

# HCR58

**Measure Title:** REQUESTING THE PUBLIC UTILITIES COMMISSION TO DIRECT ELECTRIC UTILITIES TO EXAMINE SPECIFIC RENEWABLE ENERGY SCENARIOS IN THE INTEGRATED RESOURCE PLANNING PROCESS.

**Report Title:** Public Utilities Commission; Renewable Energy Scenarios; Integrated Resource Planning

**Description:**

**Companion:**

**Package:** None

**Current Referral:** CPN

**Introducer(s):** COFFMAN

<u>Sort by Date</u>		<b>Status Text</b>
2/22/2012	H	To be offered.
3/1/2012	H	Offered
3/1/2012	H	Referred to EEP, CPC, referral sheet 38
3/20/2012	H	Resolution scheduled to be heard by EEP on Thursday, 03-22-12 9:00AM in conference room 325.
3/22/2012	H	The committees on EEP recommend that the measure be PASSED, WITH AMENDMENTS. The votes were as follows: 8 Ayes: Representative(s) Coffman, Kawakami, Chang, Har, Ito, Nakashima, Riviere; Ayes with reservations: Representative(s) Thielen; Noes: none; and 3 Excused: Representative(s) Cabanilla, Carroll, Herkes.
3/23/2012	H	Reported from EEP (Stand. Com. Rep. No. 1322-12) as amended in HD 1, recommending referral to CPC.
3/23/2012	H	Report adopted. referred to the committee(s) on CPC as amended in HD 1 with Representative(s) Carroll, Ching, Hanohano voting aye with reservations; Representative(s) Thielen voting no (1) and

		Representative(s) Herkes excused (1).
4/5/2012	H	Resolution scheduled to be heard by CPC on Wednesday, 04-11-12 2:00PM in conference room 325.
4/11/2012	H	The committees on CPC recommend that the measure be PASSED, UNAMENDED. The votes were as follows: 9 Ayes: Representative(s) Herkes, Yamane, Brower, Coffman, Ito, Keith-Agaran, Tsuji, Marumoto, Thielen; Ayes with reservations: none; Noes: none; and 6 Excused: Representative(s) Cabanilla, Carroll, Luke, McKelvey, Souki, Ching.
4/13/2012	H	Reported from CPC (Stand. Com. Rep. No. 1778-12), recommending adoption.
4/13/2012	H	Adopted with none voting aye with reservations; none voting no (0) and Chang, Kawakami, Oshiro, Tokioka excused (4).
4/13/2012	H	Transmitted to Senate.
4/16/2012	S	Received from House (Hse. Com. No. 575).
4/16/2012	S	Referred to CPN.
4/17/2012	S	The committee(s) on CPN has scheduled a public hearing on 04-19-12 9:30AM in conference room 016.

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

APRIL 19, 2012

**MEASURE:** H.C.R. No. 58, H.D. 1

**TITLE:** Requesting the Public Utilities Commission to Direct Electric Utilities to Examine Specific Renewable Energy Scenarios in the Integrated Resource Planning Process

Chair Baker, Vice Chair Taniguchi, and Members of the Committee:

**DESCRIPTION:**

This measure requests that the Commission ensure the examination of different integrated resource planning ("IRP") strategies and resources options, and the examination of other energy-focused topics. The Commission is requested to direct investor-owned electric utilities to examine as part of the upcoming IRP process 1) the replacement of existing fossil fuel-based electricity plants with renewable energy resources, and 2) the development of excess electricity to be transmitted between islands by an undersea cable or other means. The Commission is also requested to direct electric utilities to consider as part of the IRP process 1) geothermal energy, 2) hydrogen and other energy storage technologies, and 3) electricity from waste-to-energy resources. Finally, this measure requests the Commission examine a number of energy issues, including the avoided cost calculation methodology currently used and the minimization of curtailment of renewable energy resources.

**POSITION:**

The Commission supports this measure and would like to offer the following comments, as well as a proposed amendment for consistency.

**COMMENTS:**

The Commission commenced the consolidated IRP process for Hawaiian Electric Company, Inc., Maui Electric Company, Ltd., and Hawaii Electric Light Company, which calls for the development of scenarios through the examination of strategies and resource options as part of the planning process. The Commission believes this resolution is timely and the appropriate means for the Legislature to convey its desire to examine specific strategies and resource options to the utilities and Advisory Group, whose members are selected by the Commission.

The Commission is scrutinizing the avoided cost calculation methodology and other issues raised in this resolution, and we do not object to the inclusion of these issues in the resolution.

To be consistent with terminology and definitions used in the revised IRP framework, the Commission requests that the measure's title be amended to read "Requesting the Public Utilities Commission to Direct Electric Utilities to Examine Specific Renewable Energy Strategies in the Integrated Resource Planning Process."

Thank you for the opportunity to testify on this measure.



NEIL ABERCROMBIE  
GOVERNOR

BRIAN SCHATZ  
LT. GOVERNOR

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KEALI'I S. LOPEZ  
DIRECTOR

TO THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

THE TWENTY-SIXTH LEGISLATURE  
REGULAR SESSION OF 2012

THURSDAY, APRIL 19, 2012  
9:30 A.M.

TESTIMONY OF JEFFREY T. ONO, EXECUTIVE DIRECTOR, DIVISION OF  
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER  
AFFAIRS, TO THE HONORABLE ROSALYN H. BAKER, CHAIR,  
AND MEMBERS OF THE COMMITTEE

HOUSE CONCURRENT RESOLUTION NO. 58, H.D. 1

**DESCRIPTION:**

This resolution requests the Public Utilities Commission to direct electric utilities to examine specific renewable energy scenarios in the integrated planning process.

**POSITION:**

The Division of Consumer Advocacy ("Consumer Advocate") supports House Concurrent Resolution No. 58, H.D. 1.

**COMMENTS:**

On March 1, 2012, the Public Utilities Commission issued its order initiating HECO Companies' Integrated Resource Planning ("IRP") Process, Order No. 30233, Docket No. 2012-0036. In this order, the Commission stated the following:

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“The overall goal of this IRP is to develop an Action Plan that governs how the Hawaiian Electric Companies will meet energy objectives and customer energy needs of HECO, MECO, and HELCO. It is imperative that the Action Plan be consistent with State energy policies and goals, while providing safe and reliable utility service at reasonable costs. This will require the development of resource plans and scenarios of possible futures that provide a broader long-term perspective.”

The Consumer Advocate is a party to this docket and appreciates the direction provided by the Legislature in H.C.R. No. 58, H.D. 1. Scenarios that include geothermal, hydrogen, battery storage, and waste-to-energy facilities are all important considerations in the IRP process.

Thank you for this opportunity to testify.

**HCR 58, HD1**

**JOEL K. MATSUNAGA  
CHIEF OPERATING OFFICER & EXECUTIVE VP  
HAWAII BIOENERGY, LLC**

**April 19, 2012**

Chair Baker and Members of the Senate Committee on Commerce and Consumer Protection:

I am Joel Matsunaga of Hawaii BioEnergy, LLC, and thank you for the opportunity to submit testimony on HCR 58, HD1 "Requesting the Public Utilities Commission to direct electric utilities to examine specific renewable energy scenarios in the integrated resource planning process."

**SUMMARY**

Hawaii BioEnergy, LLC ("HBE") supports efforts to expand indigenous, renewable energy sources in the state of Hawaii and to integrate these resources into the utilities' energy portfolio. HBE believes that Hawaii will need to develop a range of local renewable energy resources in order to meet its growing energy needs, enhance energy security, and reach the state's ambitious goals under the Renewable Energy Initiative. However, HBE does have concerns that the language contained in HCR 58 HD1 which states that 'the State's focus on renewable electricity generation must be based on technically sound, commercially available, and cost-effective resources' is vague and should be clarified. Rapidly evolving renewable energy technologies that are not presently commercial may be optimal choices for utilities longer-term development plans. Therefore, HBE recommends that the language in HCR 58 be clarified to state that the technologies must be commercially available at the time the project comes online. Further, while HBE agrees that geothermal, hydrogen, and waste to energy projects will be important for diversification of Hawaii's energy resource base, bioenergy also

represents a significant source for locally produced renewable energy capable of producing base-load power, contributing to the State's and the utilities' renewable energy objectives, and broader economic development.

### **HAWAII BENEFITS FROM LOCAL BIOFUELS PRODUCTION**

Hawaii BioEnergy is a local company dedicated to strengthening the State's energy future through sustainable biofuel production from locally grown feedstocks. Among its partners are three of the larger land owners in Hawaii. HBE and its partners would like to use significant portions of our land to address Hawaii's existing and growing energy needs.

Understanding the urgency of these needs and anticipating growing demand, HBE has dedicated the last several years to feedstock trials, extensive technology evaluation and detail financial modeling of various production pathways in an effort to ensure HBE's ultimate production is as productive, efficient and sustainable as possible. HBE's own research, development and demonstration (RD&D) efforts have been accelerated by funding from the US government's Defense Advanced Research Projects Agency (DARPA), Office of Naval Research, as well as a Congressional Appropriation administered through the Air Force Research Laboratory. Collectively, this analysis has enabled HBE to clearly understand the production potential and challenges associated with Hawaii's unique natural resource base, geography, climate, market and infrastructure. HBE is in the process of developing a commercial-scale bio-based renewable energy project that would be a reliable source of locally-produced renewable fuels and has signed an off-take contract with HECO toward this end. Expanding biomass-based projects of this type will employ underutilized lands, reinvigorate the agricultural sector, and to help establish Hawaii as a hub of renewable energy innovation - all while expanding the supply of indigenously produced base-load energy.

While HBE supports greater utilization of renewable energy across that State, it also supports integration of advanced, more efficient technologies. Therefore, HBE respectfully requests that the language contained in HCR 58 HD1 be clarified to 1) state that the technology



employed must be commercially available at the time of project development and 2) to acknowledge biomass-based fuels as a potential source of reliable, base-load alternative energy for the State and its utilities.

### **CONCLUDING REMARKS**

Meeting Hawaii's ambitious renewable energy goals will require the development of a range of renewable energy technologies; biofuels will be a critical component to achieving these goals as well as to providing a reliable, alternative source of base-load power and should be likewise supported. Thank you.

**Testimony before**

**The Senate Committee on  
Commerce & Consumer Protection**

**HCR58, HD1—Requesting the Public Utilities Commission to Direct  
Electric Utilities to Examine Specific Renewable Energy Scenarios in the  
Integrated Resource Planning Process**

**Thursday, April 19, 2012  
9:30 am, Conference Room 016**

**By Jose Dizon  
Manager, Corporate Planning  
Hawaiian Electric Company, Inc.**

Chair Baker, Vice-Chair Taniguchi and Members of the Committee:

My name is Jose Dizon. I am the Manager of Corporate Planning 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.

The Hawaiian Electric Companies support House Concurrent Resolution 58, HD1.

Thank you for the opportunity to testify.