

**WRITTEN TESTIMONY OF CARLITO P. CALIBOSO
CHAIRMAN, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
SENATE COMMITTEES ON ENERGY & THE ENVIRONMENT
AND COMMERCE & CONSUMER PROTECTION
FEBRUARY 3, 2010**

MEASURE: S.B. No. 1480
TITLE: Relating to the Public Utilities Commission

Chairs Gabbard and Baker and Members of the Committees:

DESCRIPTION:

This bill requires the Public Utilities Commission ("Commission") to establish an energy efficiency credit (EEC) program that will maximize cost-effective energy efficiency programs and technologies.

POSITION:

The Commission defers to the Legislature on the issue of whether an energy efficiency credit program should be established, but provides comments for the Committees' consideration that the bill needs clarification on how the energy efficiency credit program would work with existing energy efficiency programs, and that the energy efficiency credit program would increase electricity bills for ratepayers.

COMMENTS:

Currently, ratepayers fund the public benefits fee (PBF) that is used to run the efficiency programs in the HECO Companies' (HECO, HELCO, and MECO) service territories. In this bill, it appears that the energy efficiency surcharge would be an additional separate surcharge. If so, the Committees should be aware that ratepayers will be charged additional amounts for this energy efficiency credit program, thereby increasing their electricity bills.

Further, it is not clear whether Hawaii Energy, the PBF Administrator, would be eligible to buy ECCs to help in meeting its obligations under the energy efficiency portfolio standards (EEPS). If so, ratepayers could be paying twice for one energy efficiency measure that is counted twice toward the EEPS. For instance, if Hawaii Energy pays someone an incentive to install an energy efficiency measure, Hawaii Energy should be able to claim the savings for that measure towards their EEPS obligation. If that same person that installed the measure (and received an incentive to do so) then earned EECs that were subsequently purchased by Hawaii Energy, the savings for the one measure would be counted twice and paid for by ratepayers twice.

If the EEC program is meant as a way for Hawaii Energy and anyone else with an obligation to meet EEPS, its impact would be limited in Hawaii, because there will likely be few entities with direct obligations under the EEPS (two being Hawaii Energy and KIUC). This contrasts with the mainland where numerous utilities and efficiency providers within a state region can support a market for the EECs.

The Commission would not want to see a situation where those obligated to meet Hawaii's EEPS could fall far short of actual local efficiency goals and "buy the difference" in EECs generated outside the State and using Hawaii ratepayer funds to do so. Therefore, the Commission suggests that if EECs are to be used to count toward Hawaii's EEPS, they should be expressly limited to energy efficiency technologies and programs that are used and installed in Hawaii.

If, on the other hand, the EEC program is intended to create only extra value to those that implement energy savings measures by being able to sell them in a wider market (regional or national), and the EECs are not used to count toward Hawaii's EEPS, the Commission feels this could spur more activity and help to accomplish EEPS goals.

Page 5, line 14 of the bill provides that the "energy efficiency credit program" shall establish a certifying body, trading rules, standards for measurement and verification, and reporting and tracking requirements. For clarification, "energy efficiency credit program" in this section should probably be replaced with "commission."

Thank you for the opportunity to testify.