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TO THE HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION

THE TWENTY-SIXTH LEGISLATURE
REGULAR SESSION OF 2011

TUESDAY, MARCH 15, 2011
9:00 A.M.

TESTIMONY OF JEFFREY T. ONO, EXECUTIVE DIRECTOR,
DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND
CONSUMER AFFAIRS, TO THE HONORABLE HERMINA M. MORITA, CHAIR, AND
MEMBERS OF THE COMMITTEE

**SENATE BILL NO. 1482, S.D. 1 – RELATING TO THE
PUBLIC UTILITIES COMMISSION.**

DESCRIPTION:

This measure proposes to require the Public Utilities Commission (“Commission”) to consider the need to reduce Hawaii’s reliance on fossil fuels and may determine that short-term or direct costs of alternative energies that are higher than fossil fuels are reasonable.

POSITION:

The Division of Consumer Advocacy (“Consumer Advocate”) supports this measure.

COMMENTS:

This measure seeks to require the Commission to consider factors, whether quantitative or qualitative, that might help the Commission to determine that alternatives to fossil fuels, which are generally imported to Hawaii, are reasonable options that should be incorporated into a utility company’s portfolio of resources available to meet customers’ energy needs.

Senate Bill No. 1482, S.D. 1
House Committee on Energy and Environmental Protection
Tuesday, March 15, 2011, 9:00 a.m.
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The Consumer Advocate notes that such recommendations have already been offered by the Consumer Advocate and the electric utility companies themselves in many recent dockets. Furthermore, based on the record in those dockets, the Commission approved various purchased power contracts and other mechanisms associated with renewable energy projects and/or energy efficiency measures even though the costs associated with those projects and/or measures might have been higher than fossil fuel alternatives.

As recommendations by parties to dockets and decisions filed by the Commission are already consistent with the intent and language of the proposed bill, it would appear that the need to add such language may be unnecessary. However, since the proposed language largely reflects the recommendations and actions already taken by various parties, including the Commission, in past and ongoing proceedings, the Consumer Advocate supports the effort to ensure that such guidance is included in the statute.

Thank you for this opportunity to provide our comments.

**TESTIMONY OF CARLITO P. CALIBOSO
COMMISSIONER, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
MARCH 15 2011**

MEASURE: S.B. No. 1482 S.D. 1

TITLE: Relating to the Public Utilities Commission

Vice Chair Coffman and Members of the Committee:

DESCRIPTION:

This bill allows the Public Utilities Commission ("Commission") to consider the benefits of capital improvements for renewable energy and energy efficiency despite the short-term expense. This bill also requires the Commission to consider the need to reduce the State's reliance on fossil fuels.

POSITION:

The Commission does not object to this bill, which is similar to HB1517 H.D. 1, which was previously approved by this committee.

COMMENTS:

The Commission is well aware of the tension between reducing the State's reliance on fossil fuels and the short-term impact on rates. A policy determination by the Legislature and guidance to the Commission can help clarify the weight these considerations should receive as decisions are made.

Thank you for the opportunity to testify.



Western States Petroleum Association

House Committee on Energy & Environmental Protection

DATE: Tuesday, March 15, 2011
TIME: 9:00 a.m.
PLACE: Conference Room 325
RE: SB1482 SD1: Relating to Public Utilities Commission

I am testifying on behalf of the Western States Petroleum Association (known as WSPA) with comments in opposition to SB 1482 SD1. WSPA is a non-profit trade association representing a broad spectrum of petroleum industry companies in Hawaii and five other western states.

SB 1482 SD 1 requires the PUC to consider the need to reduce the State's reliance on fossil fuels through energy efficiency. It allows the PUC to take the consequences of importing fuel into consideration when making determinations about costs of capital improvements and operations. While we support the broad goals of promoting energy efficiency and promoting the development of feasible indigenous sources of renewable energy, this measure does not serve the greater and comprehensive vision necessary to implement the state's energy policy.

We believe the PUC currently has broad authority to implement the state's energy policies and that modifying the PUC's criteria on a piecemeal basis will not serve to further the state's interests. Technological progress, improvements in information management, and other evolving economic trends all raise the possibility that imported renewable energy and petroleum supplies, as well as locally produced renewable energy sources, will factor into Hawaii's future energy supply portfolio.

This measure, as well as other similar measures being considered by the legislature this year, purports to tip the balance away from considering cost to the consumer and to place an overly broad ability for the PUC to adopt policies without sufficient regard to economic impact to the state. We believe that the key is to support, promote and increase the availability of new technologies and renewable energy without impairing the state's economic future and that the PUC's existing authority allows it to do so. We strongly support flexibility and the maintenance of all options to meet Hawaii's growing energy needs.

Therefore, we respectfully oppose this measure.

HAWAII RENEWABLE ENERGY ALLIANCE

46-040 Konane Place #3816, Kaneohe, HI 96744 – Telephone/FAX: 247-7753 – Email: wsb@lava.net

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WSB-Hawaii

Cully Judd
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, AND CONSUMER PROTECTION

SB 1482, RELATING TO TAXATION

February 3, 2011

Chairs Gabbard and Baker, and Vice-Chairs English and Taniguchi and members of the Committees, 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 purpose of SB 1482 is to Allow the public utilities commission (PUC) to consider the benefits of capital improvements for renewable energy and energy efficiency despite the short-term expense. Requires the PUC to consider the need to reduce the State's reliance on fossil fuels.

HREA **supports** this measure as it supports the state's overall clean energy objectives. We recommend, in order to provide more specific direction to the Commission regarding the implementation of renewable energy, that the Committee also consider the following amendments to HRS §269.27.2 (b):

b) The public utilities commission [~~may~~] **shall** direct public utilities that supply electricity to the public to arrange for the acquisition of and to acquire electricity generated from nonfossil fuel sources as is available from and the producers are willing and able to make available to the public utilities, and to employ and dispatch the nonfossil fuel generated electricity in a manner consistent with the availability thereof to maximize the reduction in consumption of fossil fuels in the generation of electricity to be provided to the public. To assist the energy resources coordinator in effectuating the purposes of chapter 201N, the public utilities commission [~~may~~] **shall** develop reasonable guidelines and timetables for the creation and implementation of power purchase agreements.

Please pass the bill out with the above proposed amendment, which provides the Commission with specific direction regarding the acquisition of renewables.

Thank you for this opportunity to testify.

coffman3 - Sean

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 13, 2011 8:21 PM
To: EEPtestimony
Cc: palmtree7@earthlink.net
Subject: Testimony for SB1482 on 3/15/2011 9:00:00 AM

Testimony for EEP 3/15/2011 9:00:00 AM SB1482

Conference room: 325
Testifier position: support
Testifier will be present: No
Submitted by: janice palma-glennie
Organization: Individual
Address:
Phone:
E-mail: palmtree7@earthlink.net
Submitted on: 3/13/2011

Comments:
Mahalo.

coffman3 - Sean

From: patbak1@hawaiiantel.net
Sent: Sunday, March 13, 2011 8:35 PM
To: EEPtestimony
Subject: SB1482, SD 1

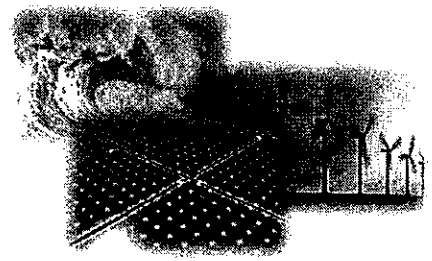
This appears to be a good bill, save for the effective date. Adding a requirement for considering energy impacts should enhance the PUC process. Is this not something that could be undertaken in one year, not four?

Mahalo for the opportunity to submit testimony.

Byron W. Baker

1504 Kamehameiki Road

Kula, HI 96790



HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

March 15, 2011, 9:00 A.M.

Room 325

(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF SB 1482 SD1

Vice Chair Coffman and members of the Committee:

The Blue Planet Foundation supports SB 1482 SD1, a measure which provides the public utilities commission (PUC) additional guidance and authority in considering energy efficiency as well as the implications of fossil fuels, fuel price volatility, greenhouse gas emissions, and long-term costs in their decision making.

The PUC has a number of critical dockets before them that will determine much of Hawaii's energy future. Blue Planet feels that it is essential that the PUC be given broad discretion in considering the myriad implications of Hawaii's reliance on fossil fuels in their decision making. We believe such guidance and authority to the PUC will result in more optimal energy planning for Hawaii's future.

Blue Planet respectfully asks that this Committee amend SB 1482 SD1 so that the measure becomes effective upon enactment.

Thank you for the opportunity to testify.

Jeff Mikulina, executive director • jeff@blueplanetfoundation.org

55 Merchant Street 17th Floor • Honolulu, Hawai'i 96813 • 808-954-6142 • blueplanetfoundation.org

coffman3 - Sean

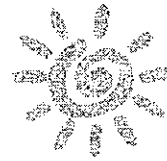
From: Aalto, Anthony [abaalto@gmail.com]
Sent: Monday, March 14, 2011 10:33 PM
To: EEPtestimony
Subject: Testimony re: SB1482

Aloha Chairs Morita and Coffman and members of the Committee.

I write as a resident of the most oil dependent city in the nation to urge you to support SB1482. The recent rise in the price of oil reminds us once again how incredibly vulnerable our economy is to fossil fuel price inflation and how vital it is that we move away from our extraordinary dependence on these dirty fuels. As the PUC itself admits, this is an area of some confusion and the PUC needs to receive clear direction from the Legislature to consider the real costs of these fuels and the benefits of their clean alternatives.

I thank you for this opportunity to testify.

Anthony Aalto



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COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Rep. Denny Coffman, Chair

Tuesday, March 15, 2011

9:00 a.m.

Conference Room 325

re: SB1482 SD1

SUPPORT WITH AMENDMENTS

Aloha Chair Coffman and Members of the Committee

My name is Henry Curtis and I am the Executive Director of Life of the Land, Hawai'i's own energy, environmental and community action group advocating for the people and `aina for four decades. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

SB1482 SD1 states "In making determinations of the reasonableness of the costs of utility system capital improvements and operations, the [public utilities] commission shall explicitly consider, quantitatively or qualitatively, the effect of the State's reliance on fossil fuels on price volatility, export of funds for fuel imports, fuel supply reliability risk, and greenhouse gas emissions. The commission may determine that short-term costs or direct costs that are higher than alternatives relying more heavily on fossil

fuels are reasonable, considering the impacts resulting from the use of fossil fuels."

Two changes are needed:

(1) "export of funds for fuel imports" should read "export of funds for energy imports"

Justification: one export money for petroleum or solar panels. Both export money. To could one outflow of cash and not the other would seem to bias the analysis.

(2) After the contract has been approved by the Commission, the price should be made public.

Justification: Imagine going into a food store and buying local vegetables, or going to a gas station and buying gas with "local ethanol" and being told that you are paying more but the price is secret. How would you feel?

Mahalo,
Henry Curtis