

Testimony before the Senate Committee on

LATE

Energy and Environment

S.B. 199 -- Relating to Renewable Energy

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, good afternoon.

My name is Scott Seu. I am the Vice-President of Energy Resources for Hawaiian Electric Company. I am testifying on behalf of Hawaiian Electric Company and its subsidiary utilities, Maui Electric Company (MECO) and Hawaii Electric Light Company (HELCO).

We do not support S.B. 199, which seeks to legislate the size of projects eligible for net energy metering to 2 MW. While we support the continued addition of renewable energy projects in Hawaii, including via net energy metering, mandating such program requirements without full consideration of the technical and economic impacts on all electric ratepayers is not appropriate. The Public Utilities Commission has the authority to consider such program modifications and has done so in a deliberate but aggressive manner, as evidenced by their most recent decision and order to remove the net energy metering program caps.

We have previously testified in support of net energy metering (NEM) bills that resulted in:

- Act 272, 2001--led to the state's first NEM law;
- Act 99, 2004--increased the cap from 10 kW to 50 kW
- Act 69, 2005—allowed PUC review; and

- Act 104, 2005--allowed the PUC to increase the qualifying system size or enrollment limit by rule or order.

The PUC made multiple modifications to the NEM tariff on its own authority when it approved changes to NEM in 2008 (Docket No. 2006-0084):

- Increased the maximum size of the eligible customer-generator that can qualify for a NEM agreement from 50 kW to 100 kW;
- Increased the total rated generating capacity produced by eligible customer-generators from 0.5% to 1.0% of the utility's system peak demand;
- Reserved 40%, 50%, and 50% of the total rated generating capacity produced by eligible customer-generators for HECO, HELCO, and MECO, respectively, for residential and smaller commercial NEM customers (system sizes of 10 kW or less);
- Utilized the Integrated Resource Planning (IRP) process to evaluate impact to the utilities' systems and determine further adjustments to the NEM system size and cap limits (limits are re-examined on an annual basis).

With the tremendous growth in NEM activity which was approaching the system cap, the PUC also approved:

- Increasing the total rated generating capacity produced by eligible customer-generators from 1.0% to 3.0% of the utility's system peak demand for HELCO and MECO;
- Updating the percentage to 40%, and 40% of the total rated generating capacity produced by eligible customer-generators for HELCO, and MECO, respectively, for residential and smaller commercial NEM customers (system sizes of 10 kW or less).

And as I said earlier, recently the PUC removed NEM program caps.

We strongly support the continued role of the PUC and the regulatory review process to examine these program design details. This is especially important given the complexity of the technical, cost, and regulatory policy issues associated with net metering and other renewable energy development mechanisms administered by the PUC.

Since the PUC can make modifications to the NEM tariff, by rule or order, and has done so in recent dockets or proceedings, we ask that you hold this bill.

Thank you for the opportunity to testify.