

SB 199

**TESTIMONY OF CARLITO P. CALIBOSO
CHAIRMAN, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT**

FEBRUARY 1, 2011

MEASURE: S.B. No. 199
TITLE: Relating to Renewable Energy.

Chair Gabbard and Members of the Committee:

DESCRIPTION:

This bill amends Part VI. of Chapter 269, Hawaii Revised Statutes ("HRS"), the net-metering law, to:

- Increase the maximum capacity of eligible customer-generators to two megawatts;
- Remove the cap on the total net-metered generating capacity on a utility's system; and
- Ensures that net-metering customers cannot be forced out of their contracts with the introduction of new distributed energy procurement programs.

POSITION:

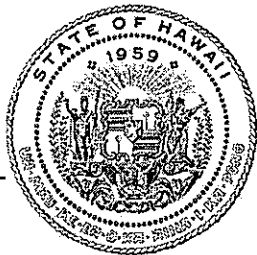
The Commission opposes this bill because it believes that it is unnecessary. The Commission is already undergoing a detailed analysis of the issues involved in Net Energy Metering and related matters as explained below.

COMMENTS:

- On March 13, 2008, pursuant to the authority granted in §269-101.5, HRS, in Docket 2006-0084, the Commission approved, by order, an increase of the maximum size of a customer-generator from 50 to 100 kilowatts, and an increase in the system cap from 0.5% to 1.0% of system peak demand. (The individual customer-generator size limit remained 50 kilowatts in the Kauai Island Utility Cooperative ("KIUC").
- On January 13, 2011, the Commission issued an order in its net-metering docket (Docket No. 2006-0084) that eliminated the net-metering system-wide caps for the HECO Companies and replaced them with a 15% per circuit distribution threshold for distributed generation penetration. KIUC continues to have a system-wide cap of 1%. The threshold does not operate as a cap per se, but will also take under consideration other distributed resources that fall under other programs, such as Feed-In Tariffs.

- The January 13, 2011 order also requires the HECO Companies and KIUC to continue development of pilot programs that provide for larger individual customer-generator units (up to 500kW and larger for the HECO Companies, and 200kW for KIUC) to evaluate the economic and reliability impacts of larger units on the systems.
- To co-exist on an integrated system with other system resources, the multiple programs must follow a consistent set of measures for monitoring, performance and assessment in order to determine overall system-wide impacts and to successfully move away from discrete program caps. The Commission's investigations include the review of such an integrated system.
- Thus, the Commission is already undergoing detailed analysis of these issues, while the proposal in this bill seeks to make decisions on these issues without a full and complete record. While the proposals in this bill are likely well intentioned, it may be counter-productive because it would undermine all of the work and analysis that the parties to the Commission dockets and the Commission have already undertaken.
- The cost of raising the individual customer-generator size limit to two megawatts will be borne by ratepayers since net-metering credits at the retail rate.
- The Commission developed the feed-in-tariffs to provide a mechanism for larger generators to be fairly compensated (a return of their money invested and a reasonable profit) for the energy they provide to the grid.
- Additionally, the feed-in-tariffs do not preclude net-metering, but provide another option to eligible customer-generators.

Thank you for the opportunity to testify.



NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
INTERIM DIRECTOR

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of
RICHARD C. LIM
Interim Director
Department of Business, Economic Development, and Tourism
before the
COMMITTEE ON ENERGY & ENVIRONMENT
Tuesday, February 1, 2011
3:30 pm.
State Capitol, Conference Room 225

in consideration of
SB 199
RELATING TO NET ENERGY METERING.

Good Afternoon Chair Gabbard, Vice Chair English, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports the intent of SB 199, but would like to offer the following comments.

We believe net energy metering and other procurement mechanisms for distributed renewable energy generating systems are effective mechanisms to help encourage and promote renewable energy development and advance Hawaii's clean energy transformation to reduce the state's dependence on fossil fuel electric generation.

However, we feel that it is unnecessary to increase the maximum capacity of eligible customer-generators for net energy

metering from fifty kilowatts to two megawatts as the PUC already has the authority to increase the capacity by rule or order, pursuant to Section 269-101.5, Hawaii Revised Statutes. We support the PUC's continued role in examining net energy metering and renewable energy development and believe any modifications to the project size limits associated with net energy metering including any guidelines or technical issues should go before the PUC.

Thank you for the opportunity to offer these comments.



NEIL ABERCROMBIE
GOVERNOR

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TO THE SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

THE TWENTY-SIXTH LEGISLATURE
REGULAR SESSION OF 2011

TUESDAY, FEBRUARY 1, 2011
3:30 P.M.

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

SENATE BILL NO. 199 – RELATING TO RENEWABLE ENERGY.

DESCRIPTION:

This measure proposes to increase the net metering system size cap to two megawatts and ensures that net metering contracts cannot be canceled with the introduction of new distributed generation energy procurement programs.

POSITION:

The Division of Consumer Advocacy ("Consumer Advocate") offers the following comments for this committee's consideration.

COMMENTS:

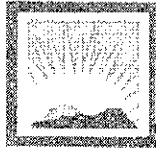
This measure seeks to increase the maximum capacity of a net energy metering ("NEM") system to two megawatts from fifty kilowatts as well as removing language relating to the total system peak limitations and the Public Utilities Commission's ("Commission") ability to the maximum capacity for such NEM systems and peak limitations. This measure also introduces language that allows customers the option of maintaining NEM contracts even if new and/or alternative mechanisms for crediting "exported power" is created as opposed to being required to convert to a new mechanism.

Senate Bill No. 199
Senate Committee on Energy and Environment
Tuesday, February 1, 2011, 3:30 p.m.
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It should be noted that, under the current legislative language, the HECO Companies and the Consumer Advocate have already sought and received Commission approval of increases in not only the maximum size of customer-generator systems that qualify for NEM but also the percentage that the cumulative generating capacity represents of total system peak capacity. The HECO Companies and the Consumer Advocate have sought increases before the remaining available capacity available to NEM appeared to approach exhaustion. Furthermore, notwithstanding the development of alternative procurement mechanisms, the Consumer Advocate has supported the continued availability of NEM, which the Commission has upheld. Thus, the legislative intent appears to be already enabled by the existing statutory language and is being met by the existing actions of the Commission, the Consumer Advocate, the HECO Companies and other parties.

From a technical standpoint, it should be noted that the introduction of generating systems not controlled by the utility may raise reliability and safety issues especially as the capacity of the units increase. Thus, proposing that a NEM system capacity should be increased to two megawatts raise potential issues that might have an adverse impact on the current success noted with the NEM program. In addition, given that the compensation for a NEM system is at the full retail rate, allowing a NEM system as large as two megawatts might have an adverse impact on other customers' bills. It should also be noted that the Commission has authorized the investigation of certain reliability issues in Docket No. 2008-0273, wherein the parties will be analyzing the system constraints and possible system remedies as a whole as it relates to various procurement mechanisms for alternative generation, such as NEM. It is possible that approving this legislative measure might not only have an adverse impact on the technical analyses that will be conducted but also on the ability of other procurement mechanisms to add additional generation such as through Feed-In Tariffs.

Thank you for this opportunity to testify.



Hawaii Solar Energy Association
Serving Hawaii Since 1977

February 1, 2011
3:30PM

SENATE
COMMITTEE ON ENERGY AND ENVIRONMENT
SB 199

Mark Duda
President

TESTIMONY IN SUPPORT

Aloha Chair Gabbard, Vice Chair English, and Members of the Committee:

HSEA supports this measure, which seeks to align the net energy metering program system size parameters with those of other utility energy procurement mechanisms for distributed renewable energy. As it stands, net energy metering has been extremely successful in helping the solar industry contribute to the state's economy, and to grow and create jobs even in the current downturn.

Nonetheless, the current rules limiting the net energy metering program to 100 kW are problematic. In the solar marketplace they serve as an artificial cap on the size of the clean energy investment that business owners are allowed to make. This limits the scale of economic activity that the solar industry can generate and slows our State's pursuit of energy independence.

In the past, setting this low limit on NEM system sizes was justified on the basis of a lack of understanding of the impact that energy fed into the grid on the stability of the grid itself. This concern has been alleviated, however, by the Public Utilities' Commission's Decision and Order in the Feed-in Tariff docket (2008-0273) that allows distributed renewable energy systems that back feed the grid to be as large as 5 MW. (In practice systems interconnected at the distribution level will be smaller.) The fact that systems as large as 5 MW can and will be interconnected to the utility grid safely under the feed-in tariff means that net metered systems of this size can also be safely interconnected.

The potential benefit of this measure to would-be customer generators is enormous. They will no longer be left with the choice of building out only a portion of their roof for a 100 kW and offsetting a small portion of their bill. Instead they can help Hawaii achieve its clean energy future by investing in a system that is sized to their power consumption and that fully hedges on of the their chief operating expenses. HSEA supports this measure as one that solves one of the more important problems that Hawaii businesses face in the solar marketplace today.

Thank you for the opportunity to testify on this measure.

Mark Duda
President, 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.

HAWAII RENEWABLE ENERGY ALLIANCE

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John Crouch
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Herbert M. (Monty) Richards
Kahua Ranch Ltd.

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

SB 199, RELATING TO RENEWABLE ENERGY

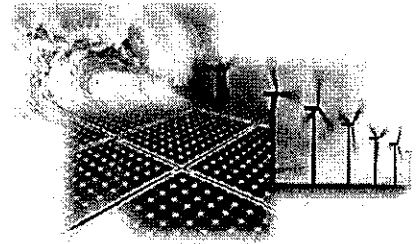
February 1, 2011

Chair Gabbard, Vice-Chair English and members of the Committee, I am Warren Bollmeier, testifying on behalf of the Hawaii Renewable Energy Alliance (HREA). HREA is a nonprofit corporation in Hawaii, established in 1995 by a group of individuals and organizations concerned about the energy future of Hawaii. HREA's 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 HREA's 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 199 are to: (i) increase the net metering system size cap to two megawatts, (ii) ensure that net metering contracts cannot be canceled with the introduction of new distributed generation energy procurement programs, and (iii) eliminates the overall net energy metering program cap based on share of peak utility load.

HREA **strongly supports** this measure as it provides additional needed guidance to the Commission regarding the implementation of the net energy metering program.

Thank you for this opportunity to testify.



SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

February 1, 2011, 3:30 P.M.

Room 225

(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF SB 199

Chair Gabbard and members of the Committee:

The Blue Planet Foundation supports SB 199, a measure expanding Hawaii's successful net energy metering program to allow more clean energy on Hawaii's electricity grid. This measure will encourage further investment in customer-sited clean energy systems, further reducing Hawaii's dependence on fossil fuel and moving toward energy independence.

After wisely being passed in 2001, net energy metering slowly began with a handful of renewable energy generators. As more homeowners learn about the program and its impacts on the payback period for renewable energy devices, the subscription rate has dramatically increased. In fact, we may be nearing a "tipping point" where many residential and commercial customers invest in renewable energy devices because of their relative cost and environmental advantages.

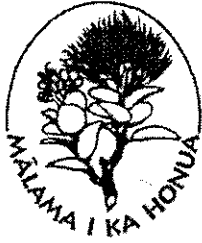
Senate Bill 199 picks up where prior legislation left off—expanding the size limits for projects and removing the grid limitations. The feed-in tariff docket pending before the public utilities commission (Blue Planet is an intervenor in the docket) has examined many of the issues that prevented larger system sizes and increased grid penetration caps previously. Many of the previous hurdles were simply political or protectionist. This measure will force a more proactive approach to implementing a 21st century power grid that Hawaii requires to meet its aggressive clean energy goals.

This measure will help enable residents and businesses statewide to turn their rooftops into power plants. The potential benefit of this measure to potential photovoltaic (PV) investors is significant. Customers will no longer be left with the choice of investing in only a portion of their roof for a 100 kW PV system and offsetting a small portion of their bill. Instead they can help Hawaii achieve its clean energy future by investing in a system that is sized to their power consumption and provides additional power to the grid.

Mahalo for the opportunity to testify in support of this measure.

Jeff Mikulina, executive director • jeff@blueplanetfoundation.org

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Sierra Club Hawai'i Chapter

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SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

February 1, 2011, 3:30 P.M.
(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF SB 199

Chair Gabbard and members of the Committee:

The Sierra Club, Hawai'i Chapter, supports SB 199, which increases the net metering system size cap to two megawatts and protects consumers from future changes in the program. This bill furthers the policy preference for renewable energy and encourages folks to invest in our future.

This measure picks up where prior legislation left off and increases the total amount of net metered energy on the grid. This small change could have a large impact on the adoption of renewable energy by allowing more private citizens to invest in PV or wind systems.

This measure has the benefit of encouraging smaller, more robust systems and avoids the need for large, expensive, centralized power plants. SB 199 will accelerate the adoption of clean energy devices and move Hawaii to a clean energy future.

Mahalo for the opportunity to testify.

Testimony for ENE 2/1/2011 3:30:00 PM SB199

Conference room: 225
Testifier position: support
Testifier will be present: No
Submitted by: Brian Bell
Organization: Individual
Submitted on: 1/31/2011

Comments:

Aloha Chair Gabbard and members of the Committee:

It is with great pleasure that I submit my testimony in support of SB 199 with one proposed change. Since our grid is around 1,500 megawatts and we could easily support 10% intermittent power on the grid with too large of upgrades, I would propose that we increase the cap to 75 megawatts, which is only 5% of the current grid.

This new cap will help us reach our renewable energy goals quickly and spur investments and job creation in the Solar Photovoltaic industry. Allowing this level of renewable energy to be net metered on the grid will also help us to prevent the manufacture of dirty fossil fuel plants or an expansion of H-Power (which is not renewable).

Thank-you for the opportunity to testify.

Mahalo for considering my testimony.

Brian Bell
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