

HAWAII RENEWABLE ENERGY ALLIANCE

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

SB 182, RELATING TO TAXATION

February 3, 2011

Chairs Gabbard and Baker, and 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 purpose of SB 182 is to direct the public utilities commission to enact an on-bill financing program whereby residential electric utility customers may finance purchases of energy efficient or renewable energy devices and systems through their regular electric utility bills. HREA **supports the intent of this measure** and provides the following comments for consideration by the committee:

1. Existing On-Bill Financing Programs. The Hawaiian Electric Company ("HECO") has completed a two-year Solar Saver Program Pilot Program ("SSP") for solar hot water systems. The Pilot Program, based on the PAYS® ("Pay As You Save") concept, SSP has been a success, and should be expanded. We also note that the Commission has transferred the responsibility of the SSP to the Public Benefits Administrator.
2. Potential for Application to Energy Efficiency. The ingenious PAYS® concept, created by Harlan Lachman and Paul Ciello of the Energy Efficiency Institute in Coldwater, Vermont, was initially applied to and has been successful with energy efficiency technologies. Thus, we support their inclusion in this measure.
3. What about other Renewable Technology Options. While other renewable technologies can be more expensive than energy efficiency and solar hot water, we support their inclusion as potential on-bill financing options. For example, there could be a combination of other incentives (such as tax credits and grants) that could help buy down the initial costs, and thereby keep the payment period to an acceptable number of years. We also under the PAYS®:
 - a. the payments are "tied" to the "meter" or "utility account," such that the payments can be transferred from one homeowner to another.
 - b. Renters can participate with agreement of their landlords.
 - c. Ideally, funds for could be acquired (in bulk) by the PBFA, and would therefore not be a burden to non-participating ratepayers.

Therefore, we recommend passing this measure out to include references to possible expansion of PAYS®, which we believe could be addressed under the PAYS® docket.

Thank you for this opportunity to testify.

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SENATE
COMMITTEE ON ENERGY AND ENVIRONMENT
&
COMMITTEE ON COMMERCE AND CONSUMER
PROTECTION
SB 182

Christy Imata

TESTIMONY IN STRONG SUPPORT

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

The Hawaii Solar Energy Association strongly supports SB 182, a measure that directs the Public Utilities Commission to implement an on-bill financing program for residential electric utility consumers to finance purchases of energy efficient or renewable energy devices and systems.

An on-bill financing program for residential electric utility customers would not only help to target a portion of the market who cannot afford the up-front cost of energy efficient or renewable energy devices and systems, but would also help move the needle to increase the penetration of these clean energy technologies on renter-occupied single family homes.

Specifically in the case of solar water heating, this is a technology that has now been in Hawaii for over 3 decades. And as would be expected given Hawaii's abundant solar resource and favorable solar incentives, Hawaii leads the nation in terms of per housing unit penetration as well as in the absolute number of solar water heating systems installed. Yet, when you look at the actual penetration level on residential single-family detached homes, it remains roughly at 30%. This low penetration level can be attributed to many factors, including resistance to aesthetics, not knowing about or understanding the benefits of solar water heating, the inability to finance the up-front cost of this technology, and the existence of a significant renter-occupied housing market in the state. However, taking into account the existence of state tax incentives and a rate-payer funded rebate, it seems most likely that the root of this low penetration level is the lack of sufficient public policies which make it worthwhile for landlords to invest in this clean energy technology.

SB 182 would help to address this mismatch of benefits for investing in renewable energy or energy efficient devices or systems between renters and landlords, and is key to helping Hawaii achieve its clean energy goals.

Thank you for the opportunity to testify on this measure.

Christy Imata

Hawaii Solar Energy Association

About Hawaii Solar Energy Association

Hawaii Solar Energy Association (HSEA) is comprised of installers, distributors, manufacturers and financiers of solar energy systems, both hot water and PV, most of which are Hawaii based, owned and operated. Our primary goals are: (1) to further solar energy and related arts, sciences and technologies with concern for the ecologic, social and economic fabric of the area; (2) to encourage the widespread utilization of solar equipment as a means of lowering the cost of energy to the American public, to help stabilize our economy, to develop independence from fossil fuel and thereby reduce carbon emissions that contribute to climate change; (3) to establish, foster and advance the usefulness of the members, and their various products and services related to the economic applications of the conversion of solar energy for various useful purposes; and (4) to cooperate in, and contribute toward, the enhancement of widespread understanding of the various applications of solar energy conversion in order to increase their usefulness to society.