

**TESTIMONY OF HERMINA M. MORITA
CHAIR, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION**

MARCH 17, 2011

MEASURE: S.B. No. 199 SD2
TITLE: Relating to Renewable Energy.

Chair Coffman and Members of the Committee:

DESCRIPTION:

This bill amends Part VI. of Chapter 269, Hawaii Revised Statutes ("HRS"), the net-metering law, to:

- Ensure that net-metering customers cannot be forced out of their contracts with the introduction of new distributed energy procurement programs.

POSITION:

The Commission opposes this bill because it believes that it is unnecessary, because net energy metering is already currently required by statute and the Public Utilities Commission ("Commission") does not have the authority to discontinue net energy metering, and the Commission has expressly recognized in establishing the feed-in-tariff program that net energy metering should continue to co-exist with the feed-in-tariff program.

COMMENTS:

The Commission is already undergoing a detailed analysis of the issues involved in Net Energy Metering and related matters as explained below.

- On March 13, 2008, pursuant to the authority granted in §269-101.5, HRS, in Docket No. 2006-0084, the Commission approved, by order, an increase of the maximum size of a customer-generator from 50 to 100 kilowatts. (The individual customer-generator size limit remained 50 kilowatts for Kauai Island Utility Cooperative ("KIUC").
- On January 13, 2011, the Commission issued an order in its net energy metering docket (Docket No. 2006-0084) that, among other things, requires the HECO Companies and KIUC to continue development of pilot programs that provide for larger individual customer-generator units (up to 500kW and larger for the HECO Companies, and 200kW for KIUC) to evaluate the economic and reliability impacts of larger units on the systems.

- To co-exist on an integrated system with other system resources, the multiple programs must follow a consistent set of measures for monitoring, performance and assessment in order to determine overall system-wide impacts and to successfully move away from discrete program caps. The Commission's investigations include the review of such an integrated system.
- Thus, the Commission is already undergoing detailed analysis of these issues. The proposals in this bill seek to make decisions on those issues without a full and complete record. While those proposals are likely well intentioned, they may be counter-productive because they could undermine the work and analysis that the parties to the Commission dockets and the Commission have already undertaken.

In recognition of these efforts, the Senate Commerce and Consumer Protection Committee deleted the provision in the bill that would have increased net energy metering system limits to 2 megawatts.

The remaining provision of this bill provides that "eligible customer-generators with existing net energy metering contracts shall have the option of maintaining those existing net energy metering contracts rather than converting to new alternative credits or compensation mechanisms."

However, this proposed provision is wholly unnecessary for the following reasons:

- HRS Chapter 269, Part V, requires net energy metering, and the Commission does not have the discretion to discontinue it. Under Section 269-102, every electric utility is required to make net energy metering available to eligible customer generators. Although the Commission may have discretion in implementing net energy metering requirements, under already existing law, the Commission does not have the authority to eliminate the net energy metering program or to require eligible customer generators to convert to other mechanisms or programs.
- The Commission developed the feed-in-tariffs program to provide a mechanism for larger generators to be fairly compensated (a return of their money invested and a reasonable profit) for the energy they provide to the grid.
- The feed-in-tariffs program does not preclude net-metering, but simply provides another option for eligible customer-generators.

Thank you for the opportunity to testify.

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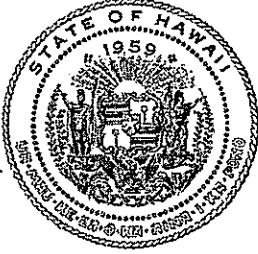
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Thank you for the opportunity to testify.



NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
INTERIM DIRECTOR

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

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
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Statement of
RICHARD C. LIM
Interim Director
Department of Business, Economic Development, and Tourism
before the
COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Thursday, March 17, 2011
9:40 a.m.
State Capitol, Conference Room 325

in consideration of
SB 199 SD2
RELATING TO RENEWABLE ENERGY

Good Afternoon Acting Chair Coffman and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports SB 199 SD2. We believe net energy metering and other procurement mechanisms for distributed renewable energy generating systems are effective mechanisms to help encourage and promote renewable energy development and advance Hawaii's clean energy transformation to reduce the state's dependence on fossil fuel electric generation.

DBEDT supports SB 199 SD2's proposed amendment to Sec. 269-110.

Thank you for the opportunity to offer these comments.

coffman3 - Sean

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 16, 2011 8:47 AM
To: EEPtestimony
Cc: palmtree7@earthlink.net
Subject: Testimony for SB199 on 3/17/2011 9:40:00 AM

Testimony for EEP 3/17/2011 9:40:00 AM SB199

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: 3/16/2011

Comments:
Mahalo

March 16, 2011

Testimony in Support of Senate Bill 199

My name is Lisa Hinano Rey, and I am currently a Committee Chair of The Environmental Caucus of the Democratic Party of Hawai'i.

I wish to testify in support of Senate Bill 199 – Relating to Net Metering

Currently, many of Hawaii's residents are in need of relief from high Energy costs.

It is critical that we do everything possible to encourage growth of alternative energies. This includes legislation to allow individuals who have invested in alternative energy to benefit financially. Without this type of legislation, we have removed the incentive for individuals to implement alternative energy solutions.

The State of Hawaii needs to set aggressive policies that will enable us to meet our Clean Energy Goals. Senate Bill 199 will be a positive step in the right direction. Please support SB199.

Thank you for the opportunity to provide testimony.

Lisa Hinano Rey

coffman3 - Sean

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 16, 2011 8:52 AM
To: EEPtestimony
Cc: hinanorey@gmail.com
Subject: Testimony for SB199 on 3/17/2011 9:40:00 AM

Testimony for EEP 3/17/2011 9:40:00 AM SB199

Conference room: 325
Testifier position: support
Testifier will be present: No
Submitted by: Lisa Hinano Rey
Organization: Individual
Address:
Phone:
E-mail: hinanorey@gmail.com
Submitted on: 3/16/2011

Comments:

I am in favor of passage of this bill. It will be a step toward Clean Energy Goals of the State of Hawaii.

Mahalo

coffman3 - Sean

From: Kim &/or Steve [lonomullen@earthlink.net]
Sent: Wednesday, March 16, 2011 7:51 PM
To: EEPtestimony
Subject: SB 199

Attn: Denny Coffman,
RE: SB199
Hearing: Thursday, 3/17/11
Rm: House Conference Room 325

I am writing as a concerned citizen acutely aware of the importance of promoting clean energy use in Hawaii. That is why I am supporting the passage of SB 199, Net Metering Cap. Many homeowners have solar water heaters (me included) conserve electricity as much as possible, but a Net Metering Cap increasing the limit to sell back electricity up to two megawatts, would go a long way towards offering incentives to homeowners thinking about a PV system but find the cost a major barrier.
Thank you for your time,

Kim Osborn Mullen
363 Auwinala Road
Kailua, 96734

coffman3 - Sean

From: damian sempio [damiansempio@yahoo.com]
Sent: Wednesday, March 16, 2011 8:40 PM
To: EEPtestimony
Subject: SB199

Aloha Committee Chair Coffman,

I stand in support of SB199 which is scheduled to be heard on Thursday, 03-17-11 9:40AM in House conference room 325. Let's stop the HECO monopoly and dependence on oil.

thank you,

Damian Sempio
45-1047 Pahuwai Place, Kaneohe HI 96744

live simply so others can simply live,

ghandi-



Hawaii Solar Energy Association
Serving Hawaii Since 1977

March 17, 2011
9:40AM

HOUSE
COMMITTEE ON ENERGY AND
ENVIRONMENTAL PROTECTION
SB199 SD2

Mark Duda
President

TESTIMONY IN SUPPORT WITH SUGGESTED AMENDMENTS

Aloha Chair Coffman and Members of the Committee:

HSEA supports this measure, which moves to ensure that existing net metering contracts may be maintained even with the introduction of new distributed generation energy procurement programs. However, HSEA respectfully requests the Committee return the bill to its original form, which would align the net energy metering program system size parameters with those of other utility energy procurement mechanisms for distributed renewable energy.

As it stands, net energy metering has been extremely successful in helping the solar industry contribute to the state's economy, and to grow and create jobs even in the current downturn. Nonetheless, the current rules limiting the net energy metering program to 100 kW are problematic. In the solar marketplace they serve as an artificial cap on the size of the clean energy investment that business owners are allowed to make. This limits the scale of economic activity that the solar industry can generate and slows our State's pursuit of energy independence.

In the past, setting this low limit on NEM system sizes was justified on the basis of a lack of understanding of the impact that energy fed into the grid on the stability of the grid itself. This concern has been alleviated, however, by the Public Utilities' Commission's Decision and Order in the Feed-in Tariff docket (2008-0273) that allows MW scale distributed renewable energy systems that back feed energy into the grid. The fact that systems this large can and will be interconnected to the utility grid safely under the feed-in tariff means that net metered systems of this size can also be safely interconnected.

The potential benefit of this measure to would-be customer generators is enormous. They will no longer be left with the choice of building out only a portion of their roof for a 100 kW and offsetting a small portion of their bill. Instead they can help Hawaii achieve its clean energy future by investing in a system that is sized to their power consumption and that fully hedges on of the their chief operating expenses.

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 Haʻwaii 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.

coffman3 - Sean

From: Brian Bell [reachbrianbell@yahoo.com]
Sent: Wednesday, March 16, 2011 10:40 PM
To: EEPtestimony
Cc: Rep. Calvin Say; Sen. Les Ihara, Jr.
Subject: Testimony in support of SB 199

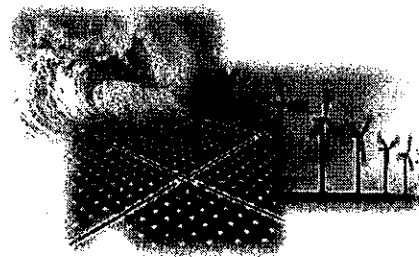
Aloha Chair Coffman and members of the Committee:

It is with great pleasure that I submit my testimony in support of SB 199 with one proposed change. Since our grid is around 1,500 megawatts and we could easily support up to 15% intermittent power on the grid with too large of upgrades, I would propose that we increase the cap to at least 150 megawatts, which is only around 10% of the current grid. Countries like Germany have not experienced any problems with this amount of renewable energy on their grids. Indeed, some people think we can go as high as 30% intermittent energy on the grid before we run into any problems.

This new cap will help us reach our renewable energy goals quickly and spur investments and job creation in the Solar Photovoltaic industry. Allowing this level of renewable energy to be net metered on the grid will also help us to prevent the manufacture of dirty fossil fuel plants or an expansion of H-Power (which is not renewable).

Mahalo for considering my testimony.

Brian Bell
4626 Sierra Dr.
Honolulu, HI 96816
808-227-7087



HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

March 17, 2011, 9:40 A.M.

Room 325

(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF SB 199 SD2, SUGGESTED AMENDMENTS

Acting Chair Coffman and members of the Committee:

The Blue Planet Foundation supports SB 199 SD2, a measure clarifying that net metering customers can choose to maintain their existing agreements instead of switching to an alternative compensation mechanism. We believe that Hawaii's successful net metering law should be expanded, however, to allow even more clean energy on Hawaii's electricity grid.

Blue Planet respectfully asks that this Committee amend SB 199 SD1 back to its Senate Draft 1 language in an effort to encourage further investment in customer-sited clean energy systems, further reducing Hawaii's dependence on fossil fuel.

After wisely being passed in 2001, net energy metering slowly began with a handful of renewable energy generators. As more homeowners learn about the program and the payback period for renewable energy devices, the subscription rate has dramatically increased. In fact, we may be nearing a "tipping point" where many residential and commercial customers invest in renewable energy devices because of their relative cost and environmental advantages.

Senate Bill 199 should pick up where prior legislation left off—expanding the size limits for projects and allowing the clean energy generator to decide which type of mechanism they would prefer for compensation of excess electricity. The feed-in tariff docket considered by the public utilities commission (Blue Planet is an intervenor in the docket) has examined many of the issues the prevented larger system sizes previously. Many of the previous hurdles were simply political or protectionist. This measure should force a more proactive approach to implementing a 21st century power grid that Hawai'i requires to meet its aggressive clean energy goals.

This measure should help enable residents and businesses statewide to turn their rooftops into power plants. The potential benefit of this measure to potential photovoltaic (PV) investors is significant. Customers will no longer be left with the choice of investing in only a portion of their roof for a 100 kW PV system and offsetting a small portion of their bill. Instead they can help Hawaii achieve its clean energy future by investing in a system that is sized to their power consumption and provides additional power to the grid.

Mahalo for the opportunity to testify in support of this measure.

Jeff Mikulina, executive director • jeff@blueplanetfoundation.org

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