

HB 2121, HD2, SD1



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

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NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

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DEPUTY DIRECTOR

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Statement of
RICHARD C. LIM
Director
Department of Business, Economic Development, and Tourism
before the

**COMMITTEES ON
ENERGY AND ENVIRONMENT
and
COMMERCE AND CONSUMER PROTECTION**

Tuesday, April 3, 2012
3:00 p.m.
State Capitol, Conference Room 225
in consideration of

**HB 2121, HD2, Proposed SD1
RELATING TO RENEWABLE ENERGY.**

Chairs Gabbard and Baker, Vice Chairs English and Taniguchi, and members of the committees.

The Department of Business, Economic Development, and Tourism **supports the intent** of HB2121, HD2, Proposed SD1, which raises the maximum capacity of eligible customer-generators under the net energy metering (NEM) program.

The successful integration of large NEM projects requires sound engineering to balance grid stability and maximum renewable penetration. Current efforts are underway to determine the best way of achieving this balance and the associated costs: the Reliability Standards Working Group, PUC dockets, and related technical analysis contracted by the PUC. It would be prudent to allow these efforts to determine the appropriate NEM capacity limit.

Net energy metering has proven to be an effective method of reducing and stabilizing customer-generated electricity costs. Raising the maximum NEM capacity would enable larger facilities to participate in this successful program.

As this is a regulatory matter, we defer to the agency charged with utilities regulation.

Thank you for the opportunity to provide this testimony.

TESTIMONY OF HERMINA MORITA
CHAIR, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
SENATE COMMITTEES ON
ENERGY & ENVIRONMENT
AND
COMMERCE & CONSUMER PROTECTION

April 3, 2012

MEASURE: H.B. No. 2121, Proposed S.D. 1

TITLE: Relating to Renewable Energy

Chair Gabbard, Chair Baker, and Members of the Committees:

DESCRIPTION:

This measure proposes to increase the allowable maximum customer-generator capacity for net metered systems to two megawatts if the generating facility is on property owned or controlled by the State of Hawaii, or to one megawatt for all other systems.

POSITION:

The Commission would like to offer the following comments for the Committees' consideration.

COMMENTS:

The Commission is currently conducting a docket proceeding known as the Reliability Standards Working Group ("RSWG") with the aim of achieving the maximum penetration of intermittent renewable generation into the electric grid, while also ensuring electric system reliability. A major objective of the RSWG is to ascertain the costs and benefits of maximum penetration of renewable energy and its impacts on the electricity ratepayer – particularly the electricity ratepayer who does not have a renewable energy device on his or her home or business. While the proposals in this bill are well-intentioned, the Commission feels this measure is premature and may be

counterproductive to the ongoing investigation of the RSWG and the engineering experts currently contracted by the Commission to assist in this endeavor.

When Hawaii's net energy metering program was enacted in 2001, it was an incentive for early adoption. Understanding subsidization issues may occur with increased distributive systems, the Legislature gave flexibility to the Commission as follows:

§269-102 Standard contract or tariff; rate structure. (a) Every electric utility shall develop a standard contract or tariff providing for net energy metering and shall make this contract available to eligible customer-generators, upon request, on a first-come-first-served basis until the time that the total rated generating capacity produced by eligible customer-generators equals .5 per cent of the electric utility's system peak demand; provided that the public utilities commission may modify, by rule or order, the total rated generating capacity produced by eligible customer-generators; provided further that the public utilities commission shall ensure that a percentage of the total rated generating capacity produced by eligible customer-generators shall be reserved for electricity produced by eligible residential or small commercial customer-generators. The public utilities commission may define, by rule or order, the maximum capacity for eligible residential or small commercial customer-generators. Notwithstanding the generating capacity requirements of this subsection, the public utilities commission may evaluate, on an island-by-island basis, the applicability of the generating capacity requirements of this subsection and, in its discretion, may exempt an island or a utility grid system from the generating capacity requirements.

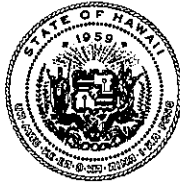
(emphasis added)

Since 2001, the Commission has acted to raise the generating capacity to a circuit penetration and screening threshold of 15%, and to increase the customer generator level from 10 kilowatts to 100 kilowatts.

While the Commission appreciates the delayed effective date of July 1, 2013 for this bill, additional time may be needed. The Commission is moving quickly to resolve the many complex engineering and cost issues, while also taking into consideration

Hawaii's aggressive energy policies. Such a task can only be done with a complete investigation into the issues to make an informed and well-reasoned decision.

Thank you for the opportunity to testify on this measure.



NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

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KEALI'I S. LOPEZ
DIRECTOR

TO THE SENATE COMMITTEES ON ENERGY AND ENVIRONMENT
AND COMMERCE AND CONSUMER PROTECTION

THE TWENTY-SIXTH LEGISLATURE
REGULAR SESSION OF 2012

TUESDAY, APRIL 3, 2012
3:00 P.M.

TESTIMONY OF JEFFREY T. ONO, EXECUTIVE DIRECTOR, DIVISION OF
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER
AFFAIRS, TO THE HONORABLE MIKE GABBARD AND ROSALYN H. BAKER,
CHAIRS, AND MEMBERS OF THE COMMITTEES

HOUSE BILL NO. 2121, H. D. 2, PROPOSED S. D. 1
- RELATING TO RENEWABLE ENERGY

DESCRIPTION:

This measure proposes to increase the maximum allowable customer-generator capacity for net energy metering systems to two megawatts if the generating facility is sited on property owned or controlled by the State of Hawaii and increases the maximum allowable customer-generator capacity for net energy metering systems to one megawatt for all other systems. The proposed effective date is July 1, 2013, and repeals if the public utilities commission issues an order or decision earlier pursuant to Docket NO. 2007-0176 or Docket No. 2011-0206, which relates to the implementation of the intragovernmental wheeling of electricity and the reliability standards for certain electric companies, respectively.

POSITION:

The Consumer Advocate supports the intent of H. B. No. 2121, H.D. 2, Proposed S. D. 1 and offers the following comments.

COMMENTS:

Net Energy Metering (NEM) provides a credit for any energy generated by a customer's distributed energy generation system, usually a solar photo voltaic (pv) system, against the customer's electricity bill. A NEM customer's meter will spin backward when generation is in excess of the customer's use. The NEM customer is therefore being given a credit at full retail rates for excess energy. The resultant effect of providing a credit at full retail rates, however, is that the NEM customer is not paying for the cost of overhead, maintenance, transmission, and distribution.

The purpose of NEM is to stimulate the development of distributed generation systems, especially solar pv. By providing for a credit at full retail rates, along with generous tax incentives, both residential and commercial installations of solar pv systems in the State of Hawaii have boomed. The Pacific Business News, in a recent article, referred to the last three years in the solar pv industry as a "time of massive growth." The article further estimated that the solar pv industry on Oahu alone generated revenue of approximately \$619 million. See "Two trade groups will lobby for Hawaii's solar/PV industry," Pacific Business News, March 30, 2012.

The Consumer Advocate supports measures that will move the State off its dependence on imported oil. Increasing distributed renewable energy generation is an important part of the State's ability to meet its ambitious Renewable Portfolio Standard (RPS) target of 40% by 2030. The NEM program plays a key role in the State's efforts to achieve energy sustainability.

On the other hand, NEM customers are subsidized by non-NEM participating electric utility customers who must cover the difference in overhead, maintenance, transmission, and distribution costs. A study from the State of California indicates that the cost subsidy in California is \$20 million per year. See "Introduction to the Net Energy Metering Cost Effectiveness Evaluation," prepared by the California Public Utilities Commission Energy Division, technical report by Energy and Environmental Economics, March 2010. The greater the amount of electricity placed back on the grid by NEM customers, the greater the subsidy incurred by non-participating customers.

H.B. No. 2121, H.D. 2, Proposed S.D. 1 significantly increases the amount of distributed generation that would be allowed under NEM. The Consumer Advocate is

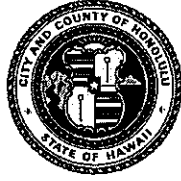
Senate Committees on Energy and Environment
and Commerce and Consumer Protection
Tuesday, April 3, 2012, 3:00 p.m.
Page 3

concerned that this will increase the electricity bills for non-participating Hawaii ratepayers as well as introduce potential reliability and system operation concerns that would affect all customers. The proposed amendment to this bill includes a provision that, if enacted, the statutory provisions will be repealed by the effective date of July 1, 2013, only if the State of Hawaii Public Utilities Commission (Commission) renders a decision and order in the Reliability Standards Working Group (RSWG) docket (2011-0206) or the Intra-Governmental Wheeling docket (2007-0176) prior to that date. The Intra-Governmental Wheeling docket's procedural schedule is tied to the RSWG docket, so RSWG will have to be decided upon first. The Consumer Advocate is an active participant in the RSWG docket and respectfully offers its opinion that it is unlikely that there will be a decision and order in the RSWG docket prior to July 1, 2013. Therefore, considering that the current language of the measure seeks to provide a July 1, 2013 deadline for the Commission to issue its ruling in Docket No. 2011-0206 and Docket No. 2007-0176, respectively, the Consumer Advocate requests consideration that the parties to these dockets and the Commission be given sufficient and additional time to do a proper analysis on all inter-related issues, including NEM, prior to statutorily authorizing higher distributed generation limits under NEM.

Thank you for this opportunity to testify.

OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU

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PETER B. CARLISLE
MAYOR

DOUGLAS S. CHIN
MANAGING DIRECTOR
CHRYSTN K. A. EADS
DEPUTY MANAGING DIRECTOR

March 30, 2012

The Honorable Mike Gabbard, Chair
Committee on Energy and Environment
The Honorable Rosalyn Baker, Chair
Committee on Commerce and Consumer Protection
Twenty-Sixth Legislature
Regular Session of 2012
State of Hawaii

**Re: Testimony of Managing Director Douglas S. Chin on proposed S.D. 1 of H.B. 2121,
H.D. 2, Relating to Renewable Energy**

Chair Gabbard and members of the Committee on Energy and Environment, Chair Baker and members of the Committee on Commerce and Consumer Protection, I would like to express my support for the proposed S.D. 1 of House Bill 2121.

Previously, I indicated that the City and County had concerns about provisions in prior drafts that limited the government's alternative financing options. As the proposed S.D. 1 removes those provisions and refocuses the bill on increasing the maximum allowable customer generator capacity for net energy metering systems, I fully support the proposed draft.

For the stated reasons, the City and County of Honolulu **supports** proposed S.D. 1.

Thank you for the opportunity to testify.

DEPARTMENT OF DESIGN AND CONSTRUCTION
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 11TH FLOOR
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PETER B. CARLISLE
MAYOR



LORI M.K. KAHIKINA, P.E.
DIRECTOR

CHRIS TAKASHIGE, P.E.
DEPUTY DIRECTOR

March 29, 2012

The Honorable Mike Gabbard, Chair
and Members
Senate Committee on Energy and Environment
State Capitol
Honolulu, Hawaii 96813

The Honorable Rosalyn H. Baker, Chair
and Members
Senate Committee on Commerce and Consumer Protection
State Capitol
Honolulu, Hawaii 96813

Dear Chair Gabbard, Chair Baker, and Members:


Subject: House Bill No. 2121 HD2 SD1 Proposed, Relating to Renewable Energy

The Department of Design and Construction (DDC) respectfully **supports the proposed SD1 version** of House Bill 2121 HD2, which proposes to increase the maximum allowable customer-generator capacity for net energy metering systems to two megawatts, if the generating facility is sited on property owned or controlled by the State of Hawaii, and to one megawatt for all other systems.

DDC continues to **oppose the existing House Bill 2121 HD2 version** of the bill, which prohibits a taxpayer from claiming the renewable energy technologies tax credit for installing a renewable energy system for, or entering into a power purchase agreement with, any county, state, or federal agency. This version of the bill would eliminate an alternative financing mechanism for counties to install renewable energy systems without relying solely on capital funds, and provide no reciprocal benefit. The result of passing the existing HD2 version of the bill would be fewer county renewable energy projects.

Thank you for the opportunity to testify.

Very truly yours,


Lori M. K. Kahikina, P.E.
Director

LKWB:lm

Bernard P. Carvalho, Jr.
Mayor



George K. Costa
Director

Gary K. Heu
Managing Director

OFFICE OF ECONOMIC DEVELOPMENT

County of Kaua'i, State of Hawai'i

4444 Rice Street, Suite 200, Līhu'e, Hawai'i 96766
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**TESTIMONY OF BENJAMIN SULLIVAN, ENERGY COORDINATOR
COUNTY OF KAUA'I**

**Before a Hearing of the Senate Committees on Energy and Environment and
Commerce and Consumer Protection
Tuesday, April 3, 2012
Conference Room 225
3:00 p.m.**

HOUSE BILL 2121, HD2 SD1 RELATING TO RENEWABLE ENERGY

Chair Gabbard, Chair Baker, Vice-chairs English and Taniguchi, and Committee Members:

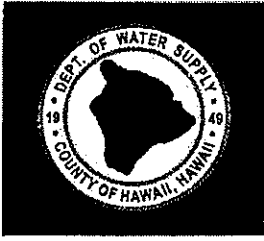
HB 2121, HD2, SD1 proposes to increase the maximum allowable customer-generator capacity for net energy metering systems to two megawatts if the generating facility is sited on property owned or controlled by the State of Hawai'i. The bill also increases maximum allowable customer-generator capacity for net energy metering systems to one megawatt for all other systems.

The County has concerns that, in the case of private projects, legislative increase to customer generator project size beyond what is currently allowed by the PUC may create significant inequity among utility ratepayers. Current dockets under consideration by the Commission are attempting to address the complex cost issues raised therein. Kaua'i County views this as the appropriate mechanism for such changes to be considered.

However, to the extent that this bill allows the *State and Counties* to be eligible customer generators, the County of Kaua'i supports the bill. These expanded limits would allow government to immediately offset a greater portion of their energy costs and directly reduce the cost of government. Although such a measure still represents a revenue loss to utilities, this loss is recoverable. More importantly, the value of the distributed generation and the supporting grid resources are, in the case of government projects, shared equitably among people of the State of Hawai'i.

Therefore, we would suggest amending the bill to limit participation to only State and local government.

Thank you for the opportunity to provide this testimony.



DEPARTMENT OF WATER SUPPLY • COUNTY OF HAWAI'I

345 KEKŪANAŌ'A STREET, SUITE 20 • HILO, HAWAI'I 96720

TELEPHONE (808) 961-8050 • FAX (808) 961-8657

April 2, 2012

Senator Mike Gabbard
Chair, Committee on Energy and Environment
Senator Rosalyn Baker
Chair, Committee on Commerce and Consumer Protection
415 South Beretania Street, Room 225
Honolulu, HI 96813

HB 2121, HD2

Dear Honorable Gabbard, Honorable Baker, and
Members of the Energy and Environment and Commerce and Consumer Protection:

The Hawai'i County Department of Water Supply (DWS) respectfully submits testimony in support of House Bill (HB2121, HD2). Hawai'i County DWS supports HB 2121, HD2 that allows State and Counties to be eligible for net energy metering systems to two megawatts if the generating facility is sited on property owned or controlled by the State of Hawai'i.

This bill will help DWS manage its operating expenses and will reduce energy costs to the citizens of Hawai'i County. Controlling electric rates through the construction of renewable energy projects will help the Island of Hawai'i control its water rates to its residential customers, the agricultural community, the resort and tourism industry, and especially the low-income rate payers, with no direct benefit at all to Hawai'i County DWS.

Hawai'i County DWS has a State of Hawai'i, Department of Land and Natural Resources, lease to construct a wind farm on about 80 acres of State-owned property located adjacent to several of its wells in the Lalamilo region of South Kohala District, Hawai'i Island. Hawai'i County DWS is making plans to re-power a wind farm that was originally constructed on this site in the mid-1980's.

Thank you for your time and consideration of Hawai'i County DWS's testimony for this proposed bill. Should you have additional questions, please do not hesitate to contact us at (808) 961-8050.

Sincerely yours,


Quirino Antonio, Jr., P.E.
Manager-Chief Engineer

JM:dmj

... Water, Our Most Precious Resource ... Ka Wai A Kāne ...

The Department of Water Supply is an Equal Opportunity provider and employer.



Sierra Club Hawai'i Chapter

PO Box 2577, Honolulu, HI 96803
808.538.6616 hawaii.chapter@sierraclub.org

SENATE COMMITTEE ON ENERGY AND ENVIRONMENT SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

April 3, 2012, 3:00 P.M.
(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF HB 2121 (Proposed SD1)

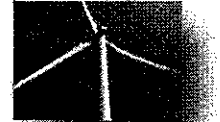
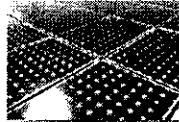
Aloha Chair Gabbard, Chair Baker, and Members of the Committee(s):

The Hawai'i Chapter of the Sierra Club, with 10,000 members and supporters, *supports* the proposed SD1 of HB 2121. This bill fixes a flaw in the net metering program by allowing businesses to invest in supplying Hawai'i's clean energy.

This measure picks up where prior legislation left off and increases the total amount of net metered energy on the grid. Current net metering policy limits the types of systems that can come online to 100kW. This limits the program to small systems, and prevents larger companies and the state from investing effectively into providing clean power to offset the amount of oil burned.

This small change could have a large impact on the adoption of renewable energy by allowing more private citizens to invest in PV or wind systems. It encourages smaller, more robust systems and avoids the need for large, expensive, centralized power plants

Mahalo for the opportunity to testify.



**SENATE COMMITTEE ON ENERGY AND ENVIRONMENT
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION**

April 3, 2012, 3:00 P.M.

Room 225

(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF HB 2121 PROPOSED SD1

Chairs Gabbard and Baker and members of the committees:

The Blue Planet Foundation supports the proposed Senate Draft of HB 2121 HD2, a measure which increases the allowable system size for net metered systems to two megawatts for State facilities and one megawatt for other systems.

Net energy metering (NEM) has been an extremely effective policy tool in promoting the adoption of distributed renewable energy resources statewide, particularly solar photovoltaic (PV). In fact, NEM—in conjunction with Hawaii's renewable income tax credit—has helped to make Hawaii the second state per capita in installed PV. This measure expands this successful program to allow larger systems on Hawaii's electricity grid. The proposed Senate draft will encourage further private investment in customer-sited clean energy systems, reducing Hawaii's dependence on fossil fuel and moving toward energy independence.

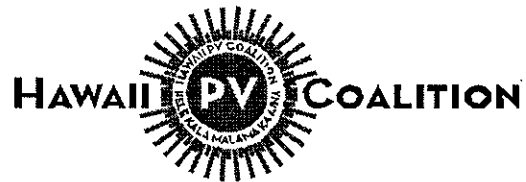
The proposed Senate draft of HB 2121 HD2 expands the size limits for net metered renewable energy projects. The docket which established Hawaii's feed-in program examined many of the issues the prevented larger system sizes previously. Remaining barriers to increased renewable energy penetration on the grid are being addressed through the reliability standards docket and other approaches. This measure will force a more proactive approach developing a modern power grid that Hawai'i requires to meet its aggressive clean energy goals.

This proposed policy change will help enable residents and businesses statewide to turn their rooftops into power plants. The potential benefit of this measure to potential 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.

Thank you for the opportunity to testify.

Jeff Mikulina, executive director • jeff@blueplaneffoundation.org

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4/3/2012

Senate Committees on Energy and Environment and
on Commerce and Consumer Protection

ENE/CPN

3:00 PM

TESTIMONY IN STRONG SUPPORT

**HB2121 SD1
(Proposed)**

Aloha Chairs Gabbard and Baker, Vice-Chairs Taniguchi and English, and Members of the Committees:

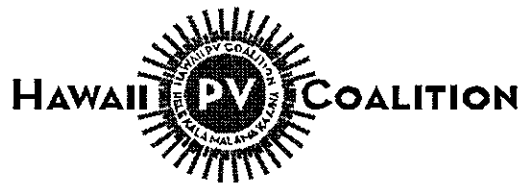
This bill corrects a longstanding flaw in the policy apparatus for renewable energy in Hawaii. It does this by giving larger utility customers the same opportunity to save money on their utility bills through net energy metering (NEM) that residential and small commercial customers currently enjoy. The biggest beneficiaries of this change will be the taxpayers of the State of Hawaii, because the State itself is one of Hawaii's largest consumers of high cost utility power, and is currently constrained in how much of this burden it can offset via NEM.

The immediate practical impact of this measure would be to increase the size of the utility bill that medium sized and large utility customers can offset with solar and wind systems. Under the current rules, a State of Hawaii utility customer, such as one of the public schools, is limited to a 100 kW NEM system per meter. At current utility rates, this is enough power to offset roughly a \$3,500 to \$4,500 per month utility bill, depending on service class and utility. Unfortunately, entities such as public schools have bills tens of thousands of dollars higher than this each month, but can only make a modest dent in them via renewable energy system purchases or leases. This is solely because of the artificially low 100 kW NEM cap. Were this cap to increase as in the proposed in SD1, the same school could offset a bill that was literally 20 times larger, as long as it has the roof or ground space to site the larger system. There is no incentive to overbuild, however, because any power generated in excess of annual usage is simply given to the utility.

Other points to note regarding the policy issues inherent this measure:

1. **No study has ever shown that net metered customers in Hawaii receive a subsidy from those who are not net metered.** Despite much rhetoric to the contrary, studies of the costs of NEM program typically find that they are balanced by the benefits of these programs. The most recent public study, which was done for California¹ concluded that the maximum cost of net metering there is \$0.00064 per kWh but that it is much more likely that there is no subsidy at all (the imprecision is due to a change in rate structure during the period studied).
2. **To the extent that any cross-subsidy may exist for residential NEM customers, it is dramatically lower for larger commercial customers.** Utility rates in Hawaii typically charge commercial customers in 'J' and 'P' service classes, who would be the primary beneficiaries of this bill, in two components. The "demand" portion of the bill is based on maximum power usage over any 15 minute period. The "energy" portion of the bill pays for

¹ Re-evaluating the Cost-Effectiveness of Net Energy Metering in California. R.T. Beach and P.T. McGuire. Crossborder Energy. January 17, 2012.



kWh's actually consumed. An entity that used power at a high rate for a short time would have a high demand charge and a low energy charge. Conversely, one that uses power at a modest but steady rate might buy lots of kWhs (*i.e.*, have a high energy charge) but have a low demand charge.

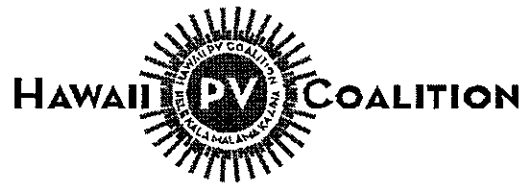
Net metering has no influence on the demand portion of a commercial customer's bill, it only reduces the energy portion. For this reason the average cost of a kWh bought from the utility by a commercial NEM customer is actually much higher than that paid by a non-NEM customer. The residential service class, where NEM is well established, does not have this dual rate structure meaning that any "lost contribution to fixed costs" due to NEM is much lower for commercial NEM customers than residential ones. By implication, if NEM is okay for residential and small commercial customers (the service classes with no demand charges) it must be okay for larger commercial systems where any "lost contribution to fixed costs" is a fraction of the residential service class.

3. **Other states with robust markets for distributed generation (mostly PV and small wind) have net metering caps much higher than Hawaii's.** The table below shows that most system caps either begin at 1 MW or 100% of the customer's annual load. In contrast, Hawaii often limits customers to net metering just a fraction of their annual load.

State	NEM System Size Limit		
	System Size	Share of Annual Load	Governmental Carve Out
Arizona		125%	
California	1 MW		
Colorado		120%	
Connecticut	2 MW		
Maryland	2 MW		
Massachusetts	1 MW		10 MW
New Jersey		100%	
New York	2 MW		
North Carolina	1 MW		
Oregon	2 MW		
Pennsylvania	3 MW		
Puerto Rico	1 MW		

Source: *Freeing the Grid 2011: Best Practices in State Net Metering Policies and Interconnection Procedures.*
 (www.newenergychoices.org/uploads/FreeingTheGrid2011.pdf)

In summary, this is a timely measure that will create an opportunity for the State of Hawaii the opportunity to save millions of additional dollars. It will also make the businesses who contribute to Hawaii's economy more competitive by stabilizing their operating costs.



Thank you for the opportunity to testify on this measure.

Mark Duda
Government Affairs Committee Chair, Hawaii PV Coalition

About the Hawaii PV Coalition

The Hawaii PV Coalition was formed in 2005 to support the greater use and more rapid diffusion of solar electric applications across the state. Working with business owners, homeowners and local and national stakeholders in the PV industry, the Coalition supports pro-PV and renewable energy initiatives and helps inform elected representatives about the benefits of Hawaii-based solar electric applications. The Coalition has also taken an active role in policy discussions to promote best practices for distributed generation and interconnection rules. The Hawaii PV Coalition is currently intervening in two open PUC dockets, the Reliability Standards Working Group (2011-0206) and Rule 14H (2010-0015).



Directors

Jody Allione
AES-Solar

Joe Boivin
The Gas Company

Kelly King
Pacific Biodiesel

Terry Revnak
Sopogy

Warren S. Bollmeier II
WSB-Hawaii

TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE
HAWAII RENEWABLE ENERGY ALLIANCE BEFORE THE
SENATE COMMITTEES ON ENERGY AND ENVIRONMENT, AND COMMERCE
AND CONSUMER PROTECTION

HB 2121 HD2 Proposed SD1 , RELATING TO RENEWABLE ENERGY

April 3, 2012

Chairs Gabbard and Baker, 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 purposes of HB 2121 HD2 Proposed SD1 are to: (i) increase maximum allowable customer-generator capacity for net metered systems to two megawatts if the generating facility is sited on property owned or controlled by the State of Hawaii, and (ii) increase allowable maximum customer-generator capacity for net metered systems to one megawatt for all other systems.

HREA supports this measure as it supports our clean energy objectives and we offer the following comments in support:

1. Role of the State. This measure clearly encourages the state to "lead by example" in promoting the use of net metered systems up to 2 MW. Furthermore, by saving on their electricity bills, the state will be saving taxpayer's money as well. Clearly, this is a win-win
2. Role of Residential, Commercial and Other Customers. This measure also encourages a greater pace in private investment in our clean energy objectives. As with the state, other customers will save on their electricity bills, and these savings will translate to other expenditures by residents and businesses, which will help improve our economy. Clearly, this is a win-win.

Thank you for this opportunity to testify.

**Testimony before the
Senate Committees on Energy and Environment
and Commerce and Consumer Protection**

H.B. 2121, Proposed SD1 -- Relating to Renewable Energy

**Tuesday, April 3, 2012
3:00 pm, Conference Room 225**

**By Arthur Seki
Director, Renewable Technology
Hawaiian Electric Company, Inc.**

Chairs Gabbard and Baker, Vice-Chairs English and Taniguchi and Members of the Committees:

My name is Arthur Seki. I am the Director of Renewable Technology for Hawaiian Electric Company. I am testifying on behalf of Hawaiian Electric Company and its subsidiary utilities, Maui Electric Company and Hawaii Electric Light Company.

While we support continued growth in solar energy and have very successful photovoltaic (PV) programs, we feel this measure is premature and not necessary. The PUC already has the authority, by rule or order, to consider such program modifications with full consideration of the technical, economic, and regulatory policy issues associated with net energy metering and other renewable energy development mechanism and their impact on all electric ratepayers.

There are other avenues for large renewable energy projects of the sizes proposed in this bill to be installed on the utility grid. Tier 3 level (>500 kW and 5 MW on Oahu and 2.7 MW on Maui and Hawaii) of the Feed-in Tariff (FIT) was recently approved by the PUC in December 2011. This program offers a standard power purchase contract at a predetermined price based on a fair return on investment.

The FIT Tier 3 activity is summarized (as of December 31, 2011):

- Oahu -- 20 applications for 75 MW
- Hawaii -- 2 applications for 7 MW
- Maui -- 5 applications for 3 MW

Another avenue for large renewable energy projects is through bi-lateral renewable energy power purchase agreements. There are about 14 renewable projects, up to the sizes being proposed in the bill, that are signed, in negotiations, or have been submitted to the utility.

In summary, since the PUC has docket activities and can make modifications to the net energy metering tariff, by rule or order, and other fairer avenues are available for large new renewable projects, we ask that you hold this bill.

Thank you for the opportunity to testify.

Testimony for ENE/CPN 4/3/2012 3:00:00 PM HB2121

Conference room: 225

Testifier position: Support

Testifier will be present: No

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Submitted on: 3/28/2012

Comments: