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TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE
HAWAII RENEWABLE ENERGY ALLIANCE BEFORE THE
HOUSE COMMITTEE ON FINANCE

SB 1197 SD2 HD1, RELATING TO ENERGY

April 3, 2012

Chair Oshiro, Vice-Chair Lee 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 SB 1197 SD2 HD1 are to: (i) authorize the Public Utilities Commission (PUC) to establish a grid reliability rate surcharge to electric utility companies to encourage the negotiation of new or existing power purchase agreements with renewable energy producers that contain an avoided cost rate and generally eliminate curtailment; and (ii) authorize the PUC to provide a higher rate of return to an electric utility company for capital investments made to support the integration of new renewable energy based power generation facilities.

HREA supports the intent of this measure, which is to promote and facilitate the replacement of fossil fuel generated electricity and implementation of smart-grid management and offers the following comments in opposition:

- 1) Contract renegotiations and the proposed grid reliability grid surcharge. We support the efforts of the Commission to: (i) encourage renegotiation of IPP contract with "avoided cost" provisions to include "levelized cost payments" and an equitable treatment of curtailment. However, there is no need for a new surcharge, as the utility can seek approval for capital investments to support renewable-based power generation facilities under the current Renewable Energy Infrastructure Program (which already includes a surcharge mechanism).
- 2) What is Missing Here. While the proposed measures will help replace fossil fuel with the uncurtailment of variable generation, such as wind and hydro, the measure should include other, more important initiative to reduce our fossil fuel use in the generation of electricity. These initiatives include: (i) elimination of all curtailment except for emergency conditions, (ii) decommitment of existing "must-run" utility generators, (iii) replacement of utility generators with firm renewables and/or storage, and (iv) other alternatives as proposed in IRP and approved by the Commission

Thank you for this opportunity to testify