



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

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
MARK B. GLICK
Administrator
State Energy Office,
Department of Business, Economic Development, and Tourism
before the
**HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE**
Monday, February 27, 2012
2:05 PM
State Capitol, Conference Room 325
in consideration of
HB 425 HD2
RELATING TO PUBLIC UTILITIES.

Chair Herkes; Vice Chair Yamane; and Members of the Committee.

The Hawaii State Energy Office supports HB 425 HD2, as a prudent and responsible exploration of how low-carbon, cheaper fossil fuel alternatives to fuel oil might contribute towards meeting or exceeding the Hawaii Clean Energy Initiative goals and statutory targets.

The Energy Office views the Legislature's guidance to the Public Utilities Commission under HB 425 HD2 to be a positive step towards permanently eliminating a portion of our oil imports and creating greater price stability and energy security. Cost/benefit analysis is an appropriate way to evaluate low environmental impact fossil fuel options to replace Hawaii's least efficient fuel oil power plants in such a manner to achieve a net savings to ratepayers while simultaneously introducing a broader portfolio of locally-produced renewable power generation options.

Thank you for the opportunity to offer our testimony and answer any questions.

TESTIMONY OF HERMINA MORITA
CHAIR, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE

FEBRUARY 27, 2012

MEASURE: H.B. No. 425, H.D. 2
TITLE: Relating to Public Utilities

Chair Herkes and Members of the Committee:

DESCRIPTION:

This measure proposes to direct the Commission to consider "the need for a diverse portfolio of fossil fuel resources" and to "maximize the efficiency of utility generation assets to mitigate supply disruptions and cost impacts on electricity ratepayers" when carrying out its duties.

POSITION:

The Commission supports this measure and would like to offer the following comments for the Committee's consideration.

COMMENTS:

As mentioned in Section 1 of this measure, much of the focus regarding Hawaii energy strategy is on renewable energy generation. Though we strive to eventually have 100% of our electricity generation come from indigenous renewable energy resources, the Commission must often take a very pragmatic approach in weighing many factors to act in the public interest. Given that our best estimates show that 60% of electricity generation in the State will still come from fossil fuels in 2030, careful consideration and planning must be given to the future supply and pricing of fossil fuels in order to mitigate its negative impacts on Hawaii's residents and businesses.

This measure will help to establish the policy that the Commission should examine and consider the costs and benefits of a diverse fossil fuel portfolio, as well as the importance of maximizing the efficiency of all electric utility assets to aid in lowering and stabilizing the cost of electricity.

Concerns raised that this measure will cause the State to lose focus on renewable energy development are unwarranted. A necessary part of achieving a clean energy economy is having the ability to be adaptable and resilient as new technologies advance, mature, and become more affordable, and to seize upon those opportunities. As technological breakthroughs occur, it is the Legislature's prerogative to increase Hawaii's Renewable Portfolio Standards to move the State forward more aggressively in attaining Hawaii's clean energy future.

Thank you for the opportunity to testify on this measure.

Testimony for HB425 on 2/27/2012 2:05:00 PM

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

Sent: Thursday, February 23, 2012 7:56 PM

To: CPCtestimony

Cc: Brenda.Kosky@gmail.com

Testimony for CPC 2/27/2012 2:05:00 PM HB425

Conference room: 325

Testifier position: Support

Testifier will be present: No

Submitted by: Brenda Kosky

Organization: Individual

E-mail: Brenda.Kosky@gmail.com

Submitted on: 2/23/2012

Comments:



Sierra Club Hawai'i Chapter

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

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

February 27, 2012, 2:05 P.M.
(Testimony is 2 pages long)

TESTIMONY IN OPPOSITION TO HB 425 (HD2)

Aloha Chair Herkes and members of the Committee:

The Sierra Club, Hawai'i Chapter, with 10,000 dues paying members and supporters statewide, *opposes* HB 425 (HD1). This bill would require the public utilities commission to expend time diversifying the types of fossil fuel Hawai'i consumes going forward.

This bill incorrectly assumes we need to get approximately 60% of our power from fossil fuels in 2030. It fails to consider a broader incorporation of intermittent renewable sources on a grid (some circuits on Kauai are experimenting with 100% renewable penetration), investments into storage technology and smart grids, or the possibility of greater firm renewable energy sources.

Moreover, what fossil fuels would we "increase?" Pollution from coal plants is directly linked to asthma attacks, toxic mercury, and more.

- **Toxic mercury.** Burning coal releases toxic mercury that rains down onto rivers and streams and contaminates fish. The pollution then makes its way into our bodies when we eat the fish. Mercury is especially dangerous to pregnant women and young children because it's a powerful neurotoxin that can damage the brain and nervous system — causing developmental problems and learning disabilities.
- **Smog and asthma.** In the U.S., 1 out of 10 children suffers from asthma. It is the number-one illness that causes kids to miss school. Each year, coal pollution causes 12,000 emergency room visits and \$100 billion in health costs. Half of U.S. families live in places with unsafe air. Pollution from coal-fired power plants creates smog, which can cause chest pain, coughing, and breathing difficulties. Smog can make conditions like bronchitis, emphysema, and asthma worse or even fatal.
- **Mountaintop removal mining.** Mountaintop removal is exactly what it sounds like: Mining companies clear-cut forests and then blow the tops off mountains to get the coal. They then dump millions of tons of waste into the valleys below — permanently burying

streams, poisoning drinking water, and increasing the risk of flooding. In the past ten years, 500 of the biggest mountains in West Virginia have been destroyed.

- **Coal ash.** When coal is burned it leaves behind toxic waste ash. This waste is dumped in thousands of sites nationwide and often stored in open-air pits, where it can spill or seep into the ground and contaminate drinking water. Living near a coal-ash waste site can be worse for kids' health than smoking a pack of cigarettes a day.

Looking nationally, the U.S. Energy Information Administration predicts a decrease in the use of coal because of its high cost and the difficulty in reducing pollution. Critics argue that this projection is still too rosy.

The natural gas industry is dirty, dangerous, and running amok. Government loopholes exempt natural gas drillers from the Clean Air Act, the Clean Water Act, and the Safe Drinking Water Act -- and at the same time, don't require them to disclose the frequently toxic chemicals they use in hydraulic fracturing, or "fracking," the violent process they employ to dislodge gas deposits from shalero formations. The closer we look at natural gas, the dirtier it appears; and the less of it we burn, the better off we will be.

In short, we believe HB 425 (HD1) would distract attention away from the important efforts to reduce energy consumption and move to renewable energy, and potentially direct vital resources to new fossil fuel systems rather than investing in clean energy. The PUC already has the capacity to look at integrating cleaner fossil fuels into the grid -- we do not need to mandate another analysis.

To the extent this bill moves forward, we suggest that it be amended to simply require a "diversified" energy market portfolio. That meets the general intent of the drafters, while preserving the flexibility to consider both clean and dirty sources of power.

We respectfully request that this bill be held. Mahalo for the opportunity to testify.