable electricity used to meet site load (such as from a net metered or feed-in tariff system) should be counted towards the EEPS, and any net renewable electricity delivered to the utility as wholesale power should count towards the RPS.

Thank you for this opportunity to testify.



Sierra Club Hawai'i Chapter

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SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

February 1, 2011, 3:30 P.M.
(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF SB 1346

Chair Gabbard and members of the Committee:

The Sierra Club of Hawai'i supports Senate Bill 1346, which would include distributed generated power in the definition of "renewable electrical energy."

This measure, while seemingly small, gives an incentive to electrical utilities to encourage distributed generation instead solely focusing on large, centralized forms of power.

Mahalo for the opportunity to testify.

**Testimony before the
Senate Committee on
Energy and Environment**

S.B. 1346 – Relating to Renewable Portfolio Standard

**Tuesday, February 1, 2011
3:30 pm, Conference Room 225**

**By Scott Seu
Vice-President, Energy Resources
Hawaiian Electric Company, Inc.**

Chair Gabbard, Vice Chair English and members of the Committee:

My name is Scott Seu—I am the Vice-President of Energy Resources at Hawaiian Electric Company. I am testifying on behalf of Hawaiian Electric Company and its subsidiaries, Maui Electric Company (MECO) and Hawaii Electric Light Company (HELCO) hereinafter collectively referred to as the Hawaiian Electric Utilities.

We strongly support S.B. No. 1346, which provides for continued inclusion of customer-sited, grid-connected renewable energy generation in the renewable portfolio standard (“RPS”) calculations after 2015. This is the current practice in calculating RPS levels, which provides our ratepayers with a clear value from a program such as net energy metering.

The Hawaiian Electric Utilities are committed to increasing the amount of renewable energy from sustainable resources in order to reduce Hawaii’s dependence on imported oil. This measure will further this objective.

Thank you for the opportunity to testify.