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KEALI'I S. LOPEZ
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TO THE HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

THE TWENTY-SIXGTH LEGISLATURE
REGULAR SESSION OF 2011

TUESDAY, FEBRUARY 01, 2011
8:00 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

HOUSE BILL NO. 1517 – 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.

House Bill No. 1517
House Committee on Energy and Environmental Protection
Tuesday, February 1, 2011, 8 a.m.
Page 2

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 testify.

**TESTIMONY OF CARLITO P. CALIBOSO
CHAIRMAN, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION
FEBRUARY 1, 2011**

MEASURE: H.B. No. 1517

TITLE: Relating to the Public Utilities Commission.

Chair Morita and Members of the Committee:

DESCRIPTION:

This bill requires the Public Utilities Commission ("Commission") to consider the need to reduce the State's reliance on fossil fuels through energy efficiency as well as increased renewable energy generation. The bill also allows the Commission to take the consequences of importing fuel into consideration when making determinations about costs of capital improvements and operations.

POSITION:

The Commission does not object to this bill.

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.



Sierra Club Hawai'i Chapter

PO Box 2577, Honolulu, HI 96803
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HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

February 1, 2011, 8:00 A.M.
(Testimony is 2 pages long)

TESTIMONY IN SUPPORT OF HB 1517 WITH PROPOSED AMENDMENTS

Aloha Chair Morita and Members of the Committee:

The Sierra Club of Hawai'i supports HB 1537, which would require the Public Utilities Commission to consider the need to reduce the State's reliance on fossil fuels. We propose amending the language, however, to direct the PUC to take reasonable steps to reduce Hawai'i's fossil fuel addiction.

Hawai'i imports 50 million barrels of oil annually -- 80% of which comes from foreign sources. In addition, over 805,000 tons of coal is imported annually and together these two sources amount to 92% of energy generation in Hawai'i. Our heavy reliance on fossil fuels leaves Hawai'i vulnerable to the fluctuation of global markets beyond our control. In the summer of 2008, we saw prices skyrocket to \$140 a barrel causing our island community to suffer as our dangerous over-reliance on fossil fuels upset our economy.

In addition, our current fossil fuel consumption contributes over 23 million tons of greenhouse gases to our atmosphere annually. There is now indisputable scientific evidence that carbon gases trap the sun's heat and is gradually raising the temperature of our planet leading to the melting of the polar ice caps and a subsequent rise in sea levels - something extremely worrisome for our island community.

To this end, we support HB 1517's intent to reduce Hawai'i's dependence on fossil fuels. We believe the proposed language, however, does not go far enough. The Legislature is supposed to set public policy and not simply leave consideration of Hawai'i's fossil fuel addiction up to the PUC. We suggest amending the measure to *direct* the PUC to advance policies that actively reduce our fossil fuel consumption.

"(b) The public utilities commission [~~may~~] shall [~~consider the need for~~]
take all reasonable efforts to reduce the State's reliance on fossil fuels through
energy efficiency and increased renewable energy [~~use~~] generation in exercising its
authority and duties under this chapter. [~~In making pertinent determinations
about the reasonableness of costs of utility system capital improvements and~~

~~operations, the commission shall take steps to actively reduce explicitly consider, quantitatively or qualitatively, the fact that the State's reliance on fossil fuels, [results in price and supply volatility, increased costs associated with importing fuel, and greenhouse gas emissions.] The commission may determine that short-term or direct costs of alternative energies that are higher than costs associated with fossil fuels are reasonable, considering the consequences **and need to reduce the use of fossil fuels.**"~~

(added language in bold).

Mahalo for the opportunity to testify.



HAWAII RENEWABLE ENERGY ALLIANCE

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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 HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

HB 1517, RELATING TO PUBLIC UTILITIES COMMISSION

February 1, 2011

Chair Morita, Vice-Chair Coffman and members of the Committee 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 purposes of HB 1517 are to: (i) require the PUC to consider the need to reduce the State's reliance on fossil fuels through energy efficiency, and (ii) allow the PUC to take the consequences of importing fuel into consideration when making determinations about costs of capital improvements and operations.

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.

Thank you for this opportunity to testify.



Hawaii Solar Energy Association
Serving Hawaii Since 1977

February 1, 2011
8:00AM

HOUSE
COMMITTEE ON ENERGY AND
ENVIRONMENTAL PROTECTION
HB 1517

Mark Duda
President

TESTIMONY IN SUPPORT

Aloha Chair Morita, Vice Chair Coffman, and Members of the Committee:

Hawaii is the most oil dependent state in the nation, relying on fossil fuels for the majority of its electricity generation. In order for Hawaii to continue to move towards a clean energy future, it is imperative that the Public Utilities Commission be given the authority to consider the true costs of fossil fuels, and the true benefits of renewable energy, when make decisions regarding the reasonableness of costs of utility system capital improvements and operations.

HSEA supports HB 1517.

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 financers 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.

coffman3 - Sean

From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 31, 2011 10:59 PM
To: EEPtestimony
Cc: reachbrianbell@yahoo.com
Subject: Testimony for HB1517 on 2/1/2011 8:00:00 AM

Testimony for EEP 2/1/2011 8:00:00 AM HB1517

Conference room: 325
Testifier position: support
Testifier will be present: No
Submitted by: Brian Bell
Organization: Individual
Address: 4626 Sierra Dr Honolulu, HI
Phone: 808-227-7087
E-mail: reachbrianbell@yahoo.com
Submitted on: 1/31/2011

Comments:

Aloha Chair Morita and Members of the Committee:

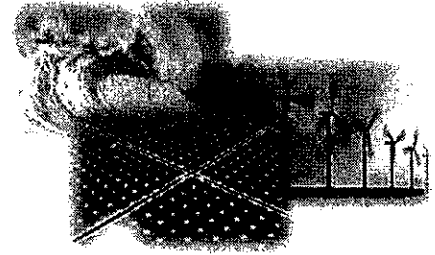
I support HB 1517, which would require the Public Utilities Commission to consider the need to reduce the State's reliance on fossil fuels. However, this bill does not go far enough.

Hawaii imports nearly all of its fuel and more than 80% comes from foreign sources. The leaves us astonishingly vulnerable to spikes in oil costs, like what happened in 2008. We have abundant clean energy resources - let's use them!

The Legislature needs to direct the PUC with stronger language to use all reasonable means to reduce our fossil fuel generation and replace it with clean distributed generation like solar and wind.

Mahalo for considering my testimony.

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



HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

February 1, 2011, 8:00 A.M.

Room 325

(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF HB 1517

Chair Morita and members of the Committee:

The Blue Planet Foundation supports HB 1517, a measure which provides the public utilities commission (PUC) additional guidance and authority in considering the implications of fossil fuels, fuel price volatility, greenhouse gas emissions, and long-term costs.

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.

Thank you for the opportunity to testify.

